



New Overdraft Protection Rules for ATM and One-time Debit Card Transactions

Talking Points for Regulation E

What is Regulation E?

The primary purpose of Regulation E ("Reg. E") – as established by the Electronic Funds Transfer Act – is to provide basic rights, responsibilities and protection of consumers engaging in the use of electronic funds transfer (EFT). EFT transactions include the use of ATM and Debit Cards.

Recently, the Federal Reserve Board (FRB) adopted revisions that require consumers to opt-in to their financial institution's overdraft protection service for ATM and one-time debit card transactions before overdraft fees may be assessed on a consumer's account.

Under the new rule, if an account holder *has not opted-in* to an overdraft program, and there are *not enough funds* in the account to cover an ATM or debit transaction, a fee cannot be charged and the transaction may be denied. For new accounts, the opt-in deadline is July 1, 2010, while existing account holders have until August 15, 2010.

For financial institutions that provide overdraft services that require an opt-in selection, failure for a consumer to opt-in to the overdraft program means that consumers attempting to make a purchase with a debit card could have their transaction denied at the point of sale if they have insufficient funds in their account. Some banks will automatically enroll their clients in a standard overdraft services for all types of transactions. Therefore, some clients may receive requests from other banks asking them to opt-in to their overdraft service.

Will the Reg. E revisions affect Pacific Continental Bank accounts?

No. Pacific Continental Bank (PCB) will not be affected by the Regulation E revisions.

Why not? PCB's current practices do not allow clients to overdraw their account at the ATM or when they make a purchase using their debit card, *unless* they have a signed and pre-approved line of credit in place.

As a result, ***the new Reg. E revisions requiring consumers to opt-in to overdraft services do not apply at Pacific Continental Bank.*** Since there is no overdraft fee to "opt-in" to, there is no reason to provide clients with an opt-in request.

It's important to understand that checks and automatic bill payments are not covered under these new rules, so they may be subject to overdraft charges; however, there is no need to "opt-in" to additional overdraft charges related to checks or bill payments.

When does Reg. E take affect?

For new accounts, the opt-in deadline is July 1, 2010, while existing account holders have until August 15, 2010.

Does Reg. E apply to all financial institutions?

Compliance with this rule is required for all banks, credit unions, and other financial institutions. Many financial institutions are currently preparing communications with their customers regarding their choices and obligations.



To help consumers better understand the new regulation and their options regarding overdraft services, the Oregon Bankers Association offers the following tips and information:

Options for Account Holders:

Opt-in: If a bank has a practice of paying overdrafts for ATM and everyday debit card transactions, then there will likely be the option to opt-in to their overdraft program. Account holders will receive an opt-in notice with directions on how to do so, with the ability to opt-in via the Internet, by phone or in writing. Consumers can also inquire at their bank to better understand the process. If consumers decide to opt-in, they will still have the option to cancel at any time.

Don't Opt-in: If consumers *don't* want to opt-in to an overdraft program they don't have to; however, if the consumer does not opt-in, their ATM or debit transactions may be denied if there are inadequate funds in their account. There are often other choices available at a financial institution to protect against insufficient funds in an account. Many banks provide the option to link a checking account to a savings account or line of credit. Consumers are encouraged to call or visit their financial institution to inquire about overdraft protection options.

Avoiding Overdrafts:

The best and easiest way to avoid overdraft fees is to keep track of transactions and account balance. If consumers keep extra money in their account—a cushion—they will be less likely to overdraw their account. More information on the new overdraft rules is available on the Federal Reserve's consumer information website at www.federalreserve.gov/consumerinfo/wyntk_overdraft.htm

About the Oregon Bankers Association

Established in 1905, the Oregon Bankers Association is Oregon's only full-service trade association representing state and national commercial banks, thrifts and savings banks chartered to do business in Oregon. Find out more information at www.oregonbankers.com