

Overview of Key Federal Regulatory Consumer Protections by Payment Method

		Main Consumer Protection Statute	Deposit Insurance	Initial Disclosures	Periodic Statements	Change in Terms Notice	Interest Rate and Fee Limits	Limitation on Liability for Unauthorized Transfers/Transactions	Error Resolution Procedures	Other Protections
Debit Card (Linked to Bank Account)		EFTA/Reg E ¹	Yes (covering deposit account at bank)	Must disclose, e.g., consumer liability, fees, process for error resolution ²	Yes ³	Must give 21 days notice before increasing fees or consumer liability ⁴	N/A	\$50 if timely notification requirements followed ⁵	Yes ⁶	
Credit Card		TILA/Reg Z ⁷	N/A (no deposit account involved)	Various APR and fee disclosures ⁸	Yes ⁹	Must give 45 days notice before making significant changes to terms of card ¹⁰	Yes—fees limited by regulation, limitations on increases in interest rate ¹¹	\$50 ¹²	Yes ¹³	Cannot open credit card account for consumer under 21 years old unless consumer shows independent ability to make required minimum payments or has a cosigner ¹⁴
Prepaid Card	General-Use Reloadable Prepaid Card (Not Linked to Bank Account)	Covered by general consumer protection laws (e.g., FTC Act/UDAP)	In some cases ¹⁵	No	No	No notice required	No	No Limit ¹⁶	No	
	Payroll Card	EFTA/Reg E ¹⁷		Must disclose, e.g., consumer liability, fees, process for error resolution ¹⁸	Yes ¹⁹	Must give 21 days' notice before increasing fees or consumer liability ²⁰	N/A	\$50 if timely notification requirements followed ²¹	Yes ²²	
	Gift Card	Certain Provisions of EFTA/Reg E ²³		Various fee and gift-card-specific disclosures ²⁴	No	No notice required	Dormancy fee restrictions ²⁵	No Limit	No	Restrictions on expiration date ²⁶
Mobile Financial Services		"Mobile financial services" is a blanket term that encompasses both mobile banking and mobile payments, which themselves come in different forms. Consumer protections that apply to mobile financial services depend on the form of the payment and type of account that forms the basis of the mobile financial service (e.g., mobile payments involving credit card accounts are governed by credit card laws).								

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¹ 12 CFR 1005 (formerly 12 CFR 205).

² 12 CFR 1005.7(b) (formerly 12 CFR 205.7(b)).

³ Must send statement for each monthly cycle in which a transaction has occurred; quarterly if no transactions (12 CFR 1005.9(b) (formerly 12 CFR 205.9(b))).

⁴ 12 CFR 1005.8(a) (formerly 12 CFR 205.8(a)).

⁵ Consumer must notify bank within 2 business days after learning of the loss or theft of debit card. Otherwise, consumer liability could be greater. Consumer must also notify bank within 60 days of bank's transmittal of periodic account statement on which an unauthorized transfer appears, in order to avoid liability for subsequent unauthorized transfers (12 CFR 1005.6 (formerly 12 CFR 205.6)). Some banks reduce liability to zero by contract.

⁶ Consumer must contact bank within 60 days; bank must report results to consumer within three business days after completing its investigation and correct error within one day after determining error has occurred. Consumer must be given written explanation of findings if there was no error (12 CFR 1005.11 (formerly 12 CFR 205.11)).

⁷ 12 CFR 1026 (formerly 12 CFR 226).

⁸ Solicitations must disclose, e.g., APR, variable rate, penalty rates, rates that depend on creditworthiness, fees for issuance or availability, transaction charges (12 CFR 1026.60(b), 1026.6(b) (formerly 12 CFR 226.5a(b), 226.6(b))).

⁹ Must provide a statement for each billing cycle at the end of which the account has a balance of more than \$1 or on which a finance charge has been imposed (12 CFR 1026.5(b) (formerly 12 CFR 226.5(b))). Statement must include, e.g., previous balance, identification of transactions, credits, amount of any late payments that might be imposed (12 CFR 1026.7(b) (formerly 12 CFR 226.7(b))).

¹⁰ These terms include, e.g., interest rate, annual fees, cash advance fees (12 CFR 1026.9(c) (formerly 12 CFR 226.9(c))).

¹¹ Fees charged within first year of account opening generally must not exceed 25 percent of the credit limit in effect when the account is opened, subject to limited exceptions (the CFPB has issued a proposed rule that would make this limitation applicable only to fees imposed after account opening, in response to a lawsuit challenging its authority to include fees imposed before account opening) (12 CFR 1026.52 (formerly 12 CFR 226.52)); limitations on increasing annual percentage rates, fees, and charges (12 CFR 1055 (formerly 12 CFR 226.55)); must reevaluate interest rate increase every six months (12 CFR 1026.59 (formerly 12 CFR 226.59)); penalty fees must represent reasonable proportion of costs for incident (12 CFR 1026.52(b) (formerly 12 CFR 226.52(b))).

¹² 12 CFR 1026.12(b) (formerly 12 CFR 226.12(b)). Card network operating rules may provide certain protections, although any such protections are subject to change by the relevant network.

¹³ Consumer must contact card company within 60 days; no interest on disputed amount if there is an error; must be given explanation of what is owed if there was no error (12 CFR 1026.13 (formerly 12 CFR 226.13)).

¹⁴ 12 CFR 1026.51(b) (formerly 12 CFR 226.51(b)).

¹⁵ May or may not carry deposit insurance (where card is offered by nonbank party and funds are placed in pooled account at FDIC-insured depository institution, consumer cardholder will be covered by deposit insurance if requirements for FDIC pass-through insurance are met).

¹⁶ Card network operating rules may provide certain protections, although any such protections are subject to change by the relevant network.

¹⁷ 12 CFR 1005.18 (formerly 12 CFR 205.18).

¹⁸ 12 CFR 1005.18(c)(1) (formerly 12 CFR 205.18(c)(1)).

¹⁹ Must provide either (1) periodic statements or (2) account balance by telephone, electronic transaction history, and written history on request (12 CFR 1005.18(b) (formerly 12 CFR 205.18(b))).

²⁰ 12 CFR 1005.18(a) (formerly 12 CFR 205.18(a)).

²¹ 12 CFR 1005.6(b), 1005.18(c)(3) (formerly 12 CFR 205.6(b), 205.18(c)(3)).

²² 12 CFR 1005.11, 1005.18(c)(2) (formerly 12 CFR 205.11, 205.18(c)(2)).

²³ 12 CFR 1005.20 (formerly 12 CFR 205.20).

²⁴ Must disclose terms of dormancy fees (12 CFR 1005.20(d)(2) (formerly 12 CFR 205.20(d)(2))); expiration date or lack thereof (12 CFR 1005.20(e)(3) (formerly 12 CFR 205.20(e)(3))); type, amount, and conditions of any other fee (12 CFR 1005.20(f)(1) (formerly 12 CFR 205.20(f)(1))).

²⁵ 12 CFR 1005.20(d) (formerly 12 CFR 205.20(d)).

²⁶ 12 CFR 1005.20(e) (formerly 12 CFR 205.20(e)).