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

**I.** **ASSOCIATION UPDATE**

***IPA Podcast: ​The Future of Payments with the Acting Comptroller***

In the [latest episode of the IPA Payments Pod](https://www.ipa.org/podcast.html), Brian Tate, the IPA’s CEO, and our members talk with Brian Brooks, the Acting Comptroller of the Currency.

In a wide-ranging discussion, they talk about regulating during the COVID19 pandemic and beyond. Looking to the future, they discuss fintech charters, small dollar lending, and digital dollars.

The Comptroller also brings up the social justice issues that the country has been facing. He describes how the OCC has launched a new effort “Project REACh,” to address structural issues that affect the ability of Americans to build wealth. You can learn more [here](https://www.occ.gov/topics/consumers-and-communities/minority-outreach/project-reach.html).

This is an edited version of the audio portion from the IPA’s Summer of Learning session.

***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!

Participating companies include:

1. [Build Financial](https://ipa.cmail20.com/t/d-l-cqidhl-trvjjlhtu-r/)
2. [Invest Sou Sou](https://investsousou.com/)
3. [Frizzmo](https://frizzmo.com/)
4. [BundleFund](https://ipa.cmail20.com/t/d-l-cqidhl-trvjjlhtu-y/)
5. [Llena(AI)](https://ipa.cmail20.com/t/d-l-cqidhl-trvjjlhtu-j/)

Registration and additional information can be found [here](https://web.ipa.org/events/2020Fintech%20Elevator%C2%A0-1035/details).

**II. Agency and Regulatory News**

**CONSUMER FINANCIAL PROTECTION BUREAU (CFPB)**

***PayPal Files Response to CFPB in Prepaid Rule Litigation***

On August 21, PayPal filed its [response](https://web.ipa.org/External/WCPages/WCWebContent/webcontentpage.aspx?ContentId=1183) to the Consumer Financial Protection Bureau’s (Bureau) [motion for summary judgement](https://web.ipa.org/External/WCPages/WCWebContent/webcontentpage.aspx?ContentId=171) in the ongoing litigation over the Bureau’s Prepaid Rule (Rule). In its response, PayPal refutes the Bureau’s position and reaffirms their position digital wallets are fundamentally different from GPR cards, and that the Bureau’s regulatory approach to digital wallets cannot be reconciled with the Administrative Procedure Act’s requirement of reasoned decision making or with the cost-benefit analysis requirements in the Dodd-Frank Act.  Moreover, PayPal also argues that the Bureau lacked statutory authority under EFTA, TILA, and the Dodd-Frank Act to adopt the short-form requirement and the 30-day credit linking ban. It is on these grounds that PayPal again requests that the Court vacate the Rule, declare the Rule unconstitutional as applied to PayPal, and enjoin its enforcement against PayPal.

The Bureau will now have the opportunity to file a response to this filing by PayPal, which is due by September 25.

***CFPB Requests Information on the Impact of the CARD Act Regulations on Small Entities and the Consumer Credit Card Market***

On August 25, the CFPB released a request for information (RFI) to examine the impact of the rules that implement the Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act Rules).

According to the Bureau, it is seeking public input on the CARD Act Rules’ economic impact on small entities. The Bureau is also requesting comments from the public on how the consumer credit card market is functioning as part of a Bureau review required by the CARD Act.

In reviewing the economic impact of the CARD Act Rules on small entities, the Bureau is seeking to determine whether the regulations should be continued without change or be amended or rescinded. In seeking comments on the consumer credit card market, the Bureau must conduct a review of the market every two years.

The full RFI can be found [here](https://www.consumerfinance.gov/about-us/newsroom/cfpb-rfi-card-act-regulations-small-entities-and-consumer-credit-card-market/).

**FEDERAL RESERVE BOARD OF GOVERNORS**

***Federal Reserve Announces Partnership with MIT on Digital Currency***

In a speech at the Federal Reserve Bank of San Francisco on August 13, Federal Reserve Board Governor Lael Brainard announced that, in order to enhance the Federal Reserve's (the Fed) understanding of digital currencies, the Federal Reserve Bank of Boston is partnering with researchers at the Massachusetts Institute of Technology in a multiyear effort to build and test a hypothetical central bank digital currency (CBDC). This collaboration follows in-house experiments at the Fed and collaboration with other central banks over the last few years on CBDCs.

According to Governor Brainard, the objectives of research and experimentation across the Federal Reserve System are to assess the safety and efficiency of digital currency systems, to inform their understanding of private-sector arrangements, and to give them hands-on experience to understand the opportunities and limitations of possible technologies for digital forms of central bank money. These efforts are intended to ensure that the Fed fully understands the potential as well as the associated risks and possible unintended consequences that new technologies present in the payments arena.

Finally, Governor Brainard emphasized that a significant policy process would be required to consider the issuance of a CBDC, along with extensive deliberations and engagement with other parts of the federal government and a broad set of other stakeholders. She further stated that the Federal Reserve has not made a decision whether to undertake a policy process to consider the issuance of a CBDC, as they are taking the time and effort to understand the significant implications of digital currencies and CBDCs around the globe.

The text of Governor Brainard’s speech can be accessed [here](https://www.federalreserve.gov/newsevents/speech/brainard20200813a.htm).

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC)**

***States sue FDIC over 'rent-a-bank' partnerships***

Seven states and the District of Columbia have filed a lawsuit against the FDIC over a final rule they released earlier this year on the portability of interest rates from banks to non-bank lenders.

In the lawsuit, the coalition argues that the FDIC’s final rule conflicts with the Federal Deposit Insurance Act, exceeds the FDIC’s statutory authority and violates the Administrative Procedure Act. Additionally, the lawsuit asserts that the FDIC failed to consider and address the negative effect that its final rule has on consumer financial protections by facilitating predatory lending schemes.

A copy of the suit can be found [here](https://www.courthousenews.com/wp-content/uploads/2020/08/CalifFDIC-COMPLAINT.pdf).

**III. CONGRESSIONAL NEWS**

***Congressional Letter Sent to FDIC on Brokered Deposits NPR***

On August 14, a [joint comment letter](https://web.ipa.org/External/WCPages/WCWebContent/webcontentpage.aspx?ContentId=186) from a bipartisan group of members of the House Financial Services Committee was submitted to the FDIC regarding their [Notice of Proposed Rulemaking on Brokered Deposits](https://www.fdic.gov/news/financial-institution-letters/2019/fil19083.html). The letter, which was led by Reps. Roger Williams (R-TX) and Vincente Gonzalez (D-TX), expresses concern that the “facilitation of deposits” definition is overly broad and would not incentivize partnerships between banks and innovative fintech companies. In addition, the letter calls on the FDIC to simplify the primary purpose application process.

**IV. MISC.**

***Polling Indicates No Immediate Post-Convention Bump for Biden, Still Leads Nationally***



Source: [Morning Consult](https://morningconsult.com/2020/08/22/post-dnc-poll-biden-leads-trump/)

***Republican National Convention***

The Republican National Convention (RNC) is being 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](https://www.2020gopconvention.com/).

**V. STATE NEWS**

***California Bill Could Impose “Strict Liability” for Payment Processors***

California [Assembly Bill 3262](http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB3262) would require an electronic retail marketplace, as defined, to be held strictly liable, subject to certain exceptions, for all damages caused by defective products placed into the stream of commerce to the same extent as a retailer. The definition of "Electronic retail marketplace” includes “…an electronic place or internet website that is engaged in the business of placing or facilitating the placement of products into the stream of commerce in this state, regardless of whether the vendor, product, or the marketplace has a physical presence in the state…”

Some have expressed concern that the inclusion of the phrase “facilitating the placement of products” in the definition of “electronic retail marketplace” could be read broadly to include payment processors and other third parties involved E-commerce transactions at electronic retail marketplaces.

The IPA will track this legislation through our monthly IPA State Legislative Tracker. If you do not already receive the State Tracker and would like to, please contact Grant Hannah.

**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](https://www.govtrack.us/congress/bills/116/hr189)).

**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](https://www.govtrack.us/congress/bills/116/hr758)).

**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](https://www.govtrack.us/congress/bills/116/hr907)).

**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](https://www.govtrack.us/congress/bills/116/hr1423)).

**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](https://www.govtrack.us/congress/bills/116/hr2514)).

**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](https://www.govtrack.us/congress/bills/116/hr2630)).

**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](https://www.govtrack.us/congress/bills/116/hr4501)).

**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](https://www.govtrack.us/congress/bills/116/hr4767)).

**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](https://www.govtrack.us/congress/bills/116/hr6116)).

**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](https://www.govtrack.us/congress/bills/116/hr6116)).

**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](https://www.govtrack.us/congress/bills/116/s142)).

**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](https://www.govtrack.us/congress/bills/116/s149)).

**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**](https://www.congress.gov/bill/116th-congress/senate-bill/189?q=%7B%22search%22%3A%5B%22S.+189%22%5D%7D&s=2&r=1)

**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](https://www.govtrack.us/congress/bills/116/s189)).

**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](https://www.govtrack.us/congress/bills/116/s453)).

**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](https://www.govtrack.us/congress/bills/116/s3108)).

**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](https://www.govtrack.us/congress/bills/116/s3962)).

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

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