

InfoSight Highlight

Electronic Funds Transfers – Regulation E

The CFPB's Regulation E implements the provisions of the Electronic Fund Transfers Act (EFTA). The EFTA establishes the basic rights, liabilities, and responsibilities of consumers who use electronic fund transfer services and of credit unions that offer these services.

The EFTA has two primary purposes:

1. to protect consumers by requiring credit unions to disclose all the terms and conditions surrounding an electronic fund transfer (EFT); **and**
2. to limit the liability of members for unauthorized transfers and establish procedures for the correction of billing errors.

What is an Electronic Fund Transfer (EFT)?

An EFT is any transfer of funds that is initiated through an electronic terminal, telephone, computer, or mobile device for the purpose of ordering, instructing or authorizing a credit union to debit or credit an account. Members may initiate an EFT by the use of electronic check conversion or an access device issued by the credit union. EFTs include, but are not limited to:

- point-of-sale (POS) transfers,
- automated teller machines (ATM) transfers,
- direct deposits or withdrawals of funds,
- transfers initiated by telephone
- electronic check conversion by merchants, **and**
- transfers resulting from debit card transactions (whether or not initiated through an electronic terminal).

There are, however, a number of transactions, which are not covered by Regulation E. For example, transfers of funds originated by checks/drafts, payments made by checks/ drafts at an electronic terminal, and substitute checks covered under Check 21 are not covered by Regulation E. Likewise, Regulation E does not cover wire transfers through Fedwire, automatic transfers by account-holding credit unions, and incidental telephone transfers that are not initiated under a prearranged plan that allows periodic or recurring transfers. There is also a small credit union exemption for preauthorized transfers to or from accounts held at an credit union with \$100 million or less in assets calculated based upon assets as of the preceding December 31.

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Compliance Videos

First Quarter 2017 Recap and Second Quarter Outlook

This [video](#) provides a recap from Glory LeDu, Director of League System Relations, of the first quarter compliance updates and gives a “sneak peek” of what is to come in the second quarter of 2017. Included are such topics as the NCUA changes to Member Business Lending, the Fixed Assets Rule and the Chartering and Field of Membership Manual as well as a minor revision to the CFPB's HMDA information. There were also annual updates from the CFPB, FRB and the IRS. The FFIEC has also updated the Uniform Interagency Consumer Compliance Rating System, which is mentioned in this video as well as covered in depth in a separate video.

For additional information, [click here for the topic](#).

Review the information today to help your credit union remain in compliance.

Compliance News

Treasury to end myRA program

The Treasury Department [announced](#) recently that it will start winding down its myRA program after a review determined that the program, created to help lower income earners start saving for retirement, was not cost effective. Nearly \$70 million has been spent to manage the program since 2014, and participation has been extremely low. Participants will be notified and advised to move their myRA funds to private sector retirement options.

Source: Treasury Department

FinCEN levies \$122M in money laundering fines

FinCEN has [announced](#) the assessment of civil money penalties in the amounts of \$110 million against BTC-e a/k/a Canton Business Corporation and \$12 million against Alexander Vinnik, for violations of the Bank Secrecy Act. BTC-e and Vinnik have been indicted in the Northern District of California for money laundering, conspiracy to commit money laundering, engaging in unlawful monetary transactions, and the operation of an unlicensed money transmitting business. The agency said that BTC-e operated a virtual currency exchange for facilitating ransomware and Dark Net drug sales. This was FinCEN's first enforcement action against a foreign-located MSB.

Source: FinCEN

OFAC adds Venezuelan president to SDN list

On Monday, July 31, 2017, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) designated the President of Venezuela, Nicolas Maduro Moros, pursuant to [Executive Order 13692](#), which authorizes sanctions against current or former officials of the

FFIEC Consumer Compliance

In this [video](#), Glory LeDu explains the updates made to the Uniform Interagency Consumer Compliance Rating System by the Federal Financial Institutions Examination Council (FFIEC), as well as the CFPB's requirements for an effective Consumer Compliance Management System. Credit unions should review this video to determine how their current compliance management system stacks up, as examiners will be using this rating system to evaluate credit unions on compliance factors and will be assigning an overall Consumer Compliance Rating.

Member Business Lending

[This video](#) provides the details you will need to know to comply with the NCUA's Member Business Lending rules.

Compliance Calendar

September, 2017

- September 4th, 2017: Labor Day - Federal Holiday
- September 15th, 2017: [Same-day ACH \(NACHA\)](#) –

Government of Venezuela and others undermining democracy in Venezuela. This means that all assets of Nicolas Maduro subject to U.S. jurisdiction are frozen, and U.S. persons are prohibited from dealing with him.

OFAC targets Venezuelan officials

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) recently designated 13 current or former senior officials of the Venezuelan Government pursuant to Executive Order (E.O.) 13692, which authorizes sanctions against officials of the Government of Venezuela and others undermining democracy there. The sanctions come ahead of the planned July 30, 2017, election orchestrated by Venezuelan President Nicolas Maduro of a National Constituent Assembly (Asamblea Nacional Constituyente, or ANC) that will have the power to rewrite the Venezuelan constitution and may choose to dissolve Venezuelan state institutions. For identification of the individuals sanctioned,

Source: OFAC

[Phase 2 of the implementation period for the rule.](#)

October, 2017

- October 3rd, 2017: [Military Lending Act for Credit Cards](#)
- October 9th, 2017: Columbus Day - Federal Holiday
- October 19th, 2017: [Amendments to the 2013 Mortgage Rules under the Real Estate Settlement Procedures Act - Regulation X and the Truth in Lending Act - Regulation Z](#)
- October 29th, 2017: [5300 Call Report Due to NCUA](#)

Advocacy Highlight

CUNA Sends Comments to Treasury Outlining Regulatory Burdens

CUNA Senior Director of Advocacy and Counsel Leah Dempsey, [sent a letter](#) to the U.S. Department of the Treasury (Treasury) outlining areas where regulatory burdens are harming the ability of credit unions to serve their members.

The Treasury's inquiry into this issue is in response to Executive Order 13771, Reducing Regulation and Controlling Regulatory Costs, which directs agencies to eliminate two regulations for each new regulation issued and to limit costs for this fiscal year to zero and Executive Order 13777, Enforcing the Regulatory Reform Agenda, which requires agencies to convene a regulatory reform task force to assist in the implementation of Executive Order 13771.

CUNA in its letter expressed concern with the overall cost of compliance for credit unions from CFPB rules. It stated that more appropriate tailoring of rules, and providing credit union exemptions when warranted in areas where credit unions have no pattern of harm to

November, 2017

- November 10th, 2017: Veterans' Day (Observed) - FRB will be open
- November 23rd, 2017: Thanksgiving Day - Federal Holiday

December, 2017

- December 25th, 2017: Christmas Day - Federal Holiday

January, 2018

consumers, would create a better operating environment for consumers. In the letter to treasury, we provided specific changes to CFPB rules and policymaking that would provide credit unions with greater ability to provide their safe and affordable products and services.

In the letter, CUNA also outlines a number of suggestions for the Treasury to find a better balance between BSA/AML requirements and costs to small financial institutions. The letter notes that credit unions are deeply committed to the fight against financial crime, but it is important to recognize that credit unions are not law enforcement agents and have certain fundamental limitations. It provides detailed suggestions on how costs can be reduced without limiting credit unions efforts to prevent criminal activity.

The letter also noted that the federal government should strongly support Community Development Credit Unions and the NCUA's Community Development Revolving Loan Fund. It argues that these programs are important for American consumers, including many who are financially distressed and underserved.

Additionally, the letter provides suggestions for Housing Finance reform, the Military Lending Act, and the Telephone Consumer Protection Act.

Earlier this year, credit union representatives and CUNA staff met with Treasury to outline areas where regulatory burdens are harming the ability of credit unions to serve their members. We will continue to urge the Treasury to engage with other regulators to improve the operating environment for credit unions.

Source: CUNA Removing Barriers Blog

CUNA Advocacy Update

The [CUNA Advocacy Update](#) is published at the beginning of every week and keeps you on top of the most important changes in Washington for credit unions--and what CUNA is doing to monitor, analyze, and influence government agencies and federal law. Additional Advocacy efforts may also be found under CUNA's [Removing Barriers](#) blog.

New ComplySight Enhancements – File Manager!

- January 1st, 2018: [Home Mortgage Disclosure Act – Regulation C \(CFPB\), most provisions – Effective date](#)

March, 2018

- March 16th, 2018: [Same-day ACH \(NACHA\) – Phase 3 of the implementation period for the rule.](#)

April, 2018

- April 1st, 2018: [Prepaid Accounts under the Electronic Fund Transfer Act/Regulation E and the Truth In Lending Act/Regulation Z \(Date Extended\)](#)

Compliance Training

Regulatory Compliance Training

(NEW) NCUA webinar on learning management service

The [NCUA will host a webinar](#) on August 16 to help credit unions learn about the service's training resources on regulatory, operational and strategic subjects. The

ComplySight's newest enhancement, File Manager, is now available and you can learn all about it in [this 35-minute video](#). File Manager allows users to upload files and documents individually or in bulk and associate them to Areas, Items and/or Factors. If you have any questions, please feel free to contact info@complysight.com.

ComplySight Training is Available!

Not sure how to get started, or want a refresher on how to use ComplySight? Or are you interested in seeing more of how ComplySight works? We are excited to make available recorded webinars to help you get the most out of ComplySight! We currently have seven training modules available! The ComplySight training webinars are available at any time, and registration is not required. [Click here to start training today!](#)

ComplySight: 30 Day Free Trial!

If you're interested in a "trial run" of ComplySight, League InfoSight is offering a free, 30-day trial so you can see the benefits first-hand. It's easy to get started. [Just visit us online and click on Free Trial Offer.](#)

free webinar, "Small Credit Union Learning Management Service," will begin at 2 p.m. ET.

NCUA Field-of-Membership Rule

Get more information about the NCUA's new field-of-membership rule by watching the [agency's webinar online](#) and review [questions and answers](#) from the event.

The NCUA Board unanimously approved the new field-of-membership rule at its [October 2016 open meeting](#).

NCUA videos on effective board meetings

The NCUA has [released](#) a new video series, "Effective Board Meetings," designed to help credit union directors make the best use of their meetings. The four-part series features different examples of well-run and poorly run board meetings. It also provides helpful tips on how to run constructive meetings and create an environment that engages a credit union's board members.

CUNA AND CUNA Webinars

CUNA offers hundreds of online training events that make it easy for you to learn

right at your desk. Whether you are looking for a beginner course or want a comprehensive understanding on a specific topic, CUNA webinars, audio conferences and eSchools have what you need.

[Click here](#) for updates on compliance, operations, lending topics and more!

CUNA Fair Lending Workshop

August 23-24, 2017//Orlando FL. Information on this great workshop can be found [here](#).

MLA Part Two: New Credit Card Rules Webinar

Will you be ready for the changes, effective October 3, 2017? CUNA has provided a [recorded webinar](#) from July 13, 2017 to help!