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Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
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Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, DC 20429

May 22, 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:

As the Office of the Comptroller of the Currency (OCC) and Federal Deposit Insurance Corporation (FDIC) continue to review proposed guidance on bank deposit advance products, I urge the agencies to fully consider the potential impact on the short-term credit marketplace and to ensure that any forthcoming regulations preserve and sustain competitive choices to benefit all American consumers. The proposed guidance can harm consumers more than it helps them.

As you continue to examine financial institutions and gather information concerning consumer financial products, I wanted to share with you some of my experience in dealing with these matters here in Tennessee. For example, as the Chair of the Tennessee House Finance, Ways & Means Committee, I have fought hard to protect our state's consumers from harmful financial products. After years of compiling research and public input, Tennessee has been able to establish a strong set of regulations for our financial services marketplace that are supervised and enforced by our state regulators. In particular, I feel that we have created one of the most well-regulated payday advance marketplaces in the country. I am proud of what we have been able to achieve in this regulated space.

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. Restricting consumers' access to certain forms of short-term credit such as advance products stifles competition and does nothing to address their continued need for credit. That being said, I have still heard too many stories of consumers going outside of the regulated market and obtaining loans from illegal unlicensed lenders. In an effort to combat these unscrupulous lenders, I sponsored legislation that was passed in 2011 that gives the Tennessee Department of Financial Institutions the power to crack

down on illegal lending activity from unlicensed institutions. While I am confident that this new law will go a long way in keeping Tennessee consumers in the regulated payday lending space, I believe that requiring highly restrictive cooling off periods from advance products restricts consumers options without meeting their demand and may force them to look to unregulated lenders to meet their needs.

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.

Sincerely,

A handwritten signature in black ink, reading "Charles M. Sargent, Jr." in a cursive script.

Charles M. Sargent, Jr.
State Representative
Chairman – Finance, Ways and Means Committee

CMS:tm