

[DISCUSSION DRAFT]

118TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

To prohibit the Director of the Bureau of Consumer Financial Protection from issuing new rules relating to buy now pay later services until the Bureau and the Comptroller General of the United States each conduct a study on such services, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

M\_\_\_\_. \_\_\_\_\_ introduced the following bill; which was referred to the  
Committee on \_\_\_\_\_

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**A BILL**

To prohibit the Director of the Bureau of Consumer Financial Protection from issuing new rules relating to buy now pay later services until the Bureau and the Comptroller General of the United States each conduct a study on such services, 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 “Examining Consumer  
5 Choice in Digital Payments Act”.

1 **SEC. 2. PROHIBITION ON ISSUING NEW RULES RELATING**  
2 **TO BUY NOW PAY LATER SERVICES UNTIL**  
3 **COMPLETION OF STUDIES.**

4 (a) IN GENERAL.—The Director of the Bureau of  
5 Consumer Financial Protection may not issue any new  
6 rule relating to buy now pay later services until—

7 (1) after the reports required under subsections

8 (b)(2) and (c)(2) are submitted to the relevant con-  
9 gressional committees; and

10 (2) the Bureau has considered the results of  
11 such reports with respect to such new rule.

12 (b) BUREAU STUDY AND REPORT.—

13 (1) IN GENERAL.—The Director of the Bureau  
14 of Consumer Financial Protection shall conduct a  
15 study on buy now pay later services to determine—

16 (A) the nature, size, and role of the enti-  
17 ties offering buy now pay later services;

18 (B) the market share held by the primary  
19 nonbank firms and financial institutions offer-  
20 ing buy now pay later services;

21 (C) the demographics of consumers most  
22 likely to utilize buy now pay later services and  
23 for what purpose;

24 (D) the disclosures provided to consumers  
25 regarding buy now pay later services, including

1 the accessibility and readability of such dislo-  
2 sures;

3 (E) the benefits of buy now pay later serv-  
4 ices, including—

5 (i) the flexibility of payment options;

6 (ii) the potential for increased pur-  
7 chasing power; and

8 (iii) competitive product offerings;

9 (F) the risks of buy now pay later services,  
10 including—

11 (i) potential for delinquencies and pro-  
12 longed debt;

13 (ii) the ability of consumer reporting  
14 agencies to accurately score buy now pay  
15 later transactions; and

16 (iii) any unintended consequences for  
17 reporting data on such services to con-  
18 sumer reporting agencies;

19 (G) the prevalence of partnerships between  
20 entities offering buy now pay later services and  
21 traditional financial institutions and e-com-  
22 merce platforms; and

23 (H) the potential for fraud in buy now pay  
24 later services.

1           (2) REPORT.—Not later than 1 year after the  
2           date of enactment of this Act, the Director of the  
3           Bureau of Consumer Financial Protection shall sub-  
4           mit to the relevant congressional committees a re-  
5           port that includes the results of the study required  
6           by paragraph (1).

7           (c) GAO STUDY AND REPORT.—The Comptroller  
8           General of the United States shall—

9           (1) conduct a study on buy now pay later serv-  
10          ices—

11                   (A) to determine the information specified  
12                   in subparagraphs (A) through (H) of subsection  
13                   (b)(1); and

14                   (B) that compares the specific features,  
15                   benefits, and risks of using such services to the  
16                   use of other products, including—

17                           (i) overall debt accumulation;

18                           (ii) the average interest rate charged  
19                           to consumers;

20                           (iii) the range of interest rates  
21                           charged to consumers;

22                           (iv) the amount and type of fees  
23                           charged to consumers annually;

24                           (v) the clarity of legal disclosures as-  
25                           sociated with such use; and

1 (vi) consumer understanding of pay-  
2 ment cycles and due dates; and

3 (2) not later than 1 year after the date of the  
4 enactment of this Act, submit to the relevant con-  
5 gressional committees a report that includes the re-  
6 sults of the study required by paragraph (1).

7 (d) DEFINITIONS.—In this section:

8 (1) BUY NOW PAY LATER SERVICES.—The term  
9 “buy now pay later services” means an alternative  
10 payment method that allows consumers to pay for  
11 purchases in up to 4 installments.

12 (2) RELEVANT CONGRESSIONAL COMMIT-  
13 TEES.—The term “relevant congressional commit-  
14 tees” means—

15 (A) the Committee on Financial Services  
16 of the House of Representatives; and

17 (B) the Committee on Banking, Housing,  
18 and Urban Affairs of the Senate.