

**Congress of the United States**  
**Washington, DC 20515**

September 29, 2015

The Honorable Richard Cordray  
Director  
Consumer Financial Protection Bureau  
1700 G Street, NW  
Washington, D.C. 20552

**Re: CFPB Should Work with Stakeholders on Prepaid Account Rule**

Dear Director Cordray:

We are writing today to express our concerns with the Consumer Financial Protection Bureau's (the "Bureau's") Notice of Proposed Rulemaking for Prepaid Accounts (the "Proposed Rule"). The Bureau should avoid imposing overly burdensome restrictions on providers that would prevent them from meeting the growing and diverse consumer demand for innovative prepaid products.

Prepaid cards provide a broad array of consumers, including students, workers, and government benefit recipients, with revolutionary ways to access, spend, and manage their money. In fact, prepaid cards are such a safe and effective payment tool, the U.S. Department of Treasury uses them as an alternative to paper checks to disburse federal benefits saving millions of dollars on an annual basis. Below you will find recommendations we believe will ensure that the Bureau meets our shared goal of empowering consumers with valuable financial tools while maintaining a vibrant prepaid marketplace.

**Coverage of the Proposed Rule.** The Proposed Rule casts a wide net through its extremely broad definition of prepaid accounts, which even includes products outside of the prepaid sphere such as mobile wallets, and person to person (P2P) transfers. We believe the definition of prepaid account should only cover prepaid products that consumers use as primary transaction accounts, where they would expect to receive similar protections as debit cards connected to traditional checking accounts.

**Consumer Disclosures.** The Bureau should work to develop *a single*, easy to understand pre-acquisition fee disclosure. The Proposed Rule requires multiple fee disclosures (a short-form and long-form disclosure) to be made available before a consumer "acquires" a prepaid card. According to the Bureau's own research, consumers do not find the long-form disclosure helpful when comparing products. As a result, the Bureau should not mandate the use of the long-form disclosure, and it should work with industry stakeholders to better define the contents of the short form disclosure to be more useful to consumers in comparing prepaid products.

**Implementation Deadline.** The Bureau should extend its implementation deadline until 24 months following publication of the final rule. With all of the new disclosure and packaging requirements for such a complex financial product as well as the development and operational

changes necessary to comply with the Proposed Rule, a nine-month effective date is unrealistic and does not take into account that millions of prepaid cards in the marketplace today will need to be destroyed or replaced.

**Overdraft.** Lastly, the CFPB should continue to allow discretionary overdrafts on prepaid accounts without subjecting prepaid accounts with these features to full Regulation Z coverage, which could lead to their elimination from the market. Instead, the Bureau should provide common sense guard rails that protect consumers while enabling the continued access to short-term micro credit (e.g., amounts less than \$150) so that consumers have the ability to purchase items, such as necessities, in between pay checks.

We strongly encourage the Bureau to work closely with stakeholders and Congress as your staff drafts the final rule. We believe more external engagement with prepaid market participants will be essential in helping the Bureau reach the appropriate balance between protecting consumers and ensuring the continued growth of America's fastest growing form of payment.

Sincerely,



M. Michael Rounds  
U.S. Senator



Mike Crapo  
U.S. Senator



Tom Cotton  
U.S. Senator



Michael B. Enzi  
U.S. Senator



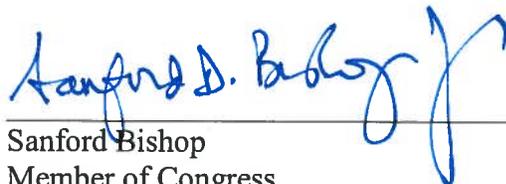
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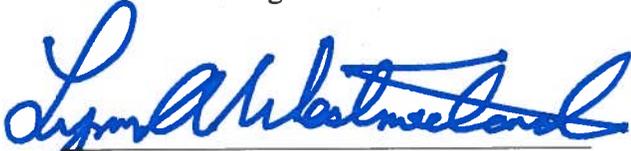
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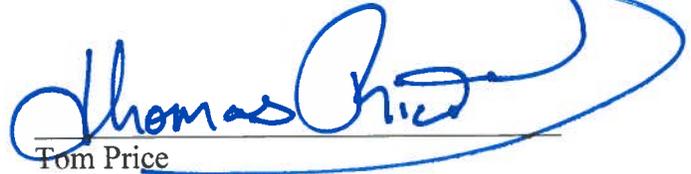
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Member of Congress



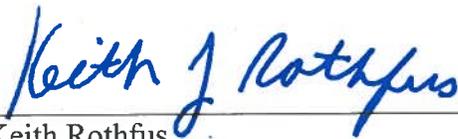
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