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The Future of Digital Consumer Payment Applications: CFPB's Proposed Larger Participant Rule

The Consumer Finance Podcast

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In this special joint episode of *Payments Pros* and *The Consumer Finance Podcast*, Carlin McCrory, Keith Barnett, James Kim, and Chris Willis discuss the Consumer Financial Protection Bureau's (CFPB) proposed larger participant rule for consumer payments providers.

The rule is designed to supervise general use digital consumer payment applications, defining a market for these applications and subjecting participants to CFPB supervision and examination under the Consumer Financial Protection Act. Proposed on November 7, the rule targets nonbanks that provide general use digital consumer payment applications with an annual volume of at least 5 million consumer payment transactions. The CFPB plans to aggregate transactions among affiliated companies, and any nonbank covered person will be considered a larger participant for two years from the first day of the tax year in which they last met the larger participant test.

The group also discusses the implications of the rule, including the potential for increased enforcement activity and the broad scope of the rule. The rule is expected to be finalized and become effective around fall 2024, with examinations likely to begin in early 2025.

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