



**Federal Deposit Insurance Corporation**  
550 17th Street NW, Washington, D.C. 20429-9990

**Financial Institution Letter**  
**FIL-9-2019**  
**February 22, 2019**

## Prepaid Accounts Rule: Interagency Consumer Compliance Examination Procedures

**Summary:** The FDIC adopted revised interagency examination procedures to incorporate the Consumer Financial Protection Bureau’s (CFPB) amendments to Regulation E and Regulation Z. The examination procedures may be helpful to financial institutions seeking to better understand how FDIC examiners will evaluate an institution’s compliance with these regulations.

**Statement of Applicability to Institutions Under \$1 Billion in Total Assets:** This Financial Institution Letter applies to all FDIC-supervised institutions.

**Statement of FIL Rescission Date:** This Financial Institution Letter will retire to inactive status one year after the effective date of the Final Prepaid Accounts Rule, April 1, 2020.

**Distribution:**

FDIC-Supervised Institutions

**Suggested Routing:**

Chief Executive Officer  
Chief Compliance Officer

**Related Topics:**

Regulation E, 12 CFR 1005  
Regulation Z, 12 CFR 1026

**Attachments:**

[Final Reg Z exam procedures](#)  
[Final Reg E exam procedures](#)

[Final Rule: Prepaid Accounts under the Electronic Fund Transfer Act \(Regulation E\) and the Truth In Lending Act \(Regulation Z\)](#)

[Final Rule: 2018 amendments to the Prepaid Accounts under the Electronic Fund Transfer Act \(Regulation E\) and the Truth in Lending Act \(Regulation Z\)](#)

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**Note:**

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**Highlights:**

- FDIC examiners will use the updated interagency examination procedures to evaluate financial institutions' compliance with amended Regulation E and Regulation Z for prepaid accounts, effective April 1, 2019.
- On October 3, 2016, the CFPB published its Final Rule for Prepaid Accounts to create comprehensive consumer protections for prepaid accounts. Specifically, the Rule expanded coverage of Regulation E to apply to prepaid accounts, established disclosure standards for prepaid accounts, and classified prepaid accounts that offer covered credit features as “hybrid prepaid-credit cards” subject to Regulation Z.
- Subsequent amendments to the Final Rule were made addressing error resolution and limited liability on prepaid accounts where the bank has not completed its customer identification and verification; application of the rule’s credit-related provisions to digital wallets that are capable of storing funds; and other clarifications and minor updates. The effective date for the Final Rule is April 1, 2019.
- The FDIC and other member agencies of the Federal Financial Institutions Examination Council developed the new procedures to ensure consistent application of these regulatory changes.
- The updated interagency examination procedures reflect the 2016 Final Rule and all subsequent updates.

## **Interagency Consumer Compliance Examination Procedures For Final Rule on Prepaid Accounts**

In October 2016, the Consumer Financial Protection Bureau (CFPB) issued a Final Rule amending Regulation E and Regulation Z to create comprehensive consumer protections for prepaid accounts. The effective date of the Final Rule is April 1, 2019.

In addition, the FDIC's Division of Depositor and Consumer Protection (DCP) has released revised interagency consumer compliance examination procedures applicable to amended Regulation E and Regulation Z. The procedures were developed in coordination with member agencies of the Federal Financial Institutions Examination Council. The interagency procedures can be accessed in the [FDIC Compliance Examination Manual](#).

### **Summary of Final Rule on Prepaid Accounts**

The CFPB amended Regulation E as well as Regulation Z to extend consumer protections to prepaid accounts. Together these amendments are known as the Prepaid Accounts Rule. In Regulation E, tailored provisions governing pre-acquisition and other disclosures, limitations on liability and error resolution requirements, and periodic statements were adopted for prepaid accounts, along with new requirements requiring the posting and submission to the CFPB of prepaid account agreements. In Regulation Z, coverage of the term "credit card" was expanded to include "hybrid prepaid-credit card." The amendments to Regulation Z further regulate credit features that may be offered in conjunction with prepaid accounts.

Subsequent amendments to the Final Rule were made to address error resolution and limited liability requirements where the bank has not completed its customer identification and verification; application of the rule's credit provisions to digital wallets that are capable of storing funds; and other minor updates.

### **Effective Date**

The effective date of the Final Prepaid Accounts Rule is April 1, 2019. DCP staff will begin examining FDIC-supervised institutions for compliance with the Rule after this date.