

# LOUISIANA HOUSE OF REPRESENTATIVES



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May 29, 2013

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

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 regarding the Office of the Currency (OCC) and Federal Deposit Insurance Corporation (FDIC) recently proposed guidance on bank deposit advance products and to encourage the agencies to carefully consider the American consumers' need for a range of reliable short-term credit options. In particular, the agencies should closely examine any potential consequences of such regulations on the 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 representative in Louisiana, and more particularly as the chair of our House of Representatives Commerce Committee, 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 regulations adequately address consumers' need for short-term credit and reflect their experience, and should 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.

The need for short-term small dollar lending is clear. Millions of Americans continue to struggle to make ends meet, driving a need and demand for short-term credit. 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 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. Many consumers use these comparable products and services interchangeably.

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 should consider how consumers actually use the credit options available, include uniform disclosure requirements to ensure consumers are equipped with all of the information they need to compare similar services, and apply any regulations equally to all comparable products.

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. Restricting consumers' access to certain forms of short-term credit stifles competition and does not address the continued need for credit.

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 products and services are treated consistently, competition and transparency should rule the day, driving costs to the lowest point and providing the greatest benefit to consumers. I encourage the OCC and the FDIC to develop fair regulations across short-term financial services so that consumers may be empowered to make sound, informed financial decisions and attain greater financial security.

Thank you for your attention to this matter. If I or my staff can be of any assistance to you, please do not hesitate to call.

Sincerely,

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Erich E. Ponti

EEP/csm