



2005 Market Street, Suite 2800 215.575.9050 Phone
Philadelphia, PA 19103-7077

901 E Street NW 202.552.2000 Phone
Washington, DC 20004

www.pewtrusts.org

March 23, 2017

Ms. Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Re: Prepaid Accounts Under the Electronic Fund Transfer Act (Regulation E) and the Truth in Lending Act (Regulation Z); Delay of Effective Date; Docket No. CFPB–2017–0008; RIN 3170–AA69

Via Electronic Submission

Dear Ms. Jackson:

The Pew Charitable Trusts' consumer finance project studies the transaction accounts that Americans rely on to manage their finances and develops research-based policy recommendations that promote safe and transparent products. We have published a series of reports examining prepaid accounts and the users of these products. We are writing to reiterate our strong recommendation that the Consumer Financial Protection Bureau (CFPB) finalize and implement vital protections that will help ensure safety for the millions of consumers that use prepaid cards on a regular basis.

In its proposal, the CFPB would delay the implementation date for the extension of needed consumer financial protections to millions of consumers that use prepaid cards. The CFPB states that it is not asking for comment on the substance of the rule, but merely for information to determine what delays are necessary. However, any analysis to determine the extent of an appropriate delay should not exclude the importance of the substantive protections that vulnerable prepaid users may be without for the duration of that delay.

For current prepaid customers, providers often afford needed protections voluntarily. It is true that most prepaid cards provide at least some of the protections against fraud or theft that the rule would require, although, until the rule is in effect, prepaid providers can alter or remove them. Additionally, the great majority of prepaid products do not engage in the kinds of overdraft penalties that would be disallowed by the rule. Prepaid products also generally include disclosure of important fees, though the effectiveness of these may vary and they are not uniform. The CFPB's rule has garnered support from many different types of stakeholders largely because it "levels the playing field" with needed, commonsense rules.

However, the CFPB should consider that consumers want and need these protections to apply to all prepaid products. For example, more than 70 percent of prepaid users do not want overdraft fees to be applied to their cards, a key provision of the rule. The potential financial hardships that industry participants may face in implementing the rule by the current effective date of October 1, 2017, are not

the only potential harms. Consumers who rely on prepaid cards, especially those without bank accounts and of limited means, need permanent protections in order to safely transact and save for themselves and their families. For reference, a nationally-representative survey of prepaid card customers is attached.

We thank the CFPB for this opportunity to comment on the proposed delay to the prepaid account rule and look forward to continuing to work with you. As always, we are available to discuss these comments or any other aspect of our work at any time.

Sincerely,

A handwritten signature in black ink, appearing to read 'Thaddeus King', written in a cursive style.

Thaddeus King
Officer
Consumer Finance Project

Attached: Banking on Prepaid: Survey of Motivations and Views of Prepaid Card Users