

January 26, 2001

Mr. Raymond P. Collins  
(b)6

Re: Consumer Protection from Unauthorized Electronic Fund Transfers under the Electronic Fund Transfer Act and Regulation E.

Dear Mr. Collins:

The National Credit Union Administration's (NCUA's) Office of Public and Congressional Affairs has asked this office to respond to your concern regarding the possibility of unauthorized electronic withdrawals from your federal credit union account. You wrote to express your dissatisfaction that your federal credit union would not limit electronic access to your account solely to the U.S. Department of Treasury. The federal credit union is not required under federal law to limit electronic account access to a particular entity. Still, under federal law, your federal credit union must provide you with disclosure of the terms and conditions of your electronic fund transfer service and with periodic statements. You will not be liable for an unauthorized electronic fund withdrawal if you notify the federal credit union within 60 days of receiving a periodic statement listing the unauthorized withdrawal.

Our understanding is that only entities with your personal financial information, such as the name of your credit union, the routing designation, your account number, and your social security number, are able to make an electronic withdrawal from your account, unless an unauthorized electronic fund transfer, such as fraud, occurs. The requirement that an entity must present this information to effectuate an electronic withdrawal is meant to limit access to your account to those entities to which you have given your information.

In addition, the Electronic Fund Transfer Act (EFTA) and the Federal Reserve Board's Regulation E provide you further protection from unauthorized electronic fund transfers. 15 U.S.C. §1693; 12 C.F.R. Part 205. NCUA enforces Regulation E for federal credit unions. Appendix B to 12 C.F.R. Part 205. Under Regulation E, a federal credit union must provide you with an initial disclosure of the terms and conditions of your electronic fund transfer service and, later, a change in terms notice, if applicable. 12 C.F.R. §§ 205.7, 205.8.

A federal credit union must send you a periodic statement for each monthly cycle in which an electronic fund transfer has occurred or at least quarterly if no transfer has occurred. 12 C.F.R. §205.9(b). If you report an unauthorized electronic fund transfer that appears on your periodic statement within 60 days of the federal credit union's transmittal of the statement, you will not be liable for the transfer. 12 C.F.R. §205.6. As further protection, once you notify the federal credit union that an unauthorized or fraudulent electronic fund transfer has occurred, the federal credit union must investigate and resolve your claim by specified deadlines. 12 C.F.R.

§205.11.

We hope this information is helpful to you. If you have further questions, please feel free to call the Office of General Counsel at (703) 518-6540.

Sincerely,

Sheila A. Albin  
Associate General Counsel

GC/RMM:bhs  
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