



**Innovative Payments Association**

110 Chestnut Ridge Road

Suite 111

Montvale, NJ 07645

January 27, 2021

The Honorable Jerry Klein  
Chairman  
Industry, Business and Labor Standing Committee  
North Dakota State Senate  
P.O. Box 265  
Fessenden, ND 58438-0265

**RE: IPA Opposition – [SB 2048](#)**

Dear Chairman Klein,

The Innovative Payments Association (“IPA”)<sup>1</sup> is writing today to express our concerns with provisions of SB 2048 (or “the bill”). The IPA appreciates the opportunity to discuss our concerns with SB 2048 with the goal of having a dialogue with you and your staff.

The IPA is concerned about the potential unintended consequences of Section 47-30.2-04 (201) of SB 2048, which would deem payroll cards as presumed abandoned one-year after the amount becomes payable, essentially treating such products as compensation as opposed to treating them as asset accounts, such as demand deposit accounts (DDA), which are presumed abandoned after five years under the bill. These time periods and the disparate treatment of payroll card accounts and DDAs are inconsistent with the Revised Uniform Unclaimed Property Act (RUUPA)<sup>2</sup>, which was introduced by the Uniform Law Commission in 2016 and correctly treats payroll accounts the same as other consumer asset accounts for escheatment purposes. Specifically, Section 201 of RUUPA establishes that, “a payroll card or demand, savings, or time deposit, including a deposit that is automatically renewable, [shall be presumed abandoned] three years after the maturity of the deposit.” RUUPA serves as a model act for drafting state unclaimed property laws and has been adopted either wholly or in some form by numerous states. The importance of treating payroll accounts the same as other asset accounts and not as compensation is that treating these services as compensation would, among other things, harm North Dakota residents by requiring providers to escheat funds that a consumer may actively be using or holding for savings to the state.

Over 5.9 million Americans use payroll card accounts to receive their wage payments. Payroll card accounts are non-traditional deposit accounts, held at a financial institution, that allow employees without traditional bank accounts and those with limited access to traditional financial services to

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<sup>1</sup>The IPA is a trade organization that serves as the leading voice of the electronic payments sector, including prepaid products, mobile wallets, and person-to-person (P2P) technology for consumers, businesses and governments at all levels. The IPA’s goal is to encourage efficient use of electronic payments, cultivate financial inclusion through educating and empowering consumers, represent the industry before legislative and regulatory bodies, and provide thought leadership. The comments made in this letter do not necessarily represent the position of all members of the IPA.

<sup>2</sup> <https://www.uniformlaws.org/HigherLogic/System/DownloadDocumentFile.ashx?DocumentFileKey=2b59cc67-dc0e-262b-db15-8189cbe6e0ec&forceDialog=0>



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enjoy the convenience and security that their coworkers experience with direct deposit. Without payroll card accounts, many underserved workers are forced to operate outside of the financial mainstream and are unable to enjoy the benefits of electronic wage payment. Thus, because payroll card accounts are distinct from wages or checks, they should not be treated in the same manner as wages or checks under unclaimed property regulations. For example, a North Dakotan who works as a seasonal worker in order to earn and save extra income and chooses to be receive their wages onto a payroll card. This type of legislation would deplete their way of saving extra income during difficult time – such as the health crisis we are facing currently – and unfairly punish them for choosing to receive their wages on a payroll card.

Many people without access to payroll card accounts turn to comparably more expensive services such as a check cashing business to access their wages. These people then incur additional expense and time in order to perform the most basic financial tasks such as paying bills, a process that often requires them to first purchase money orders. By contrast, payroll card accounts provide employees with electronic payment options that are not available to unbanked individuals, such as online bill payment, online shopping, the ability to reserve a hotel room and more. Moreover, payroll card accounts provide employees with prompt access to full wages on payday even when the employee is away from the workplace or in situations where normal delivery of paper paychecks is disrupted (e.g., severe weather conditions and natural disasters).

It is also worth noting that, because payroll card accounts operate in the same manner as consumer asset accounts, payroll card accounts offer workers the same benefits and protections that apply to traditional bank accounts today and have done so since 2006.<sup>3</sup> In particular, payroll card accounts are classified as “Accounts” under the Electronic Fund Transfer Act and Regulation E. This means that payroll card accounts are subject to numerous consumer protection requirements including the provision of: (i) account opening disclosures; (ii) limited liability for unauthorized transactions and error resolution (including provisional credit); and (iii) transaction histories and statements to consumers.

In addition to the benefits and consumer protections that payroll card accounts offer consumers, the ability to pay employees electronically provides benefits to employers as well. Specifically, payroll card accounts allow employers to deliver wages in a timely manner to all employees, including those who do not participate in direct deposit. This is true even when employees are away from the workplace and, as noted above, during periods of severe weather and natural disasters, when mail and in-person delivery can be impeded, delayed, or impossible. Payroll card accounts also allow employers to enjoy administrative efficiencies and, in many instances, cost savings.

In light of this structure, payroll card accounts are more closely aligned with other consumer deposit accounts, and consumers would expect unclaimed property rules for payroll card accounts

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<sup>3</sup> <https://www.fdic.gov/analysis/household-survey/2017/2017execsumm.pdf>



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to mirror the rules for other deposit accounts. The IPA would welcome the opportunity to work with you and your staff to expeditiously address these concerns and ensure that North Dakotans continue to be offered strong consumer protections and the ability to access funds through the safety and convenience that payroll card accounts offer.

The IPA again appreciates the opportunity to share our views and concerns. If you have any questions or wish to discuss any issues, please contact me directly at [btate@ipa.org](mailto:btate@ipa.org).

Sincerely,

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Brian Tate  
President and CEO  
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