



# Regulation E Revisions: Handling Overdrafts Created by EFTs

March 29, 2010, 12:30 - 2:30 p.m. (MDT)



Compliance is mandatory July 1. Planning and implementation will be time consuming, and thoughtful implementation may help preserve fee income. This program reviews disclosure requirements, model forms, opt-in programs, and more.

Revisions to Regulation E prohibit financial institutions from imposing an "overdraft" fee on ATM and one time debit card transactions that overdraw a consumer's account unless the consumer has "opted in" to the service. Compliance with the regulation is mandatory on July 1, 2010.

Implementation requires banks to develop an "opt - in" program that complies with the regulation if they expect to charge overdraft fees in these circumstances. Banks that have no disclosed overdraft program and who do not typically approve debit card transactions when there is a negative balance are also affected. Banks will be able to offer the option to new customers at account inception, but they will be required to contact existing customers. A customer's silence will not be the equivalent of consent.

**This program was first offered on January 19** and got great reviews. This will be a new presentation. Attendees will undoubtedly ask different questions, and any subsequent FRB announcements will be incorporated, but the materials and speakers' comments will not be significantly different. **If you attended the earlier session we are not suggesting you attend this session too.**

### Why Participate?

The handling of items presented against insufficient funds and the fees that banks impose have been hot political issues for several years. Compliance will be actively reviewed in on-site examinations. Planning and implementation will be time consuming and thoughtful implementation may help preserve the bank's fee income.

### Highlights

- Current Regulation DD disclosure requirements regarding overdrafts
- New disclosure requirements under Regulation E
- Model forms
- Communications with new vs. existing customers
- Running an opt - in program
- Written confirmations
- Should we defer compliance until the mandatory date?

### Presenters

**Ken Gollhofer** is a principal with Pegasus Educational Services, LLC, a training firm headquartered in Louisville, Kentucky. Prior to becoming a full time trainer, he was a community banker and then the General Counsel for a regional consulting firm for financial institutions.

**Tuck Ackerman** is a consultant who has served more than 7 years as the Director of Regulatory Compliance for a third party provider that specializes in ODP programs and software. Prior banking experience was obtained during his 24 year career as an FDIC examiner where he conducted numerous training programs for both the FDIC and FFIEC.

### Audience

The program is designed for compliance officers and auditors responsible for designing or evaluating their bank's efforts to comply with federal consumer protection laws. Because the subject matter involves operational considerations as well, it is essential that operations personnel also become familiar with these requirements.

*CE Applied: 2.5 hrs. CRCE/CFSSP with the Institute of Certified Bankers*

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**SW2-1257**

### Regulation E Revisions:

**March 29, 2010**

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