FEDERAL RESERVE BANK
OF DALLAS

WILLIAM H. WALLACE
FIRST VICE PRESIDENT

DALLAS, TEXAS 75222

September 3, 1986

Circular 86-78

TO: The Chief Executive Officer of all
member banks and others concerned in
the Eleventh Federal Reserve District

SUBJECT

Regulation E -- Electronic Fund Transfers

DETAILS

The Board of Governors of the Federal Reserve System has requested public comment on a proposal to amend its Regulation E. The proposal would eliminate the periodic statement requirement for providers of electronic fund transfers (EFT) services that do not hold consumer accounts, such as retailers, and would make other changes to ensure consumer protections.

Comments on the proposed amendments should be addressed to Mr. William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. All correspondence should refer to Docket No. R-0578, and must be received on or before October 10, 1986.

ATTACHMENTS

The Board's press release and the material as published in the Federal Register are attached.

MORE INFORMATION

Questions pertaining to these proposed amendments should be directed to John Rogers of this Bank's Legal Department at (214) 651-6228.

Sincerely yours,

William H. Wallace

FEDERAL RESERVE press release

For immediate release August 5, 1986

The Federal Reserve Board today issued for public comment a proposal to amend its Regulation E, Electronic Fund Transfers (EFT). The proposal would eliminate the periodic statement requirement for providers of EFT services that do not hold consumer accounts, such as retailers, and would make other changes to ensure consumer protections. Comment is requested by October 10.

The periodic statement requirements now imposed by the regulation may hamper the development and growth of EFT systems that use the automated clearing house network, thereby limiting new EFT services to consumers.

Under the proposed amendment to the regulation, the periodic statement requirement for service providers would be eliminated. Instead, service providers would be required to furnish the detailed information identifying each transaction to the financial institutions holding the consumers' accounts for inclusion on their periodic statement. In addition, other changes would be made to ensure consumer protections and clarify the responsibilities of service providers and account holding institutions.

The Board's notice is attached.

-0-

Attachment

FEDERAL RESERVE SYSTEM

12 CFR Part 205

[Reg. E; Docket No. R-0578]

Electronic Fund Transfers; Service-Provider Periodic Statements

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Proposed rule.

SUMMARY: The Electronic Fund Transfer Act (15 U.S.C. 1693 *et seq.*), implemented by Regulation E, establishes the legal framework for providing electronic fund transfer (EFT) services to consumers. It requires financial institutions to make initial disclosures concerning the EFT services they offer and provide periodic account statements; limits consumer liability for unauthorized EFTs; and requires institutions promptly to investigate and resolve consumers claims of EFT errors, for example.

Regulation E establishes specific requirements for service-providing institutions, such as retailers, that offer EFT services by issuing to consumers debit cards or other devices for accessing checking or other deposit accounts. It requires these service providers to comply with almost all the requirements of the act and regulation, including sending consumers periodic statements showing the EFTs made with the access device.

Some service providers have asked the Board to amend the regulation. They express concern that, because of the costs involved, the periodic statement requirement impedes the growth of EFT systems that use the automated clearing house system to clear point-of-sale and automated-teller-machine transactions, and that the costs exceed consumer benefits presently derived from the

periodic statements. The Board believes that the requirement for periodic statements from service providers may well pose a barrier to the development and widespread use of these POS/ACH systems, thereby limiting new EFT services to consumers. In addition, the Board believes that consumer protections can be ensured by other means.

The Board proposes to amend Regulation E to (1) eliminate the periodic statement requirement for service providers, (2) require instead that service providers furnish the necessary information to the financial institutions holding the consumers' accounts for inclusion on their periodic statements, and (3) make other changes to ensure consumer protections and clarify the responsibilities of service providers and account-holding institutions.

DATES: Comments must be received on or before October 10, 1986.

ADDRESSES: Comments may be mailed to William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, Washington, DC 20551, or delivered to the guard station at the courtyard entrance to the Eccles Building (Attention: Mail Services), on 20th Street between Constitution Avenue and C Street NW., Washington, DC between 8:45 a.m. and 5:15 p.m. weekdays. All material submitted should refer to Docket No. R–0578.

FOR FURTHER INFORMATION CONTACT: Gerald P. Hurst (Senior Attorney) or John C. Wood (Senior Attorney), Division of Consumer and Community Affairs, Board of Governor of the Federal Reserve System, Washington, DC 20551, (202) 452–3667. Regarding the regulatory analysis, contact: Frederick J. Schroeder (Economist), Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, DC 20551, (202) 452–2584. For Telecommunications Device for the Deaf (TDD) users, contact: Earnestine Hill or Dorothea Thompson at (202) 452–3544.

SUPPLEMENTARY INFORMATION:

(1) Background

The Electronic Fund Transfer Act (15 U.S.C. 1693 *et seq.*), implemented by Regulation E (12 CFR Part 205), establishes the basic rights, liabilities, and responsibilities of consumers who use electronic fund transfer (EFT) services and of financial institutions that offer such services. The act applies to all types of EFT services provided to consumers, including debits and credits to consumers' accounts through the automated clearing house system, automated teller machine transactions, and point-of-sale debit card transactions.

Although the act is directed principally at financial institutions that hold consumers' accounts, the statute also provides for other providers of EFT services to be covered by the act and implementing regulation. Provisions in the Board's Regulation E carry out this statutory directive. The regulation makes clear that its coverage applies not only to the traditional financial institution but also to "any person who issues an access device and agrees with a consumer to provide electronic fund transfer services" (section 205.2(i)). Such persons may contract with consumers, for example, to provide them with ATM or POS transaction capability, telephone bill payment, or home banking services. In some cases the service-providing institution will, for example, issue both a debit card and personal identification number (PIN) to the consumer for initiating transfers. In other cases, the service provider may allow the consumer to use a card issued by the consumer's account-holding institution or by some other entity.

Section 205.14 of Regulation E requires that service providers comply with all requirements of the act and regulation that relate to the service or to EFTs made by the consumer under the service. This includes compliance with the initial and periodic disclosure requirements, the limitations on consumer liability, and the error resolution procedures. The account-holding institution, on the other hand, currently has no responsibilities under the regulation with respect to EFTs initiated through the service provider, except to cooperate with the service provider's investigation and resolution of errors.

In the past year, the Board has received numerous inquiries (from representatives of both account-holding financial institutions and current and prospective service providers) about the specific responsibilities of service providers under Regulation E. Much of the interest results from changes taking place in EFT services—specifically, the growing interest in using the automated clearing house system (ACH) to process ATM and POS transactions. In fact, the National Automated Clearing House Association (NACHA) has amended its rules to facilitate use of the ACH for processing POS and ATM transactions, and has specifically requested that the Board amend Regulation E to make it consistent with the NACHA rules.

Those NACHA amendments—scheduled to take effect in early 1987—require account-holding financial institutions participating in the ACH to identify POS/ACH transactions on their periodic statements in accordance with Regulation E. To facilitate compliance with this provision, the revised NACHA rules will also require institutions initiating the transfers to include in the ACH messages the information needed by account-holding institutions to comply with Regulation E.

Use of the ACH to process POS and ATM transactions enables persons wishing to provide EFT services to consumers to do so without entering into a specific agreement with each account-holding institution on which they may be collecting funds. If a service provider does not have direct access to the ACH for clearing transactions, it can contract with a financial institution to process the transactions on its behalf.

(2) Periodic Statement Requirement

The inquiries received by the Board about the responsibilities of service providers have focused primarily on periodic statement requirements. Regulation E requires that periodic statements be sent to consumers at least monthly if EFTs occurred on their accounts, and at least quarterly if no transfers occurred.

Some industry representatives have expressed concern that requiring a periodic statement from service providers is hampering the development of POS/ACH services. They favor eliminating the requirement. They say that the associated costs are high, that the information on the service-provider's statement duplicates that given by the account-holding institution, and that getting two statements can even be confusing to the consumer.

Other institutions have complained that service providers are not giving periodic statements, and oppose elimination of the requirement. They argue that eliminating the service-provider statement will result in a reduction of consumer protection, will give a competitive advantage to service providers, and will mean increased costs for account-holding institutions.

The Board on several occasions has exercised its rulemaking authority under the EFTA in response to concerns that compliance costs related to a particular regulatory provision exceeded the benefits accruing from it; that the regulation resulted in high compliance costs for small institutions; and that a regulatory requirement might inhibit evolving services. The possible elimination of the periodic statement requirement involves some of the same types of considerations. In particular, it involves the weighing of the costs and benefits of a regulatory requirement and

of the effect that the requirement might have on the development of an EFT service.

(3) The Cost of the Service-Provider Periodic Statement

The cost to service providers of furnishing a periodic statement for POS/ACH transactions appears to represent a potential obstacle to widespread development of POS/ACH systems. Industry representatives estimate the cost to a company that is currently preparing periodic statements—for example, for credit card accounts—at approximately 30 cents per statement. For service providers that do not currently issue periodic statements, such as grocery stores, they say the costs would be even higher—an estimated 50 to 75 cents per statement, assuming a large statement volume. (The figure is the per-statement cost only, not including the start-up costs.) These companies would contract with a third party, such as a bank or credit card processor, to prepare the periodic statements.

One advantage of the POS/ACH approach is that it provides a means of offering consumers EFT services at a low cost. However, some claim that the cost advantage of the POS/ACH approach disappears if the service provider, such as the retailer, is required to furnish a periodic statement.

(4) The Need for the Service-Provider Statement

The parties that favor eliminating the periodic statement requirement have suggeted that consumers are, or could be, confused by receiving two statements. The periodic statement sent by the service provider likely will cover a different time period than the one issued by the accout holder. As a result, some transactions will probably not match those listed on the statement from the account-holding financial institution. The information also will be different. For example, the transaction date on the service provider's statement will be the date the consumer made the transaction, while the date on the account-holding institution's statement will be the date the transaction is posted to the consumer's account. However, whether consumers would be confused by these discrepancies is unclear. Most consumers are probably familiar with statement cycles and may understand, for example, that a transaction made on a specific date may not show up on their statement for the month in which it was made.

Those requesting elimination of the statement requirement also claim that the periodic statement given by the service provider furnishes no additional information or protection to the consumer. Although this may be true in some cases, the Board believes that eliminating the periodic statement requirement for service providers—without making other changes to the regulation to provide this information to consumers—could result in some consumers not receiving important information that is currently required by Regulation E. For example, the statement from the account-holding financial institution may lack a full description of the EFTs, such as the terminal location or the name of the party to or from whom funds were transferred, information that currently is required only on the statement from the service provider. Other information not duplicated on the account-holding institution's statement is the service provider's telephone number and address (to be used by the consumer to inquire about EFTs or allege an error).

(5) Feasibility and Effect of Regulatory Changes

The Board is proposing to require account-holding financial institutions to provide the transaction identification information on their periodic statements. Representatives of account-holding institutions suggest that eliminating the service provider periodic statement and requiring account-holding institutions to comply with the transaction identification requirements will increase their periodic statement and customer service costs. They believe that these higher costs will result from operational changes and from increased inquiries and requests for resolution of errors.

The Board believes it is unclear whether the proposed changes would result in substantial costs for account-holding institutions. Many account-holding institutions currently provide periodic statements that identify consumers' POS/ACH transactions in accordance with Regulation E. In addition, the Board believes that most financial institutions are capable of providing descriptive transaction information for POS/ACH transactions on or with periodic statements at small additional costs. (The regulation allows institutions to comply with the transaction identification requirements by providing the information on documents accompanying the periodic statement; thus, institutions may be able to comply with the proposed change without making major operational changes. See footnote 4 to § 205.9(b)(1).)

An increase in POS/ACH transactions activity could of course lead to an account-holding institution's receiving increased customer service inquiries. The Board believes, however, that eliminating the service provider statement requirement, and requiring the account-holding institution to furnish the transaction identification information on its statement, should not, by itself, result in significantly increased inquiries and costs. Regardless of whether the consumer receives a periodic statement from the service provider, because the transactions appear on the statement from the account-holding institution (if only as debits), some consumers will probably direct questions to the account-holding institution in any case.

Moreover, under the existing regulation the account-holding institution is not responsible for resolution of any alleged errors related to these POS/ACH transactions. This has been and would continue to be the responsibility of the service provider. In fact, under the proposal the service provider would remain subject to all of the regulatory requirements except that of providing a separate periodic statement. In addition, the account-holding financial institution would continue to have very limited responsibilities with respect to the transfers resulting from the POS/ACH transactions. The clarification of these points (and suggested changes to the regulation relative to disclosures by the service provider) should address the concerns regarding increased inquiries to account-holding institutions. These clarifications should also avoid any loss of consumer protection.

The Board is concerned about the possibility that the effects of these changes on some account-holding institutions may be substantial, and is also sensitive to the claim by some institutions that the proposed changes may result in a competitive advantage for service providers. Furthermore, some of the institutions that would be affected are small financial institutions. Many of them are currently exempt from compliance with Regulation E because of an exemption for institutions with assets of less than $25 million, applicable to preauthorized EFTs such as payroll deposits and monthly payments of insurance premiums. The Board believes that undue burdens should not be placed on these institutions.

The Board would like comment specifically on the following:

- The nature and the amount of the costs that would be imposed on account-holding institutions by the proposed changes.
- The reasons for the belief that the proposed changes would result in a

competitive advantage for service providers.

- The possible effects of the proposed changes on small institutions that are currently exempt from Regulation E.
- The costs that are, or would be, incurred by service providers to provide periodic statements to consumers.
- The possible effects of the Board's eliminating the periodic statement requirement (as well as the possible effects of the Board's failing to take such action) on account-holding institutions, service providers, and consumers.

(6) Discussion of Proposed Changes

Based on the foregoing, the Board proposes to make the following specific changes to Regulation E:

1. Eliminate the periodic statement requirement for service providers, on the condition that they furnish the transaction information to the account-holding financial institution in a form that will allow the latter to include it on or with the periodic statement given to the consumer.

The costs associated with the furnishing of periodic statements by service providers appear to exceed the benefit to consumer resulting from the requirement. In many cases the information is duplicative of information appearing on the statement already provided by the account-holding institution. Other changes recommended below should ensure that the elimination of this requirement will not result in a significant loss of consumer protections.

2. Require the account-holding institution to furnish the transaction identification information to the consumer on or with its own periodic statement.

The effect of this proposed change on most account-holding institutions should not be substantial. Many account-holding institutions currently provide statements that identify POS/ACH transactions in conformity with Regulation E requirements. Moreover, the changes to the NACHA rules scheduled to take effect in early 1987 would require certain other institutions to do so. Also, the regulation allows institutions to provide the information on documents accompanying periodic statements, which means that major operational changes may not be necessary. However, because of concern about the effects the proposed changes might have on some account-holding institutions—in particular small financial institutions—the Board specifically requests comment, as noted above, about the costs they would incur if the proposed changes are adopted.

3. Require the service provider to furnish the consumer with the address and telephone number to be used for inquiries by—

(a) Printing the information on receipts furnished with each transaction, or

(b) Providing the consumer with a quarterly notice of this information.

It is important for the consumer to have the address and telephone number of the service provider. This proposed change would ensure that consumers receive this information on an ongoing basis, even though the service provider would no longer be providing the information on a periodic statement. The service provider would have the option of choosing one method or the other.

4. Modify the initial disclosure requirements applicable to service providers to require that they disclose to the consumers at the time they issue the access device—

(a) That because no periodic statements will be issued summarizing transactions made with the access device, the consumer should retain all receipts to verify the accuracy of statements furnished by the account-holding institution,

(b) That the consumer should report the loss or theft of the access device to the service provider immediately (and if the card used as the access device was issued by the account-holding institution or another entity, that the consumer should notify both the service provider and the card issuer), and

(c) That all inquiries relating to transactions initiated through the service provider by use of the card must be made to the service provider.

These disclosures are necessary to ensure that the consumer knows which institution to contact with respect to questions about transactions made through the service provider, and to minimize the number of inquiries that will be directed to the account-holding institution.

5. Extend the time allowed to the consumer for notifying the service provider of the loss or theft of an access device and for error allegations in those cases when notice is delayed due to the consumer's having notified the account-holding institution, or another party, in error.

Situations involving EFT services by persons other than the account-holding institution inevitably result in some consumer confusion about who should be notified regarding an error or loss or theft of an access device. Currently, the regulation provides for an extension of the time period available to the consumer for alleging errors in such cases. The proposed change would provide for similar extensions of time for notification of loss or theft of an access device.

In accordance with section 3507 of the Paperwork Reduction Act of 1980 and 5 CFR 1320.13, the proposed revisions to Regulation E that pertain to third party disclosures will be submitted as appropriate to the Board for review (under authority delegated to the Board by Office of Management and Budget) after consideration of the comments received during the 60-day comment period.

(7) Regulatory Analysis

The proposed amendments would change the way in which documentation is provided to consumers by requiring that account-holding institutions provide all the required information. A consumer would receive all the required periodic statement documentation directly from the financial institution holding the account from which the funds were debited. Service providers would be required to furnish to account-holding institutions all the transaction information necessary for proper documentation. Furthermore, service providers would be required to inform consumers of the telephone number and address they should use to report errors or lost or stolen debit cards.

Consumers would receive no less information under the proposed amendments than under the present rule. Moreover, some consumer confusion could be reduced as duplicative disclosures are eliminated.[1] If the proposal is adopted, account-holding institutions may incur increased costs from having to include additional information in periodic statements. The amendments are not expected to lead to a significant increase in the number of periodic statements that account holding instititions deliver to consumers, however, because most institutions already provide periodic statements for transaction accounts.

The cost burden of providing the additional information is not likely to be great for account-holding institutions as a group. Most point-of-sale (POS) transactions involve accounts at financial institutions that already are able to comply with the periodic statement requirements of the act and regulation. The economic burden for

[1] Disclosures and other consumer rights in EFT do not appear to be a problem for consumers. Available evidence suggests that consumers are satisfied with their EFT accounts. The number of account errors and unauthorized transfers is negligible both in absolute terms and relative to the volume of EFT transactions occurring in the payments system.

each institution would depend on its ability to disclose the required information on or with periodic statements, and some institutions would have to devote additional resources to data processing and perhaps to error resolution. The aggregate economic burden on account-holding institutions is thought to be negligible.

For service-providing institutions (such as supermarkets, gasoline retailers, and other merchants) that issue debit cards but do not hold consumer accounts, the cost savings would be substantial. This is so because the amendments would make the clearing of POS transactions through the automated clearing house (ACH) more attractive. The greatest economic benefit of the proposed amendments would arise in the future as the volume of POS transactions increases. It is likely that more institution (i.e., retailers) would be able to justify allowing consumers to make POS transactions if the amendments are adopted, and that more access devices would be issued to consumers. It is also believed that adoption of the amendments would have a salutary effect on the evolution of the payments system by reducing the average system-wide compliance cost per POS transaction.

There are obvious cost advantages to retailers in choosing the ACH method of clearing. It has been estimated that clearing a POS transaction indirectly through the ACH system costs about 20 cents at the margin, including the costs of fraud and float. Clearing a POS transaction directly (on-line) from a consumer account costs a retailer about 50 cents at the margin.

This economic advantage is reduced by Regulation E if the retailer has to provide periodic statements to its card holders. Estimates of the cost of producing a periodic statement vary from a minimum of about 30 cents at the margin to a maximum of about 75 cents at the margin, although the average cost per transaction will depend on the number of transactions a consumr makes per month with the retailer. Assuming that the consumer makes only one transaction per month, the retailer's total cost for that consumer would be at least 50 cents: 20 cents to clear, and 30 cents for the statement. Even if the consumer makes several transactions per month , the cost advantage of ACH clearing to the retailer is partly offset by periodic statement costs, and is less than it would be if the proposed amendments were adopted.

The Board has long advocated the use of the nation's automated clearing house network as a cost-saving alternative to paper check transactions. Point-of sale transactions cleared through the ACH system are functionally no different from paper checks and have the potential to generate cost savings by displacing paper checks. To the extent that the proposed amendments reduce the cost to merchants of offering electronic point-of-sale transactions, these transactions could displace payments by paper checks at point of sale and thereby reduce the overall costs to society of operating the payments system.

Significant progress toward standardization of electronic debit and credit items has been made. In early 1987, new NACHA rules will require all financial institutions that participate in the ACH to identify point-of-sale transactions in accordance with the requirements of Regulation E. This development ensures that electronic items originated through the ACH include all information required for account-holding institutions to make periodic statement disclosures in compliance with Regulation E.

There is no indication that small financial institutions as a group would be unduly disadvantaged by the proposed amendments. Many small institutions, because they already participate in ACH direct deposit programs or automated teller machine networks, currently are able to comply with the periodic statement requirements of the act and regulation. It is possible, however, that certain small institutions could face substantially greater compliance costs as a result of the proposed amendments. Currently, pre-authorized transfers to or from a small institution (one with assets of $25 million or less) are exempt from the periodic statement requirements of the act and regulation. The proposed amendments would place some additional compliance burden on these exempt institutions by requiring that they send complying periodic statements to consumers who have POS debit transactions posted to their accounts. For certain small institutions, this burden could be substantial if the method of producing periodic statements had to be fundamentally changed.

A couple of factors would appear to mitigate this concern. First, any POS debit item received over the ACH system by a small financial institution would contain all the necessary information needed to post the item to the consumer's account. Second, small institutions not currently able to disclose the required information with their periodic statements likely can get assistance at reasonable cost from their correspondent banks or from service bureaus that specialize in data processing applications for small financial institutions. The Board solicits data on the cost to financial institutions, both large and small, of complying with the proposed amendments to the regulation.

In summary, with the proposed amendments the payments system as a whole is likely to realize significant cost savings as electronic point-of-sale transactions increase in volume and relative importance. Consumers are likely to benefit from lower transaction costs and increased efficiency in the payment system as the volume of electronic point-of-sale transactions increses. Moreover, with the proposed amendments, there would be no loss of consumer protections ensured by the act.

List of Subjects in 12 CFR Part 205

Banks, banking, Consumer protection, Electronic fund transfers, Federal Reserve System, Penalties.

(8) Regulatory Text.

Certain conventions have been used to highlight the proposed revisions. New language is shown inside bold-faced arrows, while language that would be removed is set off with brackets.

Pursuant to the authority granted in section 904 of the Electronic Fund Transfer Act, 15 U.S.C 1693b, the Board proposes to amend Regulation E, 12 CFR Part 205, as follows:

PART 205—[AMENDED]

1. The authority citation for Part 205 continues to read as follows:

Authority: Pub. L. 95–630, 92 Stat. 3730 (15 U.S.C. 1693b).

2. Section 205.14 is amended by revising paragraph (a)(2) and the portion of paragraph (b) beginning with the last phrase of the introductory text to read as follows:

§ 205.14 Services offered by financial institutions not holding consumer's account.

(a) * * *

(2) ►(i)◄ Sections 205.7, 205.8, and 205.9 shall require the service-providing institution to provide those disclosures and documentation that are within its knowledge and the purview of its relationship with the consumer.

►(ii) the service-providing institution need not furnish a periodic statement to the consumer under § 205.9(b), but shall instead

(A) Provide the transaction information to the account-holding financial institution, identifying each

transaction in accordance with § 205.9(b)(1);

(B) Furnish the consumer with the address and telephone number to be used for inquiries and for reporting the loss or theft of the access device or unauthorized transfers appearing on periodic statement by:

(*1*) Printing the information on receipts furnished with each transaction, or

(*2*) Providing the consumer with a quarterly notice of this information;

(C) Disclose to the consumer at the time of issuing an access device

(*1*) That it will not be furnishing periodic statements summarizing transactions, and that the consumer should retain all receipts to verify the accuracy of the statement received from the account-holding financial institution,

(*2*) That the consumer should notify the service-providing institution at once of the loss or theft of the access device, and, if the access device is a card issued by another institution, that the consumer should notify the card-issuing institution as well, and

(*3*) That all inquiries relating to transaction with the service-providing institution must be made to the service-provider; and

(D) Extend by a reasonable time the time periods within which notice must be received concerning loss or theft of an access device or ot unauthorized transfers appearing on a periodic statement, or concerning an error, if a delay in notifying the service-providing institution was due to the fact that the consumer initially notified or attempted to notify the account-holding institution.◄

* * * * *

(b) * * *

except that the account-holding institution shall comply with►:◄ [section 205.11 by—]

►(1) Section 205.9(b), by including on its periodic statement the information required by paragraph (b)(1) for each transaction from the service-providing institution debited or credited to the account during the cycle,◄

[(1)]►(2) Section 205.11 by (i)◄ Promptly providing, upon the request of service-providing institution, information or copies of documents required for the purpose of investigating alleged errors or furnishing copies of documents to the consumer; and

[(2)]►(ii)◄ Honoring debits to the account in accordance with section 205.11(f)(2).

►(3) An account-holding institution has no liability for failure to provide the information required by paragraph (b)(1) of this section if the failure is due to its not having received from the service providing institution the information necessary for compliance.◄

* * * * *

By order of the Board of Governors of the Federal Reserve System, August 4, 1986.

James McAfee,

Associate Secretary of the Board.

[FR Doc. 86-17862 Filed 8-7-86; 8:45 am]

BILLING CODE 6210-01-M