

On September 12, 2013, the Consumer Financial Protection Bureau (“CFPB”) published a bulletin reminding employers that they may not require employees to receive wages on a payroll card. The bulletin also explains some of the federal consumer protections that apply to payroll cards, such as fee disclosure, access to account history, limited liability for unauthorized use, and error resolution rights. The CFPB issued the bulletin after receiving reports that employers, particularly in the retail and food service industries, were distributing wages solely through payroll cards. Federal law, however, prohibits employers from requiring that employees receive wages exclusively on a payroll card.

Payroll cards fall under CFPB’s jurisdiction under the Electronic Fund Transfer Act (“EFTA”) and Regulation E. Some employees receiving their wages on employer-sponsored payroll cards have complained of unexpected fees for activities such as ATM use, teller withdrawals, and checking the balance of a card. Federal law contains provisions specific to payroll cards that provide employees with certain consumer protections, including the following:

- **Disclosure of fees:** Payroll card holders are entitled to receive disclosures of any fees they incur for electronic transfers of funds to or from the card. The disclosures must be clear, in written form, and of a type that consumers may keep.
- **Access to account history:** The card issuer must either provide periodic statements or generally make cardholders’ account balances and 60-day account histories available. The cardholder must be permitted to determine the balance by phone and online and must also be able to obtain the account history in writing if requested. The account history must include information on any fees imposed for fund transfers.

Federal regulations also limit payroll cardholders’ liability for unauthorized use of their cards so long as the unauthorized use is reported within a certain period of time and also requires a financial institution to respond promptly to reports of payroll card account error.

Subject to limited exceptions, the CFPB has authority to enforce the EFTA and Regulation E against anyone who violates them, including employers and the financial institutions that issue payroll cards. CFPB also has supervisory authority over larger depository institutions engaged in, among other things, providing payroll cards.

Read the [CFPB’s bulletin](#).