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May 24, 2012

### CFPB Launches Rulemaking on General Purpose Reloadable Prepaid Cards

The Consumer Financial Protection Bureau (“CFPB” or the “Bureau”) on May 23, 2012 announced that it is asking for comments about general purpose reloadable prepaid cards (“GPR Cards”) through an Advance Notice of Proposed Rulemaking (“ANPR”). The Bureau intends to issue a proposal to extend consumer protections provided under Regulation E to GPR Cards.

Regulation E implements the Electronic Fund Transfer Act and provides a basic framework for establishing rights, liabilities, and responsibilities of participants in electronic fund transactions. Unlike some other “general-use prepaid cards” such as payroll cards, Regulation E generally does not apply to GPR Cards. As a result, CFPB Director Richard Cordray notes that GPR Cards have “far fewer regulatory protections than bank accounts or debit or credit cards.”

The Bureau asks for comments on issues in four broad categories: (1) regulatory coverage of products by some or all of Regulation E; (2) product fees and disclosures; (3) product features; and (4) other information on GPR Cards; including:

- Whether Regulation E should be applied to GPR Cards.
- How the Bureau can best enable a consumer to compare various GPR Cards or other payments products that may have different fee structures or distribution channels.
- Whether the existence, or lack thereof, of FDIC pass-through insurance associated with a GPR Card should be disclosed to the consumer.
- Input on the costs, benefits, and consumer protection issues related to any credit, savings, or credit reporting features that enable consumers to improve or build credit that may be offered for GPR Cards.
- The methods by which, and under what circumstances do, market participants communicate a change of contract terms, or other information, to cardholders.

The ANPR defines GPR Cards as prepaid financial products that consumers use in a manner similar to a debit card that is linked to a traditional checking account. A GPR Card is issued for a set amount in exchange for payment made by a consumer. A GPR Card is reloadable, meaning the consumer can add funds to the card. While the Bureau refers to a “card,” it also indicated these devices may include other mechanisms, such as a key fob or cell phone application, that access a financial account.

Through the ANPR the Bureau does not seek information about “closed loop” cards, debit cards linked to a traditional checking account, non-reloadable cards, payroll cards, electronic benefit transfers (EBTs), or gift cards.

The ANPR was published in the *Federal Register* on May 24, 2012. The deadline for comments is July 22, 2012. The ANPR is available [online](#) and contains information about how to submit a response.

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