

Report: Paper or Electronic Statements? Why It Should Be the Consumer's Choice

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(BOSTON) Banks, credit card companies, and other businesses are aggressively pushing consumers to receive their monthly statements electronically, but a new report by the National Consumer Law Center warns that these efforts can create more harm than good for consumers. Paper Statements: An Important Consumer Protection by National Consumer Law Center attorneys Chi Chi Wu and Lauren Saunders focuses on the importance of preserving access to this vital form of communication for consumers who want paper statements and records. "Paper statements may seem old-fashioned, but consumers have good reasons to continue receiving them," noted National Consumer Law Center Chi Chi Wu. "Paper has its advantages."

The report notes that millions of Americans — particularly lower-income, less educated, older, and households of color — are on the other side of the "digital divide," lacking home broadband Internet access. According to a recent Pew Research study:

- 59% of households with incomes under \$20,000 and 53% of those with less than a high school education do not have home broadband Internet access. Even those with access may have older computers, slow connection speeds, or may lack a printer or money to afford expensive ink to print statements.
- About half of Hispanics (50%) and African Americans (46%) lack access to home broadband Internet.
- Over half (55%) of Americans 65 years or older lack home broadband Internet. Even if they have access, older consumers may be less comfortable with electronic statements or find them risky. Paper statements can be critical for family members who are trying to piece together financial records for an older consumer who is incapacitated or has passed away.

The report also notes that mobile devices aren't a substitute to home computers because of their smaller size and formatting and unsuitability for recordkeeping.

Even computer-savvy consumers may prefer paper as electronic statements are easy to overlook due to email overload. Consumers may value a physical mail piece as a record-keeping tool and reminder to pay. The report cites studies showing that consumers prefer paper when a payment is due upon receipt, and warns that electronic statements might cause consumers to miss payments.

Electronic statements create barriers for consumers to access vital information because it takes effort to remember the task, find the free time, go to the correct webpage, remember their password, and download the document - as opposed to simply opening an envelope, according to the report. A December 2015 study by the Consumer Financial Protection Bureau (CFPB) found that over half of consumers who opted for electronic credit card statements are not opening or reviewing these statements and concluded that consumers who are "opt-outs [of paper statements] are for the most part opting out of reviewing their statements entirely." Paper also provides a more permanent record - if statements are saved on a hard drive, computers can crash or become outdated.

Finally, the report calls on the CFPB to protect consumers' right to get paper statements by prohibiting banks and credit card lenders from:

- making electronic statements the default choice;
- compelling consumers to consent to electronic statements by making it a condition of a product or condition of web access; or
- charging a fee for paper statements that are required by federal law.

"Paper versus electronic should be the consumer's choice," stated Lauren Saunders, associate director at the National Consumer Law Center. "Banks and credit card lenders should not push consumers into electronic statements with fees or coercive measures."

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Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the United States. NCLC's expertise includes policy analysis and advocacy; consumer law and energy publications; litigation; expert witness services, and training and advice for advocates. NCLC works with nonprofit and legal services organizations, private attorneys, policymakers, and federal and state government and courts across the nation to stop exploitative practices, help financially stressed families build and retain wealth, and advance economic fairness.

Contacts: Chi Chi Wu (cwu@nclc.org) or Jan Kruse (jkruse@nclc.org); 617.542.8010