

April 5, 2017

Sen. Sherrod Brown  
U.S. Senate  
713 Hart Senate Office Building  
Washington DC

Re: S.J. Res. 19: A joint resolution providing for congressional disapproval under chapter 8 of title 5, United States Code, of the rule submitted by the Bureau of Consumer Financial Protection relating to prepaid accounts under the Electronic Fund Transfer Act and the Truth in Lending Act.

Dear Sen. Brown,

We at the Center for Financial Services Innovation (CFSI) have been following Senate Joint Resolution 19, introduced by David Perdue, calling for a Congressional Review of the Consumer Financial Protection Bureau's (CFPB) final rule on prepaid accounts. We oppose the idea of Congressional Review Act action on this final rule. We submitted a comment letter to the CFPB in favor of the rule on prepaid accounts, and our support has not changed.

While we believe there are some improvements that could have been made in the final prepaid account rule, we believe the positives of the rule outweigh the negatives. These rules legitimize prepaid accounts and put them on par with other deposit accounts. The new rules apply not just to run-of-the-mill reloadable prepaid cards, but to payroll, digital wallets and peer-to-peer payments. All of these digital products show promise in helping to promote consumer financial health.

In giving prepaid cards the same regulated status as other products, the CFPB has not only made it harder for bad actors in the space to flourish but created an opportunity for prepaid card providers that regulated status will afford. The new rules from the CFPB around stronger fraud and error resolution policies, standardized fee disclosures and more accessible account information will certainly strengthen the results we see for basic standards and best practices.

As finance continues to evolve from cash to checks to cards to digital, prepaid will be less a card in someone's wallet and more often an app on a consumer's smartphone. This is where the industry needs to be focused, to ensure it isn't seen as yesterday's innovation, and to ensure it stays relevant to consumers and their challenges. This is also why these new rules matter for consumers — not only because they are better protected with the products they use today, but because they'll be better off with the products they'll use in the future. This forward progress won't happen if the rules are reversed.

CFSI is a national authority on consumer financial health. Our mission is to improve the financial health of Americans, especially the underserved, by shaping a robust and innovative financial services marketplace with increased access to higher quality products and practices. We

lead a network of financial services innovators – banks and credit unions, the fintech community, processors, servicers, nonprofits, consumer groups, and community-based organizations – all committed to building higher quality products and services. Our vision is of a financially healthy America where people’s day-to-day financial system functions well and increases the likelihood of long-term resilience and opportunity.

Through our [Compass Principles](#) and a lineup of proprietary research, insights and events, CFSI informs, advises, and connects members of our network to seed the innovation that will transform the financial services landscape. We strive toward a strong, robust, and competitive financial services marketplace, where the diversity of consumer transaction, savings, and credit needs are met by a range of providers offering clear, transparent, and high-quality products and services at reasonable prices. We believe finance can be a force for good in people’s lives, and that serving the needs of consumers responsibly is ultimately more profitable for the financial services industry.

CFSI has been working in the prepaid arena since 2004 when we published an [article](#) on stored-value cards in an OCC Community Development publication. In 2012, we released our [Compass Guide to Prepaid](#), developed in consultation with industry and consumer stakeholders, which laid out a set of aspirational guidelines for design and delivery of prepaid cards. In the same year, we also developed a proposed fee box for prepaid cards in our report “[Thinking Inside the Box: Improving Consumer Outcomes Through Better Fee Disclosure for Prepaid Cards](#).” In March, 2014, we released a [Prepaid Industry Scorecard](#), which tracks the progress the industry has made since the release of the Compass prepaid guide. We released the [Compass Guide to Payroll Cards](#) in January, 2015, again in consultation with industry and consumer stakeholders.

There's no denying that the quality of prepaid products has dramatically improved over the years. In 2016, CFSI issued a follow up to our [Industry Scorecard](#) and gave the industry grades, respectively, of A-minus, B and B-minus for the basic standards, best practices and next-generation features that define a high-quality prepaid product, all improvements over the 2014 grades. We believe this forward momentum would be stymied by if the rules are reversed through S.J. Res. 19.

We would be happy to talk with you and your staff further to answer any questions you might have and to clarify our position if needed. We urge you not to support S.J. Res. 19.

Sincerely,



Jennifer Tescher  
President and CEO  
Center for Financial Services Innovation



Jeanne M Hogarth  
Vice President  
Center for Financial Services Innovation