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May 22, 2012

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

Dear Director Cordray,

It has come to my attention that you will be holding a field hearing on the prepaid card industry in Durham, North Carolina on Wednesday, May 23rd. I have become increasingly disheartened that while much of the debate regarding these products has focused on the appropriate level of regulation, very little is said of the need to increase access to payment vehicles and to opportunities to gain and enhance credit.

Frankly, the needs and concerns of millions of under-banked Americans have thus far been overlooked in this conversation. In my home state of Florida alone, seven percent of households do not have a bank account – a figure that is much higher in the lower income, minority areas that I represent. Furthermore, American consumers are currently suffering in an environment of skyrocketing costs of credit and severely limited credit options. Now is not the time to further restrict options or eliminate products from the market.

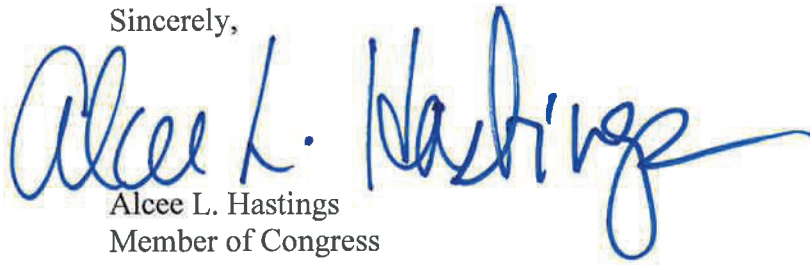
While I have heard much criticism of new products which provide a bridge for unbanked or under-banked Americans, I see an unsettling lack of alternatives. In fact, in discussing the need for greater regulation, the availability and accessibility of options for under-banked individuals are often overlooked. It is therefore vital to recognize and foster innovation, as well as support and encourage those who provide more convenient and less expensive financial products.

I would also encourage you to take note of companies that are proactively ensuring fairness, transparency, and ease of use for their consumers. For example, Urban Trust of Florida offers a prepaid card, backed by a bank deposit, with a 24-hour grace period to bring the balance current should a customer overdraw his/or her card. Their overdraft fees are also proportionate to the amount overdrawn, unlike many traditional banks.

Products such as this have grown out of the innovation that is founded in private sector competition and the accompanying companion risk of the entrepreneurs in the small loan sector. We ought to be fostering such competition and attitudes as well as applauding those who bring forward innovative and less expensive new products, not squelching innovation with the unintended consequences of well-meaning regulations. Ultimately, it is the very individuals you are trying to help who suffer.

I commend your continued efforts to safeguard consumer interests, and encourage you to consider holding a field hearing in South Florida to observe the positive measures my state has taken to protect the needs of average consumers. I look forward to working together on this matter and other efforts to ensure the financial well-being of the American people. Thank you for your time and consideration.

Sincerely,

A handwritten signature in blue ink that reads "Alcee L. Hastings". The signature is fluid and cursive, with a long horizontal stroke extending to the right from the end of the name.

Alcee L. Hastings
Member of Congress