

105TH CONGRESS  
1ST SESSION

# S. 1154

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

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 9, 1997

Mr. REED introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To amend the Electronic Fund Transfer Act to clarify 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 (b) through (e)  
 6 as subsections (d) through (g), respectively;

7 (2) in subsection (a)—

8 (A) by redesignating paragraphs (1) and  
 9 (2) as subparagraphs (A) and (B), respectively,  
 10 and indenting appropriately;

11 (B) by inserting “CARDS NECESSITATING  
 12 UNIQUE IDENTIFIER.—

13 “(1) IN GENERAL.—” after “(a)”;

14 (C) by striking “other means of access can  
 15 be identified as the person authorized to use it,  
 16 such as by signature, photograph,” and insert-  
 17 ing “other means of access can be identified as  
 18 the person authorized to use it by a unique  
 19 identifier, such as a photograph, retina scan,”;  
 20 and

21 (D) by striking “Notwithstanding the fore-  
 22 going,” and inserting the following:

23 “(2) NOTIFICATION.—Notwithstanding para-  
 24 graph (1),”;

1           (3) by inserting before subsection (d), as so  
2           designated by this section, the following new sub-  
3           sections:

4           “(b) CARDS NOT NECESSITATING UNIQUE IDENTI-  
5 FIER.—A consumer shall be liable for an unauthorized  
6 electronic fund transfer only if—

7           “(1) the liability is not in excess of \$50;

8           “(2) the unauthorized electronic fund transfer  
9           is initiated by the use of a card that has been prop-  
10          erly issued to a consumer other than the person  
11          making the unauthorized transfer as a means of ac-  
12          cess to the account of that consumer for the purpose  
13          of initiating an electronic fund transfer;

14          “(3) the unauthorized electronic fund transfer  
15          occurs before the card issuer has been notified that  
16          an unauthorized use of the card has occurred or may  
17          occur as the result of loss, theft, or otherwise; and

18          “(4) such unauthorized electronic fund transfer  
19          did not require the use of a code or other unique  
20          identifier (other than a signature), such as a photo-  
21          graph, fingerprint, or retina scan.

22          “(c) NOTICE OF LIABILITY AND RESPONSIBILITY TO  
23 REPORT LOSS OF CARD, CODE, OR OTHER MEANS OF AC-  
24 CESS.—No consumer shall be liable under this title for any  
25 unauthorized electronic fund transfer unless the consumer

1 has received in a timely manner the notice required under  
 2 section 905(a)(1), and any subsequent notice required  
 3 under section 905(b) with regard to any change in the  
 4 information which is the subject of the notice required  
 5 under section 905(a)(1).”.

6 (b) CONFORMING AMENDMENT.—Section 905(a)(1)  
 7 of the Electronic Fund Transfer Act (15 U.S.C.  
 8 1693c(a)(1)) is amended to read as follows:

9 “(1) the liability of the consumer for any unau-  
 10 thorized electronic fund transfer and the require-  
 11 ment for promptly reporting any loss, theft, or unau-  
 12 thorized use of a card, code, or other means of ac-  
 13 cess in order to limit the liability of the consumer  
 14 for any such unauthorized transfer;”.

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

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

19 (1) by redesignating subsection (c) as sub-  
 20 section (d); and

21 (2) by inserting after subsection (b) the follow-  
 22 ing new subsection:

23 “(c) VALIDATION REQUIREMENT.—No person may  
 24 issue a card described in subsection (a), the use of which  
 25 to initiate an electronic fund transfer does not require the

1 use of a code or other unique identifier other than a signa-  
 2 ture (such as a fingerprint or retina scan), unless—

3 “(1) the requirements of paragraphs (1)  
 4 through (4) of subsection (b) are met; and

5 “(2) the issuer has provided to the consumer a  
 6 clear and conspicuous disclosure that use of the card  
 7 may not require the use of such code or other unique  
 8 identifier.”.

9 (b) TECHNICAL AND CONFORMING AMENDMENT.—  
 10 Section 911(d) of the Electronic Fund Transfer Act (15  
 11 U.S.C. 1993i(d)) (as redesignated by subsection (a)(1) of  
 12 this section) is amended by striking “For the purpose of  
 13 subsection (b)” and inserting “For purposes of sub-  
 14 sections (b) and (c)”.

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