ELECTRONIC FUNDS TRANSFER ACT

(REGULATION E)

DEFINITIONS

Definitions (Section 205.2)

For purposes of this part, the following definitions apply:

Access device
(1) A card, code, or other means of access to a consumer's account, or any combination thereof, that may be used by the consumer to initiate electronic fund transfers.
(2) An access device becomes an accepted access device when the consumer:
(i) Requests and receives, or signs, or uses (or authorizes another to use) the access device to transfer money between accounts or to obtain money, property, or services;
(ii) Requests validation of an access device issued on an unsolicited basis; or
(iii) Receives an access device in renewal of, or in substitution for, an accepted access device from either the financial institution that initially issued the device or a successor.

Account
A demand deposit (checking), savings, or other consumer asset account (other than an occasional or incidental credit balance in a credit plan) held either directly or indirectly by a financial institution and established primarily for personal, family, or household purposes.

The term does not include an account held by a financial institution under a bona fide trust agreement.

Act
The Electronic Fund Transfer Act (title IX of the Consumer Credit Protection Act, 15 USC 1693 et seq.).

Business day
Any day on which the offices of the consumer's financial institution are open to the public for carrying on substantially all business functions.

Consumer
A natural person.

Credit
The right granted by a financial institution to a consumer to defer payment of debt, incur debt and defer its payment, or purchase property or services and defer payment therefore.

Electronic fund transfer, as defined in Section 205.3:
Any transfer of funds that is initiated through an electronic terminal, telephone, computer, or magnetic tape for the purpose of ordering, instructing, or authorizing a financial institution to debit or credit an account. The term includes, but is not limited to:

(1) Point-of-sale transfers;
(2) Automated teller machine transfers;
(3) Direct deposits or withdrawals of funds;
(4) Transfers initiated by telephone; and
(5) Transfers resulting from debit card transactions, whether or not initiated through an electronic terminal.

Exclusions from coverage include:

(1) Checks. Any transfer of funds originated by check, draft, or similar paper instrument; or any payment made by check, draft, or similar paper instrument at an electronic terminal.
(2) Check guarantee or authorization. Any transfer of funds that guarantees payment or authorizes acceptance of a check, draft, or similar paper instrument but that does not directly result in a debit or credit to a consumer's account.
(3) Wire or other similar transfers. Any transfer of funds through Fedwire or through a similar wire transfer system that is used primarily for transfers between financial institutions or between businesses.
(4) Securities and commodities transfers. Any transfer of funds the primary purpose of which is the purchase or sale of a security or commodity, if the security or commodity is:
(i) Regulated by the Securities and Exchange Commission or the Commodity Futures Trading Commission;
(ii) Purchased or sold through a broker-dealer regulated by the Securities and Exchange Commission or through a futures commission merchant regulated by the Commodity Futures Trading Commission; or
(iii) Held in book-entry form by a Federal Reserve Bank or federal agency.
(5) Automatic transfers by account-holding institution. Any transfer of funds under an agreement between a consumer and a financial institution which provides that the institution will initiate individual transfers without a specific request from the consumer:
(i) Between a consumer's accounts within the financial institution;
(ii) From a consumer's account to an account of a member of the consumer's family held in the same financial institution; or
(iii) Between a consumer's account and an account of the financial institution, except that these transfers remain subject to Sec. 205.10(e) regarding compulsory use and sections 915 and 916 of the act regarding civil and criminal liability.
(6) Telephone-initiated transfers. Any transfer of funds that:
(i) Is initiated by a telephone communication between a consumer and a financial institution making the transfer; and
(ii) Does not take place under a telephone bill-payment or other written plan in which periodic or recurring transfers are contemplated.

(7) Small institutions. Any preauthorized transfer to or from an account if the assets of the account-holding financial institution were $100 million or less on the preceding December 31. If assets of the account-holding institution subsequently exceed $100 million, the institution's exemption for preauthorized transfers terminates one year from the end of the calendar year in which the assets exceed $100 million. Preauthorized transfers exempt under this paragraph (c)(7) remain subject to Sec. 205.10(e) regarding compulsory use and sections 915 and 916 of the act regarding civil and criminal liability.

Electronic terminal
An electronic device, other than a telephone operated by a consumer, through which a consumer may initiate an electronic fund transfer. The term includes, but is not limited to, point-of-sale terminals, automated teller machines, and cash dispensing machines.

Financial institution
A bank, savings association, credit union, or any other person that directly or indirectly holds an account belonging to a consumer, or that issues an access device and agrees with a consumer to provide electronic fund transfer services.

Person
A natural person or an organization, including a corporation, government agency, estate, trust, partnership, proprietorship, cooperative, or association.

Preauthorized electronic fund transfer
An electronic fund transfer authorized in advance to recur at substantially regular intervals.

State
Any state, territory, or possession of the United States; the District of Columbia; the Commonwealth of Puerto Rico; or any political subdivision of the above.

Unauthorized electronic fund transfer
An electronic fund transfer from a consumer's account initiated by a person other than the consumer without actual authority to initiate the transfer and from which the consumer receives no benefit. The term does not include an electronic fund transfer initiated:
(1) By a person who was furnished the access device to the consumer's account by the consumer, unless the consumer has notified the financial institution that transfers by that person are no longer authorized;
(2) With fraudulent intent by the consumer or any person acting in concert with the consumer; or
(3) By the financial institution or its employee.