

105TH CONGRESS
1ST SESSION

H. R. 2234

To amend the Electronic Fund Transfer Act to eliminate confusion about consumer liability for unauthorized transactions involving debit cards that can be used like credit cards, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 23, 1997

Mr. SCHUMER (for himself and Mr. GONZALEZ) introduced the following bill;
which was referred to the Committee on Banking and Financial Services

A BILL

To amend the Electronic Fund Transfer Act to eliminate confusion about consumer liability for unauthorized transactions involving debit cards that can be used like credit cards, 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 “Dual-Use Debit Card-
5 holder Protection Act of 1997”.

1 **SEC. 2. CONSUMER LIABILITY FOR CERTAIN UNAUTHOR-**
2 **IZED USES OF A DUAL-USE DEBIT CARD.**

3 (a) IN GENERAL.—Section 909 of the Electronic
4 Fund Transfer Act (15 U.S.C. 1693g) is amended—

5 (1) by redesignating subsections (d) and (e) as
6 subsections (f) and (g), respectively; and

7 (2) by inserting after subsection (c) the follow-
8 ing new subsections:

9 “(d) USE OF CARD TO INITIATE TRANSACTIONS
10 WITHOUT A CODE OR OTHER UNIQUE IDENTIFIER.—

11 “(1) IN GENERAL.—If—

12 “(A) an unauthorized electronic fund
13 transfer is initiated by the use of a card which
14 has been issued to a consumer as a means of
15 access to the consumer’s account for the pur-
16 pose of initiating an electronic fund transfer;
17 and

18 “(B) the use of the card to initiate an elec-
19 tronic fund transfer does not require the use of
20 a code or other unique identifier, such as a fin-
21 gerprint or retina scan,

22 the liability of the consumer for such unauthorized
23 transfer shall be determined under section 133 of
24 this Act as if the electronic fund transfer were an
25 extension of credit.

1 “(2) SIGNATURE NOT TREATED AS UNIQUE
2 IDENTIFIER.—A signature shall not be treated as a
3 unique identifier for purposes of this subsection.

4 “(e) NOTICE OF LIABILITY AND RESPONSIBILITY TO
5 REPORT LOSS OF CARD, CODE, OR OTHER MEANS OF AC-
6 CESS.—No consumer shall be liable under this title for any
7 unauthorized electronic fund transfer unless the consumer
8 has received the notice required under section 905(a)(1),
9 and any subsequent notice required under section 905(b)
10 with regard to any change in the information which is the
11 subject of the notice required under section 905(a)(1), in
12 a timely manner.”.

13 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

14 (1) SECTION 905.—Section 905(a)(1) of the
15 Electronic Fund Transfer Act (15 U.S.C.
16 1693c(a)(1)) is amended to read as follows:

17 “(1) the liability of the consumer for any unau-
18 thorized electronic fund transfer and the importance
19 of promptly reporting any loss, theft, or unauthor-
20 ized use of a card, code, or other means of access
21 for reducing the liability of the consumer for any
22 such unauthorized transfer;”.

23 (2) SECTION 909.—Section 909(c) of the Elec-
24 tronic Fund Transfer Act (15 U.S.C. 1693g(c)) is
25 amended by striking “in accordance with this sec-

1 tion” and inserting “in accordance with section 133
2 of this Act”.

3 **SEC. 3. VALIDATION REQUIREMENT FOR DUAL-USE DEBIT**
4 **CARDS.**

5 (a) IN GENERAL.—Section 911 of the Electronic
6 Fund Transfer Act (15 U.S.C. 1693i) is amended—

7 (1) by redesignating subsection (c) as sub-
8 section (d); and

9 (2) by inserting after subsection (b) the follow-
10 ing new subsection:

11 “(c) VALIDATION REQUIREMENT.—In the case of a
12 card described in subsection (a) the use of which, to initi-
13 ate any electronic fund transaction, does not require the
14 use of a code or other unique identifier (such as a finger-
15 print or retina scan), such card may be distributed to a
16 consumer only if the requirements of paragraphs (1), (2),
17 (3), and (4) of subsection (b) are met.

18 (b) TECHNICAL AND CONFORMING AMENDMENT.—
19 Subsection (d) of section 911 of the Electronic Fund
20 Transfer Act (as so redesignated under subsection (a)(1)
21 of this section) is amended by striking “For the purpose
22 of subsection (b)” and inserting “For the purposes of sub-
23 sections (b) and (c)”.

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