



Innovative Payments Association

110 Chestnut Ridge Road

Suite 111

Montvale, NJ 07645

June 14, 2021

The Honorable Nellie Pou
Chair
Commerce Committee
New Jersey Senate
100 Hamilton Plaza
Suite 1405
Paterson, NJ 07505

RE: The IPA opposes SB 3498

Dear Senator Pou,

The Innovative Payments Association (“IPA”)¹ is writing today to express our concerns with SB 3498. The IPA believes that the bill in its current form would be harmful to consumers, businesses, and the merchants who play a vital role in the local economy, and the overall economy in the state of New Jersey.

Gift cards are enormously popular, legal, and highly regulated. It is important to note that there are several diverse parties involved in bringing gift card products to market, including: federally regulated banks or licensed money services businesses, program managers, retailers and other third parties that distribute cards to businesses and consumers. In each case, the parties involved in providing a prepaid account program must adhere to federal requirements applicable to gift cards under the CARD Act and strict federal anti-money laundering regulations.

In light of the existing protections already in place, the IPA believes the limitations aimed at combating gift card fraud in the bill would be harmful to New Jerseyans. Specifically, the provisions which place unnecessary restrictions on the use or validation of gift cards worth more than \$100 for 48 hours following its purchase, the requirement that issuers immediately freeze the funds on a gift card upon receiving a report of fraud, and the requirement to provide a full refund to the purchaser after 48 hours of the purchase or issuance of the gift card if fraud is reported by the purchaser, as outlined in SB 3498, could ultimately harm New Jerseyans by discouraging gift card providers to issue and sell such cards in the state. In addition, a 48-hour restriction defeats the purpose of having a gift card as it is provided to a recipient to allow them to go out and get what they want/need immediately. Thus, the bill has the potential to negatively alter the market for a product that is legal to purchase in all fifty states and is federally regulated ([CARD Act](#)).

¹ 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.



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The IPA and our members regularly work with policymakers, regulators, law enforcement, and merchants to identify, mitigate, and resolve consumer related issues. Our members actively share intelligence on threats and bad actors with law enforcement and each other. The payments industry recognizes that fraud harms consumers and continually works to increase security.

IPA's members share your concerns about fraud and want to ensure that New Jersey consumers are protected. Federal anti-money laundering and fraud laws strike a balance that ensures criminals cannot take advantage of our nation's state-of-the-art financial system while not inadvertently limiting access to or stigmatizing a legal, highly regulated financial product. Of course, there's always more that could be done, and fraudsters are constantly changing their methods and approaches. We would welcome the opportunity to work with you and your staff on ways to protect consumers and allow gift card providers to continue to provide a safe and popular product in New Jersey.

In closing, we encourage you and your colleagues not to move forward with the bill for the benefit of all New Jersey consumers. The IPA appreciates the opportunity to share our views on this bill. If you have any questions or wish to discuss any issues, please contact me directly at btate@ipa.org.

Sincerely,

Brian Tate
President and CEO
IPA

Cc: Members of the Senate Commerce Committee