

FINAL REPORT OF FINDINGS:

Post-Proposal Testing of Prepaid Card Disclosures

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SUBMITTED TO:

Consumer Financial Protection Bureau

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Chapter I: Background

The EFTA establishes the rights, liabilities, and responsibilities of participants in electronic fund transfer systems, with the primary objective of providing individual consumer rights. The EFTA is implemented in Regulation E (12 CFR part 1005) by the CFPB. Prepaid products are one of the fastest growing payment instruments in the United States, and consumers are increasingly using these products as an alternative to traditional checking or demand-deposit accounts. Consumers may reload funds onto a card using cash or through direct deposit of their paychecks or government benefits, and can use their prepaid cards to withdraw funds at ATMs or to make purchases. However, prepaid products may not carry the same consumer protections given to checking accounts under federal law, because Regulation E has traditionally been interpreted not to apply to many of these accounts.

Given the growth in the market for prepaid card products and the potential risk for harm to consumers due to the lack of coverage under existing Federal regulations, the CFPB is considering how best to apply Regulation E and Regulation Z (which implements the Truth in Lending Act) to prepaid accounts. As part of this process, the CFPB will have to decide how information about the costs and features of these products—most notably fees that are charged for card use and other services—can most effectively be disclosed to consumers, particularly in retail stores. It is important that consumers have access to this information so that they can make informed acquisition decisions.

In September 2013, the CFPB contracted with ICF to assist with the development and testing of new disclosures for prepaid cards intended to inform consumers of the prepaid card's fees and features. In November 2014, ICF submitted to the CFPB a report on the pre-proposal phase of its work: four exploratory focus groups with consumers to learn more about their experiences with and understanding of prepaid cards, and three rounds of cognitive interviews to test model forms developed by the CFPB.¹

In November 2014, the CFPB released for public comment proposed rules that would specify how Regulations E and Z apply to prepaid accounts.² It is ICF's understanding that the Bureau expects to issue final rules in 2016. The CFPB's proposed rules included proposed requirements for disclosures along with several proposed model and sample disclosure forms. After the public comment period closed in March 2015, ICF began the post-proposal phase of its work. ICF assisted the agency with the design of revised versions of the proposed model and sample forms, and then conducted two rounds of cognitive interviews with a total of 20 consumers to test specific aspects of the disclosures' clarity and usefulness. The short forms and long forms tested were generally similar to those included in the CFPB's prepaid accounts proposal as model and sample disclosure forms, with modifications to address certain issues raised by commenters on the proposal or otherwise identified by the CFPB.

This report summarizes the results of that post-proposal testing. It is ICF's understanding that these findings will inform the CFPB's final regulations for prepaid accounts expected to be published in 2016.

¹ This report is available at http://files.consumerfinance.gov/f/201411_cfpb_summary-findings-design-testing-prepaid-card-disclosures.pdf.

² The Bureau's proposal was published in the *Federal Register* in December 2014. 79 FR 77102 (Dec. 23, 2014).

Chapter II: Methodology

Following the CFPB’s review of public comments on its proposed rulemaking, ICF assisted the agency with the design of revised model and sample prepaid card disclosure forms. To explore the clarity and usefulness of these revised forms, ICF conducted two rounds of in-depth interviews with consumers. These interviews took place in Arlington, Virginia (July 21-22, 2015) and Milwaukee, Wisconsin (August 17-18, 2015). Because this research represents a continuation of ICF’s earlier pre-proposal work, in this report these rounds of interviews will be referred to as Rounds 4 and 5. Each interview was led by an experienced ICF interviewer and lasted approximately 75 minutes. While the CFPB had significant input into research design, ICF was primarily responsible for developing the interview protocol, recruiting participants, conducting the interviews, and analyzing the data.

In each round, participants were asked background questions about their past experience with prepaid cards. They also reviewed several different versions of model prepaid disclosure forms, and were asked questions to assess their understanding of the information included on the forms. They were also asked to complete a variety of shopping simulations, in which they were shown forms for two different hypothetical prepaid products and asked to indicate which they would choose. A more specific description of the interview protocol and forms used for each round is provided in Chapters IV and V.

The qualitative methods used in this study are effective at providing an in-depth understanding of complex phenomena, such as participants’ experiences, preferences, and reactions to and understanding of the forms presented. For these reasons, ICF believes that these methodologies are well-suited to informing the design of disclosures like those being developed through this project. However, these methods are not suited to identifying effect sizes at standard levels of statistical significance, as would be required for measuring changes in behavior between different versions of model forms. To do so, one would need to conduct quantitative experimental research with many more participants—an approach that was not included in this study.

Throughout this report, findings are presented as exact numbers (*e.g.*, 9 out of 10 participants) when it is clear exactly how many participants acted in a very specific way or gave a specific answer to a question. However, that level of precision is not always possible given the complex nature of the phenomena being studied and because of the qualitative nature of the testing. Therefore, findings are sometimes reported as a proportion of the participants. For the purposes of this report, the following terms are used to describe different proportions:

- “Nearly all” is used when all of the participants responded in a particular way with very few exceptions.
- “Most” is used when more than half of the participants responded in a particular way, but fewer than nearly all of them.
- “Approximately half” refers to the range from slightly more to slightly less than half of the participants (*e.g.*, 1 participant more or less than half in a single round).
- “A few” is used when it is clear that only a few participants responded in a particular way (*e.g.*, 2 participants in a single round).

Design of Model Forms

Throughout the project, the team that participated in design decisions included CFPB regulations attorneys, economists, and designers and user experience experts from the CFPB’s design team, as well as ICF staff and design experts. The forms developed disclosed a variety of different fees and features of hypothetical prepaid cards and included superscript symbols (asterisks and daggers) linked to other text. The fee structures and features that were displayed were not intended to mirror those of any particular product on the market.

Almost all of the forms designed and tested were “short forms,” which displayed only a subset of key fees that could be charged and features offered. These short forms included both “static” and “incidence-based” fees. By design, the static portion of each model short form disclosed the same types of fees across all products, while the incidence-based portion disclosed fees that would be based on certain criteria such as frequency or revenue garnered for the specific prepaid product, such that they could vary across prepaid products. Testing generally conformed to these principles; whenever participants were asked to compare two forms, the static portions listed the same fees (although the amounts of the fees might vary), while the incidence-based portions contained some similar fees and some dissimilar fees. The fee values and fee types (the type of service) included in the static and incidence-based portions of the short form were varied between different versions of the forms and across rounds of testing.

In Round 5, participants were also shown a comprehensive “long form” disclosure at one point in the interview. Unlike the short forms, the long form included a longer list of all possible fees and features, rather than only a subset of fees and features.

The short forms and long forms tested were generally similar to those included in the CFPB’s prepaid accounts proposal as model and sample disclosure forms, with modifications to address certain issues raised by commenters on the proposal or otherwise identified by the CFPB.

Recruitment of Research Participants

Interview participants were recruited by telephone using a structured screening instrument developed by ICF and the CFPB (Appendix A). Participation was limited to consumers who had not worked for a financial institution or a non-profit consumer advocacy group related to the banking or financial industries. A total of 20 consumers participated in the two rounds of interviews. All participants self-identified as having used a prepaid card in the previous 12 months.³ Several participants had payroll cards or government benefit cards in addition to general purpose reloadable prepaid cards. As shown in Table 1, participants in each round varied in terms of gender, age, race/ethnicity, and education level. Participants received a \$75 stipend for their participation.

³ While all participants self-identified as having used a reloadable prepaid card, based on their descriptions of their cards, two Round 4 participants might have in fact been using gift cards. The CFPB’s proposal would not apply to gift cards.

Table 1. Characteristics of Interview Participants

	<u>Round 4</u> Arlington, VA (n=9)	<u>Round 5</u> Milwaukee, WI (n=11)	All Participants Combined (n=20)
Gender			
Male	5 (56%)	4 (36%)	9 (45%)
Female	4 (44%)	7 (64%)	11 (55%)
Age			
18-35	4 (44%)	4 (36%)	8 (40%)
36-50	5 (56%)	5 (45%)	10 (50%)
51+	0 (0%)	2 (18%)	2 (10%)
Race/Ethnicity			
African American	2 (22%)	7 (64%)	9 (45%)
Asian	1 (11%)	0 (0%)	1 (5%)
Caucasian	2 (22%)	3 (27%)	5 (25%)
Hispanic	2 (22%)	0 (0%)	2 (10%)
Mixed	2 (22%)	1 (9%)	3 (15%)
Education Level			
High School or Less	3 (33%)	2 (18%)	5 (25%)
Some College	4 (44%)	7 (64%)	11 (55%)
College Graduate	2 (22%)	2 (18%)	4 (20%)

Note: Not all columns add to 100% due to rounding.

Chapter III: Overview of Research Findings

This chapter provides an overview of the results from both rounds of post-proposal research combined. Chapters IV and V then provide a more detailed description of findings from each round individually.

- Nearly all participants were able to successfully identify all fees on the “short form” disclosures when asked (*e.g.*, when asked whether there was a monthly fee, they could find the fee on the form). Although there were some misconceptions as to the details of some of the fees, the overall format of the forms proved easy for participants to navigate.
- Fees on the forms that could vary due to usage were followed by superscript asterisks (*). In Round 4, this asterisk was linked to text stating that “fees can be lower depending on how and where this card is used.” Approximately half of participants in that round noticed the asterisks and understood that fees with asterisks could vary. However, some participants also incorrectly applied this statement to fees without asterisks, and mistakenly concluded that these fees could vary as well. To alleviate this confusion by more purposefully directing participants’ attention to the appropriate fee, the text in Round 5 was reworded to say “*this fee* can be lower depending on how and where this card is used” and the font size for the asterisk was increased. Participants’ comprehension was higher in the final round of testing; almost all participants correctly applied the text to fees with an asterisk, and fewer misapplied the text to fees without an asterisk.
- Some of the forms tested in these two rounds included a second type of symbol—a superscript “dagger” (†) which appeared next to the monthly fee and was linked to a statement about situations in which the monthly fee would be waived or discounted. Across both rounds, most participants saw this dagger and were able to link it to the appropriate language.
- When comparing two forms representing two different prepaid cards, most participants were able to compare fees between forms and reach a decision as to which card would be best for their circumstances. This was true even when one of the forms described a card with a more complex, multiple fee plan structure.
- In addition to providing information about a subset of key fees and features, the forms also disclosed the number of other fees beyond those listed that could also be charged. All but one participant was able to identify information on the form about where to get information about the additional fees that were not shown.
- The forms tested included statements that the prepaid provider also charged other fees not listed on the form. Some participants mistakenly interpreted this to indicate fees could vary, even if the fee did not have an asterisk next to it. For example, when asked whether the cash reload fee might ever be larger than what was shown on the form, 2 participants noted that it could be larger because “other fees” might apply. Similarly, another participant reached that conclusion regarding the ATM fee.
- The forms used in Round 5 included a statement below the static fees to help explain the non-static, or incidence-based fees. This statement was two lines long, and indicated that along with the fees listed at the top of the form (*i.e.*, the static fees), the prepaid provider also charges “[x]

additional fees,” and that the fees shown below that line were the “most common” of those additional fees. In between these two statements was an additional sentence about how to get additional information about the card’s fees. This statement was intended to clarify why some fees were disclosed on the form and others were not. However, participants largely ignored this statement when answering questions about the form, and almost all had difficulty explaining what it meant. Even after reading the statement, only one of the participants could explain the difference between the fees that appeared above and below that text.

- Approximately half of participants understood that the “cash reload fee” on the form would not apply if a cardholder loaded funds in forms other than cash (*i.e.*, through direct deposit or online using a debit card).
- When reviewing forms that showed a single fee for “customer service,” some Round 4 participants thought this fee would apply whether they spoke to a live customer service agent or used the provider’s automated system to get information about their accounts. In order to clarify when this fee would apply, some Round 5 forms referred instead to “live customer service.” This change seemed to be effective; all but one participant in Round 5 understood that this fee would apply only if they spoke to a customer service agent. One form that was tested disclosed two different customer service fees, one for live service and one for automated service. All participants who saw this form understood the distinction between these two fees, and could identify which would apply in a given situation.
- Forms included an “inactivity fee” that would be charged each month after cardholders did not use the card for three months. All participants understood after reviewing the forms that they would be charged a fee if they did not use their prepaid account for an extended period of time. However, some participants did not understand exactly when or how often this fee would be charged.
- Several of the forms used in testing disclosed a single fee for ATM withdrawals, representing a situation in which the fee a company charged did not depend on the ATM that was used (*i.e.*, there was no distinction between “in-network” and “out-of-network” ATMs). All participants seemed to understand that this fee would not depend on whether the cardholder used an in-network or out-of-network ATM.
- Some of the forms that participants reviewed indicated that the card had a credit feature that could be offered after 30 days, and that fees would apply. Upon reviewing these forms, all participants understood that they might be charged fees if they used this credit feature. Almost all participants understood that they would not necessarily be offered the opportunity to participate in the program, and that the program would not be available until 30 days after they purchased the card.
- Each form described credit features in one of three ways: as “credit,” “overdraft,” or “credit/overdraft.” Although participants generally understood the concept of “overdraft,” their opinions varied on how overdraft fee structures and fee amounts would manifest. Similarly, participants generally understand “credit” to be a loan of some amount of money. However, participants had diverse ideas about how that loan might be structured and what fees might be charged. In particular, participants did not generally link “credit” to overdraft protection.

- When forms stated whether a card offered FDIC insurance, participants generally saw and understood this information. When shown a form that did not explicitly state whether the card offered FDIC insurance, most participants assumed it did not. When asked to explain the purpose of FDIC insurance, most participants understood it to be a positive feature. However, less than half of participants were able to accurately explain what FDIC insurance would protect against; for example, many incorrectly thought that FDIC insurance would protect their money if their card was stolen, or in the case of fraud.
- In both rounds, one of the model forms shown to participants provided information for a card that offered multiple service plans. When reviewing these forms, all participants understood that the card disclosed fees for multiple distinct fee plans.
- The forms included a reference to a CFPB website that would provide information about prepaid cards. Most participants understood this reference, although a few did not.
- Participants were also shown forms meant to represent payroll or government benefit cards. Each of these forms included a statement at the top explaining that other methods were also available for potential card recipients to receive their wages or benefits. Participants directed to read this statement in Round 4 clearly understood that they did not have to accept their wages on the card. However, when asked to review the form as a whole without being directed to this language, approximately half of the participants in Round 5 did not appear to notice this statement at the top until it was pointed out to them. The wording of these statements did not appear to affect whether or not participants said they would be interested in receiving wages or benefits via the card; rather, participants appeared to base this decision primarily on whether they had another method (*e.g.*, direct deposit) that they would prefer to use.
- Forms for payroll or government benefit cards included text below and outside of the confines of the short form disclosure about situations in which cardholders could receive certain services or information for free. Most participants located and understood this text; a few did not.
- Round 5 participants were shown a “long form” which provided comprehensive fee and feature information for the government benefit card, including full fee amounts and descriptions of the circumstances under which the fees would be imposed. When asked about a fee that did not appear on or with the short form, almost all participants referred to the long form and were able to successfully find the information they were looking for.
- Almost all participants understood that if a fee was listed as “N/A,” it meant that the card did not offer the service associated with that fee. For example, when shown a form that listed a cash reload fee of “N/A,” participants generally understood that this meant they could not load cash onto the card.
- Participants in Round 5 were also shown forms meant to represent the terms of non-reloadable prepaid cards—that is, cards purchased at retail onto which money can only be loaded once. Two different forms were tested—one that used a tabular structure similar to that of the other forms, and one that disclosed basic information about the card in narrative form. Regardless of which of the two forms they were reviewing, participants clearly understood that the card being described could not be reloaded. None of the participants expressed confusion about how the card being described would work, or about its terms or fees.

Chapter IV: Findings from the Fourth Round of Consumer Interviews

ICF conducted 9 in-depth interviews with consumers in Arlington, Virginia on July 21 and 22, 2015. The purpose of the interviews was to assess how well participants could understand and use the content presented in the revised model forms developed by the CFPB team. This chapter describes the forms, the interview protocol, and findings from Round 4 of testing.

Description of Forms Tested

All forms designed for this round were short forms that showed only a subset of the key fees and features that would apply to a particular product, rather than all fees that could possibly be charged and all features that could be offered. Each form listed the names of several fees and the amount of each fee, presented in a tabular format. The fees included a set of static fees that appeared on all the forms (*i.e.*, monthly, per purchase, ATM withdrawal, cash reload, ATM balance inquiry, customer service, and inactivity fees) as well as incidence-based fees (some of which varied between forms). Below the table of fees were several pieces of explanatory text related to the fees and other features, including a note as to whether (and under what general circumstances) overdraft or credit would be offered, text recommending to consumers that they register their cards to protect their money, and instructions for accessing general information about prepaid cards through the CFPB website. Some of the forms included text indicating whether or not the card offered FDIC insurance. The model forms tested also included a sentence informing consumers that “We charge [x] other fees not listed here,” as well as text stating, “Find details on all fees and services inside the package or call 800-234-5678 or visit bit.ly/XYZprepaids.”

The forms that were shown to Round 4 participants are provided in Appendix B, and differed as follows:

- **Forms SF1A, SF1B, and SF2** all presented the fees and features in a similar layout. These forms displayed the four most important fees—monthly, per purchase, ATM withdrawal, and cash reload fees—in larger, bold print across the top of the form.⁴ Other fees, which included static and incidence-based fees, were shown in a list below that top line. The fee amounts and types of incidence-based fees that were listed were almost identical between Forms SF1A and SF1B, but differed from those of Form SF2. Other important differences between these forms were:
 - All three forms included a superscript asterisk next to one or more fees, linked to text stating, “Fees can be lower depending on how and where this card is used.” Forms SF1A and SF2 also included a small superscript dagger next to the monthly fee, linked to different text describing situations in which there would be no monthly fee (*e.g.*, “No monthly fee with direct deposit.”)
 - Form SF1A stated that “We may offer credit after 30 days,” while Form SF1B had similar text stating that “We may offer overdraft after 30 days.” Form SF2 stated, “No overdraft or credit-related features offered.”

⁴ Throughout the rest of this report, these four fees will be referred to as the “top-line” fees.

- Forms SF1A and SF1B included text in a shaded area at the bottom stating “We also offer a pay-as-you-go plan.” Form SF2 did not include that text.
- The language about card protections varied among the three forms. Form SF1A stated, “Register your card for FDIC insurance and other protections.” Form SF1B did not mention FDIC insurance, but instead stated simply, “Register your card to protect your money.” Form SF2 stated, “No FDIC insurance. Register your card for other protections.”
- **Forms MSP1 and MSP2** each described multiple service plans available for the same product. MSP2 presented three plans, labeled “pay-as-you-go,” “monthly plan,” and “yearly” plan.” MSP1 showed the pay-as-you-go and monthly plans, but not the yearly plan. On both forms, the list of fees for each of the plans was shown in a separate column. The order in which the fees were disclosed was approximately the same as on the SF forms, although the most important fees were presented in bold in the first few rows of the list, rather than as a larger “top line.” Again, the MSP forms provided additional information about card features below the list; this content was similar to that in the SF forms.
- **Forms PG1 and PG2** represented short form fee disclosures associated with a payroll card account. The format and content of the forms was very similar to that of the SF forms, with three main exceptions. First, because payroll card accounts typically do not allow cash reloads by consumers and do not charge inactivity fees, these fees were shown as “N/A” (PG1) or “Not offered”/ “None” (PG2). Second, both forms included additional information below and outside the confines of the short form disclosure describing situations in which cardholders could access certain services for free (*e.g.*, “First 3 ATM withdrawals per pay period are free”). Third, both of the PG forms included a statement in a shaded area at the top of the form informing consumers that they had other options for receiving their wages. The wording of this statement varied between PG1 and PG2.

Description of Interview Protocol

The interviews followed a semi-structured protocol developed by ICF and the CFPB. Each interview began with a brief introductory discussion of the participant’s prior experience with prepaid cards. Participants were then asked to imagine that they were starting a new job, and that their new employer provided them with information about a payroll card through which they could receive their wages. They were given either PG1 or PG2, and first asked to read the statement in the shaded area at the top. After being asked questions about that statement, the participants reviewed the entire form. They were then asked a series of questions to test their understanding of the information on that form.⁵

⁵ On the first day of interviews, participants were asked to review the PG forms at the end of the interview, rather than the beginning. ICF and CFPB made the decision to move this section to the beginning for Day 2 interviews, because they were concerned that after seeing so many other similar forms participants were not reading PG1 and PG2 closely enough for ICF and CFPB to accurately assess their understanding.

In the next section of the interview, participants were shown either SF1A or SF1B and asked to review it while “thinking aloud”⁶, after which they were asked a series of questions to assess their understanding of the content on that form. They were then shown either MSP1 or MSP2, asked to think aloud while reviewing that form, and then asked another series of comprehension questions about that form. They were then asked to compare the two forms they had seen (*i.e.*, either SF1A/B and either MSP1/2), and imagine they were in a store choosing between those two cards. They were asked to think aloud as they made examined their options, and then to indicate of the two which they would choose to purchase, and to explain their reasoning for doing so.

Participants were then asked to compare either SF1A or SF1B (whichever they had already been shown) and SF2. Again, they were asked to think aloud as they compared their options, and then to indicate which of the two they would choose to purchase, as well as the reasoning behind that decision. They were then asked a series of questions to test their comprehension of the content on SF2, and how it compared to SF1A/B. In the final portion of the interview, participants were asked several more questions about their prior experience with prepaid cards.⁷

Summary of Findings

Short Forms (Forms SF1A, SF1B, and SF2)

Identification of Basic Fee Amounts

- When shown Forms SF1A or SF1B, all participants were able to correctly identify the ATM withdrawal fee, monthly fee, cash reload fee, inactivity fee, customer service fee, and inactivity disclosed on the form. Participants’ understanding of how these fees might potentially be different in some situations varied, as described below.

Awareness and Understanding of Fee Asterisks

- Forms SF1A and SF1B each showed a cash reload fee with a superscript asterisk linked to text stating: “Fees can be lower depending on how and where this card is used.” When asked if the cash reload fee might vary, 6 of the 9 participants said that it could and correctly referenced the language associated with the asterisk when explaining their answer. Two of the other 3 participants said that the fee could be higher than what was shown but not lower, and cited as an explanation the “6 other fees” mentioned on the form rather than the asterisk. The remaining participant said that the fee could be higher or lower than what was shown; he⁸ noticed the asterisk, but did not appear to link it to the associated text.
- Certain other fees on the forms for this round did not include an asterisk, implying that these fees could *not* vary. While most participants understood that the absence of an asterisk meant

⁶ This type of “think aloud” technique is typical in cognitive interviews to test the usability of forms or other documents. Participants are asked to “think aloud” as they review a document—that is, to describe what they are looking at and their reaction to it, including whether any of the information surprises or confuses them.

⁷ These questions were asked at the end of the interview so that they would not influence or bias participants’ reactions to the forms they were shown.

⁸ To protect participants’ anonymity, in this report we have used male pronouns when referring to any participant regardless of his or her actual gender.

that these fees would be constant, there were a few that mistakenly thought that the fees still could change.

- The cash reload fee on Form SF2 did not include an asterisk. When asked whether he thought this fee could ever be different from what was shown, one participant mistakenly applied the text associated with the asterisk (“Fees can be lower...”) to the cash reload fee, and therefore incorrectly thought the fee could vary. The remaining participants did not mistakenly connect the asterisk with the cash reload fee.
- On Forms SF1A and SF1B, the ATM cash withdrawal fee did not have an asterisk. When asked whether this fee might ever vary, 4 of 9 participants said that it could and based their answer on text they saw on the form.⁹ Of these 4 participants, 3 mistakenly applied the text linked to the asterisk to the ATM withdrawal fee. The fourth participant said that the ATM withdrawal fee might be higher because of the “6 other fees” not listed on the form.

Variations in Monthly Fees

- Forms SF1A and SF1B disclosed potential variations in monthly fees in two different ways. SF1A showed a monthly fee with a superscript dagger linked to text indicating that there would be “no monthly fee with direct deposit.” On SF1B, on the other hand, the monthly fee had an asterisk linked to more generic language indicating that “fees could be lower depending on how and where this card is used.” SF1A also included this more general language, but the monthly fee did not have an asterisk.
 - Three out of 5 participants that saw SF1A correctly linked the dagger to the associated text and understood that the monthly fee could be \$0 if they loaded the card via direct deposit. The remaining 2 participants incorrectly stated that the monthly fee could not vary. None of the participants mistakenly referenced the text connected to the asterisk when discussing the monthly fee.
 - Three out of 4 participants that saw SF1B correctly linked the asterisk to the associated text and understood that the monthly fee could be lower in some situations. The remaining participant also thought the monthly fee could vary, but incorrectly thought it could be smaller or larger depending on the amount loaded, indicating that they did not see the asterisk and linked text.

Additional Fees Not Shown on Form

- All of the forms tested in this round included a bolded statement that read “We charge [x] other fees not listed here” located in the bottom section of the form below the asterisk and dagger language.¹⁰ This disclosure caused some participants to want to know more about the fees not listed.

⁹ A fifth participant indicated that the ATM withdrawal fee might “vary” in that users might be charged an additional fee by the operator of the ATM.

¹⁰ The CFPB included this statement indicating exactly how many additional fees could apply in its proposed model short form disclosures to encourage consumers to seek out more information about a prepaid account before acquisition. See 79 FR 77102, 77164.

- In some cases, this statement appeared to affect participants' interpretation of whether fees listed on the form could vary—information intended to be imparted by the asterisk or dagger language. For example, when asked whether the cash reload fee might ever be larger than what was shown on the form, 2 participants noted that it could be larger because “other fees” might apply. Similarly, another participant thought that the ATM fee might sometimes be larger than what was shown on the form because “other fees” might apply.

Availability of Additional Information

- When participants were asked how they could learn more about “other fees” not shown on the form, all participants correctly cited at least one of the sources of information in the shaded row at the bottom of the form. All 9 participants mentioned that they could go online to get information about other fees, and 7 of the 9 said that they could call the company's customer service line. None of the participants mentioned that they could look inside the package to get more information.
- When asked about the *cfpb.gov/prepays* website, all but one participant immediately understood that the website was administered by the government, and understood that it would contain general information about prepaid cards rather than specific terms and fees for this card. Participants thought that the general information on the site might include frequently asked questions about prepaid cards, a description of relevant laws or regulations, or recommendations as to which prepaid cards were best for consumers. The remaining participant was initially confused, but eventually realized that the website was administered by the government. He also thought this website would provide more detailed information about this specific prepaid card, rather than general information about prepaid card products as a whole.

Applicability of Cash Reload Fee to Other Methods for Loading Funds

- Participants were asked if they thought they would be charged the cash reload fee if they reloaded their prepaid card by direct deposit. Of the 9 participants, 5 correctly thought the cash reload fee would not apply in this situation. Two participants thought that the cash reload fee would apply, while the 2 other participants were not sure.
- Of the 5 participants that thought the reload fee would not apply, 2 correctly explained that it would not apply because the fee only applied to reloading of “cash” onto the card. Two based their answer not on anything they saw on the form, but on an assumption that companies generally do not charge fees for direct deposit. The fifth participant incorrectly referenced the dagger text relating to direct deposit regarding the monthly fee when explaining his answer (*i.e.*, the text noting “no monthly fee with direct deposit,” which was not intended to apply to the cash reload fee).
- One participant commented that while the cash reload fee would “probably not” apply if he reloaded his card through direct deposit, he might be charged one of the “6 other fees” mentioned on the form.

Customer Service Fee

- The “customer service fee” shown on Forms SF1A and SF1B had an asterisk, indicating that the fee could sometimes be lower than the amount shown. Participants were asked whether they thought this fee depended on whether they spoke to a live person or used an automated

system. Five out of the 9 participants incorrectly assumed the fee would remain the same whether the service was live or automated. One participant said there was not enough information on the form to know whether or not the same fee would be charged for both types of customer service. The other 3 assumed that the fee for automated service would be lower than the amount shown on the form (or potentially that there would be no fee). However, at least 2 of these participants based this assumption on past personal experience, rather than on the asterisk that appeared with the fee.

- Form SF2 included parenthetical text next to the customer service fee that read: “automated or live agent” and listed two different fees. All participants understood the distinction between these two fees, and could identify which would apply in a given situation.

Reference to Alternative Fee Plan

- Forms SF1A and SF1B included a shaded area at the bottom that included the following statement: “We also offer a pay-as-you-go plan.” While some of the participants noticed this statement during their initial review of the form, none mentioned the pay-as-you-go plan when asked subsequent questions about whether the fee amounts they paid might be different than those shown on the form.
- When asked what this statement meant, approximately half understood that the “pay-as-you-go plan” was a different fee scheme than one described on the card, although most commented that they were unsure exactly what the phrase meant. The other half of participants did not seem to understand that the “pay-as-you-go plan” was a different fee scheme, although it was not clear whether this was because they were unfamiliar with the concept of multiple fee plans or because they simply didn’t understand the phrase “pay-as-you-go.”
- When asked how they could find more information about the pay-as-you-go plan, all participants correctly identified the various options listed on the form (*i.e.*, look inside the package, call the 800 number, or visit bit.ly/XYZprepays).

Inactivity Fee

- The inactivity fee on Round 4 forms included parenthetical text that stated: “no transactions for 3 months.” After reviewing the forms, all participants understood that they could be charged a fee if they did not use their card for some period of time. When asked how many times they would be charged this fee if they did not use the card for a year, 6 of the 9 participants correctly indicated that they would be charged the fee 9 times (*i.e.*, every month after the first three). One participant incorrectly said he would be charged the fee in each of the 12 months, and one participant thought he would be charged the fee four times (*i.e.*, every three months). The remaining participant indicated that based on the wording, he was unsure whether the inactivity fee would be charged for 9 months or for 12 months (*i.e.*, if the fee could be charged retroactively after the first 3 months).

In-Network vs. Out-of-Network ATM Withdrawal Fees

- Both Forms SF1A and SF1B showed a single ATM withdrawal fee to represent a situation in which a prepaid company might charge the same fee for withdrawing cash from in-network and out-of-network ATMs. While some participants incorrectly thought this fee might vary in some situations (see above), all seemed to understand that the company providing the card would not charge different fees depending on what network the cardholder used.

- Form SF2 listed two different fees for ATM withdrawals, one for in-network ATMs and one for out-of-network ATMs. All participants saw both fees, and understood the distinction between them.
- After being shown SF2, participants were then shown SF1A or SF1B again and asked whether they thought the ATM withdrawal fee for that card might vary based on whether they used an in-network or out-of-network ATM. All participants correctly indicated that for the cards described in SF1A and SF1B, there was no fee distinction based on which type of ATM was used.

Comparison of SF1A/B vs. SF2

- Participants were asked to review either SF1A or SF1B and SF2, to choose which of the two cards they would purchase for their own use, and to explain the reasons for their choice.¹¹ Most participants were generally able to accurately compare fees between the two cards and make a selection based on how they would use the card. However, a few participants did not seem to take the text linked to the asterisk into account when comparing fees between forms. For example, a few participants stated that SF2 had a lower cash reload fee than SF1A/B, but did not mention that the fee on SF1A/B could actually be lower depending on how and where the card is used.

Overdraft and Credit Programs

- Form SF1A included a statement that read: “We may offer credit after 30 days. Fees would apply.” Form SF1B included a statement that was identical except that it referred to “overdraft” instead of “credit.” When asked about the programs described in Forms SF1A and SF1B, all but 2 participants understood that they would not necessarily be offered credit or overdraft by the prepaid provider (based on the fact that the form says the company “*may offer*” the program). All participants understood that they might be charged fees if they participated in the program. All but 2 participants also understood that the program would not be available immediately, but only “after 30 days.” The remaining 2 participants did not see this phrase, and said they did not know whether the program would be available immediately.
- Form SF2 included a statement that read: “No overdraft or credit-related features offered.” When asked what would happen if the consumer tried to make a purchase for more money than the amount loaded on the card described in SF2, all participants correctly responded that the transaction would not go through, and referred to this statement on the form when explaining their answers.
- When asked what would happen if they tried to make a purchase with this card for more money than they had loaded onto the card, 5 participants (3 of 5 who saw SF1A and 2 of 4 who saw SF1B) noted that in some cases the transaction might be allowed because of the statement on the form about credit or overdraft. The other 4 participants did not reference the statement about credit or overdraft when answering, and said that the transaction would be declined.

¹¹ For this and all other shopping comparison exercises in Rounds 4 and 5, researchers did not attempt to determine whether each participant made the “correct” selection between the two prototypes, because this would have required more detailed information about each participant’s prepaid card usage patterns.

- When the 5 participants that saw SF1A were asked what they thought the reference to “credit” meant, their responses varied. Two participants thought the reference to credit meant that the prepaid card might also function as a credit card. Two other participants said that the “credit” offered might be similar to overdraft protection; one used the word “overdraft” in his explanation, while the other did not use that word but described a scenario very similar to an overdraft. The final participant said that the prepaid provider might provide “some amount of credit” to cardholders, but did not offer any additional explanation.
- When participants that saw SF1B were asked what they thought the phrase “we may offer overdraft” meant, all 4 participants were able to explain that this meant they would be allowed to spend more money than they had on the card in exchange for a fee.

FDIC Insurance

- Form SF1A included a statement that read: “Register your card for FDIC insurance and other protections.” When asked whether this card offered FDIC insurance, 4 out of 5 participants who were shown this form referenced this statement and correctly said that the card did offer FDIC insurance. The remaining participant did not appear to notice the statement, and said that the card “might” offer FDIC insurance.
- Form SF1B did not reference FDIC insurance explicitly, but instead included the statement: “Register your card to protect your money” (which was intended, pursuant to the CFPB’s proposed model forms, to indicate that FDIC insurance was available). When asked if they thought that this card offered FDIC insurance, 3 out of the 4 participants who were shown this form assumed that it did not. The remaining participant, who had not heard of FDIC insurance before the interview, thought that cardholders could perhaps purchase this insurance for an additional fee.
- Form SF2 included a statement that read: “No FDIC insurance. Register your card for other protections.” All participants saw this text and understood that the card described in Form SF2 did not offer FDIC insurance.
- After being shown SF2, the 4 participants that had originally been shown SF1B earlier in the interview were given that form again and asked whether they now believed those cards offered FDIC insurance. Despite the fact that SF2 explicitly stated that the card did not offer FDIC insurance and SF1B did not reference FDIC insurance explicitly, none of the participants indicated that their beliefs about SF1B had changed after seeing Form SF2; –all 3 participants that had initially thought SF1B did not offer FDIC insurance still believed that it did not.
- In order to assess participants’ background understanding of FDIC insurance, they were asked to explain in their own words what this insurance protected against. Two participants understood that FDIC insurance was designed to protect their money in case of a bank failure. Four participants said that FDIC insurance would protect their money if their card was stolen or in the case of fraud, indicating that they did not understand the purpose of FDIC insurance. The remaining three participants said they had never heard of FDIC insurance.

Other Fees Charged by Third Parties

- At the end of the interview, participants were asked whether anyone might charge them a fee when they reloaded their card other than the company issuing the card. Almost all participants

identified organizations that might do so, including the retailer or the county or state (through taxes). However, it is important to note that none of the participants brought up the possibility that they might be charged fees by third parties when reloading their card until that specific question was posed by the interviewer.

- When asked whether fees charged by third parties for cash reloads would be included in the fee amount shown on the forms, 4 out of 9 participants assumed that these fees would be included. The other 5 participants thought that the fees would be in addition to the fee amount shown on the card.

Multiple Service Plan Forms (Forms MSP1 and MSP2)

- When shown one of the MSP forms, all but one participant quickly understood that the columns in the table represented different potential fee plans. For example, when asked what fee they would be charged for making a purchase, all participants indicated that they would be charged a fee under the pay-as-you-go plan but not under the monthly or yearly plans. The remaining participant initially seemed to be confused, but eventually understood that each column represented a distinct fee plan.
- Participants were then given either MSP1 or MSP2 along with either SF1A or SF1B, and asked to compare the two forms and indicate which card they would purchase for their own use. Nearly all participants were generally able to compare fees across the two forms. For example, one participant said that his selection would depend on how long he planned on using the card. He explained that if he planned to use it for a longer time, he would select the yearly plan because after paying the one-time yearly fee, the other fees are generally lower compared to the fees in other plans.
- A few participants initially seemed to react negatively to the amount of information on the MSP form. For example, one participant that selected SF1 said he chose that card in part because he liked the fact that there were fewer fees shown on the form. Another originally selected SF1, indicating that it was “less scary,” but eventually decided that he would purchase the card represented by the MSP form.

Payroll Card (Forms PG1 and PG2)

Statement about Options for Receiving Wages

- When participants were shown Form PG1 or PG2, they were instructed to first read the text in the shaded area at the top of the form. After reviewing this text, all participants understood that they would not be required to have their wages directly deposited onto the payroll card, and that they would have other options for receiving their wages.
- Unlike Form PG1, Form PG2 explicitly listed several options for receiving wages (*i.e.*, “by direct deposit to your bank account or prepaid card”). All participants that reviewed Form PG2 were able to identify these other ways that they could get their wages.
- Of the 5 participants that reviewed Form PG1 (which did not explicitly list other options for receiving wages), all 5 said that they thought they would be able to also receive their wages through a paper check. Four of the 5 said they could also receive their wages through direct deposit to a bank account.

- While the language used to indicate that consumers have options for receiving their wages differed between PG1 and PG2, neither version appeared to affect whether or not participants said they would be interested in receiving wages via the card. Participants appeared to base this decision primarily on whether they had another method (*e.g.*, direct deposit) that they would prefer to use.

Understanding of Fee Information

- All participants were able to correctly identify the bank teller cash withdrawal fee shown on the PG form they reviewed, as well as the in-network and out-of-network ATM fees.
- PG1 listed the cash reload fee as “N/A” and PG2 listed the cash reload fee as “Not Offered.” All but one participant correctly understood that “N/A” or “Not Offered” meant that they could not load funds onto this card themselves. The remaining participant, who reviewed PG1, incorrectly thought he would be able to reload cash onto the card, and that “N/A” meant he would not be charged a fee for doing so.
- Both PG1 and PG2 showed a \$2.50 fee for bank teller cash withdrawals. However, this fee included an asterisk connected to text that stated: “Fees can be lower depending on how and where this card is used. See below for free ways to access your funds and balance information.” Below and outside the confines of the short form, there was text explaining circumstances when fees would be discounted or waived, including one free bank teller cash withdrawal per pay period. As stated above, all participants correctly identified the standard fee they would pay for bank teller cash withdrawals. When asked if the fee might be different than that amount, 4 out of the 9 participants correctly said they would not be charged a fee for their first withdrawal, and cited the information below the short form disclosure. The other 5 participants followed the asterisk and noted that this fee could vary depending on how and where the card is used. However, they did not follow the reference in this text to the language below the table.
- Both PG1 and PG2 showed a \$1.95 fee for out-of-network ATM withdrawals, with an asterisk connected to the text (described above) indicating that fees can be lower depending on card usage. Below and outside the confines of the short form disclosure, there was text stating that the first 3 ATM withdrawals per pay period are free. When asked if they could withdraw cash from an ATM without being charged a fee, 6 out of 9 participants correctly stated that they would not be charged a fee for their first three withdrawals, and cited this text below the short form disclosure. The other 3 participants followed the asterisk and noted that this fee could vary depending on how and where the card is used. However, they did not appear to see the text below the short form disclosure, and could not identify any situations in which they would not be charged a fee for withdrawing cash from an out-of-network ATM.

Revisions to Designs of Round 5 Forms

At the end of Round 4, ICF and the CFPB considered how the findings from the fourth round of testing could be used to inform the development of forms for testing in Round 5. Based on these findings, ICF and CFPB made several changes to the forms:

- Most participants in Round 4 commented on the statement on the forms that “we charge [x] other fees,” and some expressed an interest in learning more about those “other fees” not listed. However, this statement also appeared to make some participants less certain about the

potential for variation in the fees that were disclosed. In order to clarify to consumers why some fees appeared on the form and others did not, all of the forms used in Round 5 included a row in the middle stating that “We charge [x] additional fees...these are our most common.” Static fees appeared above this row, while incidence-based fees appeared below it.

- Because some participants in Round 4 incorrectly thought that the “other fees” mentioned might affect the fees disclosed on the form, Round 5 forms instead referred to “additional fees.”
- When looking at a form that showed separate fees for live and automated customer service, all participants were able to distinguish the two fees and understood when they would apply. However, when looking at a form that showed only a single fee for customer service, some of the participants were unsure whether or not this fee would also apply if they used the company’s automated information system. In order to determine whether participants would find language clearer when a more specific single fee was disclosed, some of the forms tested in Round 5 referred to a fee for “live customer service.”
- The forms tested in this round included an asterisk linked to text stating that “fees can be lower depending on how and where this card is used.” In some cases, however, participants mistakenly applied that text to fees that did not include an asterisk. In order to clarify that this text only applies to fees with an asterisk, it was reworded for Round 5 as “*this fee* can be lower depending on how and where this card is used.”
- Because some participants in Round 4 seemed unsure as to which fee(s) the superscript asterisk and dagger applied, the font size of these symbols in top-line fees was increased in the forms used in Round 5 to improve visibility.
- Because some participants in Round 4 misunderstood when and how often the inactivity fee would be charged, the parenthetical description next to the label for that fee was changed from “no transactions for 3 months” to “after 3 months with no transactions.”
- Although Forms 1A and 1B included text indicating that the card also offered a “pay-as-you-go plan,” no participants ever referenced this text without being prompted. In addition, most participants indicated that they were unsure what the phrase “pay-as-you-go” meant. For these reasons, references to the “pay-as-you-go plan” were removed from these two short forms for the next round of testing.

The CFPB then developed revised forms based on these findings and other considerations that were tested in a final round of interviews. The forms were then tested through a fifth and final round of interviews. The results of these interviews are described in the next chapter of this report.

Chapter V: Findings from the Fifth Round of Consumer Interviews

Round 5 consisted of 11 in-depth interviews with consumers in Milwaukee, Wisconsin on August 17 and 18, 2015. Again, the goal of these interviews was to assess the clarity and usability of the revised forms.

Description of Forms Tested

Except where otherwise specified, the forms used in Round 5, like those in Round 4, were short forms displaying a subset of fees and features. These fees included both static fees that appeared on each form and incidence-based fees (some of which varied between forms). The forms for Round 5, which are provided in Appendix C, were similar to these used in Round 4 except as noted below.

- **Forms SF3A, SF3B, and SF4** were very similar in structure and content to Forms SF1A, SF1B, and SF2, respectively, from Round 4. The important differences between the SF forms used in Rounds 4 and 5 were:
 - Forms SF1A and SF1B in Round 4 included a statement that “We offer a pay-as-you-go plan”; Forms SF3A and SF3B did not include this statement. This statement was removed from the forms used in Round 5 because in Round 4, it did not appear effective in helping participants understand the availability of fee plans in addition to the one disclosed on the short form.
 - SF1A and SF3A used different approaches to indicate that there would be no monthly fee if the customer used direct deposit to load funds onto his or her card. In Round 4, SF1A showed a monthly fee of \$4.95, along with a superscript dagger linked to text stating “No monthly fee with direct deposit.” In Round 5, SF3A expressed the monthly fee as a two-tier fee in the top line—\$4.95, and “\$0 w/direct deposit.” The \$0 monthly fee amount on SF3A also included a superscript dagger linked to text stating “Also no monthly fee with \$500 total deposits per month.” This approach was tested in Round 5 to see if it improved the extent to which participants noticed and understood the waiver/discount language associated with the periodic fee.
 - On SF3A and SF3B, the fee that customers would be charged for calling for assistance was specifically described as a fee for “live customer service.” Including the word “live” in the description was tested as an alternative to two other approaches: (a) the use of the general term “customer service” with an asterisk to indicate that the fee could vary based on the type of service that the customer used; and (b) a two-tier listing of fees for live and automated customer service.
 - Between the static and incidence-based fees in the list, a row was added in the forms for this round that included the statement, “We charge [x] additional fees. Details on fees inside the package, at 800-234-5678 or at bit.ly/XYZprepays. These are our most common:...”¹² This row was added to clarify for participants that the incidence-based

¹² In Round 4, the forms listed the number of other fees not listed on the form. This number did not include the fees listed on the form as incidence-based fees. In Round 5, because this statement was moved above the incidence-based fees, the number of additional fees *did* include incidence-based fees.

fees listed were the most common of the “additional” fees and that an unlisted fee did not mean the feature was not offered.

- Forms in Round 4 included an asterisk next to some fees, linked to language that “Fees can be lower depending on how and where this card is used.” To clarify that this language only applied to fees with an asterisk, the asterisk language for Round 5 forms was reworded as “*This fee* can be lower depending on how and where this card is used.”
- The font size of the superscript asterisk and dagger in the top line was increased in Round 5 to help clarify to which fees the symbol applied.
- **Forms MSP3 and MSP4** were very similar in structure and content to Forms MSP1 and MSP2 from the previous round, except for relatively minor revisions to the fees and fee amounts shown on the forms. The most significant difference was that MSP3 and MSP4 included the same new row as the SF forms between the static and incidence-based fees.
- **Forms PG3 and PG4** were very similar in structure and content to Forms PG1 and PG2 from the previous round. These forms included the same row between the static and incidence-based fees as the SF and MSP forms for this round. There also small differences in wording in the text of these forms compared to PG1 and PG2 to reflect the fact that these were meant to represent cards onto which government benefits would be loaded, rather than payroll cards. Forms PG3 and PG4 were identical to each other except for the wording of the statement at the top informing consumers that they had other options for receiving their benefits.
- **Form LF1**, unlike all other forms used in Rounds 4 and 5, displayed information about all fees associated with the account and the conditions under which those fees would be charged. This information was shown in a single full-page table. The account represented in Form LF1 was the same government benefit account described by Forms PG3 and PG4—that is, PG3 and PG4 disclosed a subset of the information provided in LF1.
- **Forms NR1 and NR2** represented fee disclosures associated with a non-reloadable prepaid card—that is, a card onto which money can only be loaded once and is then spent down. NR1 used a similar format to the SF forms, although due to the nature of a non-reloadable card almost all of the fees listed on the form were shown as \$0 or N/A. NR2 did not use the same tabular format as other forms, but instead provided basic information about the card in narrative form, highlighting the fact that the card was not reloadable and should be treated like cash. While their structures were very different, NR1 and NR2 were intended to describe the same prepaid card.

Description of Interview Protocol

As in Round 4, interviews in Round 5 followed a semi-structured protocol developed by ICF and the CFPB. Again, each interview began with a brief introductory discussion of the participant’s prior experience with prepaid cards. Participants were then asked to imagine that they were applying for unemployment benefits, and that the state benefits office provided them with information about a card they could use to receive those benefits. They were given either PG3 or PG4 along with LF1, and asked to review the forms as they might in this kind of situation. They were then asked a series of questions to test their understanding of the information on the forms.

In the next section of the interview, participants were shown SF3A or SF3B and asked to review it just as they normally would, after which they were asked a series of questions to assess their understanding of the content on that form. They were then given SF4 and either MSP3 or MSP4, and asked to imagine they were in a store choosing between those two cards. They were asked to indicate which they would purchase, and to explain their reasoning for doing so.

Participants were then asked to compare either SF3A or SF3B (whichever they had already been shown), and SF4. Again, they were asked to indicate which of the two they would choose to purchase, as well as the reasoning behind that decision. They were then asked a series of questions to test their comprehension of the content of SF4, and how it compared to SF3A/B. In the final portion of the interview, participants were shown NR1 and NR2 (one at a time) and asked questions to assess their understanding of the information.

Summary of Findings

Short Forms (Forms SF3A, SF3B, and SF4)

Identification of Basic Fee Amounts

- When shown Forms SF3A or SF3B, nearly all of the participants were able to correctly identify the ATM withdrawal fee, monthly fee, cash reload fee, customer service fees, and inactivity fee disclosed on the form. As in Round 4, their understanding of how these fees might potentially be different in some situations varied, as described below.

Awareness and Understanding of Fee Asterisks

- The cash reload fee on all SF forms included an asterisk linked to text stating: “This fee can be lower depending on how and where this card is used.” When asked if the cash reload fee might vary, 9 of 10 participants correctly cited the asterisk and said the fee could be lower. The other participant incorrectly said that the fee would never vary.¹³ Understanding of this asterisk was higher than it was in Round 4, when approximately half of participants noticed and correctly interpreted that information.
- The single ATM withdrawal fee shown on the SF forms did not include an asterisk, implying that fee could *not* vary. When asked whether this fee could be different from what was shown, 9 of the 11 participants understood that the fee would not vary. The remaining 2 participants stated that the ATM withdrawal fee could potentially be higher because of the reference to “additional fees” on the form. Unlike Round 4, none of the participants in this round mistakenly applied the asterisk text to the ATM withdrawal fee.

Variations in Monthly Fees

- Forms SF3A and SF3B disclosed potential variations in monthly fees in two different ways. SF3B showed a monthly fee of \$4.95, with a superscript dagger symbol linked to text indicating that there would be “no monthly fee with direct deposit.” SF3A, on the other hand, listed two different monthly fees in the top line: \$4.95, and “\$0 w/direct deposit.” SF3A also included a superscript dagger symbol next to the \$0 monthly fee amount, linked to text indicating that

¹³ One participant was not asked this series of questions because he incorrectly said that the card did not charge a cash reload fee.

there would also be no monthly fee with \$500 total deposits per month. Regardless of which version they were shown, all participants understood that the monthly fee could be \$0 in some situations, and were all able to correctly identify those situations.

- While all participants were able to successfully follow the dagger to the appropriate text, almost half of participants also incorrectly linked this fee to the text associated with the asterisk language (“This fee can be lower depending on how and when this card is used”). While this statement was not necessarily untrue, it was not intended to apply to the monthly fee.

Additional Fees Not Shown on Form

- When participants were asked whether they could be charged any fees other than those listed on the form, all understood that they could. When asked to explain their answer, most of these participants specifically referenced the text on the form stating that “we charge [x] additional fees.” A few, however, did not cite that text when explaining their answer and instead seemed to believe based on experience that they could be charged “hidden fees” that did not appear on the form.
- As in Round 4, there were a few instances where some participants mistakenly interpreted this statement to indicate fees could vary, even if the fee did not have an asterisk next to it. For example, as noted above, 2 participants thought the ATM withdrawal fee might potentially be higher than the amount shown on the form, because “additional fees” might apply. Participants in Round 5 mentioned this statement less frequently than in Round 4, perhaps because the placement of the statement on the form (i.e., in the middle of the fee table, rather than below) made the information less prominent.

Availability of Additional Information

- When asked how they could find information about additional fees not disclosed on the form, all but one participant correctly cited at least one of the sources of information mentioned on the form. Of these participants, 8 said that they could go to the company website to get this information, and 8 also said they could call the company using the phone number on the form. One participant mentioned that this information was also available inside the package. The remaining participant thought that more information about specific fees for this product would be available at the CFPB website cited on the form (*cf.gov/prepaid*).
- When asked about the *cf.gov/prepaid* website, most participants understood that this website was administered by the government. However, 3 participants did not realize that this site would be run by the government; one thought the site would be run by the company offering this specific card, while two were not sure.
- Most participants thought that the *cf.gov/prepaid* website would contain general information about prepaid cards, such as information about how to choose a prepaid card or potential risks of prepaid cards. However, a few participants also thought that this website would contain more detailed information about the terms and fees associated with this specific card (e.g., the “additional fees” not shown on the form).

Understanding of Incidence-Based Fees

- Participants were instructed to read a heading statement in the middle of the forms stating: “We charge [x] additional fees. Details on fees inside the package, at 800-234-5678 or at

bit.ly/XYZprepaids. These are our most common:”. They were then asked to explain why some fees appeared above this statement, while others appeared below. Only one participant was able to explain that the fees shown below this statement were the most common of the “additional fees” referenced on the form. Other participants had a variety of misunderstandings about why some fees were shown and others were not. For example, a few participants suggested that the fees shown on the form were probably the lowest fees, and those that were not shown were the higher fees that the company was trying to hide.

- A few participants were confused by the heading statement that the incidence-based fees shown were the “most common.” These participants incorrectly thought this text was saying that these fees were the most common *overall*, rather than the most common of those fees not shown at the top of the form. This confused them because they assumed that other fees shown in the top line of the form (*e.g.*, ATM withdrawal or per purchase fees) would actually be the most common, and this text appeared to contradict this assumption.
- The heading as tested did not seem to effectively clarify the relationship of “additional” fees to incidence-based fees. It is possible that removing the contact information from the heading line could improve comprehension. This would mean relocating the information of how to get information to the bottom portion of the Short Form.

Applicability of Cash Reload Fee to Other Methods for Loading Funds

- Participants were asked if they thought they would be charged the cash reload fee if they loaded funds online using a debit card. Of the 11 participants, 7 thought the cash reload fee would apply in this situation. Two participants did not think the cash reload fee would apply, while the remaining participant was not sure.¹⁴ Both participants that thought the cash reload fee would not apply assumed that they would be charged a different type of fee for this transaction; one specifically mentioned correctly that this might be one of the “9 additional fees” referenced on the form.
- While the cash reload fee is intended to disclose the fee for reload of cash only, most participants incorrectly assumed it included other reload methods but correctly understood that they could be charged for reloading their prepaid card using methods other than cash reload.

Customer Service Fee

- Forms SF3A and SF3B included a fee for “live customer service”. All participants understood that this fee would apply if they spoke to a live customer service agent, and most participants understood that the fee would not be charged if they used the company’s automated system to get information about their account. These participants assumed there would be no charge whatsoever for automated customer service.

Inactivity Fee

- The inactivity fee listed on both forms included parenthetical text indicating that the fee would be charged “after 3 months with no transactions.” All participants understood that they would be charged a periodic fee if they stopped using their prepaid cards. The language was adjusted

¹⁴ One participant was not asked this series of questions because he incorrectly stated that the card did not charge a cash reload fee.

between Rounds 4 and 5, with the intent of making it clearer to consumers when this fee would be charged. However, just as in the previous round, some participants misunderstood when and how often this fee would be charged. When asked how many times they would be charged this fee if they did not use their card for a year, 6 participants correctly indicated that they would be charged the fee 9 times (*i.e.*, every month after the first three). Four said that they would be charged the fee four times, possibly because they incorrectly thought the fee would be charged every three months. The remaining participant said he would be charged 12 times (possibly because he did not realize that the fee would not be charged until after the first three months).

Comparison of SF3A/B vs. SF4

- Participants were asked to review either SF3A or SF3B and SF4, and to choose which of the two cards they would purchase for their own use. Participants were generally able to accurately compare fees between the two cards and make a selection based on how they would use the card.
- Participants were given two scenarios and asked to compare the monthly fees that would be charged by both cards under each scenario.
 - In the first scenario, the participant was asked to imagine that every month they loaded \$200 to the card and made 40 purchases. When making their decision, all 11 participants noticed the dagger on at least one of the forms and referred to the associated language about when the monthly fee might be reduced or waived. Eight of the 11 participants correctly indicated that the monthly fee for SF4 would be lower and, citing the dagger language, that there would be no monthly fee with 30 transactions in a month. The other 3 participants did not understand that in this scenario, the monthly fee for SF4 would be waived.
 - In the second scenario, the participant was asked to imagine that they had their paycheck directly deposited into the prepaid card account, but only used the card a few times a month. In this case, 7 of the 11 participants correctly indicated that the monthly fee for SF3A/B would be \$0 if they used direct deposit. Three participants (all of whom were shown SF3A) incorrectly thought that the monthly fee would only be waived if they directly deposited at least \$500.¹⁵ The remaining participant incorrectly applied the text connected to the asterisk to the monthly fee on SF3A, rather than text connected to the dagger.
- One of the differences between the forms used in this comparison was that Forms SF3A and SF3B listed three IB fees, while Form SF4 listed only two IB fees. When comparing the forms, none of the participants commented on the fact that the forms listed different numbers of fees, or mentioned this difference when explaining their choice of card.

Overdraft and Credit Programs

- Form SF3A included a statement that read: “We may offer credit after 30 days. Fees would apply.” Form SF3B included a statement that was identical except that it referred to

¹⁵ In fact, SF3A indicated that the monthly fee would be \$0 if the cardholder had direct deposit *or* had \$500 total deposits in a given month.

“overdraft/credit” instead of “credit.” When asked about the programs described in Forms SF3A and SF3B, all participants understood that they would not necessarily be offered the opportunity to participate in the programs, and all understood that they might be charged fees. Almost all understood that the programs would not be available until 30 days after they purchased the card, although one participant incorrectly thought the program would be available immediately.

- Form SF4 included a statement that read: “No overdraft or credit-related features offered.” When asked whether the card described in SF4 offered an overdraft program, all participants saw this statement and understood that no such program was offered.
- When asked whether they thought the card described in these forms offered an overdraft program, 4 of the 5 participants who saw SF3B understood that it did. In comparison, only 1 of 6 participants who were looking at SF3A thought that the card offered an overdraft program.
- When asked what they thought the reference to “credit” in Form SF3A/3B might be describing, participants’ responses varied.
 - Of the 6 participants that were shown SF3A, two thought the reference to credit meant that the prepaid card might also function as a credit card. One thought the statement meant that some fees might be waived (*i.e.*, that the cardholder might get a “credit” for those fees). Two said that the reference meant that the company might provide a small amount of credit to cardholders (without any additional explanation), and the sixth participant said he did not know what the reference to credit meant. None of the participants that saw SF3A mentioned the word “overdraft” in their explanation.
 - Of the five participants that were shown SF3B (which referred to “overdraft/credit” rather than just “credit”), two said that in this context “credit” was a synonym for “overdraft.” One thought the reference to the word “credit” meant that the card might function as a credit card, while the remaining two said they did not know what it meant.
- Participants were asked if the fact that the card offered an overdraft or credit program would change the way they felt about the product. Approximately half said the presence of such a program would make them feel more positively toward the card, because they thought the program might be useful in some situations. Others said that the presence of an overdraft or credit program would make them feel more negatively toward a card, because they would be concerned about potential overdraft fees. One participant said the presence of such a program would not affect how he felt toward the product.

FDIC Insurance

- Form SF3A included a statement that read: “Register your card for FDIC insurance and other protections.” When asked whether this card offered FDIC insurance, all 6 participants who were shown this form saw this statement and understood that the card did offer FDIC insurance.
- Form SF3B did not reference FDIC insurance explicitly, but instead included the statement: “Register your card to protect your money.” Of the 5 participants that were initially shown SF3B, 4 did not think that the card offered FDIC insurance. The fifth participant thought the card

“probably” offered this insurance, since it was recommending to cardholders that they register their cards.

- Form SF4 included a statement that read: “No FDIC insurance. Register your card for other protections.” All participants saw this text, and understood that the card described in SF4 did not offer FDIC insurance.
- After seeing Form SF4, participants were again shown Form SF3B and asked if they thought that card offered FDIC insurance. Just as in Round 4, seeing SF4 had no impact on participants’ answers; 4 of the 5 participants who had initially been shown SF3B still thought that the card did not offer insurance, while the participant who initially thought it did continued to hold this belief.
- As in Round 4, participants were asked to explain in their own words what FDIC insurance protected against, in order to assess their background understanding. Approximately half of participants understood that FDIC insurance was designed to protect their money in the case of a bank failure. The other half misunderstood what FDIC insurance would protect against; for example, they indicated that FDIC insurance would protect their money if their card was stolen or in the case of fraud.

Multiple Service Plan Forms (Forms MSP3 and MSP4)

- When shown one of the MSP forms, approximately half of participants immediately understood that the columns represented different fee plan options. The other half of participants appeared to take several minutes to understand that each column represented a distinct fee plan, but as in Round 4, all participants eventually understood the structure of the form. For example, just as in the previous round, when asked what fee they would be charged for making a purchase, all participants indicated that they would be charged a fee under the pay-as-you-go plan but not under the monthly or annual plans.
- One of the columns in both MSP3 and MSP4 was labeled “Pay-As-You-Go.” Although all participants eventually understood that this column described one of the fee plans for this card, a few commented that they initially found this phrase confusing.
- Participants were given either MSP3 or MSP4 along with SF4, and asked to compare the two forms and indicate which card they would purchase for their own use. While some participants took some time to understand the structure of the MSP forms, all were generally able to compare fees between the two forms. When asked to explain their decision, most of these participants cited specific fee amounts. However, a few said they preferred SF4 over the MSP card because they found the form simpler and easier to understand. One participant that selected the MSP form did so because he liked the fact that he would be able to choose between multiple fee plans.
- The MSP forms listed a \$20 replacement card fee, with an asterisk linking to the statement: “This fee can be lower depending on how and where his card is used.” On the SF4 form, two replacement card fees were listed—a \$5 fee for “regular delivery” and a \$20 fee for “expedited delivery.” When asked which card had a lower replacement card fee, all participants initially indicated SF4, despite the asterisk language on the MSP forms indicating that the replacement card fee could be lower than the amount shown. When asked if there was any situation in which

the fee on SF4 might not be higher, approximately half pointed out that if the cardholder opted for expedited delivery, then both cards would charge the same \$20 fee. Two participants pointed out that the presence of the asterisk meant that the replacement card fee for the MSP form could be lower than \$20.

Government Benefits Card (Forms PG3, PG4, and LF1)

Statement about Options for Receiving Benefits

- After reviewing either Form PG3 or PG4, all but 2 of the participants understood that they would not be required to have their benefits directly deposited onto the card, and that they would have other options. Of the 9 participants that did understand that they had other options, 4 referenced the statement in the shaded box at the top of form when answering this question. The other 5 participants thought that they had other options based on personal experience or prior assumptions, rather than anything they saw on the form.
- Unlike Form PG3, Form PG4 explicitly listed several other options for receiving benefits (*i.e.*, “direct deposit to your bank account” and “direct deposit to your own prepaid card”). After being directed to read this statement, all 5 participants that reviewed PG4 were able to identify these other ways to receive their benefits.
- Of the 6 participants that reviewed Form PG3 (which did not explicitly list other options for receiving wages), 4 said they thought they would be able to receive their benefits via a paper check, and 2 of these 4 said that they could also receive benefits through direct deposit to a bank account. Two of the participants who reviewed Form PG3 said they did not know what other options they might have for receiving their benefits.
- The language used to indicate that consumers have options for receiving their benefits differed between PG3 and PG4. As in Round 4, neither version appeared to affect whether or not participants said they would be interested in receiving payments via the card; instead, this decision seemed to be based on whether they had another payment method (*e.g.*, direct deposit) that they would prefer to use.

Understanding of Fee Information

- Participants were given Form LF1 at the same time as PG3 or PG4, and asked to review the forms as they normally would. All participants looked at both forms during their initial scan of the information.
- All but one participant was able to correctly identify the per purchase fee shown on the forms they reviewed, and all participants correctly identified the in-network and out-of-network ATM fees.
- All participants understood that the fact that the cash reload fee was listed as “N/A” meant that cardholders could not load cash onto the card themselves.
- Both PG3 and PG4 showed a \$1.95 fee for out-of-network ATM withdrawals. However, this fee included an asterisk connected to text reading: “This fee can be lower depending on how and where this card is used. See below for free ways to access your funds and balance information.” Below and outside of the confines of the short form disclosure, there was text stating that the

first 3 out-of-network ATM withdrawals per month are free. LF1 also noted this information in the row providing additional details about out-of-network ATM fees. When asked if it was possible to withdraw money from an out-of-network ATM without being charged a fee, all 11 participants correctly stated that the first three withdrawals per month were free. Nine of the 11 participants got this information from the bottom of the PG form; the other 2 saw this information on Form LF1.

- The bill payment fee shown on PG3 and PG4 was \$1.00, and included the same asterisk as the out-of-network ATM withdrawal. While PG3 and PG4 did not include any more specific information about when this fee might be lower, Form LF1 clarified that \$1.00 was the fee for an expedited bill payment, but that regular bill payments were free. When asked whether the fee might ever be lower than the amount shown on the PG forms, 9 of the 11 participants referred to the long form. Of those 9 participants, 7 were able to correctly state that there would be no fee for non-expedited bill payments, while 2 could not find this information on the long form. Two of the participants never looked at the long form until being prompted by the interviewer, and were therefore unable to answer this question on their own.
- Participants were also asked whether they would be charged a fee to use their card in Canada. Information about foreign transaction fees did not appear on the PG forms, but did appear on Form LF1. When answering this question, all 11 participants referred to the long form, and 10 of the 11 were able to correctly identify fees that they would be charged for using the card outside of the United States.

Non-Reloadable Prepaid Cards (Forms NR1 and NR2)

- Whether reviewing NR1 or NR2, all participants understood that the card being described could not be reloaded.
- Whether reviewing NR1 or NR2, no participants expressed confusion about how the card being described would work or its terms or fees.
- When asked if they had seen a card like this before, almost all said that they thought they had, although some were unsure. Only one participant indicated that he had never seen this type of card before.

Chapter VI: Conclusion

For consumers who use prepaid accounts—especially those who use them as an alternative to traditional banking products—it is important to have an accurate understanding of the fees and other costs associated with using these products. Without a clear sense of the costs involved, consumers will have difficulty making informed decisions related to the purchase and use of prepaid accounts. This is the rationale behind this CFPB initiative to evaluate how fee information can most effectively be provided to prepaid users, and to evaluate the clarity and usability of model and sample fee disclosures developed by the CFPB team.

This report summarizes findings from two rounds of cognitive interviews conducted by ICF on behalf of the CFPB in July and August 2015. As described in this report, in many respects the research showed that participants understood and could effectively make use of the information in the model form iterations tested. For example, participants were generally able to identify relevant fee amounts on the forms that were tested, such as monthly fees and fees for ATM withdrawals and purchases. They were also able to use information on the forms to choose between two different cards, even when the forms were complex and disclosed information for multiple service plans. Moreover, even though the model “short forms” displayed only a subset of information about key fees and features for a given product, participants understood that they could be charged other fees that were not shown, and also were able to find references on the form about where to get information about those additional fees.

The interviews also identified some continued sources of confusion. For example, some participants misunderstood the details of when certain fees would apply, or in what situations they might be waived. However, these participants’ misconceptions were usually isolated to specific fee details, and did not affect their broader comprehension of the overall fee structures.

The findings from ICF’s research were used by the CFPB to inform its proposed rulemaking applying Regulation E to prepaid accounts, and the model short forms and sample long forms that were developed and refined through this project were included in the proposed rule to demonstrate how prepaid account fees and features should be disclosed to consumers. It is ICF’s understanding that its final two rounds of cognitive interviews will similarly be used by the CFPB to inform its final rule on prepaid accounts. Through this rulemaking, the CFPB hopes to ensure that Americans have access to the information they need to become informed users of prepaid accounts.

APPENDIX A: RECRUITMENT SCREENER

Participant Screener for Prepaid Card User Testing

General Information and Recruiting Specifications

- Ten in-depth interviews
 - Five interviews will be held on two different dates, at 9:30am, 11am, 1pm, 2:30pm, 4pm
 - Length of each interview: 90 minutes

 - RECRUITERS: Ask all interview participants to bring their reading glasses, if necessary, because they may be asked to review one or more documents as part of the interview.
-

Recruiting Script

Hello, my name is **[first and last name]**. May I speak to **[candidate]**?

If someone other than Respondent asks why you are calling, say: I'm calling regarding an important US government study about prepaid cards.

Say to Respondent: I am calling from **[marketing company's name]** for ICF International. ICF International is working with a US government agency, the Consumer Financial Protection Bureau. The Bureau is an agency in the Federal government whose goal is to ensure that consumers get the information they need to make financial decisions. For this specific project, the Bureau is studying how people use prepaid cards and how they make decisions about those cards. In accordance with the Paperwork Reduction Act of 1995, this research study has been approved by the US Government Office of Management and Budget under OMB Control number 3170-0022.

We are seeking people to voluntarily participate in interviews being held on . The interview will last 90 minutes, and we will give participants an incentive of \$__. If you are selected and agree to participate in one of these interviews, we will ask you some questions about your use of prepaid cards and how you choose between different products. You will not have to provide any information that you feel uncomfortable discussing.

It is important that you know that we will be audio- and videotaping your interview so that we can be sure to collect what you say accurately. However, your name will not appear in any reports. Also, just so you are not surprised, staff from the Bureau and ICF International will observe your interview from another room.

Do you have a few minutes to answer some pre-qualifying questions? (*If not, When would be a convenient time to call back?*)

If necessary: We are not selling anything, we are only looking to find people to participate in a study that the Consumer Financial Protection Bureau is conducting. Everything you say will be kept private except where required by law. Further, your personal information will not be given to the Consumer Financial Protection Bureau.

Before asking any questions, read the brief Privacy Act Statement tailored for telephone interviews:

The information you provide through your responses to ICF will assist the study sponsor, the Consumer Financial Protection Bureau (CFPB), in determining your eligibility to participate in one-on-one interviews on topics related to prepaid accounts.

A federal law called the Privacy Act directs how the CFPB collects, keeps, and shares your personal, private information – including the personal information contained in your answers to these questions. Your participation is completely voluntary, and is subject to the CFPB privacy policy that can be found on our website, consumerfinance.gov.

Q1: In the past 12 months, have you purchased (either in a store or online) a reloadable prepaid card that you can load funds onto yourself? You can buy these cards in a store or online and can reload them by cash or direct deposit if you wish. Examples would include prepaid cards such as GreenDot, NetSpend, RushCard, or Bluebird cards. **These cards do not include gift cards or health care flexible spending account cards.**

- Yes → Continue to Q1a
- No or doesn't know → *Respondent does not qualify; thank them politely and end call.*

Q1a: Are you only able to use this card at a single business or retailer, or can you use it at a variety of different businesses or retailers on the Visa, Discover, American Express, or MasterCard networks?

- Single kind → *Thank respondent politely and end call.*
- Variety → Continue to Q1b

Q1b: Are you only able to use this card to purchase any goods you want or is its use limited to particular categories of merchandise (e.g., health care related goods)?

- Limited use → *Thank respondent politely and end call.*
- Unlimited → Continue to Q1c

Q1c: Have you loaded funds onto this prepaid card more than once in the past year, either through a cash reload or through an electronic transfer of funds (like a direct deposit)?

- Yes → Continue to Q1d
- No or doesn't know → *Thank respondent politely and end call*

Q1d: What is the brand name of the prepaid card you have used most frequently (if you remember)?

- Record open-ended response. If respondent says "Visa" or "MasterCard," ask if there is another brand identified on the card.*

Q2: Do you work or have you ever worked for a bank or other financial institution?

- Yes → *Thank respondent politely and end call.*
- No → Continue

Q3: Do you work or have you ever worked for a consumer rights non-profit related to the banking or financial industries?

- Yes → *Thank respondent politely and end call.*
- No → *Ask respondent what his/her occupation is, record respondent's answer, and continue to Q4.*

Q4: Have you participated in any other interviews or focus groups in the past 6 months?

- Yes → *Thank respondent politely and end call.*
- No → Continue

Q5: ARTICULATION QUESTION: In a few sentences please tell us why you use prepaid cards. Tell us some things you like about this product. If you could change one thing about your prepaid card account, what would it be? (*Record respondent's answer.*)

- If respondent gives a thoughtful, articulate answer → **Respondent qualifies**
- If respondent does not give a thoughtful, articulate answer → *Thank respondent politely and end call.*

Screening Criteria	Recruiting Quotas
<p>Q6: In the past <u>two years</u>, have you ever used a card that your employer provided and loaded money onto, also called a payroll card?</p> <ul style="list-style-type: none"> • <i>Do not include gift cards or any prepaid cards that you purchase yourself.</i> <input type="checkbox"/> Yes → Continue to Q6a <input type="checkbox"/> No → Skip to Q7a <p>Q6a: Were you only able to use this card at a single business or retailer, or could you use it at a variety of different businesses or retailers on the Visa, Discover, American Express, or MasterCard networks?</p> <ul style="list-style-type: none"> a) Single kind → Skip to Q7a b) Variety → Continue to Q6b <p>Q6b: Please describe this card. Who placed the funds on this card? Why were the funds placed on the card? <i>Record open-ended response</i></p>	<ul style="list-style-type: none"> • At least 3 recruits should answer (b) to Q6a.
<p>Q7a: In the <u>past 12 months</u>, have you yourself opened a prepaid account <u>online</u> or purchased a prepaid card online? Please answer based on whether you have <i>opened</i> an account or <i>purchased</i> a card online, not whether you have <i>loaded</i> funds online.</p> <ul style="list-style-type: none"> a) Yes b) No <p>Q7b: In the <u>past 12 months</u>, have you yourself purchased a prepaid card <u>in a store</u>? Please answer based on whether you have <i>purchased</i> prepaid cards in a store, not whether you have <i>loaded</i> funds onto them in a store.</p> <ul style="list-style-type: none"> a) Yes b) No 	<ul style="list-style-type: none"> • At least 3 recruits should answer Yes to Q7a • At least 6 recruits should answer Yes to Q7b

Screening Criteria	Recruiting Quotas
<p>Q8: Do you currently have a checking or savings account with a bank or credit union?</p> <p>a) Yes b) No</p>	<ul style="list-style-type: none"> • At least 3 recruits should answer No
<p>Q9: What is your age?</p> <p>a) 18 to 35 b) 36 to 50 c) 51 or above</p>	<ul style="list-style-type: none"> • At least 3 recruits should answer (a) • At least 3 recruits should answer (b) • At least 2 recruits should answer (c)
<p>Q10: Are you of Hispanic or Latino origin (ethnicity)?</p> <p>a) Yes → Continue to Q10a b) No → Skip to Q11</p>	<ul style="list-style-type: none"> • At least 1 recruits should answer Yes to Q10
<p>Q11: What is your race? You can select more than one, if applicable.</p> <p>a) White b) Black or African-American c) Asian d) Native Hawaiian or other Pacific Islander e) American Indian or Alaska Native</p>	<ul style="list-style-type: none"> • At least 3 recruits should answer (a) • At least 3 recruits should answer (b), (c), (d), or (e)
<p>Q12: What is the highest level that you reached in school?</p> <p>a) High school degree or less b) Some college work c) College graduate</p>	<ul style="list-style-type: none"> • At least 3 recruits should answer (a) • At least 3 recruits should answer (b) • At least 2 recruits should answer (c)
<p>Q13: <i>Gender</i></p>	<ul style="list-style-type: none"> • At least 4 recruits of each gender

If participant qualifies: Based on your responses, we would like to invite you to participate in an interview, which will be held at **[facility name and address]**. The interview will last about 90 minutes. We may be showing you some documents to look at during the interview, so if you use reading glasses please be sure that you bring them. We will provide you with a \$75 incentive for participating in the interview.

If participant is willing to participate, record their name and contact information, confirm the time and date, and indicate that they will receive a confirmation call the day before the interview. Regardless of whether or not they are willing to participate, thank them before ending the call.

**APPENDIX B:
FORMS SHOWN IN
ROUND 4 INTERVIEWS**

SF1A

Monthly fee	Per purchase	ATM withdrawal	Cash reload
\$4.95[†]	\$0	\$2.00	\$3.95*
ATM balance inquiry			\$1.00
Customer service			\$1.50* per call
Inactivity (no transactions for 3 months)			\$2.50 per month
Bank teller cash withdrawal			\$2.50
Bill payment			\$2.00*
Transfer to another XYZ prepaid card			\$2.00
We may offer credit after 30 days. Fees would apply.			
[†] No monthly fee with direct deposit. * Fees can be lower depending on how and where this card is used. We charge 6 other fees not listed here. Register your card for FDIC insurance and other protections. For information about prepaid cards in general, visit cfpb.gov/prepays .			
We also offer a pay-as-you-go plan. Find details on all fees and services inside the package or call 800-234-5678 or visit bit.ly/XYZprepays .			

SF1B

Monthly fee	Per purchase	ATM withdrawal	Cash reload
\$4.95*	\$0	\$2.00	\$3.95*
ATM balance inquiry			\$1.00
Customer service			\$1.50* per call
Inactivity (no transactions for 3 months)			\$2.50 per month
Bank teller cash withdrawal			\$2.50
Bill payment			\$2.00*
Transfer to another XYZ prepaid card			\$2.00
We may offer overdraft after 30 days. Fees would apply.			
* Fees can be lower depending on how and where this card is used. We charge 6 other fees not listed here. Register your card to protect your money. For information about prepaid cards in general, visit cfpb.gov/prepays .			
We also offer a pay-as-you-go plan. Find details on all fees and services inside the package or call 800-234-5678 or visit bit.ly/XYZprepays .			

SF2

Monthly fee	Per purchase	ATM withdrawal	Cash reload
\$5.99[†]	\$0	\$0 in-network \$1.99 out-of-network	\$1.99
<hr/>			
ATM balance inquiry (in-network or out-of-network)		\$0 or \$0.50	
Customer service (automated or live agent)		\$0 or \$1.99 per call	
Inactivity (no transactions for 3 months)		\$2.95 per month	
Secondary card		\$5.00	
Foreign transactions		3% of transaction amt.	
Bill payment		\$1.50*	
<hr/>			
No overdraft or credit-related features offered.			
<hr/>			
[†] No monthly fee with direct deposit or 30 transactions per month.			
* Fees can be lower depending on how and where this card is used.			
We charge 6 other fees not listed here.			
No FDIC insurance. Register your card for other protections.			
For information about prepaid cards in general, visit cfpb.gov/prepays .			
Find details on all fees and services inside the package or call 800-234-5678 or visit bit.ly/XYZprepays .			

MSP1

	Pay-as-you-go plan	Monthly plan
Plan fee	\$0	\$4.95 [†] per month
Per purchase	\$0.50*	\$0
ATM withdrawal	\$2.50	\$1.50
Cash reload	\$3.95*	\$2.95*
ATM balance inquiry	\$1.00	\$0.50
Customer service (per call)	\$1.00*	\$0.50*
Inactivity (no transactions for 3 mo.)	\$2.50 per month	\$2.50 per month
Bill payment	\$2.00*	\$1.00*
Custom card design	\$11.95	\$9.95
Load via credit or debit card	\$2.95	\$1.95
No overdraft or credit-related features offered.		
[†] No monthly fee with direct deposit. * Fees can be lower depending on how and where this card is used. We charge 6 other fees not listed here. Register your card to protect your money. For information about prepaid cards in general, visit cfpb.gov/prepays .		
Find details on all fees and services inside the package or call 800-234-5678 or visit bit.ly/XYZprepays .		

MSP2

	Pay-as-you-go plan	Monthly plan	Yearly plan
Plan fee	\$0	\$5.99 [†] per mo.	\$39.99 per yr.
Per purchase	\$0.25	\$0	\$0
ATM withdrawal (in-net.)	\$0	\$0	\$0
ATM withdrawal (out-net.)	\$1.99	\$0.99	\$0.99
Cash reload	\$2.99*	\$1.99*	\$0.99*
ATM balance inquiry (in-net.)	\$0	\$0	\$0
ATM balance inquiry (out-net.)	\$1.00	\$0.50	\$0.50
Customer service (per call)	\$1.50*	\$0.50*	\$0
Inactivity (no trans. for 3 mo.)	\$2.50 per mo.	\$2.50 per mo.	\$2.50 per mo.
Bill payment	\$2.00*	\$1.00*	\$1.00*
Custom card design	\$11.99	\$9.99	\$9.99
Load via credit or debit card	\$3.99	\$2.99	\$1.99
No overdraft or credit-related features offered.			
[†] \$1.00 monthly fee with direct deposit. * Fees can be lower depending on how and where this card is used. We charge 6 other fees not listed here. Register your card to protect your money. For information about prepaid cards in general, visit cfpb.gov/prepays .			
Find details on all fees and services inside the package or call 800-234-5678 or visit bit.ly/XYZprepays .			

You do not have to accept this payroll card. Ask about other ways to receive your wages.

Monthly fee	Per purchase	ATM withdrawal	Cash reload
\$0	\$0	\$0 in-network \$1.95* out-of-network	N/A

ATM balance inquiry (in-network or out-of-network)	\$0 or \$1.95*
Customer service	\$1.95* per call
Inactivity (no transactions for 3 months)	N/A
Bill payment	\$1.00*
Bank teller cash withdrawal	\$2.50*
Replacement card	\$5.00

No overdraft or credit-related features offered.

* Fees can be lower depending on how and where this card is used. See below for free ways to access your funds and balance information.

We charge 2 other fees not listed here.

Your funds are FDIC insured.

For information about prepaid cards in general, visit cfpb.gov/prepays.

Find details and conditions for all fees and services in the cardholder agreement or call **800-234-5678** or visit bit.ly/XYZprepays.

Get access to your funds, and balance information, for free:

- First 3 ATM withdrawals per pay period are free.
- 1 free bank teller cash withdrawal per pay period.
- Balance information is available for free online, via mobile app, and by calling our automated customer service line.

You have several options to receive your wages: by direct deposit to your bank account or prepaid card, or to this payroll card. Tell your employer which option you want.

Monthly fee	Per purchase	ATM withdrawal	Cash reload
\$0	\$0	\$0 in-network \$1.95* out-of-network	Not offered

ATM balance inquiry (in-network or out-of-network)	\$0 or \$1.95*
Customer service	\$1.95* per call
Inactivity (no transactions for 3 months)	None
Bill payment	\$1.00*
Bank teller cash withdrawal	\$2.50*
Replacement card	\$5.00

No overdraft or credit-related features offered.

* Fees can be lower depending on how and where this card is used. See below for free ways to access your funds and balance information.

We charge 2 other fees not listed here.

Your funds are FDIC insured.

For information about prepaid cards in general, visit cfpb.gov/prepays.

Find details and conditions for all fees and services in the cardholder agreement or call **800-234-5678** or visit bit.ly/XYZprepays.

Get access to your funds, and balance information, for free:

- First 3 ATM withdrawals per pay period are free.
- 1 free bank teller cash withdrawal per pay period.
- Balance information is available for free online, via mobile app, and by calling our automated customer service line.

**APPENDIX C:
FORMS SHOWN IN
ROUND 5 INTERVIEWS**

SF3A

Monthly fee	Per purchase	ATM withdrawal	Cash reload
\$4.95	\$0	\$2.00	\$3.95*
\$0[†] w/direct deposit			
ATM balance inquiry		\$1.00	
Live customer service		\$0.25 per call	
Inactivity (after 3 months with no transactions)		\$2.50 per month	
We charge 9 additional fees. Details on fees inside the package, at 800-234-5678 or at <i>bit.ly/XYZprepaids</i> . These are our most common:			
Bank teller cash withdrawal		\$2.50	
Bill payment		\$2.00*	
Transfer to another XYZ prepaid card		\$2.00	
[†] Also no monthly fee with \$500 total deposits per month. * This fee can be lower depending on how and where this card is used. We may offer credit after 30 days. Fees would apply. Register your card for FDIC insurance and other protections. For general information about prepaid accounts, visit <i>cf.gov/prepaid</i> .			

SF3B

Monthly fee	Per purchase	ATM withdrawal	Cash reload
\$4.95[†]	\$0	\$2.00	\$3.95*
ATM balance inquiry		\$1.00	
Live customer service		\$0.25 per call	
Inactivity (after 3 months with no transactions)		\$2.50 per month	
We charge 9 additional fees. Details on fees inside the package, at 800-234-5678 or at <i>bit.ly/XYZprepaids</i> . These are our most common:			
Bank teller cash withdrawal		\$2.50	
Bill payment		\$2.00*	
Transfer to another XYZ prepaid card		\$2.00	
[†] No monthly fee with direct deposit. * This fee can be lower depending on how and where this card is used. We may offer overdraft/credit after 30 days. Fees would apply. Register your card to protect your money. For general information about prepaid accounts, visit <i>cf.gov/prepaid</i> .			

SF4

Monthly fee	Per purchase	ATM withdrawal	Cash reload
\$5.99[†]	\$0	\$0 in-network \$1.99 out-of-network	\$3.99*
<hr/>			
ATM balance inquiry (in-network or out-of-network)		\$0 or \$0.50	
<hr/>			
Customer service (automated or live agent)		\$0 or \$0.50 per call	
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Inactivity (after 3 months with no transactions)		\$1.00 per month	
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We charge 10 additional fees. Details on fees inside the package, at 800-234-5678 or at <i>bit.ly/XYZprepaids</i> . These are our most common:			
<hr/>			
Replacement card (regular or expedited delivery)		\$5.00 or \$20.00	
<hr/>			
Bill payment (regular or expedited delivery)		\$0 or \$1.00	
<hr/>			
[†] No monthly fee with 30 transactions or \$500 total loaded per month.			
* This fee can be lower depending on how and where this card is used.			
No overdraft or credit-related features offered.			
No FDIC insurance. Register your card for other protections.			
For general information about prepaid accounts, visit <i>cf.gov/prepaid</i> .			

NR1

\$4.95
Purchase price

Monthly fee	Per purchase	ATM withdrawal	Cash reload
\$0	\$0	N/A	N/A
ATM balance inquiry		N/A	
Customer service (automated or live agent)		\$0	
Inactivity		\$0	
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Details on all fees and terms inside the package, at 800-234-5678 or at <i>bit.ly/XYZprepaids</i> . We charge 1 additional fee:			
Lost card replacement		\$5.00	
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No overdraft or credit-related features offered.			
No FDIC insurance.			
For general information about prepaid accounts, visit <i>cf.gov/prepaid</i> .			

NR2

\$4.95
Purchase price

THIS PREPAID CARD IS NOT RELOADABLE.
Treat this card like cash. Not FDIC insured.

To replace a lost card, a \$5 fee applies (must be able to show proof of purchase). This card charges no other fees after purchase (including dormancy, service fees, or other fees).

MSP4

	Pay-as-you-go plan	Monthly plan	Yearly plan
Plan fee	\$0	\$5.99 [†] per mo.	\$39.99 per yr.
Per purchase	\$0.25	\$0	\$0
ATM withdrawal (in-net.)	\$0	\$0	\$0
ATM withdrawal (out-net.)	\$2.50	\$1.99	\$1.99
Cash reload	\$4.99*	\$4.99*	\$4.99*
ATM balance inquiry (in-net.)	\$0.50	\$0.50	\$0.50
ATM balance inquiry (out-net.)	\$1.00	\$1.00	\$1.00
Customer service (per call)	\$1.50*	\$1.00	\$1.00
Inactivity (after 3 mo. w/ no trans.)	\$2.50 per mo.	\$2.50 per mo.	\$2.50 per mo.
We charge 9 additional fees. Details on fees inside the package, at 800-234-5678 or at bit.ly/XYZprepaids . These are our most common:			
Bill payment	\$2.00*	\$1.50*	\$1.00*
Replacement card	\$20.00*	\$20.00*	\$20.00*
Load via credit or debit card	\$3.99	\$2.99	\$1.99

[†] \$1.00 monthly fee with direct deposit.
 * This fee can be lower depending on how and where this card is used.
No overdraft or credit-related features offered.
 Register your card for FDIC insurance and other protections.
 For general information about prepaid accounts, visit cf.gov/prepaid.

MSP3

	Pay-as-you-go plan	Monthly plan
Plan fee	\$0	\$5.99 [†] per mo.
Per purchase	\$0.25	\$0
ATM withdrawal (in-net.)	\$0	\$0
ATM withdrawal (out-net.)	\$2.50	\$1.99
Cash reload	\$4.99*	\$4.99*
ATM balance inquiry (in-net.)	\$0.50	\$0.50
ATM balance inquiry (out-net.)	\$1.00	\$1.00
Customer service (per call)	\$1.50*	\$1.00
Inactivity (after 3 months w/ no trans.)	\$2.50 per mo.	\$2.50 per mo.
We charge 9 additional fees. Details on fees inside the package, at 800-234-5678 or at bit.ly/XYZprepaids . These are our most common:		
Bill payment	\$2.00*	\$1.50*
Replacement card	\$20.00*	\$20.00*
Load via credit or debit card	\$3.99	\$2.99

[†] \$1.00 monthly fee with direct deposit.
 * This fee can be lower depending on how and where this card is used.
No overdraft or credit-related features offered.
 Register your card for FDIC insurance and other protections.
 For general information about prepaid accounts, visit cf.gov/prepaid.

You do not have to get your payments on this prepaid card.
 Ask about other ways to get your payments.

Monthly fee	Per purchase	ATM withdrawal	Cash reload
\$0	\$0	\$0 in-network \$1.95* out-of-network	N/A

ATM balance inquiry (in-network or out-of-network)	\$0 or \$1.95*
Customer service	\$1.95* per call
Inactivity	\$0

We charge 6 additional fees. Find details for all fees and services in the attached fee schedule. These are our most common:

Bill payment	\$1.00*
Bank teller cash withdrawal	\$2.50*
Replacement card	\$5.00

* This fee can be lower depending on how and where this card is used.
 See below for free ways to access your funds and balance information.

No overdraft or credit-related features offered.

Your funds are FDIC insured.

For general information about prepaid accounts, visit cf.gov/prepaid.

Get access to your funds, and balance information, for free:

- First 3 out-of-network ATM withdrawals per month are free.
- 1 free bank teller cash withdrawal per month.
- Balance information is available for free online, via mobile app, and by calling our automated customer service line.

You have several options to receive your payments: direct deposit to your bank account; direct deposit to your own prepaid card; or using this benefits card. Tell the benefits office which option you want.

Monthly fee	Per purchase	ATM withdrawal	Cash reload
\$0	\$0	\$0 in-network \$1.95* out-of-network	N/A

ATM balance inquiry (in-network or out-of-network)	\$0 or \$1.95*
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Customer service	\$1.95* per call
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Inactivity	\$0
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We charge 6 additional fees. Find details for all fees and services in the attached fee schedule. These are our most common:

Bill payment	\$1.00*
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Bank teller cash withdrawal	\$2.50*
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Replacement card	\$5.00
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* This fee can be lower depending on how and where this card is used. See below for free ways to access your funds and balance information.

No overdraft or credit-related features offered.

Your funds are FDIC insured.

For information about prepaid cards in general, visit cfpb.gov/prepays.

Get access to your funds, and balance information, for free:

- First 3 out-of-network ATM withdrawals per month are free.
- 1 free bank teller cash withdrawal per month.
- Balance information is available for free online, via mobile app, and by calling our automated customer service line.

LF1

Fee description	Amount	Details
Get started		
Activation fee	\$0	No fee to activate your benefits card.
Monthly usage		
Monthly fee	\$0	Your benefits card has no monthly fee.
Spend money		
Per purchase	\$0	
Bill pay (regular)	\$0	Bill pay available when you log in to your account at xyzbank.com/prepaid or using the XYZ Bank mobile app. Regular bill pay transactions will be completed within 3 business days for electronic payments and within approximately 7 days if we have to mail a paper check to pay your bill.
Bill pay (expedited)	\$1	Bill pay available when you log in to your account at xyzbank.com/prepaid or using the XYZ Bank mobile app. Expedited bill pay transactions will be completed within 1 business day. Electronic payments only.
Get cash		
ATM withdrawal (in-network)	\$0	"In-network" refers to the XYZ Bank ATM Network. Locations can be found at xyzbank.com/ATMs .
ATM withdrawal (out-of-network)	\$1.95	This is our fee. We will not charge you this fee for your first 3 out-of-network ATM withdrawals each month. "Out-of-network" refers to all the ATMs outside of the XYZ Bank ATM Network. You may also be charged a fee by the ATM operator even if you do not complete a transaction.
Bank teller cash withdrawal	\$2.50	This is our fee. We will not charge you this fee for your first bank teller cash withdrawal each month.
Information		
Customer service (automated)	\$0	No fee for calling our automated customer service line, including for balance inquiries.
Customer service (live agent)	\$1.95	
Online balance inquiry	\$0	
Mobile app balance inquiry	\$0	
ATM balance inquiry (in-network)	\$0	"In-network" refers to the XYZ Bank ATM Network. Locations can be found at xyzbank.com/ATMs .
ATM balance inquiry (out-of-network)	\$1.95	This is our fee. "Out-of-network" refers to all the ATMs outside of the XYZ Bank ATM Network. You may also be charged a fee by the ATM operator even if you do not complete a transaction.
Using your card outside the U.S.		
International transactions	3%	Of the U.S. dollar amount of each transaction.
International ATM withdrawal	\$4	This is our fee. You may also be charged a fee by the ATM operator.
International ATM balance inquiry	\$2	This is our fee. You may also be charged a fee by the ATM operator.
Other		
Inactivity	\$0	Some banks charge a fee if you do not use your card for a certain period of time. We do not charge this fee.
Replacement card	\$5	Card will arrive within 5-7 business days.

Your funds are FDIC insured.

No overdraft or credit-related features offered.

Contact XYZ Bank about your benefits card by calling 1-800-555-555, by mail at 555 Street Name, Anytown, NY 12345, or visit xyzbank.com/benefitscard.

For general information about prepaid accounts, visit consumerfinance.gov/prepaid. If you have a complaint about a prepaid account, call 1-855-411-2372 or visit consumerfinance.gov/complaint.



ICF Interational
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