



# PAYROLL CURRENTLY

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## **CFPB Proposes Delayed Implementation of Final Rule on Prepaid Accounts**

On March 15, the Consumer Financial Protection Bureau (CFPB) announced a proposed delay for the effective date of the rule governing prepaid accounts under the Electronic Fund Transfer Act (Regulation E) and the Truth in Lending Act (Regulation Z) until April 1, 2018 [82 F.R. 13782, 3-15-17; [<https://www.gpo.gov/fdsys/pkg/FR-2017-03-15/pdf/2017-05060.pdf>]]. The rule, applicable to payroll cards, was scheduled to take effect on October 1, 2017.

### **Background**

On October 5, 2016, the CFPB issued its final rules on prepaid accounts ["CFPB Finalizes Strong Federal Protections for Prepaid Account Consumers," 10-5-16; <https://www.consumerfinance.gov/about-us/newsroom/cfpb-finalizes-strong-federal-protections-prepaid-account-consumers/>; see PAYROLL CURRENTLY, Issue No. 11, Vol. 24]. Here are some of the provisions related to payroll cards:

- (1) Pre-acquisition short- and long-form disclosures.
- (2) Extended time period that account histories must cover (12 months for an electronic statement and 24 months for written requests).
- (3) Additional fee information in periodic statements and account histories.
- (4) Card issuers must submit card agreements to the CFPB (this requirement has an effective date of October 1, 2018).
- (5) If the payroll card has an overdraft credit feature, it may be subject to Regulation Z's credit card rules.

### **Allow more time for implementation**

As part of its efforts to support compliance with the prepaid rule, the CFPB discussed implementation efforts with industry participants. The CFPB learned that some industry participants would have difficulty in complying with the final rule while also ensuring continued availability of their prepaid products by October 1, 2017. To facilitate compliance, and to allow an opportunity for it to assess whether any additional adjustments to the rule are appropriate, the CFPB is proposing a six-month extension of the effective date.

Note: Congress is also considering whether to repeal the prepaid account rule through the Congressional Review Act (see PAYROLL CURRENTLY, Issue No. 3, Vol. 25).