ConsumerReports®

Campus Banking Products: College Students Face Hurdles to Accessing Clear Information and Accounts that Meet Their Needs

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Executive Summary

College students face a variety of options on campus for accessing financial products. As regulations around the marketing of private student loans and school-branded credit cards have tightened in recent years, financial firms have increasingly marketed campus banking products to colleges, universities, and their students. Financial aid refund disbursement services, student ID cards linked to bank accounts or prepaid cards, and student checking and savings accounts are now common across U.S. campuses. While these products can be convenient for students and cost-effective for colleges and universities, certain campus banking products have come under scrutiny for their controversial fees and policies. Banking agreements between schools and financial firms may result in arrangements that expose students to aggressive marketing tactics, high or unusual fees, and restricted choices for managing their money.

Consumer Reports reviewed campus banking product offerings from nine financial firms, to compare their terms and calculate their average costs. **We found that while some campus banking products offered simple, low-cost fee structures and convenient access to funds, others came with high or multiple usage fees that added up to significant annual costs for those who use their cards frequently.**

- Most of the accounts we reviewed can be used minimally for low or no fees, provided that the student can reasonably avoid out-of-network ATM transactions and meet the requirements for waiving any monthly maintenance fees.
- However, frequent use of these accounts can lead to high annual fees. Most of the accounts examined would cost heavy users more than $250 per year, unless they took extra steps to avoid out-of-network ATMs and avoid making PIN-debit purchase transactions if fees apply.
- Point-of-sale PIN fees, high overdraft fees and high out-of-network ATM fees all contribute substantially to increased costs for heavy users. Accounts that offer ATM fee reimbursements, however, can mitigate some costs.

- Furthermore, fees varied from one campus to the next, and obtaining fee schedules was often difficult.

These variations in fee structures and practices suggest that the campus banking market lacks transparency, and that schools may or may not be negotiating contracts for campus banking products that give students a good deal.

Therefore, Consumers Union, the policy and advocacy arm of Consumer Reports, urges policymakers and regulators to update the rules of the road to ensure that students are able to make well-informed financial choices in a competitive marketplace.

- To better align the incentives of schools with the best interests of their students, Congress and the Department of Education should ban revenue-sharing agreements between schools and financial institutions, similar to the restrictions in place for private student loans.
- To prevent aggressive marketing tactics, Congress and the Department of Education should require schools to present financial aid disbursement options in a clear and neutral manner, so that students can easily set up an electronic fund transfer to an existing account to receive their funds.
- To better protect prepaid cards, which are often used to disburse financial aid balances, the CFPB should move forward with its plan to update regulations and provide prepaid card accounts with the same consumer protections as traditional checking accounts.
- To ensure that students are able to access their financial aid refunds in a timely manner and at no cost, the Department of Education should clarify what constitutes “convenient” access to free ATMs on or near campus, so that students have meaningful ways to access their financial aid at no cost.
- The Department of Education should also explore the feasibility of developing its own alternative – a Department-administered refund disbursement card – that can be used to disburse students’ financial aid balances. Such a card would introduce competition into a highly concentrated market and ensure that students without existing bank accounts are able to access their aid quickly and without cost.
- To bring much-needed transparency to the market for campus banking products, the Department of Education should require schools to submit their full campus banking contracts and the accompanying summaries to the Department for collection in a publicly-accessible central database.
- Finally, Congress should also require the CFPB to do an annual report analyzing the data on campus banking contracts collected by the Department.

Introduction

On campus, college and university students interact with the financial system in a variety of ways. Schools may enter into relationships with banks, credit unions or non-bank financial firms (referred to here collectively as "financial firms") to perform financial and administrative services on their behalf. At hundreds of colleges and universities, financial firms assist with processing financial aid refund payments. In 2012, the U.S. Public Interest Research Group (U.S. PIRG) identified nearly 900 schools that had a relationship with a financial firm to provide campus banking products.[1]

Colleges and universities can financially benefit from such arrangements in two ways: (1) by reducing administrative costs, such as those associated with writing and mailing paper checks for financial aid disbursement; and (2) by obtaining revenues or other material financial benefits from contracts that give financial firms access to student populations. Students may trust their schools to make the best decisions on their behalf and may consider the procurement of a particular product or the contractual agreement with a particular firm as an endorsement of that product or firm.

However, colleges and universities may enter into campus banking contracts that are more beneficial for their bottom lines than for their students, indirectly shifting fees associated with financial aid processing to students. Students may face limited choices and extra fees as a result of these relationships. Although campus banking products may yield benefits to some students who do not yet have bank accounts, many students may be pushed into products that expose them to higher and more frequent than typical fees – such as point-of-sale transaction fees and ATM fees. What's more, financial firms may use their influence with colleges and universities to market unnecessary products to students who already have bank accounts.

Contractual arrangements between schools and financial firms have led to aggressive marketing of other financial products in the past. The Higher Education Opportunity Act of 2008 limited co-branding on materials marketing private student loans, and banned revenue-sharing between schools and private student lenders, in response to students being steered into expensive loans when cheaper options were available.[2] The Credit Card Accountability Responsibility and Disclosure (CARD) Act of 2009 also limited marketing of credit cards to students on campus, in response to students being steered into credit card accounts that put them into crushing debt.[3] Now, some of these steering practices have migrated to the less-regulated market of campus banking products.

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[1] RICH WILLIAMS & ED MIERZWINSKI, U.S. PIRG, THE CAMPUS DEBIT CARD TRAP 1 (2012), *available at* http://www.uspirg.org/sites/pirg/files/reports/thecampusdebitcardtrap_may2012_uspef.pdf.

[2] Higher Education Opportunity Act, Pub. L. No. 110-315, 122 Stat. 3078, 3479-81 (2008).

[3] Credit Card Accountability Responsibility and Disclosure Act of 2009, Pub. L. No. 111-24, 123 Stat. 1734, 1748-50 (2009).

State of the Market

Billions in financial aid are disbursed every year.

In 2013, the Department of Education administered federal student aid programs that provided $137.6 billion in grants or loans to approximately 14 million students.[4] For many students, the total amount of aid they are awarded exceeds the tuition and fees owed to their school, resulting in a "credit balance." Under the Department of Education's guidelines for disbursing federal student aid, schools can deduct tuition and fees from the student's financial aid award first, but they must directly refund students or their parents the remaining credit balance within 14 days.[5] To disburse the credit balance, schools can do the following: (1) issue checks, (2) initiate an electronic fund transfer to a bank or prepaid account, or (3) disburse the student's funds in cash.[6]

Department rules for financial aid disbursement also require schools to ensure that students aren't assessed a fee for opening school-sponsored accounts and receiving debit or prepaid cards in order to access their financial aid.[7] The Department requires the school to get affirmative consent from the student to open a school-sponsored account for financial aid disbursement.[8] In addition, students must have "convenient access" to ATMs or a branch office where they will not incur fees for withdrawals.[9] However, the regulations currently in place have failed to keep up with the rapid proliferation of different kinds of campus banking products in recent years.

Financial aid disbursement, especially at campuses with large student populations, may be onerous or costly to perform. As a result, some colleges and universities contract with financial firms to assist them in refunding students' credit balances. In 2012, Sallie Mae's Campus Solutions division disbursed over $3 billion across 1.8 million refund payments.[10] Higher One, the largest financial firm offering financial aid disbursement services, reported that as of June 30, 2014 it has contracts with over 800 campuses nationwide to use its Refund Management service for disbursing financial aid.[11] Higher One which also acquired Sallie Mae's Campus Solutions division in May 2013, estimates that more than 1,900 campuses serving 13 million students have signed up for at

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[4] U.S. DEP'T OF EDUCATION, FEDERAL STUDENT AID, ANNUAL REPORT 2013 v (2013), *available at* http://www2.ed.gov/about/reports/annual/2013report/fsa-report.pdf.
[5] 34 C.F.R. §§ 668.164(d-e) (2013).
[6] 34 C.F.R. § 668.164(c)(1) (2013).
[7] § 668.164(c)(3)(iv).
[8] § 668.164(c)(3)(i).
[9] § 668.164(c)(3)(v).
[10] Letter from Sallie Mae to Consumer Financial Protection Bureau (CFPB) re: Docket No. CFPB-2013-0003, Financial Products Marketed to Students Enrolled in Institutions of Higher Education 3 (Mar.18, 2013), *available at* http://www.regulations.gov/#!documentDetail;D=CFPB-2013-0003-0079.
[11] Higher One Holdings, Inc., Quarterly Report (Form 10-Q), at 12 (Aug. 6, 2014), *available at* https://www.sec.gov/Archives/edgar/data/1486800/000148680014000068/form10q.htm.

least one of its products or services, which include everything from refund disbursement to payroll services to banking.[12]

Campus banking arrangements give financial firms easy access to student consumers.

Nearly all college students already have checking or savings accounts when they arrive on campus.[13] However, when they arrive at school they may encounter additional options for receiving and managing their financial aid – through campus banking products such as school-sponsored bank accounts, prepaid card accounts, or accounts that can be linked to a student ID. In a February 2014 report, the U.S. Government Accountability Office (GAO) revealed that at least 11 percent of U.S. colleges and universities had agreements with financial firms to offer campus banking products to their students.[14] Most of these schools had larger than typical student populations – their total enrollment represented nearly 40 percent of the nationwide student population, although it is unknown how many students at these schools used campus banking products over other options.[15]

Schools may enter into agreements with banks, such as Wells Fargo or US Bank, or non-bank financial firms like Higher One. Non-bank firms may have different incentives for pursuing relationships with students. Traditional banks may market to college students in order to establish longer-term relationships with future lifetime customers, whereas non-bank financial firms have only short-term relationships with students while they are in college – and thus may be more dependent on fee revenue depending on how their businesses are structured.

Student deposit accounts are offered by banks, credit unions, and non-bank firms.

Many major banks and many credit unions offer checking accounts designed for college students. To market these products, local banks and credit unions may operate desks at student orientation sessions and mail marketing materials to all first-year students prior to orientation. Banks and credit unions may open branches on campus and operate on-campus ATMs; some enter into contracts with colleges and universities for exclusive marketing rights.

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[12] *Id.*

[13] According to a survey of 65,000 students commissioned by Higher One, 86% of incoming first-year students have a checking or savings account when entering college. EVERFI, MONEY MATTERS ON CAMPUS 12 (2014), *available at* http://moneymattersoncampus.org/wp-content/uploads/2014/04/MMOC_Report_FINAL-4-4-14.pdf/. TouchNet, another financial firm that contracts with college and university to disburse payments, estimates that 98% of all college students have existing bank accounts. TouchNet Info. Sys., Inc., Financial Aid Refunds, 4 for Title IV eDisbursements Framework, https://www.touchnet.com/prod/the-disbursemess.html.

[14] U.S. GOV'T ACCOUNTABILITY OFFICE, COLLEGE DEBIT CARDS: ACTIONS NEEDED TO ADDRESS ATM ACCESS, STUDENT CHOICE, AND TRANSPARENCY 8 (2014), *available* at http://www.gao.gov/assets/670/660919.pdf.

[15] *Id.*

Non-bank financial firms, such as Higher One, typically offer students a campus account during the financial aid disbursement process. They partner with banks to perform certain key functions, such as holding and insuring deposits.

Student identification cards can provide more than just campus access.

At some colleges and universities with campus banking arrangements, students can activate their campus ID cards to directly access bank accounts offered by the financial firm that has contracted with the school. In 2012, the National Association of College and University Business Officers (NACUBO) surveyed business officers at its member institutions about their usage of financial firms to offer banking products affiliated with campus ID cards and found that 12 percent of those surveyed had relationships with banks separate from refund disbursement services to allow students to link bank accounts to their campus ID cards.[16]

Consumer Concerns: Choice, Transparency, Safety and Fees

Students may face limited options.

Exclusive contracts between schools and financial firms can limit students' choices regarding where and how they manage their financial aid balances. In its groundbreaking 2012 report, *The Campus Debit Card Trap*, U.S. PIRG found that aggressive marketing tactics and co-branded materials, including school websites where students make their disbursement selections, confused students into thinking they had to choose the school-sponsored account to access their funds.[17]

Schools may have the incentive to steer students toward a particular option if their contracts with financial firms stipulate that they will receive direct payments or other material benefits based on the number of students who open accounts with that provider – what is known as "revenue sharing."

Revenue-sharing agreements can consist of either a lump sum paid by the bank or financial firm to the school, or can be based on the number of students who enroll for a service (the number of students who open the accounts, the total balance of the accounts, or the volume of transactions). These agreements could create a conflict of interest for schools, which may choose to select a financial partner based on the potential revenue they may earn rather than on the benefits for students. The Consumer Financial Protection Bureau (CFPB) has also expressed

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[16] NAT'L ASS'N OF COLLEGE & UNIV. BUSINESS OFFICERS, STUDENT REFUNDS AND PERSONAL BANKING AT COLLEGES AND UNIVERSITIES 1 (2012), *available at* http://www.nacubo.org/Documents/Initiatives/Campus_Card_Survey_Summary_FINAL.pdf.

[17] *See* U.S. PIRG, *supra* note 1, at 20-23.

concerns about "indirect" revenue sharing – whereby financial firms provide services, such as account management, to schools at discounted rates if a certain number of students sign up – which could also create conflicts of interest for the school.[18] Perhaps due to their controversial nature, revenue-sharing agreements between schools and financial institutions may be declining. Although 71 of Higher One's contracts included revenue-sharing agreements as of late 2012,[19] Higher One states that it no longer offers revenue sharing in its new agreements with schools, and that it is phasing out revenue-sharing deals in existing contracts.[20]

The GAO also identified situations in which schools, in presenting students with their disbursement options, did not present disbursement options in a "clear and neutral" manner, and "appeared to encourage" students to select school-sponsored accounts.[21] In some cases, choosing a different option – such as the student's pre-existing bank account – required additional documentation that was time-consuming to locate, and in some cases was not readily available online.[22]

Students suffer from a lack of transparency regarding their schools' contracts.

The CFPB and NACUBO have called for increased public disclosure of campus banking contracts between schools and financial firms.[23] In many cases, however, the contracts are not easily accessible.[24] By contrast, all campus credit card contracts are publicly available, because the CARD Act requires schools to publicly disclose college credit card contracts and marketing agreements.[25] The CFPB collects these agreements in a

[18] Consumer Fin. Protection Bureau, Perspectives on Financial Products Marketed to College Students, Presentation to the Department of Education Negotiated Rulemaking Session 14 (Mar. 26, 2014) *available at* http://files.consumerfinance.gov/f/201403_cfpb_presentation-to-department-education-rulemaking-committee.pdf.

[19] OFFICE OF INSPECTOR GEN., U.S. DEP'T OF EDUCATION, FINAL MANAGEMENT INFORMATION REPORT: THIRD-PARTY SERVICER USE OF DEBIT CARDS TO DELIVER TITLE IV FUNDS, DEPARTMENT OF EDUCATION 15 (2014), *available at* http://www2.ed.gov/policy/highered/reg/hearulemaking/2014/pii2-lindstrom1-oig.pdf.

[20] Andrew Crawford, Higher One, A Message from Higher One's SVP, Campus Services & Operations (2013), http://www.higherone.com/index.php?option=com_content&view=article&id=2398:a-message-from-higher-ones-svp-campus-services-a-operations&catid=26:campuscenter&Itemid=346.

[21] GOV'T ACCOUNTABILITY OFFICE, *supra* note 14, at 27.

[22] *Id.* at 27-28.

[23] Press Release, Consumer Fin. Protection Bureau, CFPB Calls on Financial Institutions to Publicly Disclose Campus Financial Agreements (Dec. 17, 2013), *available at* http://www.consumerfinance.gov/newsroom/cfpb-calls-on-financial-institutions-to-publicly-disclose-campus-financial-agreements; Letter from Nat'l Ass'n of College & Univ. Business Officers to the Consumer Financial Protection Bureau re: Docket No. CFPB-2013-0003, Financial Products Marketed to Students Enrolled in Institutions of Higher Education 9 (Mar. 18, 2013), *available at* http://www.regulations.gov/#!documentDetail;D=CFPB-2013-0003-0068.

[24] Consumer Fin. Protection Bureau, *supra* note 23.

[25] Pub. L. No. 111-24, 124 Stat. 1734, 1749-50.

publicly accessible online database; it contains information about the number of accounts open at each college or university and the payments it received from the card issuer.[26] Students and their families wishing to find similar information on campus banking agreements lack that option.

Students may be led to think that because the school has negotiated a contract with a financial firm, the school has struck a deal in their best interests. Co-branded marketing materials and ID cards may encourage the perception that the schools endorses or recommends the campus banking product and the financial firm offering the product. However, as discussed above, these contracts may contain provisions that benefit the school's bottom line more than the students – and the lack of transparency around contracts can limit students' knowledge of the true nature of the school's relationship with a financial firm.

Campus banking products structured as prepaid accounts may lack protections.

Some firms involved in financial aid disbursement give students the option to access their funds with "prepaid" cards.[27] These cards function similarly to debit cards linked to traditional bank accounts – they can be used to make purchases, withdraw cash from ATMs, and manage funds. The key difference is that a prepaid card is linked to funds that sit in a pooled account, rather than an individual account in the cardholder's own name. Although many prepaid card providers do provide voluntary fraud and loss protections, prepaid card accounts do not receive the same federal protections as bank accounts.[28] Furthermore, they may or may not be FDIC-insured to the individual cardholder, depending on how the prepaid program is structured.[29]

Students using campus banking products may encounter high or atypical fees.

According to the GAO report, fees for campus banking products are generally comparable to fees for accounts marketed to the general public.[30] However, they found that students on some campuses may incur

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[26] *See* Consumer Fin. Protection Bureau, College Credit Card Agreements, http://www.consumerfinance.gov/credit-cards/college-agreements/.

[27] Consumers Union and Consumer Reports have monitored the prepaid card market for many years. For more information on prepaid cards, *see* CONSUMER REPORTS, PREPAID CARDS: HOW THEY RATE (2013), *available at* http://consumersunion.org/wp-content/uploads/2013/07/Prepaid_Report_July_2013.pdf.

[28] The CFPB has expressed its intent to update these regulations to explicitly cover prepaid card accounts. Electronic Fund Transfers (Regulation E), 77 Fed Reg. 30923, 30923 (proposed May 24, 2012) (advanced notice of proposed rulemaking). No proposed rules have been issued as of the time of this publication.

[29] In 2008, to address the growing market for general-use reloadable prepaid cards for managing household funds, the FDIC General Counsel issued guidance on how prepaid card program managers can ensure that individual cardholders receive full deposit insurance – also known as "pass-through" insurance – even if their funds are sitting in a pooled account. Fed. Deposit Ins. Corp., Gen. Counsel Op. 8 (Nov. 13, 2008), *available at* http://www.fdic.gov/news/news/financial/2008/fil08129.pdf.

[30] GOV'T ACCOUNTABILITY OFFICE, *supra* note 14, at 18.

higher fees for two types of transactions: point-of-sale PIN transactions and ATM transactions.[31]

Point-of-sale PIN fees are charged when students swipe their cards and use their PIN, as opposed to swiping and signing at a merchant's terminal in order to complete a transaction. The GAO found that this type of fee is not typically associated with regular checking accounts.[32]

ATM fees can also add up for students who lack consistent and easy access to free, in-network ATMs. In some cases, students may not be able to use the campus banking provider's ATMs because they are located in buildings that are locked at certain hours.[33] On-campus ATMs may also run out of cash during certain periods of the year – particularly on the day that financial aid disbursements go out – forcing students to use out-of-network ATMs to access their funds.[34]

Some campus banking providers offer refunds for out-of-network ATM usage or offer a certain number of free out-of-network withdrawals.[35] Such options may be more convenient for students who are unable to consistently access in-network ATMs.

Providers of campus banking products may claim that, despite these fees, the services they provide are less expensive than possible alternatives, such as having to pay check-cashing fees.[36] However, the vast majority of students have bank accounts before they arrive on campus,[37] and it is unclear how many students must use check-cashing services to receive their disbursement checks.

Cost Comparisons

Department of Education rules state that a student cannot be assessed a fee to open a school-sponsored account and receive their financial aid.[38] However, in practice, many students incur fees once they start using campus banking products. As demonstrated below, account costs can vary significantly, depending on account fee structures as well as student usage patterns.

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[31] *Id.*
[32] *Id.* at 20.
[33] *See* U.S. PIRG, *supra* note 1, at 16 (noting that in conducting on-campus research, many ATMs were placed in student union buildings or other locations that operate with limited hours).
[34] *Id.*
[35] *See, e.g.*, Higher One, Fee Schedules, OneAccount Premier, https://www.higheroneaccount.com/studentaccount/feeschedules.do; U.S. Bank, U.S. Bank Student Checking, https://www.usbank.com/pdf/checking/StudentCheckingSnapshot.pdf.
[36] *See, e.g.*, Letter from Sallie Mae, *supra* note 10, at 3 (noting that "check cashing is inconvenient and often involves considerable fees").
[37] *See supra* note 13.
[38] 34 C.F.R. § 668.164(c)(3)(iv).

Methodology

To compare fees and contract terms for student accounts offered by banks and non-bank financial firms, Consumer Reports collected fee schedules for campus banking products offered by nine financial firms. These nine firms hold the vast majority of contracts with schools – Higher One alone holds over half of campus banking agreements, while U.S. Bank, Citibank, PNC, and Wells Fargo together hold an additional 20 percent.[39] Fees listed in the table below reflect information that was available online and accessed between August 1 and August 6, 2014.

[39] GOV'T ACCOUNTABILITY OFFICE, *supra* note 14, at 13.

Account Comparisons: Fee Schedules I

General					Monthly Fees			POS Fee	ATM Fees			
Card #	Account	Card Network	Card Type	Can be linked to student ID	Applicable Monthly Fee	Minimum Balance/Direct Deposit Required	Monthly Cost, if Fee is Waived (if not waivable, regular monthly fee listed)	Point of Sale Fee: PIN debit transaction	In-network withdrawal	Out-of-network withdrawal	# Out-of-network ATM fees reimbursed monthly	Check balance at ATM
1	**Higher One: OneAccount**	MasterCard	Debit	yes	$3.95	$100 direct deposit per month *or* student status	$0	$0.50	$0	$2.50	0	$2.50 if out-of-network
2	**Higher One: OneAccount Edge**	MasterCard	Debit	yes	$4.95	N/A	$4.95	$0	$0	$0	0	$0
3	**Higher One: OneAccount Premier**	MasterCard	Debit	yes	$5.95	$300 direct deposit per month	$0	$0	$0	$2.50	1	$2.50 if out-of-network
4	**U.S. Bank: Basic Campus Card**	Visa	Debit	yes	$0	N/A	$0	$0	$0	$2	4	$1 if out-of-network
5	**U.S. Bank: Maxx Card**	Visa	Debit	yes	$0	N/A	$0	$0	$0	$2	4	$1 if out-of-network
6	**U.S. Bank: Contour Card**	MasterCard	Prepaid	yes	$4	N/A	$4	$0	$0	$2	0	$0
7	**Citibank: Student Choices**	Visa or Mastercard	Prepaid	-	$0	N/A	$0	$0.50	$0	$2 - $3	0 - 1	$0.50-$1.50 if out of network
8	**Heartland ECSI**	Discover	Prepaid	-	$0	N/A	$0	$0	$0	$1.50 - $2	0 - 2	$0.60 if out-of-network
9	**TCF Bank: Campus Checking**	Visa	Debit	yes	$0	N/A	$0	$0	$0	$3	0 - 4	$2 if out-of-network
10	**PNC: Virtual Wallet Student**	Visa	Debit	yes	$7	No monthly fee if: student; $500/mo avg. balance/direct deposit; *or* never use branches	$0	$0	$0	$2.50	2	$2.50 if out-of-network
11	**Wells Fargo: College Combo**	Visa	Debit	yes	$3	No fee if acct linked to campus card	$0	$0	$0	$2.50	0	$2.50 if out-of-network
12	**SunTrust Student Checking**	MasterCard	Debit	yes	$4	$300 minimum daily balance or direct deposit	$0	$0	$0	$2.50	0 - 2	$2.50 if out-of-network
13	**TCF Bank: Free Student Checking**	Visa	Debit	-	$0	N/A	$0	$0; $0.30 on some accts opened before June 25, 2013	$0	$3	0	$2 if out-of-network
14	**U.S. Bank: Student Checking**	Visa	Debit	-	$0	N/A	$0	$0	$0	$2.50	4	$2.50 if out-of-network
15	**Citibank: Student Account Package**	MasterCard	Debit	-	$0	N/A	$0	$0	$0	$0	unlimited	$0
16	**Chase College Checking**	Visa	Debit	-	$6	No monthly fee while in college (5-yr max) or with direct deposit	$0	$0	$0	$2	0	$2 if out-of-network

Account Comparisons: Fee Schedules II

General		Overdraft / Insufficient Funds Fees				Wire Transfers				Other Account Usage Fees		
Card #	Account	Overdraft	Insufficent funds (NSF)	Maximum fees per item/day	Overdraft Transfer Fee	Outgoing Wire Transfer - Domestic	Incoming Wire Transfer - Domestic	Outgoing Wire Transfer - International	Incoming Wire Transfer - International	Card Replacement Fee	Account Closure Fee	Inactive/ Dormant Account Fee
1	**Higher One: OneAccount**	First fee: $29 All other fees: $38	First fee: $29 All other fees: $38	3	N/A	$25	$0	$50	$0	$20	$0	$0 - $19 (after 6-9 months; varies by school)
2	**Higher One: OneAccount Edge**	$0	$0	N/A	N/A	N/A	$0	N/A	$0	$0	$0	N/A
3	**Higher One: OneAccount Premier**	First fee: $29 All other fees: $38	First fee: $29 All other fees: $38	3	N/A	$25	$0	N/A	$0	$20	$15 if account is closed, or switched to another HO account, in 60 days	N/A
4	**U.S. Bank: Basic Campus Card**	$36	$36	4	$12.50/day	$30	$20	$50	$25	$0 if issued by school (ID card); $20 if issued by bank	$15 (with check disbursement)	$2 (after 6 months)
5	**U.S. Bank: Maxx Card**	$36	$36	4	$12.50/day	$30	$20	$50	$25	$0 if issued by school (ID card); $20 if issued by bank	$15 (with check disbursement)	$2 (after 6 months)
6	**U.S. Bank: Contour Card**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$0	$15 (with check disbursement)	$2 (after 6 months)
7	**Citibank: Student Choices**	$0 for overdraft; $1.50 fee for declined ATM/point of-sale transactons	$0 for overdraft; $1-$1.50 fee for declined ATM/point-of-sale transactons	N/A	N/A	N/A	N/A	N/A	N/A	$0 - $14.95	$0	Varies by school: $1.50 - $3/month after 12 months
8	**Heartland ECSI**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$10	$0	$4 - $5 (after 2 years)
9	**TCF Bank: Campus Checking**	$37	$37	5	$25	$30	$15	$50	$15	$20	$0	$10 (after 1 year)
10	**PNC: Virtual Wallet Student**	First fee: $25 (at some campuses) All other fees: $36	First fee: $25 (at some campuses) All other fees: $36	4	$0	$25	$15 (One free per statement period for students at certain schools)	$45	$15 (One free per statement period for students at certain schools)	$7.50	$25 (if closed within 180 days of opening)	$0
11	**Wells Fargo: College Combo**	First fee: $25 All other fees: $35	First fee: $25 All other fees: $35	4	$12.50	$30	$15	fee disclosed at time of transaction	$16	$0 - $15	$0	$0
12	**SunTrust Student Checking**	$36	$36	6 overdraft and 6 NSF fees (12 total)	$12.50	$25	$15	$50	$30	$5 for Visa Prepaid Card	$25 (first 6 months) - $30 (closed in overdraft)	$15 (FL only)
13	**TCF Bank: Free Student Checking**	$37	$37	5	$25	$30	$15	$50	$15	N/A	$0	$10 (after 1 year)
14	**U.S. Bank: Student Checking**	$36	$36	4	$12.50	$30	$20	$50	$25	$5	$0	$5 (after 13 months)
15	**Citibank: Student Account Package**	$34	$34	4	$10	$25 online, $35 in person or at ATM	$15	$35 online, $45 in person or at ATM	$15	$6 (if expedited)	$0	N/A
16	**Chase College Checking**	$34	$34	3	$10	$25 online, $30 at a Chase branch	$15 (unless from a Chase account)	$40 online, $45 at a Chase branch	$15 (unless from a Chase account)	$5 (if expedited)	N/A	N/A

Account fees and practices in this sample varied substantially across products, as did the level of accessibility of fee information. In some cases, standardized fee schedules were not available online and any examples of fee schedules were behind several clicks on an individual campus website. Some financial firms charge variable fees depending on the campus contract.[40] The difficulty in finding clear and conspicuous fee information for some of these products suggests that many students face challenges accessing the information they need to use campus banking products wisely and determine how they compare to other alternatives.

Students using campus banking products may encounter the following types of fees:

- ATM Fees: All the financial firms in this sample charge out-of-network ATM fees. However, several financial firms offer a specified number of monthly free out-of-network ATM withdrawals. This feature is especially important for students, who may need to access financial aid funds while on school breaks, during the summers, and while traveling. For instance, TCF Bank does not charge fees for University of Michigan students who withdraw cash from out-of-state non-TCF ATMs.[41] A student's ability of access free ATMs, or have ATM fees refunded, can have a major impact on the resulting annual costs of using a campus bank account.
- Overdraft Fees: Some financial firms charge higher-than-average overdraft fees. According to the CFPB, in 2012 the median overdraft fee at the nation's largest financial institutions was $34.[42] TCF charges $37 for overdrafts.[43] Higher One charges $29 for the first overdraft and $38 for subsequent overdrafts.[44] PNC charges $36 for overdrafts, though it may charge a lower fee for the first overdraft at some campuses.[45] However, several firms in this

[40] For example, Citibank charges a $2.00 out-of-network ATM fee in its contract with Southern Illinois University - Edwardsville, but charges $3.00 in its contract with Maricopa Community College. *See* Southern Illinois University – Edwardsville, Office of the Bursar, http://www.siue.edu/bursar/CitiFeeSched.shtml; Maricopa Community College, Resources, Finances, Step 5: Disbursement, https://maricopa.service-now.com/student/knowledge.do?=&sysparm_document_key=kb_knowledge%2Cdac9db536f952100ba08c951be3ee4f6&num=KB0010432&section=Finances (scroll down to "Learn more about MSRP" and click on "MSRP Prepaid Card FAQs").

[41] University of Michigan, MCard FAQs, http://www.finance.umich.edu/system/files/tcffaqs.pdf.

[42] CONSUMER FIN. PROTECTION BUREAU, CFPB STUDY OF OVERDRAFT PROGRAMS: A WHITE PAPER OF INITIAL DATA FINDINGS 52 (2013), *available at* http://files.consumerfinance.gov/f/201306_cfpb_whitepaper_overdraft-practices.pdf.

[43] TCF Bank, TCF Checking Account Summary – Campus Accounts, https://www.tcfbank.com/resources/images/5272.pdf.

[44] Higher One, OneAccount, Fee Schedules, https://www.higheroneaccount.com/studentaccount/feeschedules.do.

[45] *See* PNC Bank, PNC Virtual Wallet Features and Fees, https://www.pnc.com/webapp/unsec/Requester?resource=/wps/wcm/connect/ba4b00804e5c8dd28fe98ffc6d630ad7/VW_FeaturesFees_093011.pdf?MOD=AJPERES&CACHEID=ba4b00804e5c8dd28fe98ffc6d630ad7 (lists $25 fee for first overdraft in a 12-month period; $36 fee thereafter); PNC Bank, Virtual Wallet Features and Fees, https://content.pncmc.com/live/pnc/personal/serviceCharges/VW/VW_NJ_NewJersey_Se

sample do not charge overdraft fees for transactions resulting in a negative balance of less than $5 at the end of a given day.

- Point-of-sale PIN fees: Higher One and Citi charge a $0.50 fee for point-of-sale PIN transactions for at least some of their campus contracts.[46] Such fees are atypical, and have been the source of much of the controversy around campus banking products. For example, after protests from students about the PIN fee,[47] Portland State University and Higher One entered into a new five-year agreement in late 2009 to remove the $0.50 point-of-sale PIN fee; instead, Higher One charges the University an annual $2 per-student "PIN Fee Elimination Charge," which is waived based on the success of a "Swipe and Sign" campaign that encourages students to use signature, rather than PIN, transactions when using their debit card.[48] Higher One claims that half of students are charged this fee only once.[49]

- Account Closure Fees: Several institutions charge students a fee for closing their account. For example, users of Higher One's OneAccount Premier are charged $15 if they close their account or switch to another Higher One account within 60 days of account opening.[50] PNC and SunTrust charge accountholders $25 if they close their account within 180 days of opening.[51] These fees may frustrate students who don't like the campus banking product and want to switch to a different option for their next disbursement – thereby hampering their choice of how to receive funds.

- Inactivity Fees: Several banks charge fees for inactive accounts. These are often not clearly listed on the fee schedules, and the

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rviceCharges.pdf (New Jersey fee schedule, effective March 2014; lists $36 overdraft fee).

[46] Higher One, OneAccount, Fee Schedules, https://www.higheroneaccount.com/studentaccount/feeschedules.do; Southern Illinois University – Edwardsville, Office of the Bursar, http://www.siue.edu/bursar/CitiFeeSched.shtml (Citi prepaid card); Maricopa Community College, Resources, Finances, Step 5: Disbursement, https://maricopa.service-now.com/student/knowledge.do?=&sysparm_document_key=kb_knowledge%2Cdac9db536f952100ba08c951be3ee4f6&num=KB0010432&section=Finances (Citi prepaid card) (scroll down to "Learn more about MSRP" and click on "MSRP Prepaid Card FAQs").

[47] Brent Hunsberger, *Debit or credit? Higher One's 'noodly' fees irk college students*, THE OREGONIAN, Sept. 4, 2010, *available at* http://blog.oregonlive.com/finance/2010/09/higher_one_debit_card_fees_at.html.

[48] Higher One, Inc. and Portland State Univ., Services Agreement: OneDisburse Program with ID Integration 6 (Aug. 6 2009), *available at* http://files.consumerfinance.gov/f/201402_cfpb_agreement_higher-one-portland-state-university.pdf. The terms of the contract are in effect until October 1, 2014, when the contract automatically extends for an additional three years unless the parties agree otherwise. *Id.* at 2.

[49] *See* Fee Schedules, OneAccount, Higher One, https://www.higheroneaccount.com/studentaccount/feeschedules.do.

[50] *See id.* (click on "Premier" tab).

[51] PNC Bank, Virtual Wallet Features and Fees, https://content.pncmc.com/live/pnc/personal/serviceCharges/VW/VW_NJ_NewJersey_ServiceCharges.pdf; SunTrust, https://www.suntrust.com/Static/Documents/Personal_Banking/AccountOverviewGuides/StudentChecking.pdf.

amount of time required for an account to be considered “inactive” varies. This kind of fee could add up for students who use their accounts infrequently – perhaps due to a desire to minimize account transaction fees – or who hold separate checking accounts in addition to a campus bank account.

Usage Analysis

Students likely vary in their usage of campus banking products. Some students may rarely use their accounts, accruing few, if any, usage fees and making withdrawals only from in-network ATMs. Other students may use their cards more frequently, with occasional out-of-network ATM withdrawals during school breaks and summers, the rare overdraft transaction, and weekly point-of-sale PIN transactions. Others may be intense users, making multiple out-of-network ATM transactions, frequent point-of-sale PIN transactions, and bimonthly overdrafts.[52] In its 2014 report on campus banking products, the GAO stated, “Little information is available on the frequency with which students incur ATM, PIN, and other fees, and the total amount of college card fees paid by students is unknown.”[53] One card provider interviewed by the GAO claimed that students used 82 percent of their funds without incurring fees.[54] Higher One claims that over half of its OneAccount holders never incur more than one point-of-sale PIN fee.[55] However, the amount in fees a student incurs may depend on several factors, such as how often they are near in-network ATMs or how many merchants allow debit cards to be used with a signature instead of a PIN number.

To estimate the potential annual fees incurred by students who use campus banking products and compare different offerings, we developed a model with three possible usage patterns:

- *Minimal users* rarely use their campus accounts. These students make just one annual PIN-debit purchase. Minimal users only withdraw cash from out-of-network ATMs monthly during off-campus breaks, when in-network ATMs may not be available.
- *Moderate users* use their cards more frequently. They make weekly PIN debit purchases and withdraw cash weekly from out-of network ATMs during winter and summer school breaks. In addition, moderate users use out-of-network ATMs twice yearly to check their available balances and overdraw once on their accounts.

[52] A recent report by the Consumer Financial Protection Bureau found that bank users who opted into overdraft coverage paid an average of $250 in annual fees. Assuming a median overdraft fee of $34, this totals approximately seven annual overdrafts. CONSUMER FIN. PROTECTION BUREAU, DATA POINT: CHECKING ACCOUNT OVERDRAFT 5 (2014), *available at* http://files.consumerfinance.gov/f/201407_cfpb_report_data-point_overdrafts.pdf.
[53] Gov’t Accountability Office, *supra* note 14, at 23.
[54] *Id.*
[55] Higher One, OneAccount, Fee Schedules, https://www.higheroneaccount.com/studentaccount/feeschedules.do.

- *Heavy users* use their campus accounts much more intensely, as their sole or primary account. In this model, heavy users are assumed to make an average of 3.5 weekly PIN-debit purchases (which is approximately 30 per month) and to withdraw from out-of-network ATMs every week. They make two monthly account balance checks at out-of-network ATMs, overdraft six times per year, and request one replacement card.

The table below outlines the estimated annual fees, by usage pattern. As discussed above, fee schedules were difficult to obtain and in some cases fees charged by a particular financial firm varied by campus. Where a fee varies, we assume the lower fee in our calculations. We assume that the student meets the requirements for waiver of any monthly fees, where waiver is available (all except the OneAccount Edge and U.S. Bank Contour accounts). Where the number of ATM fee refunds varies, we assume that the highest number of refunds applies. We also do not factor in the ATM owner surcharges that typically apply to any out-of-network ATM transactions. Therefore, these estimates are fairly conservative – some students may be paying higher fees than we can ascertain given the information available.

Estimated Annual Fees by Card Usage			
Account	**Minimal**	**Moderate**	**Heavy**
Higher One: OneAccount	$10.50	$95.00	$520.00
Higher One: OneAccount Edge	$59.40	$59.40	$59.40
Higher One: OneAccount Premier	$0.00	$59.00	$399.00
U.S. Bank: Basic Campus Card	$0.00	$38.00	$248.00
U.S. Bank: Maxx Card	$0.00	$38.00	$248.00
U.S. Bank: Contour Card	$56.00	$76.00	$152.00
Citibank: Student Choices	$0.50	$47.00	$183.00
Heartland ECSI	$0.00	$10.20	$66.40
TCF Bank: Campus Checking	$0.00	$41.00	$302.00
PNC: Virtual Wallet Student	$0.00	$45.00	$342.50
Wells Fargo: College Combo	$10.00	$65.00	$390.00
SunTrust Student Checking	$0.00	$56.00	$361.00
TCF Bank: Free Student Checking	$12.00	$83.00	$426.00
U.S. Bank: Student Checking	$0.00	$41.00	$291.00
Citibank: Student Account Package	$0.00	$34.00	$210.00
Chase College Checking	$8.00	$66.00	$356.00

The cheapest accounts: Students who use campus accounts minimally can avoid fees entirely through U.S. Bank's Basic and Maxx cards, which are both linked to U.S. Bank Student Checking accounts. SunTrust's Student Checking and Citibank's Student Account package can also be used minimally without fees. Higher One's OneAccount Edge is the only account to levy a flat monthly fee and no other charges. While this provides a relatively good value to the most intense card users, it is relatively expensive when compared to fees incurred by minimal card users.

The most expensive accounts: Not surprisingly, the heavy account users pay more annual fees – but some accounts were especially more expensive. Heavy card users under this model face the largest fees with Higher One's OneAccount at $520 per year. Higher One's OneAccount Premier, which does not charge point-of-sale PIN fees, is less expensive at $399 per year. Heavy users of TCF's Free Student Checking account may face annual fees up to $426, due in part to the lack of ATM fee reimbursements (which are available, by contrast, with the TCF Campus Checking account).

Most of the accounts examined would cost heavy account users more than $250 per year, unless they took extra steps to avoid out-of-network ATMs and avoid making PIN-debit purchase transactions if fees apply. They would also need to check their balances regularly to avoid overdrawing their accounts. Point-of-sale PIN fees, high overdraft fees and high out-of-network ATM fees all contribute substantially to increased costs for heavy users.

In addition, it is worth noting that ATM owners typically assess their own surcharges, which we do not factor in here, that add to the costs already imposed by the account providers for out-of-network ATM transactions. Account offerings with robust ATM fee reimbursements, such as the U.S. Bank Student Checking Account,[56] can help mitigate such costs.

Policy Recommendations from Consumers Union

The issues raised in U.S. PIRG's Report, *The Campus Debit Card Trap*, as well as investigations by bank regulators, have led to increasing scrutiny of campus banking agreements. In 2012, Higher One entered a settlement with the FDIC over claims that it charged students excessive overdraft fees.[57] Shortly thereafter, the company was sued in a class action brought by students from several states over claims that students

[56] U.S. Bank, U.S. Bank Student Checking, https://www.usbank.com/pdf/checking/StudentCheckingSnapshot.pdf (offers four ATM fee refunds per month).

[57] Consent Order at 1, In re Higher One, Inc., An Institution-Affiliated Party of Bancorp Bank, FDIC-11-700b, FDIC-11-704k (Aug. 7, 2012), *available at* http://www.fdic.gov/news/news/press/2012/pr12092.html (click link to Higher One Consent Order near bottom of press release).

were effectively forced to use Higher One's accounts to access their financial aid, in violation of federal law.[58] The suit also alleged that Higher One charged excessive fees.[59] Higher One recently agreed to settle the case for $15 million, pending a court hearing later this year.[60]

The Federal Reserve Board has also fined Cole Taylor Bank, a former Higher One bank partner, for deceptive marketing of Higher One accounts to students.[61]

In September 2013, several members of Congress wrote to executives at major financial firms that contract with colleges and universities to request more information about their campus banking arrangements with schools.[62] In April 2014, 23 members of the House and Senate sent a letter urging Education Secretary Arne Duncan to establish rules that would protect students' right to choose how to receive their financial aid, ban revenue sharing deals between schools and financial firms, and require online disclosure of campus banking contracts.[63] In May, two bills were introduced in Congress to regulate campus banking products.[64]

In spring 2014, the Department of Education convened a negotiated rulemaking committee to address various "Program Integrity and Improvement" issues, including regulations for financial aid disbursement.[65] The negotiated rulemaking committee was charged with proposing updated regulations to address areas of concern about campus banking products, including aggressive marketing practices, restricted student choice, and high or unusual fees.[66] The committee did not reach

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[58] Consolidated Amended Complaint at 4, in re Higher One OneAccount Marketing and Sales Practices Litigation, No. 12-2407 (D. Ct. filed Apr. 2, 2013), *available at* https://oneaccountsettlement.com/Portals/0/Documents/19%204-2-13%20Jury%20Trial%20Demand%20Consolidated%20Amended%20Class%20Action.pdf.

[59] Consolidated Amended Complaint at 5.

[60] Preliminary Settlement Agreement at 2, in re Higher One OneAccount Marketing and Sales Practices Litigation, No. 12-2407 (D. Ct. filed Feb. 14, 2014), *available at* https://oneaccountsettlement.com/Portals/0/Documents/47%202-14-14%20Plaintiffs%20Unopposed%20Motion%20for%20Preliminary%20Approval%20of%20Settlement.pdf.

[61] Cease and Desist Order at 5, in re Cole Taylor Bank, No. 14-021 (filed June 26, 2014), *available at* http://www.federalreserve.gov/newsevents/press/enforcement/enf20140701b1.pdf.

[62] Letter from Rep. George Miller et al. to Davia Kemper, CEO, Commerce Bancshares (Sept. 26, 2013), *available at* http://democrats.edworkforce.house.gov/press-release/democratic-lawmakers-ask-big-bank-ceos-explain-student-debit-card-deals-colleges and http://democrats.edworkforce.house.gov/sites/democrats.edworkforce.house.gov/files/documents/9_26_13_LtrstoBanks-DebitCards.pdf.

[63] Letter from Sen. Elizabeth Warren et al. to Arne Duncan, Secretary, U.S. Department of Education, (Apr. 22, 2014), *available at* http://www.warren.senate.gov/files/documents/debit%20card%20letter%200423.pdf.

[64] CAMPUS Debit Cards Act, H.R. 4714, 113th Cong. (2014); Protecting Aid for Students Act, S. 2385, 113th Cong. (2014).

[65] Negotiated Rulemaking Committee, Negotiator Nominations and Schedule of Committee Meetings-Title IV Federal Student Aid Programs, Program Integrity and Improvement, 78 Fed. Reg. 69612, 69613 (Nov. 20, 2013).

[66] *Id.*

consensus on the proposals, but the Department is in the process of reviewing the committee's work as it prepares to publish proposed rules later this year.

The Consumer Financial Protection Bureau (CFPB) has also sought information from students, schools, and financial firms about campus banking arrangements.[67] In conducting its own research, the CFPB has found that campus banking products do not necessarily have better features than other alternatives.[68]

Given these concerns, Congress and federal regulators should take action to address current market trends in campus banking that could be harmful to students. The Department of Education is in the process of developing proposed rules, and the CFPB is likely to amend its rules to offer increased protections to prepaid card accounts, which are often used in campus banking arrangements.

Consumers Union urges both agencies to amend their regulations without delay, and also urges Congress to fill any regulatory gaps as needed to ensure that students are protected from harmful campus banking agreements.

The Department of Education should amend its rules to ensure a neutral marketplace for financial aid disbursement, as well as safe and convenient access to funds for campus banking products. It should also explore a Department-administered card with strong consumer protections.

The Department should continue its efforts to better protect students being offered campus banking accounts by implementing the following changes:

<u>Ensure that its regulations cover multiple types of campus banking arrangements, to prevent evasions of the rule</u>. Some campus banking products are marketed through the disbursement selection process, while others are offered through a campus ID office or at orientation week. However, where a school contracts with a financial firm to offer accounts to students on campus, there is a clear incentive for those firms to get students to sign up for their accounts. Most students today – approximately 7 in 10 – take out loans to finance tuition and living expenses,[69] making it more likely that not that they will have a credit balance that needs to be disbursed. It is not an accident that federal financial aid dollars will end up in school-sponsored accounts if a student agrees to open such an account. Therefore, unless the contract has

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[67] Request for Information Regarding Financial Products Marketed to Students Enrolled in Institutions of Higher Education, 78 Fed. Reg. 8114, 8114 (Feb. 5, 2013).
[68] ROHIT CHOPRA, STUDENT LOAN OMBUDSMAN, CONSUMER FIN. PROTECTION BUREAU, BANKING ON CAMPUS FORUM 9 (2013), *available at* http://files.consumerfinance.gov/f/201309_cfpb_banking-on-campus-forum.pdf.
[69] THE INST. FOR COLLEGE ACCESS & SUCCESS, STUDENT DEBT AND THE CLASS OF 2012 1 (2013), *available at* http://projectonstudentdebt.org/files/pub/classof2012.pdf.

nothing to do with the offering of accounts to students on campus – e.g., a local bank simply wants to lease space to keep an ATM on a school's campus – the arrangements between schools and financial firms to offer accounts to students should be covered by the Department's regulations.

Ensure that when a student is making a disbursement selection, she can easily and conveniently select direct deposit to an existing account in order to receive funds. The Department should require schools to create disbursement selection processes that offer direct deposit as the first, most prominent option for receiving funds. It should be just as easy, if not easier, to submit existing account information compared with signing up for an additional account offered through the school.

Limit fees and provide convenient access to funds. When a school contracts with a financial firm to offer accounts to students, those accounts should have minimum protections so that students can access their funds conveniently, safely and at low or no cost. Usage fees should be restricted, especially with respect to per-transaction fees, so that students are not charged for making purchases or accidentally overdrawing their accounts. Widespread ATM access must be provided, through a reasonable national network, so that students can easily avoid ATM withdrawal fees to access their funds. Students should be provided with a minimum number of out-of-network ATM fee reimbursements per month, again to ensure convenient free access to funds.

Require full disclosure and centralized databasing of contracts. Students should receive clear, conspicuous disclosures of the terms and conditions of the school-sponsored account. Summaries of key contract provisions, including fees and revenue-sharing agreements, should be prominently and publicly disclosed on school websites. The Department of Education should also require schools to submit their full campus banking contracts and the accompanying summaries to the Department for collection in a publicly-accessible central database.

Consider developing a debit card to issue credit balances directly from the Department of Education. The Department of Education should consider creating its own campus banking product for the purpose of disbursing funds to students who do not have existing bank accounts. The program could resemble the Direct Express card used by the Department of Treasury to administer other kinds of federal taxpayer-funded benefits, such as Social Security and Supplemental Security Income.[70] Beneficiaries can choose to receive their benefits via direct deposit to their existing accounts or use a Direct Express prepaid card, which is issued by Comerica Bank. By designing its own card program, the Department could use its negotiating power to solicit competitive bids from vendors that offer high-quality, low-cost options for college students without existing bank accounts. Moreover, increased competition with financial firms could help drive out more harmful practices in the marketplace and encourage schools to negotiate better contracts for campus banking products.

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[70] *See* U.S. Dep't of Treasury, GoDirect.gov, https://www.godirect.gov/gpw/index.gd.

Ban revenue-sharing and co-branding of marketing materials. The Department declined to consider such restrictions during its negotiated rulemaking process, but it has the authority to do so. These practices are restricted on credit cards and private loans marketed on campus; students who are offered campus banking products should have the same protections.

The CFPB should ensure consumer protections for prepaid cards.

The CFPB should amend the definition of "accounts" under Regulation E, which implements the Electronic Fund Transfer Act,[71] to protect all prepaid cards linked to funds used for personal, family or household purposes. Currently, prepaid card accounts are not governed by Regulation E, as they are considered subaccounts of third-party "trust agreements" rather than individual "consumer asset accounts."[72] This change would better protect financial aid funds sitting in campus prepaid accounts. Many prepaid card providers voluntarily offer consumer protections comparable to those provided to checking accounts, but they are subject to change and not federally guaranteed.

In May 2012, the CFPB issued an advance notice of proposed rulemaking indicating that it is considering the extension of Regulation E protections to prepaid cards.[73] Extending these protections would ensure that prepaid cardholders receive information at account opening about important terms and conditions, prior notice before any fee increases, periodic account statements to help monitor for unauthorized transactions, limited liability for unauthorized transactions or errors, and protection from automatic overdraft fees for one-time debit or ATM transactions.

Congress should ban revenue-sharing and deceptive marketing practices, and expand the CFPB's authority to require public contract disclosure.

If the Department of Education chooses not to address revenue-sharing or co-branding in its proposed rules, Congress should step in to ban both direct and indirect revenue-sharing agreements between schools and financial firms, as well as the co-branding of marketing materials with school logos or mascots.

If the Department's rules are delayed or fail to address the other key recommendations made above, then Congress should enact them by statute.

Congress should also require the CFPB to do an annual report analyzing the data on campus banking contracts collected by the Department.

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[71] 15 U.S.C. §§ 1693-1693r (2012 & Supp. II).
[72] Official Staff Interpretation of 12 C.F.R. § 1005.2(b)(3), 12 C.F.R. § 1005, Supplement I (2014), *available at* http://www.consumerfinance.gov/eregulations/1005-Interp/2013-06861#1005-2-a-Interp-1.
[73] Electronic Fund Transfers (Regulations E), 77 Fed. Reg. 30923, 30923 (proposed May 24, 2012) (advanced notice of proposed rulemaking).

Conclusion

Campus banking arrangements can provide access to a mechanism for students to manage financial aid balances and other funds and gain exposure to the banking system. However, products vary dramatically in terms of fees and transparency. Furthermore, such services should not serve primarily as a revenue-generating (or cost-reducing) opportunity for schools. Further action is needed to ensure that students receive appropriate consumer protections when navigating the financial options available on their college or university campuses.

Appendix: Student Banking Tips

What are "campus banking products"?

Campus banking products are accounts offered to college students for managing their financial aid money and other personal funds.

At some campuses, the school enters into an agreement with a financial firm – it could be a bank, a credit union, or non-bank firm – to offer accounts that you can open when you choose how you want your financial aid to be sent to you at the start of the semester. Some schools may also agree to let a bank promote checking accounts on campus that can be linked to your student ID card.

Do I need to use the account offered by the school in order to get my financial aid?

No, schools can't require you to use a specific account to receive your financial aid. It's best to shop around – once you know where you plan to go to school, check out local banks and credit unions near campus to see what they have to offer. Many banks and credit unions have accounts for college students that come with low fees, and some will reimburse you if you use an ATM that charges a fee.

- If you already have an account set up by the time you arrive on campus, you can set up direct deposit so your financial aid gets sent automatically to your existing account. You can also request a paper check.
- If you plan to open an account offered by the school, make sure you read up on the features of your account. If you have trouble finding information about account fees and features, you may want to consider other options.

How can I avoid fees?

Find out what kinds of fees you might be charged, such as monthly fees, ATM fees, overdraft fees, or other fees for using your account:

- Use free "in-network" ATMs when possible.
- Know where the free ATMs are located on campus.
- Find out if your account will reimburse you for ATM transactions that charge a fee, and if so, how many times you can get those fees reimbursed each month.
- Find out if your account charges a fee for point-of-sale PIN transaction (using your card as "debit" when given the option between "debit" and credit"). If this is the case, select "credit" if given the option when checking out.
- Some accounts charge a fee for checking your account balance at an ATM. Check your account balance online to avoid this fee.
- Don't sign up for "overdraft protection" programs – they may charge high fees for overdrawing on your account.
- If they are available, sign up for email or text-message account alerts to keep track of low account balances. This may help you avoid overdraft fees.

Where should I go if I have questions or complaints?

Your school website may have information posted online about your campus account. You can also contact your school's Bursar's or Financial Aid office for details.

The Consumer Financial Protection Bureau (CFPB) has a helpful website to help students make smart decisions about how to manage their money while in college. To learn more, go to:
http://www.consumerfinance.gov/paying-for-college/manage-your-college-money/.

You can also submit a complaint to the CFPB about a particular bank account at:
http://www.consumerfinance.gov/complaint/.   To submit a complaint by phone, call (855) 411-2372.