The Campus Debit Card Trap

Are Bank Partnerships Fair To Students?

U.S. PIRG
Education Fund

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Contents

Summary and Key Findings

Banks and other financial firms are taking advantage of a variety of opportunities to form partnerships with colleges and universities to produce campus student ID cards and to offer student aid disbursements on debit or prepaid cards. In addition to on-campus services, such as student ID functions offered on the card, some cards offer traditional debit card services linked to bank accounts; other cards provide additional reloadable prepaid card functions. The disbursement of financial aid and university refunds is the most significant partnership identified.

While schools are obtaining revenues and reducing costs by outsourcing certain services, the relationships between schools and financial institutions have raised questions because students end up bearing some costs directly – including per-swipe fees, inactivity fees, overdraft fees and more. Other issues include the effect of aggressive marketing strategies by partnering companies on student choice and weaker consumer protections on certain cards that hold student aid funds.

For example, students are not necessarily making their financial choices freely. When the college has selected a student ID vendor that "incidentally" offers additional banking services on the college-mascot-embellished card, the student's choices are limited and the student is under the presumption that the college endorses the provider.

Inquiries into the privatization of government benefits through the use of prepaid cards in other sectors, such as state unemployment benefits, have suggested that transparency of terms and fees, as well as contracts, leads to governments making better deals, with fewer fees, for their clients.[1]

This U.S PIRG Education Fund report is an overview of the campus card marketplace and includes a survey of campus cards at the 50 largest public universities, 50 largest community colleges, and 20 largest private universities by campus population. It recommends best practices by colleges and banks and new protections for consumers, and provides tips for students. Greater transparency will help make the market work better.

Key Findings:

- U.S. PIRG has identified almost 900 card partnerships between colleges and banks or other financial firms at schools with over 9 million students, or over 2 in 5 (42%) of all students nationwide.
- Industry leading banks and financial firms tout that upwards of 70%-80% of students use their cards after a few years of marketing.
- U.S. PIRG has identified that 32 of the 50 largest public 4-year universities, 26 of the largest 50 community colleges, and 6 of the largest 20 private not-for-profit schools had debit or prepaid card contracts with a bank or a financial firm.
- Of banks, US Bank had the most card agreements, at 52 campuses with over 1.7 million students. Wells Fargo had card agreements at schools with the most students; its contracts were at 43 campuses that have over 2 million students.
- The largest financial firm player, Higher One, has card agreements with 520 campuses that enroll over 4.3 million students.

- Although contracts are hard to obtain, revenues to schools can be substantial. A new contract between Ohio State University and Huntington Bank includes $25 million in payments to the school over 15 years. It also includes an additional $100 million in lending and investment to neighborhoods surrounding campus.

- Fees can be steep and frequent for students using the university-adopted cards, including a variety of per-swipe fees, inactivity fees, overdraft fees, ATM fees and fees to reload prepaid cards.

- At least one fee listed on Higher One's fee schedule would violate U.S. Department of Education rules if charged; other fees may violate other rules.

- Potentially aggressive marketing tactics can make students captive customers.

- Access to student financial aid funds placed on debit cards can be subject to limited availability of "convenient" fee-free ATMs for student loan withdrawals despite U.S. Dept. of Education rules. Students end up paying fees to access their aid.

- Debit card contracts have been controversial at some campuses.

- Some practices, such as outsourcing of student ID functions and pre-loading of disbursement cards, raise privacy issues.

Based on our evaluation of issues surrounding the growing campus card marketplace and their potential impact on students, we make detailed recommendations at the end of this report, to campuses, to banks and financial firms and to regulators, including the following:

Campus Card Best Practices

To ensure that students are benefiting from a campus debit card program, campus debit cards should adhere to the following best practices:

1. **Students Should Have An Unbiased Choice of Where to Bank.** The bank account you get as a student may continue with you for decades. Such an important choice shouldn't be skewed by which financial institution gave the school the most money. For financial aid disbursements, campuses should provide students a diverse set of disbursement options that clearly include the ability to use their own existing bank account and ability to choose to receive a check.

2. **Low Fees.** Colleges should negotiate away fees that students incur on their debit cards as well as make it easier for student debit card consumers to avoid fees. Fees should not be charged to financial aid funds. A specific list of fees that should be eliminated appears below under "Key Recommendations for Campuses."

3. **Safe Checking Fees.** For accounts not related to federal student aid, student checking accounts should meet the minimum requirements of the FDIC Model Safe Accounts Template,[2] modified to address the needs of students. Fees on student accounts should be reasonable and proportional to services rendered and all fees should be disclosed prominently on the bank's website, mailers and other materials.

4. **Unrestricted Access to Funds.** Campuses should provide, and regulators should require, an adequate number of regularly-replenished on-campus

ATMs for financial aid disbursement. ATM deployment measurements should be based on need during peak-use times, such as the beginning of a semester or quarter.

5. **Strong Consumer Protections.** Given the public's perception that a debit card is a debit card (whether or not it is prepaid), colleges should insist that all campus debit cards carry the same level of consumer protections extended to ATM debit card customers under the Electronic Funds Transfer Act. Appendix 2 goes into more detail on differences in consumer protections between various cards.

6. **No Push Marketing.** The marketing surrounding these cards may result in a student being pushed into a product or an agreement that isn't best suited for his or her needs. Given that the campus debit card has already been chosen by the college, providing an implicit endorsement, there must be strong rules to avoid push marketing. Students should not be subjected to branding and advertising by banks and financial companies unless they affirmatively opt in. Students should be able to opt in or out of the university-sponsored debit card program through the campus itself, rather than making the option through provider sponsored venues such as a provider website.

7. **No Conflict of Interest.** Banks or firms engaged in partnerships with schools can offer large financial incentives, which at least create the appearance of a conflict of interest for the school. Contracts should be disclosed so that the public knows that the school chose the debit card program that gives students the best deal rather than the one that gave the college the most money.

Key Recommendations for Policymakers

To ensure that students are protected within a campus debit card program, regulators can make the following changes to federal rules that define the market:

1. **Eliminate fees for financial aid disbursement cards.** Policymakers should update federal regulations that govern disbursement of federal student aid to ensure that high banking fees are not charged to students who can afford them the least.

2. **Increase transparency and tracking.** Policymakers should collect more data on debit card practices on campus to better understand the market. Policymakers should extend important transparency provisions for credit card contractual relationships included in the Credit CARD Act and the Higher Education Act to any debit card contracts on campus.

3. **Enforce the laws and the rules.** The Consumer Financial Protection Bureau, other bank regulators and the Department of Education should, as appropriate, supervise key players in the marketplace and use enforcement action if needed to make sure firms comply with the laws and that students receive every protection afforded to them under the higher education and financial services laws.

4. **Other Recommendations.** In the recommendations section of this report, U.S. PIRG Education Fund provides a more detailed list of regulatory changes that policy makers can pursue, as well as tips for students who must navigate the muddy waters of the campus debit card marketplace.

The Increasing Role of Financial Players on Campus: Credit Cards, Student Loans, And Now, Debit Cards

Financial institutions have sought an increased role on campuses for years. Bank participation in the campus debit card business is just one of many recent moves to take advantage of what they view as a key business demographic.

As college costs have risen, studies have documented that some students are taking out more student loans and, in some cases, relying on credit cards to pay educational costs. Some students, with their families feeling pressure to pay for college, may end up relying on bank products such as private student loans that may be riskier and higher cost than federal loan options. Often, students may not have been given adequate information to make the best choices.

First generation college students and those from low-income backgrounds are particularly vulnerable to higher cost educational products. Roughly 40% of freshmen are first-generation college students, and 25% of all students are both first generation and low income.[3] Emerging on campus as new consumers, or returning to college for a career change, nearly all students are looking for ways to pay for school and may find themselves susceptible to unfair and abusive financial practices.

Avoiding the Campus Credit Card Trap

Over the last decade or more, university leaders and policymakers in Congress and state capitals devoted significant attention to the marketing of credit cards to students at colleges and universities. Colleges, then state legislatures and, ultimately, Congress itself responded to growing evidence of the power of credit card companies on campus. Abuses ranged from deceptive credit card marketing to a growing reliance by schools themselves on bank payments based not on alumni use of cards but on access to undergraduate lists. A growing number of colleges and universities imposed on-campus credit card marketing restrictions. Some university systems and state governments took further action.

An ongoing U.S. PIRG Education Fund campaign beginning in 2008 had urged colleges to adopt fair campus credit marketing principles at the same time as U.S. PIRG Education Fund's parallel "FEESA Card" counter-marketing education project aimed at students urged them not to respond to the lure of credit card marketing inducements.

Following these actions by numerous schools and several states, in 2009, Congress responded to a variety of unfair credit card practices affecting all consumers with comprehensive legislation known as the Credit CARD Act.[4] The law included several reforms that were designed to limit unfair marketing to college students and other young people; additional provisions were intended to improve the transparency of the relationship between campuses and credit card companies.

These reforms included the following: restrictions on using "free" gifts as inducements to sign up for cards at on-campus tables, a requirement that young people 18-21 show an ability to pay or obtain a co-signer to get a card and, finally, the establishment of transparency of college credit card contracts. These contracts were originally required to be sent to the Federal Reserve Board of Governors for analysis and public disclosure, but the Consumer Financial Protection Bureau now has this responsibility.[5]

Cracking Down on Student Lenders

In 2007, then-New York Attorney General Andrew Cuomo led an investigation into lending practices on campus. The investigations uncovered various banks and lenders providing financial kickbacks to colleges and employees for preferential treatment. Banks would pay colleges to steer student borrowers to their private loan products through "preferred lender lists," resulting in many students receiving high interest rate loans. The investigation prompted many universities to change their lending policies and federal lawmakers to crack down on the practice in 2008, banning gifts and revenue-sharing agreements between student lenders and schools, which resulted in students taking on private student loans that may have been riskier for them than other loans.

At the same time banks and lenders were taking advantage of preferred lender lists, they also marketed private loan products to students through their status as federal loan lenders in the Federal Family Education Loan Program. Responsible for offering federal Stafford loans, banks and lenders would also hawk private loan products often packaged and designed to look like federal loan offers. Sallie Mae offered both a "Sallie Mae Stafford loan" and a "Sallie Mae Signature loan" which confused many new borrowers and potentially ensnared them in a higher cost loan.

In 2010 Congress outright removed banks from the federal student loan system in part to protect students from banks cross-selling expensive financing options to students who assumed they were government products.

Debit and Prepaid Cards and Other Services: The Next Frontier

While banks were under close scrutiny for the marketing and terms of private loans and credit cards on campus, they were quietly establishing a new and rapidly growing campus debit and prepaid card business. Just as they had developed relationships with colleges to issue exclusively branded credit cards or heavily-promoted private student loans, banks and new, non-bank financial firms have been co-branding ATM/debit cards on behalf of their collegiate partners, turning college IDs into debit cards and taking over financial aid disbursement systems.

In the wake of restrictions to credit card marketing and student loan reform, the next financial frontier for banks and financial firms has been that growing business of marketing campus debit and prepaid cards and offering incentives to schools to outsource or privatize various financial and administrative functions.

In a survey of websites, college officials and students conducted in the spring of 2012, U.S. PIRG identified, as described in the following tables, that the following schools had either a campus debit or prepaid card contract with a bank or a financial firm.

- 32 of the 50 largest public 4-year universities, (Table 1, follows)[6]

- 26 of the top 50 community colleges, (Table 2, follows)

- 6 of the top 20 private not-for-profit schools (Table 3, follows)

There is no question that state budget cuts have created incentives for schools to raise revenues through outsourcing. States have cut college budgets, so schools under pressure to reduce costs have re-evaluated and outsourced a variety of services, including parking services and residential halls. However, the outsourcing of student ID services and financial aid disbursement systems to banks and financial firms has given those firms an unprecedented opportunity to market add-on products—bank accounts, ATM/debit cards and even loans and credit cards—to students with virtually no competition. The structure of the new products deserves review as their fee structures could put students at risk.

To help students get a fair deal, and to help university officials and policy makers make sense of the complexity of the campus debit card marketplace, the next sections examine the campus debit card products that are available, and point out problems within the various debit card models that put the student consumer at risk.

Table 1: 50 Largest 4-year Public Institutions by Campus Population and those with Financial Card Partners (32)

Rank	Institution Name	Partner (if any)	Rank	Institution Name	Partner (if any)
1	Arizona State University	MidFirst Bank	26	University of Maryland-College Park	
2	Miami Dade College	Higher One	27	University of North Texas	Wells Fargo
3	University of Central Florida	SunTrust	28	Temple University	PNC Bank
4	Ohio State University	Huntington Bank	29	University of California-Berkeley	
5	University of Minnesota-Twin Cities	TCF Bank	30	California State University-Fullerton	US Bank
6	The University of Texas at Austin		31	California State University-Northridge	
7	University of Florida	Wells Fargo	32	University of Georgia	
8	Texas A & M University	Wells Fargo	33	North Carolina State University at Raleigh	US Bank
9	Michigan State University		34	College of Southern Nevada	
10	Pennsylvania State University-Main Campus	PNC Bank	35	California State University-Long Beach	
11	University of Illinois at Urbana-Champaign	TCF Bank	36	University of California-Davis	US Bank
12	University of Washington-Seattle Campus	US Bank	37	Utah Valley University	Utah Community Credit Union
13	Indiana University-Bloomington	Indiana University Credit Union	38	George Mason University	
14	University of Wisconsin-Madison	UW Credit Union	39	Texas State University-San Marcos	Wells Fargo
15	University of South Florida-Main Campus		40	University of Colorado Boulder	Elevations Credit Union
16	University of Michigan-Ann Arbor	TCF Bank	41	University of Missouri-Columbia	
17	Purdue University-Main Campus		42	University of Cincinnati-Main Campus	PNC Bank
18	Florida International University	Wells Fargo	43	Virginia Commonwealth University	Wells Fargo
19	Florida State University	SunTrust	44	St Petersburg College	Higher One
20	Broward College	CitiBank	45	Texas Tech University	Higher One
21	University of California-Los Angeles		46	Wayne State University	Higher One
22	University of Maryland-University College (online)		47	Virginia Polytechnic Institute and State University	
23	University of Arizona	Wells Fargo	48	University of Utah	
24	Rutgers University-New Brunswick		49	California State University-Sacramento	Wells Fargo
25	University of Houston	Higher One	50	Indiana University-Purdue University-Indianapolis	
Total Schools With Partners = 32					

Source: U.S. PIRG Web and Telephone Survey: Spring 2012

Table 2: 50 Largest 2-year Institutions by Campus Population and those with Financial Card Partners (26)

Rank	Institution Name	Partner (if any)	Rank	Institution Name	Partner (if any)
1	Houston Community College	Higher One	26	Central New Mexico Community College	
2	Lone Star College System		27	The Community College of Baltimore County	
3	Tarrant County College District		28	Mesa Community College	Citi Bank
4	Northern Virginia Community College		29	Montgomery College	
5	Austin Community College District	Higher One	30	De Anza College	Higher One
6	Valencia Community College	Higher One	31	Sacramento City College	Higher One
7	American River College	Higher One	32	El Camino Community College District	Sallie Mae
8	Salt Lake Community College	Blackboard	33	Long Beach City College	Higher One
9	Pima Community College		34	San Antonio College	Heartland
10	City College of San Francisco		35	Fresno City College	
11	Portland Community College	Sallie Mae	36	Rio Salado College	Citi Bank
12	Tidewater Community College		37	Suffolk County Community College	
13	Cuyahoga Community College District	Sallie Mae	38	Georgia Perimeter College	Higher One
14	Santa Monica College		39	Santa Rosa Junior College	
15	Columbus State Community College		40	Des Moines Area Community College	Higher One
16	El Paso Community College		41	San Diego Mesa College	
17	Mt. San Antonio College	Higher One	42	Saddleback College	Higher One
18	Oakland Community College	U.S. Bank	43	Macomb Community College	Higher One
19	San Jacinto Community College	Higher One	44	Orange Coast College	Sallie Mae
20	East Los Angeles College	Higher One	45	Nassau Community College	
21	Hillsborough Community College	Higher One	46	Central Texas College	
22	Collin County Community College District		47	Sinclair Community College	
23	Pasadena City College		48	Harrisburg Area Community College-Harrisburg	Higher One
24	College of DuPage		49	College of the Canyons	
25	Palomar College		50	CUNY Borough of Manhattan Community College	Citi Bank
Total Schools With Partners = 26					

Source: U.S. PIRG Web and Telephone Survey: Spring 2012

Table 3: 20 Largest 4-year Private Institutions by Campus Population and those with Financial Card Partners (6)

Rank	Institution Name	Partner (if any)	Rank	Institution Name	Partner (if any)
1	Liberty University	Higher One	11	George Washington University	
2	New York University		12	University of Pennsylvania	PNC Bank
3	University of Southern California		13	DePaul University	PNC Bank
4	Brigham Young University		14	Drexel University	
5	Boston University		15	Western Governors University	Sallie Mae
6	Excelsior College		16	St. John's University-New York	
7	Northeastern University		17	Johns Hopkins University	Higher One
8	Nova Southeastern University		18	Cornell University	
9	Harvard University		19	Northwestern University	US Bank
10	Columbia University in the City of New York		20	Syracuse University	
Total Schools With Partners = 6					

Source: U.S. PIRG Web and Telephone Survey: Spring 2012

Overview of Campus Cards, Functions, and the Players

Student IDs are used for a variety of purposes on campus, including secure entry into dorms, libraries and other facilities. Colleges long ago began adding "closed loop" monetary functions onto these IDs, giving them dual functions as both student ID and reloadable prepaid cards to be accessed when paying for campus laundry, meals, athletic events and books. Banks and other firms saw an opportunity to offer these services to campuses, building in more functions to the cards. They've added "open-loop" debit card functions (card is usable anywhere a regular credit or debit card can be used both on and off campus). Some cards are debit cards coupled with a bank account; others are offered as reloadable prepaid cards.

More recently, banks and financial firms, notably a now twelve-year-old company called Higher One, saw the opportunity to outsource student aid disbursements and provide them through a variety of channels – electronic transfer, check or debit card – but with the debit card as the firm's preferred default.

Functionality of Cards. Campus cards come in a variety of forms. For the purposes of this report, the functionality of campus cards falls into four main categories:

1. School Services and Campus Access;
2. On-campus Financial;
3. Off-campus Financial;
4. Financial Aid Disbursement.

1) **School Services and Campus Access:** For decades colleges have offered on-campus non-financial services linked to student ID cards. For example, a student can swipe an ID card when checking a book out of the library, entering the fitness center and attending sporting events. Additionally, some campuses are expanding this functionality to new programs like bike-shares and dorm and room key card access.

2) **On-campus Financial:** Many schools implement a closed-loop reloadable prepaid card system that allows students to load money onto an account maintained by the campus or a partnering bank. After loading the card, the student is able to access funds directly from his or her student ID.[7]

This type of reloadable account is often referred to as "campus bucks" or "campus cash." Money loaded on the card can be spent in dining halls, vending machines, laundry services and the bookstore. Occasionally campuses will have agreements with a handful of near-campus vendors to be part of the closed-loop system which allows students to swipe their student IDs to pay for goods. Examples of these locations are usually the local pizza shops and fast food restaurants. Some student ID cards will maintain multiple close-loop debit systems on one card with separate funds for each. For example, these cards will provide access to a pool of money that can be used for food on campus and a separately managed pool of money for all non-food purchases.

3) **Off-campus Financial:** More and more schools are starting to partner with banks or financial firms that

offer open-loop debit card accounts. Open-loop cards are connected to signature payment networks such as Visa, Mastercard, Discover or American Express or to PIN-based debit payment systems including Interlink, Plus or Cirrus. These networks allow the cards to be used almost anywhere.

There are two basic types of open-loop debit cards. First, there are reloadable prepaid cards[8] which are not connected to a checking or deposit account. This card allows the student to use the card until it declines to $0 and allows for re-loading the card with funds at any point. While these cards may appear to work almost identically to an ATM/debit card associated with a traditional checking account, prepaid cards of all varieties come with different contracts and fewer legal protections than debit cards linked to traditional bank accounts. Students typically reload or add funds at grocery stores, convenience stores and other retailers for a fee or electronically for a lower fee or no fee. These cards can link to student IDs or exist as a separate card.

Second, some cards are debit/ATM cards linked to a checking account. A student will typically load funds onto the account at local bank branches or ATMs or electronically. Many checking accounts offered will include additional features a student can opt into. These cards can also be attached to student IDs or exist as a separate card.

4) **Financial Aid Disbursement:** Both types of open-loop debit cards offer the potential for schools or their contracted partners to load payroll, financial aid disbursements, and campus refunds or any type. When the disbursement of federal financial aid is tied to the cards there are several requirements schools and banks must meet. For example, federal regulations require that federal student aid funds can only be disbursed to a card if it is linked to an individually-FDIC-insured bank account.[9]

All of these types of open-loop debit cards and their variations can also do double duty as an official campus identification card, which may mean that a bank/financial aid firm has taken over the process of issuing IDs at the school. Although it is not a subject of this report because we were unable to obtain enough contracts to review, additional inquiries should be made into the privacy implications of whether colleges are granting banks and other financial firms the right to additional, secondary uses of the detailed information collected from student use of the ID cards on the systems that they administer.

The Banks and Financial Firms Behind Campus Cards

The following graph shows some of the leading banks and financial firms engaged in the campus card market and describes some of the products that they offer.

Note in the graph that all the banks with an "X" in column 1 could offer financial aid disbursement services because financial aid can be disbursed to any bank account by an electronic transfer. To date, all banks listed on our table are affirmatively marketing this service, some, like TCF Bank and SunTrust, are more active than others. However, the primary business model for virtually all of the financial firms is to disburse financial aid onto cards.

Also note that virtually every bank offers a card that functions as a co-branded student ID and is linked to

Table 4: Table of banks, non-bank financial firms and financial service companies providing outsourced card services to college campuses

	Financial aid disbursement	Prepaid debit card	Traditional Checking Account	School Card Partnerships	Number of Students Attending (When Known)	Notes: Number of Partnerships
Bank Partnerships						
US Bank	x	x	x	51	1,764,475	58 partnerships, 51 schools with a campus card.
Wells Fargo	x		x	43	2,056,390	
PNC Bank	x	x	x	23	244,700	
Suntrust	x	x	x	3	98,500	
TCF Bank	x		x	5	179,557	
Commerce Bank	x	x	x	3	47,709	
Huntington	x		x	1	64,400	
TOTAL				129	4,455,731	
Financial Firm/Non-Traditional Bank Partnerships						
Higher One	x		x	520	4,300,000	
Sallie Mae	x	x	x	180	N/A	Mostly prepaid cards, new checking account being implemented.
Blackboard	x	x		25	120,000	Newly offered service. Also has up to 500 partnerships for student ID services, including closed-loop campus only debit cards.
Heartland	x	x		23	112,358	23 colleges with open-loop. Also about 200-250 additional accounts for closed-loop campus only cards. Some cards may have Discover Card brand.
Nelnet	x	x		N/A	N/A	Newly offered service.
ECSI	x	x		N/A	N/A	Offers general services to 1,400 schools, a portion with pre-paid debit cards.
TouchNet	x	Expected 2013		0	N/A	Currently disburses aid for around 300 schools.
American Express		x		1	16,700	Possible financial aid expansion soon.
TOTAL				749	4,549,058	
TOTAL ALL				**878**	**9,004,789**	

Note: This table only includes banks and firms with multiple schools listed, except Huntington with one known partner. Huntington Bank is listed because of the size of its one known contract, at Ohio State University. This chart is an underestimate of the market place because there are several other banks, credit unions or financial firms with at least one campus partner. Chart drawn from industry surveys, including CR80, and U.S. PIRG web and phone based research.

a bank account. Some non-bank financial firms also link to student IDs. The bank strategy is to obtain a longtime relationship with the student consumer; the financial firm strategy is to earn greater fee income from the consumer in a shorter relationship.

As one example, TCF Bank has alliances with the University of Minnesota, the University of Michigan, the University of Illinois and two other colleges. These alliances include exclusive marketing, naming rights and other agreements. Branches have been opened on many of these college campuses. TCF provides multi-purpose campus cards for many of these colleges. Its cards serve as a school identification card, ATM/debit card, library card, security card, health care card, phone card and stored value card for vending machines or similar uses. TCF is ranked 5th largest in number of campus card banking relationships in the U.S. On December 31, 2011, the bank held $274.3 million in campus deposits. TCF has a 25-year naming rights agreement with the University of Minnesota to sponsor its on-campus football stadium, "TCF Bank Stadium," which opened in 2009.[10]


Use Your U Card!

	Gopher GOLD™ Value	FlexDine	Meal Plans	Student Account	TCF U Card Checking
ATMs					x
Coffman Post Office	x				
Computer Print Labs	x				
Library Photocopiers	x				
Student Unions	x				
UDS Dining	x	x	x		
U of M Bookstores	x			x	
Vending Machines	x				
Off Campus Merchants					x

Marketing TCF's U Card at the University of Minnesota

Business Is Booming

Campus card programs now exist at nearly nine-hundred colleges and universities in partnership with traditional banks and non-bank financial firms.[11] Banks offer card programs that are defined by their banking options. Because certain federal financial aid programs require funds to be disbursed into FDIC-insured bank accounts, financial firms and financial service companies providing financial aid disbursement cards partner with existing banks to provide additional functions such as access to bank accounts and ATM cash.

According to a leading industry survey conducted for the 2011 academic year, 151 schools had campus debit card/student ID programs with seven[12] leading banks. Higher One, a large non-bank financial firm, reported in its Securities and Exchange Commission (SEC) filing through March 31, 2012 that 520 campuses servicing more than 4.3 million students used its disbursement service; over 2.1 million of those students used its OneAccount debit account.[13]

PIRG analysis of the market suggests relationships between schools and other banks and financial firms pushes the total number of campus partnerships to almost 900 of the total 7,300 schools participating in the federal aid system. Over 9 million of the 21.6 million college students nationally attend these schools. Industry-leading banks and financial firms tout that upwards of 70%-80% of students who receive student aid use their cards after a few years of marketing. Higher One alone operates at colleges enrolling 1 in 5 students across the country. Currently 12.5%, or 1 in 8, of all federal financial aid recipients nationally disburse their aid money into a Higher One OneAccount.

Student Fee Income Is the Backbone of the Business Model

Banks and non-bank financial firms involved in the campus debit card marketplace have incentives that are similar in some ways and different in others. All companies, regardless of type, benefit from a variety of fees imposed on students using the cards, from fees imposed on merchants accepting the cards, from interest earned on the value of cards before their use and, sometimes, from contractual fees for services from the school.

In addition to any personal funds deposited in accounts, banks and financial firms benefit from the temporary use of billions of dollars in financial aid funds loaded on the cards. Financial aid funds likely represent a large percentage, if not the majority, of deposits on campus cards.

Traditional Bank Incentives

Banks attempt to increase their customer base through various forms of marketing. While they spend a significant amount on advertising and marketing to convince their competitors' customers to switch one at a time, they also seek opportunities to capture large groups of customers through side-deals with gatekeepers who can offer them exclusive access.

Traditional banks partner with schools to increase marketing access to students.[14] It is simpler for a current or recent college student seeking to open a new account or obtain a loan to do it with a banking institution she already has developed a relationship with.[15] College partnerships are one of the most cost effective ways for banks to get new long-term customers. College campuses provide a plentiful supply of these types of customers all within a small geographic area. By signing exclusive contracts with campuses to have their accounts and brand associated with the college, banks hope to recruit large numbers of students to their bank and work to keep them once they graduate. The students who stick with their accounts will provide a long-term stream of revenue for the bank. Because of the long-term relationship goal, banks are able to create competitively priced checking options for students, reduce or waive business service fees or even pay schools for the opportunity to partner.

But traditional banks don't lose out on the opportunity to offset their investment costs with revenues that occur with campus partnerships. Banks earn revenues each time a student uses his or her card through interchange fees (paid by merchants accepting cards) and even more through fees associated with the checking account. A listing of the variety of fees layered into these cards is available in the Recommendations section under "Recommendations for College Campuses" as well as in Appendix 1. Banks also make money on the deposits stored on in their bank accounts. When financial aid funds, payroll income and disbursements are released into student accounts, banks are able to reinvest the deposited funds in higher interest revenue sources, such as capital funds to provide higher interest private student loans, home loans or car loans.

However, banks lack higher education expertise and don't typically provide options for schools to fully privatize their disbursement processes. This lack of expertise sometimes makes it more appealing for schools to partner with a specialized financial firm which can take over all aspects of the disbursement process from schools.

Non-Bank Financial Firm Incentives

With a different business model than banks, financial firms may seek to partner with schools to provide fee-based services to both the institution and the student. Financial firms are not banks so their interaction with the student consumer is, for the most part, only while they are in school. The nature of this short-term interaction creates an incentive to increase fee revenue over what traditional banks might charge. It also necessitates obtaining revenues from the school paying for services. Financial firms have bank partners that hold the deposits of financial aid money once it is disbursed, and typically have revenue sharing agreements with their partnering bank based on how much is deposited.[16] Financial firms may offer both traditional checking accounts and/or prepaid cards depending on the company.

Financial firms, including American Express,[17] may offer prepaid card products in partnership with a college. These companies make money each time the student loads money on the card, on top of interchange fees from merchants each time it is used for purchases. New legislation generally restricts the amount big banks may charge merchants when a consumer uses a bank account-connected debit card, but those limits exempt debit cards from smaller banks and prepaid cards from any issuer. While there are fewer of these arrangements on campus, it is a business model that allows schools to outsource and expand their on campus closed-loop system and replace it with an open-loop system managed by the financial firm.

Incentives to the Colleges and Universities

Of course, colleges themselves have an incentive to create these partnerships. In a time of massive funding shortfalls and state budget cuts driving tuition higher, schools are searching for ways to make their services more cost effective and increase revenues. For schools, participating in the federal financial aid program takes staff time and expertise. Banks and financial firms offer an efficient way to centralize costs by managing the disbursement process while meeting all required federal accountability measures.

Schools also can receive significant financial compensation from these partnerships including signing bonuses from banks and direct financial incentives, which we discuss in the “Issues Surrounding the Marketing of Cards” section of this report. Those financial benefits create at least the appearance of a conflict of interest as schools may be tempted to choose the arrangement that gives the school the most money rather than the arrangement that gives their students the best deal. Even schools that operate their own systems without a bank partner could implement layers of fees to generate revenue.

Students can easily become captive consumers in the campus card marketplace, given the incentives that are in place to motivate banks, financial firms, and colleges to create unfair fee structures. Therefore, colleges and policy makers must establish strong rules of the game for these campus card programs to ensure that students are not unfairly targeted for fees or add-on marketing of other products.

Campus Cards and Financial Aid Disbursement

Students are especially vulnerable in the early part of their financial lives. A defining characteristic of college students is that most of them receive federal financial aid through grants and loans to attend their college or university. Campus card providers have begun to specialize in this area of a student's financial life.

Each semester financial aid money for eligible students flows to colleges. The institution applies the funds to allowable charges, such as tuition. Many students are eligible for more aid than their institutional charges, so the college disburses the remaining credit balance to the student so he or she can pay non-institutional costs, such as textbooks, transportation, food and other bills. By law, when a credit balance occurs the school must pay the credit balance to the student within 14 days.[18] Traditionally, the university gave the student the money by check. Financial aid rules now allow schools to issue the credit balance by directly paying the student through an electronic funds transfer, issuing a check or other instrument, and disbursing to the student in cash.[19]

With the student's permission, the institution is allowed to hold the credit balance, providing access to the funds electronically though a prepaid card or school-issued bank account. Funds that are accessed through a debit card are typically available faster than checks, allowing students to access their financial aid several days before a check could otherwise be cut.

The school may choose to privatize financial aid disbursements to a bank or financial firm. These third-party servicers act as the college and share the same responsibilities and liabilities under law. While each school's student aid disbursement process could differ by choice and company, most agreements allow banks and financial firms to disburse funds to students through a variety of channels such as to the student's existing bank account, by check, on a prepaid card, or to a bank account created for the student by the bank or company.

The financial aid playing field is large. In 2013 alone, the Department of Education is expected to disburse $160 billion to about 16 million students in loans and grants.[20] This money provides valuable deposits and potential for free revenue for the bank as it is spent.

Student Fees, Financial Aid Disbursement Cards and Federal Rules

The number of different fees and the amount of total fees collectible from each student is based on a wide range of factors including the type of bank or firm and financial product used. Each firm may have different fees associated with their cards. Often, potential fees will vary based on the specific type of account a student chooses from the bank. Fee structures also differ based on the financial product the student uses, such as whether it is a prepaid card or a traditional debit card linked to their checking account.

In the case of cards used to disburse federal financial aid, the question of fees is even more important, since

Summary of Department of Education Rules For Loan Disbursements

In cases in which the institution holds the credit balance and opens a bank account on behalf of a student or parent, establishes a process the student or parent follows to open a bank account, or similarly assists the student or parent in opening a bank account, the institution must:

- Obtain in writing affirmative consent from the student or parent to open that account;
- Before the account is opened, inform the student or parent of the terms and conditions associated with accepting and using the account;
- Not make any claims against the funds in the account without the written permission of the student or parent, except for correcting an error in transferring the funds in accordance with banking protocols;
- Ensure that the student or parent does not incur any cost in opening the account or initially receiving any type of debit card that is used to access the funds in that account;
- Ensure that the student has convenient access to a branch office of the bank or an ATM of the bank in which the account was opened (or an ATM of another bank), so that the student does not incur any cost in making cash withdrawals from that office or these ATMs. This branch office or these ATMs must be located on the institution's campus, in institutionally-owned or operated facilities, or, consistent with the meaning of the term "Public Property" as defined in §668.46(a), immediately adjacent to and accessible from the campus;
- Ensure that the debit, stored-value or ATM card, or other device can be widely used and not limited to particular vendors;
- Not market or portray the account, card, or device as a credit card or credit instrument, or subsequently convert the account, card, or device to a credit card or credit instrument.

the student is receiving taxpayer-provided money. Students receiving grant aid, such as the Pell grant, are mostly low-income students with a high level of need. Students taking out federal loans are primarily from low and moderate income backgrounds, paying interest on those funds.

Several legitimate questions can be raised when student aid money is disbursed to campus debit cards. First, if the fees are charged to grant money, is it fair to low-income students attending college that the federal program was intended to help? Second, if the fees are charged on loan money, is it fair for the student to pay fees with borrowed money, and thus pay interest on the fees? Third, is it fair to all taxpayers that millions of dollars of funds intended to support college costs are skimmed into corporate coffers?

ATM Fees and Federal Rules

Students can use automated teller machines (ATMs) to access money deposited on any type of debit card, but fees vary based on the card being used. Students using an ATM owned and operated by their own card-issuing bank typically get free access to their funds, but incur a 'foreign ATM' fee imposed by their own bank if they use another bank's ATM. This fee is in addition to the surcharge fee which is almost always also assessed by the foreign ATM owner itself. Combined, the fees can quickly add up. Studies have shown that a typical ATM surcharge is $3 and a typical foreign ATM fee is $2, meaning each use of a foreign ATM by a student could incur fees totaling $5.

Firms issuing federal financial aid onto debit cards must meet certain ATM guidelines. Strong ATM guidelines are particularly relevant to students using financial aid disbursement cards because financial firms rely almost exclusively on ATMs to act as their bank branches. Extra attention needs to be paid to how convenient these ATMs are to students.

The Department of Education has established rules that prohibit fees to access student aid money disbursed to a debit card on ATMs as long as the issuing bank provides conveniently located fee-free ATMs.[21] However, the rules specifically allow the bank to charge foreign ATM fees when students use other machines. The current rules do little to define what "conveniently" located means in terms of location or number of ATMs, as well as cash availability in the ATMs when disbursements arrive. The rules do not protect students from situations in which they are charged money to access their aid funds. The rules do not protect students from changing terms and conditions that impact fee structures and can affect their ability to access their aid freely and conveniently.

Line at one of the two Higher One ATMs at a college as spring quarter classes start, April 2012. Line continues in both directions where picture ends, totaling around 50 students. Both ATMs ran out of money by lunchtime.

Students will pay more ATM fees when access to fee-free machines is limited. Convenience issues include both whether the fee-free machines are located conveniently on campus, whether there are enough of them to adequately serve the student population and whether the machines are rapidly replenished during peak periods such as the opening days of a semester or quarter. Many campuses, for example, may only have one ATM from the card-issuing bank, leaving students vulnerable to excessively long lines and no back up if that ATM breaks or runs out of cash. Students often need their financial aid funds immediately upon disbursal. These ATMs can run out of cash very quickly as a result, forcing students "at the back of the line" into banking at a foreign ATM.

For example, Higher One disburses financial aid to students at about 520 schools across the country, but has only about 600 ATMs in service. Without enough ATMs to properly handle the demand of students when funds are disbursed many will be forced to use ATMs out of Higher One's network and incur fees. One student interviewed by the authors who attends a school using Higher One reported a line of over 50 students trying to access their financial aid in the days immediately after funds are disbursed. Furthermore, ATMs may be placed in areas that are not accessible 24 hours a day, 7 days a week, such as in buildings locked up on the weekends or overnight, forcing students to use foreign ATMs and pay fees. Higher One encourages ATMs to be placed inside by charging higher fees to schools for ATMs placed outside.[22]

In addition, schools can enter into arrangements with a financial aid disbursement company while simultaneously holding an exclusive on-campus banking agreement with a different bank. Exclusive banking agreements typically prohibit any ATMs on campus except for those of the contracted bank. In this scenario the ATMs for the financial aid disbursement company would not be allowed on campus. For example, if a school has a contract with a traditional bank for ATMs but uses Sallie Mae or Higher One for disbursement, all Sallie Mae or Higher One ATMs are forced to be inconveniently located off campus. Because the ATMs are not located in a prominent location, such as the student union, students are more likely to rely on the foreign ATMs on campus and incur fees. Thus, the weak federal rules allow the disbursement firms to still meet the regulation requirements, but student-consumers don't necessarily gain the benefits.

Finally, federal rules do nothing to address how easily students can access their money through an ATM. Banks and financial firms can set restrictive policies like requiring a minimum transaction to be no less than $50, as Higher One does. Consumers with less than $50 on a card are forced to use up the funds with swipe purchases at point-of-sale only, rather than obtaining cash. Prevalent PIN-based swipe fees may cause the student to incur more fees.

Many students need their aid money as soon as possible after disbursement. Financial firms may not offer quick transfer of aid to an alternative bank account chosen by the student. One student interviewed for this report said that he was forced to pick Higher One's OneAccount even though he wanted to use his own account because he cannot wait the extra 3 to 4 days for a wire to his own bank account. His solution was to opt into the Higher One card and then withdraw the maximum amount he could from the Higher One ATM on disbursement day and deposit it into his own account. Typically, there is a "run" on campus card ATMs on the day of disbursement. ATMs on campus often run out of cash quickly.

When ATM machines run out of cash, student aid recipients are forced to use foreign ATMs and could incur both a foreign fee and a surcharge totaling around $5 in fees simply to access their financial aid.

Last, the federal rules are silent on the terms and conditions that student consumers are subjected to by bank and firm providers. While colleges and universities sign multi-year or decade-long contracts with banks and financial firms, nothing prevents the providers from changing the terms and conditions of student accounts whenever they want. For example, Higher One changed both its fee structure and the terms and conditions of its accounts for millions of students when it changed its partner bank. Students, already vulnerable as consumers in this area, are subject to unexpected changes in terms.

A Closer Look at the Biggest Player: Higher One

Financial firms, according to a review of available SEC filings, expect to earn significant fee income from students. Since the traditional bank-issued campus cards are offered by some of the nation's biggest banks, and the contribution of campus cards to the banks' income statement is not broken down in detail, it is useful to look at public record information from Higher One. This firm is a publicly-traded, monoline company that competes in the campus prepaid and debit card space and provides ancillary services to schools. Higher One has contracts with 520 campuses servicing more than 4.3 million students. Of the over 4 million students, 2.1 million of those students use its OneAccount checking account. Over 350 schools also use at least one of its payment services.[23]

Higher One's business model is simple

It contracts with colleges and universities for its OneDisburse disbursement management program. All students use OneDisburse to select whether their disbursement is by check, direct deposit or to an OneAccount debit card. Higher One seeks to maximize selection of the OneAccount debit card, which in turn maximizes potential fee revenue. They also sell various checking account options which have potentially higher fees for a variety of different services.

This strategy has worked well. Since 2007, Higher One has posted a 43% growth rate each year in the number of students enrolled at their partner schools, growing from one-million students in 2007 to 4.3 million students in 2012.

How do they do it? Once the school is signed, Higher One begins student recruitment. Marketing works so well that student adoptions and use of the OneAccount grow from around 33% after the first year on campus to over 66% after 3 to 4 years. This adoption curve leads to rapid company growth. OneAccount use expanded from 359,000 students in 2007 to just over 2 million by 2012.[24]

Higher One has three main sources of revenue. It receives 10% from higher education institutions, 10% from payment transaction revenue and 80% from account holder revenue (fees).[25] In one of its most recent filing with the Securities and Exchange Commission, Higher One reported this portion of its income came from the following: "interchange fees, ATM fees, non-sufficient funds fees, other banking services fees and convenience."[26] Accounting for all revenues, from 2007 to 2011, Higher One increased revenues by 630%, growing from $28 million to $176.3 million.[27]

These fees add up for students. The financial results from Higher One provide only a window on the potential fee income firms can garner from partnering with universities, but the view it gives is clear: students pay a lot of money in fees when using these cards. An analysis by Bretton Woods, Inc, commissioned by Higher One, revealed the annual median cost of maintaining each of the 2 million OneAccounts was $49 per student.[28]

Student Complaints Concerning Higher One

Students at several universities have escalated complaints to the level of protest. As reported in The Oregonian newspaper, in response to student complaints, Portland (OR) State University and Southern Oregon University have re-negotiated Higher One contracts to eliminate a 50 cent transaction fee for using PIN debit instead of signature debit at point-of-sale. As noted above, Higher One makes a larger merchant interchange profit on signature transactions. But the story also notes that the new contracts include a requirement that the schools participate in a successful "swipe and sign" campaign or pay a financial penalty. The story also states students are upset with a $2.50 foreign ATM fee, charged at ATMs not owned by Higher One and in addition to any surcharge that the foreign ATM owner may impose.[29]

Students and families at Western Washington University protested Higher One[30], resulting in Higher One reviewing many of its policies.[31] One student in North Carolina complained about aggressive marketing tactics from Higher One, which resulted in a temporary suspension for the student.[32]

In early 2012, Sherry McFall, a Higher One customer, filed a class action lawsuit under allegations of violations of the California's Unfair Competition Law, the Consumer Legal Remedies Act, and the Electronic Funds Transfer Act in connection with alleged improper disclosures of fees and costs associated with opening and maintaining an account.[33]

Regulatory Inquiries Concerning Higher One

Students aren't the only ones protesting; federal and state regulatory agencies have turned their eyes to Higher One. Letters of inquiry have been sent by agencies including the State of Texas Department of Banking, the State of Washington Department of Financial Institutions and the State of Oregon Department of Consumer and Business Services.[34] In 2007, the Office of the Attorney General of the State of New York issued a subpoena against Higher One to provide information about clients and business practices.[35] In November 2011, the Office of the Attorney General of the State of Florida issued an investigatory subpoena pursuant to Florida's Deceptive and Unfair Trade Practices Act.[36] In late 2011, news broke that the US Department of Education was investigating claims that Higher One violated financial aid rules by not providing ways for students to access their aid fee for free at the Dallas County Community College District.[37]

In February 2011, the New York Regional Office of the Federal Deposit Insurance Corporation (FDIC) notified Higher One it was prepared to recommend enforcement action be taken for violations of relating to compliance management system and policies and practices for past overdraft charging on persistently delinquent accounts, collection and transaction error resolution.[38] Enforcement action is only taken by the FDIC when a pattern of persistent abuses is evident. Higher One responded to the notification by amending practices, crediting former customers approximately $4.7 million, and selecting a banking partner the FDIC does not supervise.[39] Final action has not been taken by the FDIC.

In a guidance letter released by the U.S. Department of Education in late April 2012, it made clear that Higher One's $50 fee for 'lack of documentation', a fee currently listed on its fee schedule, would violate federal rules if charged. The letter also raised concerns about violations to student privacy when financial firms like Higher One issue yet-to-be activated debit cards with student information attached, in the anticipation that students will opt to use the card. Additionally, the letter makes it clear students are always eligible to receive their disbursements through a check within 14 days, a practice Higher One currently does not provide for some campuses.[40]

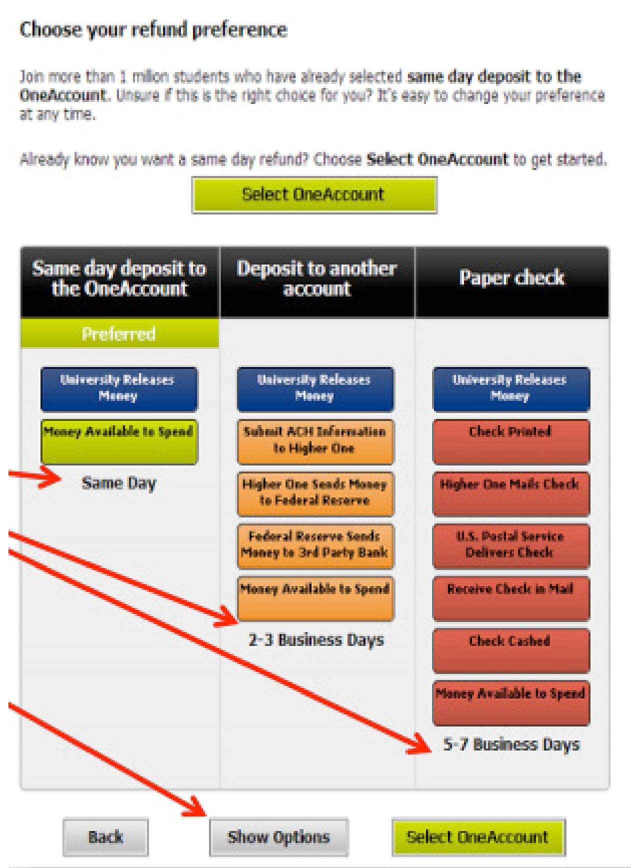
Issues Surrounding the Marketing of Campus Cards

Students are at risk as campus card consumers, given the incentives that are in place to motivate banks, financial firms and colleges to create unfair fee structures. To the extent that the college or university has already made a 'preferred' choice on their behalf for their banking and loan disbursement needs, there is also potential that students become captive consumers in the campus marketplace.

Based on how the campus debit card market is set up now, students may not have the ability to exercise true consumer choice in how to receive their financial aid disbursements because of aggressive marketing. In some cases, they have little choice but to participate. Not only do financial aid websites sponsored by the campus describe student options in a variety of potentially confusing ways, but banks and financial firms make it hard for students to have true consumer choice. Revenue sharing agreements between colleges and bank partners based on student fee income further muddy the waters.

Two conditions enable confusion to reign in the campus debit card marketplace. First, because the college has pre-selected a partner, it has made what is at least an implied endorsement that can mislead students into thinking that their financial interests are protected. Second, many campuses elect not to create their own materials to describe and promote the campus card program, relying instead on the material provided by the bank or financial firm. So students are push-marketed into signing up for the program.

This is the case with Higher One,[41] which directs students to a university co-branded webpage.[42] Students must visit Higher One, where only then may they choose their disbursement option. The site is quick to make it clear that their products are the preferred option. The card is the denoted preferred choice on the seller's page and includes the college logo, not on a more neutral site managed by the campus. This has the potential to make the student a captive customer.



Sample from a school slide to students starting orientation

Continuing with the Higher One example, if a school has a contract to disburse student loan funds and the student selects the preferred option of "load my funds on a card," then the student must automatically open a bank account with Higher One as a condition of receiving the funds in that form. The student has lost the ability to shop around and must rely on the college's contract with Higher One for the terms of her account. Understanding the terms of these contracts is vital. Misunderstanding the product being used can lead to negative consequences, such as even higher fees and damaged credit.

Beyond this example, the U.S. PIRG Education Fund survey found other marketing tactics employed on campus and by partner banks and firms to "persuade," and in some instances force, students into picking the campus debit card option. Tactics also include revenue sharing agreements.

1. **Program Terminology That Confuses Students**. While this report attempts to explain which card variants are used on campus, there is little effort on the side of banks and schools to differentiate between the products. Most commonly, campus financial aid websites and banks refer to their cards simply as debit cards. Student consumers may have built in assumptions about the product and its fee structures and costs. Quite simply, they are likely to think that a debit card is a debit card and won't discern the key differences.

University of Memphis offers a closed-loop prepaid card but describes the card simply as "works like a debit card".[43] Likewise, Montana State University's card is a closed-loop prepaid card but calls itself an "on-campus debit card".[44] The student may not understand the differences of that card compared to another if not presented clearly. Other campuses do a better job, such as Salt Lake Community College, which describes its student ID as a Discover prepaid debit card.[45] Students need to know what they are actually signing up for in order to make informed decisions.[46]

On many campuses, the student ID doubles as a debit card for a partner bank. While students can opt into or out of banking services, they almost never have the ability to opt out of the advertising. Schools with co-branded IDs subject students to continued advertisement every time they look at their ID to pay for meals, enter the dorms, and do just about anything else on campus.[47]

2. **Co-Branding of Campus Materials Leads to Choice by Default.** Banks go to extra lengths to co-brand with the school.[48] Many students trust their schools and often think of co-branding as an endorsement. This causes many students to drop their guard, expecting their school has negotiated the best deal for them. Banks will co-brand on school IDs, fliers and banners all over campus, sponsor and support sporting events and clubs and package together financial literacy lessons for the campus.[49]

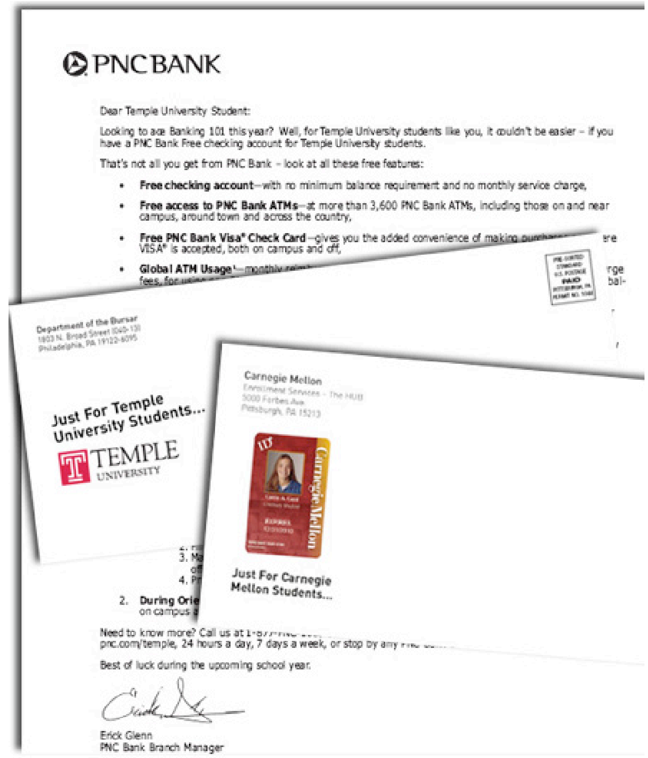
Sallie Mae requires campuses to participate in a marketing campaign to promote their products, such as providing specific language to use in directing students to their website. Mississippi Valley State University[50] and Paine College[51] have identical pages telling students all student disbursements will be processed through Sallie Mae, then directs them to Sallie Mae's portal.

3. **Student Information Is Turned Over to the Bank in Advance.** Many students are first contacted by the bank before they ever arrive on campus. Banks and financial firms use their access to student information to send university branded solicitations about financial aid disbursements.[52] Often, the disbursement card is mailed to the student before he or she has made a disbursement selection.[53] These tactics set the expectation that the school has already set up the bank account for the student and that they don't have a choice. Even if they opt out of the campus debit card, the bank or firm now has the students' contact information, which could be used for future product marketing efforts, which may be a violation of the Family Educational Rights and Privacy Act (FERPA).[54]

Federal law prohibits sending an unsolicited card to consumers except under limited circumstances. The card must not be validated, and it must be accompanied by clear disclosures of that fact and of how the consumer can dispose of it if it is unwanted.[55] It is unclear if students are receiving this information or are misled about it.

4. **Some Students Are Virtually Forced To Opt In.** Students are encouraged to sign up for the financial aid disbursement cards, even if they do not expect financial aid disbursements, because refunds from over-payments, such as when a student drops a class that she already paid for, are disbursed this way. Higher One schools Rogers State University[56] and South Georgia College[57] also have virtually identical pages instructing students, "You **must activate your card** as soon as you receive it. Remember, even if you are not currently expecting a refund, we may have a refund for you in the future."

Some schools have taken away all choice and mandate that all funds be disbursed into a checking account chosen by the college. Pittsburg State University in Kansas requires all excess financial assistance funds, tuition refunds, and other miscellaneous university refunds to be placed on a Gorilla Card checking account with Commerce Bank. If the student isn't creditworthy



enough for the checking account, the student is still locked into Commerce Bank with a prepaid card.[58]

This practice of forcing students to receive campus disbursements through a campus card appears to be contradictory to Department of Education rules that always enable a student to receive their student aid disbursement through a check, and are possibly a violation of the Electronic Funds Transfer Act, which prohibits requiring a consumer to have an account at a particular institution as a condition of receiving government benefits, which may include federal student aid.[59]

But banks don't let up easily. Some remind students that sticking with the campus sponsored debit program over their own bank will get them money fastest. They will set up physical barriers to selecting a student's own bank, such as requiring hand written forms for verification that must be faxed in, rather than enabling a simple electronic transaction. Students who are dependent on vital student aid funds to pay for basics such as textbooks at the beginning of each term as well as other expenses like food, rent and transportation are ultimately hamstrung into selecting the option that provides aid in the quickest manner, but not the best.

5. **Aggressive Tabling and Freebies Obscure Student Choice.** To provide extra reach, bank employees set up tables at on-campus events such as new student orientation and health and wellness events to further promote the product,[60] which may cause the student to trust the brand even more.

Banks also seem to be falling back to old marketing tactics to distract students from reading the fine print. TCF Bank offers students free sweatshirts to sign up for their student bank accounts and deposit $50.[61] Credit card banks have been banned from requiring students to apply in order to get their freebies.

6) **Revenue Sharing and Exclusive Contracts Present a Conflict of Interest.** Some contracts between schools and banks incentivize the school to deliver more student accounts or pay the school outright, based on fee income. For example, Higher One maintains a current revenue sharing contract with the University System of Georgia and the Georgia Department of Technical and Adult Education. The institution receives '8 basis points of the net' from campus signature-based transactions completed by One Account holders. The system also receives a portion from the average interest generated by One Account accountholders in the system.[62] Quinnipiac University partners with BlackBoard and receives a percentage of merchant fees collected by usage of their prepaid cards.[63]

While Higher One ended revenue sharing agreements for new contracts in 2008, it continues to maintain old contracts that could be renewed for decades, and continues to offer steep discounts for schools that use debit card disbursement. In 2010, after being initially rejected for a contract, Higher One offered $1.1 million in computer software programs for free to the Colorado Community College System (CCCS), but only in exchange for giving the fee-driven debit cards to 130,000 CCCS students.[64]

As of 2008, TCF Bank paid University of Minnesota $40 million to secure a contract through 2030;[65] while Portland State was expected to receive $300,000 on top of administrative savings.[66] In early 2012, Ohio State University inked a deal with Huntington Bank to provide $25 million in payments to the school over 15 years to be used for academics, student life, athletics, the alumni association and endowment investments. Its agreement also includes an additional $100 million in lending and investment in neighborhoods surrounding campus.[67]

A closer look at Florida State University:

IFSU has a partnership with SunTrust bank to provide checking accounts attached to student FSUCards. Any student can open a SunTrust account and students who receive financial aid each year have the option of receiving any credit balances through a SunTrust account, or wait up to 14 days for a paper check. In 2009, 26,000 students received some form of aid during the academic year. Given limited options, 80% of students elected to receive their aid on their FSUCard, depositing over $100 million to SunTrust bank accounts.

What does SunTrust pay for the privilege of branding every student ID with their logo and holding onto millions in deposits? Each year, 1.2% of the average monthly amount on FSUCards is given to FSU. This was about $410,000 in 2009. FSU is also paid $0.35 for every foreign ATM transaction conducted with a FSUCard. Additionally, SunTrust pays $18,000 a year to the school to help promote the program.

Source: CR80News. Florida State University sets the bar for what campus card bank partners can achieve. Spring 2010.

Recommendations

As this report has documented, students are confronted with frustration and financial barriers that undermine their campus experience when participating in a poorly structured debit card program. They are subject to fees that are unnecessary and unfair, with little consumer protection and practically no choice in the marketplace. Additionally, their college or university could have an interest in promoting certain debit card practices that exacerbate these problems. In contrast, a well-structured campus debit card program provides benefits to students by enabling them to access their financial aid and personal monies quickly and conveniently, which improves all aspects of their post-secondary careers.

From the vantage point of the financial sector, colleges and universities are the gatekeepers to the highly coveted college student market. Because of this reality, colleges and universities are well positioned to leverage their market power over providers to deliver the benefits of a well-structured debit card program to students. Perhaps more significantly, all colleges and universities, public and private, are entrusted to advance the public good. It is incumbent upon them to ensure an ethical campus marketplace for students, one in which the education of its students is not undermined by the college's own financial practices.

Likewise, federal agencies must do more to increase the transparency of the market and strengthen basic consumer protections for student debit card consumers. In particular, financial aid disbursement cards should have stronger rules so that students and taxpayers can be assured that federal aid dollars are spent to pay for college rather than to increase bank profits. The regulatory gray area in which these cards currently exist enables improper and unfair banking practices that undercut student success.

Based on our evaluation of the growing campus card marketplace and its potential impact on students, we suggest a set of principles for a well-structured debit card program on campus. In addition, we have created a set of recommendations for key stakeholders:

- Principles for a Well Structured Debit Card Program on Campus
- Key Recommendations for Campuses
- Key Recommendations for Students
- Key Recommendations for Policymakers

For the two regulators with the power to define and clarify the campus debit card marketplace, we offer more specifics:

- Specific Recommendations for the US Department of Education
- Specific Recommendations for the Consumer Financial Protection Bureau

Principles for a Well Structured Debit Card Program on Campus:

1. **Students Should Have An Unbiased Choice of Where to Bank.** The bank account you get as a student may continue with you for decades. Such an important choice shouldn't be skewed by which bank gave the school the most money. For financial aid disbursements, campuses should provide students a diverse set of disbursement options that clearly include the ability to use their own existing bank account and ability to choose to receive a check.

2. **Low Fees.** Campuses should negotiate away fees that students incur on their debit cards as well as make it easier for student debit card consumers to avoid fees. Fees should not be charged to financial aid funds. A specific list of fees that should be eliminated appears below under "Key Recommendations for Campuses."

3. **Safe Checking Fees.** For accounts not related to federal student aid, student checking accounts should meet the minimum requirements of the FDIC Model Safe Accounts Template,[68] modified to address the needs of students. Fees on student accounts should be commensurate with services rendered and all fees should be disclosed prominently on the bank's website, mailers and other materials.

4. **Unrestricted Access to Funds.** Campuses should provide, and regulators should require, an adequate number of regularly-replenished on-campus ATMs for financial aid disbursement. ATM deployment measurements should be based on need during peak-use times, such as the beginning of a semester or quarter.

5. **Strong Consumer Protections.** Given the public's perception that a debit card is a debit card (whether or not it is prepaid), colleges should insist that all campus debit cards carry the same level of consumer protections extended to ATM debit card customers under the Electronic Funds Transfer Act. Appendix 2 goes into more detail on differences in consumer protections between various cards.

6. **No push marketing.** The marketing surrounding these cards may result in a student being pushed into a product or an agreement that isn't best suited for his or her needs. Given that the campus debit card has already been chosen by the college, providing an implicit endorsement, there must be strong rules to avoid push marketing are in place. Students should not be subjected to branding and advertising by banks and financial companies unless they affirmatively opt-in. Students should be able to opt in or out of the university-sponsored debit card program through the campus itself, rather than making the option through provider sponsored venues such as a provider website.

7. **No Conflict of Interest.** Many banks or financial firms engaged in partnerships with schools can offer large financial incentives, which at least create the appearance of a conflict of interest for the school. Contracts should be disclosed so that the public knows that the school chose the debit card program that gives students the best deal rather than the one that provided the college the most money.

Key Recommendations For Campuses

Colleges and universities can deliver a well-structured campus debit card program for students in the following ways:

1. Schools should provide students a clear and unbiased choice of where to bank. Schools should ensure that students can elect to receive their student aid and other refunds through their own bank accounts online or on a check, not have to undertake a complex paper process which attempts to direct students to bank preferred options.

2. Campuses should negotiate away fees students incur on their debit cards and make it easier to avoid fees.

   - **ATM Fees** Campuses should provide, and regulators should require, an adequate number of regularly-replenished on-campus ATMs for financial aid disbursement. ATM deployment measurements should be based on need during peak-use times, such as the beginning of a semester or quarter. In addition, colleges should also explicitly prohibit imposition of point-of-sale fees for safer, PIN-based transactions.

   - **Overdraft and insufficient funds fees:** Many banks encourage consumers to incur avoidable overdraft fees by pushing them to opt-in to overdraft "protection" on their debit and ATM cards, when purchases could instead simply be denied with no fee if the account has insufficient funds. Banks also often downplay cheaper options for overdraft protection for checks and electronic payments. In our review of the online materials provided by either colleges with campus cards or their bank partners (the banks are required to provide certain Federal Reserve mandated disclosures), we were unable to find any sites, maintained either by the colleges or the banks, that recommended against opting-in to "standard overdraft protection" overdraft programs. The bank sites met the letter of the modest federal disclosure requirements, but continue to market overdraft fee programs.

     Schools could either post warnings urging their students not to opt-in to "standard overdraft programs" or, better still, could require banks or financial partners to prohibit "standard overdraft protection" as a condition of their contractual relationship. In debit and ATM card overdraft fee situations, the bank has the opportunity to refuse to pay before the good has been received by declining the transaction just as they do when a consumer tries to use a credit card whose credit limit has been reached. That's what should happen with these student debit cards. That is what happens when consumers do not opt-in.

     Short of a total prohibition, schools should insist on a minimal overdraft fee—e.g. $10, with a limit of no more than one fee per semester or quarter and 2 per year. Schools should refuse to use banks that manipulate the order in which payments are processed in order to increase overdraft fees and choose only banks that process transactions either chronologically[69] or from smallest to largest to minimize the number of transactions that incur fees. Finally, the 2010 federal rules do not restrict checking account or recurring electronic payment overdrafts. As discussed above, the current rules allow banks to encourage consumers to opt-in to "Standard Overdraft Protection," the most expensive program for covering overdrafts. Colleges could insist that any checking account linked to a campus card provide and clearly promote low cost overdraft lines of credit and ban marketing of expensive fee-based overdraft coverage.[70]

- **Insufficient funds fees:** Universities should also negotiate away insufficient funds fees and overdrawn fees. Universities should insist purchases simply be declined but should also insist on elimination of "decline" fees at ATMs or point-of-sale (POS).

- **Transaction (including PIN) Fees:** Students should not have to pay money just to pay for purchases. While a fee for a PIN-based transaction can be avoided by using a signature, most regular (non-campus) bank accounts linked to debit MasterCards don't have the same fee at all. Moreover, a PIN is normally required if the student wants to avoid ATM fees by getting cash back from a purchase. Banks, and firms like Higher One, should use carrots, not sticks, to encourage behavior that they prefer.[71] Schools should work to eliminate these pay-to-pay fees.

- **Abandoned account fees:** These fees should be negotiated out of contracts. If an account is inactive, the institution should give the student notice, close the account, and issue a full refund of any remaining funds. Short of a full ban, accounts should only be assessed these fees after 24 months of inactivity and fees should be minimal, such as $1 per month, with a maximum cap of $10.

- **Check fees:** Because many students use their funds to pay for rent and other bills that require a check, all student accounts should come with one free check book.

- **Account closure fee:** An account should only be closed after a student ends a relationship with a school. All remaining funds on the account should be reimbursed to the student through a check, minus any administrative fees of no more than $10.

- **Replacement card fee:** Colleges should negotiate out any charges for replacement debit cards. A replacement fee may seem warranted should the card be lost. But because the mailed cards can be mistaken as a solicitation, students should not be responsible for the replacement card if their first card was tossed out and never activated. Likewise, there should be no fee for natural wear and tear, such as debit strips that become demagnetized. Students who are charged for natural wear and tear will ultimately have to pay for basic access to their student aid.

- **Transfer or wire fee:** Colleges should negotiate to have at least one free transfer for every disbursement as a precaution for when they are misled into a banking account when they really wanted the money to be placed in their own account.

- **Refund fees, reloading fees and balance inquiry fees:** Colleges should negotiate these fees out of contracts.

3. Schools should not enter into revenue sharing agreements with banks.

4. Schools should take responsibility for all marketing, including managing websites that allow students to select their disbursement option and provide financial aid debit cards and bank-branded student IDs only to students who opt in.

5. Schools should closely guard the information of their students and never share that information—particularly with a for-profit company aimed at increasing profits. At the very least, schools should

ensure that student contact information cannot be used for any secondary purpose in any other avenue of marketing beyond initial contact for participation in the campus card program.

6. For accounts not related to federal student aid, student checking accounts should meet the minimum requirements of the FDIC Model Safe Accounts Template, modified to address the needs of students. Fees on student accounts should be commensurate with services rendered and all fees should be provided prominently on the banks website or mailers.

7. Schools should publicly disclose a breakdown of the average annual costs incurred by students based on debit cards activated via-third party servicers.

8. Schools should enter into third-party contracts with banks carefully. The college may be ultimately liable if it violates the law or regulations.

9. Schools should insist on elimination of any pre-dispute mandatory arbitration clause in any student contract. Pre-dispute mandatory arbitration immunizes bad behavior from legal action and perpetuates unfair practices.

Key Recommendations for Student Card Holders

Unfortunately, given the confused campus card marketplace, it is not easy for students to navigate the marketplace. Nonetheless, this is a general list of consumer tips to enable students to be as aware as they can be of the tricks and traps of these cards.

1. **Assert your right to consumer choice.** If your campus offers a campus debit card and/or financial aid disbursement card, you should not be forced into using any of these services to access your financial aid, campus payroll, or any other campus refund you are due. If you are happy with the banking service you have, insist that the campus make an electronic transfer of the funds to your existing bank account or issue you a paper check. If you do not yet have a bank account, you may find that you can get a cheaper and safer account than the one the school has chosen. You should not have to pay the campus, or the bank or firm, extra to get access to your money.

2. **Don't get the account it you don't understand the fine print.** Banks may insert additional or surprising fees into the small print that could cost you, such as a fee for not using your account. If you decide to use a campus debit card read the fine print, don't merely click "accept." If you don't feel like reading all of the fine print, it may make sense to choose your paper check option and/or deposit it in a bank account you're comfortable with.

3. **Don't opt in to overdraft "coverage" and don't overdraw your account.** Banks and financial firms charge you a hefty overdraft or non-sufficient funds fee when you overdraw on your account. According to an FDIC study, study, 46.4 percent of young adult accountholders incurred overdraft fees, and of those, 15 percent recorded more than ten overdrafts in one year. Each fee is $34 on average.

   Banks previously would automatically enroll customers into "standard overdraft protection" plans that allowed automatic over-drafting when you had no money in your account at point-of-sale (e.g., coffee shops) or ATMs. This enabled the banks to change a high fee for each transaction over your limit. Now, rules require that banks must ask your affirmative permission before enrolling you into their plan. Do not opt-in to "standard overdraft protection." It's better to let your card be declined at point-of-sale and ATMs and avoid high fees.

Regardless of your decision to opt-in, banks are allowed to overdraft your account no matter what when you write a check or have a recurring monthly charge on an account, like with a monthly NetFlix account or gym membership, so you could still be charged high overdraft fees.

If you are forced to overdraw on your account, then make only one withdrawal. If you withdraw multiple times on an overdrawn account, you could incur multiple high fees.

Return your balance to positive as soon as possible otherwise you could be charged recurring daily overdraft fees as high as $30.

4. **Know the access you have to your money.** Students will pay more ATM fees when access to fee-free machines is limited. So if the ATM machine supporting your campus debit card is located in a building that is not accessible 24 hours a day and 7 days a week, you may be stuck.

   Additionally, there may be only one fee-free machine to service the entire population of students, so plan ahead – when disbursements arrive, you can anticipate a very long line that could quickly deplete the machine of money.

   The worst case scenario is that the machine breaks down or is inaccessible when you need to access your funds, in which case you will have to use a "foreign" ATM. That will result you paying a foreign ATM fee to your own campus provider as well as a "surcharge" to the ATM owner, totaling as much as $5 for that withdrawal. Asking for cash back on a purchase at the grocery store can help avoid these types of fees (although a cash-back transaction may incur a "PIN-debit fee" of 50 cents or so).

5. **Know the minimum and maximum amount you can withdraw from an ATM.** Some campus financial aid disbursement cards require the student to withdraw no less than $50 at a time. Most campus cards prohibit you from withdrawing more than $500 in a day. Asking for cash back on a purchase at the grocery store can help provide more options.

6. **Take care when adding money to your account.** Many financial aid disbursement cards offered on campus enable student consumers to load additional funds onto the card through a separate card you can buy at a retail store. These cards cost money, so be sure to take care in adding funds to your account.

7. **Complain loudly and often on campus if you encounter a problem.** The campus administration has negotiated a contract with a campus debit card provider and has the ultimate authority to re-negotiate that contract. Students at various campuses across the country have been successful at pushing their university to get rid of particularly outrageous fees like the 50 cent PIN-debit transaction fee.

   You should visit your campus business office and your student government to log a complaint. Finally, if your campus has a student newspaper, you can write a letter to the editor about your complaint.

8. **Complain loudly and often to off-campus watchdogs if you encounter a problem.** The US Department of Education's Office of Inspector General collects complaints from anyone suspecting fraud, waste or abuse involving federal student aid funds. You can reach them over the phone at 1-800-MIS-USED or file a complaint electronically in English or Spanish at www2.ed.gov/about/offices/list/oig/hotline.html.

   The Consumer Financial Protection Bureau has a variety of ways to take your formal complaint on-line or over the phone, to answer your question or hear your story. See consumerfinance.gov.

Key Recommendations for Policymakers

To ensure that students are protected within a campus debit card program, regulators can make the following changes to federal rules that define the market:

1. **Eliminate fees for financial aid disbursement cards.** Policymakers should update federal regulations that govern disbursement of federal student aid to ensure high banking fees are not charged to the students who can afford them the least.

2. **Increase transparency and tracking.** Policymakers should collect more data on debit card practices on campus to better understand the market. Policymakers should extend important transparency provisions for credit card contractual relationships included in the Credit CARD Act and the Higher Education Act to any debit card contracts on campus.

3. **Enforce the laws and the rules.** The Consumer Financial Protection Bureau, other bank regulators and the Department of Education should, as appropriate, supervise key players in the marketplace and use enforcement action if needed to make sure firms comply with the laws and that students receive every protection afforded to them under the higher education and financial services laws.

Specific Recommendations for the Department of Education

1. The Department of Education should do more to collect information about the marketplace through annual compliance audits already required by third-party servicers. Possible data points to collect include the financial impact to students, such as a breakdown of the average annual costs incurred by students based on debit cards activated at each campus, refreshed every year.

2. The Department of Education should enforce current regulations requiring institutions to provide a copy of all contracts with third-party servicers, including modified and renewed contracts. These contracts should always be publicly available in an easily accessible database.

3. The Department should enforce current rules that ban any credit function, such as overdrafts, on bank accounts when a school opens the bank account on behalf of the student, establishes a process the student must follow to open a bank account or similarly assists the student or parent in opening a bank account.

4. The Department of Education should update its regulations concerning the disbursement of federal student aid in the following ways:

   - Create rules that ensure students have a clear and unbiased choice about where to bank and which financial aid disbursement method to use.
   - Ban all fees on financial aid dollars, whether disbursed to a prepaid card or bank account in partnership with the school, including decline, overdraft, non-sufficient funds, transfer fees, overdrawn fees, ATM fees, swipe fees, and inactivity fees.
   - Ban card replacement fees when the card has never been activated and provide for wear and tear. Because these debit cards look like credit cards solicitations, the fee should only be assessed if the card has been activated and lost.
   - Require all banks and financial firms that accept or disburse federal student aid to make their affinity agreements with schools public.
   - Ban co-branding of materials, including debit cards, websites and mailers unless a student opts into the service.
   - ATMs associated with student disbursements should be required to provide cash in transac-

tions of $20. Some cards now can only make withdrawals of $50 or more.

- Regulators should require that campuses provide an adequate number of regularly-replenished on-campus ATMs for financial aid disbursement. ATM deployment measurements should be based on need during peak-use times, such as the beginning of a semester or quarter. In addition, colleges should also explicitly prohibit imposition of point-of-sale fees for safer, PIN-based transactions. Require that under circumstances in which provider ATMs run out of money or break down, students should be credited the cost of using foreign ATMs.

5. The Department of Education should create and enforce additional guidance letters to schools that better articulate the federal financial aid requirements set by law in an ever-changing banking landscape. The Department should also advocate that schools negotiate out fees from their contracts and possibly reward those that do.

6. The Department should more aggressively pursue and collect student complaints related to debit cards and financial aid disbursement, investigate potential violations and use their current authority to fine banks and financial firms participating in third-party servicing contracts that are violating the rules.

Specific Recommendations for the Consumer Financial Protection Bureau (CFPB)

1. The CFPB should enforce the EFTA rule that prohibits any person from being required to have an account at a particular institution as a condition of receipt of a government benefit. CFPB should make it clear that federal or state financial aid is a benefit under EFTA. The CFPB should issue new rules or guidance to make clear that government agencies, schools and others must offer the clear, unbiased choice of direct deposit to the consumer's own account first, before offering a prepaid or debit card option.

2. The CFPB should enforce the EFTA limitations against sending an unsolicited access device such as a prepaid or debit card. The CFPB should issue new rules or guidance to emphasize that materials accompanying the card must explain that the card need not be activated, that there are alternative means of accessing the student's funds, and that the card can be disposed of.

3. CFPB and other bank regulators should use supervisory and enforcement actions to ensure students are getting a fair deal. CFPB should conduct additional research to better understand and define the marketplace.

4. The CFPB should extend rights to prepaid card holders by making all prepaid cards subject to the additional fraud protections of the Electronic Funds Transfer Act (and its Regulation E) which now applies to debit cards linked to bank accounts.

5. The CFPB should then improve those fraud protections under EFTA and expand the additional consumer protections that apply to credit cards under the Truth In Lending Act to all cards and similar devices.

6. The CFPB should issue rules to prohibit overdraft fees on prepaid cards, debit cards and ATM transactions, to limit overdraft fees and to give consumers clear choices of less costly methods of providing overdraft protection for checks and electronic transactions.

Appendix 1: Common Fees On Campus Cards

Overdraft/insufficient fees: Overdraft fees hit traditional checking accounts and their associated debit cards, but do not generally apply to prepaid cards. Studies show that most overdraft fees are paid by those who can least afford to pay them—lower income consumers and young consumers, such as students. Studies show that overdraft fees averaging over $27 and as much as $34 are imposed on debit and ATM card transactions that average only around half that amount.[72] In response, Federal Reserve rules[73] that took effect on 1 July 2010 are intended to reduce the number of consumers in so-called "standard overdraft protection" overdraft plans.

The new rules require an opt-in before consumers are enrolled in "standard overdraft protection" where "courtesy" fees averaging over $34 each can then be imposed on debit or ATM transactions or certain one-time electronic debits. Areas for inquiry are to evaluate marketing schemes for how financial institutions convince students to opt-in and to determine how many students are "opting in" to standard overdraft protections, which covers most of the campus cards offered by banks.[74]

An early poll in 2010 suggested that most of the one-third of eligible consumers that opted-in did so based on information that was deceptive.[75] The CFPB has announced a further inquiry into overdraft fees, including into reports that "opt-in" percentages vary widely, suggesting more aggressive marketing by some banks.[76]

By continuing to use aggressive marketing, banks could preserve significant fee income, as relatively few consumers -- but a disproportionately large number of young people-- are reported to pay substantial overdraft fees. According to an FDIC study, study, 46.4 percent of young adult accountholders incurred overdraft fees, and of those, 15 percent recorded more than ten overdrafts in one year.[77]

Table 5: Young People Pay Most Debit Overdraft Fees

Quantity of NSF fees paid by age group					
Age group	**Zero**	**1 to 4**	**5 to 9**	**10 to 19**	**20+**
Under 18	78.10%	12.10%	4.00%	3.00%	2.70%
18-25	53.60%	**21.50%**	**10.30%**	**7.90%**	6.80%
26-61	68.10%	13.70%	6.10%	5.20%	6.90%
Over 62	87.80%	7.00%	2.20%	1.50%	1.50%

Source: FDIC Study of Bank Overdraft Programs, November 2008

Moreover those consumers who do opt-in to "standard" overdraft plans will still face other problems. For example, they will face substantial recurring overdraft fees. Those fees are high for each occurrence, and banks have made processing daily transactions from largest to smallest a standard practice, which results in the most overdraft fees possible.[78] Finally, the new overdraft rules prohibit fees for when a bank covers an overdraft, not fees for when a bank declines to cover an overdraft.[79]

As a result, even with the new rules, students may face significant overdraft fees when they use debit/ID card accounts. Colleges and universities need to continue to focus on limiting unfair fees in their negotiations over card contracts.

Insufficient funds fee: Related to overdraft fees, this fee applies when a student attempts to use their card for a purchase but does not have enough money in the account. The transaction is declined, but the bank will charge a non-sufficient funds charge. Sallie Mae's No Fee Student Checking account charges a $19 fee.[80]

Continuing or recurring overdraft fees: These fees apply to traditional checking accounts, not prepaid cards. On top of an initial overdraft fee banks may charge additional fees for accounts that have negative balances. These fees are assessed after an account has a negative balance for each day or period (e.g., 5-10 days) an account remains overdrawn. At TCF Bank,[81] which partners with schools including the University of Minnesota, a $28 daily continuing overdraft fee is assessed for each day an account is overdrawn, for up to 14 days.[82]

Reloading fees: Prepaid cards generally cannot be overdrawn, but students can pay large fees for reloading their accounts at ATMs or through purchase of "money paks" (although some other types of electronic reloading may be free with certain cards). For example, University of North Florida partners with American Express for a reloadable prepaid card connected to a student ID. Students can add more money to the card through a bank account or with cash. If using cash, a student must purchase a Green Dot MoneyPak at a retail store, then link the MoneyPak with their card. This reloading process costs up to $4.95.[83] Students at Northwest Florida State College can re-load their Aceluraid prepaid card online or over the phone with a credit/debit card for $2.50.[84]

While reload fees are more prevalent on prepaid cards, reload fees exist on traditional debit accounts as well. Higher One allows students to add money to their account with MoneyPak, which costs $4.95.[85]

Transaction fees: Transaction fees can be applicable to any type of debit card. The fee is a per transaction charge. For example, if the student has a card with a MasterCard logo but pays by PIN (selects "debit" not "credit" at point-of-sale) rather than using a signature, then he or she would be charged this fee. PIN-transaction fees are a form of "stick" fee to punish behavior—PIN purchases—that banks want to discourage. Banks want students to sign for purchases when they make debit card purchases because the banks make more money from merchants (higher interchange fees) when a debit card transaction is processed with a signature. One example of a PIN fee is on Higher One's OneAccount, where students are assessed a $0.50 fee for every PIN-debit purchase made with their debit card.[86] The PIN fee has proven to be controversial at schools including Portland State University and Southern Oregon University where students protested and successfully removed the fee.

Abandoned account fees: Abandoned account fees may be charged to traditional bank accounts or prepaid cards. These fees are charged after the card has not been used for a certain period of time. Higher One charges students $19/month after 9 months of inactivity and will soon charge $10/month after 6 months, which is well shorter than an academic year.[87] An abandoned account could eventually be closed, resulting in more fees.

Account closure fees: These fees can apply to all card types. These fees are assessed when an account is closed. For example, after 18 months of inactivity on the Buff OneCard at University of Colorado Boulder the bank charges the account $25, and any leftover funds revert to the institution, not the student.[88]

Check fees: These fees can apply to all card types. Many students need to pay for rent or other bills using a check. While some banks offer free checks to accompany the account, others do not.

Refund fees: These fees can apply to all card types. These fees are assessed when money has to be returned from the account. For example, if a parent tries to load money onto a card but does not have sufficient funds, the transaction is canceled, potentially imposing a non-sufficient funds charge on the account while the student's debit card is also charged with a refund fee. Financial firm Heartland assesses a $10 refund fee in this situation.[89]

Replacement card fee: These fees can apply to all card types. Federal law prohibits charging for (the first) prepaid card which stores federal financial aid, but most card programs charge for replacement cards ranging in fees from $5-$20. Higher One charges a $20 card replacement fee.[90] Even after years of wear and tear, or if the student believed the card was a credit card solicitation and never activated the card, students are responsible for the charge.

Balance inquiry fee: This fee can apply to all card types. Students are assessed the fee when they check their balance at an ATM. For example, Heartland's prepaid Acceluraid charges $.60 per inquiry.[91] This does not include charges potentially assessed by the ATM owner. Heartland also charges balance inquiry fees for initiated on mobile devices too.

Dispute fees: At least one campus card contract, the Northwest Florida State College Discover® Cardholder Agreement with Heartland, lists a $30 "dispute fee" in its fee schedule. There is no additional explanation.[92]

Transfer or wire fees: These fees are charged when a student transfers money from their account to another, also called a wire fee. Higher One charges a $25 transfer fee. Some students can be hit with this fee when they want their money in their own account, but miss the initial prompt to have the funds transferred because of misleading marketing.

These Fees Are Unfair To Students: Supporters of the fee structures on these campus card products insist fees are a natural consequence of electronic banking. However, students can easily find checking accounts available to the general public in the marketplace that are virtually free to use. For example, Bank of America offers an eBanking account that is free to use for customers who only use online banking; the product blocks overdrafts on everyday non-recurring purchases.[93]

Appendix 2: Consumer Protections Vary Among Credit, Debit and Prepaid Cards

If one were to develop a hierarchy of payment card protections for consumers, it might look like this:

- Credit cards: Gold standard, including fraud loss cap of $50, dispute resolution protection, and other consumer protections provided under the federal Truth in Lending Act and its Truth in Billing provisions.

- ATM/Debit cards linked to bank accounts: Silver standard, with consumer protections under the Electronic Funds Transfer Act. EFTA uses a shared fraud liability standard which includes three tiers of consumer liability (from $50 for notification of fraud within two days up to a possible loss of all money in the account and any linked accounts) based on when complaints are filed. Individual debit accounts carry FDIC insurance of up to $250,000. Other protections are by contractual relationship only.

- Gift cards and payroll cards: Covered by various bronze standards; some EFTA-like protections are provided to consumers in each case and FDIC insurance in some cases.

- General Purpose Prepaid Cards: These cards are the also-rans or losers, with no real consumer protections by federal law, only as promised by contract. Some minimal protections for consumers with cards disbursing financial aid are provided under Department of Education rules. Some cards can carry individual insurance.

For campus cards, then, consumer protections may vary depending on the card type used on campus. Federal rules for financial aid disbursement provide very little guidance on consumer protection in this area, allowing financial aid to be placed on a variety of financial products, placing student aid at risk.

Prepaid cards, which have proliferated on college campuses, are a newer type of debit card that differs from other types of cards, like gift cards and debit cards linked to traditional bank accounts. Under current law, prepaid cards have no guaranteed protections afforded to them. For example, bank account-linked debit cards have mandatory protections against fraud and theft and errors, whereas prepaid cards have none.[94] With gift cards, there are still no fraud, theft or error protections but there are certain protections against the dormancy, inactivity or service fees consumers can incur and protections against account closures.[95] Neither of these card types, nor emerging mobile and internet payment mechanisms, have the same statutory protections as credit cards.[96] Taken together, prepaid cards extend the least protections to consumers.

Cards not linked to financial aid may not have even the few protections the financial aid rules do provide, such as the requirement that funds for financial aid prepaid cards are kept in an FDIC-insured account. These cards could be covered under reloadable stored value card rules, which provide fewer protections. One consumer expert informally told the authors that the issue of prepaid cards and consumer protection is simply "a mess."[97]

Table 6:FDIC's Comparison of Credit, Debit and Prepaid Card Rights

	Credit Cards	Debit Cards	Prepaid Cards
What it is	A credit card is a loan.	A debit card is linked to your bank account and is issued by your bank.	There are a variety of prepaid cards, including "general purpose reloadable" (GPR) cards which carry a brand of a card network (such as Visa or MasterCard) and can be used where that brand is accepted. Payroll cards and gift cards are two other types of prepaid cards.
How it Works	When you borrow funds using a credit card, you must pay the money back. You may also have to pay interest if not paid in full. Credit cards may be especially useful if you want to pay for things when your bank account balance is low or to take advantage of a no-interest introductory period.	When you use a debit card, the money spent is taken directly from your bank account. Debit cards may be especially useful for small and routine purchases, but they are considered less beneficial than credit cards for major purchases or buying items online because of the more limited protections in cases of unauthorized transactions or disputes.	Prepaid cards allow consumers to spend only the money deposited onto them. Most GPR cards may be used to pay for purchases and access cash at ATMs.
Consumer Protections Available			
Liability for Unauthorized Transactions	Your liability for losses is limited to a maximum of $50 if your credit card is lost or stolen, although industry practices may further limit your losses.	The maximum liability is $50 if you notify the bank within two business days after discovering an unauthorized transaction. But if you notify your bank after those first two days, you could lose up to $500, or perhaps much more.	General purpose reloadable cards have no protections to limit your liability under federal law.
Disclosures	Credit card solicitations must disclose certain information, including the annual percentage rate (APR), variable rate, penalty rate, fees, and other transaction charges.	Banks must disclose any fees associated with using the debit card as well as its error resolution process.	General purpose reloadable cards do not have any disclosure requirements.
Periodic Statements	Credit card issuers must provide a periodic statement for each billing cycle where the account balance is $1 or more at the end of that cycle or where interest has been charged.	Banks must provide a statement for each monthly cycle in which a transaction has occurred. If there have been no transactions, then a statement must be sent quarterly.	GPR cards do not have periodic statement requirements under federal law.
Change in Terms	Credit card issuers must provide 45 days notice before making significant changes to the account, such as the interest rate or fees charged.	Banks must provide 21 days notice before making changes to fees charged or the liability limits for unauthorized transactions.	GPR cards have no requirements under federal law.
Interest Rate and Fee Limits	Generally, credit card issuers cannot increase the annual percentage rate (APR) or fees within the first year of account opening (although there are some exceptions to this rule). Card issuers must also reevaluate any interest rate increase every 6 months.	There are no specific requirements related to debit cards.	GPR cards have certain restrictions on dormancy fees charged.

Source: FDIC FACT SHEET AVAILABLE AT http://www.fdic.gov/consumers/consumer/information/ncpw/cardchart.html

The question of which consumer protections apply can be even more complicated, since some cards combine two separate debit systems on one card. The University of Memphis card allows students to have funds in an on-campus closed-loop prepaid card while also allowing financial aid to be disbursed to a separate debit system which may or may-not be open-loop:

> "Excess funds from financial aid/scholarships can also be deposited to your Tiger Funds account… Tiger Funds are maintained separately from Dining Dollars, meal plan accounts and DB Dollars, which are also accessed by your Campus Card."[98]

Do the Benefits Provided Outweigh the Lack of Consumer Protections? Card issuers claim other benefits for students, regardless of whether the card is used for financial aid, which may or may not be significant. For example, parents may be able to add money to the card account more easily than they could transfer funds to their child's regular bank account, and the specialized webpage portal to the account may have analytic features helpful for students.[99]

Endnotes

1 See Saunders, Lauren, "Unemployment Compensation Prepaid Cards: How States Can Deal Workers A Winning Hand by Discarding Junk Fees," 10 May 2011, National Consumer Law Center, available at http://www.nclc.org/issues/unemployment-compensation-prepaid-cards.html (last visited 14 May 2012)

2 See FDIC Model Safe Accounts Pilot, released 25 April 2012, summarizing this work, available at http://www.fdic.gov/consumers/template/

3 National Center for Education Statistics, US Department of Education, 2010.

4 The Credit CARD (Card Accountability Responsibility and Disclosure) Act (PL 11-24) was signed into law on 22 May 2009. This White House fact sheet explains its highlights, including its provisions aimed at students and young people: http://www.whitehouse.gov/the_press_office/Fact-Sheet-Reforms-to-Protect-American-Credit-Card-Holders

5 Mierzwinski and Field, "Improving the Credit CARD Act's Benefits To Students and Other Young People: A Guide For Colleges and Policymakers," U.S. PIRG Education Fund, August 2010, available at http://www.truthaboutcredit.org, is a detailed analysis of the student credit reforms in that law. Also see http://www.federalreserve.gov/newsevents/press/bcreg/20110707a.htm (last visited 7 April 2012).

6 The schools in these charts are the largest as self-reported to the U.S. Department of Education. Some schools may report as a combined system; in other cases, schools in a system may be listed. In some cases, if only a school within a system uses a firm or bank, the firm or bank would not be listed. The database used for all three charts is available at IPEDS data center. http://nces.ed.gov/ipeds/

7 Functionally, these prepaid cards work the same way as a variety of other closed-loop stored value cards, including mass-transit cards and mall and merchant gift cards. In some examples, the money is stored on the card itself.

8 A variant is a single use declining balance prepaid card, similar to a gift card, but increasingly, most of these products can be reloaded.

9 Conversely, funds in prepaid cards are often held in pooled accounts. For the regulations applying to student loan disbursements, see US Department of Education. *Disbursing FSA Funds, Chapter 1*. http://ifap.ed.gov/fsahandbook/attachments/1112FSAHdbkVol4Ch1.pdf

10 See TCF's 10-K for 2011 filed to the SEC at http://www.sec.gov/Archives/edgar/data/814184/000110465912011242/a11-31783_110k.htm

11 Financial firms need a bank partner to provide certain services, such as financial aid disbursement. Some firms have a bank in their own holding company; others partner with a bank.

12 CR80 News. *Annual Bank Partner Survey 2011*, pgs. 23-24, Spring 2012.

13 Securities and Exchange Commission. *Higher One Holdings, Inc. Form 10-Q*. Filed for quarter ending March 31th, 2012. http://www.sec.gov/Archives/edgar/data/1486800/000148680012000037/q12012.htm

14 Chu, Kathy "College debit-ID card deals draw scrutiny." USA Today. March 21, 2008. http://www.usatoday.com/money/industries/banking/2008-03-16-cover-college-debit_N.htm

15 "Florida State University sets the bar for what campus card bank partnerships can achieve." CR80 News. Spring 2010, pp. 18-19. http://www.regardingid.com/images/cr80news_spring10_web.pdf (Case study explains that financial aid refund debit card/ID card at FSU resulted in 43,000 accounts out of 50,000 active cards in 2009 with a total monthly balance of $34 million. Counting the ancillary accounts students opened, the total monthly balance was $50 million.)

16 Securities and Exchange Commission. *Higher One Holdings, Inc.* Form 10-K EX-10.23, filed February 15th, 2012. Deposit processing service agreement with Wright Express Financial Services Corporation. http://www.sec.gov/Archives/edgar/data/1486800/000148680012000015/ex1023.htm

17 American Express, uniquely, offers Student IDs linked to prepaid card products, but not student aid functions.

18 US Department of Education. "Disbursing FSA Funds Chapter 1." September, 2011. http://ifap.ed.gov/fsahandbook/attachments/1112FSAHdbkVol4Ch1.pdf

19 A school may also decide not to apply the aid to institutional fees and instead directly disburse the entire balance to the student or family.

20 US Department of Education. *Fiscal Year 2010-FY 2013 state tables.* http://www2.ed.gov/about/overview/budget/statetables/index.html

21 US Department of Education. "Disbursing FSA Funds Chapter 1", pages 4-20. September, 2011. http://ifap.ed.gov/fsahandbook/attachments/0910V4Ch1.pdf

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sfs/documents/RTF_Recommendations.pdf

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25 Ibid.

26 Securities and Exchange Commission. *Higher One Holdings, Inc. Form 10-k*. http://www.sec.gov/Archives/edgar/data/1486800/000148680012000015/one10k2011.htm#selectedfinancialdata

27 Ibid.

28 Using Financial Aid Refunds. What Are Banking Options Costing College Students? Bretton Woods, Inc.

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34 Securities and Exchange Commission. *Higher One Holdings, Inc. Form 10-k*. http://www.sec.gov/Archives/edgar/data/1486800/000148680012000015/one10k2011.htm#selectedfinancialdata

35 Ibid.

36 Ibid.

37 Richmond Chronicle. *DCCCD Financial Aid investigation launched by U.S. Department of Education*. http://www.richlandchronicle.com/news/dcccd-financial-aid-investigation-launched-by-the-u-s-department-of-education-1.2688693#.T4imzulWrSw

38 Securities and Exchange Commission. *Higher One Holdings, Inc. Form 10-k*. http://www.sec.gov/Archives/edgar/data/1486800/000148680012000015/one10k2011.htm#selectedfinancialdata

39 Securities and Exchange Commission. *Higher One Holdings, Inc. Form 10-k, ex1022*. http://www.sec.gov/Archives/edgar/data/1486800/000148680012000015/ex1022.htm

40 A school may hold the check for up to 21 days after the date it notifies the student.

41 Higher One Website. http://www.higheronecard.com/landing/start.jsp

42 See the co-branded page for Florida State College https://fscjrefundcard.higheroneaccount.com/

43 University of Memphis. *What is a Tiger Funds Account?* http://www.memphis.edu/campuscard/tigerfunds.php

44 University of Montana. *What is Cat Card?* http://www.montana.edu/catcard/

45 Salt Lake Community College. *The New SLCC OneCard*. http://www.slcc.edu/onecard/

46 It should be noted that this confusion problem is not unique to campus cards. Visa-branded debit cards available to the general population are known as Visa Check cards but say "debit" in the corner.

47 Arizona State University's new contract with MidFirst bank does provide for two ID options for students who chose not to opt in.

48 Ibid.

49 Higher One IPO Prospectus in June 2010 (accessed March 18th, 2012). http://www.sec.gov/Archives/edgar/data/1486800/000119312510141999/d424b4.htm#toc39803_11

50 Mississippi Valley State University. *Refunds*. http://www.mvsu.edu/studentaccounts/refunds.php

51 Paine College. *Student Refunds/Debit Cards*. http://www.paine.edu/offices/fiscal/financial-aid/debit.aspx

52 PNC Bank. *Proven Marketing Tactics, Customized Mailings*. https://www.pnc.com/webapp/unsec/Blank.do?siteArea=/pnccorp/PNC/University+Banking/What+We+Offer/Customized+Mailings

53 University of West Florida. *Financial Services Presentation, slide 8*. http://uwf.edu/family/communication/Financial%20Services%20Presentation%202010.pdf

54 The Family Educational Right and Privacy Act of 1974 (FERPA) protects a student's personal private information. Schools are allowed to share a small amount of information, such as names, phone numbers or addresses -- basically anything that could be found on a public directory. The vast majority of information is private and requires written permission to share. Moreover, a student can choose to make all his or her information private by "opting out" of the institution's directory, which would prohibit the disclosure of "any" information about that individual subject to prior con-

sent under most circumstances. Institutions are certainly allowed to contract with an agent to perform various functions—including the issuance or production of student ID cards—and such agents are allowed non-consensual access to information that is needed to carry out their contractual responsibilities. To the extent that the information in such contractors' possession is publicly available to them, they may also use it for non-contractual purposes of their own, since they could have obtained the data even without the contract. **But for students who have "opted out of directory," cross selling or bundling of additional services by a bank or financial firm would be a violation of FERPA because the entity in question would not have been able to get that information otherwise.**

55 15 U.S.C. § 1693i; Regulation E, 12 C.F.R. § 205.5(b).

56 Rogers State University. *Easy Refund Card.* http://www.rsu.edu/current-students/easy-refund.asp

57 South Georgia College. *Higher One Easy Refund Card Information Page.* http://www.sgc.edu/HigherOne/higherone.html

58 Pittsburg State University. *Financial Aid Disbursement Methods.* http://www.pittstate.edu/office/cashier/financial-aid-disbursements.dot

59 15 U.S.C. § 1693k(2); Regulation E, 12 C.F.R. § 205.10(e)(2).

60 PNC Bank. *Proven Marketing Tactics.* https://www.pnc.com/webapp/unsec/Blank.do?siteArea=/pnccorp/pnc/university+banking/what+we+offer/proven+marketing+tactics

61 TCF Bank. University of Michigan Twin Cities Webpage. Accessed 3/27/12. http://www.tcfbank.com/PersonalBanking/pb_checking_campus_banking_twincities.jsp

62 University System of Georgia. *Cost/Revenue Proposal. 2006* http://www.usg.edu/fiscal_affairs/documents/contracts/h1_schedule.pdf

63 CR80 News. *Spring 2012 Magazine.* http://www.cr80news.com/pages/cr80news-2012-spring

64 The Denver Post. *New College Debit-Card Program May Have Student Shouldering the Burden.* http://www.denverpost.com/business/ci_16474742

65 Business Week. *Even Cozier Deals on Campus.* http://www.businessweek.com/magazine/content/07_40/b4052059.htm

66 USA Today. *College Debit-ID Card Deals Drawl Scrutiny.* http://www.usatoday.com/money/industries/banking/2008-03-16-cover-college-debit_N.htm

67 The Columbus Dispatch. *Huntington To Pay Ohio State $25 Million in Marketing Deal.* http://www.dispatch.com/content/stories/local/2012/02/02/huntington-to-pay-osu-25m-for-marketing-on-campus-expansion-rights.html

68 See FDIC Model Safe Accounts Pilot, released 25 April 2012, summarizing this work, available at http://www.fdic.gov/consumers/template/

69 That is, in the order received.

70 Following issuance of the 2010 overdraft rules by the Federal Reserve Board and other regulators, the FDIC imposed a strong guidance interpreting the rules to help accountholders avoid overdraft fees at banks it supervises, but the Federal Reserve and the Office of the Comptroller of the Currency did not. Since 21 July 2011, the CFPB has taken over all consumer rulemaking authority as well as supervision of the nation's largest banks. Supervision for banks with deposits less than $10 billion remains with these other regulators. See also news release, "Consumer Financial Protection Bureau launches inquiry into overdraft practices," 22 Feb 2012, http://www.consumerfinance.gov/pressreleases/consumer-financial-protection-bureau-launches-inquiry-into-overdraft-practices/

71 Signature based debit transactions are more likely to be fraudulent than PIN based ones, because the thief doesn't need to know the PIN to make the purchase. And while banks tout contractual protections against fraud for signature based transactions, these protections are not as secure as those required by law in the parallel credit card situation. A card that can only be used with a PIN has inherently less risk, although it can be used in fewer locations. However, banks earn larger interchange fees from merchants on signature transactions, hence the fee.

72 FDIC Study of Bank Overdraft Programs, p. iii of the Executive Summary, available at http://www.fdic.gov/bank/analytical/overdraft/FDIC138_ExecutiveSummary_v508.pdf (2008). Also see "Quick Facts On Overdraft Loans," (April 9, 2009) Center for Responsible Lending, available at http://www.responsiblelending.org/overdraft-loans/research-analysis/quick-facts-on-overdraft-loans.html

73 Press release, Final rules on overdraft fees, November 12, 2009, Federal Reserve Board, available at http://www.federalreserve.gov/newsevents/press/bcreg/20091112a.htm

74 Cards intended to receive financial aid refunds must, by rule, be convertible to cash and so are generally usable at ATMs; similarly, cards that link to an account are covered. We don't know how many of the closed loop reloadable debit card/ID cards not linked to financial aid refunds or a bank account currently allow overdraft fees; if any, the opt-in rule does not appear to apply to them.

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77 Federal Deposit Insurance Corporation. *FDIC Study of Bank Overdraft Programs.* November 2008. http://www.fdic.gov/bank/

analytical/overdraft/FDIC138_Report_Final_v508.pdf

78 Consumer Federation of America. *2011 CFA Survey of Big Bank Overdraft Loan Fees and Terms.* August 3, 2011. http://www.consumerfed.org/pdfs/OD-14BankSurveyChartAugust2011.pdf

79 Federal Reserve. Definition of "overdraft service" Reg E § 205.17(a) available at www.federalreserve.gov/newsevents/press/../bcreg20100219a1.pdf

80 Sallie Mae. *Sallie Mae No Fee Student Checking.* http://go.salliemae.com/bank/rd_fees_checking.aspx

81 TCF Bank. *Deposit Account Services and Prices Schedule for Minnesota and South Dakota, Revised Oct 18th 2011.* http://www.tcfbank.com/documents/DepositAccountServicePrices_MNSD.pdf also see: http://www.nbcchicago.com/news/business/northern-illinois-university-tcf-bank-overdraft-fee-135633448.html

82 TCF Bank reportedly planned to change eliminate the recurring overdrawn fee on some accounts at the end of March, 2012. The fee will change to a $37 overdraft fee charged up to 5 times per day.

83 Osprey1Card Website. http://www.osprey1card.com/americanexpress.php

84 Acceluraid. *Northwest Florida State College.* https://www.acceluraid.com/nwfsc/how.aspx

85 Higher One. *Cash In.* http://www.higherone.com/cashin/

86 Higher One. *Fee Schedules.* https://www.higheroneaccount.com/info/outfees.jsp

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88 University of Colorado, Boulder. *Buff OneCard Terms and Conditions.* https://services.jsatech.com/textpage.php?pageid=221&cid=59&menulevel=B

89 Acceluraid. *Frequently Asked Questions.* https://www.acceluraid.com/nwfsc/FAQ.aspx

90 Higher One. *Fee Schedules.* https://www.higheroneaccount.com/info/outfees.jsp

91 Acceluraid. *Northwest Florida State College Discover Cardholder Agreement.* https://www.acceluraid.com/nwfsc/Resources/Documents/nwfsc/CardholderAgreement.pdf

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93 Bank of America. *eBanking Features.* http://www.bankofamerica.com/deposits/checksave/index.cfm?template=check_eBanking

94 Letter from Consumers Union, Consumer Federation of America, National Consumer Law Center, U.S. PIRG, Center for Responsible Lending, Consumer Action and additional and consumer and community organizations to Chairman Ben Bernanke, Federal Reserve Board, February 17, 2010 available at http://defendyourdollars.org/pdf/FRB-prepaid-EFTA-0210.pdf

95 Reloadable prepaid cards not intended for gift giving purposes, such as campus prepaid cards, are not protected under the new gift card rule which restrict dormancy, inactivity and service fees, and account closures.

96 ATM/debit cards are regulated by the Electronic Fund Transfer Act, but reloadable prepaid cards have fewer fraud or dispute right consumer protections than cards associated with accounts. The most robust payment card protections apply to credit cards, regulated under the Truth In Lending Act. For a detailed discussion and recommendations for reforms or best practices, see "Before the Grand Rethinking: Five Things to Do Today with Payments Law and Ten Principles to Guide New Payments Products and New Payments Law," by Gail Hillebrand, Consumers Union, Chicago-Kent Law Review, Vol. 83, No. 2, p. 769, 2008, also available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1158624

97 For more details, see Jun, Michelle, "Prepaid Cards: Second-Tier Bank Account Substitutes," Consumers Union, with the Consumer Federation of America and National Consumer Law Center, August 2009, available at http://www.consumersunion.org/pub/core_financial_services/014300.html

98 University of Memphis. *What is a Tiger Funds Account?* http://www.memphis.edu/campuscard/tigerfunds.php

99 For example, see how Higher One markets its OneCard at http://www.higherone.com/index.php?option=com_content&view=article&id=43&Itemid=68