



April 27, 2017

United States House of Representatives
Washington, DC 20515
(202) 224-3121

United States Senate
Washington, D.C. 20510
(202) 224-3121

Re: Oppose H.J. Resolutions 73 & 62 and Senate Res. 19 Overturning Fee Transparency and Fraud Protections for Prepaid Cards

Dear Member of Congress,

The undersigned 235 consumer, civil rights, labor and small business organizations strongly urge you to oppose H.J. Resolutions 73 & 62, which would reject the Consumer Financial Protection Bureau's prepaid card protection rule. The resolution would block basic fee transparency and fee disclosure protections set to go into effect on prepaid cards, including payday lender prepaid cards and low-wage employer payroll cards such as those offered by Georgia-based NetSpend.

Prepaid cards are a rapidly growing market, used by 9.8 percent of households overall¹. Prepaid card use is higher among lower-income households, less-educated households, younger households, black households, and working-age disabled households. Many consumers use prepaid cards because they have lost their bank account and cannot get a new one.²

While prepaid cards function in much the same way as bank account debit cards, they are not covered by the Electronic Fund Transfer Act, as prepaid cards did not exist in 1974 when the EFTA was written. Many prepaid cards also have hidden fees, making it difficult for consumers to comparison shop. Employees have at times been coerced into receiving their pay on fee-heavy payroll cards (a form of prepaid card).

The CFPB's prepaid card rule enacts common sense protections. It:

- Extends the EFTA to protect prepaid card users against fraud, unauthorized charges and errors;
- Provides a simple chart of key fees (like the credit card "Schumer box"), with more details on a longer chart on websites and inside the package at retail;
- Ensures that consumers have convenient, free access to account information by providing free access to transactions and the account balance, with the ability to ask for a statement.

¹ <https://www.fdic.gov/news/news/press/2016/pr16093.html>

² Many NetSpend customers "no longer have access to checking accounts because they are among the 19 percent of U.S. adults who cannot qualify for an account because they are in the ChexSystems or TeleCheck's database." Prepared Statement of Daniel R. Henry, Chief Executive Officer, NetSpend Holdings, Inc., "Examining Issues in the Prepaid Card Market," Hrg. before the Subcomm. on Fin'l Inst'ns and Consumer Protection of the Comm. on Banking, Housing and Urban Affairs, U.S. Senate, 112th Congress, S. Hrg. 112-560 at 35 (Mar. 14, 2012) ("NetSpend Senate Testimony"), <http://www.gpo.gov/fdsys/pkg/CHRG-112shrg76233/pdf/CHRG-112shrg76233.pdf>.

- Requires employers to inform employees that they are not required to accept wages on a payroll card.

The CFPB wisely did not make the rule instantly obsolete or subject to evasion by protecting only physical plastic prepaid cards. The rule applies these protections to modern and evolving versions of prepaid accounts offered online and through mobile devices. Whatever form the account takes, consumers need basic protection for the security of their funds, hidden fees and account information.

Finally, The CFPB's rule does not ban overdraft services, but says unusual hybrid prepaid-credit cards that can overdraft must comply with the rules for credit cards, including limits on fees in the first year, consideration of ability to pay, time to pay and control over how to pay.

About 98% of prepaid cards are true to their promise of helping consumers control spending and cannot be overdrawn, but NetSpend - an outlier - is the only major prepaid company with overdraft fees and primarily sells its cards through payday lenders and check cashers (and, in an another unusual feature, permits payday lenders to debit the cards on payday, potentially triggering an overdraft fee).³ NetSpend has projected that the rule could cost it \$80 million in revenue.⁴ In other words, NetSpend takes that amount of overdraft fees out of the pockets of families least able to afford it. They are pushing to roll back a rule which provides basic protections for millions of users in order to preserve this abusive business line. The Electronic Transaction Association has also opposed the rule, but has given no reasons other than vague claims that the rule is "overly burdensome, expansive and prescriptive, negatively impacting consumers."⁵

The CFPB's prepaid card rule enacts common sense protections that are not controversial. For example, Green Dot, the largest prepaid card provider, supports the rule:

"Green Dot embraces the new rule as recognition that the industry we started more than 15 years ago continues to serve an increasingly significant role in the everyday financial lives of a growing number of American families. We fully support the CFPB's mission to ensure fairness, integrity and consumer protections for all participants in the financial system. For many years, Green Dot has voluntarily provided full checking account style consumer protections for its customers and has never charged overdraft or penalty fees on Green Dot Bank's prepaid and checking products. It's gratifying to know that prepaid can now move to a level playing field that can better serve consumers while allowing the entire industry to move past the period of regulatory uncertainty."⁶

The rule will be a win-win for consumers and industry because it legitimizes prepaid cards and gives consumers more confidence in using them as a bank account substitute. The clear fee disclosures will help

³ Lauren Saunders, National Consumer Law Center, Payday Lender Prepaid Cards (July 2015), <https://www.nclc.org/issues/payday-lender-prepaid-cards.html>.

⁴ Kevin Wack, American Banker, CFPB Rules Will Take \$80M Bite out of NetSpend's Revenue (October 26 2016).

⁵ <http://www.electran.org/wp-content/uploads/ETA-CRA-Letter-Ryan-Hensarling1.pdf>. ETA has also expressed concern that the definition of "prepaid account" extends beyond plastic cards to online accounts like PayPal's and Google's that store funds that can be used to make payments in the same way as physical prepaid cards. The CFPB rightly wrote a rule that can would not immediately become obsolete and would provide fee transparency and fraud protections regardless of the physical form of the access device.

⁶ http://ir.greendot.com/phoenix.zhtml?c=235286&p=irol-newsArticle_print&ID=2209529

combat the industry's reputation for hidden fees. Uniform legal protections against fraud and unauthorized charges are especially important in these days of constant data breaches.

A vote in favor of the Congressional Review Act resolution would upend protections for millions of consumers. If the resolution blocking the rule is successful, the entire rule is blocked and the CFPB cannot enact a substantially similar rule unless Congress passes new legislation. We urge you to reject any effort to block the rule and to relegate prepaid cards once again to unprotected, second class status.

Yours very truly,

9to5, National Association of Working Women (National)
A Call to College (Ohio)
Action NC (North Carolina)
AFL-CIO (National)
Alameda County Community Asset Network (California)
Alaska Children's Trust (Alaska)
Alaska Community Development Corporation (Alaska)
Alaska PIRG (AKPIRG) (Alaska)
Allied Progress (National)
American Family Voices (National)
Americans for Financial Reform (National)
Arizona Community Action Association (Arizona)
Arizona PIRG (Arizona)
Arkansans Against Abusive Payday Lending (Arkansas)
Asheville-Buncombe County NAACP (North Carolina)
Baltimore CASH Campaign (Maryland)
Baltimore Neighborhoods, Inc. (Maryland)
Baptist Peace Fellowship of North America (North Carolina)
The Bell Policy Center (Colorado)
Billings First Congregational Church (UCC) (Montana)
Buffalo Urban League (New York)
Caldwell County Habitat for Humanity (North Carolina)
California Reinvestment Coalition (California)
CALPIRG (California)
Capital Region Assets & Opportunity Network (California)
Catalyst Miami (Florida)
CCCS of WNC DBA OnTrack Financial Education & Counseling (North Carolina)
Cedar Grove Institute for Sustainable Communities (North Carolina)
Center for Economic Integrity (Arizona)
Center for Financial and Human Dignity (North Carolina)
Center for Global Policy Solutions (National)
Center for Popular Democracy (National)
Center for Public Policy Priorities (Texas)
Center for Responsible Lending (National)
CEO Pipe Organs/Golden Ponds Farm (Wisconsin)
CFED (National)
Charleston Legal Access (South Carolina)
Chicago Urban League (Illinois)
Citizen in support of CFPB (North Carolina)

Citizen of the United States of America (Indiana)
Coasap (Iowa)
Coastal Enterprises, Inc. (Maine)
The Collaborative of NC (North Carolina)
Colorado AFL-CIO (Colorado)
Columbia Legal Services (Washington)
Community Action Human Resources Agency (Arizona)
Community Link (North Carolina)
Community Service Society of New York (New York)
Connecticut Legal Services, Inc. (Connecticut)
ConnPIRG (Connecticut)
Consumer Action (National)
Consumer Federation of America (National)
Consumer Federation of California (California)
Consumers for Auto Reliability and Safety (California)
Consumers Union (National)
COPIRG (Colorado)
Daily Kos (National)
DCRAC (Delaware)
Delaware Alliance for Community Advancement (Delaware)
Demos (National)
District Council 37 Municipal Employees Legal Services (New York)
Durham Regional Financial Center (North Carolina)
East Bay Community Law Center (California)
Eastern Jackson County Justice Coalition (Missouri)
Eastside CDC (North Carolina)
Empire Justice Center (New York)
Fair Housing Center of Central Indiana (Indiana)
Farmworker Association of Florida, Inc. (Florida)
Fayetteville Area Habitat for Humanity (North Carolina)
Fifth Avenue Committee, Inc. (New York)
Financial Guidance Center (Nevada)
Financial Pathways of the Piedmont (North Carolina)
Florida Alliance for Consumer Protection (Florida)
Florida Legal Services, Inc. Florida)
Florida PIRG (Florida)
Food & Water Watch (National)
Franklin County Legal Services (Pennsylvania)
GCFG (Pennsylvania)
Georgia PIRG (Georgia)
Georgia Watch (Georgia)
Glendale Community Action Program (Arizona)
Gowen Consulting (Alabama)
Greater Yellowstone Central labor Council (Montana)
Habitat for Humanity of Catawba Valley (North Carolina)
Habitat for Humanity of Charlotte (North Carolina)
Habitat for Humanity of Gaston County (North Carolina)
Habitat for Humanity of Greater Greensboro (North Carolina)
Heartland Alliance for Human Needs & Human Rights (Illinois)
Helping Hands Ministry of Belton, Inc. (Texas)
Higher Ed, Not Debt (National)

Hispanic Baptist Convention of Texas (Texas)
Holistic Transformations (North Carolina)
Homeowners Against Deficient Dwellings (National)
Iglesia Bautista Victoria en Cristo (Texas)
Illinois Asset Building Group (Illinois)
Illinois PIRG (Illinois)
Indiana Institute for Working Families (Indiana)
Indiana PIRG (Indiana)
Innovative Systems Group, Inc. (North Carolina)
The Interfaith Alliance of Colorado
Interfaith Center on Corporate Responsibility (New York)
International Union, United Automobile, Aerospace & Agricultural Implement Workers of America (UAW) (National)
Iowa PIRG (Iowa)
ISALAH (Minnesota)
Juma Ventures (California)
Kentucky Equal Justice Center (Kentucky)
LaCasa, Inc. (Indiana)
Latino Community Credit Union (North Carolina)
The Leadership Conference on Civil and Human Rights (National)
Legal Aid Center of Southern Nevada
Legal Aid Society of Milwaukee (Wisconsin)
Legal Services of Southern Piedmont (North Carolina)
Main Street Alliance (National)
Maine Center for Economic Policy (Maine)
Maine Equal Justice Partners (Maine)
Maine Small Business Coalition (Maine)
Maine Women's Lobby (Maine)
Mary House, Inc. (Pennsylvania)
Maryland CASH Campaign (Maryland)
Maryland Consumer Rights Coalition (Maryland)
Maryland PIRG (Maryland)
Massachusetts Communities Action Network (Massachusetts)
Massachusetts Consumers Council (Massachusetts)
MASSPIRG (Massachusetts)
The Midas Collaborative (Massachusetts)
Minnesota Homeownership Center (Minnesota)
Mississippi Center for Justice (Mississippi)
Missouri Faith Voices, A PICO Federation (Missouri)
Missourians Organizing for Reform and Empowerment (MORE) (Missouri)
Montana AFSCME Council 9 (Montana)
Montana Organizing Project (Montana)
Montgomery County Maryland Community Action Board (Maryland)
MontPIRG (Montana)
MoPIRG (Missouri)
NAACP (National)
National Association for Latino Community Asset Builders (NALCAB) (Texas)
National Association of Consumer Advocates (National)
National Association of Human Rights Workers (Maryland)
National Association of Social Workers (National)
National Black Justice Coalition (National)

National Center for Law and Economic Justice (National)
National Coalition of 100 Black Women (Phoenix Metro) (Arizona)
National Consumer Law Center (on behalf of its low income clients) (National)
National Consumers League (National)
National Council of La Raza (National)
National Disability Rights Network (National)
National Employment Law Project (National)
National Fair Housing Alliance (National)
NC Conference of the United Methodist Church (North Carolina)
NC State AFL-CIO (North Carolina)
NCPIRG (North Carolina)
Nehemiah Gateway CDC (Delaware)
Neighborhood Housing Services of Greater Cleveland (Ohio)
Nevada Lawyers for Progressive Policy (Nevada)
New Economics for Women California)
New Jersey Citizen Action (New Jersey)
New Level Community Development Corp. (Tennessee)
New Rules for Global Finance (National)
New York Legal Assistance Group (NYLAG) (New York)
NHPIRG (New Hampshire)
NJPIRG (New Jersey)
NMPIRG (New Mexico)
North Carolina Assets Alliance (North Carolina)
North Carolina Consumers Council (North Carolina)
North Carolina Council of Churches (North Carolina)
North Carolina Justice Center (North Carolina)
North Dakota Economic Security and Prosperity Alliance (North Dakota)
Northern Arizona Council of Governments (Arizona)
Ohio CDC Association (Ohio)
Ohio PIRG (Ohio)
THE ONE LESS FOUNDATION (Pennsylvania)
Opportunity Alliance-Nevada
OptInference LLC (North Carolina)
Oregon Consumer League (Oregon)
Oregon Food Bank (Oregon)
Oregon PIRG (OSPIRG) (Oregon)
Ospital Farms (California)
Partners In Community Building, Inc. (Illinois)
Partnership For Working Families (National)
PennPIRG (Pennsylvania)
Pennsylvania Council of Churches (Pennsylvania)
The Pennsylvania Utility Law Project, on behalf of its low income clients (Pennsylvania)
PeterCares House (Maryland)
PIRG in Michigan (PIRGIM) (Michigan)
Pisgah Legal Services (North Carolina)
Prepare + Prosper (Minnesota)
Prince George's CASH Campaign (Maryland)
Privacy Rights Clearinghouse (California)
Progress Florida (Florida)
Project Vote (National)
Public Citizen (National)

Public Good Law Center (California)
Public Justice (National)
Public Justice Center (Maryland)
Public Law Center (California)
RAISE Texas
Reinvestment Partners (North Carolina)
Restaurant Opportunities Center United (National)
RIPIRG (Rhode Island)
River City Community Development Corporation (North Carolina)
Rural Dynamics, Inc. (Montana)
Ruth sewing room (North Carolina)
Sargent Shriver National Center on Poverty Law (Illinois)
Service Employees International Union (National)
Sister of Mercy (Ohio)
Solita's House, Inc. (Florida)
South Carolina Appleseed Legal Justice Center (South Carolina)
South Carolina Christian Action Council (South Carolina)
St Vincent de Paul Society of Lane County (Oregon)
Student Debt Crisis (California)
SW Center for Economic Integrity (Arizona)
Tennessee Citizen Action (Tennessee)
Texas Appleseed (Texas)
TexPIRG (Texas)
TURN - The Utility Reform Network (California)
U.S. PIRG (National)
United Way of Anchorage (Alaska)
United Way of Southern Cameron County (Texas)
United Way of Tucson and Southern Arizona
Unity Fellowship of Christ Church NYC (New York)
Upper Yadkin Valley Habitat for Humanity (North Carolina)
Valley Community Development Corporation (Massachusetts)
Virginia Citizens Consumer Council (Virginia)
Virginia Organizing (Virginia)
VOICE Action Fund, Inc. (Oklahoma)
WASHPIRG (Washington)
Wayne Metropolitan Community Action Agency (Michigan)
West Virginia Center on Budget and Policy (West Virginia)
Westchester Residential Opportunities, Inc. (New York)
WHEAT, the World Hunger Education, Advocacy & Training organization (Arizona)
WISPIRG (Wisconsin)
Women AdvaNce (North Carolina)
Woodstock Institute (National)
WV Citizen Action Group (West Virginia)
York County Community Action Corporation (Maine)