



Government Relations Working Group Government Update

A Publication for IPA Members
May 12, 2021 • Volume 15, Issue 8

This publication is intended for general information purposes only and should not be construed as legal advice. Do not act upon the information without first consulting an attorney.

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

I. ASSOCIATION UPDATE

IPA FinTech Elevator

Can you make it to the top?

Submit your best 5-minute pitch for a chance to present to investors and partner companies in the payment space.

All application materials are due by 5pm Eastern on June 23rd. The Top 6 will present on July 21, 2021.



5 MINUTE PITCH

Post a 5 minute pitch on YouTube and send us the link with your completed application



TOP 6 SELECTED

A selection committee of various industry experts will select the top 6 applications



LIVE PITCH EVENT

The Top 6 will join investors & partner companies in the payments space for a virtual pitch event

Apply Today!

IPA Podcast: Customer Disputes During COVID and Beyond: Ubiquity discusses setting up and managing dispute processes

As online shopping and remote payments grew over the past year, so did the number of customer disputes over payments. While many of the disputes were legitimate, some were fraudulent – either by people attempting to get out of paying for something they bought or by organized rings of criminals attempting to hack a company through social engineering. In this episode, we talk about these problems and how payments companies can manage them with Corey Besaw, the banking operations president for Ubiquity.

He talks about best practices for handling disputes including:

1. Prioritizing dispute cases,
2. Setting investigation thresholds,
3. Working with third parties such as ATM operators and merchants.

He brings together the experiences of many of their customers and talks about some of the common pitfalls and practices that have worked to avoid them. He also gets into considerations around using tools like artificial intelligence.

[Listen now!](#)

IPA Summer of Learning



JOIN US FOR VIRTUAL EVENTS ALL SUMMER LONG!

SESSION TOPICS INCLUDE:

NFT
White Labeling
Fintech & Payments Market

LendUp on Digital Banking
Digital banking
And more!

[Register at IPA.org/SLS](https://ipa.org/SLS)

II. AGENCY AND REGULATORY NEWS

FEDERAL RESERVE (THE FED)

Federal Reserve Board invites public comment on proposed changes to Regulation II regarding network availability for card-not-present debit card transactions and publishes a biennial report containing summary information on debit card transactions in 2019

On May 7, the Federal Reserve Board proposed changes to Regulation II (Debit Card Interchange Fees and Routing) to clarify that debit card issuers should enable, and allow merchants to choose from, at least two unaffiliated networks for card-not-present debit card transactions, such as online purchases. The Board views these clarifications of Regulation II's existing requirements as necessary in light of information indicating that often only one network is enabled for such transactions.

Next, the Board also published a report on debit card transactions in 2019, including information on volume and value, interchange fee revenue, certain issuer costs, and fraud losses. The report is the sixth in a series published every two years as prescribed by section 920 of the EFTA and summarizes information collected from debit card issuers subject to the interchange fee standard in Regulation II and payment card networks.

Comments will be accepted for 60 days after publication in the Federal Register. You can find the report and the proposed rule attached [here](#).

Federal Reserve Board invites public comment on proposed guidelines to evaluate requests for accounts and payment services at Federal Reserve Banks

On May 5, the Federal Reserve Board invited public comment on proposed guidelines to evaluate requests for accounts and payment services at Federal Reserve Banks ("Account Access Guidelines").

According to the Federal Reserve, there has been a recent uptick in novel charter types being authorized or considered across the country and, as a result, the Reserve Banks are receiving an increasing number of inquiries and requests for access to accounts and services from novel institutions. To help achieve the goal of applying a transparent and consistent process for all access requests, as well as considering the ramifications for the broader financial system, the Board says it is proposing the Account Access Guidelines for the Reserve Banks to evaluate such requests. These guidelines take into account the Board's legal authority and reflect an analysis of its policy goals.

Comments will be accepted for 60 days after publication in the Federal Register. The proposed guidelines and a companion memo from the Fed can be found [here](#).

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC)

FDIC Issues Proposed Rule Regarding False Advertising, Misrepresentations About Insured Status, and Misuse of the FDIC's Name or Logo

On April 22, the Federal Deposit Insurance Corporation (FDIC) issued a proposed rule implementing its statutory authority to prohibit any person or organization from making misrepresentations about FDIC deposit insurance or misusing the FDIC's name or logo. This statutory authority allows the FDIC to bring formal enforcement actions, such as cease and desist orders or civil money penalties, against individuals or entities for violations.

The proposed rule describes the process by which the FDIC would identify and investigate potential violations, and the procedures it would follow, when formally and informally enforcing the statutory prohibitions. The proposed rule would also create a central point-of-contact where the public could report or make inquiries about potential violations. Additionally, the proposed rule would establish a more transparent process that would promote stability and public confidence in FDIC deposit insurance and the nation's financial system.

The IPA is preparing comments in response. Comments on the proposed rule will be accepted for 60 days after publication in the Federal Register. Additional information can be found [here](#).

INTERNAL REVENUE SERVICE (IRS)/DEPARTMENT OF THE TREASURY (TREASURY)

More than 1.1 million additional Economic Impact Payments disbursed under the American Rescue Plan; payments total approximately 164 million

The Internal Revenue Service, the U.S. Department of the Treasury, and the Bureau of the Fiscal Service announced on May 5 that they are disbursing more than 1.1 million payments in the eighth batch of Economic Impact Payments from the American Rescue Plan.

The announcement brings the total disbursed so far to approximately 164 million payments, with a total value of approximately \$386 billion, since these payments began rolling out to Americans in batches as announced on March 12.

The eighth batch of payments began processing on Friday, April 30, with an official payment date of May 5, with some people receiving direct payments in their accounts earlier as provisional or pending deposits. Here is additional information on this batch of payments:

- In total, this batch includes more than 1.1 million payments with a value of more than \$2 billion.
- More than 585,000 payments, with a value of over \$1.2 billion, went to eligible individuals for whom the IRS previously did not have information to issue an Economic Impact Payment but who recently filed a tax return.
- This batch also includes additional ongoing supplemental payments for people who earlier this year received payments based on their 2019 tax returns but are eligible for a new or larger payment based on their recently processed 2020 tax returns. This batch included more than 570,000 of these "plus-up" payments, with a value of nearly \$1 billion.
- Overall, this eighth batch of payments contains about 600,000 direct deposit payments (with a total value of \$1.1 billion) with the remainder on paper payments.

The IRS will continue to make Economic Impact Payments on a weekly basis. Ongoing payments will be sent to eligible individuals for whom the IRS previously did not have information to issue a payment but who recently filed a tax return, as well to people who qualify for "plus-up" payments.

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

OFFICE OF THE COMPTROLLER OF THE CURRENCY (OCC)

Secretary Yellen Announces Intention to Appoint Michael J. Hsu as First Deputy Comptroller of the Office of the Comptroller of the Currency

On May 7, Treasury Secretary Yellen announced her intention to appoint Michael Hsu as First Deputy Comptroller of the Office of the Comptroller of the Currency (OCC). In addition, Mr. Hsu will also serve as Acting Comptroller of the Currency.

Prior to his appointment, Mr. Hsu was associate director of the Federal Reserve's division of supervision and regulation, where he oversaw the Large Institution Supervision Coordinating Committee program. He has also held positions at the International Monetary Fund, the Treasury Department and the Securities and Exchange Commission.

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

III. CONGRESSIONAL NEWS

IV. MISC.

North Dakota Retail Associations File Lawsuit Against Fed on Debit Interchange

On April 29, North Dakota Retail Association and North Dakota Petroleum Marketers Association (“Associations”) filed a lawsuit in the United States District Court for the District of North Dakota Western Division against the Federal Reserve Board (“Board”) seeking a declaratory judgment and permanent injunction finding the standard for reasonable and proportional interchange fees in Regulation II and confirmed by the Updated Rule (12 C.F.R. §235.3(b)) invalid and setting it aside. The associations, allege that the Board has failed to properly follow Congress’s instructions to ensure that debit-card processing fees are reasonable and proportional to the costs of debit-card transactions.

The associations’ full complaint can be found [here](#).

V. STATE NEWS

Chime Enters Into Settlement Agreements with California & Illinois Regarding Its Use of the Term "Banking"

In March, Chime Financial, Inc. entered into settlement agreements with the California Department of Financial Protection and Innovation (DFPI) and the Illinois Department of Financial and Professional Regulation – Division of Banking regarding the use of the term “banking” and its derivatives by Chime. These settlements come after inquiries that were launched last year by both agencies independently found that Chime’s usage of the words “bank” and “banking” in certain aspects of Chime’s business violated California and Illinois law respectively.

In brief, both settlements require Chime to distance itself from the use of the term “banking” and its derivatives by modifying statements on its website, on its mobile app, and in advertising to clarify that Chime is not a bank and banking services are provided by its bank partner(s). In addition, Chime will cease using the name “chimebank.com” in its business unless and until it becomes licensed or otherwise authorized to engage in the business of banking under the laws of a state or of the United States.

In addition, Chime has agreed to pay a \$200,000 civil money penalty to the State of Illinois.

The California settlement agreement can be accessed [here](#) and Illinois settlement can be accessed [here](#).

VI. FEDERAL BILLS, AND LAWS

NEW FEDERAL LAWS

None.

PENDING FEDERAL BILLS

[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: Referred to the Committee on Financial Services, and in addition to the Committee on the Budget on 3/9/21

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: Referred to the Committee on Financial Services, and in addition to the Committee on the Judiciary on 3/18/21

Sponsor: Rep. Ed Perlmutter (D-CO)

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.