



April 5, 2017

**ATTORNEY GENERAL MADIGAN URGES CONGRESS TO PRESERVE PROTECTIONS FOR CONSUMERS WHO USE PREPAID CARDS**

***Madigan Joins 17 States to Call on Congress to Reject Efforts to Block CFPB Rule to Protect Prepaid Card Users From Hidden Fees & Unauthorized Charges***

**Chicago** — Attorney General Lisa Madigan today joined with her counterparts from 17 states to send a letter to Congressional leadership urging them not to support three measures that would derail protections for millions of consumers who use prepaid cards.

Madigan and the other attorneys general said in the letter that three Senate and House resolutions (S.J. Res.19, H.J Res. 62 and H.J. Res. 73) would derail a final rule by the Consumer Financial Protection Bureau (CFPB) that establishes numerous protections for prepaid card users and is scheduled to go into effect in April 2018.

Prepaid cards are a rapidly growing market and are often used by consumers who have limited or no access to a traditional bank account. More consumers receive their wages by prepaid cards today than by paper checks, but consumers often incur hidden or undisclosed fees, even when the cards are used to receive their salary or student loans. Although most consumers use these cards to avoid overdraft fees, some of the payday lenders who provide funds through these cards also subject consumers to overdraft fees.

"The use of prepaid cards has grown dramatically as more people use them to receive their wages, student loans or to make purchases," Madigan said. "Federal protections on prepaid cards are critical to help consumers avoid fraud, hidden fees and unauthorized charges."

The CFPB's final rule provides a common sense approach to regulating this important product, providing protections that consumers have come to expect in similar financial products. Among its key consumer protection provisions, the final rule will:

- Protect prepaid card users against fraud and unauthorized charges;
- Help consumers avoid hidden fees and help them comparison shop with a simple chart of common fees;
- Provide free and convenient access to account transactions and account balances;
- Require employers to inform employees they do not have to receive wages on a payroll card; and
- Require prepaid credit cards to comply with existing credit card laws (including requiring an ability to pay analysis, limits on overdraft fees in the first year, and safeguards on how funds are repaid).

The resolutions to stop implementation of the CFPB's final rule have been filed under the Congressional Review Act and, if the rule is blocked by a CRA vote, the CFPB is barred from enacting a substantially similar rule unless Congress authorizes it. Madigan and the attorneys general are calling on Congress to leave the CFPB's rule in place so that this growing marketplace can thrive while also protecting consumers.

In 2014, Madigan worked with state lawmakers to pass a law to implement protections at the state level for people who are paid wages on prepaid cards. The law made sure that employees can access their wages on a prepaid card without incurring fees, limited fees for card inactivity and declined transactions, preserved an employee's right to choose the payment method for their wages, and required employers to give notice to

employees of the terms of the payroll card program. Madigan also supported a 2013 state law to increase disclosures about fees and expiration dates for prepaid card users that applied to prepaid cards issued after January 1, 2015.

Joining Madigan in sending today's letter were attorneys general for California, the District of Columbia, Hawaii, Iowa, Maine, Maryland, Massachusetts, Minnesota, Mississippi, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, Vermont, Virginia and Washington.

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