CONSUMER FINANCIAL PROTECTION BUREAU | DECEMBER 2023

College Banking and Credit Card Agreements

Annual Report to Congress

Consumer Financial Protection Bureau

Contents

1. Executive Summary

Many colleges [1] directly offer financial products to students and market other products that are offered by third-party financial service providers. [2] When colleges do this, students trust and rely on their schools' offering or marketing of these products as financial advice and may be influenced by what they could perceive as their endorsement to sign up for financial products and services that are more expensive than other available options. [3] However, colleges may also have independent interests from those of their students and may not face competitive pressure to lower fees or provide low-cost products. [4] This can lead to students paying more for financial products than they would on the open market in certain cases: for instance, many deposit accounts offered to students still include non-sufficient funds fees and overdraft fees even though accounts without such fees are increasingly available on the open market.

Policymakers, along with federal auditors, banking regulators, and other agencies, have identified risks associated with marketing practices related to college-sponsored financial products and developed laws and policies to address those risks. [5] For example, Congress passed

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[1] This report uses the words "colleges" and "schools" interchangeably to refer to institutions of higher education.

[2] *See, e.g.,* Consumer Financial Protection Bureau, *College Banking and Credit Card Agreements*, (Oct. 2022), https://files.consumerfinance.gov/f/documents/cfpb_college-banking-report_2022.pdf; *See also, e.g.,* Consumer Financial Protection Bureau, *Tuition Payment Plans in Higher Education*, (Sep. 14, 2023), https://content.consumerfinance.gov/data-research/research-reports/tuition-payment-plans-in-higher-education.

[3] *See, e.g.*, U.S. Government Accountability Office, *Consumer Finance: College Students and Credit Cards*, (Jun. 2001), https://www.gao.gov/products/gao-01-773; Consumer Financial Protection Bureau, *New Students Should Look Closely at College-Sponsored Bank Accounts and Shop Around*, (Aug. 2015), http://www.consumerfinance.gov/blog/new-students-should-look-closely-at-college-sponsored-bank-accounts-and-shop-around. https://www.fdic.gov/news/press-releases/2015/pr15102b.pdf; Consumer Financial Protection Bureau, *Student Banking: Annual report to Congress*, (Dec. 2016), https://files.consumerfinance.gov/f/documents/2016_cfpb_student_banking_report.pdf.

[4] Consumer Financial Protection Bureau, *Prepared Remarks of Seth Frotman to the National Summit on College Financial Wellness*, Ohio State University, (Jun. 2016), http://files.consumerfinance.gov/f/documents/20160617_cfpb_Frotman-OSU-Wellness-Summit-Remarks.pdf.

[5] *See* U.S. Department of Education, Office of Inspector General, *Final Management Information Report: Third-Party Servicer Use of Debit Cards to Deliver Title IV Funds*, EDOIG/X09N0003 (Mar. 10, 2014), https://www2.ed.gov/policy/highered/reg/hearulemaking/2014/pii2-lindstrom1-oig.pdf. *See also* U.S. Government Accountability Office, GAO-01-773, *Consumer Finance: College Students and Credit Cards*, (Jul. 2001), https://www.gao.gov/products/gao-01-773; U.S. Government Accountability Office, GAO-

the Higher Education Opportunity Act in 2008, which provided certain protections to prevent unfair and deceptive private educational lending practices and eliminate conflicts of interest, such as between schools and private educational lenders.[6] Congress also enacted the Credit Card Accountability Responsibility and Disclosure (CARD) Act of 2009, which included protections to rein in aggressive credit card advertising aimed at students on college campuses.[7] The U.S. Department of Education (ED) also promulgated rules in 2009 and 2015 to establish guardrails around the endorsements colleges provide related to private student loans, deposit accounts, and prepaid cards.[8]

However, many colleges continue to offer and market financial products in ways, including through online and email advertisements, that may mislead students under certain circumstances.[9] This report presents new research and data on certain financial products that colleges market to their students in partnership with third-party financial service providers,

14-91, *College Debit Cards: Attention Needed to Address ATM Access, Student Choice, and Transparency*, (Feb. 2014), http://www.gao.gov/assets/670/660919.pdf; Federal Reserve Board and the Federal Deposit Insurance Corporation, *Consent Orders to Higher One, Inc.*, (Dec. 2015), https://www.federalreserve.gov/newsevents/pressreleases/enforcement20151223a.htm; *and* Consumer Financial Protection Bureau, *Consumer Advisory: Accessing your Scholarships and Student Loan Funds* (Aug. 9, 2012), https://www.consumerfinance.gov/about-us/newsroom/consumer-advisory-accessing-your-scholarships-and-student-loan-funds.

[6] *See* Higher Education Opportunity Act, Pub. L. 110-315, § 1011, 122 Stat. 315, 3479 (Aug. 14, 2008).

[7] CARD Act, Pub. L. 111-24, 123 Stat. 1734 (May 22, 2009). The CARD Act also provides that any credit card applicant under 21 years of age must demonstrate his or her independent ability to make payments on the account or have a co-signer that is 21 or older with the ability to make payments. Card issuers also are prohibited from sending pre-approved offers of credit to persons under age 21 unless the individual consents to receiving such offers. The implementing regulations for these provisions are at 12 C.F.R. § 1026, Subpart G. *See also* Consumer Financial Protection Bureau, *CARD Act Report: A review of the impact of the CARD Act on the consumer credit card market* (Oct. 1, 2013), https://files.consumerfinance.gov/f/201309_cfpb_card-act-report.pdf.

[8] 34 C.F.R. § 668.164 (cash management regulation); 34 C.F.R. part 601 (school and lender requirements for education loans, including private education loans). *See also* Appendix C for an overview of the cash management regulation and Appendix D for a cash management disclosure example.

[9] *See, e.g.,* Consumer Financial Protection Bureau, *College Banking and Credit Card Agreements*, (Oct. 2022), https://files.consumerfinance.gov/f/documents/cfpb_college-banking-report_2022.pdf; *See also, e.g.,* Consumer Financial Protection Bureau, *Tuition Payment Plans in Higher Education*, (Sep. 14, 2023), https://content.consumerfinance.gov/data-research/research-reports/tuition-payment-plans-in-higher-education.

including deposit accounts, prepaid cards, and credit cards. This report also serves as the fourteenth annual report to Congress on college credit cards pursuant to the CARD Act.[10]

This analysis indicates that hundreds of colleges are paid by financial institutions to market certain products to students and draws upon new data gathered from credit card issuers, public information listed on hundreds of college websites, and complaints submitted to the CFPB. Key takeaways in each product area are outlined below:

DEPOSIT AND PREPAID ACCOUNTS

- During the 2021-2022 Award Year, financial institutions generated over $17.3 million in revenue from over 650,000 student bank accounts.[11]
- Despite schools' obligation to ensure that deposit accounts are in the students' "best financial interests," which by regulation includes consideration of prevailing market rates, some financial institutions charge students fees, such as overdraft fees, that financial institutions are increasingly abandoning. Some very large financial institutions have eliminated overdraft fees entirely, while many financial institutions offer one or more checking account products that do not carry overdraft fees.
- The amount of fees charged to students annually vary by institution type, with accountholders at Historically Black Colleges and Universities (HBCUs), for-profit colleges, and Hispanic-servicing institutions (HSIs) all paying higher-than-average fees per account.

[10] CARD Act, Pub. L. No. 111–24, § 305(a), 123 Stat. 1734, 1749-50 (2009). Section 5 of this report, which reports on our findings on college credit cards, fully discharges the CFPB's duty to report annually on the college credit card market in particular. The Federal Reserve Board ("Board") submitted the first two reports and the CFPB has since submitted eleven reports prior to this one. *See* Appendix A of this report for a full listing of prior reports issued and submitted to Congress pursuant to 15 U.S.C. § 1637(r). *See* Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376 (2010) for more information about the transfer of responsibility for these reports from the Federal Reserve Board of Governors to the CFPB on July 21, 2011.

[11] This time period covers July 1, 2021, to June 30, 2022. This analysis is based on a CFPB review of publicly available college banking agreements for this report, resulting in a dataset with information about 523 college banking partnerships, along with associated data including contracts between colleges and financial service providers and publicly reported metrics. The CFPB's dataset includes data accessed from weblinks in a Department of Education database that was last updated in 2018 in addition to data from its own research. *See* Section 2 for more information on the methodology used in this report and Section 3 for findings.

CREDIT CARDS

- Although college students continue to rely on credit cards to help cover costs, marketing practices have evolved and no longer appear to rely as heavily on in-person marketing as they did when the CARD Act was passed. Regulators should continue to research evolving practices in the market to identify areas where lenders may be aggressively marketing products to college students, such as through email communication or targeted online marketing.
- In 2022, credit card issuers paid over $19.6 million to colleges and affiliated organizations for these partnerships, with an average annual payment of roughly $138,000 from the issuer to the college or affiliate.
- The CFPB's review identified 143 partnerships between colleges (or affiliated groups such as alumni associations) and credit card issuers,[12] representing over 530,000 open accounts at year-end 2022.[13] Agreements with alumni associations dominate this market by most metrics (constituting more than two out of three of all college card accounts).

[12] *See* Appendix B for a discussion of the methodology used in this section and Appendix F for a guide to the publicly available comma-separated value file ("CSV file") that contains all college credit card data collected to date with the most recent year's data.

[13] This time period covers January 1 to December 31, 2022.

2. Methodology

For this report, the CFPB performed a review of publicly available information on college websites to gather data on the financial products that colleges jointly market to their students with third-party providers.[14] For information related to deposit accounts, colleges are legally required to post contracts and related metrics on their own websites and annually submit additional information to the Department of Education.[15] Similarly, for college credit cards, colleges are legally required to post contracts on their websites and annually submit additional information to the CFPB.[16] In both cases, the information includes disclosures about the nature of the relationship between the college and the financial institution (including contracts where applicable) and certain metrics including the number of total active accounts and the total annual amount of payments between entities.[17] This report presents new analysis based on these data, and it also builds upon the analyses in prior college banking reports.[18]

2.1 Sample Construction

Section 3 of this report is based on publicly available data collected from over 750 college websites. The underlying dataset of 449 colleges was initially based upon a publicly available list of colleges that includes all institutions that have disclosed to the U.S. Department of Education (ED) that they have a college banking partnership.[19] Using this list, the CFPB first removed

[14] The data presented herein may cover different time periods (e.g., calendar year 2022 or Award Year 2021-2022), but each data source is the most recent available. The relevant time periods are noted throughout and in Appendix B.

[15] *See* 34 C.F.R. § 668.164.

[16] *See* 12 C.F.R. § 1026.57.

[17] See Section 4.1 for more information on the information that is annually submitted by issuers to the CFPB regarding college credit card agreements.

[18] Consumer Financial Protection Bureau, *College Banking and Credit Card Agreements*, (Oct. 2022), https://files.consumerfinance.gov/f/documents/cfpb_college-banking-report_2022.pdf. *See also* Appendix A for a list of all prior reports published and submitted to Congress pursuant to the CARD Act.

[19] *See* U.S. Department of Education, *Title IV Institutions Reporting Cash Management Contracts* (accessed Oct. 12, 2023), https://studentaid.gov/data-center/school/cash-management-contracts. Colleges report required information on their websites and provide the Department of Education a link to the reported information for inclusion in the centralized database of agreements. However, colleges are not required under the Department of Education's regulations to publicly maintain historical records of agreements and related disclosures for prior years. The CFPB accessed each listed weblink to determine if the webpage was active and being used by colleges to post current agreements and disclosures, which at the time of the CFPB's review, were for Award Year 2021-2022.

colleges that were closed,[20] that appeared to have relationships with third-party payments processors but not account providers,[21] and that no longer appear to have active college banking partnerships.[22] The CFPB then supplemented this list using publicly available lists of college banking partners posted by financial institutions and located using commercial search engines. In the end, this resulted in a dataset including 449 colleges.[23] The CFPB also added additional data by using unique identification numbers (OPEIDs) to bring in additional publicly available institution-level data from the ED's "College Scorecard."

2.2 Descriptive Statistics

The final sample used in Section 3 is largely representative of public colleges across a number of observable characteristics (Table 1). Compared to all public colleges, the schools in the CFPB's sample have a similar average three-year cohort default rate and roughly reflect the national instances of two-year and four-year institutions.[24] The CFPB dataset appears to overrepresent larger schools (which is likely the result of the fact that this dataset presents several community college districts at the system level instead of the branch level), Historically Black Colleges and Universities (HBCUs), and Hispanic-Serving Institutions (HSIs). However, while this dataset includes information on private and for-profit colleges, it is unable to provide representative information about private and for-profit colleges due to sample size.

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[20] The CFPB identified over 100 closed schools and removed them from the sample.

[21] The CFPB identified almost 100 colleges that appear to partner with third parties (*e.g.*, TouchNet, Transact, Flywire, Tuition Management Systems, Blackboard, Nelnet, and ECSI) to provide disbursement services, but do not appear have partnerships with institutions that offer deposit accounts. This group was removed from the sample. *See, e.g.,* Transact Campus, *Streamlining International Student Refunds: Transact Launches New Automated Refunds Solution*, (Jul. 26, 2023), https://transactcampus.com/resources/blog/blog-detail/streamlining-international-student-refunds-transact-launches-new-automated-refunds-solution.

[22] The CFPB identified 12 colleges that no longer appear to have active college banking relationships and removed them from the sample.

[23] To access the publicly available comma-separated value file ("CSV file") including this dataset along with an accompanying data guide, see Consumer Financial Protection Bureau, *College deposit product marketing agreements and data* (accessed Nov. 2023), https://www.consumerfinance.gov/data-research/student-banking/deposit-product-marketing-agreements-and-data.

[24] For more information, *see* U.S. Department of Education, *College Scorecard,* (accessed Oct. 12, 2023), https://collegescorecard.ed.gov. Data used for this analysis was pulled from the September 2022 version of the College Scorecard, which reflects enrollment totals from Fall 2020.

TABLE 1: DESCRIPTIVE STATISTICS, CFPB SAMPLE, AND NATIONAL SAMPLE

Variable	Public Colleges from CFPB Sample	Public Title-IV Schools[25]	Full CFPB Sample	All Title-IV Schools
Total number of colleges	349	2,081	449	6,681
Total undergraduate enrollment	3 million	10.8 million	3.6 million	14.6 million
Average undergraduate enrollment	8,838	5,175	8,084	2,178
Average three-year cohort default rate[26]	9%	9%	9%	9%
Share of public colleges	100%	100%	78%	31%
Share of private non-profit colleges	0%	0%	18%	30%
Share of private for-profit colleges	0%	0%	4%	39%
Share of Historically Black Colleges and Universities	3%	2%	4%	2%
Share of Hispanic Serving Institutions	25%	17%	21%	8%
Share of two-year institutions	50%	55%	40%	37%
Share of four-year institutions	50%	45%	59%	63%

Note: Data used for this analysis was pulled from the September 2022 version of the College Scorecard, which reflects enrollment totals from Fall 2020. Variables used include UGDS, CDR3, CONTROL, HBCU, HIS, and CCUGPROF (all institutions with values of -2, 0, and NULL excluded).

2.3 Limitations

The scope of the CFPB's observations is limited to publicly available information, with the exception of information received directly by the CFPB about college credit cards (which the CFPB also makes publicly available). In cases where public information is not provided or is not accurate, the data will also necessarily be incomplete and inaccurate. Similarly, this sample also does not cover all colleges with banking partnerships, as some colleges may never have disclosed their partnerships to ED, may not have been found by the CFPB during the independent search, or may have entered into recent partnerships that are not captured.[27] For these reasons, this analysis should not be considered comprehensive. Nevertheless, the CFPB's review of publicly available information is helpful in providing an overview of significant market dynamics.

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[25] Title IV schools refer to schools that participate in the federal student financial aid programs administered by the Department of Education.

[26] This cohort default rate, or CDR, is a measure used by the U.S. Department of Education and is based on the FY2018 cohort measured in FY2020. A 3-year cohort default rate is the percentage of a school's borrowers who enter repayment on certain Federal Family Education Loan (FFEL) Program or William D. Ford Federal Direct Loan (Direct Loan) Program loans during a particular federal fiscal year (FY), October 1 to September 30, and default or meet other specified conditions prior to the end of the second following fiscal year. The Department's CDR regulations are at 34 C.F.R. part 668, subpart N.

[27] *See* 34 C.F.R. § 668.164.

3. Deposit & Prepaid Accounts

3.1 Overview

Throughout FY 2022, almost 10 million students at approximately 5,500 schools received over $111 billion of federal financial aid (also known as Title IV funds).[28] Generally, the U.S. Department of the Treasury disburses these funds to colleges, and those colleges (or college-affiliated third-party financial service providers) typically apply the funds against the student's school charges (such as tuition and fees) and subsequently disburse the balance in excess of such charges to their students. When institutions subcontract with third-party financial service providers to facilitate these transactions or to offer deposit accounts, they enter into "college banking agreements." Sometimes, these accounts are linked to student IDs that can also function as debit or prepaid cards.

Money that students receive directly is called a "refund" or a disbursement of a "credit balance" because it is the portion of a student's aid that is given directly to the student (or "refunded") after the college has taken out the portion owed for tuition, fees, and other school charges.[29] While school administrators sometimes refer to this as a refund, it is not the same thing as a refund under the school's refund policy or a post-withdrawal disbursement given to a student under the return of Title IV funds rules. Disbursement of credit balances are vital to students; these credit balances represent Title IV aid intended to pay for students' costs of living including food, housing, and other costs incidental to their education.[30]

When colleges subcontract with third party financial service providers to both facilitate these disbursements and offer student bank accounts, they enter into what ED regulations call "Tier

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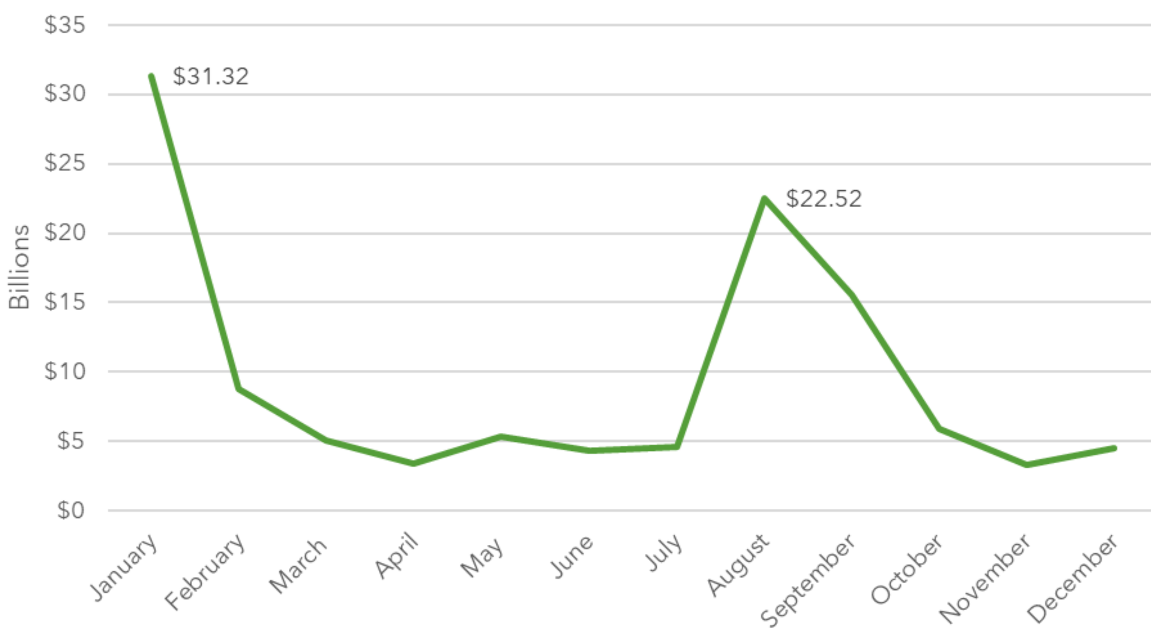
[28] U.S. Department of Education, Office of Federal Student Aid, *FY 2022 Annual Report*, (Jan. 23, 2023), https://www2.ed.gov/about/reports/annual/2022report/fsa-report.pdf, at *v*. Title IV funds refer to federal financial aid distributed under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq.

[29] U.S. Department of Education, Office of Federal Student Aid, *Receiving Financial Aid Webpage*, (accessed Sep. 17, 2023), https://studentaid.gov/complete-aid-process/receive-aid. This webpage states that "When your school gives you financial aid, sometimes money is left over after your aid is applied to your tuition, fees, and other school charges. This remaining amount is called a credit balance."

[30] The Federal Student Aid (FSA) Handbook states that if a school is unable to disburse an eligible student's Title IV credit balance, in many cases the school must find another way for students to access those funds to purchase the books and supplies required for the payment period. U.S. Department of Education, Office of Federal Student Aid, *2022-2023 Federal Student Aid Handbook*, (accessed Nov. 2023), https://fsapartners.ed.gov/knowledge-center/fsa-handbook/2022-2023/vol4/ch2-disbursing-fsa-funds.

One" (or T1) college banking agreements. In general, this money is disbursed on a cyclical basis, with the bulk of disbursements being processed in January and August (Figure 1). Other financial institutions, referred to as "Tier Two" (or T2) providers, partner with colleges to offer deposit accounts and prepaid cards to students but do not process federal financial aid disbursements.[31]

FIGURE 1: AVERAGE GROSS DISPURSEMENTS BY MONTH, 2018 - 2022 (BILLIONS) 32



3.2 Issuers

In the CFPB's sample, nearly 653,000 students had active accounts that were marketed to them by their colleges in the 2021-2022 Award Year (Table 2).[33]

[31] *See* Appendices B and C for more information about the cash management regulations, selected provisions, and "Tier One" and "Tier Two" college banking partnerships. *See also* Consumer Financial Protection Bureau, *College Banking and Credit Card Agreements*, (Oct. 2022), https://files.consumerfinance.gov/f/documents/cfpb_college-banking-report_2022.pdf.

[32] CFPB analysis of data provided by the U.S. Department of Education's Office of Federal Student Aid.

[33] While the CFPB observed 22 lenders in partnerships with colleges, the CFPB was only able to find publicly available disclosures for 11 providers on college websites. Thus, for each subsequent analysis, only colleges and financial institutions with publicly available cash management data are included.

TABLE 2: COLLEGE AGREEMENTS (T1 & T2) IN EFFECT IN AWARD YEAR 2021-2022, BY ISSUER[34]

Account Type[35]	Issuer	Total Active Accounts	Number of Partnerships[36]
T1	BankMobile[37]	452,077	384
T2	Huntington Bank	48,249	2
T2	PNC Bank	45,548	42
T2	MidFirst Bank	45,115	3
T2	Wells Fargo	34,271	25
T2	U.S. Bank	16,672	32
T2	Wright-Patt Credit Union	4,140	1
T2	Bank of the West	3,310	1
T2	University of Kentucky Federal Credit Union	2,388	1
T2	Addition Financial	829	2
T1	Herring Bank	No Data	17
T1	Discover[38]	No Data	2
Unknown[39]	JPMorgan Chase	No Data	2
T2	Truist	No Data	1
T2	Union Bank and Trust Company	No Data	1
T2	Hills Bank and Trust Company	No Data	1
T2	University of Pennsylvania Student Federal Credit Union	No Data	1
T2	Bank of Montgomery	No Data	1
T2	Elevations Credit Union	No Data	1
T2	Fairwinds	No Data	1
T2	Washington State Employees Credit Union	No Data	1
T2	Central National Bank	No Data	1
N/A	**Total**	**652,599**	**523**

N/A in the table represents "Not Applicable."

34 CFPB analysis of "cash management disclosure" data posted by colleges on college banking partnerships in award year 2021-2022. See methodology section for more information and Appendix D for an example of a cash management disclosure.

35 Colleges do not always indicate on cash management agreements whether their partnerships are T1 or T2. This column represents the CFPB's analysis of a given financial institution's role at its partner colleges based on the agreement(s) between the parties.

36 The total number of partnerships is larger than the sample size of 449 because colleges may enter into more than one partnership. For instance, several colleges have partnerships with both a T1 provider and a separate T2 provider.

Issuers include nonbank providers such as BM Technologies; banks such as Huntington Bank and PNC Bank; and credit unions such as the Wright-Patt Credit Union and the University of Kentucky Federal Credit Union. In the sample reviewed, BM Technologies, Inc. (also known as and hereinafter referred to as "BankMobile"), appears to be the dominant provider of disbursement and deposit account services to colleges (representing 73 percent of partnerships).[40]

In T1 arrangements, colleges typically pay the provider for the service of processing federal financial aid disbursements. Payments typically include subscription fees, monthly account maintenance fees per user, and fees per disbursement.[41] The CFPB observed that colleges paid BankMobile, the only T1 provider for which data was available, over $3 million in Award Year 2021-2022 (with an average amount paid to BankMobile of $8,155).

In contrast, financial institutions typically pay colleges for access to the student population in T2 arrangements.[42] During the 2021-2022 Award Year, T2 account issuers paid partner colleges a

[37] Consumer Financial Protection Bureau, *College Banking and Credit Card Agreements*, (Oct. 2022), https://files.consumerfinance.gov/f/documents/cfpb_college-banking-report_2022.pdf at pages 19-20 ("BankMobile is currently the largest provider of Title IV funds disbursement services under T1 arrangements with [colleges], with approximately 750 university partners and over $13 billion in disbursements in 2021. BankMobile began as a subsidiary of Customers' Bank in 2015 and acquired former-T1 services provider Higher One in 2016. By 2021, the company estimated that it had access to one in three college students in the U.S. through its campus partnerships.").

[38] Discover provides Cashback Rewards Checking Accounts as an option through the RefundSelect disbursement process, which is facilitated through Education Computer Systems, Inc., a disbursement-only payments processor. *See, e.g.,* Southeastern College, *RefundSelect Frequently Asked Questions Document*, (accessed Jun. 29, 2023), https://www.sec.edu/pdf/RefundSelect-FAQ.pdf.

[39] The CFPB was unable to determine whether JPMorgan Chase provided T1 or T2 accounts as the relevant agreements do not specify which type of college banking services are provided However, some public statements by colleges suggest that the financial institution provides T2 services. *See, e.g.,* Villanova University, *Campus Banking FAQ*, (accessed Nov. 15, 2023), https://www1.villanova.edu/villanova/unit/wildcard/BankingTransitionFAQ.html. This website states that "The University's banking relationship is with JPMorgan Chase." *See also, e.g.,* University of North Texas System, *UNT System switching to J.P. Morgan Chase Bank*, (accessed Nov. 15, 2023), https://staffsenate.unt.edu/unt-system-switching-jp-morgan-chase-bank.

[40] The account that students typically open, the BankMobile Vibe checking account, has substantively similar features, terms, and conditions for all accountholders.

[41] Consumer Financial Protection Bureau, *College Banking and Credit Card Agreements*, (Oct. 2022), https://files.consumerfinance.gov/f/documents/cfpb_college-banking-report_2022.pdf at pages 20-25.

[42] Consumer Financial Protection Bureau, *College Banking and Credit Card Agreements*, (Oct. 2022), https://files.consumerfinance.gov/f/documents/cfpb_college-banking-report_2022.pdf at pages 20-25, noting that these payments include both annual and one-time payments. The CFPB calculated these figures by summing the total monetary consideration paid by colleges to issuers in Award Year 2021-

combined total of over $19.2 million (with an average amount paid to colleges of nearly $229,000).[43]

3.3 Annual Fees Charged Per Account

Average fees paid across all accounts do not reflect the extent to which some consumers are particularly hard hit by these fees. For example, in other contexts, the CFPB has found that 79 percent of combined overdraft and NSF fees were paid by 9 percent of consumers who paid more than 10 such fees per year, incurring a median of $380 in these fees in a year.[44] However, average fee amounts reveal differences between financial institutions and their respective fee schedules.

In Award Year 2021-2022, financial institutions generated over $15.7 million in fees per year from these accounts, with accountholders paying an annual average of $26.50 in fees.[45] Total annual fees on student deposit accounts and prepaid cards vary widely by financial institution (Table 3). The University of Kentucky Federal Credit Union had the highest average fee amount, with accountholders paying an average of $38.51 during the period. BankMobile, the largest provider by the number of total active accounts, also charged higher-than-average fees of over $28 per accountholder. Huntington Bank had the lowest annual fees, averaging less than $2 per accountholder.

2022. The average amount is calculated by dividing this sum by the number of colleges that reported data. For the full dataset, *see* Consumer Financial Protection Bureau, *College deposit product marketing agreements and data* (accessed Nov. 2023), https://www.consumerfinance.gov/data-research/student-banking/deposit-product-marketing-agreements-and-data. *See also* Appendix F for a guide to how to read and interpret these data.

[43] One-time payments are not reflected in the annualized financial compensation disclosures and payments are only reported for the relevant Award Year.

[44] Consumer Financial Protection Bureau, *CFPB Data Point: Frequent Overdrafters*, (Aug. 4, 2017), https://www.consumerfinance.gov/data-research/research-reports/cfpb-data-point-frequent-overdrafters/, at 5; Consumer Financial Protection Bureau, *Data Point: Checking Account Overdraft*, (Jul. 2014), https://files.consumerfinance.gov/f/201407_cfpb_report_data-point_overdrafts.pdf, at 12.

[45] CFPB analysis of "cash management disclosure" data posted by colleges on college banking partnerships in award year 2021-2022. See methodology section for more information and Appendix D for an example of a cash management disclosure.

TABLE 3: AVERAGE AND TOTAL ANNUAL COSTS INCURRED BY ACCOUNTHOLDERS in 2021-2022, BY ISSUER [46]

Issuer	Average amount of fees incurred annually by accountholders	Total active accounts	Total amount of fees incurred annually by accountholders
University of Kentucky Federal Credit Union	$38.51	2,388	$91,962
Bank of the West	$33.99	3,310	$112,507
U.S. Bank	$31.39	16,672	$523,382
BankMobile	$28.07	452,077	$12,688,897
MidFirst Bank	$24.24	45,115	$1,093,738
Wells Fargo	$21.68	34,271	$742,858
Wright-Patt Credit Union	$12.90	4,140	$53,406
PNC Bank	$6.85	45,548	$312,199
Addition Financial	$5.93	829	$4,916
Huntington Bank	$1.59	48,249	$76,475
Total	**$26.52**	**652,599**	**$15,700,340**

The average amount of fees charged annually to students also varies widely by college. In Award Year 2021-2022, the college with the highest average amount of fees charged per account was Washburn University, with an average of $64 (Table 4).

TABLE 4: AVERAGE AND TOTAL ANNUAL COSTS INCURRED BY ACCOUNTHOLDERS in 2021-2022, BY INSTITUTION [47]

Institution	Issuer	Average annual fees incurred by accountholders	Total active accounts	Total annual fees incurred by accountholders
Washburn University	U.S. Bank	$64.00	192	$12,288.00
Thomas Jefferson School of Law	BankMobile	$58.98	46	$2,713.08
Bennett College	BankMobile	$57.91	48	$2,779.68
Southwest Minnesota State University	U.S. Bank	$56.00	142	$7,952.00
Metropolitan College of New York	BankMobile	$52.47	188	$9,864.36
Fond du Lac Tribal and Community College	BankMobile	$50.71	189	$9,584.19
University of San Diego	U.S. Bank	$45.00	312	$14,040.00
Chicago State University	BankMobile	$43.86	466	$20,438.76
Monroe College	BankMobile	$42.18	655	$27,627.90
Riverside City College	Wells Fargo	$42.06	240	$10,094.40
SUNY College of Environmental Science and Forestry	BankMobile	$41.12	41	$1,685.92

46 This table includes only issuers for which data was found by the CFPB.

47 CFPB analysis of "cash management disclosure" data posted by colleges on college banking partnerships in Award Year 2021-2022. See methodology section for more information and Appendix D for an example of a cash management disclosure.

The average amount of fees charged to students annually also appears to vary by institution type, with accountholders at HBCUs, for-profit colleges, and HSIs all paying higher-than-average fees per account (Table 5).

TABLE 5: FEES BY INSTITUTION TYPE, 2021-2022[48]

Institution Type	Average annual fees incurred by accountholders	Total active accounts
Historically Black College or University	$30.62	11,777
For-Profit	$29.77	38,593
Hispanic-Serving	$28.22	138,777
Average Across All Institutions	**$26.52**	N/A
Public	$26.58	467,388
Private Non-Profit	$26.49	74,882

N/A in the table represents "Not Applicable."

3.3.1 Account Fees and Related Practices

The amount of annual fees charged appears to be driven by the presence of account fees such as overdraft fees,[49] non-sufficient funds (NSF) fees,[50] and monthly account maintenance fees (Table 6).[51] Overdraft fees ranged from $0 at BankMobile to $36 at U.S. Bank.[52] Three of the financial institutions (U.S. Bank, BankMobile, and MidFirst Bank) do not charge NSF fees, but the two financial institutions with the highest average annual fees per account, the University of Kentucky Federal Credit Union and Bank of the West, charged NSF fees of $29 and $35

48 *Id.*

49 An overdraft fee can occur when users of checking accounts do not have enough money in their account to cover a transaction, but the financial institution pays the transaction anyway. The checking account user would then be responsible for repaying both the fee, if assessed, and the overdrawn transaction amount.

50 A non-sufficient funds (NSF) fee can occur when a consumer's account lacks sufficient funds to cover a transaction and a financial institution consequently declines the transaction. Some institutions state that they charge "paid" NSF fees if a consumer's account lacks sufficient funds, but the institution honors a check or payment. The CFPB considers "paid NSF" fees to be overdraft fees in this analysis.

51 Table 7 provides an overview of overdraft, NSF, and monthly fees and related policies at the five financial institutions with the highest observed average annual fees per account. For a list of these fees at all financial institutions in the CFPB's sample, *see* Appendix E.

52 ED cash management regulations explicitly prohibit such fees for T1 accounts, such as those offered by BankMobile, 34 C.F.R. § 668.164(e)(v), but not for accounts under T2 arrangements like those offered by U.S. Bank.

respectively during the 2021-2022 Award Year. However, Bank of the West has since been acquired by BMO[53] and accountholders are no longer charged NSF fees.[54]

TABLE 6: SELECTED FEE INFORMATION, TOP FIVE FINANCIAL INSTITUTIONS BY AVERAGE ANNUAL FEE AMOUNT IN 2021-2022[55]

Financial Institution	Average amount of fees incurred annually by accountholders	Monthly Fee	Overdraft Fee	NSF Fee	Daily limit on number of combined overdraft/ NSF fees	Cushion before overdraft fee charged[56]	Extended grace period[57]
University of Kentucky Federal Credit Union	$38.51	None	$29	$29	None[58]	None	None
Bank of the West (now BMO)[59]	$33.99	None	$15	None[60]	3 ($45)	$5	Next day
U.S. Bank	$31.39	None	$36	None	4 ($144)	$50	Next day
BankMobile	$28.07	$2.99	None[61]	None	N/A	N/A	N/A
MidFirst Bank	$24.24	None	$35	None	5 ($175)	$5	None

N/A in the table represents "Not Applicable."

53 BMO Capital Markets, *BMO Completes Acquisition of Bank of the West*, (Feb. 1, 2023), https://capitalmarkets.bmo.com/en/news-insights/news-releases/bmo-completes-acquisition-bank-west/.

54 *See* BMO Financial Group, *BMO Harris Bank Reduces Consumer and Small Business Banking Fees*, https://www.prnewswire.com/news-releases/bmo-harris-bank-reduces-consumer-and-small-business-banking-fees-301578941.html.

55 CFPB review of account agreements and other publicly available information as of September 2023. In cases where financial institutions offer special accounts for students, rates for those student-specific accounts are reflected in the table. In cases where a bank has announced but not yet implemented changes to their programs, the table reflects the announced change. Extended overdraft fees (levied after accounts remain overdrawn after a certain number of days) are not reflected in the table.

56 Banks reflected here may vary as to whether they apply de minimis buffers of up to $5 based on the size of the transaction, the size of the negative balance, or both. If a bank has a negative balance cushion that exceeds a de minimis transaction amount, the table reflects only the negative balance cushion.

57 An extended grace period provides the consumer with additional time to bring the account back to a positive balance before an overdraft fee is charged.

58 University of Kentucky Federal Credit Union disclosed a monthly limit of 30 fees ($870).

59 BMO Capital Markets, 2023.

60 BMO Financial Group, 2022.

61 BankMobile does not disclose charging overdraft fees. ED cash management regulations explicitly prohibit such fees for T1 accounts.

In total, 17 college-partnered financial institutions charge accountholders overdraft fees, though many accounts without overdraft fees are available on the market.[62] In addition, 11 college-partnered financial institutions charge accountholders for non-sufficient funds fees, even though most consumers are no longer being charged these fees by their financial institutions.[63]

BankMobile is the only financial institution in this group that charged a monthly fee, which was set at $2.99.[64] While Title IV funds appear to be delivered to students without fees, students who choose to open a BankMobile Vibe Checking account incur a monthly fee if they do not make $300 of "Qualifying Deposits" per month. BankMobile states that federal financial aid disbursements are excluded from the definition of "Qualifying Deposits."[65]

According to BankMobile's fee schedule, there are certain accounts that will not be subject to the monthly fees, including accounts affiliated with the South Carolina Technical College System.[66] This fee waiver could be the result of an initial solicitation circulated by the South Carolina Technical College System, which specified that they were looking for a financial service provider to provide student disbursements without charging a monthly fee.[67] The average annual fee

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[62] See Appendix E for a comprehensive deposit account fee schedule.

[63] *Id.*

[64] BankMobile executives stated on a recent investor call that they "don't have a current plan in place" related to a more competitive cost structure to capture "rate sensitive customers." *See* BankMobile, *Q2 2023 Earnings Call Transcript*, (Aug. 23, 2023), https://finance.yahoo.com/news/bm-technologies-inc-amex-bmtx-135743067.html. This practice is similar to those identified as problematic in a 2014 Inspector General report. U.S. Department of Education, Office of Inspector General. March 2014. *Third-Party Servicer Use of Debit Cards to Deliver Title IV Funds*," https://www.oversight.gov/sites/default/files/oig-reports/x09n0003.pdf, at 5 ("The schools' servicers appeared to deliver Title IV funds to students without charging fees. However, students who chose a servicer's debit card option could incur fees after the servicer deposited the funds into the students' accounts.").

[65] *See* BankMobile, *BankMobile Vibe Checking Account Fee Schedule and Interest Rate Information (effective June 24, 2021)*, (accessed Nov. 15, 2023), https://www.vibeaccount.com/main/feeschedules.do.

[66] BankMobile, *Vibe Checking Account Fee Schedule and Interest Rate Information*, (accessed Nov. 14, 2023), https://www.vibeaccount.com/main/feeschedules.do (stating that the "monthly service fee will not be assessed to accounts affiliated with our partner schools located in the state of Washington or those affiliated with South Carolina Technical College System").

[67] *See, e.g*. South Carolina State Board for Technical & Comprehensive Education, *Solicitation and Request for Proposal: Student Refund Management and Card Service*, (Jan. 26, 2018), https://www.vibeaccount.com/swc/doc/landing/h3urj0xf2sk0jlbtecaa, (accessed Nov. 2, 2023). Students in the state of Washington also appear to be exempted from BankMobile's monthly service fee based on BankMobile's fee schedule, but the CFPB's review did not identify a specific provision to this effect in the T1 agreements with BankMobile disclosed by the relevant colleges.

amount incurred by accountholders within this system is $13.60,[68] compared to $28.07 on average for all BankMobile accountholders in the dataset.

Financial institutions may also impose other fees, including dormant account fees for accounts that have been inactive for a period of time (often twelve months), out-of-network ATM fees, and more.[69] In some cases, student ID cards that also function as prepaid cards may charge fees to deposit and withdraw funds.[70] In addition to these fees, some financial institutions impose additional fees when a student graduates or is otherwise separated from their school[71] or reaches a certain age[72] using a practice known as a "sunset" term.[73] Although these sunset terms may be disclosed in the account terms and conditions of the student accounts, students may choose to open these accounts while in school due to the accounts' specific terms but may, following the sunset, nonetheless encounter overdraft, NSF fees, or monthly maintenance fees they did not anticipate.

Recent changes in bank overdraft and related practices warrant a reconsideration of whether these fees are consistent with or below current prevailing market rates given the availability of

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[68] This system includes five colleges within the CFPB's dataset, including Aiken Technical College (which disclosed an average annual fee amount of $10.49), Central Carolina Technical College ($14.47), Florence-Darlington Technical College ($16.72), Orangeburg-Calhoun Technical College ($9.12), and Tri-County Technical College ($14.19). The average was weighted using the total number of active accounts in the Award Year at each college.

[69] *See* Appendix E.

[70] *See, e.g.,* University of Minnesota Twin Cities, *U Card Office Help Center Webpage*, (accessed Jul. 27, 2023), https://ucard.tc.umn.edu/help (stating that college ID fees include an online deposit convenience fee of $2.50 and a refund processing fee of $10 for balances over $10); North Carolina State University, *Wolfpack One Card Webpage,* (accessed Sep. 22, 2023), https://onecard.ncsu.edu/home/allcampus-account/ (stating that college ID fees include an online deposit convenience fee of 25 cents per $10 or less deposit, and $2 per more than $10 deposit).

[71] *See, e.g.,* Bank of America, *Student Banking Webpage,* (accessed Sep. 29, 2023), https://www.bankofamerica.com/student-banking/ ("How to qualify as a Student: For Bank of America SafeBalance Banking, when you notify us an owner of this account is a Student, we will waive the monthly maintenance fee on such account for each statement cycle during which such owner of the account qualifies as a Student. A Student is defined as an account owner who is both enrolled in school or an educational or vocational program and under 25 years old").

[72] *See also, e.g.,* MidFirst Bank, *Student Checking Webpage,* (accessed Sep. 29, 2023), https://www.midfirst.com/spend/checking/student-checking ("Student Checking is for individuals up to the age of 24 and features no monthly service charge").

[73] *See, e.g.,* U.S. Bank, *Student Checking Account Webpage,* (accessed Sep. 29, 2023), https://www.usbank.com/bank-accounts/checking-accounts/student-checking-account.html.

accounts that do not charge such fees or that had reduced such fees in recent years.[74] Among the largest banks in the country comprising a substantial market share, there has been a notable trend of announcing changes to overdraft programs. These changes include eliminating overdraft fees altogether, reducing the size of overdraft fees, reducing the number of overdraft fees that can be charged each day, not charging overdraft fees when a transaction is authorized when the account has sufficient available funds, providing a cushion by which an account can go negative before charging an overdraft fee or increasing the cushion, providing a grace period for the consumer to bring the account back to positive before a fee is charged, and eliminating "sustained" overdraft fees that have been charged when an account remains negative for a certain period of time.[75] In addition, nearly two-thirds of banks with assets over $10 billion have eliminated NSF fees entirely, such that charging NSF fees may no longer be consistent with prevailing market norms.[76] Additionally, the CFPB has found that certain overdraft fees and NSF fees can violate the Consumer Financial Protection Act.[77]

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[74] *See* U.S. Department of Education, Office of the Deputy Assistant Secretary for Policy, Planning, and Innovation Annmarie Weisman, *Dear Colleague Letter, Subject: Cash Management – Tier One and Tier Two Arrangements*, (Oct. 13, 2022), https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/2022-10-13/cash-management-tier-one-and-tier-two-arrangements. 34 C.F.R. §§ 668.164(e)(2)(ix)(A), (f)(4)(viii)(A). *See also* U.S. Department of Education, *Colleges Have a Responsibility to Protect Students' Best Financial Interests*, (Oct. 13, 2022), https://blog.ed.gov/2022/10/colleges-have-a-responsibility-to-protect-students-best-financial-interests.

[75] Rebecca Borné and Amy Zirkle, *Comparing overdraft fees and policies across banks*, (Feb. 10, 2022), https://www.consumerfinance.gov/about-us/blog/comparing-overdraft-fees-and-policies-across-banks/; Consumer Financial Protection Bureau, *Overdraft/NSF metrics for Top 20 banks based on 2021 overdraft/NSF revenue reported,* (Jun. 24, 2022), https://files.consumerfinance.gov/f/documents/cfpb_overdraft-table_2023-05.pdf; Éva Nagypál, *Banks' overdraft/NSF revenues evolve along with their policies*, (Jul. 20, 2022), https://www.consumerfinance.gov/about-us/blog/banks-overdraft-nsf-fee-revenues-evolve-along-with-their-policies.

[76] Consumer Financial Protection Bureau, *Vast majority of NSF fees have been eliminated, saving consumers nearly $2 billion annually*, (Oct. 11, 2023), https://www.consumerfinance.gov/data-research/research-reports/vast-majority-of-nsf-fees-have-been-eliminated-saving-consumers-nearly-2-billion-annually.

[77] *See* Consumer Financial Protection Bureau, *CFPB Issues Guidance to Help Banks Avoid Charging Illegal Junk Fees on Deposit Accounts*, (Oct. 26, 2022), https://www.consumerfinance.gov/about-us/newsroom/cfpb-issues-guidance-to-help-banks-avoid-charging-illegal-junk-fees-on-deposit-accounts/; *See* Consumer Financial Protection Bureau, *Supervisory Highlights Junk Fees Update Special Edition (Issue 31)*, (Oct. 2023), https://files.consumerfinance.gov/f/documents/cfpb_supervisory_highlights_junk_fees-update-special-ed_2023-09.pdf, at 4-7; *See also, e.g.,* Consumer Financial Protection Bureau, *CFPB Orders Regions Bank to Pay $191 Million for Illegal Surprise Overdraft Fees*, (Sep. 28, 2022), https://www.consumerfinance.gov/about-us/newsroom/cfpb-orders-regions-bank-pay-191-million-for-

Experiences with even seemingly small fees can exacerbate the financial circumstance of any consumer but can be particularly harmful for students from low-income households who may have difficulty meeting basic needs.[78] Lack of regular income for some students means that they may be unable to cover a shortfall and could face cascading fees or closed accounts. While not all students are young, in general, bank accounts held by consumers under 35 tend to have lower balances than accounts held by consumers over 35,[79] and payment timing and other concerns could also make them more likely to overdraft.[80]

3.4 Dual-Purpose College IDs

Many student IDs can be used as general-purpose debit or prepaid cards, which allow students to make on- and off-campus payments and to receive federal financial aid funds.[81] Some

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illegal-surprise-overdraft-fees/#:~:text=Bans%20Regions%20from%20charging%20authorized,the%20CFPB's%20victims%20relief%20fund; *See also, e.g.,* Consumer Financial Protection Bureau, *CFPB Orders Wells Fargo to Pay $3.7 Billion for Widespread Mismanagement of Auto Loans, Mortgages, and Deposit Accounts*, (Dec. 20, 2022), https://www.consumerfinance.gov/about-us/newsroom/cfpb-orders-wells-fargo-to-pay-37-billion-for-widespread-mismanagement-of-auto-loans-mortgages-and-deposit-accounts/; *See also, e.g.,* Consumer Financial Protection Bureau, *CFPB Takes Action Against Bank of America for Illegally Charging Junk Fees, Withholding Credit Card Rewards, and Opening Fake Accounts*, (Jul. 11, 2023), https://www.consumerfinance.gov/about-us/newsroom/bank-of-america-for-illegally-charging-junk-fees-withholding-credit-card-rewards-opening-fake-accounts/.

[78] *See, e.g.*, The Hope Center for College, Community, and Justice, (Mar. 31, 2021), *#REALCOLLEGE 2021: Basic Needs Insecurity During the Ongoing Pandemic*, available at https://scholarshare.temple.edu/bitstream/handle/20.500.12613/6953/HopeCenter-Report-2021-03.pdf.

[79] Board of Governors of the Federal Reserve System, *Survey of Consumer Finances, 1989-2022*, (updated Nov. 2, 2023), https://www.federalreserve.gov/econres/scf/dataviz/scf/chart/#series:Transaction_Accounts;demographic:agecl;population:1,2,3,4,5,6;units:median.

[80] *See, e.g.,* Consumer Financial Protection Bureau, *Consumer Experiences with Overdraft Programs*, (May 18, 2023), https://www.consumerfinance.gov/data-research/research-reports/data-spotlight-consumer-experiences-with-overdraft-programs/. *See also, e.g.,* Consumer Financial Protection Bureau, *Data Point: Checking Account Overdraft*, (Jul. 2014), https://files.consumerfinance.gov/f/201407_cfpb_report_data-point_overdrafts.pdf (stating, "The propensity to overdraft generally declines with account holder age, with 10.7 percent of the 18-25 age group having more than 10 overdrafts per year, but only 2.8 percent of the 62 and over age group falling into this category.")

[81] U.S. Department of Education, *Notice of Proposed Rulemaking,* 80 Fed. Reg. 28484, 28499 (May 18, 2015), https://www.govinfo.gov/content/pkg/FR-2015-05-18/pdf/2015-11917.pdf (stating, "In one-third of schools surveyed by GAO, student IDs, which are distributed to all students, have the capacity to be activated as either a debit or prepaid card"). In addition to financial service providers, there are often payment and technology companies involved in the provision of dual-purpose college IDs, such as

colleges use college IDs to allow students access to a variety of campus services including access to buildings on campus, library usage, meal plan access, and identification.

In some cases, student ID cards may also be used as prepaid or debit cards and can serve as access devices for federal financial aid funds or accounts offered by a financial institution through a T2 arrangement.[82] The logos of the college and relevant financial institution can be displayed both on physical cards and in digital wallets (Figure 2). When students choose to use their IDs for financial services, they may be required to open a new account with a specific financial institution. Financial institutions that provide such accounts include BankMobile,[83] PNC,[84] Wells Fargo,[85] and U.S. Bank.[86]

FIGURE 2: PURPOSE STUDENT ID AND DEBIT CARD EXAMPLE[87]

TouchNet and Transact. *See, e.g.,* TouchNet, *Mobile ID Webpage*, (accessed Jul. 27, 2023), https://www.touchnet.com/id-management/mobile-id; Transact, *Campus ID Solutions Webpage*, (accessed Jul. 27, 2023), https://www.transactcampus.com/solutions/campus-id#stored-value.

[82] This function may only be used if the school or financial institution obtains the student's consent before validating the student ID card as an account access device. *See* 34 C.F.R. § 668.164(e)(2), (f)(4).

[83] BankMobile, *Campus ID Webpage*, (accessed Jul. 27, 2023), https://www.bankmobiledisbursements.com/campus-id/.

[84] PNC Bank, *Student Banking Webpage*, (accessed Jul. 27, 2023), https://www.pnc.com/en/personal-banking/banking/student-banking.html.

[85] Wells Fargo, *Wells Fargo Campus Card Program Webpage*, (accessed Jul. 27, 2023), https://www.wellsfargo.com/debit-card/campus-card/.

[86] U.S. Bank, *Campus Banking Webpage*, (accessed Jul. 27, 2023), https://www.usbank.com/bank-accounts/checking-accounts/student-checking-account/choose-your-school.html.

[87] Santa Monica College, *Student ID Card Instructions Webpage*, (accessed Oct. 13, 2023), https://www.smc.edu/administration/business-services/education-enterprise/student-id-card-instructions.php.

This report identifies potential consumer risks related to dual-purpose IDs:[88]

1. **Some colleges place limitations on consumer access to prepaid card account balances**. Many colleges do not allow cash withdrawals or refunds from active accounts associated with student IDs and only grant account fund returns to students who graduate or withdraw from the university.[89] Further, many colleges only allow refund requests within a certain limited timeframe, such as within 90 days following graduation or withdrawal and may impose processing periods of up to two weeks.[90]

   Colleges may also revoke access to prepaid card account balances if a student is expelled or subject to disciplinary action. The CFPB found that many colleges do not provide clear guidance in their terms and conditions on revocations of student ID account balances, including financial aid disbursements and self-loaded funds, in the event of academic expulsion or disciplinary action.[91]

   Generally, students must agree to these terms and conditions before receiving their student ID card regardless of whether they choose to connect it to a prepaid account.

[88] ED's preamble to the cash management regulations in 2015 noted that dual-function ID cards may pose risks to students. *See* U.S. Department of Education, Office of the Inspector General, *Final Management Information Report, Control No. ED-OIG/X09N0003,* (Mar. 10, 2014), https://www2.ed.gov/policy/highered/reg/hearulemaking/2014/pii2-lindstrom1-oig.pdf (mentioning dual-function college IDs and stating, "students sometimes misunderstood how the two accounts worked and whether the checking account was required").

[89] *See, e.g.*, University of Nevada – Reno, *About the WolfCard Webpage*, (accessed Jul. 27, 2023), https://www.unr.edu/wolfcard/about (stating: "You may request a WolfBucks refund through the Campus Card Manager if you are graduating or leaving school for any reason. There is a ten-dollar processing fee and two week processing period. The WolfBucks will be refunded to the student if there are no outstanding fees at the University").

[90] *See, e.g.*, Penn State University, *id+ Card Disclosure Statement*, (accessed Jul. 27, 2023), https://idcard.psu.edu/id-card-disclosure-statement (stating: "All requests for refunds upon graduation, withdrawal from the University or termination of employment by the University must be received within 90 days of graduation, withdrawal or termination. Any funds left in an account longer than ninety (90) days are forfeited and become the property of the University"); University of Minnesota Twin Cities, *U Card Office Help Center Webpage*, (accessed Jul. 27, 2023), https://ucard.tc.umn.edu/help.

[91] Many colleges state that card usage and privileges can be revoked if a student is involved in inappropriate or illegal activities. *See, e.g.,* John Hopkins University, *Terms and Conditions*, (accessed Sep. 22, 2023), https://studentaffairs.jhu.edu/jcard/j-cash/terms-conditions/ (stating: "Any student who is dismissed, withdraws, or transfers out of JHU will have their J-Card and J-Cash access deactivated immediately").

These rules vary across colleges and may also be subject to requirements under state and local law.[92]

2. **Colleges may charge processing fees for refunds or require that university debts are satisfied in order for a student to receive a refund.**[93] These fees, such as a fee to receive a refund of an account balance, may be higher than students would face if they used other types of financial products. Further, to the extent that colleges use prepaid account balances to resolve past-due accounts, students may lose access to personal funds that they planned to use for other purposes, including attending to basic needs.

3. **Misleading marketing could cause students to believe that it is mandatory to use student ID cards to access their financial aid disbursements.**[94] In certain cases, the CFPB observed websites appearing to imply that the deposit or prepaid account option that accompanies the mandatory student ID card is the easiest way for students to receive their federal financial aid basic disbursements,[95] which may influence students even if information about other options are provided in another context. Furthermore, even if students do not connect to the prepaid or deposit account function,

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[92] For example, Georgetown University's contract for its college identification card notes requirements under the law of the District of Columbia. *See* Georgetown University, *Account Usage/Account Statements,* (Jan. 1, 2012), https://gocard.georgetown.edu/terms-conditions/account-usage-account-statements/ (stating, "If no activity has occurred on your card and you have not otherwise communicated in writing with us concerning the debit dollars on your GOCard for a continuous period of more than thirty-six (36) months, under D.C. law your debit dollars will be deemed abandoned property that Georgetown must deliver to the D.C. government").

[93] *See, e.g.*, Penn State University, *id+ Card Disclosure Statement*, (accessed Jul. 27, 2023), https://idcard.psu.edu/id-card-disclosure-statement (stating: "A $10 processing fee will be deducted from each refund. In addition, all University debts must be satisfied prior to a refund being processed").

[94] U.S. Department of Education, Office of the Inspector General, *Final Management Information Report, Control No. ED-OIG/X09N0003,* (Mar. 10, 2014), https://www2.ed.gov/policy/highered/reg/hearulemaking/2014/pii2-lindstrom1-oig.pdf (mentioning dual-function college IDs and stating, "students sometimes misunderstood how the two accounts worked and whether the checking account was required"). *See also* 34 C.F.R. § 668.164(d)(4), (e)(2)(ix), (f)(4)(viii).

[95] *See, e.g.,* Coastal Bend College, *Cougar Card Webpage,* (accessed Sep. 22, 2023), http://www.coastalbend.edu/cougarcard/ (stating: "Your campus. Your funds. Get access to it all with just one card. It's easy"); St. Clair County Community College, *Skippers OneCard Webpage,* (accessed Jul. 27, 2023), https://sc4.edu/support-services/tools-and-technology/skippers-onecard/ (stating: "Your Skippers OneCard is … not only your college photo ID, but also allows you to … access financial aid refunds").

ED notes that student ID cards hold significant marketing power for the financial institution regardless.[96]

4. **Colleges may partner with nearby merchants to provide discounts, rewards, or credit if students pay with their dual-purpose student ID cards.** Sometimes, colleges advertise deals for students that are only available if students pay with their ID cards that are linked to a prepaid or deposit account.[97] In some cases, colleges may use student ID cards to extend lines of credit that can be transferred to prepaid accounts solely for students to use for on-campus purchases such as dining, bookstores, printing, and other services.[98] This may influence students decision about whether to use the school account and could also alter student spending habits in favor of merchants that promote student ID card usage. Further, this practice could expose students to some of the benefits of the dual-purpose ID without full information about the potential costs, which could affect their ability to comparison shop. Little is known about whether colleges enter into revenue-sharing agreements with merchants related to these marketing partnerships.

Misleading marketing and merchant discounts may result in students feeling obligated to sign up for a prepaid or deposit account connected to their ID card, without realizing it is not mandatory despite other information or disclaimers that may be provided to students at different points in time. In the worst cases, these students may later pay to access their own funds or forfeit their account balances if they owe their institution a past-due balance or if they do not request a refund quickly enough after they separate from the college.

[96] *See, e.g.,* U.S. Department of Education, *Notice of Proposed Rulemaking,* 80 Fed. Reg. 28484, 28499 (May 18, 2015), https://www.govinfo.gov/content/pkg/FR-2015-05-18/pdf/2015-11917.pdf ("Even in cases where this does not occur, students still must carry a student ID that is effectively an institutionally sponsored advertisement for the financial provider and may misunderstand which functions are required."). *See also* Appendix C for additional information on the regulation.

[97] *See, e.g.,* Liberty University, *Flames Pass Webpage,* (accessed Sep. 22, 2023), https://www.liberty.edu/flamespass/ (stating: "Fall 2023 Announcements: Merchant of the Month: The September Flames Cash merchant of the month is Sweet Frog! Get a $6 small or $8 medium no-weigh cup when you pay with Flames Cash!"); Santa Barbara City College, *Campus ID Card Webpage,* (accessed Sep. 28, 2023), https://www.sbcc.edu/studentservices/campus_id.php (stating: "Campus Dining: Receive a 5 percent discount with the use of your CampusCard").

[98] *See, e.g.,* University of Pennsylvania, *Line of Credit Webpage,* (accessed Sep. 28, 2023), https://srfs.upenn.edu/billing-payment/line-credit (stating: "The line of credit can be used at the following locations … Transfers to PennCash").

4. Credit Cards

4.1 Overview

In the past, marketing practices on college campuses – such as card vendors offering gift incentives, creating a "hawking atmosphere," and "masking [the] responsibilities of owning a credit card" – led to the passage of the CARD Act, which included prohibitions on certain tactics that were meant to protect students from aggressive marketing.[99] The analysis presented here indicates that partnerships between colleges and credit card issuers have become less lucrative since the CARD Act was passed and mainly target alumni (card agreements with alumni associations constitute more than two in three college card accounts). However, thousands of new accounts are opened pursuant to these partnerships each year.

Separately, college students continue to rely on credit cards to help cover costs: almost one in three college students use credit cards to pay for tuition and fees, almost two in three college students have at least one credit card in their own name, and college students owe over $4,000 in credit card debt on average.[100] Other research suggests that a recent and "continued rise in credit card delinquency rates is…particularly pronounced among millennials and those with…student loans," indicating that credit card debt continues to pose a financial risk to young consumers and student loan borrowers.[101]

The CFPB will continue to research evolving practices, such as email marketing and targeted online advertising, to understand whether credit card companies still aggressively pursue college students.[102]

[99] *See, e.g.*, U.S. Government Accountability Office, GAO-01-773, *Consumer Finance: College Students and Credit Cards*, (Jul. 2001), https://www.gao.gov/products/gao-01-773.

[100] U.S. Department of Education, National Center for Education Statistics, *2019-2020 National Postsecondary Student Aid Study, Undergraduate Collection (NPSAS:UG-2020): Public Use Microdata via DataLab* (Jul. 2023), https://nces.ed.gov/datalab/ (retrieved Oct. 13, 2023).

[101] Federal Reserve Bank of New York, *Total Household Debt Reaches $17.29 Trillion in Q3 2023; Driven by Mortgage, Credit Card, and Student Loan Balances*, (Nov. 7, 2023), https://www.newyorkfed.org/newsevents/news/research/2023/20231107.

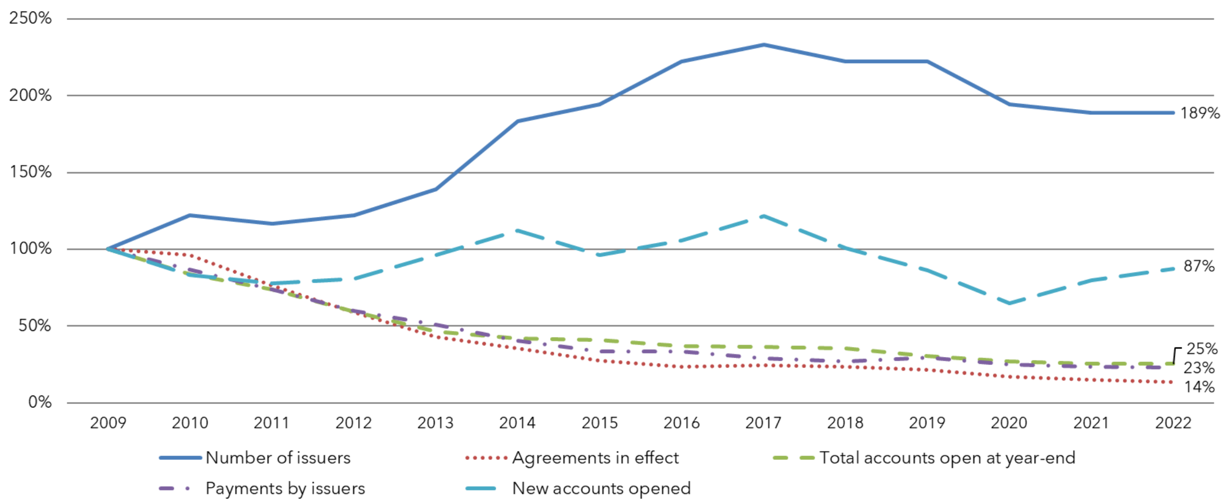
[102] Jim Hawkins, Washington and Lee Law Review 69(3), *The CARD Act on Campus*, (2012), https://scholarlycommons.law.wlu.edu/wlulr/vol69/iss3/4.

4.2 Findings

4.2.1 Overall Trends

The CFPB's review identified 143 partnerships between colleges (or affiliated groups, foundations, or alumni associations) and credit card issuers.[103] These partnerships together represented 532,567 open accounts at year-end 2022 provided by 35 credit card issuers.[104] The number of total agreements in effect, as well as the number of accounts open under such agreements, continues to decline (Figure 3).[105]

FIGURE 3: COLLEGE CREDIT CARD TRENDS (INDEXED TO 100 PERCENT IN 2009), 2009 – 2022[106]



The total amount paid to partners, including institutions and affiliates, has declined since the passage of the CARD Act. However, payments increased slightly to exceed $19.6 million in 2022, the number of new accounts opened is relatively steady compared to the 2009 baseline, and the number of issuers has increased from 18 in 2009 to a total of 35 in 2022.

103 *See* Appendix B for a discussion of the methodology used in this section and Appendix F for a guide to the publicly available comma-separated value file ("CSV file") that contains all college credit card data collected to date with the most recent year's data.

104 This time period covers January 1 to December 31, 2022.

105 Of these agreements, 101 were with public colleges or their affiliates, 34 were with non-profit colleges or their affiliates, one was with a for-profit college affiliate, and seven were with other types of organizations such as honor societies or national Greek organizations.

106 CFPB analysis of data submitted by credit card issuers about the 2022 calendar year. See Section 2 and Appendix B for more information on the methodology used in this analysis.

4.2.2 Issuers

Bank of America remains the largest issuer in this market, representing 27 percent of partnerships and 56 percent of open accounts. In total, 35 issuers submitted agreements for 2022. Aggregate metrics for all partnerships with 1,000 or more year-end open accounts can be seen in Table 7.

TABLE 7: ISSUER METRICS BY YEAR-END OPEN ACCOUNTS, 2022 [107]

Issuer	Year-end open accounts	New accounts opened	Payments by issuers to institutions	Agreements in effect
Bank of America	298,545	18,256	$6,440,777	39
Boeing Employees' Credit Union	53,599	7,511	$579,671	2
INTRUST Bank, N.A.	28,062	2,356	$813,552	9
Purdue Federal Credit Union	26,427	1,493	$1,000,000	1
University of Wisconsin (UW) Credit Union	25,229	6,352	$275,000	1
University First Federal Credit Union	15,428	6,605	$260,075	1
University of Illinois Community Credit Union	13,561	820	$715,000	2
Harvard University Employees Credit Union	12,115	796	$301,494	1
Stanford Federal Credit Union	11,711	1,530	$1,297,880	2
USAA Savings Bank	10,875	1,533	$561,414	7
Wescom Central Credit Union	5,185	1,465	$0	1
Commerce Bank	4,967	910	$10,545	27
Alabama Credit Union	4,937	637	$375,000	1
First National Bank of Omaha	4,141	18	$506,295	2
MidFirst Bank	3,710	345	$625,485	4
USF Federal Credit Union	2,967	260	$432,911	1
Pennsylvania State Employees Credit Union	2,567	1,021	$4,048,596	13
Mountain America Credit Union	1,726	1,181	$107,000	2
USC Credit Union	1,239	358	$513,582	1
Virginia Credit Union, Inc.	1,189	1,189	$25,000	1
Average of All Other Issuers	**292**	**43**	**$49,782**	**2**
Average of All Issuers	**15,216**	**1,579**	**$561,029**	**4**

107 CFPB analysis of data submitted by credit card issuers about the 2022 calendar year. See Section 2 and Appendix B for more information on the methodology used in this analysis. "All Other" issuers category includes those issuers with 1,000 or fewer year-end open accounts. *See* Appendix H for an exhaustive version of this table.

4.2.3 Partner Entities

The average partnership represents over 3,700 open accounts, with some partnerships representing much larger account totals. Table 8 provides the top ten college credit card partnerships by account volume at year-end 2022. These ten partnerships are responsible for 42 percent of all college credit card accounts. Agreements with alumni associations constitute more than two out of three college card accounts, reflecting their dominance in this market since these data were first collected in 2009.

TABLE 8: TOP TEN PARTNERSHIPS BY ACCOUNT VOLUME, 2022 [108]

Institution	Issuer	Total open accounts as of end of 2022
University of Washington Alumni Association	Boeing Employees' Credit Union	46,431
Purdue Alumni Association	Purdue Federal Credit Union	26,427
Wisconsin Alumni Association	University of Wisconsin (UW) Credit Union	25,229
Alumni Association of the University of Michigan	Bank of America	21,303
University of Southern California	Bank of America	19,289
The Association of Former Students of Texas A&M University	Bank of America	18,730
California Alumni Association	Bank of America	16,920
Golden Key International Honour Society	Bank of America	16,753
The Ex Students Association of The University of Texas	Bank of America	16,192
Indiana University Alumni Association Inc	Bank of America	15,724
Average at Top Ten	N/A	**22,300**
Average at All Other Organizations	N/A	**2,345**
Average at All Organizations	N/A	**3,750**

N/A in the table represents "Not Applicable."

4.2.4 Agreements Between Organizations and Issuers

Of the 143 agreements submitted by issuers for 2022, 15 were terminated in 2022, representing 10 percent of all 2022 agreements (but only 2 percent of all accounts open as of year-end 2022 and roughly 2 percent of payments from issuers to institutions). [109] This suggests that while

[108] CFPB analysis of data submitted by credit card issuers about the 2022 calendar year. See Section 2 and Appendix B for more information on the methodology used in this analysis.

[109] Agreements terminated in 2022 include Christian Community Credit Union's partnerships with Abilene Christian University and Biola University; Bank of America's partnerships with the American

issuers continue to reduce the number of college credit card agreements to which they are a party, they are preserving those agreements which comprise most of their activity.[110] An additional three agreements were established in 2022, generating 1,211 new accounts and $685,000 in payments from issuers to institutions.

In 2022, issuers paid over $19.6 million to colleges and affiliated organizations for these partnerships, with an average annual payment of roughly $138,000. Table 9 provides the top ten college credit card partnerships by payment total in 2022, which are responsible for over half of all college credit card partnership payments from issuers to colleges.

TABLE 9: TOP PARTNERSHIPS BY PAYMENTS BY ISSUER TO INSTITUTION, 2022[111]

Organization	Issuer	Payments by issuer to partner
Penn State Sports Properties LLC	Pennsylvania State Employees Credit Union	$2,542,131
Penn State Alumni Association	Pennsylvania State Employees Credit Union	$1,500,000
Stanford Alumni Association	Stanford Federal Credit Union	$1,297,880
Alumni Association of the University of Michigan	Bank of America	$1,027,300
Purdue Alumni Association	Purdue Federal Credit Union	$1,000,000
The Ex Students Association of The University of Texas	Bank of America	$682,900
California State University – Northridge	Premier America Credit Union	$660,000
University of Illinois Alumni Association	University of Illinois Community Credit Union	$590,000
University of Southern California	USC Credit Union	$513,582
The Association of Former Students of Texas A&M University	Bank of America	$508,208
Average at Top Ten	N/A	**$1,032,200**
Average at All Other Organizations	N/A	**$70,561**
Average at All Organizations	N/A	**$138,282**

N/A in the table represents “Not Applicable.”

Chemical Society, Auburn University, Brandeis University, Florida International University, Phi Theta Kappa International Honor Society, and the Phi Theta Kappa Foundation; Commerce Bank’s partnership with the University of Vermont Foundation; First National Bank of Omaha’s partnership with the Rutgers University Foundation; MidFirst Bank’s partnership with Arizona State University; and Pennsylvania State Employees Credit Union’s partnerships with Bloomsburg University of Pennsylvania, Central Penn College of Education, Elizabethtown College, Millersville University, and the Millersville University of Pennsylvania Alumni Association.

110 As noted in the introduction to this report, issuers may report all payments pursuant to college credit card agreements, even if those payments relate to other financial products or services beyond college credit cards.

111 CFPB analysis of data submitted by credit card issuers about the 2022 calendar year. See Section 2 and Appendix B for more information on the methodology used in this analysis.

APPENDIX A: PRIOR REPORTS PUBLISHED AND SUBMITTED TO CONGRESS PURSUANT TO 15 U.S.C. § 1637(R)

This appendix contains a chronological list of the thirteen prior annual reports published and submitted to Congress pursuant to the CARD Act's relevant mandate, codified in 15 U.S.C. § 1637(r). As noted in the introduction to this report, the first two reports were published and submitted by the Federal Reserve Board; the subsequent eleven reports were published and submitted by the CFPB.

Federal Reserve Board of Governors. *Federal Reserve Board of Governors Report to the Congress on College Credit Card Agreements*, (Oct. 2010), https://files.consumerfinance.gov/f/documents/2010_college-credit-card-agreements_report.pdf.

Federal Reserve Board of Governors, *Federal Reserve Board of Governors Report to the Congress on College Credit Card Agreements*, (Jul. 2011), https://files.consumerfinance.gov/f/documents/2011_college-credit-card-agreements_report.pdf.

Consumer Financial Protection Bureau, *College Credit Card Agreements: Annual Report to Congress*, (Oct. 2012), https://www.consumerfinance.gov/documents/3110/2012_cfpb_college_credit_card_agreements_report.pdf.

Consumer Financial Protection Bureau, *College Credit Card Agreements: Annual Report to Congress*, (Dec. 2013), https://www.consumerfinance.gov/documents/3124/2013_cfpb_college-credit-card-agreements_report.pdf.

Consumer Financial Protection Bureau, *College Credit Card Agreements: Annual Report to Congress*, (Dec. 2014), https://www.consumerfinance.gov/documents/3108/2014_cfpb_college-credit-card-agreements-report.pdf.

Consumer Financial Protection Bureau, *College Credit Card Agreements: Annual Report to Congress*, (Dec. 2015), https://www.consumerfinance.gov/documents/3106/2015_cfpb_college-credit-card-agreements-report.pdf.

Consumer Financial Protection Bureau, *Student Banking: Annual Report to Congress*, (Dec. 2016), https://www.consumerfinance.gov/documents/3104/2016_cfpb_student_banking_report.pdf.

Consumer Financial Protection Bureau, *College Credit Card Agreements: Annual Report to Congress*, (Dec. 2017), https://www.consumerfinance.gov/documents/5948/cfpb_college-credit-card-agreements-report_2017.pdf.

Consumer Financial Protection Bureau, *College Credit Card Agreements: Annual Report to Congress*, (Dec. 2018), https://www.consumerfinance.gov/documents/7050/College_Credit_Card_Agreements_Report_2018_Final.pdf.

Consumer Financial Protection Bureau, *College Credit Card Agreements: Annual Report to Congress*, (Dec. 2019), https://files.consumerfinance.gov/f/documents/cfpb_college-credit-card-agreements-report_2019.pdf.

Consumer Financial Protection Bureau, *College Credit Card Agreements: Annual Report to Congress*, (Oct. 2020), https://files.consumerfinance.gov/f/documents/cfpb_college-credit-card-agreements-report_2020-10.pdf.

Consumer Financial Protection Bureau, *College Credit Card Agreements: Annual Report to Congress*, (Sep. 2021), https://files.consumerfinance.gov/f/documents/cfpb_college-credit-card-agreements_report_2021-09.pdf.

Consumer Financial Protection Bureau, *College Credit Card Agreements: Annual Report to Congress*, (Oct. 2022), https://files.consumerfinance.gov/f/documents/cfpb_college-banking-report_2022.pdf.

APPENDIX B: EXPANDED METHODOLOGY

DEPOSIT AND PREPAID ACCOUNTS

Most colleges with banking partnerships are annually required by ED to publicly disclose their agreements with financial service providers, in addition to other metrics.[112] The information used in Section 3 is based on publicly available college banking partnership agreements and related metrics disclosures for the 2021-2022 Award Year.[113]

Using the sample described in Section 2.1, the CFPB searched each college website to find current disclosures and agreements. The CFPB performed these searches using links from the prior year analysis. When links from prior years were missing or broken, the CFPB used a commercial internet search engine and college websites, combining keywords to those used in the financial service provider searches, in conjunction with the college name, including but not limited to the issuer (if known), "disbursement," "mean," "median," "668.164 disclosure," "cash management," and/or "DOE disclosure." Once a related link was found, the CFPB reviewed the public information posted on the website to identify and record up-to-date agreements and related disclosures.

When the CFPB identified a cash management disclosure and agreement (see Appendix D for an example), the CFPB recorded information such as the name of the financial service provider, the number of students who had accounts under the agreement at any time during the most recently completed award year, the mean and median actual costs paid by those account holders during that period, and the total monetary compensation for the most recently completed award year paid or received by the parties under the terms of the contract. While performing this analysis, the CFPB also observed and recorded information related to student IDs that were linked to deposit or prepaid accounts.

CREDIT CARDS

Regulations implementing Section 305 of the CARD Act require college credit card issuers to submit to the CFPB each year certain information about their college credit card agreements in

[112] 34 C.F.R. §§ 668.164(e)(2)(vi)-(vii), (f)(4)(iii)-(iv). For certain arrangements, known as Tier two (or T2) arrangements, a TIV institution does not need to comply with the disclosure requirements if in one or more of the three recently completed award years, 1) no students received credit balances at the institution (in this situation, none of the regulatory requirements for T2 arrangements apply), or 2) on average fewer than 500 students and less than five percent of the institution's students received credit balances. *See id.* § 668.164(f)(2). T2 arrangements are those where a TIV school has a contract with a financial institution, or entity that offers financial accounts through a financial institution, under which financial accounts are offered and marketed directly to students enrolled in the school. *Id.* § 668.164(f).

[113] Data collection occurred from January to March 2023.

effect at any time during the preceding calendar year, including copies of such agreements and any memoranda of understanding between the card issuer and the institution or an affiliated organization that controls or directs any obligations or distribution of benefits between the entities.[114] Additionally, issuers are required to submit additional data with respect to their agreements, including the total number of cardholders (overall and in the relevant year) and the amount of payments made by the issuer to the entity during the year.[115] The period represented in this report is the 2022 calendar year.[116]

The findings derived from these data are subject to several limitations:

- Some or all of the accounts opened in connection with these agreements, even those directly between issuers and institutions, may have been opened by individuals who are not students, such as alumni, faculty, and staff of an institution of higher education (IHE).
- Conversely, it is possible that students may have opened accounts under the terms of agreements other than those with colleges, such as agreements with alumni associations. Card issuers' submissions do not include information regarding credit card accounts opened by students independent of a college credit card agreement, such as when a student responds to an offer in a direct mail solicitation.
- Additionally, because issuers were required to submit all college credit card agreements to which they were a party at any time during 2022, issuers' submissions include agreements that are no longer in effect. By the same token, agreements first entered into in 2023 are also not reflected in the data.

[114] 12 C.F.R. § 1026.57(d). For additional detail about the methodology used in this report, see: Consumer Financial Protection Bureau, *College Credit Card Agreements: Annual Report to Congress*, (Oct. 2022), https://files.consumerfinance.gov/f/documents/cfpb_college-banking-report_2022.pdf, at 58-59.

[115] The CARD Act also requires the CFPB to publish a report on the information and documents provided by card issuers. *See* 15 U.S.C. § 1637(r)(3). The data used as the basis for this section of the report, as well as additional data used for other sections, will be posted and available for the public on the CFPB website. Interested members of the public should access those data directly to analyze the state and history of this market.

[116] Issuers were required to make their annual submission by March 31, 2023. These submissions were required by the applicable regulations to cover college credit card agreements to which the issuer was a party during 2022 and information regarding payments and accounts as of December 31, 2022.

APPENDIX C: CASH MANAGEMENT REGULATION OVERVIEW

In 2015, the Department finalized a "cash management" regulation that increased transparency in the college-sponsored deposit and prepaid account marketplace and established new minimum protections for students. In late 2022, ED announced its intent to engage in rulemaking on these regulations.[117]

Different types of arrangements between colleges and financial service providers are treated differently in the regulations (see Figure 4).[118] When a third-party financial service provider processes direct payments of Title IV funds on behalf of the college and also offers students an account in which to receive the funds, the relationship is known as a "Tier One" (T1) arrangement.[119] When the third-party offers checking accounts but does not facilitate Title IV disbursements, the relationship between the school and provider is known as a "Tier Two" (T2) arrangement.[120] However, it is not always clear which category a partnership is governed by, and colleges are not required to report this information.[121]

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[117] Negotiated Rulemaking Committee; Public Hearings, 88 Fed. Reg. 17777.

[118] 34 C.F.R. § 668.164.

[119] For T1 arrangements, the third-party servicer offers one or more financial accounts under the arrangement, and information about the account(s) is communicated directly to students by one of three entities: (1) the third-party servicer, (2) the institution on behalf of or in conjunction with the third-party servicer, or (3) an entity contracting with or affiliated with the servicer. U.S. Department of Education, *Cash Management Frequently Asked Questions*, TA-Q1 (May 11, 2016), https://fsapartners.ed.gov/knowledge-center/faqs/cash-management-frequently-asked-questions. *See also* 34 C.F.R. § 668.164(e)(1).

[120] These T2 arrangements, are 1) between a college and a vendor that offers financial accounts through a financial institution and 2) under which financial accounts are offered and marketed directly to students. However, under certain circumstances, some colleges with few Title IV credit balance recipients may not have to comply with certain requirements for "Tier 2" agreements. *See* U.S. Department. of Education, *Program Integrity and Improvement (Final Rule)*, 80 Fed. Reg. 67126, 67126-67127 (Oct. 30, 2015), http://www.gpo.gov/fdsys/pkg/FR-2015-10-30/pdf/2015-27145.pdf; 34 C.F.R. § 668.164(f).

[121] The CFPB has attempted to discern, on the basis of publicly available information and its understanding of cash management regulations, the appropriate categorization for each institution. These assessments are solely for the purpose of the discussions in this report and do not reflect any legal conclusions on the part of the CFPB or U.S. Department of Education.

FIGURE 4: T1 AND T2 ARRANGEMENT VARIATIONS AND REGULATIONS

Some institutions of higher education (IHEs) subcontract with third-party financial services providers to facilitate disbursements and to provide students with low-cost options to access their funds through college-sponsored prepaid cards and debit cards linked to deposit accounts. These arrangements between IHEs and financial services providers fall into two categories known as "Tier One" and "Tier Two."

	Tier 1 (T1) Arrangement	Tier 2 (T2) Arrangement
 Compensation	Generally, the IHEs pay the financial service provider.	Generally, the financial service provider pays the IHE.
 Function for students	Students can receive direct disbursements of Title IV funds, access fee-free in-network ATMs, and may not be charged account opening, access device, receipt, or overdraft fees.	Students can open bank accounts, access fee-free in-network ATMs, and may not be charged account opening or access device receipt fees.
 Function for institutions of higher education	Disburses federal student aid funds to students on behalf of the IHE.	IHE is paid for direct marketing access to student body in the form of one-time payments and annual compensation.
 Concerns	By ED regulation, accounts in this category are supposed to be free of certain fees, but may have other fees that are difficult to avoid and that may make such accounts more expensive than non-college sponsored account options.	Financial inducements could compromise the ability of IHEs to prioritize their students' financial well-being.

APPENDIX D: CASH MANAGEMENT DISCLOSURE EXAMPLE[122]

Award Year
July 1, 2021 – June 30, 2022

BMTX, Inc. Student Financial Account Fee Data and Contract Monetary/Non-Monetary Considerations

In accordance with sections §668.164(e)(2)(vii) and §668.164(f)(4)(iv) of the U.S Department of Education's amended Cash Management regulations published in the Federal Register on October 30, 2015, this document shall serve as BMTX, Inc.'s required disclosure of student financial account fee data and contract monetary/non-monetary considerations.

Mean and median costs incurred by BankMobile Vibe checking accountholders who had an open BankMobile Vibe checking account under the contract during the prior award year:

Mean	$30.73
Median	$20.89

NOTE:

- The fee information listed above includes aggregate fee data for all BankMobile Vibe checking accountholders at the Institution regardless of enrollment status in the prior award year.
- Fee calculation includes:
    - ATM Cash Withdrawal Fee at a non-Allpoint Network ATM or non-Customers Bank ATM
    - Card Replacement Fee
    - Outgoing Wire Transfer (domestic) Fee
    - Green Dot® Reload @ the Register™ Fee
    - Monthly Service Fee (For those not having Qualifying Deposits totaling $300 or more per statement cycle)

Number of students who had an open BankMobile Vibe checking account under the contract during the prior award year:

BankMobile Vibe Checking Accounts	1,826

NOTE:

- Open BankMobile Vibe Checking accounts are defined as any account that had a spend or deposit transaction during the prior award year regardless of enrollment status.

Monetary Consideration:

Institution Paid BMTX, Inc.	$0.00
BMTX, Inc. Paid Institution:	$

Non-Monetary Consideration:

None	$0.00

For Internal Use Only: 55

BMTX, Inc., a wholly owned subsidiary of BM Technologies, Inc. Accounts provided by Customers Bank, Member FDIC & Equal Housing Lender.

[122] Houston Community College, *Award Year 2021-2022 Cash Management Disclosure,* (accessed Jan. 11, 2023), https://www.vibeaccount.com/swc/doc/landing/31g6fyzwtdodp0i6qkcb.

APPENDIX E: COMPREHENSIVE DEPOSIT ACCOUNT FEE SCHEDULE

TABLE 10: DEPOSIT ACCOUNT FEE SCHEDULE TIER 1 INSTITUTIONS SEPTEMEBER 2023 [123]

Financial Institution by number of active accounts	Monthly Fee	Overdraft Fee	NSF Fee	Daily limit on number of combined overdraft or NSF fees	Cushion before overdraft fee is charged [124]	Extended grace period	Monthly dormant account fee (after 12 months)	Domestic out-of-network ATM fee
BankMobile	$2.99	None [125]	None	N/A	N/A	N/A	None	$3
Herring Bank	None	$15 [126]	$15	2 ($30)	None	None	$10*	$1.50
Discover	None	None	None	N/A	N/A	N/A	None	None

Note: * Indicates that a dormant account fee is applied after six months of inactivity. N/A in the table represents "Not Applicable."

[123] Data is per review of account agreements and other publicly available information as of September 2023. In cases where financial institutions offer special accounts for students, rates for those student-specific accounts are reflected in the table. In cases where a bank has announced but not yet implemented changes to their programs, the table reflects the announced change. Extended overdraft fees (levied after accounts remain overdrawn after a certain number of days) are not reflected in the table.

[124] Banks reflected here may vary as to whether they apply de minimis buffers of up to $5 based on the size of the transaction, the size of the negative balance, or both. If a bank has a negative balance cushion that exceeds a de minimis transaction amount, the table reflects only the negative balance cushion.

[125] ED cash management regulations specify that no overdraft fees may be charged to a student associated with an account that the student is receiving federal student aid disbursements under a T1 arrangement, regardless of the type of transaction that is paid against insufficient funds. *See* 34 C.F.R. § 668.164(e)(2)(v).

[126] The Herring Bank fee schedule states that this fee "may be imposed on check transactions or ACH drafts only." See Herring Bank, Fee Schedule for College Green Checking Account, https://www.collegegreen.net/FTP/ALL/Disclosure.pdf. Accessed December 1, 2023. ED cash management regulations specify that no overdraft fees may be charged to a student under T1 arrangements, regardless of the type of transaction that is paid against non-sufficient funds.

TABLE 11: DEPOSIT ACCOUNT FEE SCHEDULE TIER 2 INSTITUTIONS, SEPTEMBER 2023 [127]

Financial Institution by number of active accounts	Monthly Fee	Overdraft Fee	NSF Fee	Daily limit on number of combined overdraft or NSF fees	Cushion before overdraft fee is charged [128]	Extended grace period	Monthly dormant account fee (after 12 months)	Domestic out-of-network ATM fee
Huntington Bank	None	$15	None	4 ($60)	$50	Next day	$5	$3.50
PNC Bank	None	$36	None	1 ($36)	$5	Next day	None	$3
MidFirst Bank	None	$35	None	5 ($175)	$5	None	$5	$2.50
Wells Fargo	None	$35	None	3 ($105)	$5	Next day	Not Found	$2.50
U.S. Bank	None	$36	None	4 ($144)	$50	Next day	$5*	$2.50
Wright-Patt Credit Union	None	$9	$9	None	None	None	$1 [129]	$0
Bank of the West (now BMO)	None	$15	None	3 ($45)	$5	None	Not Found	$2.50
University of Kentucky Federal Credit Union	None	$29	$29	None [130]	None	None	None	$3

127 Data is per review of account agreements and other publicly available information as of September 2023. In cases where financial institutions offer special accounts for students, rates for those student-specific accounts are reflected in the table. In cases where a bank has announced but not yet implemented changes to their programs, the table reflects the announced change. Extended overdraft fees (levied after accounts remain overdrawn after a certain number of days) are not reflected in the table.

128 Banks reflected here may vary as to whether they apply de minimis buffers of up to $5 based on the size of the transaction, the size of the negative balance, or both. If a bank has a negative balance cushion that exceeds a de minimis transaction amount, the table reflects only the negative balance cushion.

129 Wright-Patt Credit Union, Inc., *Checking Account Disclosure of Fees, Terms and Conditions,* (Apr. 6, 2022), https://www.wpcu.coop/en-us/PDFDocuments/Checking%20Accounts%20Disclosure%20-%20WPCU.pdf (stating that the $1 dormant account fee is only applicable to accounts with balances of less than $100).

130 University of Kentucky Federal Credit Union disclosed a monthly limit of 30 fees ($870).

Financial Institution by number of active accounts	Monthly Fee	Overdraft Fee	NSF Fee	Daily limit on number of combined overdraft or NSF fees	Cushion before overdraft fee is charged[128]	Extended grace period	Monthly dormant account fee (after 12 months)	Domestic out-of-network ATM fee
Addition Financial	None	$35	$35	None	None	None	$10	$2
Truist	$12 [131]	None	None	N/A	N/A	N/A	Not Found	$3
Union Bank and Trust Company[132]	None	$34[133]	$34 [134]	Not Found	Not Found	Not Found	Not Found	$0
Hills Bank and Trust Company	None	$27	$27	10 ($270)	None	None	Not Found	Not Found
University of Pennsylvania Student Federal Credit Union	None	$10[135]	$10	None	None	None	$25*	
Bank of Montgomery	$2*	$35	$35	None	$10	None	$5*	$0
Elevations Credit Union	None	$31	$31	None	None	None	$10	$1.50*
Fairwinds	None	$35	$35	None	None	None	$10	$2.50
Washington State Employees Credit Union	None	$27	$27	5 ($135)	$10	None	$5 (after 15 months inactive)	None

Note: * Indicates that a dormant account fee is applied after six months of inactivity. N/A in the table represents "Not Applicable."

131 Waived for students until age 25.

132 Because a full list of terms and conditions were not found for the UNL Student Banking account, this analysis reflects terms related to the "Simply Free" checking account.

133 Union Bank and Trust Company, *UNL Student Checking Website*, (accessed Nov. 2, 2023), https://www.ubt.com/unl/unl-students (stating the company "[w]aives one NSF Paid Item Fee/NSF Returned Item Fee per calendar year").

134 Id.

135 Student Federal Credit Union at the University of Pennsylvania, *Fees,* (Jan. 10, 2021), https://www.upennsfcu.org/asset/pdf/fees.pdf (disclosing a negative balance fee of $20 per week).

APPENDIX F: PUBLICLY AVAILABLE COLLEGE CREDIT CARD DATA GUIDE

The CFPB is updating the comma-separated value file ("CSV file") that contains all college credit card data collected to date with the most recent year's data. The CFPB intends to continue updating the CSV file each year as it collects new data from college credit card issuers.

The CFPB intends to ensure that the publicly available dataset is as accurate and complete as possible. This means that the dataset (as well as some of the charts and figures in this report) may not be completely consistent with past iterations of this report because submitting entities sometimes make corrections to earlier submissions. In all cases, the CFPB intends for the public dataset to be the CFPB's definitive account of the data.

Below is a brief guide to interpreting the dataset:

The CSV file consists of rows and columns.

Each row beyond the first consists of an individual agreement-year.

This means that if an agreement existed across multiple years, each year's data would be a separate row in the dataset.

The first row consists of headers that explain what data fields are contained in each column. Those headers are explicated below:

"REPORTING YEAR" – this field contains the year associated with the agreement-year. Note that this is the year represented by the data, not the year the data was collected and published. For example, a row whose reporting year was listed as 2014 contains data regarding that agreement's metrics in calendar year 2014, not the data collected and published in 2014.

"INSTITUTION OR ORGANIZATION" – this is the name of the institution of higher education or affiliate that is party to the agreement.

"TYPE OF INSTITUTION OR ORGANIZATION" – this designates the institution as one or more of four types:

University;

Alumni association;

Foundation; or

Other.

"CITY" – this is the city in which the institution of higher education or affiliate that is party to the agreement is located.

"STATE" – this is the state in which the institution of higher education or affiliate that is party to the agreement is located.

"CREDIT CARD ISSUER" – the name of the credit card issuer that is party to the agreement.

"STATUS" – a field which denotes the status of the agreement. In general, there are three valid responses issuers can provide for this field: [136]

"Same" – the status of the agreement has not changed from the previous year;

"Amended" – the status of the agreement has in some way changed from the previous year, or the agreement has been amended;

"New" – the agreement is new to this year.

"IN EFFECT AS OF BEGINNING OF NEXT YEAR" – a "yes/no" question regarding whether the agreement in question was in force as of January 1st of the year following the reporting year (*e.g.*, whether an agreement whose reporting year was 2011 was or was not in force as of January 1st, 2012).

"TOTAL OPEN ACCOUNTS AS OF END OF REPORTING YEAR" – the total number of open credit card accounts associated with the agreement, as of December 31st of the reporting year.

"PAYMENTS BY ISSUER" – the sum of all payments made by the issuer to the institution pursuant to the agreement over the course of the reporting year.

"NEW ACCOUNTS OPENED IN REPORTING YEAR" – the total number of all credit card accounts opened associated with the agreement over the course of the reporting year.

[136] In a few cases, issuers provided invalid responses to this question. In those cases, in which the CFPB has been unable to receive corrected responses from issuers, these invalid responses have been published as submitted.

APPENDIX G: COLLEGE CREDIT CARD METRICS OVER TIME

TABLE 12: COLLEGE CREDIT CARD METRICS, 2009-2022

Year	Number of issuers	Agreements in effect	Year-end open accounts	Payments by issuers	New accounts opened
2009	18	1,045	2,041,511	$84,462,767	55,747
2010	21	1,005	1,709,054	$73,459,987	46,385
2011	20	796	1,501,085	$62,508,677	43,227
2012	22	616	1,209,608	$50,407,472	44,924
2013	25	447	948,158	$42,934,507	53,699
2014	33	369	853,725	$34,105,376	62,540
2015	35	289	833,770	$28,092,278	53,753
2016	40	245	753,655	$28,253,654	58,796
2017	42	254	746,034	$24,448,154	67,866
2018	40	246	717,674	$22,797,547	56,183
2019	40	226	618,415	$24,980,457	48,017
2020	35	179	546,547	$20,882,930	36,230
2021	34	154	512,803	$19,470,170	44,530
2022	35	143	532,567	$19,636,011	55,280

APPENDIX H: COLLEGE CARD ISSUER METRICS

TABLE 13: COMPREHENSIVE COLLEGE CREDIT CARD ISSUER METRICS, 2022

Issuer	Year-end open accounts	New accounts opened	Payments by issuers to institutions	Agreements in effect
Bank of America	298,545	18,256	$6,440,777	39
Boeing Employees' Credit Union	53,599	7,511	$579,671	2
INTRUST Bank, N.A.	28,062	2,356	$813,552	9
Purdue Federal Credit Union	26,427	1,493	$1,000,000	1
University of Wisconsin (UW) Credit Union	25,229	6,352	$275,000	1
University First Federal Credit Union	15,428	6,605	$260,075	1
University of Illinois Community CU	13,561	820	$715,000	2
Harvard University Employees CU	12,115	796	$301,494	1
Stanford Federal Credit Union	11,711	1,530	$1,297,880	2
USAA Savings Bank	10,875	1,533	$561,414	7
Wescom Central Credit Union	5,185	1,465	$0	1
Commerce Bank	4,967	910	$10,545	27
Alabama Credit Union	4,937	637	$375,000	1
First National Bank of Omaha	4,141	18	$506,295	2
MidFirst Bank	3,710	345	$625,485	4
USF Federal Credit Union	2,967	260	$432,911	1
Pennsylvania State Employees CU	2,567	1,021	$4,048,596	13
Mountain America Credit Union	1,726	1,181	$107,000	2
USC Credit Union	1,239	358	$513,582	1
Virginia Credit Union, Inc.	1,189	1,189	$25,000	1
Wright-Patt Credit Union	988	134	$24,154	1
UMB Bank	671	6	$16,907	9
Canvas Credit Union	512	248	$15,000	1
University Credit Union	465	30	$5,278	2
Central Bank & Trust Co.	449	16	$5,077	1
Carolina Trust Federal Credit Union	392	81	$2,804	1
WESTconsin Credit Union	290	10	$6,978	1
Celtic Bank Corporation	233	29	$2,621	1
Christian Community Credit Union	181	12	$5,405	2
Sierra Pacific FCU	135	51	$2,198	1
The Southern Credit Union	32	1	$189	1
First Western Bank & Trust	22	22	$0	1
Atlanta Postal Credit Union	10	4	$103	1
Chief Financial Federal Credit Union	7	N/A	$21	1
Premier America Credit Union	N/A	N/A	$660,000	1
Grand Total	**532,567**	**55,280**	**$19,636,011**	**143**

N/A in the table represents “Not Applicable.”