

PAYDAY LENDER PREPAID CARDS

OVERDRAFT AND JUNK FEES HIT CASH-STRAPPED
FAMILIES COMING AND GOING



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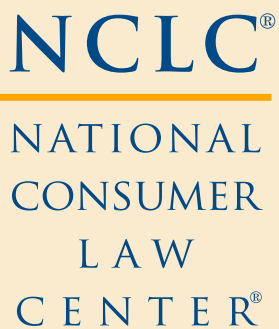
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EXECUTIVE SUMMARY

Prepaid cards are prepaid – a safe way to control spending for consumers who have had trouble with overdraft fees, have blemished credit, and may have lost their bank account. Except for prepaid cards sold by payday lenders. The largest payday lenders sell prepaid cards with unusual features that enable payday loans and profit from them.

Most mainstream prepaid cards cannot be used to secure a payday loan. **But payday lender prepaid cards allow payday lenders to take advance authorization to debit the card on the consumer's payday.**

Overdraft fees are virtually unheard of on mainstream prepaid cards, which are truly “prepaid.” **But payday lender prepaid cards can overdraft and charge overdraft fees.**

NetSpend is the only major prepaid card provider that has overdraft fees on its cards. NetSpend primarily sells its cards through payday lenders and other alternative financial service providers. NetSpend provides prepaid cards for four of the top five payday lenders: Advance America, ACE Cash Express, Check ‘n Go, and Cash America. **NetSpend made \$50 million or more in overdraft fees last year.** Insight Card Services also provides payday lender prepaid cards that have overdraft fees.

Overdraft fees on prepaid cards add to the expense and risk of payday loans. If a payday loan payment triggers an overdraft, the already exorbitant cost of a typical \$300 payday loan soars: from 390% APR to 520% APR. As with payday loans, overdraft “protection” is promoted to help with emergency expenses, but instead leads to a cycle of debt that leaves consumers with less liquidity to meet expenses at the end of the month.

Payday lender prepaid cards have unusual fees triggered by payday loans. These fees are generally not found on mainstream prepaid cards:

- \$1 to \$14.95 for declined automated clearinghouse (ACH) payments.
- \$10 to \$25 to stop recurring payments.
- On one card, \$4.95 for a successful payday loan payment.

On the prepaid card sold by Check Into Cash, if a payday loan payment bounces twice and then is paid, the consumer will pay **an extra \$34.85 on top of the payday loan fee.**

Prepaid cards that enable payday loans – and generate fees triggered by those loans – exploit vulnerable consumers and break the promise of prepaid cards as a safe way to control spending. The Consumer Financial Protection Bureau should ban overdraft fees and other inappropriate fees on prepaid cards.

I. BACKGROUND

A. Payday Loans

Payday loans are small, high-cost loans secured by the borrower's post-dated check or electronic equivalent. A typical payday loan has a term of 14 days and is \$300 to \$400. The cost ranges from \$15 to \$30 per \$100 borrowed for two weeks, resulting in an annual percentage rate (APR) of 391% to 780%. For example, a consumer who borrows \$300 would write out a check for \$345 dated 14 days later. When that date comes, the lender either deposits the check or the consumer pays the \$45 finance charge and writes out a new check for another two weeks.

Payday lenders are also increasingly offering longer term installment loans. Like short-term payday loans, the installment loans charge triple-digit interest rates and count on automatic repayment, typically through preauthorized electronic payments.

Payday loans are targeted at consumers with bad credit. Lenders do not underwrite the loans to ensure that the borrower is able to repay the loan on its terms. Numerous studies have shown that payday loans, while styled as short-term loans, result in a long-term debt trap. Borrowers who cannot afford to repay the balloon payment loan and the fee – while meeting their other expenses – are forced to reborrow or roll the loans over repeatedly.¹

Payday loans frequently trigger overdraft transactions. A recent study found that nearly half of payday borrowers incurred an overdraft or nonsufficient funds (NSF) fee on their bank account in the two weeks after a payday loan transaction.² Other studies have also found that payday loan payments commonly trigger overdrafts.³

Payday loans can also cause consumers to lose their bank accounts. The payday loan payment combined with spiraling bank fees can leave a large negative balance that is difficult to eliminate.⁴ One study found that an increase in the number of payday loan outlets in a county is associated with an 11% increase in involuntary bank account closures, even when other variables such as income and poverty rate are taken into account.⁵

B. Prepaid Cards

A prepaid card is essentially a bank account debit card without an individual bank account. The cards are network-branded – i.e., Visa, MasterCard, American Express or Discover – and are usable anywhere a debit card with that brand is accepted. The consumer's funds are held in a bank or credit union but are pooled with those of other consumers. The consumer's account is with the prepaid card program manager – which may be the same as the bank (as for the Chase Liquid Card) but is more often a nonbank or another entity without a significant retail bank branch network, such as Green Dot or NetSpend.

Prepaid accounts are designed to be “prepaid” and not to overdraft. The account is accessed primarily by using the card, with the transaction authorized if funds are available at the time the payment is made.

Consumers turn to prepaid cards when they have trouble with overdraft fees on bank accounts and struggle with credit. Many prepaid cardholders have lost their bank account and cannot get a new

one.⁶ According to the Federal Deposit Insurance Corp. (FDIC), prepaid cards are used by 27.1% of unbanked households and 19.6% of underbanked households.⁷ Problems with overdrafts are the leading reason why consumers can no longer obtain bank accounts.⁸ Prepaid cardholders have lower incomes and lower credit scores than the typical bank account customer.⁹

Prepaid cards are often marketed to consumers based on the lack of a credit check. For example, NetSpend's website proclaims: "No Credit Check. You're guaranteed approval."¹⁰

C. Payday Loan + Prepaid Card?

Most prepaid cards are designed in a manner that prevents payday lenders from securing a loan with future wages deposited to the card. To take out a traditional payday loan, a consumer needs a checking account in order to write a post-dated check. Most prepaid cards do not come with checks.¹¹

More recently, some payday lenders secure loans with preauthorized electronic payments instead of or in addition to post-dated checks. The consumer provides his or her checking account and bank routing number, authorizes a payment at a future time, and permits the lender to debit the consumer's account over the automated clearinghouse (ACH) network.

Prepaid cards also have an underlying bank account and routing number – separate from the 16-digit card number – that can be used for ACH transactions. Prepaid cards can accept direct deposits of wages or benefits over the ACH network. Some prepaid cards also have online bill payment features that enable the consumer to use the prepaid card website to pay bills electronically through the ACH network or even through a mailed paper check. But funds are debited from the consumer's prepaid account at the time the consumer initiates the payment; payments cannot be scheduled for the future.

To prevent overdrafts, most prepaid cards do not permit third parties to initiate an ACH debit against the consumer's account based on a prior preauthorization.¹² For example, a consumer cannot give the gas company or a payday lender the routing and bank account number underlying the prepaid account and let the company debit the account each month through the ACH system. If the consumer gave a payday lender an authorization for an ACH debit using the underlying routing and bank account number, the payment would be rejected even if the account had money.

On the other hand, the 16-digit prepaid card number can be used to preauthorize a payment over the Visa, MasterCard, American Express, or Discover network. But preauthorized card payments do not generally work for payday loans. First, some card network rules prohibit use of preauthorized card payments to repay a payday loan.¹³ In addition, the payday lender would incur an interchange fee for accepting a card payment. Therefore, payday lenders do not generally accept card payments, at least not as the mechanism to secure a loan.¹⁴

Consequently, consumers who do not have bank accounts and only have prepaid card accounts generally cannot use the prepaid cards to obtain payday loans. But payday lender prepaid cards are the exception to that rule.

II. PAYDAY LENDER PREPAID CARDS

A. Who Sells Them and Why

Many payday lenders sell prepaid cards. The payday lenders generally do not manage the cards directly, but they may brand the cards. Payday lenders have several motivations for selling prepaid cards. The low-income, credit-impaired customers to whom payday lenders market their loans are also likely to use prepaid cards, so card sales will be a source of additional revenue. Many payday lenders are also check cashers, and consumers are increasingly using prepaid cards to receive funds and avoid the need to cash checks.

In addition, unlike traditional prepaid cards, many payday lender prepaid cards can be used to repay a payday loan. By selling and branding prepaid cards, payday lenders can offer payday loans to consumers who do not have checking accounts and instead use prepaid cards to hold their income.

Prepaid cards have rapidly become a core product sold by most payday lenders.

Nearly all of the largest payday lenders sell prepaid cards.¹⁵ NetSpend is the leading provider of payday lender prepaid cards. It supplies cards for four of the top five payday lenders: Advance America,¹⁶ ACE Cash Express,¹⁷ Check 'n Go (CNG Financial),¹⁸ and Cash America¹⁹. NetSpend also provides prepaid cards sold by Amscot,²⁰ Purpose Financial Services (Purpose Money, First American Loans, First American Cash Advance and CheckAdvance),²¹ Allied Cash Advance,²² and Check City,²³ as well as other payday lenders.

Other payday lenders have prepaid cards offered by smaller program managers, including:²⁷

- Check Into Cash sells the U.S. Money Cards managed by First View Financial.²⁸
- DFC Global (Money Mart, Check Cashing Store) sells the Momentum Card serviced by the InComm subsidiary, ITC Financial Licenses, Inc. (which manages the Vanilla cards and Vanilla Reload packs).²⁹
- Insight Card Services manages the prepaid cards sold by Approved Cash Advance³⁰ and Community Choice Financial (CheckSmart).³¹
- IPS manages the ion cards sold by Moneytree.³²

Prepaid cards have rapidly become a core product sold by most payday lenders.

Table 1 **PREPAID CARDS OFFERED BY TOP PAYDAY LENDERS**

TOP PAYDAY LENDERS	CARD NAME	PREPAID CARD PROVIDER
Advance America	Purpose Card	NetSpend
ACE Cash Express	ACE Elite Visa Prepaid Debit Card	NetSpend
Check Into Cash	U.S. Money Card	FirstView Financial
CNG Financial (Check 'n Go)	NetSpend Prepaid Visa	NetSpend
Cash America	NetSpend Prepaid Visa	NetSpend
DFC Global (Money Mart, Check Cashing Store)	MOMENTUM Visa Prepaid Debit Card	ITC Financial Licenses, Inc. (InComm)
EZCorp (EZ Money)	None	n/a
QC Holdings (Quik Cash, The Loan Store, LendNation)	Insight Visa Prepaid Card	Insight Card Svcs.
Allied Cash Advance	NetSpend Prepaid MasterCard ²⁶	NetSpend
AmscotAmscot	Money Card	NetSpend
Approved Cash Advance	Insight Visa Prepaid Card	Insight Card Svcs.
Community Choice Financial (CheckSmart, Cash & Go)	Insight Visa Prepaid Card	Insight Card Svcs.
Moneytree	ion Visa Prepaid Card ion Total Visa Prepaid Card ion One Visa Prepaid Card	IPS
PLS Loan Store	Xpectations! Visa Prepaid Card	PLS Financial Services, Inc.

OTHER MULTI-STATE PAYDAY LENDERS WITH PREPAID CARDS

Purpose Financial (Purpose Money, National Cash Advance, First American Loans, Check Advance)	Purpose Card	NetSpend
Check City	Netspend Prepaid Visa	NetSpend
Speedy Cash	Opt+ Visa Prepaid Card	Galileo Processing

B. How the Cards Enable Payday Loans

Most prepaid cards cannot be used to secure a payday loan, as previously discussed. However, payday lender prepaid cards are the exception: many payday lender prepaid cards permit preauthorized ACH debits. Consumers who have regular income deposited to their prepaid accounts can give the payday lender advance permission to withdraw the payment electronically on the due date in the same way as from a checking account.

Most payday lender prepaid cards are enabled to permit payday loans. Eight of the ten top payday lenders sell prepaid cards that permit a lender to take advance authorization to debit the card on payday. All of the five largest payday lenders sell cards that can secure repayment of a payday loan: Advance America, ACE Cash Express, Check Into Cash, Check 'n Go, and Cash America.

On all of these payday loan-enabled prepaid cards, the payday lender can reach its hands into the consumer's account on payday and withdraw cash, even if it leaves the consumer without enough money for necessities. Consumers who may have previously lost a bank account may also lose control of the funds in their prepaid card account and find themselves forced to continuously re-borrow just to put food on the table.

Payday lender prepaid cards enable not only traditional storefront payday loans, but also two other destructive forms of high-cost loans: online payday loans and payday installment loans. Whereas storefront lenders count on the consumer coming back every two weeks to renew the loan, online payday lenders take a consumer's advance authorization to debit the consumer's account on a recurring basis for fees to roll over the loan. Payday installment loans also rely on authorization for recurring ACH debits.

Both online payday loans³³ and payday installment loans³⁴ are high cost, lack adequate underwriting for ability to pay, and can cause consumers to overdraft or incur NSF fees. Consumers also often have problems with online lenders that take funds without authorization or that will not stop debiting accounts even when consumers exercise their right to revoke authorization.³⁵

Mainstream prepaid cards do not permit lenders to take advance authorization for recurring ACH debits; the cards are designed to prevent overdrafts and make sure that consumers can only spend money that they have. But payday lender prepaid cards permit funds to be seized to repay online payday loans and payday installment loans.

Eight of the ten top payday lenders sell prepaid cards that permit a lender to take advance authorization to debit the card on payday.

Table 2 **PAYDAY LOAN-ENABLED PREPAID CARDS**

CARD NAME	PAYDAY LENDER	CARD ENABLES PAYDAY LOANS*
NetSpend Prepaid Visa or MasterCard	Cash America Check 'n Go Allied Cash Advance Check City	Yes
ACE Elite Visa Prepaid Debit Card (NetSpend)	ACE Cash Express	Yes
Purpose Card (NetSpend)	Advance America Purpose Financial (Purpose Money, National Cash Advance, First American Loans, Check Advance)	Yes
U.S. Money Card (First View Financial)	Check Into Cash	Yes
Momentum Visa Prepaid Debit Card	DFC Global (Money Mart, Check Cashing Store)	No
Amscot Money Card	Amscot	Yes
Insight Visa Prepaid Card	Approved Cash Advance Community Choice Financial (CheckSmart, Cash & Go)	Yes
ion Visa Prepaid Card	Moneytree	No
Xpectations! Visa Prepaid Card	PLS Loan Store	No
Opt+ Visa Prepaid Card	Speedy Cash	No

* Permits preauthorized electronic (ACH) payments

III. OVERDRAFT FEES ON PAYDAY LENDER PREPAID CARDS

A. Cards with Overdraft Fees

Prepaid cards are normally just that: prepaid. The Consumer Financial Protection Bureau (CFPB) conducted a survey of the prepaid card market and found that very few prepaid cards permit overdrafts that can trigger an overdraft fee. After reviewing 40 prepaid card account agreements from the 11 largest prepaid card companies, the CFPB found that only 3 agreements offered overdraft services that could trigger a fee.³⁶

Table 3 **OVERDRAFT FEES ON PAYDAY LOAN-ENABLED PREPAID CARDS**

CARD NAME	PAYDAY LENDER	OVERDRAFT FEE
NetSpend Prepaid MasterCard or Visa	Cash America Check 'n Go Allied Cash Advance	\$15
ACE Elite Visa Prepaid Debit Card (NetSpend)	ACE Cash Express	\$15
Purpose Card (NetSpend)	Advance America Purpose Financial (Purpose Money, National Cash Advance, First American Loans, Check Advance)	\$15
U.S. Money Card (First View Financial)	Check Into Cash	None
Insight Visa Prepaid Card	Approved Cash Advance Community Choice Financial (CheckSmart)	\$15

But most of the payday lender prepaid cards can overdraft and incur overdraft fees. When consumers opt-in to so-called overdraft “protection,” the prepaid card company will approve a transaction (up to a limit) even if the card has insufficient funds. The overdraft and overdraft fee are taken off the top of the next direct deposit of wages or public benefits.

NetSpend is the only major prepaid card program that has overdraft fees on its prepaid cards. The CFPB did not identify the cards that it surveyed, but the three agreements with overdraft fees are most likely the NetSpend programs discussed in this report.

Payday lenders appear to be NetSpend’s biggest source of revenue. ACE Cash Express has been NetSpend’s biggest distributor,³⁷ and NetSpend has long-term relationships with the other largest payday lenders as well.³⁸ While details on NetSpend’s distribution network are not as available since its acquisition by TSYS, NetSpend’s distributors are primarily “alternative financial services providers” and “a number of our NetSpend distributors are engaged in offering payday loans.”³⁹ NetSpend also sells prepaid cards with overdraft fees and payday loan-enabling features outside of payday loan stores – on the NetSpend website, through the Brinks Money brand,⁴⁰ and through employers under the Skylight Financial brand.⁴¹

Most of the NetSpend payday lender prepaid cards have opt-in overdraft fees.⁴² Only its Amscot cards appear not to offer overdraft capacity at this time.

The Insight cards sold by the payday lenders Approved Cash Advance and CheckSmart also have opt-in overdraft fees. The pricing and terms follow the NetSpend model.⁴³

Another large payday lender, Check Into Cash, sells prepaid cards that do not appear to offer overdraft services.⁴⁴ But its U.S. Money Card has particularly large and unusual fees that can be triggered by payday loans, discussed in Section V (see page 15).

If a consumer opts in to overdraft “protection” on the NetSpend and Insight cards, transactions may be approved even if the card is empty, generating a \$15 overdraft fee. Up to \$45 in overdraft fees per month may be charged on purchases (no matter how small) after the negative balance exceeds \$10, unless the overdraft is cured within 24 hours. The maximum negative balance is \$100, including the fees. Consumers are “cooled off” after 12 overdraft fees – or \$180 in fees.

(The NetSpend Skylight payroll cards – not included in this report – have an even more trigger-happy overdraft program. Employees who opt in pay \$25 overdraft fees, up to \$125 per month, on negative balances over \$5, with a cooling off period after 18 overdraft fees or \$450.)

Cynically, NetSpend markets its prepaid cards to consumers attempting to avoid overdraft fees. “Testimonials” on NetSpend’s website include:

- “This card really makes my life so much easier! I don’t worry about overdraft fees...!”⁴⁵
- My old bank used to charge me overdraft fees every time I spent more than my account balance.”⁴⁶
- “Between work and taking care of my family I never had time to balance my checkbook, and I always ended up paying huge overdraft fees for going over my balance.”⁴⁷

The fact that NetSpend cards can charge overdraft fees is not highlighted anywhere on its website or on those of the payday lenders that feature its cards. Details of the overdraft program are deep inside the obscure Cardholder Agreement that most consumers will never see.⁴⁸ The same is true of the websites for the Insight Card and those of the payday lenders that sell it.

B. Overdraft “Protection:” Just Another Junk Fee

Overdraft fee programs take money from the consumers who can least afford it. Opting into overdraft “protection” on a payday lender prepaid card adds to the cost of having a prepaid card. It also makes payday loans even more expensive.

NetSpend claims that safety features on its overdraft program make it the “Best Darn Overdraft Ever.”⁴⁹ Those features include:

- a \$10 free overdraft cushion;
- a cap of \$45 in fees per month;
- \$100 maximum negative balance;
- text and email alerts about overdrafts; a 24 hour grace period; and
- a “cooling off” period after 12 overdraft fees (\$180).

But alerts and a grace period do not prevent overdraft fees if the consumer is out of money. The other features only cap the injury and do not prevent it. A whopping 88% of NetSpend’s monthly overdraft users pay fees.⁵⁰

A whopping 88% of NetSpend's monthly overdraft users pay overdraft fees.

NetSpend earned \$50 million or more in revenues from overdraft fees in 2014.⁵¹ Every dollar in overdraft fees that NetSpend earns is a dollar out of a consumer's pocket – and most likely a consumer who needs every dollar to pay for basic living expenses. NetSpend's customers are "low-income," with an average daily prepaid card balance of only \$80.⁵² What does a consumer need to be eligible for NetSpend's overdraft program? Direct deposit income of just \$200 per month.⁵³

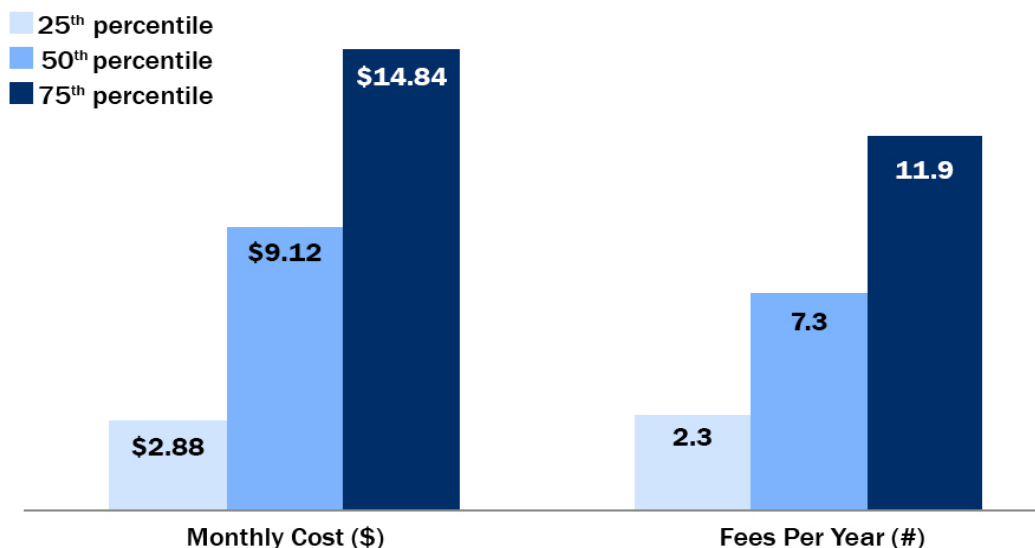
Two studies by the Federal Reserve Bank of Kansas City based on NetSpend data confirm that consumers who opt in to overdraft protection pay more each month for their prepaid cards. The first study found that consumers who used the overdraft service paid an average of \$14.62 per month more in fees for their accounts than other consumers.⁵⁴

The second study,⁵⁵ which focused on a narrower category of consumers who had more regular income,⁵⁶ found that the median consumer who opted in to overdraft protection paid \$9.12 per month in overdraft fees (or 7.3 overdraft fees per year).⁵⁷ A quarter of overdrafters paid a minimum of \$14.84 per month in overdraft fees⁵⁸ – 11.9 overdraft fees per year, or basically one overdraft fee every month.

A single overdraft fee is two hours work at the minimum wage. With \$15, a family can buy a basket of groceries that includes macaroni, tuna, peas, chicken soup, orange juice, ground turkey, eggs, cheese, and bananas.⁵⁹ Consumers can pay up to \$45 per month in overdraft fees on payday lender prepaid cards.

Payday loans lead to a well-known cycle of repeat borrowing. Indeed, NetSpend's largest distributor, ACE Cash Express, was the subject of a CFPB enforcement action for putting consumers into a cycle of debt.⁶⁰ ACE's debt collectors encouraged consumers who could not afford to repay their original loans to take out new loans to repay the first one. A training manual displayed this cycle of payday loan debt clearly, as shown in Chart 2 (see page 12).

Chart 1 **COST OF OPTING IN TO OVERDRAFT "PROTECTION" ON NETSPEND CARDS**



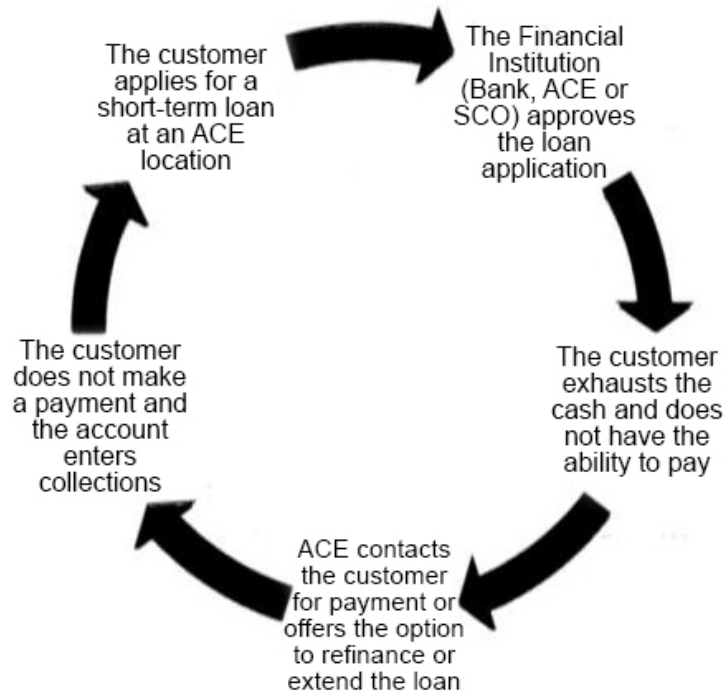
Source: Federal Reserve Bank of Kansas City

Overdraft fees increase the harm of this vicious cycle of debt. Offering overdraft “protection” on prepaid cards preys on consumers who turn to prepaid cards to gain some control over their finances.

C. ... and Less Money to Make Ends Meet

Defenders of overdraft services on prepaid cards claim that overdraft loans help consumers to bridge the gap to payday and handle “emergency needs.”⁶² But the reality is that prepaid card overdraft programs are typically used for everyday expenses⁶³ by people who have regular gaps between their income and expenses. Just like payday loans, misleading overdraft “protection” causes a cycle of debt that makes it *harder*, not easier, to meet expenses at the end of the month.

Chart 2 ACE CASH EXPRESS EMPLOYEE COLLECTIONS TRAINING MANUAL: THE LOAN PROCESS



Source: CFPB⁶¹

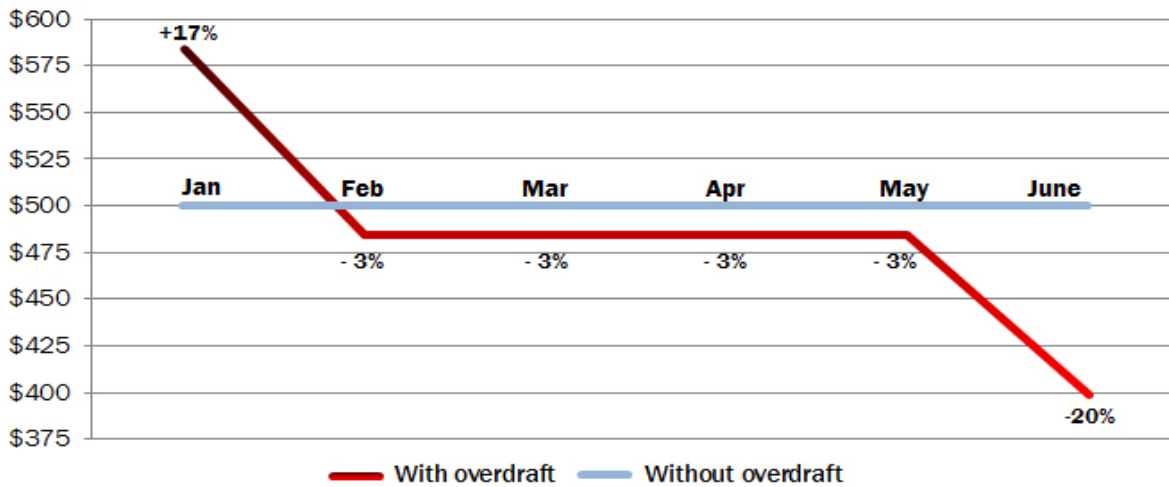
Consumers who opt in to overdraft “protection” use it repeatedly, incurring an average of 7 overdraft fees a year.⁶⁴ A quarter of consumers incur 12 or more overdraft fees a year.⁶⁵ The

Consumers who opt in to overdraft “protection” use it repeatedly, incurring an average of 7 overdraft fees a year. A quarter of consumers incur 12 or more overdraft fees a year.

first time a consumer overdrafts, the consumer temporarily has extra cash. But that overdraft leaves a hole up to \$100 in the next paycheck that likely leads the consumer to overdraft again. But the most overdraft credit the consumer can now get is \$85 (at least \$15, and up to \$45, goes for the fee). So, even *before* repaying the new overdraft, the consumer has \$15 to \$45 *less* money to meet end-of-the-month expenses. If the consumer refrains from overdrafting again and repays the overdraft, the consumer needs to make it through the month short a full \$100.

Consumers may feel that the ability to overdraft at the end of the month helps with cash flow, but the opposite is true. Except for the first month, the consumer has less money than if she had not begun the overdraft cycle. Consumers may blame themselves for running short and needing to overdraft again, but the structure of the balloon payment, high-fee overdraft loans inexorably feeds that result.

Chart 3 **CASH FLOW WITH AND WITHOUT OVERDRAFT**
(overdraft paid off in June)



Overdraft fees cause equally bad or worse problems on bank accounts too, but the fees are especially inappropriate on prepaid cards because the cards are aimed at a very vulnerable population. NetSpend notes that “many of the consumers we try to serve no longer have access to checking accounts because they are among the 19 percent of U.S. adults who cannot qualify for an account because they are in the ChexSystems or TeleCheck’s data base.”⁶⁶ Indeed, NetSpend markets to these consumers:

- “I was having trouble getting a bank account... NetSpend was still able to provide me with a prepaid card account so I can now do the things I need to.”⁶⁷
- “I couldn’t get a bank account or credit card because of my credit problems. My NetSpend account allows me to easily do the things I need to.”⁶⁸

Problems with overdrafts are the leading reason why consumers can no longer obtain bank accounts,⁶⁹ and a key reason why they turn to prepaid cards to control their spending. Permitting overdrafts on prepaid cards takes advantage of the consumers who turn to the cards when they have been shut out of a bank account or need help managing their finances paycheck to paycheck.

IV. OTHER UNUSUAL FEES ON PAYDAY LENDER PREPAID CARDS

Overdraft fees are not the only unusual fees on payday lender prepaid cards. Nor are they the only fees triggered by payday loans. Payday loan-enabled prepaid cards also carry other fees not found on mainstream prepaid cards.

Preauthorized electronic (ACH) decline fees. An ACH decline fee is charged if an ACH transaction is rejected because the card has insufficient funds. Whereas an overdraft fee is charged if a payday payment is paid despite a lack of funds, a decline fee is charged if the payment bounces. The NetSpend cards have a \$1 ACH decline fee, and the Insight cards have a \$5 ACH decline fee. Check Into Cash's U.S. Money Card has a whopping \$14.95 ACH decline fee. Mainstream prepaid cards do not have ACH decline fees. (Though, like payday lender prepaid cards, some have small ATM decline fees or, more rarely, point-of-service decline fees.⁷⁰)

Unlike a declined card transaction fee, ACH decline fees can be charged multiple times – and may be followed by an overdraft fee. If an ACH payment bounces, network rules permit the payday lender to submit the payment two additional times (and some will submit it many more times). Each of those attempts could trigger a decline fee. Or, the payment may bounce twice (incurring two decline fees) and then succeed but overdraft the card the third time – triggering an overdraft fee.

Stop payment fees. Consumers who take out payday loans, especially online loans, often find that the lender debits their accounts repeatedly and will not stop even, when consumers exercise their right to revoke authorization for automatic electronic payments.⁷¹ When that happens, the consumer can ask the prepaid card company to block the payment. But consumers will pay the price. The NetSpend cards charge a \$10 stop payment fee, the U.S. Money Card has a \$19.95 stop payment fee, and the Insight cards charge \$25 to stop payment. These fees may be nearly as high as the payday loan rollover payment that the consumer is trying to stop. Mainstream prepaid cards do not permit preauthorized ACH payments in the first place and rarely charge to stop preauthorized card payments.

ACH debit fee. The Check Into Cash U.S. Money Card has a particularly unusual fee: an ACH debit fee. While the card does not have overdraft fees, it charges consumers \$4.95 for every *successful* ACH payment.

The fees on the Check Into Cash card can really add up. With the \$14.95 ACH decline fee and the \$4.95 ACH debit fee, a consumer who has a Check Into Cash payday loan and prepaid card could pay an extra \$34.95 on top of the price of the payday loan if a payment bounces twice and then goes through.

Consumers who take out payday loans almost inevitably run into trouble paying both the payday loan and other expenses. With a payday lender prepaid card, many consumers pay ACH decline fees, overdraft fees, or both. Consumers who try to stop a payday lender from continually debiting their accounts will pay stop payment fees. And at Check Into Cash, consumers who repay their payday loans from the lender's prepaid card will pay extra fees even if the loans do not trigger overdrafts.

Table 4 **JUNK FEES ON PAYDAY LENDER PREPAID CARDS**

CARD NAME	PAYDAY LENDER	FEES
NetSpend Prepaid MasterCard or Visa	Cash America Check 'n Go	\$ 1.00 ACH decline \$10.00 stop payment
ACE Elite Visa Prepaid Debit Card (NetSpend)	ACE Cash Express	\$ 1.00 ACH decline \$10.00 stop payment
Purpose Card (NetSpend)	Advance America Purpose Financial (Purpose Money, National Cash Advance, First American Loans, Check Advance)	\$ 1.00 ACH decline \$10.00 stop payment
U.S. Money Card (First View Financial)	Check Into Cash	\$ 4.95 ACH debits \$19.95 stop payment \$14.95 ACH decline
Insight Visa Prepaid Card	Approved Cash Advance Community Choice Financial (CheckSmart)	\$ 5.00 ACH decline \$25.00 stop payment ⁷²

V. RECOMENDATIONS AND CONCLUSIONS

Consumers turn to prepaid cards when they have had trouble with overdraft fees, have lost their bank accounts, cannot get a credit card, or are looking for ways to control spending. Prepaid cards should be prepaid – a safe account for struggling families who live paycheck to paycheck.

The Consumer Financial Protection Bureau is currently writing rules to protect prepaid cards.⁷³ Those rules should:

- **Ban overdraft fees.** If a card is empty, the purchase should be denied, and the consumer can decide whether to pay another way or skip the purchase.
- **Ban declined transaction fees.** Card issuers incur little to no expense from a declined transaction. Declined fees are unheard of on bank account debit cards and they should not be permitted on prepaid cards.
- **Restrict stop payment fees.** Stop payment fees should not be permitted on any prepaid card that permits overdrafts or negative balances. On other cards, stop payment fees are rare and should be capped at an amount that is reasonable and proportional to the cost of stopping payment.

Payday lender prepaid cards permit overdrafts and facilitate high-cost loans, violating the very premise of prepaid cards and the pitch they make to consumers. The cards are specially designed to extract extra fees from cash-strapped families. Payday lender prepaid cards exploit vulnerable consumers and hit them coming and going. It is time for the cycle of debt to stop.

END NOTES

1. See Consumer Financial Protection Bureau (CFPB), “CFPB Data Point: Payday Lending” at 4 (March 2014), http://files.consumerfinance.gov/f/201403_cfpb_report_payday-lending.pdf (Over 80% of payday loans are rolled over or followed by another loan within 14 days, and half of all loans are in a sequence at least 10 loans long.); Uriah King & Leslie Parrish, Center for Responsible Lending, “Phantom Demand: Short-Term Due Date Generates Need for Repeat Payday Loans, Accounting for 76% of Total Volume” at 15 (July 2009) “Phantom Demand,” available at <http://www.responsiblelending.org/payday-lending/research-analysis/phantom-demand-short-term-due-date-generates-need-for-repeat-payday-loans-accounting-for-76-of-total-volume.html>.
2. Nearly half of payday borrowers incurred an overdraft or NSF fee in the two weeks after a payday loan transaction, and 64% paid overdraft or NSF fees at some point. See Susanna Montezemolo & Sarah Wolff, Center for Responsible Lending, “Payday Mayday: Visible and Invisible Payday Lending Defaults” (March 2015) (“Payday Mayday”), <http://www.responsiblelending.org/payday-lending/research-analysis/payday-mayday-visible-and.html>.
3. One survey found that 27% of payday loan borrowers said that the loans caused them to overdraw their accounts. Pew Charitable Trusts, “How Borrowers Choose and Repay Payday Loans” at 33 (Feb. 2013), http://www.pewtrusts.org/~media/assets/2013/02/20/pew_choosing_borrowing_payday_feb2013-%281%29.pdf. The CFPB found that consumers who took out bank payday loans were much more likely to have incurred an overdraft or NSF fee than eligible consumers who did not. See CFPB, “Payday Loans and Deposit Advance Products” at 41 (Apr. 24, 2013), http://files.consumerfinance.gov/f/201304_cfpb_payday-dap-whitepaper.pdf.
4. See Jessica Silver-Greenberg, *New York Times*, “Major Banks Aid in Payday Loans Banned by States” (Feb. 23, 2013), http://www.nytimes.com/2013/02/24/business/major-banks-aid-in-payday-loans-banned-by-states.html?_r=0 (Chase charged consumer \$812 in fees on bounced payday loan payments and ultimately closed her account).
5. See Dennis Campbell, Asis Martinez Jerez, and Peter Tufano, Harvard Business School, “Bouncing Out of the Banking System: An Empirical Analysis of Involuntary Bank Account Closures” (June 6, 2008) www.bostonfed.org/economic/cprc/conferences/2008/payment-choice/papers/campbell_jerez_tufano.pdf (“Bouncing out of the Banking System”) (paper presented at Boston Federal Reserve Board workshop on Consumer Behavior and Payment Choice).
6. The Chief Executive Officer of NetSpend testified that “many of the consumers we try to serve no longer have access to checking accounts because they are among the 19 percent of U.S. adults who cannot qualify for an account because they are in the ChexSystems or TeleCheck’s database.” Prepared Statement of Daniel R. Henry, Chief Executive Officer, NetSpend Holdings, Inc., “Examining Issues in the Prepaid Card Market,” Hrg. before the Subcomm. on Fin’l Inst’ns and Consumer Protection of the Comm. on Banking, Housing and Urban Affairs, U.S. Senate, 112th Congress, S. Hrg. 112-560 at 35 (Mar. 14, 2012) (“NetSpend Senate Testimony”), <http://www.gpo.gov/fdsys/pkg/CHRG-112shrg76233/pdf/CHRG-112shrg76233.pdf>. As of March 2013, 55% of Chase Liquid cardholders were not eligible to open a Chase bank account. See Presentation by Jon Wilk, Chase, to FDIC Committee on Economic Inclusion, http://www.fdic.gov/about/comein/2013/2013-05-16_presentation_wilk.pdf (“Liquid ComE-In Presentation”).
7. 2013 FDIC National Survey of Unbanked and Underbanked Households (Oct. 2014), <https://fdic.gov/householdsurvey/2013report.pdf>.
8. A study by Harvard Business School researchers estimated that only 2.5% of account closures are due to fraudulent activities; the remaining 97.5% are caused by overdrafts. See Bouncing Out of the Banking System, *supra*. The CFPB has noted: “The great majority of involuntary

- account closures at the study banks are due to negative balances that accountholders are unable or perhaps unwilling to repay, and many of these closures are associated with the use of overdraft.” CFPB, “CFPB Study of Overdraft Programs: A white paper of initial data findings” at 25 (June 2013), http://files.consumerfinance.gov/f/201306_cfpb_whitepaper_overdraft-practices.pdf. A survey by the Pew Charitable Trusts also found: “About one-third of respondents closed their checking account due to overdraft fees.” Pew Charitable Trusts, “Overdraft America: Confusion and Concerns about Bank Practices” at 2 (May 2012), <http://www.pewtrusts.org/~media/Assets/2014/06/SCIBOverdraft20America1pdf.pdf?la=en>.
9. Prepaid card users who use the cards at least monthly have lower incomes than the general population, although 14 percent earn \$75,000 or more annually. They are more likely to earn less than \$25,000. Pew Charitable Trusts, “Why Americans Use Prepaid Cards” at 3-4 (Feb. 2014), http://www.pewtrusts.org/~media/legacy/uploadedfiles/pes_assets/2014/PrepaidCardsSurveyReportpdf.pdf. The vast majority of new Chase Liquid customers had no bureau score or a score below 660 when they opened their Chase Liquid accounts. Liquid ComE-In Presentation, *supra*.
 10. <https://www.netspend.com>.
 11. Some payroll cards and other prepaid cards have convenience checks, but they work differently from traditional checks. The consumer needs to call the prepaid card company to set aside the funds, authorize the check, and obtain an authorization number to write on the check. The check then effectively becomes a money order. The consumer cannot simply hand over a post-dated check without having the funds already set aside.
 12. In addition, prepaid cards issued by banks over \$10 billion qualify for an exemption from the interchange fee cap of Regulation II only if the prepaid account can be accessed through the card alone, and not through the ACH system.
 13. See Visa Core Rules and Visa Product and Service Rules at PSR-331, http://usa.visa.com/download/about_visa/15-October-2014-Visa-Rules-Public.pdf; Evan Weinberger, *Law360*, “NY Gets Visa, MasterCard To Halt Debit-Based Payday Loans” (Apr. 30, 2014), <http://www.law360.com/articles/533134/ny-gets-visa-mastercard-to-halt-debit-based-payday-loans>.
 14. Speedy Cash was previously advertising a “swipe & go” payday loan using a debit card, but it appears to have stopped, perhaps because it was violating Visa rules.
 15. Most of the lenders list prepaid cards on their websites. Others sell them in some or all of their stores.
 16. See <https://www.advanceamerica.net/services/details/visa-prepaid-cards>. The fee schedule is at <https://www.gowithpurpose.com/plans-and-fees> and is attached as Exhibit 3.
 17. See <https://aceelite.acecashexpress.com/prepaid-debit-card/pink.m> (Click on “Terms and Conditions.” The fee schedule is attached as Exhibit 1).
 18. See <https://www.checkngo.com/pre-paid-debit-card.aspx>; https://www.netspend.com/how_it_works/what_it_costs.shtml, attached as Exhibit 2.
 19. See <http://www.cashamerica.com/FinancialServices/PrepaidVisa.aspx>; https://www.netspend.com/how_it_works/what_it_costs.shtml, attached as Exhibit 2.
 20. See <http://www.amscotfinancial.com/prepaid-mastercard.aspx>; http://www.amscotfinancial.com/resources/prepaid_mc_fees.pdf, attached as Exhibit 4.
 21. See <https://www.purposefinancialservices.com/services/details/visa-prepaid-card>; <http://www.gowithpurpose.com/plans-and-fees>, attached as Exhibit 3.
 22. See, e.g., <http://www.yellowpages.com/indianapolis-in/mip/indianapolis-payday-loans-allied-cash-advance-2578055>.
 23. See <http://www.checkcity.com/services/prepaid-debit-cards/>; <https://www.netspend.com/prepaid-debit-card/applyNow.m?AID=checkcity> (Click on “Cardholder Agreement.” The fee schedule is attached as Exhibit 5).

24. The largest payday lenders are discussed in Susanna Montezemolo, Center for Responsible Lending, “Payday Lending Abuses and Predatory Practices” at 9-10 (Sept. 2013), <http://www.responsiblelending.org/state-of-lending/reports/10-Payday-Loans.pdf>. We have omitted First Cash Financial Services, which does not have a prepaid card and has significantly reduced its payday lending in the last few years. Several of its stores were sold to Community Choice Financial Services.
25. The Check ‘n Go website shows a NetSpend Prepaid MasterCard, but the website directs viewers to the NetSpend website, where the only cards available appear to be Visas.
26. Not all locations sell prepaid cards. Yellow page listings describe NetSpend Visa cards, but customer service representatives stated that they sell NetSpend MasterCards.
27. While prepaid cards are issued by a bank, where the funds are held, the card programs are usually designed, managed and serviced by a separate third party program manager.
28. See <http://checkintocash.com/us-money-card-prepaid-debit-card/>; <http://usmoneycard.com/fees.html>, attached as Exhibit 9.
29. See Momentum Visa Prepaid Debit Card (DFC Global, which operates the Check Cashing Store and Money Mart): <https://www.momentumcardbalance.com/DFC/fees.html?csrfToken>, attached as Exhibit 8.
30. See <http://www.approvedcashadvance.com/visa-pre-paid-card.php>; <http://www.insightcards.com/>. The fee schedule is at https://www.insightcards.com/images/uploads/121221_TCs_v19a_REP_Final.pdf, and is attached as Exhibit 6.
31. CheckSmart’s main website, <http://www.checksmartstores.com/>, lists several different states where the prepaid card is available. An example is: <http://www.checksmartstores.com/arizona/prepaid-cards/>.
32. See Ion Prepaid Card (Money Tree), <http://www.myioncard.com/CHA.pdf>, attached as Exhibit 7.
33. See Pew Charitable Trusts, “Fraud and Abuse Online: Harmful Practices in Internet Payday Lending” (Oct. 2014), http://www.pewtrusts.org/~media/Assets/2014/10/Payday-Lending-Report/Fraud_and_Abuse_Online_Harmful_Practices_in_Internet_Payday_Lending.pdf (46% of online borrowers report that a lender made withdrawals that overdrew their checking accounts).
34. See CFPB, “Small Business Advisory Review Panel For Potential Rulemakings For Payday, Vehicle Title, and Similar Loans: Outline Of Proposals Under Consideration And Alternatives Considered” at 21, 29 (Mar. 26, 2015), http://files.consumerfinance.gov/f/201503_cfpb_outline-of-the-proposals-from-small-business-review-panel.pdf (describing problems with installment loans and with lenders who deduct preauthorized payments from consumer accounts).
35. See *id.* at 29. The CFPB has received hundreds of complaints that payday lenders won’t stop charging their bank account or charged the account on the wrong day or for the wrong amount. See CFPB, “Consumer Response Annual Report: January 1 – December 31, 2014” at 32 (March 2015), http://files.consumerfinance.gov/f/201503_cfpb_consumer-response-annual-report-2014.pdf.
36. CFPB, “Study of prepaid account agreements” at 25 (Nov. 2014), http://files.consumerfinance.gov/f/201411_cfpb_study-of-prepaid-account-agreements.pdf (“CFPB prepaid survey”). Two other agreements offered a free \$10 overdraft cushion.
37. In its last filing to the Securities and Exchange Commission (SEC), before the merger with TSYS, NetSpend disclosed that NetSpend’s largest distributor is ACE Cash Express, and cards distributed through ACE accounted for 36.6% of total revenues in 2012. NetSpend Holdings, Inc., Form 10-K for the fiscal year ended December 31, 2012, SEC File No. 001-34915 at 7 (Feb. 2013) (“NetSpend 2012 Form 10-K”), <http://www.sec.gov/Archives/edgar/data/1496623/000104746913001507/a2212965z10-k.htm>.

38. NetSpend's "long-term relationships" include Advance America, Cash America International, and Check City. *Id.*
39. "[A]s a number of our NetSpend distributors are engaged in offering payday loans, further legislative and regulatory restrictions that negatively impact their ability to continue their operations could have a corresponding negative impact on our ability to offer GPR cards through their locations, potentially resulting in a significant decline in revenue from the NetSpend business." Total System Services, Inc. Form 10-K for the fiscal year ended December 31, 2014, SEC File No. 1-10254 at 11, 14 (Feb. 2015) <http://www.sec.gov/Archives/edgar/data/721683/000119312515063177/d835889d10k.htm>.
40. See https://www.brinksprepaidmastercard.com/how_it_works.shtml#what-it-costs.
41. For example, the States of Kansas and Missouri use NetSpend Skylight payroll cards with opt-in overdraft fees. See <https://www.da.ks.gov/ar/payroll/#Paycard>; <http://oa.mo.gov/accounting/state-employees/direct-deposit>. NetSpend's Skylight payroll cards are also used by fast-food restaurants, retail stores, and other employers who often pay low wages. See Comments of NCLC to CFPB on Prepaid Accounts Under the Electronic Fund Transfer Act (Regulation E) and the Truth in Lending Act (Regulation Z), Docket No. CFPB-2014-0031 at 15-17 (March 23, 2015), http://www.nclc.org/images/pdf/banking_and_payment_systems/nclc_prepaid_card_npr_comments-032315.pdf ("NCLC Prepaid Comments to CFPB").
42. Overdraft fees are on the fee schedules for the NetSpend cards under the NetSpend and Purpose brands. See https://www.netspend.com/how_it_works/what_it_costs.shtml, attached as Exhibit 2; <https://www.gowithpurpose.com/plans-and-fees>, attached as Exhibit 3. Overdraft fees also appear on pages of 16-19 of the terms and conditions for the ACE Cash Express card, https://www.aceelitecard.com/account/terms/2013_ACE_Meta_Visa_CHA.pdf, attached as Exhibit 1.
43. See Insight Visa® Prepaid Reloadable Card Cardholder Agreement, https://www.insightcards.com/images/uploads/121221_TCs_v19a_REP_Final.pdf, attached as Exhibit 6.
44. <http://checkintocash.com/us-money-card-prepaid-debit-card/>; <http://usmoneycard.com/fees.html>, attached as Exhibit 9.
45. https://www.netspend.com/why_netspend/see_what_our_cardholders_say.shtml.
46. https://www.netspend.com/prepaid-debit-card/prepaid_visa_card_testimonials.m.
47. https://www.netspend.com/prepaid-debit-card/prepaid_visa_card_testimonials.m.
48. The overdraft program can be seen if the consumer clicks on and reads the 27-page Cardholder Agreement that can be found on this page: https://www.netspend.com/prepaid-debit-card/applyNow.m?aid=corporate&site_id=Main&ctxName=online_resp_NC_visa.
49. NetSpend Senate Testimony, *supra*, at 13.
50. See NCLC Prepaid Comments to CFPB, *supra*, Exhibit 12 at 245.
51. In its last 10-K filing before being acquired by TSYS, NetSpend said that 7% of the revenue on the GPR cards was related to overdraft, and TSYS elaborated recently that payroll card overdraft fees "add several percentage points" to the 7% number. Total System Resources (TSS) Earnings Report: Q4 2014 Conference Call Transcript, TheStreet Transcripts at 8 (Jan. 28, 2015) (Paul Todd, CFO) <http://www.thestreet.com/story/13025999/8/total-system-resources-tss-earnings-report-q4-2014-conference-call-transcript.html>. Conservatively, it appears that 10% to 12% of NetSpend's revenue comes from overdraft fees. TSYS had \$2.4 billion in revenues in 2014, *id.* at 1, <http://www.thestreet.com/story/13025999/1/total-system-resources-tss-earnings-report-q4-2014-conference-call-transcript.html>. NetSpend accounted for 19% of that revenue. See Total System Services, Inc. Form 10-K for the fiscal year ended December 31, 2014, SEC File No. 1-10254 at 1 (Feb. 2015), <http://www.sec.gov/Archives/edgar/data/721683/000119312515063177/d835889d10k.htm>. That means that at least \$45.6 million to \$54.7 million of NetSpend's revenues came from overdraft fees.

52. NetSpend Senate Testimony, *supra*, at 7, 13.
53. See <https://www.netspend.com/account/overdraftTerms.m>.
54. The average monthly fees were \$27.24 for “overdraft” users (those who exceeded the free \$10 buffer but did not necessarily incur an overdraft fee) and \$14.62 for “overdraft buffer” users. The study did not break out how much of that difference was overdraft fees. See Fumiko Hayashi & Emily Cuddy, Fed. Reserve Bank of Kansas City, “General Purpose Reloadable Prepaid Cards: Penetration, Use, Fees, and Fraud Risks,” Table 5.2 at 68 (Feb. 2014) (“Kansas Fed, GPR Report”), <http://www.kc.frb.org/publicat/reswkpap/pdf/rwp14-01.pdf>.
55. Fumiko Hayashi and Emily Cuddy, Federal Reserve Bank of Kansas City, “Recurrent Overdrafts: A Deliberate Decision by Some Prepaid Cardholders?” (October 2014) (“Kansas Fed, Recurrent Overdrafts”), <http://www.kansascityfed.org/publicat/reswkpap/pdf/rwp14-08.pdf>.
56. In the second paper, the sample was only accountholders who were eligible for the overdraft program over the entire lifespan of the account. *Id.* at 11.
57. The total fees for consumers at the 50th percentile were \$25.70 per month for overdrafters compared to \$16.09 for non-overdrafters. See Kansas Fed, Recurrent Overdrafts, *supra*, Table A-2 at 30. The \$9.61 difference is not entirely overdraft fees. Overdrafters paid an average of \$9.12 in overdraft fees but also paid more in ATM fees, but less in some other fees, than non-overdrafters. *Id.*
58. *Id.*
59. See <http://morefood.org/how-much-food-could-you-buy-with-an-extra-15-per-month/>.
60. CFPB, Press Release, “CFPB Takes Action Against ACE Cash Express for Pushing Payday Borrowers Into Cycle of Debt” (July 10, 2014), <http://www.consumerfinance.gov/newsroom/cfpb-takes-action-against-ace-cash-express-for-pushing-payday-borrowers-into-cycle-of-debt/>.
61. See http://files.consumerfinance.gov/f/201407_cfpb_graphic_ace-cash-express-loan-process.pdf.
62. NetSpend Senate Testimony, *supra*, at 35; see also Comments of Charles J. Harris, President, NetSpend to CFPB on Prepaid Accounts Under the Electronic Fund Transfer Act, RIN 3170-AA22, Docket No. CFPB-2014-0031 (Mar. 23, 2015), <http://www.regulations.gov/#!documentDetail;D=CFPB-2014-0031-3826> (criticizing proposed overdraft fee rules that would harm the ability of prepaid cards to meet “emergency liquidity needs”).
63. NetSpend admits that overdrafts are primarily used for “groceries and to take out cash for rent and other essential bill payments.” NetSpend “29%” Fact Sheet, attached as Exhibit 12 to NCLC Prepaid Comments to CFPB, *supra*.
64. See Kansas Fed, Recurrent Overdrafts, *supra*, Table A-2 at 30 (an average of \$9.12 in overdraft fees per month, or 7.3 \$15 overdraft fees per year).
65. *Id.* (consumers at the 75th percentile paid an average of \$14.84 in overdraft fees per month: 11.9 fees per year).
66. NetSpend Senate Testimony, *supra*, at 13. Over 80 percent of banks use a bank account screening service to decide whether to allow a consumer to open a checking or savings account. See NCLC, Introduction to Account Screening Consumer Reporting Agencies (Oct. 2014), https://www.nclc.org/images/pdf/credit_reports/ib-cra-screening.pdf.
67. https://www.netspend.com/why_netspend/see_what_our_cardholders_say.shtml.
68. *Id.* The two testimonials, purportedly from different consumers, are oddly similar.
69. Bouncing out of the Banking System, *supra*.
70. Out of a survey of 66 prepaid cards, 29 had ATM decline fees with a median price of \$1, and 8 had POS decline fees with a median price of \$0.50. The highest decline fee of either type was \$2. Pew Charitable Trusts, Consumers Continue to Load Up on Prepaid Cards at 11, 14 (Feb. 2014), http://www.pewtrusts.org/~media/legacy/uploadedfiles/pes_assets/2014/PrepaidCardsStillLoadedReportpdf.pdf.

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71. *See* notes 33, 34 & 35, *supra*.
 72. The Stop Payment fee is listed as applying to stop payment orders for convenience checks, but it appears likely that it would also apply for stopping payment of a preauthorized ACH debit.
 73. NCLC's full recommendations to the CFPB on rules to protect prepaid cards can be found at http://www.nclc.org/images/pdf/banking_and_payment_systems/nclc_prepaid_card_npr_comments-032315.pdf.

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