



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, DC 20429

Division of Supervision

Debt Collection Improvement Act of 1996

FIL-64-98
June 10, 1998

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: *Consumer Disclosures by Financial Institutions Having Arrangements With Nondepository Providers of Payment Services*

The attached letter from Treasury Under Secretary John D. Hawke, Jr. addresses certain concerns about implementing provisions of the Debt Collection Improvement Act of 1996, also called "EFT99." The Act requires recipients of federal payments to designate a financial institution or other authorized agent to receive the payments by electronic funds transfer (EFT). The U.S. Department of the Treasury has a rulemaking proceeding in progress to implement this directive.

As the January 1, 1999, effective date draws closer for mandatory EFTs for most federal payments, some federally insured depository institutions have entered into, or plan to enter into, arrangements with nondepository providers of payment services, such as check cashers and money transmitters. These arrangements may involve giving customers access to EFT deposits in their insured accounts through an uninsured third-party provider. Under Secretary Hawke's letter requests that federally insured depository institutions that participate in such arrangements provide disclosures to customers that fully and fairly convey information about the fees and costs imposed by all of the parties to the arrangement, the legal relationships involved and the applicability of federal deposit insurance insofar as it is relevant to the arrangement.

For more information, please contact John Kotsiras, Consumer Affairs Specialist in the FDIC's Division of Compliance and Consumer Affairs, on (202) 942-3079.

Carmen J. Sullivan
Director

[Attachment](#): Letter from Treasury Under Secretary John D. Hawke, Jr.

Distribution: FDIC-Supervised Banks (Commercial and Savings)

NOTE: Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 801 17th Street, NW, Room 100, Washington, DC 20434 (800-276-6003 or (703) 562-2200).