

Keith J. Barnett

March 27, 2015

Overview of the CFPB's General Purpose Reloadable Prepaid Card Rule

The logo for Sutherland, consisting of a blue rectangular box with the word "SUTHERLAND" in white, uppercase, sans-serif font. Below the box is a thin, light brown horizontal line.

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NOV 13 2014

CFPB Proposes Strong Federal Protections for Prepaid Products



Bureau's Proposal Includes New 'Know Before You Owe' Prepaid Disclosures

WASHINGTON, D.C. – Today the Consumer Financial Protection Bureau (CFPB) is proposing strong, new federal consumer protections for the prepaid market. The proposal would require prepaid companies to limit consumers' losses when funds are stolen or cards are lost, investigate and resolve errors, provide easy and free access to account information, and adhere to credit card protections if a credit product is offered in connection with a prepaid account. The Bureau is also proposing new "Know Before You Owe" prepaid disclosures that would provide consumers with clear information about the costs and risks of prepaid products upfront.

"Consumers are increasingly relying on prepaid products to make purchases and access funds, but they are not guaranteed the same protections or disclosures as traditional

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- Amendments to Reg E
 - **1005.2 – Definitions** - Amends/revises paragraphs section (b)(3) to define the term “prepaid account” and provides guidance on the types of prepaid accounts that Reg E now covers.
 - **1005.10 – Preauthorized transfers** – Amends paragraph (e)(1) to state that Reg E prohibits a “financial institution or other person” from conditioning an extension of credit to a consumer by requiring the consumer to repay by preauthorized electronic fund transfers, “except for credit extended under an overdraft credit plan or extended to maintain a specified minimum balance in the consumer’s account.”

- Amendments to Reg E
 - **1005.12 – Relation to other laws** – Amends paragraphs (a)(1) and (a)(2) to make it clear that a prepaid card will be subject to the unsolicited issuance rules set forth in the Truth in Lending Act and Reg Z if the prepaid card/account has access to a pre-existing overdraft plan that would otherwise make the prepaid card fall within the definition of a credit card under Reg Z.

- Amendments to Reg E
 - **1005.15 – Electronic fund transfer of government benefits** – Revises section 1000.15 to make it clear that a government agency is a financial institution under Reg E if it directly or indirectly issues an access device to a consumer for use in initiating an electronic fund transfer of government benefits from an account other than needs-tested benefits in a program established under State or local law or administered by a State or local agency.
 - **1005.18 – Requirements for financial institutions offering prepaid accounts** – Revises section 1005.18 to enumerate disclosure requirements and other issues related to prepaid accounts.

- **Amendments to Reg Z**
 - **1026.2 – Definitions and rules of construction** – Revises paragraph (a)(15) to include, among other things, the definition of a prepaid card and prepaid account.
 - **1026.4 – Finance charge** – Revises paragraph (b)(2) and (c)(3) to provide that the exception regarding overdrafts would not apply to credit accessed by a prepaid card or by an account number where extensions of credit are permitted to be deposited directly only into particular prepaid accounts specified by the creditor. The revision also states that the second exception regarding participation fees does not apply to credit accessed by prepaid card or by an account number where extensions of credit are permitted to be deposited directly only into particular prepaid accounts specified by the creditor.

- Amendments to Reg Z
 - **1026.7 – Periodic statement** – Revises paragraph (b) to amend the due date disclosure requirements with respect to credit card accounts under an open-end consumer credit plan that are accessed by a prepaid card, or by an account number where extensions of credit are permitted to be deposited directly only into particular prepaid accounts specified by the creditor.

- Amendments to Reg Z
 - **1026.12 – Special credit card provisions** – Revises certain provisions that apply to credit card transactions in section 1026.12 (unsolicited issuance and the right of a cardholder to assert claims or defenses against the issuer) to provide guidance on how those provisions apply to credit card transactions that are made using a prepaid card that is a credit card, or using an account number that is a credit card where the extensions of credit are permitted to be deposited directly only into particular prepaid accounts specified by the creditor.

- **Amendments to Reg Z**
 - **1026.13 – Billing error resolution** – Amends commentary to section 1026.13 to address the circumstances in which a consumer may assert a billing error with respect to purchases that are made with funds that have been deposited into a prepaid account and those funds were credit from a credit plan where extensions of credit are permitted to be deposited directly only into particular prepaid accounts specified by the creditor.
 - **1026.52** – Limitations on fees in prepaid accounts where the funds were credit from a credit plan where extensions of credit are permitted to be deposited directly only into particular prepaid accounts specified by the creditor.

- Amendments to Reg Z

- **1026.60 – Credit and charge card applications and solicitations** – Amends section 1026.60 to require a card issuer to provide the disclosures required by section 1026.60 on or with a solicitation or application to open a credit or charge card account that will be accessed by an account number that is a credit card where extensions of credit are permitted to be deposited directly only into particular prepaid accounts specified by the creditor. The amendment also provides additional guidance on how disclosures related to transaction fees for purchases and for cash advances must be provided for credit card accounts that will be accessed by a prepaid card that is a credit card, or by an account number that is a credit card where extensions of credit are permitted to be deposited directly only into particular prepaid accounts specified by the creditor.

Reg E – Definitions: What is a Prepaid Account?

- Trivia time:
 - Which of the following does not fall within the definition of the term “prepaid account” under the amended/revised section 1005.2 of Reg E?
 - a. A store gift card
 - b. A payroll card on which I receive my regular wages
 - c. A government issued card on which I receive my unemployment benefits
 - d. I have no idea and I do not care because you are asking me this stupid question at 8:00 in the morning on a Friday

Reg E – § 1005.2(b)(3) – The definition of “account” now includes a “prepaid account”

- What is a prepaid account?
 - “[A] card, code or other device... which is established primarily for personal, family or household purposes” that is not already an “account” under Regulation E. **AND EITHER**
 - Issued on a prepaid basis to a consumer in a specified amount, **OR**
 - Not issued on a prepaid basis, but capable of being loaded with funds thereafter;
 - The prepaid account must be redeemable upon presentation at multiple, unaffiliated merchants for goods or services, usable at automated teller machines, or usable for person-to-person transfers.
 - Most payroll cards and government benefit accounts fall within this definition.

- A prepaid account is NOT any of the following:
 - Gift cards, gift certificates, or loyalty, award or promotional gift cards as defined in Section 1005.20 of Reg E.
 - Payroll cards that are used to disburse solely incentive-based payments.
 - Health savings accounts, flexible spending accounts, medical savings accounts or health reimbursement arrangements.

What does this mean in the Emerging Payments world?

- Transcript of an actual conversation between Stevie J. Obs, Sam Sang and Richie Core Dray:

Stevie: We just released the new SpyPhone 6. And look, you can make payments using a new app on your phone that allows you to upload payment information into the phone and then flash the mobile device at checkout time to pay for a product.

Sam: That is such old news. I have been able to do that and much more on my Samsang Milky Way for years. I wish you iPhone people will realize that advanced technology and large phones are much better than your sleek style.

Richie: Hey guys, are you complying with Reg E?

What does this mean in the Emerging Payments world? (continued)

- Questions to ask:
 - Does the mobile or electronic prepaid account only store a consumer's payment credentials?
 - Is the mobile wallet capable of being loaded with or storing funds?

- September 2013 CFPB Bulletin



1700 G Street NW, Washington, DC 20552

CFPB Bulletin 2013-10

Date: September 12, 2013
Subject: Payroll Card Accounts (Regulation E)

The Consumer Financial Protection Bureau (CFPB or the Bureau) is issuing this bulletin to reiterate the application of the Electronic Fund Transfer Act (EFTA) and Regulation E, which implements the EFTA, to payroll card accounts. Payroll card accounts are accounts that are

- Pre-use fee disclosures under Reg E
- Issuers must provide access to account history (current balance by telephone, electronic history through the internet covering at least 60 days, a written history upon request)

- **September 2013 CFPB Bulletin**
 - Reg E's limited liability protections for unauthorized transfers applies.
 - Under Reg E, employers cannot require employees to receive their wages.
 - Reg E's error resolution rights apply to payroll cards.
 - Regulation E prohibits employers from mandating that employees receive wages only on a payroll card of the employer's choosing.

You do not have to accept this payroll card.
Ask your employer about other ways to get your wages.

Monthly fee	Per purchase	ATM withdrawal	Cash reload
\$0	\$0 with sig.	\$0 in-network	N/A
	\$0 with PIN	\$2.00 out-of-network	

No overdraft or credit-related fees.

ATM balance inquiry (in-network or out-of-network)	\$0 or \$1.00*
Customer service	\$1.50 per call
Inactivity (no transactions for 3 months)	\$4.50 per month
[Incidence-based fee]	\$2.95
[Incidence-based fee]	\$3.95
[Incidence-based fee]	\$1.00

*Fees can be lower depending on how and where this card is used.

We charge 6 other fees not listed here.

Register your card with XYZ Prepaid Company to protect your money.

For more information about prepaid cards, visit cfpb.gov/prepays.

Questions?

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Disclosure Requirements under the CFPB's Prepaid Account Proposal

Ted Teruo Kitada
Senior Company Counsel
Wells Fargo Law Department

March 5, 2015

Together we'll go far



Short and long form disclosures for prepaid account

- **General rule:** *Before* a consumer agrees to acquire a prepaid account, a financial institution must provide both a short form and a long form disclosure in writing. Proposed Regulation E section 1005.18(b)(1)(ii).
- The proposal would allow and require a financial institution to provide the disclosures electronically when a consumer acquires a prepaid account through the internet, including through a mobile application. Such disclosures must be provided “in a manner which is reasonably expected to be accessible in light of how a consumer is acquiring the prepaid account.” Proposed comment 18(b)(3)(i)(B)-2. No E-Sign consent is required. *Id.*

Short and long form disclosures for prepaid account

- The information in the pre-acquisition disclosures must be segregated from everything else and contain only information that is directly related to the required disclosures. Proposed section 1005.18(b)(5).
- If a financial institution principally uses a foreign language on a prepaid account packaging material, by telephone, in person, or on the website a consumer uses to acquire a prepaid account, the short form and long form disclosures must be provided in that same foreign language. Proposed section 1005.18(b)(6).
- These disclosure requirements are in addition to the initial disclosure requirements under Regulation E section 1005.7. The initial disclosure is required at the time a consumer contracts for an electronic fund transfer service or before the first electronic fund transfer is made involving the consumer's account.

Short and long form disclosures for prepaid account

- These disclosure requirements are in addition to the disclosure requirements under applicable state law, especially for payroll card accounts. See, e.g., HRS § 388-5.7, effective September 1, 2014.
- Disclosures are considered to have been provided post-acquisition if they are inside the packaging material accompanying a prepaid account access device that a consumer cannot see or access before acquiring the prepaid account, or if it is not readily apparent to a consumer that the consumer has the ability to access the disclosures inside the packing material. Proposed comment 18(b)(1)(ii)-2.

Disclosures on access devices

- Under proposed section 1005.18(b)(7), a financial institution must include the following information on a prepaid account access device:
 1. The name of the financial institution.
 2. The URL of a website and telephone number that a consumer can use to access information about the prepaid account.
- If a financial institutions does not issue a physical access device, the disclosure must appear at the URL or other entry point a consumer must visit to access the prepaid account electronically.

Disclosures for prepaid account: short form disclosure

- *Special payroll card account notice*: a statement that a consumer does not have to accept the payroll card account and that a consumer can ask about other ways to receive wages or salary from the employer. Proposed Regulation E section 1005.18(b)(2)(i)(A); proposed Model Form A-10(b) for payroll card accounts, see below.
- *Fee and other information* (proposed section 1005.18(b)(2)(i)(B)), first four fees, “top-line” fee disclosures:
 1. *Periodic fee*, using the term “monthly fee” or “annual fee” or substantially similar term.
 2. *Per purchase fee*: two fees, using the terms “with PIN” and “with sig.”

Disclosures for prepaid card account: short form disclosure

3. *ATM withdrawal fee*: two fees, using the terms “in network” and “out-of-network.”
4. *Cash reload fee*, using the terms “cash reload.”
5. *ATM balance inquiry fee*: two fees, using the terms “in network” and “out-of-network.”
6. *Customer service fee* for calling the financial institution or its service provider.
7. *Inactivity fee*, disclosing the amount of the fee and the duration of inactivity that triggers the fee.
8. *Incidence-based fee disclosures*: Up to three fees, other than the fees above, that were incurred most frequently in the prior 12-month period by consumers of the particular prepaid account product.

Disclosures for prepaid card account: short form disclosure

9. *Overdraft services and other credit features*: A statement that credit-related fees may apply if a credit plan that would be a credit card account may be offered in connection with the prepaid account. If a credit card plan will not be offered, a statement that no overdraft or credit-related fees will be charged.

10. *Statement regarding other fees*: A statement regarding the number of other fees that could be imposed on the consumer.

11. *Telephone number and website*: A telephone number and a unique URL a consumer may use to access the long form.

Disclosures for prepaid card account: short form disclosure

12. *Statement regarding registration*: A statement that communicates to a consumer that a prepaid account must register with a financial institution or service provider in order for the funds to be protected.

13. *Statement regarding FDIC insurance*: If a prepaid account is not eligible for FDIC insurance, a statement that FDIC insurance does not protect funds loaded onto the prepaid account.

14. *CFPB website*: the URL of the website of the CFPB.

Disclosures for prepaid card account: short form disclosure

- *Disclosing variable fees*: If the amount of the fees a financial institution imposes could vary, the financial institution must disclose the highest fee it could impose on a consumer for using the service associated with the fee along with a symbol, such as an asterisk, to indicate that the fee could be lower. Proposed section 1005.18(b)(2)(i)(C).
- A financial institution must not disclose any third party fees imposed with any of the disclosed fees.
- “To the extent third party fees apply or fees could be lower, the Bureau is not proposing to allow that information to be conveyed on the short form beyond allowing the financial institution to use a symbol to indicate when this is the case.” 79 Fed.Reg. 77102, 77167 (December 23, 2014).

Disclosures for prepaid card account: short form disclosure

- For example, if a financial institution charges a monthly fee of \$4.95, but it waives this fee if a consumer receives direct deposit payments into the prepaid account, the financial institution would list a monthly fee of \$4.95 on the short form disclosure with an asterisk (or other symbol) next to the dollar amount that refers to a statement that explains the fee may be lower. Proposed comment 18(b)(2)(i)(C)-1.

Disclosures for prepaid card account: short form disclosure

- Top-line disclosures (disclosures 1-4 above) must be more prominent than other disclosures in the short form disclosure and at least 11 point font or the corresponding pixel size. Proposed section 1005.18(b)(4)(ii)(B)(2).
- Disclosures 5-9 must appear in at least 8 point font or the corresponding pixel size, but cannot be larger than the top-line disclosures. *Id.*
- Disclosures 10-14 above must appear in at least 7 point font or the corresponding pixel size, but cannot be larger than the disclosures 5-8. *Id.*

Disclosures for prepaid card account: short form disclosure

- The statement regarding other fees (disclosure 10) and the telephone number and URL (disclosure 11) must be more prominent than disclosures 12-14 and the variable fees disclosure. *Id.*
- Text used to distinguish the two fees in disclosure 2, 3, and 5 or to explain the duration of inactivity that triggers a financial institution to impose an inactivity fee under disclosure 7 above must appear in at least 6 point font or the corresponding pixel size and appear in no larger a font than what is used for the information required to be disclosed for disclosures 9-12.
- Unclear whether this means 8 or 7 point font is the maximum font size.

Disclosures for prepaid card account: short form disclosure

- The explanatory variable fee text must appear in a minimum of 7 point font or the corresponding pixel size and appear in no larger font than what is used for the information required under disclosures 5-8. Proposed section 1005.18(b)(4)(ii)(B)(3).

You do not have to accept this payroll card.
Ask your employer about other ways to get your wages.

Monthly fee	Per purchase	ATM withdrawal	Cash reload
\$0	\$0 with sig.	\$0 in-network	N/A
	\$0 with PIN	\$2.00 out-of-network	

No overdraft or credit-related fees.

ATM balance inquiry (in-network or out-of-network)	\$0 or \$1.00*
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Customer service	\$1.50 per call
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Inactivity (no transactions for 3 months)	\$4.50 per month
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[Incidence-based fee]	\$2.95
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[Incidence-based fee]	\$3.95
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[Incidence-based fee]	\$1.00
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*Fees can be lower depending on how and where this card is used.

We charge 6 other fees not listed here.

Register your card with XYZ Prepaid Company to protect your money.

For more information about prepaid cards, visit cfpb.gov/prepays.

Disclosures for prepaid card account: long form disclosure

1. **Fees**: All fees that may be imposed by a financial institution in connection with a prepaid account. This requirement includes the amount of the fee; the conditions, if any, under which the fee may be imposed, waived, or reduced, including, to the extent known, any third party fee amounts that may apply. If such third party fees may apply, but the amount is not known, the financial institution must include a statement indicating that third party fees may apply without specifying the amount. Proposed section 1005.18(b)(2)(ii)(A). Includes “incidental fees” not subject to disclosure under Regulation DD (Regulation DD, comment 4(b)(4), 2(ii)).

Disclosures for prepaid card account: long form disclosure

2. *Overdraft services and other credit features*: The disclosures described in Regulation Z section 1026.60(a), (b), and (c) [Shumer Box], if, at any point, a credit plan that would be a credit card account under Regulation Z may be offered in connection with the prepaid account. Proposed section 1005.18(b)(2)(ii)(B).
3. *The telephone number, website, and mailing address* of the person or office that a consumer may contact to learn about the terms and conditions of the prepaid account; to obtain balance information; to request a copy of the transaction history; and to provide notice of an unauthorized transfer. Proposed section 1005.18(b)(2)(ii)(C).

Disclosures for prepaid card account: long form disclosure

4. *Statement regarding FDIC insurance*: If a prepaid account is not eligible for FDIC insurance, a statement that FDIC insurance does not protect funds loaded onto the prepaid account. Proposed section 1005.18(b)(2)(ii)(D).

5. *CFPB website and telephone number*: The URL of the website of the CFPB and a telephone number a consumer can contact and the URL a consumer can visit to file a complaint related to a prepaid account. Proposed section 1005.18(b)(2)(ii)(E).

Disclosures for prepaid card account: long form disclosure

- The long form disclosure must appear in a minimum 8 point font or the corresponding pixel size. Proposed section 1005.18(b)(4)(ii)(C).

Fee description	Amount	Details
Get started		
Card purchase fee	\$3.95	
Monthly usage		
Monthly fee	\$4.95	Charge waived with direct deposit or in any billing cycle when you load at least \$1,000 or have at least 30 qualifying purchases posted to your account.
Add money		
Direct deposit	\$0	
Cash reload	\$2.00	Additional reload network fees may apply.
Spend money within the U.S.		
Per purchase with PIN	\$0	
Per purchase with signature	\$0	
Online bill pay service by check	\$2.00	Charge for having us send a check to pay a bill on your behalf. Charge waived for paying a bill online.
Get cash		
ATM withdrawal, in-network	\$0	"In Network" refers to the XYZMoney ATM network. Locations can be found at xyzprepaid.com or xyzmoney.com. You will not be charged a fee by XYZ Prepaid Card or the ATM operator.
ATM withdrawal, out-of-network	\$2.00	"Out of Network" refers to all the ATMs outside of the XYZMoney ATM network. You may also be charged a fee by the ATM operator even if you do not complete a transaction.
Bank teller cash withdrawal	\$1.25	
Information		
Customer service	\$1.50	per call
ATM balance inquiry, in-network	\$0	"In Network" refers to the XYZMoney ATM network. Locations can be found at xyzprepaid.com or xyzmoney.com.
ATM balance inquiry, out-of-network	\$1.00	"Out of Network" refers to all the ATMs outside of the XYZMoney ATM network. You may also be charged a fee by the ATM operator even if you do not complete a transaction.
Other		
Replacement card	\$4.00	Card will arrive within 5-7 business days.
Expedited replacement card service	\$25.00	Card will arrive within 2 business days.
Inactivity	\$4.50	You will be charged this fee each month after you have not completed a transaction using your prepaid account for 3 months.
Spend money outside the U.S.		
Each international transaction	3.0%	of total transaction amount
International ATM balance inquiry	\$5.00	This is our fee. You may also be charged a fee by the ATM operator.

This card does not provide [FDIC][NCUSIF] insurance.

Contact XYZ Prepaid Company by calling 1-800-555-5555, by mail at 555 Street Name, Anytown, NY, or visit xyzprepaid.com.

For more info about prepaid cards, visit consumerfinance.gov/prepaids. If you have a complaint about prepaid cards, call 1-855-411-2372 or visit consumerfinance.gov/complaint.

Exceptions to short form and long form disclosures before acquisition

- *Disclosure for prepaid accounts acquired in a retail store*: A financial institution must provide the short form disclosure *before* a consumer acquires a prepaid account in a retail store, commonly off a “J-hook.” Proposed section 1005.18(b)(1)(ii).
- A retail store does not include a bank branch.
- A retail store that offers one financial institution’s prepaid account product exclusively would be considered an agent of the institution; thus, both the short form and long form disclosures must be provided before the acquisition of the account.

Exceptions to short form and long form disclosures before acquisition

- A financial institution may provide the long form disclosure after a consumer acquires a prepaid account if the following three conditions are met:
 - The prepaid account access device is inside of a packing material;
 - The short form disclosure is provided on or is visible through an outward-facing, external surface of a prepaid account access device's packing material in a tabular format.

Exceptions to pre-acquisition disclosures

- The short form disclosures includes the telephone number and website that a consumer may use to access the long form disclosures while in the retail store.
- *Disclosures for prepaid accounts acquired orally by telephone*: Before a consumer acquires a prepaid account orally by telephone, a financial institution must disclose orally the information in a short form disclosure. A financial institution may provide the long form disclosure after a consumer acquires a prepaid account by telephone if the institution communicates to a consumer orally before the consumer acquires the prepaid account that the information in the long form disclosure is available both by telephone and on a website. Proposed section 1005.18(b)(1)(iii).

Error Resolution & Limited Liability

- Reg E Lite Applies

- Liability limited to \$50 (if consumer notifies bank within 2 days) or capped at \$500
- 60 day period for reporting unauthorized transaction commences when:
 - Consumer electronically accesses account
 - FI sends written history upon request
 - Safe Harbor: 120 days after EFT occurs
- May require written follow-up for oral complaints



Error Resolution & Limited Liability

- Reg E Lite Applies
 - Provisional credit timeframe remains 10/20 business days
 - Investigatory period after provisional credit remains 45/90 days
- No differentiation in provisional credit timeframe by product type
 - Payroll Cards and certain Government Benefit Cards already covered
 - Other Prepaid Accounts must first be registered to receive error resolution rights



Error Resolution & Limited Liability

- Registration Requirements

- Collection and verification of a consumer's identification
- Standard: existing KYC requirements under other Federal regulations
 - Bank CIP Rules
 - Provider of Prepaid Access Rules
- Would apply to programs that are excluded from CIP Rules
 - Appears CFPB assumes all prepaid accounts will be subject to KYC requirements
- Model notice regarding risks of not registering a Prepaid Account
 - Included on short-form disclosure



Error Resolution & Limited Liability

- Existing reloadable programs minimally affected
 - Many expressly covered (Payroll, Treasury Rule)
 - Many others comply voluntarily
- Expansion to non-reloadable prepaid programs
 - Lack of ongoing relationships
 - Lack of methods for registration



Error Resolution & Limited Liability

- NBPCA Comment Letter
 - Require "ongoing relationship"
 - Registered accounts only
 - Multiple loads (e.g., wages) over period of 70 days
 - Registered accounts without ongoing relationship
 - Extend provisional credit period to 30 days



Error Resolution & Limited Liability

- NBPCA Comment Letter (cont'd)
 - Exclude accounts for which costs outweigh benefits
 - CARD Act exclusions, regardless of whether "marketed and labeled as a gift card";
 - Non-reloadable prepaid product exempt from the Gift Card provisions of the CARD Act that cannot be loaded, used or withdrawn in an amount greater than \$1,000;
 - Prepaid Accounts utilized for disaster relief or insurance proceeds disbursements, both of which are provided to consumers in emergency situations in which it is not feasible to provide the consumer with the full scope of disclosures required under the Proposed Rule.



Overdraft & Credit Features

- Modifies Reg Z definition of “credit” and “finance charge” to cover:
 - Prepaid Accounts
 - Credit extended to or from Prepaid Accounts
- Applies to:
 - “Pulled” Credit (e.g., ODP plans)
 - “Pushed” Credit (e.g., credit deposited to Prepaid Accounts specified by creditor)



Overdraft & Credit Features

- “Finance charge” modified to include fees charged in connection with an extension of credit
 - Applies even if the charge is the same if credit not involved
 - Disparate treatment for Prepaid vs. DDAs
 - Raises questions for monthly fees, purchase transaction fees
- Common "Force Pay" Scenarios
 - Pay at Pump
 - Tips at Restaurants
 - Delayed Settlement
 - Provisional Credit Merchant Dispute
 - Dishonored Check Loads



Overdraft & Credit Features

- Prepaid coverage under Reg Z implicates:
 - Ability-to-repay analysis;
 - Monthly periodic statements;
 - Minimum 21 days to repay prior to assessing late fees
 - Limiting total fees in first year to 25 percent of initial credit limit;
 - Restricting rate increases unless cardholder misses two consecutive payments;
 - Requiring 45-day advance notice of rate increases



Overdraft & Credit Features

- **Additional Barriers to ODP**

- Requires issuer to wait 30 days after registration to offer credit feature
- Prohibits issuers from requiring preauthorized repayment via prepaid account
- Periodic offsets for ODP Payment limited to one per month

- **Open Questions**

- Impact when third party creditor funds deposited to Prepaid Account by consumer
- Impact on cards funded with student loan proceeds

