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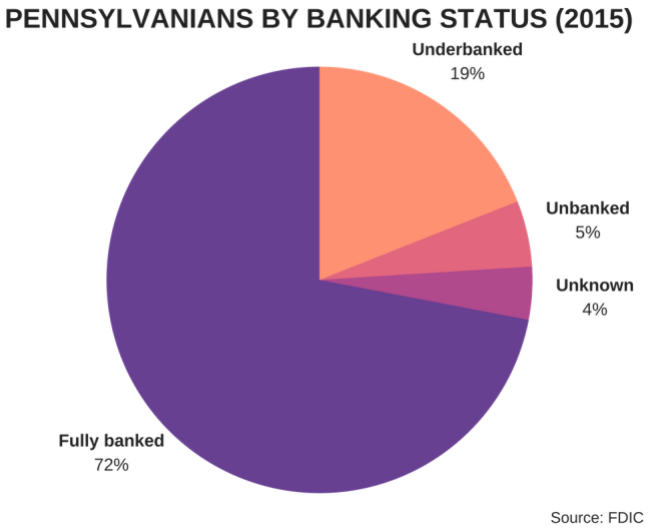
The CFPB's Prepaid Card Rule: Protecting Pennsylvania Consumers

A new rule from the Consumer Financial Protection Bureau 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 Pennsylvania Uses Prepaid Cards?
Prepaid cards are often Visa/MasterCard-branded and are like debit cards, but no bank account or credit check is required. More than 12 million households nationwide use prepaid cards. In Pennsylvania, prepaid cards are used by:

- Unbanked and underbanked households who can't get a bank account or have had trouble with overdraft fees.
- Employers such as Walmart, KFC, McDonalds and Home Depot, who pay wages on payroll cards to employees without bank accounts.
- Federal and Pennsylvania agencies for Social Security, unemployment benefits, 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.



In 2015, 1 in 10 (10%) of Pennsylvanians used prepaid cards, and 24% 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 Pennsylvanians from fraud and hidden fees.