



June 14, 2024

The Honorable Rohit Chopra
Director
Consumer Financial Protection Bureau
1700 G Street, N.W.
Washington, D.C. 20552

Re: Request for Extension on Compliance with BNPL Interpretive Rule

Dear Director Chopra:

The Financial Technology Association respectfully requests a 60-day extension of the compliance deadline to the CFPB’s interpretive rule regarding the application of certain sections of the Truth in Lending Act (“TILA”) and Regulation Z to the use of digital user accounts to access Buy Now, Pay Later (“BNPL”) loans (“Interpretive Rule”).¹ The Interpretive Rule raises substantial questions, and the BNPL industry needs more time to fully understand and digest the Interpretive Rule.

The Interpretive Rule states that digital user accounts fall within the TILA/Regulation Z definition of “credit card,” notwithstanding that such digital user accounts cannot access an open-end line of credit, and therefore issuers of such accounts are “card issuers” under the regulation. Any card issuer that extends either open-end credit or credit that is not subject to a finance charge and is not payable by written agreement in more than four installments (as is the typical BNPL product) is a creditor for purposes of Subpart B of Regulation Z. As such, a creditor would need to provide certain disclosures and implement certain procedures, including a billing dispute resolution process and refund procedures.

The Interpretive Rule raises complex issues regarding regulatory requirements that were designed for credit cards and other traditional open-end products. For example, the timing requirements for periodic statements do not reasonably fit within the shorter durations for BNPL products.

TILA directs the Bureau to apply, “by regulation,” the open-end requirements (Subpart B) to card issuers providing credit, whether or not the amount due is payable by agreement in more than four installments or the payment of a finance charge is or may be required, “to the extent appropriate.”² The Interpretive Rule does not meet this requirement in TILA because it does not provide guidance on how the various requirements in Subpart B—beyond what is expressly discussed in the Interpretive Rule—may apply to BNPL products “to the extent appropriate.” We urge the CFPB to

¹ Truth in Lending (Regulation Z), Use of Digital User Accounts to Access Buy Now, Pay Later Loans, 89 Fed. Reg. 47068 (May 31, 2024).

² 15 U.S.C. § 1602(g).



provide additional clarity on what provisions of Subpart B do or do not apply, and if so, in what manner, to BNPL products.

Additionally, and as alluded to in a few footnotes in the Interpretive Rule, the determination that providers of “digital user accounts” are card issuers has broader implications for other products offered and provided by these entities, beyond the BNPL products at issue in the Interpretive Rule. The BNPL industry needs additional time to understand these implications.

The BNPL industry always strives to fully comply with all of its legal and regulatory obligations, and we ask the CFPB to work with the industry to ensure that continues. More time, beyond the initial 60 days, is needed to fully understand how and what provisions of Subpart B may apply to BNPL products and more guidance from the CFPB is needed as well. In addition to our request for an extension of the compliance date, we ask for a 30-day extension of the comment period. This additional time will help ensure that the industry submits substantive, thoughtful questions and comments to assist in the rulemaking process. We respectfully request a response by June 24, 2024.

Sincerely,

A handwritten signature in black ink, appearing to read 'Penny Lee', is written over a light gray horizontal line.

Penny Lee
President and Chief Executive Officer
Financial Technology Association