

March 23, 2015

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street N.W.
Washington, DC 20552

**Re: Prepaid Accounts Under the Electronic Fund Transfer Act (Regulation E)
and the Truth in Lending Act (Regulation Z), Docket No. CFPB-2014-0031**

Dear Director Cordray:

The undersigned Associations appreciate the opportunity to comment on the Consumer Financial Protection Bureau's ("the Bureau") proposal regarding prepaid accounts. We write to emphasize the benefits of payroll cards—for both employers and employees—and the importance of ensuring that any final rule supports their continued success. We ask the Bureau to make modest revisions to its proposal to ensure that it does not discourage the use of this safe and beneficial product by employees, including the many American workers who otherwise would lack access to mainstream financial services.

Payroll cards have become extremely popular among American employees. The Bureau notes, for example, that \$30.6 billion was loaded onto payroll cards in 2013¹—and this figure will only continue to rise. Payroll cards have proven particularly valuable to employees that do not have access to a traditional bank account, whether because of choice or because of their financial history. Without payroll cards, these employees likely would be forced to rely on far more costly alternatives, like check cashers or other alternative financial services, that may impose substantial fees on any employee seeking access to the funds on their paycheck. In contrast, state and federal regulation combined with intense competition within the marketplace ensure that payroll card users have free and immediate access to the full amount of their paycheck at least once a month. Users can also receive their pay even if they have left the employer or changed their address and can store and use their funds safely while participating fully in our 21st Century economy.

¹ See Prepaid Proposal, 79 Fed. Reg. 77102, 77108 (Dec. 23, 2014).

The Bureau can accomplish its goal of protecting employees while simultaneously encouraging the use of payroll cards going forward. To do so, we recommend that the Bureau make three basic changes to its proposal.

- First, we would ask the Bureau to rethink the proposed “warning” that would lead off the short form disclosure. We believe that the formulation “you do not have to accept this payroll card” and the advice to “ask your employer about other ways to get your wages,” are unduly negative and will discourage employees from using a payroll card. We would ask the Bureau to adopt a neutral formulation that does not needlessly discourage use of these safe and beneficial products.
- Second, and relatedly, we would urge the Bureau to allow issuers to provide an accurate picture of the card’s fee profile in the short form disclosure, rather than insisting that they only show the highest possible fee in relevant categories (which employees likely would avoid).
- Finally, we would ask that the Bureau clarify what constitutes “acquisition” in this context so that employers may continue to provide informational packets (provided by the financial institution) to employees that include both the relevant disclosures and a card that an employee may subsequently decide to use to receive his or her wages.

Payroll cards provide a safe and cost effective means of delivering wages to millions of workers, including underbanked and unbanked Americans who otherwise might be forced to use far more expensive alternative services. They also benefit businesses of all sizes by permitting efficient delivery of payroll. We accordingly urge the Bureau to ensure that any final rule facilitates the continued success of this popular and responsible financial product.

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Sincerely,

American Payroll Association
Food Marketing Institute
International Franchise Association
National Association for the Self-Employed
National Grocers Association
Retail Industry Leaders Association
Small Business & Entrepreneurship Council
Society for Human Resource Management
The Latino Coalition
US Chamber of Commerce