



The Pew Consumer Banking Project

Overview

Pew's consumer banking project studies the accounts that Americans rely on every day to manage their finances, including checking accounts, prepaid cards, and mobile payments. The initiative builds partnerships with key stakeholders to advocate for effective consumer protections and a level playing field in the financial marketplace.

Checking accounts

Pew's consumer banking initiative began in 2010 by analyzing the accounts offered by the nation's largest banks and conducting market research on consumer experiences with checking accounts. This research focused on disclosure, overdraft, and dispute resolution policies.

To improve transparency and standardize checking account disclosures, the program developed a model summary disclosure box. As of June 2015, 30 banks, including the 12 largest, and eight credit unions, including the three largest, have adopted this model document and made it available on their websites. Most of these financial institutions worked with Pew to develop their boxes. Additionally, the box appears to be evolving into an industry standard, with many institutions adopting a similar box on their own.

The initiative continues to focus on overdraft policies as part of its research and advocacy on checking accounts. Because research shows that overdraft policies are a main reason consumers leave the banking system, Pew works with financial institutions to reform overdraft policies and practices and advocates for regulatory reform by the Consumer Financial Protection Bureau.

General purpose reloadable prepaid cards

In a recent survey, Pew found that 5 percent of adults (approximately 12 million people) use prepaid cards at least monthly. The cards are a versatile financial tool for the 10 million households in the United States that lack a checking or savings account, cannot obtain a credit card because of poor credit histories, or want a dedicated account for saving or paying for something without the temptation of using credit. U.S. consumers loaded more than \$64 billion onto these cards in 2012, according to the Mercator Advisory Group, up from \$56.8 billion in 2011.

Consumers often use general purpose reloadable prepaid cards as alternatives to checking accounts. Pew is promoting new federal regulations from the CFPB to protect prepaid card customers from hidden fees and to ensure that liability limitations for unauthorized transactions, similar to those for checking accounts, apply. Pew is also advocating for rules that would mandate deposit insurance coverage for loss of funds in the event of an issuing institution's failure; clear, concise, and uniform disclosure of fees, terms, and conditions; and prohibition of mandatory binding arbitration and other provisions that limit consumers' options for resolving a dispute. And because consumers use these cards to control their spending and stay out of debt, Pew has urged the bureau to prohibit overdraft service on prepaid cards.

Mobile payments

Consumers are increasingly using smartphones and tablet computers to make purchases and manage their money. However, providers that offer mobile payments are not required to include important protections that are mandated for checking accounts and credit cards, such as deposit insurance and limitations of liability for unauthorized payments.

The growing mobile payment marketplace could provide consumers with greater convenience; access to transaction services, particularly for those who cannot afford traditional bank accounts; and, possibly, lower costs. However, these benefits will not be fully realized if consistent oversight and safeguards are not in place.

In the coming years, Pew will produce a series of reports related to the emerging mobile payments industry that will examine how consumers use various mobile options and will address a number of challenges:

- Resolving payment disputes that often involve a confusing array of companies, such as wireless telephone carriers, electronic payment systems, and retailers.
- Providing uniform consumer protections and information.
- Ensuring that data are transmitted in a manner that protects customer privacy.

Finally, Pew will work to build consensus among major industry players and consumer advocates on specific uniform protections to ensure that mobile transactions are safe and secure. These multiparty discussions—and the proposals that arise from them—will serve as the basis for policy recommendations to the Consumer Financial Protection Bureau and other federal agencies that regulate in this area.

For further information, please visit:
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