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DOMESTIC MONETARY POLICY
AND TECHNOLOGY

May 22, 2012

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20006

Dear Director Cordray:

I applaud the efforts of you and your staff in recent months to work with companies in the non-bank financial services sector to gather information and learn about their business models and customers. I am also encouraged that you have been holding field hearings and roundtables in communities around the country to hear directly from the consumers and our constituents who use these products and services.

Creating a level playing field in the financial services arena for consumer financial products and services is of critical importance, and I believe that part of that effort requires analyzing these products and services through the eyes of the consumers that use them so that like products are treated and regulated in a similar manner to the ultimate benefit of the consumer.

Prepaid debit cards have emerged as a highly versatile and popular product across many user groups from consumers at all socio economic levels, to small and large businesses and governments including the federal government. I believe it is important to encourage this type of innovation while not allowing these and other non -bank products to be viewed or characterized as second tier, lower level or unsavory. Gaps in the market, changes in technology, and consumer financial needs and preferences are the drivers behind many of these emerging financial products.

Prepaid debit cards are a clear example of innovators meeting very specific consumer needs in myriad ways. Consumers should have the choice of products that best meet their needs, and I will continue to push for clear, simple disclosures and strong consumer protections in this area. While I certainly believe that innovation should not outpace regulation, I also hope that regulation will not stifle innovation or competition, and I am encouraged that the Consumer Financial Protection Bureau is demonstrating a desire to foster competition and innovation.

Many of the financial services products offered by non-banks are viewed very favorably by my constituents, the vast majority of whom are minority consumers, who regularly choose them over bank products for any number of reasons. Again, this is not always a second choice, but more

often a first choice. Because of this, I am concerned by the criticisms that have been directed at minority banks that are developing, offering, and partnering with prepaid debit card programs to meet consumer needs and increase choice.

While the CFPB should ensure robust consumer protections in the prepaid space, it should do so while maintaining a light-touch of regulation so as not to impair or impede world-class innovation and product development, especially in a market segment like prepaid debit where companies are striving to meet their customer's payment needs, cash flow needs, and short-term credit needs – all of which are critical to our nation's economy. Regardless of the product or manner in which a consumer chooses to address these needs – bank or non-bank – it is imperative that these products are not singled out or demonized, but are carefully and fairly examined and are all held to high and uniform standards. I agree wholeheartedly that consumers must be able to easily compare prices, terms, risks, and conditions through simple, transparent and meaningful disclosures in order to choose the best products and services for them.

I commend your work to date, and appreciate the open and honest dialogue I have experienced with you and your staff, and look forward to our continued collective efforts to strengthen and support a healthy and competitive financial services marketplace for American consumers.

Sincerely,



Gregory W. Meeks
Member of Congress