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ASSISTANT MINORITY LEADER

Member:
Business, Labor, & Economic
and Workforce Development
Committee
Capital Development Committee

COLORADO
HOUSE OF REPRESENTATIVES
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Denver
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Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
400 7th Street, SW., Suite 3E-218
Mail Stop 9W-11
Washington, DC 20219

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

May 15, 2013

Re: Docket ID OCC-2013-0005: Proposed Guidance on Deposit Advance Products
Federal Deposit Insurance Corporation 6714-01-P

To Whom It May Concern:

I write to express my views regarding the Office of the Comptroller of the Currency (OCC) and Federal Deposit Insurance Corporation's (FDIC) recently proposed guidance on bank deposit advance products and to encourage the agencies to carefully consider American consumers' need for a range of reliable short-term credit options. In particular, the agencies must closely examine any potential consequences of such regulations on consumers' ability to access credit when they need it. Consumers want and benefit from having more alternatives, not fewer, and this need is better served in a competitive marketplace.

As a state legislator in Colorado and a member of the House Business, Labor, Economic and Workforce Development Committee I have dealt with issues pertaining to consumer financial services for several years. Upon reviewing the FDIC and OCC proposed guidelines on bank deposits and advance products I am concerned that such expansive regulation will not adequately address the consumers need for short-term credit nor does it get to the root of the financial challenges confronting many consumers. Both agencies should be placing a high priority on providing effective financial safeguards for Americans while preserving access to credit.

The demand in the market place shows that access to this type of credit is needed. Furthermore, I am convinced that consumers are savvy and are perfectly capable of comparing short-term credit products side by side and deciding which product best suits their needs. Because of this, disclosure regulation should be consistent with

everything from lines of credit to pay day advances. To provide different sets of guidelines to products that consumers use for the same purpose is a disservice to the consumer – the exact person your agency is charged with protecting. For example; According to economic research firm Moeb's Services, an estimated 38 million consumers – or 26 percent of those with checking accounts – are frequent overdraft protection users. This is roughly twice as many as those borrowing advances from banks or retail lenders. To consider this type of credit anything other than short term is inconsistent and confusing.

By inconsistently regulating the same types of products can have a dangerous effect on consumer's credit options. As with any service in the marketplace, consumers achieve the greatest benefit from competition. Restricting and regulating these types of services differently will only stifle the marketplace and could very well force the consumer into products that are unregulated and not based in the United States.

Finally, in addition to creating regulatory inconsistency governing similar products and services, the proposed guidelines violate one of the important mandates of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which calls for the consistent regulation of like products.

In answering the call to public service, we make a commitment to protect our constituents and all Americans, and to look out for their best interests through fair and balanced policymaking and enforcement. I encourage the OCC and FDIC to carefully consider consumers' short-term credit experience and perspective, with an eye toward rulemaking that consistently and fairly regulates the services consumers depend upon – from cash advances to overdraft protection – while preserving the important role of short-term credit in the American economy and empowering consumers to make sensible financial decisions.

I appreciate your time and consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Libby Szabo". The signature is fluid and cursive, with the first name "Libby" being more prominent than the last name "Szabo".

Representative Libby Szabo
House District 27