

## The CFPB's Prepaid Card Rule: Protecting Tennessee 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.

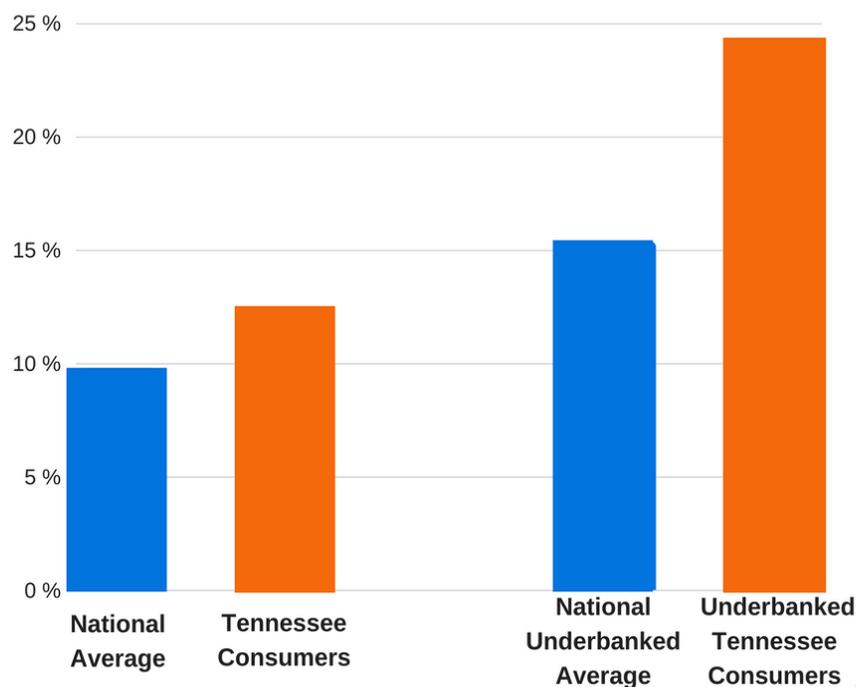
### Who in Tennessee Uses Prepaid Cards?

Prepaid cards are often Visa-, MasterCard- or American Express-branded and function like debit cards, but no bank account or credit check is required. Prepaid cards are used by:

- **Unbanked and underbanked families** who can't get bank accounts or had trouble with overdraft fees.
- **Employers** like the [University of Tennessee](#), KFC, McDonalds and Home Depot, who pay wages on [payroll cards](#) to employees without bank accounts.
- **Government agencies** for [Social Security](#), [unemployment insurance](#) and [child support](#) payments.
- **College students**, who may get a card like the [Tennessee Credit Union prepaid card](#) to control expenses, or may receive a campus debit card from their school.

### Prepaid Card Use in Past 12 Months by Banking Status (2015)

#### TENNESSEE VS. NATIONAL AVERAGE



**More Tennessee households are unbanked or underbanked (30%) than nationally (27%).** Lower-income, less-educated, younger, black, and working-age disabled households are especially likely to use prepaid cards. **Overall, 12.5% of Tennessee households used prepaid cards in 2015 – the sixth highest rate in the nation.** Among Tennessee underbanked households, 24.3% used prepaid cards compared to 15.4% nationally. ([FDIC National Survey of Unbanked and Underbanked Households](#), 2015)

**The CFPB prepaid rule protects Tennesseens from fraud and hidden fees**