



## Mississippi State Senate

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### SENATOR MICHAEL WATSON

51<sup>st</sup> District  
Jackson County  
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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 17<sup>th</sup> Street, NW.  
Washington, DC 20429

May 20, 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 senator in Mississippi, I have participated in critical debates on short-term credit and consumer financial services, emphasizing the need to ensure consumers have continued access to needed credit with essential consumer protections. Based on my experience, I am concerned that such expansive regulation does not adequately address consumers' need for short-term credit or reflect their experience, nor does it get to the root of the financial challenges confronting many consumers. Providing effective financial safeguards for Americans while preserving access to credit should be the overarching goal of any new regulation. Individual short-term credit options – from cash advances to overdraft protection – should not be examined or regulated in a vacuum or inconsistently. Any regulatory framework must:

- o consider how consumers actually use the credit options available
- o include uniform disclosure requirements to ensure consumers are equipped with all of the information they need to compare similar services
- o apply any regulations – including limits on the number and frequency of use – equally to all comparable products, including overdraft protection services offered by banks and credit unions.

Regulations that randomly limit consumers' credit options risk a dangerous domino effect. Consumers receive the greatest benefit from a competitive financial services marketplace, with a wide array of options, including overdraft protection and cash advances from banks and non-bank retail lenders. Arbitrary rules such as those proposed dictate winners and losers, rather than enabling a competitive marketplace. They will likely drive consumers to banks' preferred short-term lending product – overdraft protection – which is more expensive and punitive, with numerous hidden fees and confusing terms, or to pawn shops and riskier, unregulated options such as unlicensed lenders.

Consumers thrive in a competitive, regulated financial services market. Through the creation and enforcement of a level regulatory playing field, the OCC, FDIC and other regulators can foster such an environment. As long as similar services are treated consistently, competition and transparency will rule the day, driving costs to the lowest point and providing the greatest benefit to consumers. I encourage the OCC and FDIC to develop fair regulation across short-term financial services – from deposit advances to overdraft programs – so that consumers will be empowered to make sound, informed financial decisions and attain greater financial security.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Watson", with a checkmark at the end.

The Honorable Michael Watson  
MS State Senate  
District 51, Jackson County

MW/dfb