

Federal Reserve Bank of San Francisco  
101 Market Street, San Francisco, California 94105

May 3, 2013

To State Member Banks, Bank  
Holding Companies, Financial Holding  
Companies, Savings and Loan Holding Companies,  
and Foreign Banking Offices  
in the Twelfth Federal Reserve District

**CA 13-7 Statement on Deposit Advance Products**

**Applicability to Community Banking Organizations:** This guidance applies to all state member banks, including those with \$10 billion or less in consolidated assets.

On April 25, 2013, the Board of Governors of the Federal Reserve System (Board) issued CA Letter 13-7 *Statement on Deposit Advance Products*. The letter and guidance was issued to emphasize to state member banks the significant consumer risks associated with deposit advance products<sup>1</sup> in light of the Consumer Financial Protection Bureau's (CFPB) April 24, 2013, white paper entitled "Payday Loans and Deposit Advance Products: A White Paper of Initial Data Findings."<sup>2</sup> As noted in its press release, the CFPB sees significant consumer risks in this area and expects to use its full authorities to provide protections to consumers once it completes further analysis of the short-term, high-cost loan market later this spring.

The Board encourages state member banks to respond to their customers' small-dollar credit needs with products that meet this demand in a responsible manner. However, state member banks should take into consideration the significant risks associated with deposit advance products, including potential consumer harm and the potential for elevated compliance risk, when designing and offering such products.

**Additional Information**

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking/letters>.

For additional information regarding the Federal Reserve's supervisory expectations, please contact:

Federal Reserve Bank of San Francisco  
Banking Supervision and Regulation  
(801) 322-7853

**Attachments:**

[CA Letter 13-7  
Statement on Deposit Advance Products](#)

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<sup>1</sup> A deposit advance product is a type of short-term, small-dollar credit offered by depository institutions to consumers with a deposit account or reloadable prepaid card.

<sup>2</sup> [http://files.consumerfinance.gov/f/201304\\_cfpb\\_payday-dap-whitepaper.pdf](http://files.consumerfinance.gov/f/201304_cfpb_payday-dap-whitepaper.pdf)