



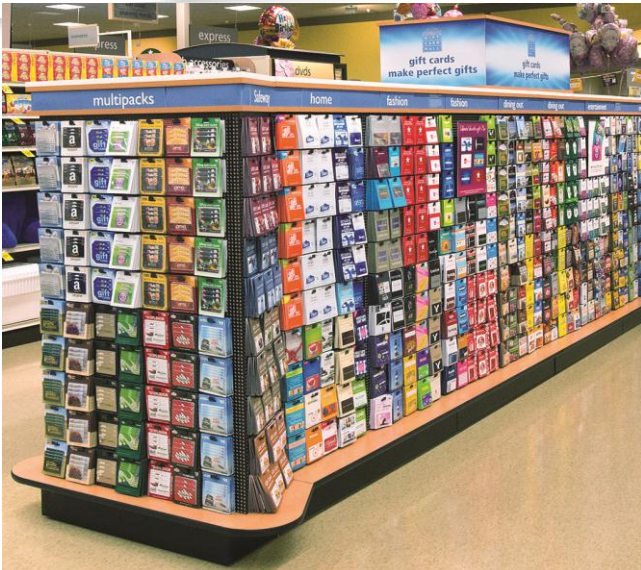
Presented by Wendy Lewis
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Agenda

- About Blackhawk Network
- Prepaid Regulators
 - Federal Environment
 - State Environment
- Cooperation With Law Enforcement
- CFPB NPRM GPR Overview

About Blackhawk Network



Productive Consumer Market



99%

Overall Satisfaction

97%

Intent to Repeat

90%

Say More Convenient

Source: BHN 2013 Tracker

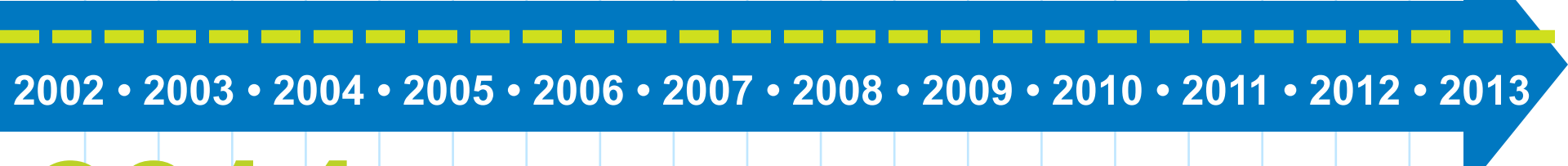
About Blackhawk Network - Blackhawk Network Changed the Prepaid Space

2001

7 cards



1 retailer



2014

500+ content providers



180K active retail distributions



22 countries



physical & digital solutions



serving 300M consumers weekly



Prepaid Regulators

Federal

- CFPB – Consumer Financial Protection Bureau (GPR NPRM)
- FDIC - Federal Deposit Insurance Corporation (supervisory and deposit insurance)
- Federal Reserve (supervisory and Durbin)
- FFIEC – Federal Financial Institution Examination Council (Information Systems, Bank Secrecy Act/Anti-Money Laundering, Social Media Risk Management)
- FinCEN – Financial Crimes Enforcement Unit (including Prepaid Access Rule)
- FTC – Federal Trade Commission (UDAAP-Unfair, Deceptive, Abusive Acts & Practices)

Prepaid Regulators

Federal

- Internal Revenue Service (health care payments products)
- OCC - Office of the Comptroller of Currency (including some, but not all, former Office of Thrift Supervision (OTS) guidance and interpretations)
- OFAC – Office of Foreign Assets Control
- Treasury (Government Payments Rule)

Prepaid Regulatory Environment

Federal

- Community Reinvestment Act
- Electronic Funds Transfer Act/Regulation E
- FACTA—Red Flags Rule
- Government Payments Rule
- Gramm-Leach-Bliley
 - Privacy of customer information
 - Data security
- Remittances Rule
- FDIC Advertisement of Membership Rule
- FDIC Brokered Deposits Rule
- Unfair/deceptive/abusive trade practice laws (UDAAP)
- § 23 Bank Act (and the FRB's Regulation W if affiliates are involved)
- Numerous OCC, OTS, FDIC and FFIEC bulletins and manuals

Prepaid Regulatory Environment

Federal

- Bank Secrecy Act
 - Anti-Money Laundering (for banks and MSBs)
 - Cardholder Identification Process/Customer Due Diligence
 - Suspicious Activity Reports
 - MSB registration (FinCEN Prepaid Access Rule)
 - Recordkeeping/information sharing
- Credit Card Accountability, Responsibility & Disclosure Act (CARD Act)
- Federal Deposit Insurance Act (and GC Opinion No. 8)
- Dodd-Frank Wall Street Reform Act and Reg. II (Durbin Amendment)
- FTC Act
- Office Foreign Assets Control
- PROPOSED rulemaking by CFPB for prepaid accounts

Prepaid Regulators

State Legal Environment

- State Banking Authorities
 - State Chartered Banks
 - State Licensed Money Transmitters (e.g., Blackhawk, InComm, American Express, Western Union, MoneyGram)
- State Attorney Generals (enforcing consumer protection laws)
 - Gift card laws
 - Unfair/deceptive trade practice laws (UDAP)
 - Unclaimed property laws
 - Wage payment/payroll card laws
 - Privacy/data security

Cooperation with Law Enforcement, Regulators and Associations

Prepaid leaders collaborate with local, state and federal law enforcement, regulators, and associations:

- CFPB - Consumer Financial Protection Bureau
- DHS - Department of Homeland Security
- DOJ - Department of Justice
- ETA - Electronic Transactions Association Risk, Fraud, & Security Council
- FBI - Federal Bureau of Investigation
- FinCEN - Financial Crimes Enforcement Unit
- FRB - Federal Reserve Board
- FTC – Federal Trade Commission
- IAFCI - International Association of Financial Criminal Investigation
- IRS CI - Internal Revenue Service Criminal Investigation
- NBPCA - Network Branded Prepaid Card Association, Financial Crimes Task Force and the Law Enforcement Alliance Program
- NCFTA - National Cybercrime Forensics Training Alliance
- TIGTA - Treasury Inspector General for Tax Administration
- USSS - United States Secret Service

CFPB NPRM GPR

Monthly fee	Per purchase	ATM withdrawal	Cash reload
\$4.95*	\$0 with sig.	\$0 in-network	\$2.00*
	\$0 with PIN	\$2.00 out-of-network	
No overdraft or credit-related fees.			
<hr/>			
ATM balance inquiry (in-network or out-of-network) \$0 or \$1.00			
<hr/>			
Customer service		\$1.50 per call	
<hr/>			
Inactivity (no transactions for 3 months)		\$4.50 per month	
<hr/>			
[Incidence-based fee]		\$2.95	
<hr/>			
[Incidence-based fee]		\$3.95	
<hr/>			
[Incidence-based fee]		\$1.00	
<hr/>			
*Fees can be lower depending on how and where this card is used.			
We charge 6 other fees not listed here.			
Find details and conditions for all fees and services inside the package or call 800-234-5678 or visit <i>bit.ly/XYZprepaids</i> .			
Register your card with XYZ Prepaid Company to protect your money.			
This card does not provide [FDIC][NCUSIF] insurance.			
For more information about prepaid cards, visit <i>cfpb.gov/prepaids</i> .			

Standardized disclosures for “prepaid accounts”

- Short-form disclosure required before consumer obtains account or purchases product
- Several model “short form” fee disclosures
- Considered product dimensions of 4”x 5.5”
- Specifies the location, font size and what is **prominent**
- Incidence-based” fees
- Highest fee disclosure
- “Includes CFPB website
- Limits issuer website to 22 characters



CFPB NPRM GPR

- Sample “long form” fee disclosure
- Discloses all fees
- At retail, generally access via Internet and toll-free phone prior to purchase
- To become part of the T&Cs
- Cannot use asterisks or other references; all explanations disclosed in the Details column

Fee description	Amount	Details
Get started		
Card purchase fee	\$3.95	
Monthly usage		
Monthly fee	\$4.95	Charge waived with direct deposit or in any billing cycle when you load at least \$1,000 or have at least 30 qualifying purchases posted to your account.
Add money		
Direct deposit	\$0	
Cash reload	\$2.00	Additional reload network fees may apply.
Spend money within the U.S.		
Per purchase with PIN	\$0	
Per purchase with signature	\$0	
Online bill pay service by check	\$2.00	Charge for having us send a check to pay a bill on your behalf. Charge waived for paying a bill online.
Get cash		
ATM withdrawal, in-network	\$0	“In Network” refers to the XYZMoney ATM network. Locations can be found at xyzprepaid.com or xyzmoney.com. You will not be charged a fee by XYZ Prepaid Card or the ATM operator.
ATM withdrawal, out-of-network	\$2.00	“Out of Network” refers to all the ATMs outside of the XYZMoney ATM network. You may also be charged a fee by the ATM operator even if you do not complete a transaction.
Bank teller cash withdrawal	\$1.25	
Information		
Customer service	\$1.50	per call
ATM balance inquiry, in-network	\$0	“In Network” refers to the XYZMoney ATM network. Locations can be found at xyzprepaid.com or xyzmoney.com.
ATM balance inquiry, out-of-network	\$1.00	“Out of Network” refers to all the ATMs outside of the XYZMoney ATM network. You may also be charged a fee by the ATM operator even if you do not complete a transaction.
Other		
Replacement card	\$4.00	Card will arrive within 5-7 business days.
Expedited replacement card service	\$25.00	Card will arrive within 2 business days.
Inactivity	\$4.50	You will be charged this fee each month after you have not completed a transaction using your prepaid account for 3 months.
Spend money outside the U.S.		
Each international transaction	3.0%	of total transaction amount
International ATM balance inquiry	\$5.00	This is our fee. You may also be charged a fee by the ATM operator.

This card does not provide [FDIC][NCUSIF] insurance.

Contact XYZ Prepaid Company by calling 1-800-555-5555, by mail at 555 Street Name, Anytown, NY, or visit xyzprepaid.com.

For more info about prepaid cards, visit consumerfinance.gov/prepays. If you have a complaint about prepaid cards, call 1-855-411-2372 or visit consumerfinance.gov/complaint.



CFPB NPRM GPR

- Transaction statement requirements
 - Electronic statements permitted
 - 18 months of history (vs. 60 days)
 - Totals by calendar to day and YTD
 - Printed statement mailed for free up to once monthly
- Regulation E coverage (required versus optional)
 - Readily available account information (electronic delivery permitted)
 - Issuer must allow cardholder to “register” the product and dispute one or more transactions that occurred *prior to* registration
 - Limits on consumer’s liability for unauthorized transactions
 - Provisional credit
- Compliance effective date
 - 9 months for new products
 - 12 months for printed products

CFPB NPRM GPR

Prohibition on credit

- Proposed rule re prepaid accounts also involves changes to Regulation Z (Truth in Lending Act (“TILA”)) to cover prepaid products that offer overdraft features.
 - Issuers may not offer credit / overdraft feature until at least 30 days after the customer has obtained the prepaid account
 - Traditional overdraft programs would no longer be permitted. Rather, access to a credit line would be subject to the full panoply of TILA / Reg. Z requirements, including:
 - Initial disclosures
 - Must confirm customer’s ability to pay before issuing credit
 - Must send written (paper) billing statements
 - 21 days to pay before late fee can be charged
 - During the first year, total fees limited to 25% of the credit limit
 - Does not permit automatic repayment of the OD/credit line from the prepaid account; affirmative consent required for each instance and not before 21 days after mailing statement



Thank you!