



# Government Relations Working Group Government Update

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## I. ASSOCIATION UPDATE

### *IPA Podcast: Is Green Dot the Model for Fintech Evolution?*

As the fintech industry continues to innovate, one of the big questions is where does it go from here?

The future direction of the industry may be best represented by a company that has gone through its own evolution. Green Dot is one of the original Fintechs. It started with prepaid cards sold mostly through retail and has since evolved into a leader in the digital bank space. Its change from a prepaid card program manager to digital banking company could foreshadow the future.

In this episode, we talk with Greg Quarles, president of Green Dot Bank, about how the company has evolved to work with tech partners like Apple, Google, and Uber. We also discuss the advantages of having a bank charter, and why other fintechs will need to consider adding products like lending if they want to thrive in the long run.

Listen [here!](#)

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## **II. AGENCY AND REGULATORY NEWS**

### **FEDERAL RESERVE (THE FED)**

#### ***IPA Letter & Federal Reserve Board Comment Period Extension on Proposed Changes to Regulation II***

On June 11, the IPA submitted a letter to the Board of Governors of the Federal Reserve System in response to the [Notice of Proposed Rulemaking](#) concerning Debit Card Interchange Fees and Routing issued by the Board and published in the Federal Register on May 13, 2021 (the "[Proposed Rule](#)"). While the Proposed Rule has an initial deadline for comments of July 12, 2021, the letter requests that the Board extend the deadline for an additional 30-day period.

The Federal Reserve Board subsequently announced on June 21 that it will extend until August 11, 2021, the comment period for its proposed changes to Regulation II.

The IPA is still working with our members to finalize our larger comment letter to the Fed on the proposed rule and will have a revised draft to share soon. In the meantime, the IPA extension request can be found [here](#).

### **CONSUMER FINANCIAL PROTECTION BUREAU (CFPB)**

#### ***CFPB Issues Spring 2021 Rulemaking Agenda***

On June 11, the CFPB issued published their [Spring 2021 Agenda](#) as part of the [Spring 2021 Unified Agenda of Federal Regulatory and Deregulatory Actions](#). The agenda lists the regulatory matters that the Bureau is currently pursuing under interim leadership pending the appointment and confirmation of a permanent Director. The permanent Director's changes to the regulatory agenda will be reflected in the Fall 2021 Unified Agenda.

A brief summary of the Bureau's planned regulatory activity can be found below. The full Agenda can be accessed [here](#).

#### **CFPB Planned Regulatory Activities:**

- Small business lending data – Section 1071 of the Dodd-Frank Act requires financial institutions to collect, report, and make public certain information concerning credit applications made by women-owned, minority-owned, and small businesses. The Bureau anticipates issuing a Notice of Proposed Rulemaking on Sec. 1071 in September 2021.
- Availability of electronic consumer financial account data – The Bureau is considering a rulemaking to implement section 1033 of the Dodd-Frank Act to address the availability of consumer financial account data in electronic form.
- Property Assessed Clean Energy (PACE) financing – Section 307 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA) requires that the Bureau prescribe certain regulations relating to PACE financing. In March 2019, they released an ANPRM and are continuing to engage with stakeholders and collect information for the rulemaking, including by collecting quantitative data on the effect of PACE on consumers' financial outcomes.
- Standards for Automated Valuation Models (AVMs) – The Bureau is pursuing an interagency rulemaking with the Board of Governors of the Federal Reserve System (Board), the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Federal Housing Finance Agency to develop regulations to implement the amendments made by the Dodd-Frank Act to the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) concerning appraisals.
- Facilitating transition away from LIBOR index – The Bureau is continuing a rulemaking to address the anticipated expiration of the LIBOR index, which the UK Financial Conduct Authority has stated that it cannot guarantee the publication of beyond June 2023. They issued a proposed rule in June 2020 and expect to issue a final rule in January 2022.
- Reviewing existing regulations

- Market monitoring

## **FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC)**

### ***FDITECH Launches Tech Sprint to Reach More Unbanked People***

On June 16, the FDIC announced a ‘tech sprint’ entitled, “Breaking down Barriers: Reaching the Last Mile of Unbanked U.S. Households”, which is designed to explore new technologies and techniques that would help expand the capabilities of banks to meet the needs of unbanked individuals and households. This tech sprint will challenge participants to identify better resources and tools to help banks get unbanked households into the banking system and to keep them banked. Banks, non-profit organizations, academic institutions, private sector companies, and others are invited to participate.

Additional information can be found in the email below and on the FDIC’s [website](#).

## **III. MISC.**

### ***Democratic House Members Send Letter to JP Morgan Chase on Overdraft***

On June 16, Representatives Carolyn B. Maloney (D-NY), Kathleen Rice (D-NY), Gregory Meeks (D-NY), and Tom Suozzi (D-NY) sent a letter to JPMorgan Chase & Co. (JPM) Chairman and Chief Executive Officer Jamie Dimon urging him to refund overdraft fees that JPM charged to consumers during the COVID-19 pandemic and to stop charging these fees going forward.

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

### ***Waters Announces Digital Assets Working Group***

On June 16, Congresswoman Maxine Waters (D-CA), Chairwoman of the House Committee on Financial Services, announced that she has organized a Digital Assets Working Group of Democratic Members. According to the Committee, the Digital Assets Working Group will focus on making sure there is responsible innovation in the cryptocurrency and digital asset space. Further, Members are meeting regularly with experts and government officials to learn about the challenges and promise of digital assets. Finally, Members plan to work together on legislation and policy solutions on such matters as cryptocurrency regulation, the use of blockchain and distributed ledger technology, and the possible development of a U.S. Central Bank Digital Currency.

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

### ***Capital Clues***

Below is latest intelligence the IPA has received on recent activity on Capitol Hill:

- The House Financial Services Committee (HFSC) will hold its monthly markup on Wednesday of next week. The committee has no additional activity scheduled.
- House leaders will attempt to roll back the OCC’s True Lender rule in what could turn out to be a tight vote.
- Federal Reserve Chairman Jerome Powell is expected to testify on consecutive July days for Humphrey-Hawkins hearings.
- Despite Lina Kahn’s confirmation, there are no imminent plans to move Rohit Chopra’s CFPB nomination this month. Leader Schumer has filed cloture on two nominees and on the For the People Act wrap up the Senate’s work before the Independence Day recess.

***New Jersey Senate Bill 3498 Favorably Reported from Committee***

On June 16, the New Jersey Senate Commerce Committee amended and favorably reported Senate Bill 3498 (Gift Cards). Updated bill text can be found [here](#) and an updated summary can be found below. In addition, the IPA sent our [letter of opposition](#), which had been previously submitted to the bill's sponsor, to the full Committee in advance of the hearing.

**SB 3498 Summary**

Requires that gift card issuers:

- ~~Prohibit the use or validation of a gift card worth more than \$100 for 48 hours following the purchase or issuance of the gift card;~~
- Immediately freeze the funds on a gift card upon receiving a report of fraud;
- Provide a full refund to the purchaser after ~~48 hours of the purchase or issuance of the gift card if fraud is reported by the purchaser within 48 hours of purchase or issuance of the gift card~~ the conclusion of a fraud investigation, if fraud was reported by the purchaser within two weeks of purchase or issuance of the gift card, provided, however, the gift card issuer shall conclude its investigation not more than two weeks after the date the instance of fraud was reported; and
- Comply with new record keeping and disclosure requirements.

**IV. FEDERAL BILLS, AND LAWS**

**NEW FEDERAL LAWS**

None.

**PENDING FEDERAL BILLS**

[H.R.963](#) - Forced Arbitration Injustice Repeal (FAIR) Act

*Summary:* This bill prohibits a pre-dispute arbitration agreement from being valid or enforceable if it requires arbitration of an employment, consumer, antitrust, or civil rights dispute.

*Status:* Referred to the Subcommittee on Antitrust, Commercial, and Administrative Law on 04/23/2021.

*Sponsor:* Rep. Hank Johnson (D-GA)

[H.R. 1711](#) – To amend the Consumer Financial Protection Act of 2010 to direct the Office of Community Affairs to identify causes leading to, and solutions for, under-banked, un-banked, and underserved consumers, and for other purpose

*Summary:* This bill would direct the CFPB to conduct research on barriers to financial inclusion and identify hurdles under- and un-banked consumers. It would also require the Bureau to identify best practices to increase participation in the financial system and included a reporting requirement.

*Status:* Passed/agreed to in House on 5/18/21. Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs on 5/19/21.

*Sponsor:* Rep. David Scott (D-GA)

[H.R. 1996](#) – SAFE Banking Act

*Summary:* This bill would allow marijuana-related businesses in states with some form of legalized marijuana and established regulatory structures to access the banking and payments system.

*Status:* Passed/agreed to in House on 4/19/21. Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs on 4/20/21.

*Sponsor:* Rep. Ed Perlmutter (D-CO)

[H.R. 3968](#) - Municipal IDs Acceptance Act

*Summary:* This bill would require that the banking regulators update their guidance on Customer Identification Programs to state that an identification card issued by a municipality may be used by a bank to verify the identity of a customer, if such identification card enables the bank to form a reasonable belief that the bank knows the true identity of the customer.

*Status:* Introduced and referred to the House Committee on Financial Services on 6/17/21. Scheduled for mark up on 6/23/21.

*Sponsor:* Rep. Richie Torres (D-NY)

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

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