

## The CFPB's Prepaid Card Rule: Protecting Montana Consumers

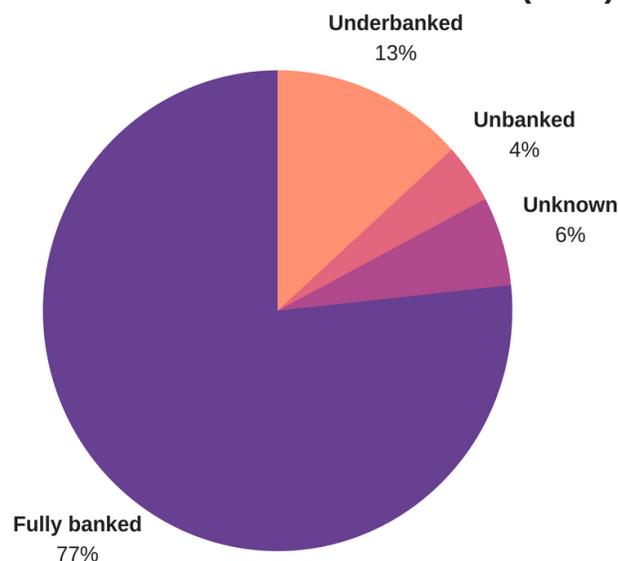
A [new rule](#) from the Consumer Financial Protection Bureau (CFPB) gives all prepaid cards the **basic fraud protections** that cover debit cards; provides a [simple, uniform chart](#) to prevent **hidden fees**; tells employees about the **fees on payroll cards** and their **choices for receiving wages**; and limits **unaffordable overdraft features** on the few prepaid cards with overdraft fees. It is a common-sense rule that will benefit not only consumers but also **banks, credit unions and employers** that offer low-fee cards or are asked to cash payroll cards from other companies.

### Who in Montana Uses Prepaid Cards?

Prepaid cards are often Visa-, MasterCard-, or American Express-branded and function like debit cards, but no bank account or credit check is required. More than [12 million households](#) nationwide use prepaid cards. In Montana, prepaid cards are used by:

- [Unbanked or underbanked Montanans](#) who can't get a bank account or have had trouble with overdraft fees, who may use a card like the [Freedom Bank prepaid card](#).
- Rural Montanans far from a bank or credit union.
- Employers such as Walmart, KFC, McDonalds and Home Depot, who pay wages on [payroll cards](#) to employees without bank accounts.
- Federal and Montana agencies for [Social Security](#), [unemployment compensation](#) and [child support payments](#).
- College students, who may get a prepaid card to control expenses, or may receive a campus debit card from their school.

### MONTANANS BY BANKING STATUS (2015)



Source: FDIC

[In 2015, nearly 1 in 10 \(8%\) of Montanans used prepaid cards, and 17% were unbanked or underbanked](#), making them more likely to turn to prepaid cards. Lower-income, less-educated, younger, immigrant, black, and working-age disabled households are especially likely to use prepaid cards, according to the [FDIC's National Survey of Unbanked and Underbanked Households](#).

**The CFPB prepaid rule protects Montanans from fraud and hidden fees.**