

118TH CONGRESS
2D SESSION

H. R. 8628

To prohibit the Director of the Bureau of Consumer Financial Protection from issuing new rules or guidance relating to buy now pay later services until the Bureau and the Comptroller General of the United States each conduct a study on such services, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 5, 2024

Mr. DONALDS introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To prohibit the Director of the Bureau of Consumer Financial Protection from issuing new rules or guidance relating to buy now pay later services until the Bureau and the Comptroller General of the United States each conduct a study on such services, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Examining Consumer
5 Choice in Digital Payments Act”.

1 **SEC. 2. PROHIBITION ON ISSUING NEW RULES OR GUID-**
2 **ANCE RELATING TO BUY NOW PAY LATER**
3 **SERVICES UNTIL COMPLETION OF STUDIES.**

4 (a) IN GENERAL.—The Director of the Bureau of
5 Consumer Financial Protection may not issue any new
6 rule or guidance relating to buy now pay later services
7 until—

8 (1) after the reports required under subsections
9 (b)(2) and (c)(2) are submitted to the relevant con-
10 gressional committees; and

11 (2) the Bureau has considered the results of
12 such reports with respect to such new rule or guid-
13 ance.

14 (b) BUREAU STUDY AND REPORT.—

15 (1) IN GENERAL.—The Director of the Bureau
16 of Consumer Financial Protection shall conduct a
17 study on buy now pay later services to determine—

18 (A) the nature, size, and role of the enti-
19 ties offering buy now pay later services;

20 (B) the market share held by the primary
21 nonbank firms and financial institutions offer-
22 ing buy now pay later services;

23 (C) the demographics of consumers most
24 likely to utilize buy now pay later services and
25 for what purpose;

1 (D) the disclosures provided to consumers
2 regarding buy now pay later services, including
3 the accessibility and readability of such disclo-
4 sures;

5 (E) the benefits of buy now pay later serv-
6 ices, including—

7 (i) the flexibility of payment options;

8 (ii) the potential for increased pur-
9 chasing power; and

10 (iii) competitive product offerings;

11 (F) the risks of buy now pay later services,
12 including—

13 (i) potential for delinquencies and pro-
14 longed debt;

15 (ii) the ability of consumer reporting
16 agencies to accurately score buy now pay
17 later transactions; and

18 (iii) any unintended consequences for
19 reporting data on such services to con-
20 sumer reporting agencies;

21 (G) the prevalence of partnerships between
22 entities offering buy now pay later services and
23 traditional financial institutions and e-com-
24 merce platforms; and

1 (H) the potential for fraud in buy now pay
2 later services.

3 (2) REPORT.—Not later than 1 year after the
4 date of enactment of this Act, the Director of the
5 Bureau of Consumer Financial Protection shall sub-
6 mit to the relevant congressional committees a re-
7 port that includes the results of the study required
8 by paragraph (1).

9 (c) GAO STUDY AND REPORT.—The Comptroller
10 General of the United States shall—

11 (1) conduct a study on buy now pay later serv-
12 ices—

13 (A) to determine the information specified
14 in subparagraphs (A) through (H) of subsection
15 (b)(1); and

16 (B) that compares the specific features,
17 benefits, and risks of using such services to the
18 use of other products, including—

19 (i) overall debt accumulation;

20 (ii) the average interest rate charged
21 to consumers;

22 (iii) the range of interest rates
23 charged to consumers;

24 (iv) the amount and type of fees
25 charged to consumers annually;

1 (v) the clarity of legal disclosures as-
2 sociated with such use; and

3 (vi) consumer understanding of pay-
4 ment cycles and due dates; and

5 (2) not later than 1 year after the date of the
6 enactment of this Act, submit to the relevant con-
7 gressional committees a report that includes the re-
8 sults of the study required by paragraph (1).

9 (d) WITHDRAWAL OF INTERPRETIVE RULE.—The
10 Director of the Bureau of Consumer Financial Protection
11 shall withdraw the interpretive rule titled “Truth in
12 Lending (Regulation Z); Use of Digital User Accounts to
13 Access Buy Now, Pay Later Loans” (May 22, 2024), and
14 such interpretive rule shall have no force or effect.

15 (e) DEFINITIONS.—In this section:

16 (1) BUY NOW PAY LATER SERVICES.—The term
17 “buy now pay later services” means an alternative
18 payment method that allows consumers to pay for
19 purchases in up to 4 installments.

20 (2) RELEVANT CONGRESSIONAL COMMIT-
21 TEES.—The term “relevant congressional commit-
22 tees” means—

23 (A) the Committee on Financial Services
24 of the House of Representatives; and

1 (B) the Committee on Banking, Housing,
2 and Urban Affairs of the Senate.

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