



Office of Thrift Supervision

Department of the Treasury

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Managing Director,

Compliance and Consumer

Protection

Any attachments to this document are rescinded only as they relate to national banks and federal savings associations.

April 25, 2008

MEMORANDUM FOR: CHIEF EXECUTIVE OFFICERS

FROM:

Montrice G. Yakimov

Managing Director

Compliance and Consumer Protection

Montrice G. Yakimov

SUBJECT:

Compliance with Truth in Savings and Electronic Fund Transfer Act Rules: Government Accountability Office (GAO) Report 08-281

On January 31, 2008, the GAO published Report 08-281 which raised questions about whether consumers are able to request and obtain account terms, conditions, and fee disclosures prior to account opening.¹ The report also raised questions about whether consumers can obtain information about these items on institution websites.

As part of the audit that led to the report, GAO employees, posing as consumers shopping for checking and savings accounts, visited 185 branches of 154 banks, thrifts, and credit unions throughout the nation to request documents on the fees associated with basic checking and savings accounts. GAO staff also reviewed information on account terms, conditions, and fees provided on institution websites.

The GAO found that consumers shopping for a checking or savings account may find it difficult to obtain information about terms, conditions, and fees. Further, the GAO reported that it was unable to obtain, upon request, a comprehensive list of all checking and savings account fees at 40 of the 185 branches (22 percent) visited. Similarly, GAO employees were unable to obtain account terms and conditions, including information on when deposited funds became available and how overdrafts were handled, for checking and savings accounts at 61 of the 185 branches (33 percent).

Regulation DD, which implements the Truth in Savings Act (TISA), requires depository institutions to disclose the amount of any fee that may be imposed in connection with an account and the conditions under which such fees are imposed. Regulation E, which implements the Electronic Fund Transfer Act, requires financial institutions to provide consumers with initial disclosures that explain the terms and conditions of EFT services.

¹ A copy of the GAO report is available electronically at <http://www.gao.gov/new.items/d08281.pdf>.

Institutions should ensure that:

- Account terms and conditions and fee disclosure information is available to consumers upon request, prior to account opening, regardless of whether they are existing or prospective customers;
- Employees receive training that incorporates the requirements of Regulation DD and Regulation E;
- Account information and fee disclosure, particularly disclosures related to electronic transactions provided to consumers, are
 - Clear and understandable; and
 - Available in a written form that the consumer may keep
- Recordkeeping requirements include retention of account disclosures and fee disclosures sufficient to determine compliance with Regulation DD and Regulation E.

The OTS remains committed to examining for compliance with these requirements. If you have any questions, please contact your OTS Regional Office or Ekita Mitchell, Consumer Regulations Analyst, at (202) 906-6451.