



Government Relations Working Group Government Update

A Publication for IPA Members
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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: Regulators at All Levels Have Been Busy, and We have a Round Up for You.

The regulatory environment for payments has become very active over the past few weeks, with proposed rules, congressional hearings, and even lawsuits. In this episode of the IPA Payments Pod, our CEO, Brian Tate, and our Government Relations Director, Grant Hannah, help to make sense of everything that has been happening.

There are proposed rules on transaction routing and advertising FDIC insurance. There is a lawsuit over interchange fees. And a major fintech was sanctioned in two states for its advertising. This is all just the tip of the iceberg.

[Listen now!](#)

IPA Summer of Learning



The graphic features a collection of circular icons in blue and orange, including a beach ball, an umbrella, a star, and the IPA logo. Below the icons, the text reads: "Summer of Learning Series" in a cursive font, followed by "JOIN US FOR VIRTUAL EVENTS ALL SUMMER LONG!" and "SESSION TOPICS INCLUDE:". The topics listed are: "NFT", "White Labeling", "Fintech & Payments Market", "LendUp on Digital Banking", "Digital banking", and "And more!". At the bottom, it says "Register at [IPA.org/SLS](https://ipa.org/SLS)".

IPA Financial Crimes Task Force Call: Mitigating Losses from Social Engineering, Victim Assisted, & Gift Card Fraud

We often think of cyber criminals as expert hackers who break into systems using technical expertise. But many times, the danger lies in helpful employees, tricked customers, or gifts with dark surprises. Join us for a session on Mitigating Losses from Social Engineering, Victim Assisted, & Gift Card Fraud, led by Nigel Carty, Director of Fraud and Risk at InComm Financial Services Inc.

Speaker

Nigel Carty
Director; Fraud and Risk Department,
InComm Financial Services, Inc.

This call is open to any IPA Member. [Please register online](#), call details will be provided in the confirmation email, and share this with any of your colleagues who may be interested.

When: May 27 at 2pm Eastern
Who: IPA Members Only

Please login to your IPA account to register. Need help or have questions? [Email us](#).

II. AGENCY AND REGULATORY NEWS

FEDERAL RESERVE (THE FED)

Federal Reserve Chair Powell Says Fed to Issue Report on U.S. Digital Currency

On May 20, the Federal Reserve Board Chair Jerome Powell announced that the Fed will issue a discussion paper this summer outlining their current thinking on digital payments, with a particular focus on the benefits and risks associated with CBDC in the U.S. context. He additionally announced that, as part of this process, they seek public comment on issues related to payments, financial inclusion, data privacy, and information security.

Chair Powell further stated that the Federal is committed to hearing a wide range of voices on this important issue before making any decision on whether and how to move forward with a U.S. CBDC, taking account of the broader risks and opportunities it could offer. Finally, he stated that the Fed expects to play a leading role in developing international standards for CBDCs, engaging actively with central banks in other jurisdictions as well as regulators and supervisors here in the United States throughout that process.

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

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC)

FDIC Issues Request for Information on Digital Assets

On May 17, the Federal Deposit Insurance Corporation (FDIC) released a [request for information and comment on digital assets](#). The FDIC says it recognizes that there are novel and unique considerations related to digital assets, and this RFI is intended to help inform the FDIC's understanding in this area. Specifically, the FDIC is seeking input on current and potential use cases involving IDIs and their affiliates and risk and compliance management in conducting such activities.

Comments are due by July 16, 2021. Additional information can be found [here](#).

Agencies Extend Comment Period on Request for Information on Artificial Intelligence

On May 17, five federal financial regulatory agencies announced they will extend the comment period on the [request for information](#) (RFI) on financial institutions' use of artificial intelligence (AI) until July 1, 2021.

The Federal Reserve System, the Consumer Financial Protection Bureau (CFPB), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA) and the Office of the Comptroller of the Currency (OCC) issued

the RFI on March 29, 2021 and are seeking information from the public on how financial institutions use AI in their activities, including fraud prevention, personalization of customer services, credit underwriting, and other operations. More specifically, the RFI seeks comments to better understand the use of AI, including machine learning, by financial institutions; appropriate governance, risk management, and controls over AI; and challenges in developing, adopting, and managing AI.

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

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 in the process of working with our members to finalize a draft comment letter in response. If you'd like a copy of the draft comment letter, please contact Grant Hannah (ghannah@ipa.org). Additional information can be found [here](#).

OFFICE OF THE COMPTROLLER OF THE CURRENCY (OCC)

Acting Comptroller of the Currency Michael Hsu Calls for Greater Cooperation on Chartering Issues and Outlines Priorities

In testimony before the House Financial Services Committee on May 19, Acting Comptroller of the Currency Michael Hsu identified four issues requiring the agency's immediate attention: (1) guarding against complacency by banks, (2) reducing inequality in banking, (3) adapting to digitalization, and (4) acting on the risks that climate change presents to the financial system.

Further, when discussing "adapting to digitalization" in more detail, Acting Comptroller Hsu identified the issue of charters as a topic that is relevant in this context. Specifically, he called for greater interagency coordination amongst the OCC, FDIC, Fed, and state regulatory agencies to find a way to consider how fintechs and payments platforms fit into the banking system.

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

III. MISC.

Capital Clues

Below is latest intelligence the IPA has received on recent activity on Capitol Hill related to financial services:

- Sen. Dick Durbin (D-IL) is working on legislation that would apply similar limitations on credit interchange as the Durbin Amendment has applied to debit interchange. Specifics and timeline are unclear at this point, but indications are coming from the Hill that the legislation could focus on routing and potentially prohibit network

exclusivity for credit routing. Sen. Durbin is also thought to be courting Sen. Kevin Cramer (R-ND) as a co-sponsor.

- Chief executive officers serving at the nation's largest financial institutions will appear before both the Senate Banking Committee and House Financial Services Committee on Wednesday and Thursday, respectively. The committees' members are likely to focus on the banks' response to consumers during the pandemic, the banking system's proper role in society, their profitability relative to average Americans, and their role in promoting environmental, social and governance goals and financial innovation.
- Rep. French Hill was tapped to lead Republicans on the Financial Services Subcommittee on Housing, Community Development, and Insurance. That move created a vacancy in the ranking member slot on the National Security, International Development and Monetary Policy Subcommittee, which was filled by Rep. Andy Barr. Rep. Tom Emmer will serve as ranking member on the Subcommittee on Oversight and Investigations Subcommittee and Warren Davison will move up to head the Financial Technology Task Force for committee Republicans.

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 predispute 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)

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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.