

October 27, 2020

Via eRegulations Portal

Comment Intake – CARD Act Rules
RFA Review and Credit Card Market Review
Consumer Financial Protection Bureau
1700 G Street N.W.
Washington, DC 20552

Re: Comments Regarding the Request for Information on the Credit Card Accountability Responsibility and Disclosure Act of 2009 Rules – Docket No. CFPB-2020-0027

On behalf of the Electronic Transactions Association (“ETA”), we appreciate the opportunity to share our thoughts on the Consumer Financial Protection Bureau’s (“CFPB”) Request for Information on the Credit Card Accountability Responsibility and Disclosure Act of 2009 (“CARD Act”) rules request for information.

ETA supports the CFPB’s effort to gather public feedback and continue to explore and discuss new developments and innovation while enabling safety and soundness, and consumer protection in the digital age through this RFI.

Who We Are

ETA is the leading trade association for the payments industry, representing over 500 companies that offer electronic transaction processing products and services. ETA’s members include banks, mobile payment service providers, mobile wallet providers and non-bank financial technology companies (“FinTech”) that provide access to credit, primarily to small businesses, either directly or in partnership with other lenders. ETA member companies are creating innovative offerings in financial services, revolutionizing the way commerce is conducted with safe, convenient, and rewarding payment solutions and lending alternatives – facilitating over \$22 trillion in payments in 2019 worldwide.

Comments

Innovation in Consumer Products

As noted in the CFPB’s RFI, consumers are increasingly relying on digital account servicing platforms, such as websites or mobile applications, where they can view and manage their account activity from securely paying for a product through a digital payment application to tapping their phones – at the tune of more than 270,000 transactions per minute. ETA member companies are on the forefront, creating innovative offerings in financial services and are spending billions of dollars annually on research and development to develop and deploy new products and services that securely move trillions of dollars each year.



The payments industry is committed to innovation and has supported growing businesses, improved the consumer payments experience, and advanced a more inclusive financial system around the globe by making transactions faster, easier, more accessible, and more secure.

The 2019 Card Report touched on innovation at the point of sale, specifically the adoption of the contactless credit cards. When it comes to payments, consumers have increasingly turned towards payment methods that allow for quick and secure transactions depending on the context. As merchants and payment companies responded to these trends, digital wallets and other alternative payment solutions, including contactless methods, have become more common.

The ongoing public health pandemic has fundamentally impacted the way consumers do business. Consumers are increasingly adopting contactless payments because they allow payment without touching anything other than their own card or phone. It allows consumers to transact without touching common surfaces and the use of contactless payment methods has risen dramatically during the pandemic.

- Overall usage of contactless payments in the U.S. has risen 150% since March 2019
- 94% of retailers that implemented contactless payments expect the increase to continue over the next 18 months¹
- One-third of consumers who used contactless options before the pandemic are using them more since the outbreak²

Consumer expectations around payment methods, which were already changing before COVID-19, are shifting even faster, and the payments industry is innovating at an accelerated pace. Paying for goods and services using a QR code is already fairly common around the world. In China and Japan, for example, QR codes processed \$1.65 trillion in purchases in 2016 and it's estimated two out of three consumers use the technology in China.³

QR codes are becoming more popular in the U.S. Mercator's data show that while only 13% of consumers used QR codes on their smartphones prior to the pandemic, an additional 11% have used the technology since. Moreover, 34% of those who were already using this payment technology reported using it more since COVID-19 began.

Consumers are setting the expectations for better, faster, more innovative solutions across the payments spectrum and the industry, in particular ETA members, are providing these exciting developments while empowering safety and soundness.

Continued Innovation

It's important to understand this innovation continues in the face of broad regulations and laws. There are a myriad of Federal agencies that regulate and oversee financial markets and

¹ [Visa Innovation Study](#)

² Mercator Advisory Group's North American Payments Insights 2020 Payments Survey

³ [Aila Ten Retailers Using QR Codes for In-Store Payments](#)



companies – including the Federal Deposit Insurance Corporation, Federal Reserve Board of Governors, the Office of the Comptroller of the Currency, and the CFPB, among others. These agencies each have a specific range of duties and responsibilities that enable them to act independently of each other while they work to accomplish common objectives of a robust, healthy, and well-regulated financial ecosystem that protects consumers, and the safety and soundness of financial institutions.

In addition, there are numerous federal and state laws that apply to payments and related financial products and services. Depending on the circumstances, relevant laws address money transmission, customer due diligence, credit reporting, information security, data protection, privacy, electronic funds transfer, and prohibitions on unfair, deceptive, or abusive acts or practices. Furthermore, most payments companies work closely with banks and other regulated financial services providers, which means they are oftentimes contractually obligated to comply with bank regulatory requirements.

As the CFPB looks at the various provisions in the CARD Act, ETA understands the importance of efficient regulations and laws while maintaining consumer protection and safety and soundness standards. Technology is ever evolving, and any guidelines should be sustainable in that it adjusts to changes in the market and technology. This strikes the necessary balance among principles of safety and soundness, consumer protection, innovation, and promoting competition.

Deploying New Technologies to Fight Fraud

By utilizing a number of methods, including innovative technologies, the payments industry is committed to protecting and securing the ecosystem from criminals bent on causing financial harm through theft and fraudulent charges. The payments industry will invest more in advanced fraud detection and prevention technologies in the coming years than any other industry⁴ and those protections offered is one reason why consumers continue to choose electronic payments over other options.

Since the publication of the 2019 Card Report, consumers have been moving more online where fighting fraud becomes more complicated. Through artificial intelligence (“AI”) and machine learning (“ML”), payment companies are able to analyze more data in new ways to identify fraudulent activity and is a valuable tool to reduce fraud in all environments but particularly in ecommerce. Systems can learn from each transaction, constantly improving and becoming more effective — something unique to AI and ML. The use of these innovative technologies can allow payments companies to look at transaction data in new and more effective ways, growing the amount of successful legitimate transactions while shrinking the number illegitimate ones that make it through.

The industry constantly innovates in the security space - from AI and ML; tokenization of data to minimize or eliminate the exposure of data; the introduction of point-to-point encryption; the protection of data through PCI-DSS, chip cards, and EMV technologies; and state-of-the-art authentication techniques, including biometrics, these various security technologies help make payments secure and safe.

⁴ Juniper Research, Online Payment Fraud: Emerging Threats, Segment Analysis & Market Forecasts 2020-2024

Already working on the next generation of security tools, the payments industry is innovative, dynamic, and competitive, focused on delivering cutting edge products with robust security measures to help consumers connect with merchants, make payments, and move money.

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ETA appreciates the opportunity to provide input on this important issue. If you have any questions, please contact me or ETA's Senior Vice President of Government Affairs, Scott Talbott at stalbott@electran.org.

Sincerely,



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