



UDAAP

Training Material for FinTech Employees

Objectives

Your FinTech company is probably not a regulated Bank itself...BUT you are the “front-end” for financial services sold to customers which are also the customers of your partner bank*. Your interacting with customers results in your responsibility for compliance with the Unfair Deceptive or Abusive Acts & Practices.

The objectives of this material are to:

- Describe the background of UDAAP
- Help recognize what makes a practice unfair, deceptive or abusive
- Provide proactive steps to help avoid UDAAP claims

*Unless your FinTech operates as a state-licensed lender without a partner bank

NOTE: this material is not a substitute for professional legal advice

Simplified History of UDAAP

1938	Congress adds the prohibition of Unfair Deceptive Acts & Practices (UDAP) to the Federal Trade Act and gives power to the Federal Trade Commission to enforce against businesses <i>except against Banks</i> .
2000	Bank regulators start enforcing UDAP against Banks.
2010	The Dodd Frank Act adds the definition of “Abusive”, turning UDAP into UDA <u>A</u> P, and: <ul style="list-style-type: none">• Creates specific unfair, deceptive and abusive acts and practices rule for banks.• Gives the Bureau of Consumer Financial Protection Bureau (BCFP, or Bureau, formerly CFPB) rule-writing authority.• Gives states the right to enforce UDAAP claims.

Consumer versus Business Services

Business Accounts & Services	Consumer Accounts & Services
UDAP applies to both consumer and commercial customers, and is enforced by the Federal Reserve, the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation.	UDAAP applies only to consumer transactions and is enforced by the Bureau and state Attorney Generals.
← Common FTC origin. Principles are the same →	

FinTech Has 1st-Line Role



Customers

- Receive Solicitations
- Choose
- Sign up
- Use



FinTech



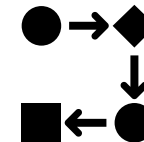
- Create Product
- Advertise & Sell
- Operate
- Support



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Bank*



* Unless FinTech is a state-licensed lender and does not use a partner bank

Contact us at info@finstrides.com
for more...