REGULATION E QUESTIONS

1. Regulation E implements what Act?
    a. Electronic Funds Transfer Act of 1992
    b. Electronic Funds Transfer Act of 1978
    c. Monetary Control Act
    d. Consumer Protection Act
2. Regulation E establishes
    a. Basic rights and responsibilities of consumer and corporations that use electronic funds transfer services.
    b. Basic rights and responsibilities of financial institutions that provide electronic funds transfer services.
    c. Basic rights and responsibilities of consumers and financial institutions that use electronic funds transfer services.
    d. Basic rights and responsibilities of consumers
3. Regulation E applies to
    a. Debit and credit transactions to demand, savings, or other deposit accounts
    b. Debit and credit transactions to demand and savings accounts, wire transfers, and checks.
    c. Debit and credit transactions to demand, savings, or other deposit accounts including RCK entries.
    d. Preauthorized debits or credits to small financial institutions of asset size of $100 million or less.
4. Regulation E applies to a transfer made via ACH where a consumer has provided a check to enable the merchant or other payee to capture the routing, account and serial numbers to initiate the transfer, where the check is:
    a. Blank, partially completed, or fully completed and signed.
    b. Presented at the point of sale, or is mailed to a merchant or other payee or lockbox and later converted to an EFT.
    c. Retained by the consumer, the merchant or other payee, or the payee's financial institution.
    d. All of the above
5. Regulation E applies to a transfer made via ACH except
    a. A consumer authorized a one-time EFT, where consumer receives notice that the transaction will be processed as an EFT and completes the transaction.
    b. A payment is made by a bill payer under a bill payment service available to a consumer via computer or other electronic service.
    c. Electronic debits and credits to non-consumer accounts.
    d. The transfer is initiated by the government.

6. What disclosures are required by Regulation E
    a. Initial and Error Resolution
    b. Initial and Periodic
    c. Periodic and Funds Availability Disclosure
    d. Periodic
7. DFI must send periodic statement information for each monthly statement cycle in which there is electronic transfer activity on the account; when there is no activity, the periodic statement must be sent
    a. Quarterly
    b. Annually
    c. Every other month
    d. Monthly
8. A reversal of a direct deposit to correct an error does not trigger the monthly statement requirement when the error represented a credit to the wrong consumer's account, a duplicate credit, or a credit in the wrong amount.
    a. TRUE
    b. FALSE
9. According to Regulation E a computation or bookkeeping error by consumer's DFI, consumer's receipt of incorrect amount of money at electronic terminal, an incorrectly identified entry, are all considered errors. From the list below, what else is considered an error according to Regulation E?
    a. Unauthorized transfer
    b. Incorrect Transfer to or from consumer's account
    c. Transfer not included on a periodic statement
    d. All of the above
10. When a consumer discovers an error on their statement how long do they have to notify the financial institution?
    a. Oral or written notice from consumer must be received no later than 60 days from settlement date.
    b. Oral or written notice from consumer must be received no later than 60 days of the transmittal date of the statement in which the error first appeared.
    c. Written notice from consumer must be received no later than 60 days from settlement date.
    d. Written notice from consumer must be received no later than 60 days from statement date.
11. A financial institution may require written notice of error within ___________________________?
    a. 10 days of oral notice
    b. 25 days of oral notice
    c. 15 days of oral notice
    d. 60 days of statement

12. Once a financial institution receives notice the first step is to determine whether an error occurred and the financial institution must do so within ______________ of receiving notice and must report results to the consumer within ______________.
    a. 10 calendar days, 3 calendar days
    b. 10 business days, 3 business days
    c. 10 calendar days, 3 business days
    d. 15 calendar days, 3 business days
13. If the financial institution determines during the investigation that an error did occur, the financial institution must correct with ________________.
    a. 10 business days
    b. 3 business days
    c. 1 business day
    d. 5 business days
14. If the financial institution is unable to complete the investigation within 10 business days, the institution may take ______________________ days (90 days if not initiated in a state, is a new account, or resulted from a POS debit card transaction) from receipt of notice provided they give ______________________________ (including interest) within 10 business days of receiving the error notice, informs the consumer within ____________________ of provisional credit and gives consumer full use of the funds, corrects the error within 1 day discovery, reports results to consumer within 3 business days.
    a. 45 days, provisional credit, 2 business days
    b. 30 days, provisional credit, 1 business day
    c. 45 business days, provisional credit, 2 calendar days
    d. 30 days, provisional credit, 2 business days
15. If the financial institution determines there was no error, the financial institution must
    a. Notify consumer within 3 business days
    b. Reverse provision credit with 5 day grace period
    c. Supply consumer with information and documents used to determine there was no error.
    d. All of the above.
16. The consumer can limit their liability by notifying the financial institution within _________________________
    a. 3 business days after learning of the loss or theft
    b. 2 business days after learning of the loss or theft
    c. 5 business days (4 days for third-party access device)
    d. 10 calendar days after learning of the loss or theft
17. Which of the following is considered a tier(s) of consumer liability for unauthorized EFTs
    a. Up to $50
    b. Up to $500
    c. Unlimited amount depending on when the unauthorized EFT occurs
    d. All of the above

18. Negligence by the consumer cannot be used as the basis for imposing greater liability than is permissible under Regulation E.
    a. True
    b. False
19. Consumer behavior that may constitute negligence under state law, such as writing the PIN on a debit card or on a piece of paper kept with the card, does not affect the consumer liability for unauthorized transfers.
    a. True
    b. False
20. The extent of the consumer's liability is determined solely by the consumer's promptness in reporting the loss or theft of an access device.
    a. True
    b. False
21. An agreement between the consumer and an institution may impose greater liability on the consumer for unauthorized transfer than the limits provided in Regulation E.
    a. True
    b. False
22. The two business day period for a consumer to be able to limit their liability does not include the day the consumer learns of the loss or theft or any day that is not a business day.
    a. True
    b. False
23. If the consumer notifies the financial institution of the loss or theft of the access device within the required time frame the consumer's liability will not exceed the lesser of $500 or the sum of
    a. $50 or the amount of the unauthorized transfers that occur within three business days, whichever is less
    b. $500 or the amount of the unauthorized transfers that occur within the two business days, whichever is less
    c. $50 or the amount of the unauthorized transfers that occur within the two business days, whichever is less
    d. $75 or the amount of the unauthorized transfers that occur within the two business days, whichever is less
24. Sally is on vacation and her access device is stolen on Monday. Sally uses cash for most of her purchases and does not realize the access device is missing until Thursday morning. Sally reports the loss to her financial institution on Friday. On Monday and Tuesday, the thieves spent $1,500 and after that there are no more transactions. What will Sally's loss be?
    a. $500
    b. $75
    c. $1,500
    d. $50

25. Sally is on vacation and her purse is stolen on Monday around 2:00 p.m. After Sally reports the loss to the police she notifies her financial institution of the theft around 3:00 p.m. The thieves were only able to spend $25.
    a. $500
    b. $75
    c. $25
    d. $50
26. Sally's debit card is stolen on Monday and she learns of the theft that same day. However, Sally does not contact her institution until Friday. Which tier of liability applies?
    a. Up to $50
    b. Up to $500
    c. Unlimited amount depending on when the unauthorized EFT occurs
    d. Up to $75
27. Sally's access device is stolen on Monday and she learns of theft that same day. However, Sally does not contact her institution until Friday and a $100 unauthorized transfer was made on Tuesday and a $600 unauthorized transfer was made on Thursday. Because the consumer is liable for the amount of the unauthorized transfers that occur within the first two business days (but no more than $50), plus the amount of the unauthorized transfers that occurs after the first two business days and before the consumer gives notice, what is Sally's liability?
    a. $450
    b. $500
    c. $600
    d. $50
28. Sally's access device is stolen on Monday and she learns of theft that same day. However, Sally does not contact her institution until Friday and a $600 unauthorized transfer was made on Tuesday and a $100 unauthorized transfer was made on Thursday. Because the consumer is liable for the amount of the unauthorized transfers that occur within the first two business days (but no more than $50), plus the amount of the unauthorized transfers that occurs after the first two business days and before the consumer gives notice, what is Sally's liability?
    a. $450
    b. $500
    c. $600
    d. $150

29. The standard unlimited liability applies if unauthorized transfers appear on a periodic statement, and may apply in conjunction with the first two tiers of liability. If a periodic statement shows an unauthorized transfer made ***with a lost or stolen debit card,*** the consumer must notify the financial institution within 60 calendar days after the periodic statement was sent; otherwise, the consumer faces unlimited liability for all unauthorized transfers made after the 60-day period. The consumer's liability for unauthorized transfers before the statement is sent, and up to 60 days following, is determined based on the first two tiers of liability: up to $50 if the consumer notifies the financial institution within two business days of learning of the loss or theft of the card and up to $500 if the consumer notifies the institution after two business days of learning of the loss or theft. Example –

    Remember this scenario involves an access device -- Sally receives her June statement on July 1 and Sally reviews her statement on July 6 and notices $1,500 of unauthorized charges hit her account on June 15. Sally contacts the institution on July 7. What is Sally's liability?

    a. $50
    b. $500
    c. $1500
    d. $150

    Still involving an access device -- What if Sally receives her June statement on July 1 and Sally reviews her statement on July 6 and notices $1,500 of unauthorized charges hit her account on June 15. Sally contacts the institution on July 12. What is Sally's liability?

    a. $50
    b. $500
    c. $1500
    d. $150

    Still involving an access device -- What if Sally receives her June statement on July 1 and notices $500 of unauthorized charges hit her account on June 15. She reviews her past statements and realizes that $500 of unauthorized charges hit her account on the 15^{th} of each month since January. She notifies the institution on July 1 of the unauthorized activity. A total of $3,000.

    What is Sally's Liability

    Jan 15 -- $500

    Feb 15 -- $500

    March 15 -- $500

    April 15 -- $500

May 15 -- $500

June 15 -- $500

a. $50 for January and February, all of March, April, May and June.
b. $500 for January and February, all of March, April, May and June.
c. $1,000 for January and February, all of March, April, May and June.
d. $50

NOTE: In the scenario above if the transaction clears over the ACH Network as POS SEC Codes the financial institution may be able to return May and June over the ACH Network.

30. The first two tiers of consumer liability do not apply to unauthorized transfers from a consumer's account made ***without an access device***. If, however, the consumer fails to report such unauthorized transfers within 60 calendar days of financial institution's transmittal of the periodic statement , the consumer may be liable for any transfers occurring **after** the close of the 60 days and before notice is given to the institution.

    For example, a consumer's account is electronically debited for $200 without the consumer's authorization and by means other than the consumer's access device. If the consumer notifies the institution within 60 days of the transmittal of the periodic statement that shows the unauthorized transfer, the consumer has no liability. However, if in addition to the $200, the consumer account is debited for a $400 unauthorized transfer on the 61st day and the consumer fails to notify the institution of the first unauthorized transfer until the 62nd day, the consumer may be liable for the full $400.

31. A financial institution is considered to have received notice for purposes of limiting the consumer 's liability if notice is given in a reasonable manner, even if the consumer notifies the institution but uses an address or telephone number other than the one specified by the institution.

    a) True
    b) False

32. In what year was the Electronic Funds Transfer Act written?

    a. 1972
    b. 1974
    c. 1978
    d. 1980

33. Which part of Title 12 of the Code of Federal Regulations is Regulation E?

    a. 201
    b. 1005
    c. 210
    d. 229

34. Under Regulation E, which of the following is a "business day"?

    a. Every Monday, Tuesday, Wednesday, Thursday, or Friday
    b. Any day of the week the institution is open for carrying on substantially all business functions
    c. Any day of the week the lobby is open to the public
    d. Any day that is not a Saturday, Sunday, or holiday

35. Which of the following entities is given the authority to enact the provisions of the Electronic Funds Transfer Act?

    a. U. S. Treasury
    b. Congress
    c. Office of the Comptroller of the Currency
    d. Consumer Financial Protection Bureau

35. Which of the following does Regulation E <u>not</u> exclude from coverage?

    a. Point of Purchase ACH transactions
    b. Check Authorization
    c. Wire Transfers
    d. Re-presented Check ACH transactions

36. Which of the following is <u>not</u> a requirement relating to the form of the Regulation E disclosures?

    a. In writing
    b. In a form the consumer can keep
    c. Printed in 12-point sized New Times Roman font
    d. Clear and readily understandable

37. At what time on the second banking day after learning of the loss of the card must the consumer give notice?

    a. Opening of business
    b. 5:00 p.m.
    c. Close of business
    d. 11:59 p.m.

38. Which of the following is <u>not</u> an example of an electronic terminal as defined by Regulation E?

    a. Telephone
    b. ATM
    c. POS Terminal
    d. Terminal used to capture the MICR line information from a check

39. What is the asset size found in Regulation E for a financial institution to be considered a small financial institution and, therefore, not subject to some portions of the Regulation?

    a. $25 Million
    b. $50 Million
    c. $75 Million
    d. $100 Million

40. Which of the following is <u>not</u> required to be included in the Regulation E initial disclosure?

    a. Summary of consumer's liability for unauthorized EFTs
    b. Phone number and address to use for notification of unauthorized EFT
    c. Business days of financial institution
    d. Address of financial institution

41. What date is required to appear on an electronic terminal receipt?

    a. The date the transfer will settle
    b. The date the transfer was initiated
    c. The date the transfer was initiated and will settle
    d. The date the funds will be available

42. How many days notice is required if the terms of the EFT service will change that provides greater liability for the consumer?
    a. 7 days
    b. 10 days
    c. 21 days
    d. 60 days

43. Where is the shortened version of the financial institution's Error Resolution Notice supposed to appear if the financial institution chooses not to send out the annual full version of this notice?

    a. Consumer's terminal receipt
    b. Consumer's periodic statement
    c. ATM
    d. Lobby of the financial institution

44. Which of the following is <u>not</u> a notification option to be used by a financial institution for preauthorized credit transfers?

    a. Positive notice to consumer within two days that credit has arrived
    b. Negative notice to consumer within two days that credit has not arrived
    c. Providing the periodic statement is sufficient notification
    d. Provide readily available phone number for consumer to call to find out if credit has arrived