Consumer Compliance Handbook

Division of Consumer and Community Affairs

Inquiries and comments relating to the contents of this handbook should be addressed to
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About this Handbook

Since the late 1960s, Congress has enacted a number of consumer protection and civil rights laws directly related to the activities of financial institutions. Most transactions involving consumers and financial institutions are covered by these laws. The Board of Governors is responsible for administering and enforcing the laws for state-chartered banks that are members of the Federal Reserve System (state member banks)—and, with respect to some of the laws, for foreign banking organizations. Oversight of this area is assigned to the Board's Division of Consumer and Community Affairs; direct supervision of individual institutions to determine their compliance with the laws, and the implementing regulations, is largely the responsibility of the Federal Reserve Banks, operating under delegated authority. Specially trained consumer compliance examination staff help carry out the Board's consumer compliance supervision program.

Intended Use

This *Consumer Compliance Handbook* provides Federal Reserve examiners (and other System compliance personnel) with background on the consumer compliance regulations and statutes covered by the Board's consumer compliance supervision program and guidelines for conducting consumer compliance examinations. Others in the compliance profession may also find it useful.

The *Handbook* describes each regulation (or, if no regulation exists, the statute) and, for most of the regulations, provides examination objectives, examination procedures, and a detailed examination checklist. Although most of the regulations are discussed in some detail, the discussions are not intended as a substitute for the regulation (or the statute). For complete information, examiners should refer to the regulation itself, as well as the statute, official interpretations, and any related CA Letters issued by the Division of Consumer and Community Affairs.

The *Handbook* primarily concerns examinations of state member banks, but it also covers supervisory activities related to foreign banking offices. For simplicity, most discussions refer to "state member banks" (or just "banks"), even when they may apply to foreign banking offices. In addition, the material on risk-focused consumer compliance supervision, which is currently being revised, applies in part to the supervision of LCBOs (large complex banking organizations), including those without a state member bank.[1]

Contents

The first part of the *Handbook* covers aspects of the examination process in general; the remaining parts focus on individual regulations (or, in some cases, individual statutes):

I. Risk-focused consumer compliance supervision
II. Deposit-related regulations and statutes
III. Credit-related regulations and statutes
IV. Other regulations, rules, policies, and statutes
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Relationship to FFIEC-Issued Material

The *Handbook* has been prepared specifically for Federal Reserve examiners. Some of the chapters concerning regulations or statutes for which the FFIEC has issued supervisory materials are adapted from FFIEC documents. The differences between the *Handbook* and FFIEC materials are not substantive and primarily involve formatting or other minor changes to increase consistency among individual *Handbook* chapters.

Updates

Informal updates will be provided to System staff through CA Letters, conference calls, and other means of internal communication, as circumstances dictate. Formal updates will be distributed at least annually.

Questions

Questions and comments about this *Handbook* should be directed to the Manager, Reserve Bank Oversight, Division of Consumer and Community Affairs.

An electronic version of this printed handbook is available on the Board's web site, at http://www.federalreserve.gov/boarddocs/SupManual/default.htm.

1. The material on risk-focused consumer compliance supervision is not included in this edition of the *Handbook*.

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