



# Government Relations Working Group Government Update

*A Publication for IPA Members*  
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## I. ASSOCIATION UPDATE

### *Innovative Payments Conference Coming Online in April 2021*

The IPA's Innovative Payments Conference is the must-attend annual event for the payments community. Benefit from two weeks of cutting-edge content, discussions and enhanced networking as you engage directly with those leading the way in prepaid compliance, legislation, regulation and innovation!

Stay tuned as we build out the agenda and speaking faculty. We're looking forward to putting on another great event for you. And even better, if you already know you'd like to attend, [subscribe](#) to our updates today so you will be one of the first to hear when our Early Bird rate launches.

The IPC program is designed to keep you ahead of an ever-changing industry and position you to succeed in tomorrow's payments environment. Year after year, the event is an unqualified success, attracting hundreds of attendees from across the country. [Download the brochure](#) today to learn more about what to expect at IPC 2021!

Click [here](#) for additional information.

**IPA INNOVATIVE PAYMENTS CONFERENCE**

**Register**

A Virtual Event  
April 12 - April 23

**Sessions Include**

- \* Paypal v CFPB
- \* Emerging Fraud Trends: What is Keeping You Up at Night?
- \* How to use the Recovery to Advance your Career
- \* Surviving a Cyber-Attack, from the Inside Out!

IPA INNOVATIVE PAYMENTS CONFERENCE | @IPAORG/IPC | @IPAUPDATES

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***IPA Podcast: Real Time Payroll – PayActiv Wants to Make Wage Payments Faster***

The payroll process needs to catch up to the rest of the payments world by becoming real time, according to Safwan Shah, the founder and CEO of Payactiv, an IPA member.

The company wants to help workers get money as they need it by providing access to wages they have earned sooner than a traditional two-week or monthly pay cycle would allow. The company does this by working with employers to track how much employees earn and offer the ability to get a percentage of those wages on as needed basis.

Workers can use PayActiv’s card to receive earned wages, have those wages deposited into an account, or even pay bills directly through PayActiv’s app.

In this episode we cover how the process works, and how earned wage access is different than other forms of early wage access.

Listen [here!](#)

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

### **FEDERAL RESERVE**

***IPA Letter to Fed on Durbin Amendment***

A [notice](#) was recently added to the Federal Reserve’s website regarding a letter from/meeting with The Clearing House Association on the Durbin Amendment. In brief, TCH raised strong concerns about how small issuers are evading Durbin by partnering with FinTechs/program managers and, in some cases, how the 3rd parties are bigger than the issuer.

The IPA is preparing a [letter](#) to the Federal Reserve in response. In brief, the letter highlights the growth and importance of prepaid account products to the financial services industry, that changes to Regulation II have the potential negatively impact consumers and financial services providers, and finally urges the Federal Reserve to ensure that any revisions to Regulation II or its interpretation are made pursuant to a transparent process that includes open and public debate.

The IPA plans to work the members of the associations Executive Committee to close out the letter. Thank you to all who provided feedback throughout the drafting process.

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

***FDIC Appoints First Chief Innovation Officer***

On February 16, the Federal Deposit Insurance Corporation (FDIC) named Sultan Meghji as the agency’s first Chief Innovation Officer, charged with leading the FDIC’s efforts to promote the adoption of innovative technologies across the financial services sector.

“As a recognized expert in financial technology, Sultan brings years of technical knowledge and an entrepreneurial spirit to our FDiTech team,” said FDIC Chairman Jelena McWilliams. “Under his leadership, I am confident we will find innovative ways to utilize technology to modernize our bank supervision, enable community banks to adopt technological solutions, and bring more underserved people into the financial fabric of our nation.”

“I am immensely honored to join a team that is working towards finding innovative ways to meet the challenges of tomorrow,” said Mr. Meghji. “It is important that the FDIC leads at this transformative moment in our nation’s banking history. My personal mission is to engage both public and private sector partners to ensure the financial system of the future is innovative, resilient, and equitable.”

Mr. Meghji co-founded Neocova, a financial technology firm providing secure, cloud-native, artificial intelligence-based software for community banks and credit unions. In addition, he worked on an aid mission to help implement digital banking in Kenya, Tanzania, and Uganda, and worked with fintechs and central banks to create peer-to-peer banking solutions for hundreds of thousands of people in underserved areas of Africa and Central Asia.

Mr. Meghji is a nonresident scholar in the Cyber Policy Initiative at the Carnegie Endowment for International Peace. His research focuses on the architecture of the global financial system, cyber and critical infrastructure security, and the impact of artificial intelligence and quantum computing. He is also an adjunct professor at Washington University's Olin Business School, and a distinguished member of the Bretton Woods Committee and the Missouri Advisory Committee for the U.S. Global Leadership Coalition. Mr. Meghji has served as an advisor to the U.S. Treasury, the Group of Seven (G7), the Office of the Comptroller of the Currency (OCC), and the Federal Bureau of Investigation (FBI) in the areas of cybersecurity, quantum computing, and artificial intelligence.

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

## **OFFICE OF THE COMPTROLLER OF THE CURRENCY (OCC)**

### ***State AGs File Opposition to OCC's Summary Judgment Motion***

Last month, the Attorneys General of California, Illinois, and New York filed opposition to the OCC's cross-motion for summary judgment in their lawsuit to enjoin the OCC's final rule addressing the *Madden* decision, which deals with the portability of interest rates from banks to non-banks. The proposed rule seeks to address confusion that the *Madden* decision caused concerning a loan's permissible interest rate when a bank originates the loan and then assigns it to a third-party non-bank entity.

This is a rule that was finalized and lawsuit that was defended under the Trump Administration, so it is unclear how a Biden Administration OCC will respond.

The OCC must respond to the state AG's filing by February 25, 2021. The OCC's response could be the first time the Biden Administration takes action on a fintech issue and may provide some insight into how the Administration will be approaching banking, fintech, and bank-fintech partnerships.

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

## **III. CONGRESSIONAL NEWS**

### ***IPA to Support Reintroduction of Stop Senior Scams Act***

In the last Congress, Sen. Bob Casey (D) of Pennsylvania introduced the [Stop Senior Scams Act](#), which would create a federal advisory council to develop educational materials for retailers, financial institutions, and other stakeholders to use to train employees on how to spot and stop financial scams at the point of sale.

The IPA supported this legislation and sent a [letter](#) to that effect to Sen. Casey in July 2019. Sen. Casey plans to reintroduce it again in this Congress and the IPA will again lend its support.

The bill has not been formally introduced yet, but a draft of the bill text can be found [here](#).

## **IV. MISC.**

### ***Brookings/Financial Health Network Report on EIPs***

On February 17, The Brookings Institution and the Financial Health Network published a report on Economic Impact Payments (EIPs). In this report, the Financial Health Network draws upon publicly available data and their own U.S. Financial Health Pulse to estimate how long recipients waited to receive their EIP, what fees some might have paid to access

their EIP, and how recipients used their EIP. The report also compares EIPs under the CARES Act to the more recent round of \$600 direct payments created by the Consolidated Appropriations Act enacted at the end of 2020.

The report contains the following findings and recommendations:

- One in 20 eligible recipients still had not received their CARES Act EIP after six months.
- It took almost four months to distribute 90 percent of CARES Act EIPs. Under the Consolidated Appropriations Act, it took less than three weeks.
- One in 10 Americans received a paper check under the CARES Act, despite having a bank account.
- Over three million paper checks from the CARES Act were cashed through check cashers.
- CARES Act EIP recipients paid an estimated \$66 million in check cashing fees.
- The Treasury Department struggled to adequately inform consumers of the EIP Card pilot program's existence, resulting in many cards being ignored or even thrown away after being mistaken for a scam.
- If prepaid cards are deemed to be preferable or a useful supplement to checks for the disbursement of tax refunds or other benefits, they should be carefully introduced during normal times to ensure that recipients can become familiar with them.

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

## **V. STATE NEWS**

### ***State Legislation on Interchange & IPA Letter in Opposition***

Similar bills were introduced in the Mississippi ([HB 1076](#) & [SB 2856](#)), Oklahoma ([HB 2181](#) & [SB 798](#)), and Tennessee ([HB 375](#)) legislatures that would require that state and local taxes and fees be excluded from the calculation of interchange fees by payment card networks. Below is the pertinent legislative language, taken from the Tennessee version.

#### **Legislative Language**

“The amount of a state or local tax or fee that is calculated as a percentage of an electronic payment transaction amount and listed separately on the payment invoice or other demand for payment, or the amount of a tax imposed under chapter 3 of this title, must be excluded from the amount on which an interchange fee is charged for that electronic payment transaction. Such taxes and fees include but are not limited to: (1) Sales and use taxes under chapter 6 of this title; (2) Hotel occupancy taxes under § 67-4-1402 or an applicable private act; (3) Alcoholic beverage taxes under § 57-4-301(c); and (4) Rental vehicle surcharge taxes under chapter 4, part 19 of this title.”

On February 17, the IPA submitted the letters opposing the bills in Mississippi, Oklahoma, and Tennessee. In brief, the IPA's letter expresses the IPA's opposition to the legislation, discusses the impracticality of what the legislation proposes, and outlines the potential harm that could come to consumers and retailers.

If you would like a copy of the IPA's letters, please let Grant Hannah ([ghannah@ipa.org](mailto:ghannah@ipa.org)) know.

## **VI. FEDERAL BILLS, AND LAWS**

### **NEW FEDERAL LAWS**

None.

### **PENDING FEDERAL BILLS**

None.

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