

**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515-1013

September 17, 2014

Richard Cordray  
Director  
Consumer Financial Protection Bureau  
1700 G Street, NW  
Washington, DC 20552

Dear Director Cordray,

We applaud the efforts of you and your staff to solicit input from the broad stakeholder community in crafting a Notice of Proposed Rulemaking on general purpose reloadable (GPR) prepaid cards. Over the past three years, deposits on these innovative financial products have more than doubled and the market has grown to serve a diverse cross-section of over 12 million consumers with diverse needs. During this time, the prepaid industry has been able to lower fees and enhance offerings to provide all consumers the opportunity to be full participants in the modern financial services marketplace.

As the Bureau looks to enhance fee disclosures, extend deposit insurance, and bolster other consumer protections on these products, efforts that we fully support, regulators must be careful not to stifle innovation or limit features that consumers want and need. New regulations on financial products should always be analyzed through the eyes of the consumers that use them. We worry that actions taken without this lens may unintentionally produce negative effects on low-income prepaid card users who rely on these products in their daily financial lives.

According to the Federal Deposit Insurance Corporation (FDIC), there are 68 million unbanked and underbanked adults in the United States. These consumers either have no access to a checking account or rely on products outside of the traditional banking sector to meet their unique financial needs. Prepaid cards were developed, in part, to bring these consumers out of the expensive cash economy while not sacrificing product quality because account holders carry low balances. In fact, the average prepaid customer lives more than \$20,000 below the median household income and almost half have no access to emergency savings. These consumers are savvy, often managing their budget down to the last penny but at times needing a bridge to make it until their next paycheck.

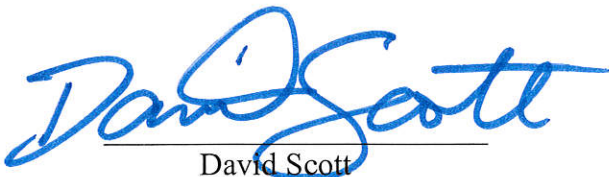
This brings us to the main purpose of the letter, preserving access to prepaid features that meet the short-term spending needs of consumers. Today, some prepaid providers are offering responsible, opt-in overdraft protection that many of our constituents want to have available. Those providers have voluntarily adopted the FDIC overdraft guidance, putting in place fee limits, as well as cooling-off period to prevent habitual use. They have also instituted fee-free buffers and cure periods. Companies are also ensuring consumers are making informed financial decisions by requiring users to sign up for real time mobile balance alerts and providing free

access to account information. We support these voluntary efforts and believe these protections should be instituted across the industry.

Providers are showing that overdraft protection, when done right, can serve as a valuable tool for many consumers. More importantly, low-income consumers do not want to be relegated to a second tier financial system with limited choice. Instead, they demand access to features that help them meet their short-term spending needs, whether it be purchasing gas or buying groceries. In fact, recently studies show that nearly 30 percent of prepaid consumers want to have overdraft protection available to them. During the Bureau's field hearing on prepaid cards in Durham, NC, as well as in comments submitted to the Advance Notice of Proposed Rulemaking, consumers made clear that regulations should not limit features available to them.

As the Bureau prepares to release its Notice of Proposed Rulemaking, it is important that prepaid cards not be viewed as a second-tier financial product. GPR prepaid cards are bank-issued and account-linked products that deserve parity with identically situated traditional checking accounts. We encourage staff to listen to consumers and preserve the prepaid features they demand to confidently self-bank. We look forward to being continuously appraised of your continued efforts.

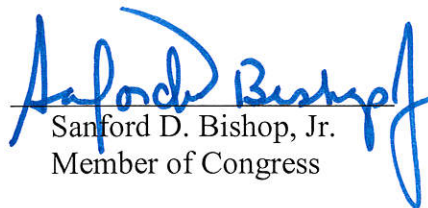
Sincerely,



David Scott  
Member of Congress



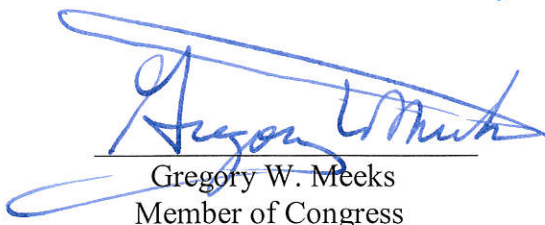
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