

# Interagency Deposit Reconciliation Guidance at a Glance

## Purpose of the new Guidance

To ensure that financial institutions are aware of agencies' supervisory expectations regarding customer account deposit reconciliation practices.

## Background

On May 18, 2016, the Fed Board, CFPB, FDIC, NCUA and OCC issued [Interagency Guidance Regarding Deposit Reconciliation Practices](#). This guidance follows the August 2015 enforcement order issued by OCC, FDIC, CFPB to a bank. The order, covering six years, stated that the bank engaged in unfair and deceptive practices with respect to handling deposit slip discrepancies and that the bank's account agreement did not accurately describe the bank's deposit crediting practices. The bank was ordered to pay \$20.5 million in civil money penalties and restitution of approximately \$11 million to customers for failing to credit the full amount of their deposited funds.

## Example of the Issue

When a customer makes a deposit to an account, the amount that the FI credits to that account may differ from the total of the items deposited. This kind of discrepancy arises in a variety of situations, including inaccuracies on the deposit slip, encoding errors, or poor image capture. For example, the customer may deposit \$110 to an account, but indicates \$100 on the deposit slip. In this case, the FI may credit \$100 to the customer's account as indicated on the deposit slip without reconciling the \$10 discrepancy. This is referred to as a "credit discrepancy." It is a detriment to the customer and benefits the FI, if not appropriately reconciled.

## Interagency Guidance to Financial Institutions:

- To adopt deposit reconciliation policies and practices that are designed to avoid or reconcile discrepancies, or designed to resolve discrepancies such that customers are not disadvantaged.
- To effectively manage their deposit reconciliation practices to comply with Reg CC and other applicable laws or regulations and to prevent potential harm to their customers.
- Information provided to customers about the FI's deposit reconciliation practices should be accurate.
- FIs should implement effective compliance management systems that include appropriate policies, procedures, internal controls, training, and oversight and review processes to ensure compliance with applicable laws and regulations, and fair treatment of customers.
- Technological and other processes exist that allow FIs to fully reconcile discrepancies in deposit accounts.
- FIs' policies or practices that do not appropriately reconcile credit discrepancies within the prescribed time frames may raise Reg CC concerns if such discrepancies leave customers without timely access to the correct amount of funds. Failure to comply with the funds availability requirements in the EFAA and Reg CC may subject the FI to civil liability and possible action by the appropriate agency.

## Applicable Laws and Guidance

- Regulation CC & Expedited Funds Availability Act
- Federal Trade Commission Act, Section 5
- Dodd-Frank Act, Sections 1031 & 1036
- FFIEC Information Technology Handbook, Appendix C: Item Processing
- U.S. Code: Title 12
- U.S. Code: Title 15

Notes: *This guidance will be carried out by the agencies consistent with their respective statutory authorities. Depository institutions are not liable for "bona fide errors" as defined in 12 USC 4010(c).*