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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

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 the ranking minority member of the Senate Banking and Insurance Committee in the state of Alabama, I have led debates on short-term credit and consumer financial services, emphasizing the need to ensure consumers have continued access to needed credit while at the same time ensuring adequate consumer protections for Alabamians who use short-term credit options.

When confronted with financial challenges, consumers examine their options, choosing the financial service that will help them overcome their challenges successfully and responsibly. A variety of competitive credit choices are available to them, including credit cards and short-term options such as overdraft programs and advances from banks, credit unions and retail lenders. Consumers also weigh their decisions against the costs and consequences associated with missing bill payments or submitting them late, including bounced checks, late payments to credit card companies and utility reconnections. Of these short-term options, overdraft programs are far and away the most frequently used. According to economic research firm Moebs Services, an estimated 38 million consumers – or 26 percent of those with checking accounts – are frequent overdraft users. This is roughly twice as many as those borrowing advances from banks or retail lenders.

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. 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 yours,



Roger Bedford  
Alabama State Senate