

How to Use This Manual

This manual is a compliance guide to the laws, regulations, and agency issuances that apply to electronic fund transfers. It explains the features of the various products and services and important aspects of, and issues related to, their development. It provides practical checklists and examination procedures compiled from the experience of the author and from guidance published by the federal agencies that regulate financial institutions. The checklists and procedures are in a format financial institutions can use to audit their own compliance with the applicable laws and regulations. The book also explains the relevant laws, regulations, and agency guidance. As the environment changes, regular updates will keep the reader advised of new developments.

Electronic fund transfers touch everyone in many ways. Automated teller machines are ubiquitous — they are found in airports, resorts, grocery stores, video rental stores, and, of course, the local bank branch and free-standing kiosks. Consumers are conducting banking transactions by telephone, television, and home computer. Electronic point-of-sale is everywhere, and we are invited to use electronic means of payment at the pumps of gasoline service stations, the checkout counters of grocery stores, Web sites, and many other retail establishments. Many social service and retirement benefits, including welfare payments and food stamps, are distributed electronically.

Electronic Fund Transfers: Regulatory Compliance includes:

- Compliance checklists and examination procedures in every product chapter, compiled from the experience of the author and agency issuances.
- “Special Regulatory Points to Remember” to emphasize certain compliance matters of which financial institutions might not be aware.
- An introductory chapter that summarizes the electronic banking services and offers a history of their development.
- Individual chapters devoted to each electronic fund transfer product or service, from automated clearinghouse transactions to wire transfers, including home banking, smart cards, point-of-sale, payroll cards, automated teller machines, check truncation, and preauthorized credits and debits.
- Detailed discussion of the Electronic Fund Transfer Act and Regulation E, the most important federal statute and regulation affecting electronic banking services.
- Explanation of other regulatory schemes affecting electronic banking, such as the Federal Reserve Operating Circulars, Rules of the National Automated Clearing House Association, the Uniform Commercial Code, and federal banking agency issuances regarding privacy and security.
- A chapter detailing state compliance issues.

- A chapter devoted to security and privacy, including a detailed analysis of the privacy provisions of the Gramm-Leach-Bliley Act.

The world of electronic fund transfers has undergone incredible growth. The changes affecting the overall financial services environment both are driven by and will cause additional developments in electronic banking systems. The applicable laws and regulations are in a constant state of flux, sometimes quickly but more often gradually adapting to changes in technology.

The author is grateful to Donald I. Baker and Roland E. Brandel, the original authors of *The Law of Electronic Fund Transfer Systems*, for material used from that book.

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