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Washington, DC 20548

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June 17, 2024

The Honorable Sherrod Brown  
Chairman  
The Honorable Tim Scott  
Ranking Member  
Committee on Banking, Housing, and Urban Affairs  
United States Senate

The Honorable Patrick McHenry  
Chairman  
The Honorable Maxine Waters  
Ranking Member  
Committee on Financial Services  
House of Representatives

Subject: *Consumer Financial Protection Bureau: Truth in Lending (Regulation Z); Use of Digital User Accounts to Access Buy Now, Pay Later Loans*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Consumer Financial Protection Bureau (CFPB) entitled “Truth in Lending (Regulation Z); Use of Digital User Accounts to Access Buy Now, Pay Later Loans” (CFPB-2024-0017). We received the rule on May 28, 2024. It was published in the *Federal Register* as an interpretive rule on May 31, 2024. 89 Fed. Reg. 47068. The effective date of the rule is July 30, 2024.

The interpretive rule addresses the applicability of subpart B of Regulation Z to lenders that issue digital user accounts used to access credit, including to those lenders that market loans as “Buy Now, Pay Later.” This interpretive rule describes how these lenders meet the criteria for being “card issuers” for purposes of Regulation Z. According to CFPB, such lenders that extend credit are also “creditors” subject to subpart B of Regulation Z.

Enclosed is our assessment of CFPB’s compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact Charlie McKiver, Assistant General Counsel, at (202) 512-5992.

Shirley A. Jones  
Managing Associate General Counsel

Enclosure

cc: Edward J. Lovett  
Senior Congressional Liaison  
Consumer Financial Protection Bureau

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE  
ISSUED BY THE  
CONSUMER FINANCIAL PROTECTION BUREAU  
ENTITLED  
“TRUTH IN LENDING (REGULATION Z);  
USE OF DIGITAL USER ACCOUNTS TO ACCESS BUY NOW, PAY LATER LOANS”  
(CFPB-2024-0017)

(i) Cost-benefit analysis

In its submission to us, the Consumer Financial Protection Bureau (CFPB) indicated that it did not prepare an analysis of the costs and benefits of this interpretive rule.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603–605, 607, and 609

CFPB does not discuss RFA in this interpretive rule. In its submission to us, CFPB indicated that it did not certify that the rule would not have a significant economic impact on a substantial number of small entities under RFA, nor did it prepare a final Regulatory Flexibility Analysis under the Act.

(iii) Agency actions relevant to sections 202–205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532–1535

As an independent regulatory agency, CFPB is not subject to the Act.

(iv) Agency actions relevant to the Administrative Pay-As-You-Go-Act of 2023, Pub. L. No. 118-5, div. B, title III, 137 Stat 31 (June 3, 2023)

Section 270 of the Administrative Pay-As-You-Go-Act of 2023 amended 5 U.S.C. § 801(a)(2)(A) to require GAO to assess agency compliance with the Act, which establishes requirements for administrative actions that affect direct spending, in GAO’s major rule reports. In guidance to Executive Branch agencies, issued on September 1, 2023, the Office of Management and Budget (OMB) instructed that agencies should include a statement explaining that either: “the Act does not apply to this rule because it does not increase direct spending; the Act does not apply to this rule because it meets one of the Act’s exemptions (and specifying the relevant exemption); the OMB Director granted a waiver of the Act’s requirements pursuant to section 265(a)(1) or (2) of the Act; or the agency has submitted a notice or written opinion to the OMB Director as required by section 263(a) or (b) of the Act” in their submissions of rules to GAO under the Congressional Review Act. OMB, *Memorandum for the Heads of Executive Departments and Agencies*, Subject: Guidance for Implementation of the Administrative Pay-As-You-Go Act of 2023, M-23-21 (Sept. 1, 2023), at 11–12. OMB also states that directives in the memorandum that supplement the requirements in the Act do not apply to proposed rules that have already been submitted to the Office of Information and Regulatory Affairs (OIRA), however agencies must comply with any applicable requirements of the Act before finalizing such rules.

As an independent regulatory agency, CFPB is not subject to the Act.

(v) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq*

CFPB did not discuss prior rulemaking proceedings in this interpretive rule.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501–3520

CFPB determined that this interpretive rule contains no information collection requirements under the Act.

Statutory authorization for the rule

CFPB promulgated this interpretive rule pursuant to section 1022(b)(1) of the Consumer Financial Protection Act of 2010. 12 U.S.C. § 5512(b)(1).

Executive Order No. 12866 (Regulatory Planning and Review)

CFPB determined that this interpretive rule is economically significant under the Order and submitted it to OIRA for review.

Executive Order No. 13132 (Federalism)

As an independent regulatory agency, CFPB is not subject to the Order.