



Compliance eNewsletter

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InfoSight News

Payday Lending

In July 2020, the CFPB issued a final rule to revoke the mandatory underwriting provisions of their Payday Lending Rule (12 CFR 1041). Removed, were the applicable sections related to the ability-to-repay determinations for covered short-term loans or covered longer term balloon-payment loans. Within the final rule, there continues to be an exemption from the requirement for “Alternative Loans” (1041.3(e)). The final rule goes on to say that financial institutions offering a loan program that meets the requirements outlined are exempt from the requirements within the rule. The requirements outlined in the exemption replicate the NCUA rules (701.21) governing payday alternative loans (PAL I and PAL II).

Therefore, both federally and state-chartered credit unions can benefit from this exemption (and therefore, not required to comply with the CFPB rules) by creating a PAL program that complies with the NCUA rules. The **Payday Lending channel** has additional information!

Look for the article on [NCUA’s November 16, 2020 webinar](#) in this issue!

Compliance and Advocacy News & Highlights

Bureau Issues FDCPA Rule

The [CFPB has issues a final rule](#) [653-page PDF] to restate and clarify prohibitions on harassment and abuse, false or misleading representations, and unfair practices by debt collectors when collecting consumer debt. The rule focuses on debt collection communications and gives consumers more control over how often and through what means debt collectors can communicate with them regarding their debts. The rule also clarifies how the protections of the Fair Debt Collection Practices Act apply to newer communication technologies, such as email and text messages.

The rule—

- establishes a presumption on the number of calls debt collectors may place to reach consumers on a weekly basis. A debt collector is presumed to violate federal law if the debt collector places telephone calls to a particular person in connection with the

- collection of a particular debt more than seven times within seven consecutive days or within seven consecutive days of having had a telephone conversation about the debt
- clarifies how consumers may set limits on debt collection communications to reflect their preferences and the limits on communicating with third parties about a consumer's debt
 - requires debt collectors who communicate electronically to offer the consumer a reasonable and simple method to opt out of such communications at a specific email address or telephone number
 - provides that consumers may, if the debt collector communicates through a medium of electronic communications, use that medium of electronic communications to place a cease communication request or notify the debt collector that they refuse to pay the debt
 - clarifies that the FDCPA's general prohibition on harassing, oppressive, or abusive conduct applies to telephone calls as well as other communication media, such as email and text messages
 - provides examples demonstrating how the prohibition restricts emails and text messages
 - generally restates the FDCPA's prohibitions regarding false, deceptive, or misleading representations or means and unfair or unconscionable means

The final rule does contain provisions on disputes, and record retention, among other topics. It does not include a proposed safe harbor for debt collectors against claims that an attorney falsely represented the attorney's involvement in the preparation of a litigation submission. The Bureau intends to issue a second debt collection final rule focused on consumer disclosures and collection of time-barred debts in December 2020.

The rule, which is a complete revision and restatement of Bureau Regulation F (12 CFR Part 1006), will become effective one year after it is published in the Federal Register.

Source: CFPB

Noncash Payments Data From 2019 Payments Study

The Federal Reserve Board has [published detailed noncash payments data](#) from the 2019 Federal Reserve Payments Study (FRPS). Additional data, estimated from surveys covering 2012 through 2018, supplement the noncash payments overview provided by the top-line data released in December 2019.

The data includes new information about core noncash payments and some evolving areas of payments in the United States:

- The estimated number and value of checks for 2018 are revised to \$14.0 billion and \$26.8 trillion, respectively. As a result, the estimated decline in the number of checks from 2015 to 2018 is revised to 8.2 percent per year, steeper than the previously reported 7.2 percent per year decline. The estimated decline in the value of checks is revised to 2.8 percent per year, less steep than the previously reported 4.0 percent per year decline.
- Use of alternative payment methods and services continues to grow. For example, according to estimates from processors, the number of payments via person-to-person and money transfer services more than doubled from 2015 to 2018.

- Wire transfers originated by consumers grew at double-digit rates by both number and value from 2012 through 2018.

Source: FRB

NCUA Hosting Webinar on Payday Alternative Loans and Short-Term Lending

Credit unions interested in offering payday alternative loans or other forms of short-term lending can get valuable advice from an upcoming webinar hosted by the National Credit Union Administration. The information presented in the November 16 webinar reinforces the NCUA's commitment to expand the availability of safe and affordable credit to meet the needs of diverse and underserved communities as part of NCUA's financial inclusion initiative, ACCESS: Advancing Communities through Credit, Education, Stability, and Support.

[Registration for the Nov. 16 webinar, "PALs and Short-Term Lending," is now open.](#) It is scheduled to begin at 3 p.m. Eastern and run approximately 60 minutes. Participants will be able to log into the webinar and view it on their computers or mobile devices using the registration link. They should allow popups from this website.

Source: NCUA

Cuban Assets Control Regs Amended

OFAC has [amended the Cuban Assets Control Regulations](#) (CACR) to further implement parts of the president's foreign policy toward Cuba. The changes are meant to deny the Cuban government access to funds in connection with remittances to Cuba. The rule was published in the October 27, 2020, Federal Register, and will be effective 30 days later, on November 26, 2020.

[OFAC's announcement](#) also includes links to 10 FAQ updates and one new FAQ related to the CCAR.

Source: CFPB

Webinar: COVID-19 Related Money-Laundering and Terrorism-Financing Risks

Thursday, November 19, 9:00 a.m. U.S. Central Standard Time (CST)

This is the second in a series of bimonthly webinars hosted by World Council of Credit Unions' (WOCCU) [COVID-19 Response Committee](#).

The COVID-19 pandemic has led to unprecedented global challenges, human suffering and economic disruption. This webinar will feature representatives from the Financial Action Task Force (FATF), the independent inter-governmental body recognized for setting global standards for anti-money laundering (AML) and counter-terrorist financing (CFT) responsibilities, World Council of Credit Unions, and AML Rightsource, a firm solely focused on helping financial institutions find Anti-Money Laundering (AML)/Bank Secrecy Act (BSA) and financial crimes compliance solutions.

The webinar will feature presentations on:

- **The challenges, good practices and policy responses to new money laundering and terrorist financing threats and vulnerabilities arising from the COVID-19 crisis**, by Shana Krishnan, Policy Analyst, [Financial Action Task Force](#) (FATF).
- **How credit unions and other cooperative financial institutions must advocate for proportional treatment on AML/CFT regulations**, with Andrew Price, WOCCU Senior Vice President of Advocacy and John Byrne, Esq., CAMS, Executive Vice President, Chairman [AML RightSource](#) Advisory Board.

[Registration for the virtual November 19 webinar is available now!](#)

Source: Presented by: [World Council of Credit Unions](#) (WOCCU)

Proposal to Codify Regulatory Guidance Statement

In a [joint press release](#), the OCC, Federal Reserve Board, FDIC, NCUA, and CFPB have invited public comment on a [proposed rule](#) outlining and confirming the agencies' use of supervisory guidance for regulated institutions. The proposal would codify the statement, as amended, that was issued in September 2018 by the agencies to clarify the differences between regulations and guidance.

Comments on the proposal will be accepted for 60 days following its publication in the Federal Register.

Source: CFPB

Articles of Interest

- [Consumer Compliance Outlook](#)
- [WEBINAR: The COVID-19 Crisis and the Role of Community Finance in Recovery \(11/20/20\)](#)
- [The coin conundrum: Why coins are still scarce and how it affects consumers](#)
- [Credit Union Women Find the “Power of I Am” at Executive Readiness Summit](#)
- [Filene Researcher Warns of Perils of Disengaged Voters](#)

CUNA's Advocacy Resources:

- [Happenings in Washington](#)
- [CUNA Advocacy Issues - COVID-19](#)

WOCCU Advocacy Resources:

- [Telegraph](#)
- [Advocate Blog](#)

Compliance Calendar

- November 11th, 2020: Veterans Day - Federal Holiday
- November 26th, 2020: Thanksgiving Day - Federal Holiday
- November 26th, 2020: **OFAC – Cuban Assets Control Regulations**
- December 25th, 2020: Christmas Day - Federal Holiday
- January 1st, 2021: **Annual Updates**