

## A SOLUTION FOR INTERNATIONAL & REG E

by [Steve Brown](#)

From time to time it can be fun to read a good mystery novel. Whether you do that using a tablet computer or take paper in hand and don some reading glasses, the fun is trying to guess how the story will unfold. The details, hints and wordplay needed to unravel the whodunit are certainly enjoyable and have become a specialty of ours. As such, we thought we could do the same with Regulation E, the new international consumer remittance rule that goes into effect on February 7, 2013. Some of you may have jumped in eagerly trying to absorb every piece of available material as you sat in on many webinars. If you are still unsure about where to start, you are not alone. We have been disentangling the details for our community bank customers and offer the following checklist to help you. First of all, you should begin by counting any international consumer remittances you made in 2011. Then, do the same for 2012 and annualize it. Be sure to include all payments you sent electronically to accounts located abroad for your customers for any personal, family or household purposes. When doing this, don't forget to count all the electronic methods you might have used, including ACH and all the platforms. Finally, be sure to include those payments where you used a correspondent bank located in the U.S., but where the payment had further instructions for deposit abroad. Second, delete from this group (but keep the main list so you don't have to re-do any work in the future) any remittances that were for less than \$15, were related to securities or commodities or were made from trust accounts. After completing these first two steps, you should now have a meaningful group of Reg. E payments. The next step is to count the remaining transactions to see if you may qualify under the exemption. If you process 100 or fewer international consumer payments in 2012, you do not need to follow Reg. E requirements, if you do not expect to exceed this threshold in 2013. You can just sit back and keep an eye on your volume. If you are over this threshold, before deciding whether your bank falls under Reg. E, you will need to take a thorough look at all of these transactions. Be thorough, as you may be surprised to find a wire from a small business owner, sent for his store under his personal account. These likely fall under a business account and as such, do not meet the definition of consumer either. Once you adjust your threshold count to get to the final numbers, you will know whether or not you are above 100. Also, during this process, be sure to explore KYC, because it is critical in this context. If you are unlucky enough to fall under the Reg. E requirements, take heart because we have a solution to help you get that done. Keep in mind that you will have to provide detailed disclosures in English and in those languages that you use for some of your marketing activities, as well as a 30 minute window for your customer to cancel the transaction (and an error resolution process). All of these regulatory tasks will divert a certain amount of resources to comply, but it can be done. Lastly, and before trying to answer why are going through all this hassle, think in terms of cross-selling. You may be providing international services to consumers as an accommodation but some of those customers are significant to you for other products. Most likely, your customers will be grateful in many ways to have a resourceful institution taking care of all their needs and we are here to help you get that done. At this point in the year, you only have 10 months of transactions, but taking a count and following the rules now, as you prepare for this hard deadline should help. Keep in mind that implementing Reg. E should not disrupt the rest of your international business, as it only applies to consumer transactions and not commercial. The key is to find a one-stop solution like ours to limit the impact on your customers. Now that the first

part of the mystery is unraveled, we look forward to giving you more hints about how to solve this mystery in upcoming chapters.

## **BANK NEWS**

### **M&A**

Jefferies Group has sold itself to Leucadia National Corp for \$2.8B, in an effort to reassure investors it has access to long-term funding. Leucadia is Jefferies' largest current shareholder and the purchase price represents the remaining 71% of the company it does not already own. The deal follows Stifel's announcement that it would buy KBW last week.

### **M&A**

First York Ban Corp (\$1.2B, NE) will acquire Glenvil Cooperative Credit Union (\$3mm, NE) for an undisclosed sum, in an unusual acquisition by a bank of a credit union.

### **Tax Moves**

Unless something happens soon, the top federal tax rate is expected to increase from 35.0% to 39.6%, effective Jan 1. In addition, long-term capital gain taxes could rise to 23.8% from 15.0%. Analysts say this is leading investors to sell stocks and real estate in an effort to accelerate investment income into 2012 and save taxes. Companies may also pay bonuses to employees and dividends to shareholders prior to year-end to improve their tax position.

*Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.*