

The Consumer Financial Protection Bureau (“CFPB”) has proposed new, strong federal consumer protections for the prepaid market. Prepaid products are consumer accounts typically loaded with funds by a consumer or a third party, such as an employer. Consumers can use these products to make payments, store funds, receive direct deposits, send funds to others, and to get cash at ATMs. Prepaid products are often bought at retail stores or online. They are among the fastest growing types of consumer financial products. It is anticipated that the total dollar value loaded onto general purpose reloadable cards will grow to nearly \$100 billion in 2014, up from less than \$1 billion in 2003.

The CFPB proposal would expand certain protections available with other products to holders of prepaid products. The proposal would require prepaid companies to limit consumers’ losses when funds are stolen or cards lost, to investigate and timely resolve errors, and to provide easy and free access to account information.

Many consumers use prepaid products as an alternative to traditional checking accounts. Consumers using prepaid products do not, however, currently have widespread protections. The CFPB proposal would ensure that most prepaid account consumers would have important protections under the Electronic Fund Transfer Act after registering their account. These protections are similar to those checking account customers already receive and include:

- Easy and free access to account information: Financial institutions would be required to either provide periodic account statements or to make account information easily accessible online.
- Error resolution rights: The proposal would require that financial institutions investigate errors that consumers report on registered accounts and to resolve those errors in a timely manner along with a temporary crediting of the disputed amount to the consumer to use while the institution conducts its investigation.
- Fraud and lost-card protection: The proposal would limit the consumer’s responsibility for unauthorized charges to \$50 so long as the consumer promptly notifies the financial institution, a protection comparable to that provided holders of credit and debit cards.

Additional detail about the CFPB’s proposed protections can be accessed via the **Consumer Financial Protection Bureau website**.

