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Consumer Protection Regulator Signals Increased Scrutiny of Payments Systems and Tech Companies



Through a series of recent public comments, top leadership from the Consumer Financial Protection Board ("CFPB") is warning that the agency is poised to play an increasingly affirmative role in the oversight of new payments systems, including the technologies and technology companies involved.

First, CFPB Director Rohit Chopra [told federal lawmakers](#) that "the desire of Big Tech to gain greater control over the flow of money in the economy raises a number of questions." Director Chopra's comments make clear that his agency is stepping up its regulatory scrutiny of large technology firms as well as more traditional participants in the consumer finance industry, such as banks and mortgage companies. Just days later, Director Chopra [issued a statement](#) reiterating his concerns about the role of large technology companies in consumer finance and further declaring that the CFPB is "actively monitoring" and preparing for a broader consumer adoption of cryptocurrencies. Commenting specifically on the [Report on Stablecoins](#) issued by the President's Working Group on Financial Markets, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation, Director Chopra stated that the use cases for stablecoins in retail payments, consumer deposits, stored value instruments, and others "trigger obligations under federal consumer financial protection laws," including the prohibition of unfair, deceptive, or abusive acts or practices. These comments and others by the CFPB lead many to conclude that a more aggressive enforcement approach across industries is likely to follow. As a starting point, Director Chopra indicated that the CFPB is examining the following questions regarding tech firms' role in real-time consumer payments:

- How will these firms harvest and monetize data they collect on consumer transactions?
- What criteria will the firms use to decide who is removed from the platform?
- How will they ensure that payment systems adhere to consumer protections?
- Will Big Tech giants have an incentive to impede the entry of new firms seeking to offer competitive products and services?

Director Chopra's statements come only a few weeks into his tenure and only days after the CFPB [issued orders](#) to large U.S. technology companies that offer payments products, demanding a litany of information so that the CFPB may "better understand how these firms use personal payments data and manage data access to users." The CFPB issued the orders under Section 1022(c)(4) of the Consumer Financial Protection Act, which empowers the agency to order participants in payments markets to provide information to help the CFPB monitor consumer risks. In addition, Director Chopra indicated that the agency also would scrutinize payment services of major Chinese tech companies. In these orders, the CFPB seeks information about, among other things:

- *Data harvesting and monetization.* These requests reflect the CFPB's concern that payment companies are sharing data across product lines and with third-party data brokers and may be using data for behavioral targeting.
- *Access restrictions and user choice.* The CFPB is further examining whether large-scale payment systems are limiting consumer choice and innovation by excluding certain business in an anticompetitive way.
- *Other consumer protections.* The orders also seek information generally about the extent to which payment platforms prioritize consumer protection under, for example, the Electronic Funds Transfer Act and the Gramm-Leach-Bliley Act.

The CFPB's recent orders and Director Chopra's pronouncements indicate that the CFPB will continue to closely monitor major technology companies' role in the payments industry and not hesitate to act. But large companies may not be the only firms to come under the CFPB's spotlight. As the CFPB's examination of the payments space continues and consumers increasingly adopt digital payment platforms and turn to stablecoins for making payments and conducting other financial transactions, more technology and payment companies may find themselves facing questions from the CFPB about how consumers are being protected. Stay tuned for more activity from the current CFPB, and in the meantime, companies in this space should consider proactive steps to ensure that their businesses are mitigating risks and complying with consumer financial protection laws.

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