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Paper or digital?

Preserving paper choice

Not everyone is ready (or wants) to transition to electronic delivery

By Ruth Susswein

Companies and government agencies are eager to steer people into receiving regular bills and financial statements electronically rather than through old-style paper notices, or "snail mail." Think about the last time you opened a paper map or searched for a phone number in a paper phone book; transitioning to electronic communications can be useful, but many of us still prefer to receive important financial documents on paper.

In a recent online survey conducted by Consumer Action, the vast majority of respondents noted that they prefer to receive all types of bills by mail—even when they opt to pay the bill online. Depending on the account category, 45-74 percent of respondents said that they choose paper over electronic notifications for insurance, utilities, medical, mortgages, credit cards and property taxes.

Financial firms see cost savings from digital communications because they may save on printing, mailing, document processing, storage, labor costs and improved employee productivity. Now that many consumers bank online, some financial firms are offering enticements to customers who shift to electronic bills and notices, while others are switching customers to e-bills (electronic bills) unless the consumer insists on paper statements.

AT&T alerted customers in the fall that they were automatically converting them to paperless bills unless customers contacted the company saying they wanted to continue receiving paper.

It's not just companies that are relying on digital documents as the default delivery method. While all consumers with internet access can access their Social Security earnings statements electronically, only those age 60 and over who are not receiving benefits and don't have an online account will automatically receive it on paper. The agency accepts but discourages paper orders by requiring consumers to download and print a request form and wait four to six weeks for delivery.

The U.S. Securities and Exchange Commission (SEC), the federal agency charged with protecting investors, has adopted a rule that will allow firms to default to digital delivery of mutual fund reports. As of 2021, firms may provide these reports online, as long as they offer an option to request paper reports. The SEC has been seeking consumer input on the coming switch from paper as the default to digital, and is asking for feedback on the possibility of charging fees to process shareholder requests for paper reports. Consumer Action has joined a petition opposing the proposed rule with the U.S. Court of Appeals for the D.C. Circuit.

With electronic billing, consumers typically receive an email

See "Paper choice" on page 3

Consumer Action survey:

Given the choice, consumers prefer a paper trail

By Alegra Howard

According to a new survey by Consumer Action, consumers overwhelmingly prefer to receive bills and statements on paper rather than electronically.

The online survey by Consumer Action found that up to three-quarters of those surveyed opted for bills to arrive by mail. For each of nine types of bills and invoices, consumers chose paper over digital delivery: insurance (66%), utilities (63%), medical bills (74%), property taxes (71%), internet services (51%), mortgages (45%), motor vehicle renewals (69%), credit cards (61%) and phone service (56%).

"Even more compelling is the fact that the respondents of this survey accessed it online and still prefer to receive paper statements for many important bills and statements," noted Consumer Action's Linda Sherry.

Many of those who gave reasons for their paper preference mentioned the ease of viewing paper statements (easier to read or magnify, no scrolling) and easy access for future reference.

"We manage numerous accounts for which paper files are kept. We have power outages fairly regularly and sometimes need answers when there is no access to my records kept electronically," explained one survey respondent.

"By mail—it's easier to stack, organize and utilize in the bill paying process each month; cannot possibly keep track of all the personal emails I get daily," said another.

Some respondents worried that important documents would get lost in a barrage of junk emails, making it difficult to identify critical notices or pay bills on time. Others mentioned the hassle of creating online accounts and remembering numerous passwords. Some worried about hacking and the overall security of their personal account details when using online accounts and emailed communications.

"I have actually missed electronic bills before and ended up paying extra," said a respondent.

More than one-third (38%) of respondents said that they prefer mailed copies of other important communications from service providers, and nearly as many (35%) said that it depends on the type of communication. Twenty-six percent chose online notice. For bank statements and Medicare and prescription drug summaries, more than half of those who responded prefer paper notice. They also favor paper for investment information (account statements, voting materials and prospectuses). A full 68 percent of respondents prefer paper for Social Security statements. The only category where respondents preferred to receive information electronically (51 percent) was data use and privacy notices.

While the preference to receive paper statements, bills and notices is clear, the majority (55.5%) of survey respondents said that they still prefer to pay their bills online.

"Postage is getting expensive. I can pay a bill at 3 a.m. if I want and don't have to write a check, put it out in the mail, and hope it doesn't blow away when the snowplow knocks over my mailbox," said one participant.

When asked if the delivery method affects how quickly they pay the bill, 52 percent said it didn't matter. But how they receive the bill does affect how likely they are to review the details. More than three-quarters (78%) of those who receive bills by mail said that they review the transactions printed on paper statements. Of those who receive bills electronically, only 43 percent—less than half—said that they go online to review their transaction details.

Eighty percent of those surveyed said they save paper statements and invoices for their records, naming business and taxes as the primary reasons. About one-third save statements as payment reminders.

Consumer Action's online survey of 2,607 people was conducted from Nov. 7-27, 2018 (download survey findings at *http://bit.ly/paper_digital*). Note that our survey findings may not be used for commercial purposes.

See "Paper trail" on page 4

Account statement rights and requirements

By Monica Steinisch

There's no question that we're living in an increasingly digital world, but what are your consumer rights when it comes to paper vs. electronic account statements?

Financial institutions

A variety of federal regulations require financial account statements. Under the Electronic Fund Transfer Act (EFTA), banks must issue statements on any account that can be accessed electronically. Statements have to be issued each month during which there was at least one ATM/debit card transaction, electronic bill payment or direct deposit.

Credit card issuers and mortgage lenders are required to provide similar monthly statements under the Truth-in-Lending Act and the Periodic Statement Rule.

Investment firms, too, have to provide customers with a statement at least quarterly, or for any month in which there has been activity, according to FINRA (Financial Industry Regulatory Authority) rules.

However, not all financial accounts are required to supply statements. The periodic statement rule does not apply to home equity lines of credit, reverse mortgages, timeshare loans, fixed-rate loans paid with a coupon book, or mortgages serviced by qualifying "small" servicers or a Housing Finance Agency.

Financial apps—tools downloaded onto smartphones and tablets to do things like transfer money to other people—have no legal obligation to provide statements.

Prepaid card issuers only are required to make account transaction information available online and balances by phone unless a consumer requests a written account history, according to Regulation E of EFTA.

Consent

Under the federal Electronic Signatures in Global and National Commerce Act (E-Sign), if the law requires that a statement or other disclosure be made in writing, financial institutions can substitute electronic statements for paper ones only with the customer's explicit consent (opt-in). Customers must be told that they have the right to withdraw their consent. In other words, these companies can't switch you to e-statements without your permission, and they can't prevent you from switching back to paper if you change your mind later.

While E-Sign doesn't allow financial institutions to compel consumers to consent to electronic statements, the National Consumer Law Center's (NCLC) study, *Paper Statements: An Important Consumer Protection* (*http://bit.ly/2FfQtlG*), notes that some financial institutions work around this by "requiring in fine print that the consumer consent to electronic statements as a part of the application process…. The consumer may not have the choice to withdraw consent without closing the account."

Phil Riebel of Keep Me Posted (*https://keepmepostedna.org*), a global campaign to maintain access to free paper statements, says that companies often assume (implied) consent if you provide an email address, reasoning that if you have one, then you must be amenable to receiving account information electronically. This approach ignores some crucial issues: Not everyone who has an email address has consistent access to the internet, a device large enough to make reading full statements and organizing information easy, or the ability to print a copy when needed. (Consumer Action is a Keep Me Posted campaign member.)

Both Riebel and Chi Chi Wu, co-author of the NCLC report, are concerned by the aggressive tactics used by some companies to obtain consumer consent under the E-Sign Act. Wu cites one credit card issuer's particularly aggressive use of pop-up windows that are virtually impossible to avoid unless you agree to switch to electronic statements. Wu believes that this tactic may violate Unfair and Deceptive Acts and Practices (UDAP) laws, which exist in every state.

Free, or fee?

Another tactic for coercing customers to go paperless is charging for paper statements. While federal regulations do not explicitly state that it is illegal to charge for paper statements, NCLC argues that "financial institutions should not, and legally cannot, charge a fee for providing something they are mandated by law to provide."

For now, many financial institutions provide free paper statements, but unless the argument is decided in consumers' favor legislatively or in a U.S. court, consumers can't demand free paper statements.

New York is one state that has taken on the issue: Legislation (S6865) currently in the New York Senate Banks Committee proposes to prohibit financial institutions from charging a fee for periodic paper statements.

Requirements of other entities can also vary by state. For instance, there's no federal legislation requiring utilities to deliver statements in a particular way, or for free, but individual states can address the issue.

The Pennsylvania Public Utilities Commission (PUC), for example, has decided to prohibit any public utility, including telecommunications companies, from charging for a monthly paper bill.

Access

Though banks are required to maintain records for at least five years, that doesn't mean your statements going back more than a year or two will be easily accessible. Banks typically offer ready access for a year's worth of online account statements, but you might have to make a special request, wait for it to be filled, and even pay a fee for older ones.

American Express cardholders, for example, get instant online access to the last six statements; anything older than that (up to seven years) requires an online request, but the digital statement is free. Verizon provides free online access to 17 months of past statements, but copies of older statements, which will be printed and mailed to you, cost $5 each.

How long a business will grant online access to account statements, and whether there is a fee for older statements—electronic or paper—is generally up to individual company policy.

What you can do

If you've been switched to paper without your consent (or without realizing you consented), ask the company to switch you back to paper. You may be able to do this yourself online. Verizon and American Express are examples of companies that make it easy to change back to paper after logging in to your account, and neither charges a fee.

To help spur change, consumers can voice their dissatisfaction by complaining directly to the company. You can find a letter template on the Keep Me Posted website (*https://keepmepostedna.org/what-can-i-do/*). ■

'Greenwashing' your bills

By Lauren Hall

In an era of rapid climate change and man-made destruction of fragile ecosystems around the world, consumers are increasingly looking to reverse or slow damage to the environment by "going green." A worthy goal—but it's important we make our choices based on complete and unbiased information. This includes claims about the sustainability of electronic communications over paper.

The Federal Trade Commission (FTC) points out that "what companies think their green claims mean and what consumers really understand are two different things."

To help narrow the gap between claims and facts, the agency publishes its Green Guides to help marketers avoid making misleading claims about the environmental benefits of their products *and* understand how consumers may interpret their claims. Although they were last updated by the FTC in 2012, the guides, nonetheless, can assist companies in avoiding the perils of deceptive advertising in the "green" arena. Specifically, the guides caution companies against using catch-all terms like "environmentally" or "eco-friendly," which imply that a product has far-reaching benefits that may be impossible to substantiate.

Xfinity, for instance, states on its website that signing up for paperless billing is "green" and will "help the environment." The guidance advises against this and instructs marketers to avoid using seals of approval or certifications that don't prominently express the exact environmental benefits that claim is meant to convey.

The FTC further warns against stating that a product offers an environmental benefit without an actual basis of comparison. The agency recommends marketers back up claims with specific environmental benefits, and suggests that any "green" claims should be "clear, prominent and specific."

Despite the FTC's guidance, some companies continue to engage in "greenwashing," a form of public relations "spin" that portrays a company's practices as more environmentally friendly than they are. This occurs across all types of industries, with various objectives—sometimes to improve a company's public image, and sometimes for economic benefit.

For example, the natural gas utility Peoples Gas (which serves 700,000 customers in PA, WV, and KY) boasts that if all their customers were to switch to e-billing, they could "save 6,700 trees annually." This is a claim that fails to mention widespread sustainability practices in the paper forestry industry. It also ignores the fact that natural gas, as a fossil fuel energy source, is a contributor to global warming, and that gas pipe leaks can cause serious environmental pollution and public health crises—arguably worse impacts on the environment than cutting trees grown for paper, yet not highlighted because the solution doesn't save the company money.

That doesn't mean that switching from paper statements to electronic ones won't have a positive environmental impact. It does mean that consumers have to view claims critically on both sides of an environmental issue.

The FTC works to remove ambiguity from companies' "green" claims. For example, when companies claim electronic communications as "renewable," the Green Guides advise marketers to name the exact renewable source (e.g., solar energy or wood). Electronic communications are digital, not renewable. Trees are renewable, as long as paper manufacturers use sustainable businesses practices, and these days most are required to under regulations designed to limit carbon emissions.

The Green Guides section on carbon offsets—a company's reduction in carbon dioxide emissions is one way to compensate for, or "offset," carbon pollution they produce on another front—advises marketers to be able to present "competent and reliable" scientific evidence to back up and quantify any carbon offset claims. (Manufacturing paper leaves a carbon footprint, as does manufacturing the computers and smartphones used to receive electronic communications.)

The organization Two Sides, which represents printing, paper and forestry companies, has campaigned to encourage hundreds of corporations to drop "go green" messaging that lacks hard data to support it.

You can read the FTC's Green Guides online (*http://bit.ly/Green-Guides*) and find additional information on how to identify questionable green marketing claims, save energy and money (*https://www.consumer.ftc.gov/features/feature-0013-going-green*). ■

Paper choice

Continued from page 1

notifying them of an e-bill that can be paid online using a credit or debit card, via automatic bill payment (in which the company is authorized by the consumer to take funds from the consumer's bank account), or by making individual payments using the customer's online bank account bill pay function. If you're well organized and regularly store important notices and bills in electronic files, digital access can save time and offer quick retrieval of important documents.

"Electronically just makes it easier to keep records, rather than a pile of papers, plus, it saves trees!" noted a survey respondent.

Most still choose paper

Yet most consumers prefer paper statements—particularly for financial and medical matters. They told Consumer Action that they value having a hard copy record of what they owe or what they've paid. Paper statements help some people remember to pay their bills on time, provide proof when disputing an error, and serve as a simple system for record keeping.

"I want to see it in my hand. Easier to read, review and audit. Use the paper bill to organize my payment schedule," said a survey respondent.

"I have had companies—cellular, brokerage and banks—go out of business and I have no records for tax and business purposes," said another respondent.

For some older, disabled or lower-income consumers, paper documents are not just an option, they're a necessity. Those who are not tech-savvy, have difficulty using a computer or have no internet access at home find paper statements essential. At least one-third of Americans still do not have internet access at home, according to a 2018 Pew Research study.

Some consumers prefer paper notices because they fear that digital access to sensitive documents in a data breach puts their personal information at risk of being stolen and abused. Some family members rely on paper documents to piece together a parent's financial records when the parent no longer can or is no longer alive. Others seek to keep their financial data as private as possible in today's online world.

"I don't trust the internet or hackers. Don't want to send my private info out to the world. Russia, China, North Korea, the Taliban, the Terrorists, don't need my info or my money. My family does," said a survey respondent.

E-bill concerns

When paper bills and notices are replaced with digital documents, consumers bear the responsibility and the cost of paper and ink to print any documents that they want to preserve in hard copy.

Some companies shift printing costs to consumers by charging a fee for paper documents. Some major banks hit customers with a two-to-three-dollar fee for paper statements (*http://bit.ly/2FfSMEt*).

In Consumer Action's survey, respondents said that they had also received paper statement fees from phone, cable and internet companies, insurers, utilities and investment firms. Full details on the results of our Paper vs. Digital survey can be found in "Given the choice, consumers prefer a paper trail," on page 1.

It also takes time, effort and money to access online accounts and obtain needed hard copies—remembering various usernames and passwords, and printing out online materials at home. Consumers who choose electronic notice may have to rely on themselves for long-term records. While some banks offer access to digital documents for as long as seven years, others remove access sooner. The Internal Revenue Service recommends that certain records relevant to your tax returns be kept for seven years. So it's important to know how long the companies you do business with retain your electronic records.

"I don't have to remember a password and go to a site to open a bill, [or to find] the information provided on the bill. I have a hard time reading things online. This helps me make sure I make payments on time. It is too easy for internet mail to be "lost" in the shuffle once it falls below my vision on the screen," said a respondent.

Some consumers worry that e-bills and online notices will get lost in a junk file, blocked by a spam filter or buried in their inboxes, never to be noticed, or discovered too late to avoid a late fee. For those who rely on smartphones exclusively, it's difficult to examine a long financial statement on such a small screen—if they review the statement at all. If consumers don't click through to the full bill online, they are more likely to miss fee or rate changes, unauthorized charges and mistakes.

By law, banks must make paper statements available for credit card, bank and mortgage accounts. The Electronic Signatures in Global and National Commerce Act, or E-Sign Act, allows financial institutions to swap paper bills and disclosures for digital ones, but only when a consumer consents.

Consumers also retain the right to return to paper notices down the road. For more on what the law says, see "Account statement rights and requirements," on page 2.

Consumers say they want to choose how they receive their bills and financial notices. Consumer Action believes that consumers who prefer it should be able to receive their bills and other important notices in paper form, at no extra cost.

Consumer Action has joined the Keep Me Posted North America (*https://keepmepostedna.org/*) campaign in support of a consumer's right to choose, free of charge, how they receive important financial information—on paper or electronically. See "Groups push back on paperless in support of consumer choice," on page 4, for more on the campaign. ■

Groups push back on paperless in support of consumer choice

By Alegra Howard

In recent years, consumers have seen a shift in how financial institutions, utilities and government agencies communicate with their customers. As private companies and government agencies look for cost savings, the move toward electronic communication has been sweeping the nation.

As the private and public sectors push to go paperless, Consumer Action has joined the Keep Me Posted campaign (*https://keepmepostedna.org*) and the Coalition for Paper Options (*http://paperoptions.org*) to ensure that consumers have a choice in how they receive bills and statements.

"A lot of people need print and paper to function in everyday life, and they aren't as able to use a digital platform, or don't want to," explained Phil Riebel, president of Two Sides North America, the organization leading the Keep Me Posted campaign.

The Keep Me Posted campaign works to ensure that consumer access to paper billing options is protected. Since it started, Keep Me Posted has focused on educating and challenging corporations that are removing consumer choice and changing to all-digital communications, and even charging fees for paper statements. The campaign originated in the United Kingdom, and launched in North America in early December. It's building a coalition of supporters (consumer groups, physical and mental health charities, trade unions and industry) to promote the adoption of the Keep Me Posted pledge by service providers that will maintain consumer choice.

Riebel explained, "By presenting the facts about consumer needs and preferences related to paper-based communications, our coalition will work with service providers to ensure consumers are not forced to go digital."

The campaign argues that the move toward digital communication as a savings for corporations merely shifts the cost of printing onto the consumer, either by charging a fee for sending paper statements, or by relying on consumers to print previously free documents at home. However, cost is not the only issue.

Accessing these documents online is impossible for many consumers. According to the Pew Research Center, 33 percent of Americans in urban areas and 42 percent in rural locations have no access to broadband internet, making electronic communication an unlikely option. While the number of seniors using the internet has grown over the last 20 years, Pew finds that nearly 50 percent of older Americans don't have broadband internet access in their homes today. (Find these stats on Pew's website: *http://www.pewinternet.org/fact-sheet/internet-broadband/*.)

Millions of others with internet access lack the digital skills or confidence needed to manage their finances online. When confronted with these stats, the need to retain consumer access to paper communications becomes clear.

Another group, the Coalition for Paper Options, composed of consumer organizations like Consumer Action, National Consumers League and National Grange, labor unions, rural advocates and printing companies, is pushing back on government agencies that have redirected their communications with consumers to electronic notices rather than paper. The Coalition believes it is crucial for consumers to have choice in the way they receive financial information.

In 2012, Consumer Action joined the coalition after the Social Security Administration (SSA) announced it would cease mailing annual statements. SSA blamed budget restrictions and the rising number of beneficiaries for the decision. Social Security contributors were asked to go online and create an account to access their statements, requiring them to provide personal details like a Social Security number, mailing address and email address. This decision created increased security problems for SSA, including a rise in phishing emails and fake government websites. It also required that those who could not create a legitimate online account due to problems with the verification system go to understaffed SSA offices to solve the problem.

For a time, it seemed mounting pressure from the Coalition for Paper Options and the public had won the day when, in 2014, the agency reinstated paper statements. However, in 2017, SSA once again stopped sending annual paper statements to those under age 60 (*http://bit.ly/2SJaq7x*).

As of 2021, the Securities and Exchange Commission (SEC) is going to allow mutual fund companies to switch investors to e-delivery of periodic fund reports without the investor's explicit consent. Investors who want paper reports will be required to request them.

The SEC made the move this past summer, despite overwhelming data suggesting that consumers prefer paper as the default.

For example, a 2016 report by FINRA, the Financial Industry Regulatory Authority, stated that nearly half (49%) of all investors prefer their investment reports sent on paper compared to 33 percent that said they prefer a digital copy (*http://bit.ly/2sbNVfM*).

Consumer Action and other groups filed a petition for review of the rule with the U.S. Court of Appeals for the D.C. Circuit, arguing that the switch from paper to digital default ignores older investors' strong preference for paper statements. (Petitioners are Twin Rivers Paper Company LLC, Consumer Action, American Forest & Paper Association, the Coalition for Paper Options, and Printing Industries Alliance.) The petition for review is pending before the court.

The Coalition calls for paper default with the option for investors to proactively choose (opt-in) to e-delivery if it fits their needs. John Runyan, the Coalition for Paper Options executive director, said, "Since nearly 50 percent of investors have already opted-in to electronic communication, the forced move to digital is unnecessary and will be harmful to the interests of many investors." The coalition argues that a shift to online disclosures would reduce readership of critical investment documents.

Consumer Action's Linda Sherry said, "The SEC decision places a higher priority on efficiency than it does on consumer rights, investor transparency and disclosure. This imbalance will force many investors—the very population the SEC is commissioned to protect—to go out of their way to access important information mandated by securities regulators and designed to keep shareholders informed." ■

Paper trail

Continued from page 1

Fees

"No one should be forced to receive [bills and notices] electronically only, or to pay to receive proper notices and statements by mail," said a survey respondent.

While charging for paper statements doesn't yet seem to be a frequent practice (nearly 66 percent said they hadn't been charged a fee for requesting paper statements), there is, nonetheless, cost-shifting. Of respondents, 14 percent noted they recalled fees of $1 to $3 when requesting a paper statement. Nearly 9 percent of respondents said that they have paid a paper statement fee for phone, pay TV or cable bills, and 16 percent have paid a fee for bank statements. A small number of consumers also said they had encountered fees for insurance, utility, internet service, mortgage, credit card and medical statements.

Those who prefer e-delivery mentioned that they hope to reduce paper clutter in their homes and save trees by using fewer paper statements. (See "Greenwashing," on page 3, for more about the environmental benefits of e-delivery.) Others mentioned the ease of paying bills online. Several respondents mentioned that electronic delivery works well for those who lack a permanent address—they can access and pay bills online no matter their physical location.

In our open comment section, many respondents noted their preference for receiving both paper and electronic statements and invoices. However, some companies and government agencies interpret a consumer's decision to accept e-delivery as providing automatic consent for them to be opted out of receiving paper statements. ■

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