



Government Relations Working Group Government Update

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Working Group Chair:
Brian Tate, President and CEO, IPA
Working Group Co-Chair:
Grant Hannah, Director of Government Relations, IPA

I. ASSOCIATION UPDATE

IPA Day of Payments

The IPA's Day of Payments is just around the corner! Learn from industry experts on how payment products are changing the face of consumer banking. As the payments community continues to expand and financial institutions continue to partner with fintech companies, the time is now to learn more how the payments revolution can help to expand opportunities for more people into the financial services mainstream. Learn how about how different payment products work are driving online and mobile banking, and how they will have an impact on our day-to-day banking lives. If you want to have a hands-on, deep dive into the latest & greatest trends in payments? We'll cover topics like prepaid, blockchain/cryptocurrency, digital dollar, and more! Don't miss out!

Additional information and registration can be found [here](#).

IPA Elevator

The IPA will host its first annual Fintech Elevator on August 26. This event will bring together IPA member companies and venture capitalists to hear pitches from startups in the Fintech space. Don't miss out on this exciting opportunity to hear from some of the most innovative emerging companies in Fintech!

Registration and additional information can be found [here](#).

II. AGENCY AND REGULATORY NEWS

FINANCIAL CRIMES ENFORCEMENT NETWORK (FinCEN)

FinCEN Issues FAQs Regarding Customer Due Diligence Requirements

On August 3, the Financial Crimes Enforcement Network (FinCEN) issued [FAQs](#) regarding customer due diligence requirements. According to FinCEN, these FAQs clarify the regulatory requirements related to obtaining customer information, establishing a customer risk profile, and performing ongoing monitoring of the customer relationship in order to assist covered financial institutions with their compliance obligations in these areas.

The FAQs can be accessed [here](#).

FEDERAL RESERVE BANK OF ATLANTA

Atlanta Fed Releases 2019 Diary of Consumer Payment Choice

The Federal Reserve Bank of Atlanta has released its 2019 Diary of Consumer Payment Choice. The Diary measures payment behavior through the daily recording of U.S. consumers' spending. It includes estimates of the number, value, and average value of payments that all U.S. adult consumers made using the various U.S. payment instruments. It also includes estimates of cash held on person by denomination of currency, and it discusses changes in payment choice and cash holdings from 2018 to 2019.

Some highlights from the Diary include:

- In October 2019, almost half of all payments (43 percent) U.S. consumers made were for groceries, gas, and shopping, both in person and online.
- By value, 40 percent of payments were for financial services, including mortgages, credit card bills, other loan payments, insurance, investments, and so on.
- The most commonly used payment instruments were debit cards, cash, and credit cards, which jointly accounted for 80 percent of all payments by number and 37 percent by value.
- In October 2019, almost half of all payments (43 percent) U.S. consumers made were for groceries, gas, and shopping, both in person and online.

The full report can be accessed [here](#).

III. CONGRESSIONAL NEWS

HFSC Chairwoman Waters Introduces the Federal Reserve Racial and Economic Equity Act

On August 5, House Financial Services Committee Chair Maxine Waters (D-CA), along with Sens. Elizabeth Warren (D-MA) and Kristen Gillibrand (D-NY), introduced the “[Federal Reserve Racial and Economic Equity Act](#)”. This legislation would require the Federal Reserve to use its existing authorities to close racial employment and wage gaps and report on how the gaps change over time. Specifically, the bill would require the U.S. central bank to carry out its functions in a way that “minimizes and eliminates racial disparities in employment, wages, wealth, and access to affordable credit”, including its regulation and supervision of banks and its operation of payments systems.

Sen. Bob Menendez (D-NJ) Sends Letter Urging Negotiators to Ban Arbitration Clauses Attached to Relief Payments

On August 3, Senator Bob Menendez (D-NJ), a member of both the Senate Banking and Finance Committee, led a joint letter urging lead negotiators of the next COVID-19 stimulus package to prohibit forced arbitration clauses in any form of Economic Impact Payments (EIPs). In brief, the letter argues that arbitration clauses are a bad deal for consumers and further says that opt-out clauses are inadequate as many individuals may not even be aware that arbitration clauses are in the fine print. The letter concludes, “Given that many consumers are not even aware that arbitration clauses are included in EIP debit cards, combined with the unprecedented nature of this pandemic and the need for financial aid, we believe it is improper for the federal government to allow its contractors to include such anti-consumer clauses.”

It is important to note that some of the best evidence of the relative benefits of arbitration as compared to other forms of dispute resolution, such as class-action litigation, comes from the Consumer Financial Protection Bureau's 2015 Study on

Arbitration. The CFPB's study notes that, as compared with class-action lawsuits, arbitration is quicker, less expensive, and generally more effective than class-action litigation.

Senate Banking Committee Ranking Member Sherrod Brown (D-OH), Senate Finance Committee Ranking Member Ron Wyden (D-OR), Sen. Catherine Cortez Masto (D-NV), Sen. Elizabeth Warren (D-MA), Sen. Jack Reed (D-RI), Sen. Chris Van Hollen (D-MD) and Sen. Sheldon Whitehouse (D-RI) also signed the letter.

The full letter can be found [here](#).

IV. STATE NEWS

IPA to Send Letter to Maine Treasurer on Revised Unclaimed Property Act

The IPA plans to send a letter to the Treasurer of Maine regarding our concerns with provisions of the Maine [Revised Unclaimed Property Act](#). Specifically, the IPA is concerned about the unintended consequences regarding Section 2066 of the Act which prohibits fees or charges on “stored value obligations,” except for an initial issuance fee and a fee for each reload of funds thereafter. To the extent “stored value obligations” covers open loop or reloadable prepaid cards, the IPA notes that these products had previously been explicitly exempted in another section of the Maine code.

Money Transmitter Bill Passes New York Senate

On July 21, SB 297, a piece of legislation that would affect money transmitters in New York passed the New York State Senate. Specifically, SB 297 requires a complex fraud warning before a money transmitter accepts money for transmission. It has exceptions for when the payment is “not transferred directly to another person and not available for immediate use” and when the payment is “made with a gift certificate ...”, which includes open-loop and GPR cards.

The bill has been sent to the New York State Assembly and was subsequently referred to the Assembly Banks Committee, where it sits awaiting further action.

The bill text can be found [here](#). The IPA will track this bill through our Monthly State Legislative Tracker. If you would like to sign up to receive the Tracker, please contact Grant Hannah, Director of Government Affairs, at ghannah@ipa.org.

V. MISC.

IPA Election Snapshot

Given that we are now less than 100 days away from the November General Election, the IPA is pleased to announce the launch of our “Election Snapshot”. This periodic update will provide a look at where things stand ahead of November. The Snapshot will consist of a high-level state-of-play (“Snapshot Summary”) as well as slides from Bloomberg Government that provide a more in-depth look. Please find the first Snapshot Summary below and the slides from Bloomberg Government [here](#).

Snapshot Summary

Party Conventions:

Democratic:

The Democratic National Convention (DNC) will be held from Monday, August 17 – Thursday, August 20 in Milwaukee, WI. Presumptive Democratic nominee Joe Biden is scheduled to deliver his acceptance speech for the Democratic nomination for President of the United States remotely on Thursday, August 20.

Additional information about the DNC can be found [here](#).

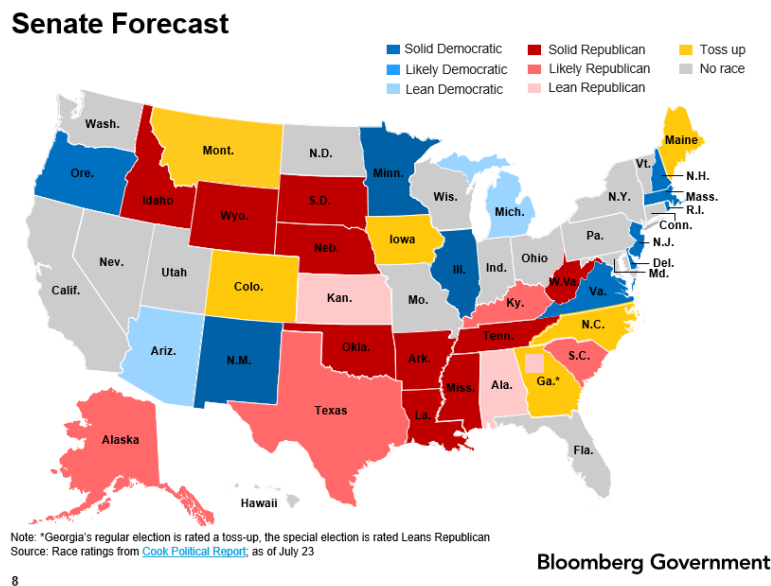
Republican:

The Republican National Convention (RNC) will be held from Monday, August 24 – Thursday, August 27 in Charlotte, NC. President Trump is scheduled to deliver his acceptance speech for the Republican nomination for President of the United States remotely on Thursday, August 27.

Additional information about the RNC can be found [here](#).

U.S. Senate:

- Republicans currently hold a 6-seat majority (53-47) in the Senate
- If Democrats net four seats, they will take control of the Senate; netting three seats would result in a tie and the majority would be decided by the vice president's party
- Democrats last defeated more than two Republican senators in 2008, when Barack Obama's victory helped Democrats beat five GOP incumbents
- There are 35 Senate seats up for election in November
 - Republicans hold 23 of the seats, Democrats hold 12
 - President Trump in 2016 carried all but two states where Republicans are defending Senate seats in 2020; he won 15 of those states by at least 14 percentage points



U.S. House of Representatives:

- Democrats currently hold a 34-seat majority in the House (232-198)
- Republicans Aim to Defeat Trump-District Democrats
 - House GOP released a list of more than 50 seats they intend to target
 - Among them are 30 districts that Trump won in 2016
 - 39 members are facing their first re-election bids
- Democrats Aim to Protect Their Freshmen
 - House Democrats have a list of 42 competitive seats they intend to aggressively defend
 - Most are suburban and experienced rapid, diverse population growth in recent years
 - Nearly all of these districts feature lawmakers facing their first re-election bid

House Races: Cook Ratings

LIKELY DEMOCRATIC	LEAN DEMOCRATIC	DEMOCRATIC TOSS UP	REPUBLICAN TOSS UP	LEAN REPUBLICAN	LIKELY REPUBLICAN
14 Dem • 2 Rep 0 Ind	17 Dem • 1 Rep 0 Ind	15 Dem • 0 Rep 0 Ind	0 Dem • 10 Rep 0 Ind	0 Dem • 14 Rep 1 Ind	0 Dem • 16 Rep 0 Ind
<i>CA-10 Harder</i>	AZ-01 O'Halleran	CA-21 Cox	CA-25 Garcia	AZ-06 Schweikert	AK-AL Young
CA-39 Cisneros	CA-48 Rouda	GA-06 McBeth	GA-07 Open	FL-15 Spano	CA-04 McClintock
CA-45 Porter	FL-26 Mucarsel-Powell	IA-01 Finkenauer	IL-13 Davis	KS-02 Watkins	CA-22 Nunes
FL-27 Shalala	IL-14 Underwood	IA-02 Open	IN-05 Open	MI-03 Open	CO-03 Open
IL-06 Costen	KS-03 Davids	IA-03 Axne	NE-02 Bacon	MN-01 Hagedorn	FL-16 Buchanan
IL-17 Bustos	MI-08 Slotkin	ME-02 Golden	OH-01 Chabot	MO-02 Wagner	KY-06 Barr
NC-02 Open	MI-11 Stevens	MN-07 Peterson	PA-10 Perry	MT-AL Open	MI-06 Upton
NC-06 Open	MN-02 Craig	NJ-03 Kim	TX-21 Roy	NC-08 Hudson	MN-08 Stauber
NJ-05 Gotthelmer	NH-01 Pappas	NM-02 Torres Small	TX-22 Open	NJ-02 Van Drew	NC-09 Bishop
NJ-11 Sherrill	NJ-07 Malinowski	NY-11 Rose	TX-24 Open	NY-02 Open	NY-01 Zeldin
NV-04 Horsford	NV-03 Lee	NY-22 Brindisi		NY-24 Katko	OH-12 Balderson
NY-18 Maloney	NY-19 Delgado	OK-05 Horn		PA-01 Fitzpatrick	TX-02 Crenshaw
OR-04 DeFazio	PA-07 Wild	SC-01 Cunningham		TX-10 McCaul	TX-03 Taylor
PA-17 Lamb	PA-08 Cartwright	VA-02 Luria		VA-05 Open	TX-06 Wright
WA-08 Schrier	TX-07 Fletcher	VA-07 Spanberger		WA-03 Herrera Beutler	TX-25 Williams
WI-03 Klind	TX-23 Open				TX-31 Carter
	TX-32 Allred				
	UT-04 McAdams				

Note: Italics denote freshman lawmakers
 Source: Race ratings from [Cook Political Report](#); as of July 16

Bloomberg Government

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Presidential Race:

- Major Dates on Presidential Calendar:
 - Aug. 17-20: Democratic National Convention (Milwaukee, Wis. & virtual)
 - Aug. 24-27: Republican National Convention (Charlotte, N.C. & virtual)
 - Sept. 29: 1st presidential debate (Cleveland, Ohio)
 - Oct. 7: Vice presidential debate (Salt Lake City, Utah)
 - Oct. 15: 2nd presidential debate (Miami, Fla.)
 - Oct. 22: 3rd presidential debate (Nashville, Tenn.)
 - Nov. 3: Election Day

VI. FEDERAL BILLS, AND LAWS

NEW FEDERAL LAWS

None.

PENDING FEDERAL BILLS

H.R. 189—Financial Institution Customer Protection Act of 2019

Summary: This bill specifies that a federal banking agency cannot request or order a financial institution to close a customer account unless the agency has a valid reason for doing so, and that reason cannot be only reputational risk.

Introduced: Jan. 3, 2019

Status: The bill was referred to the House Committee on Financial Services on Jan. 3, 2019.

Sponsor: Rep. Blaine Luetkemeyer (R-MO); 0 co-sponsors. 3% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/house-bill/189/all-actions?q=%7B%22search%22%3A%5B%22hr+189%22%5D%7D&s=2&r=1>

H.R. 758—Cooperate with Law Enforcement Agencies and Watch Act of 2019

Summary: The bill would protect institutions from regulatory action for keeping accounts open at the request of law enforcement.

Introduced: Jan. 24, 2019

Status: The bill was received in the Senate, read twice, and referred to the Committee on Banking, Housing, and Urban Affairs on March 12, 2019.

Sponsor: Rep. J. French Hill (R-AR); 2 co-sponsors. 3% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/house-bill/758/cosponsors?q=%7B%22search%22%3A%5B%22hr+758%22%5D%7D&r=1&s=1>

H.R. 907—To Clarify Exclusions from the Definition of a Deposit Broker

Summary: The bill would amend the Federal Deposit Insurance Act (“FDIA”) to clarify the exemptions from the definition of a “deposit broker.” Specifically, the bill would amend FDIA Section 29(g)(2)(I) to provide that a deposit broker does not include an agent or nominee (i) whose primary business purpose is not the placement of deposits with an insured financial institution; or (ii) who is an exclusive agent of an insurance company or insured depository institution affiliated with an insurance company, provided that the agent or nominee is, among other things, contractually prohibited from placing funds with any other unaffiliated depository institution.

Introduced: Jan. 30, 2019

Status: The bill was referred to the House Committee on Financial Services on Jan. 30, 2019.

Sponsor: Rep. Darin LaHood (R-IL); 2 co-sponsors. 3% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/house-bill/907/text?r=55&s=1>

H.R. 1423—Forced Arbitration Injustice Repeal (FAIR) Act

Summary: The bill would prohibit forced arbitration agreements and any agreements that would preclude class action lawsuits.

Introduced: Feb. 28, 2019

Status: Received in the Senate and Read twice and referred to the Committee on the Judiciary on September 24, 2019.

Sponsor: Rep. Johnson, Henry C. “Hank,” Jr. (D-GA); 222 cosponsors. 3% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/house-bill/1423>

H.R. 2514—COUNTER ACT OF 2019

Summary: This bill would make changes to the Bank Secrecy Act and anti-money laundering laws. It would require the financial regulators and Financial Crimes Enforcement Network to each appoint a civil liberties and privacy officer who would need to consult on any new regulations. It would create a public-private information sharing program between FinCEN and the financial services industry, and it would require AML training for examiners.

Introduced: May 3, 2019

Status: The bill passed the House of Representatives on October 28, 2019 and was received in the Senate and referred to the Senate Banking Committee on October 29, 2019.

Sponsor: Rep. Emanuel Cleaver (D-MO); 2 co-sponsors, 3% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/house-bill/2514?q=%7B%22search%22%3A%5B%22hr2514%22%5D%7D&r=1&s=2>

H.R. 2630—CASH ALWAYS SHOULD BE HONORED (CASH) ACT

Summary: This bill would make it unlawful for any physical retail establishment to refuse to accept cash as payment.

Introduced: May 9, 2019

Status: The bill was referred to the House Committee on Energy and Commerce on May 9, 2019.

Sponsor: Rep. David Cicilline (D-RI); 10 co-sponsors. 3% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/house-bill/2630>

H.R. 4501— CONSUMER TRANSACTION ACCOUNT PROTECTION ACT OF 2019

Summary: This bill would specify that consumer transaction account deposits of an insured depository institution shall not be considered to be funds obtained through a deposit broker.

Introduced: September 26, 2019

Status: The bill was referred to the House Committee on Financial Services on September 26, 2019.

Sponsor: Rep. Roger Williams (R-TX); 1 co-sponsor. 3% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/house-bill/4501?r=11&s=1>

H.R. 4767—FINANCIAL SERVICES INNOVATION ACT OF 2019

Summary: The bill requires federal regulators to create Financial Services Innovation Offices (FSIOs) within their agencies to foster innovation in financial services. Companies would also be able to apply for an “enforceable compliance agreement” with the FSIOs that, if accepted, will allow them to provide an innovative product or service under an alternative compliance plan.

Introduced: Oct. 21, 2019

Status: The bill was referred to the House Financial Services Committee and in addition to the Committee on Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned. On Nov. 11, 2019 it was referred to the Subcommittee on Commodity Exchanges, Energy, and Credit of the Committee on Agriculture.

Sponsor: Rep. Patrick McHenry (R-NC); 1 co-sponsor; 3% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/house-bill/4767?q=%7B%22search%22%3A%5B%224767%22%5D%7D&s=1&r=1>

H.R. 6116— CONSUMER FINANCIAL PROTECTION COMMISSION ACT

Summary: The bill would eliminate signatures for swipe, dip, or tap point-of-sale transactions.

Introduced: March 5, 2020

Status: The bill was referred to the House Financial Services Committee.

Sponsor: Rep. Blaine Luetkemeyer (R-MO); 25 co-sponsors; 3% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/house-bill/6116/cosponsors?r=4&s=1&searchResultViewType=expanded&KWICView=false>

H.R. 6241— TOUCHLESS TRANSACTIONS ACT OF 2020

Summary: The bill would convert the leadership structure of the CFPB from a sole director to a commission. The commission would be made up of 5 members who are appointed by the president and approved by the Senate to serve 5-year terms. No more than 3 members of the commission would be allowed to be from the same political party. The name of the Bureau would also be changed to the Consumer Financial Protection Commission.

Introduced: March 12, 2020

Status: The bill was referred to the House Financial Services Committee.

Sponsor: Rep. French Hill (R-AR); 10 co-sponsors; 3% chance of enactment (according to [govtrack](#)).

S. 142—The American Data Dissemination Act

Summary: The bill would impose privacy requirements on providers of internet services similar to the requirements imposed on federal agencies under the Privacy Act of 1974.

Introduced: Jan. 16, 2019

Status: The bill was referred to the Senate Commerce, Science, and Transportation Committee on Jan. 16, 2019.

Sponsor: Sen. Marco Rubio (R-FL), 0 co-sponsors, 3% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/senate-bill/142/text?q=%7B%22search%22%3A%5B%22S.142%22%5D%7D&r=1&s=3>

S. 149—Stop Senior Scams Act

Summary: The bill would establish an advisory council made up of federal regulators and industry representatives from, among others, gift card and prepaid card companies, to collect and review information in the development of model materials to provide to retailers, financial services companies, and wire-transfer companies to be used to educate employees on how to identify and prevent scams affecting seniors.

Introduced: Jan. 16, 2019

Status: Passed the Senate on June 16, 2020 by unanimous consent and was sent to the House of Representatives for further consideration.

Sponsor: Sen. Robert Casey (D-PA); 2 co-sponsors, 83% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/senate-bill/149/text?q=%7B%22search%22%3A%5B%22S.149%22%5D%7D&r=1&s=2>

S. 189—The Social Media Privacy Protection and Consumer Rights Act of 2019

Summary: This bill requires online platform operators to inform a user, prior to a user creating an account or otherwise using the platform, that the user's personal data produced during online behavior will be collected and used by the operator and third parties.

Introduced: Jan. 17, 2019

Status: Read twice and referred to the Committee on Commerce, Science, and Transportation on Jan. 17, 2019

Sponsor: Sen. Amy Klobuchar (D-MN); 3 co-sponsors, 3% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/senate-bill/189/text?q=%7B%22search%22%3A%5B%22S.189%22%5D%7D&r=1&s=1>

S. 453—A Bill to Amend the Consumer Financial Protection Act of 2010 to Subject the Bureau of Consumer Financial Protection to the Regular Appropriations Process

Summary: The bill would amend the Consumer Financial Protection Act of 2010 to subject the Consumer Financial Protection Bureau to the regular appropriations process.

Introduced: Feb. 12, 2019

Status: Read twice and referred to the Committee on Banking, Housing, and Urban Affairs on Feb. 12, 2019.

Sponsor: Sen. David Perdue (R-GA); 18 cosponsors. 3% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/senate-bill/453>

S. 3108— CONSUMER TRANSACTION ACCOUNT PROTECTION ACT OF 2019

Summary: This bill would specify that consumer transaction account deposits of an insured depository institution shall not be considered to be funds obtained through a deposit broker.

Introduced: December 19, 2020

Status: The bill was referred to the Committee on Banking, Housing, and Urban Affairs on December 19, 2019.

Sponsor: Sen. Doug Jones (D-AL); 2 co-sponsors. 3% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/senate-bill/3108?q=%7B%22search%22%3A%5B%22brokered+deposits%22%5D%7D&s=4&r=2>

S. 3962— ASSET GROWTH RESTRICTION ACT OF 2020

Summary: The bill would strike the current legal framework for brokered deposits and replace it with an authorization for the FDIC to limit the asset growth of financially troubled banks by regulation, rule, or order.

Introduced: June 15, 2020

Status: The bill was referred to the Committee on Banking, Housing, and Urban Affairs on June 15, 2020.

Sponsor: Sen. Jerry Moran (R-KS); 0 co-sponsors. 3% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/senate-bill/3962?s=7&r=9>

The *Government Update* is issued by the Innovative Payments Association twenty times a year as a service to members.

Editors: Brian Tate, President and CEO, IPA
Ben Jackson, COO, IPA
Grant Hannah, Director of Government Relations, IPA

Please address comments and suggestions to: gr@ipa.org.