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Congress of the United States

House of Representatives

Washington, DC 20515-3311

May 21, 2012

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

Dear Director Cordray:

The outreach efforts by you and your staff at the Consumer Financial Protection Bureau (CFPB) to prepaid card stakeholders are to be commended, and I expect that the citizens of North Carolina will give you a warm welcome this week in Durham for your field hearing on prepaid cards. In advance of the hearing, I would like to share a few of my thoughts and concerns for your consideration.

The importance of prepaid debit cards as a valued financial product should not be underestimated. Millions of American consumers as well as state and local governments, non-profit organizations and businesses are choosing prepaid debit cards to meet a number of needs. For many, the fear of negative consequences that come with confusing overdraft and other fees charged by some banks have made prepaid debit cards their product of choice. Additionally, for many years non-bank financial services have filled a gap that banks were unable or uninterested in fulfilling, though some bank products do exist that meet similar consumer needs. I urge you to remain mindful of these similar consumer products as you strive to create a level playing field—consumers should not be disadvantaged because bank products are viewed or treated more favorably than non-bank products, nor should consumers themselves be viewed differently because of their choice of financial service provider. The CFPB can set the tone in this regard.

The solutions provided by the prepaid card industry are impressive and I hope that the CFPB in its supervision and regulation will see fit to encourage such innovation and healthy competition. I have been told by many prepaid card providers that their consumers now seek additional services and features associated with their cards as they find themselves using prepaid cards not as their alternative product to conduct everyday transactions, but as their product of choice. In some cases, this innovation has been met with criticism rather than as a platform to discuss better and increased consumer options. I am concerned by this and hope that the CFPB will continue to be fair and open in its evaluation and analysis of the prepaid card industry.

Lastly, the CFPB must strike a balanced approach in ensuring consumer protections while promoting increased access to and competition in prepaid cards. I urge the CFPB to carefully consider ways to increase competition, transparency, and availability of these increasingly popular and useful financial products. Your leadership in creating a balanced regulatory environment could establish an entry point to a broader market of less expensive and more convenient financial services for millions Americans. Likewise, a failure to ensure such balance stands to potentially harm consumers and eliminate a dynamic choice in the currently limited payments and credit environment.

I appreciate the focus the CFPB is giving to the prepaid card market and other non-bank financial services providers. Your research and data gathering will no doubt result in a well-informed approach to regulation with stronger and effective protections for consumers.

Sincerely,

A handwritten signature in blue ink, appearing to read "H. Shuler". The signature is fluid and cursive, with a large initial "H" and a long, sweeping underline.

Heath Shuler
Member of Congress