

CFPB Issues Final Prepaid Card Rule, Recent Actions Prompt Speculation

The Consumer Financial Protection Bureau (CFPB) has finalized updates to its 2016 Prepaid Rule governing prepaid accounts under the Electronic Fund Transfer Act (Regulation E) and the Truth in Lending Act (Regulation Z)

[http://files.consumerfinance.gov/f/documents/cfpb_prepaid_final-rule_2018-amendments.pdf]. The Prepaid Rule contains provisions regulating the conditions under which payroll cards may be offered to employees and the manner in which employers communicate to employees the details of their payroll card programs.

APA, through its Government Relations Task Force Subcommittee on Payroll Cards, helped shape the development of the rule. In 2015, APA expressed concern to CFPB that the Prepaid Rule would: (1) fail to provide employees with crucial program information; (2) discourage employees from using payroll cards; and (3) place burdensome requirements on payroll card issuers that may impact the quality of their programs. The Prepaid Rule was finalized in October 2016 and amended in June 2017 prior to the release of these final amendments. APA's concerns have been largely addressed to our satisfaction.

New direction for CFPB?

In January, President Trump appointed Mick Mulvaney, director of the Office of Management and Budget, to be acting director of the CFPB. As reported in *HousingWire*, Mulvaney told CFPB staff that his leadership would contrast sharply with former CFPB Director Richard Cordray's approach of aggressive enforcement. "In 2016, almost a third of the complaints into this office related to debt collection. Only 0.9% related to prepaid cards and 2% to payday lending. Data like that should, and will, guide our actions," he said (*HousingWire, Leaked Mulvaney Memo: CFPB Must End Regulation by Enforcement*, 1-23-18; <https://www.housingwire.com/articles/42357-mulvaney-memo-cfpb-to-end-regulation-by-enforcement>).

The Prepaid Rule had been expected to go into effect in April 2018; however, the CFPB has extended the effective date until April 2019.