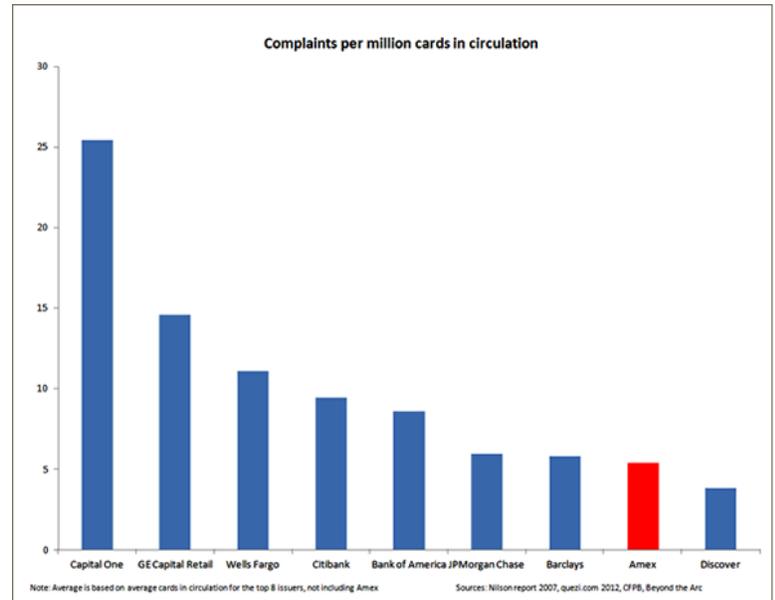


# American Express \$85 million fine explained by analysis of the CFPB's consumer complaint database

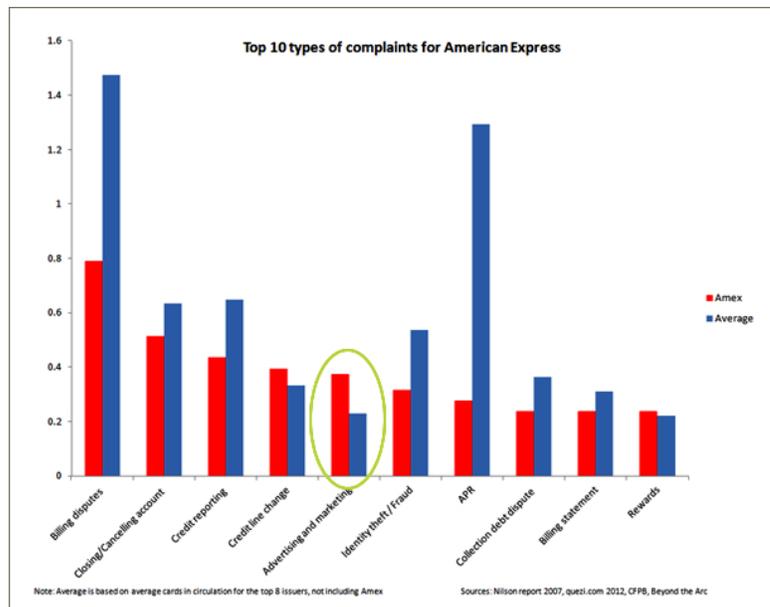


Less than a week after fining credit card issuer Discover® \$200 million for deceptive marketing practices, the Consumer Financial Protection Bureau (CFPB) announced today it is ordering three American Express® subsidiaries to refund \$85 million to customers, with an additional \$14.1 million in fines. According to CFPB Director Richard Cordray, the agency “found that at every stage of the consumer experience – from advertising to enrollment to payment to collection – these American Express subsidiaries had violated various consumer financial laws.”

In Beyond the Arc's ongoing analysis of the CFPB consumer complaint database, we found that in the data from June 1 to September 26, 2012, American Express accounts for 4.5% of complaints in the database, making it the eighth most cited company out of the top nine credit card providers.



In many regards, American Express is faring better than the other issuers in the complaint database. However, a more detailed analysis of the consumer complaint database does highlight an important opportunity to improve the customer experience:



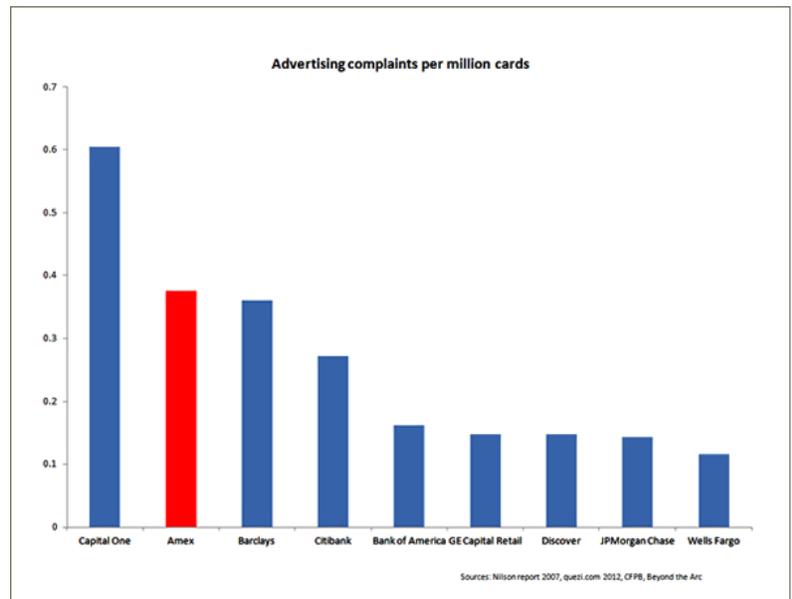
As this graph shows, while American Express has fewer complaints than its competitors in most categories, the bank has 63% more complaints than average in the category of “Advertising and marketing.” This data would seem to be in line with the CFPB’s finding.

The CFPB’s official order about the American Express fine cites a particular example: “Customers who were promised \$300 for signing up for a Blue Sky Credit Card will get the \$300.” In our experience, lapses like this are unusual given the heightened role of compliance in most organizations; however, they highlight the need for customer feedback analysis.



Companies like American Express and Discover can leverage the CFPB's consumer complaint database to see where they stand in relation to competitors. For instance, this graph shows that American Express has the second highest number of complaints about "Advertising and marketing." In the future, the bank can monitor the database and their customer feedback, in order to identify compliance issues and take action to avoid similar penalties.

This recent wave of credit card fines underscores the importance of tracking the customer experience across banking channels and social media. With effective strategy and data analytics, financial institutions can identify customer experience and compliance issues for early resolution to retain customers, strengthen relationships, and avoid fines.



## Let's Talk

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