

ZIONS BANCORPORATION

CORPORATE COMPLIANCE
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July 22, 2011
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Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

ATTN: Regulation E; Docket No. R-1419; RIN 7100 – AD76

Dear Sir/Madam:

On behalf of Zions Bancorporation (Zions) we wish to thank the Federal Reserve Board (FRB) for providing us with the opportunity to comment on the proposed rule amending Regulation E published May 12, 2011. Zions Bancorporation is a \$51 Billion bank holding company with OCC and FDIC-supervised banking offices located in Arizona, California, Colorado, Idaho, Nevada, New Mexico, Oregon, Texas, Utah, and Washington.

We provide the following comments to the proposed rules regarding remittance transfers:

Disclosures

The rules propose to amend Regulation E creating new disclosure and error resolution requirements for certain remittance transfers. Zions is opposed to the requirement of providing pre-payment disclosures and a written receipt as currently proposed. The required information within the pre-payment disclosure is not always readily available at the time of the request. Most of this information, such as transfer amount, fees and taxes, exchange rate and final transfer amount, is determined by either an intermediary or the receiving institution. This creates an undue burden on financial institutions and would require substantial operational changes.

The information required on the receipt is also not practical, specifically requiring a disclosure of the date available to the receiving party and the final exchange rate. The date of availability is determined by the receiving institution. Delays occasionally occur for issues such as actions by an intermediary institution or delays to validate that receiving parties are not on the Treasury OFAC SDN list. The exchange rate can be determined by the intermediary who is converting the funds resulting in a slightly different final amount. To request sending institutions to provide a receipt indicating a date available or exchange rate with any certainty is not practical unless the information is provided post transaction with final information. Financial institutions would have to create a new process of monitoring every remittance transfer in order to notify consumers of final delivery. The proposal also does not account for the added time and resources required to mail/deliver receipts once final payment has been made.

The proposal allows for financial institutions to make the required disclosure available verbally if the entire transaction occurs over the phone. Currently, there are a number of items that must be disclosed to the customer when a remittance transfer is completed over the phone. Adding the proposed disclosures will add significant time to process each transfer and is subject to the issues listed above for written disclosures.

The board has proposed a temporary exception to insured depository institutions that would allow estimates to be used for amounts such as exchange rate, final recipient amount and fees imposed by intermediaries. The temporary exception should be made permanent for transactions where final payment information cannot be determined at the time the transaction is requested. Many of these examples are beyond the control of the financial institution and make it difficult or impossible to disclose with certainty.

Error Resolution

While Zions is not opposed to error resolution rights for consumers, we are generally opposed to the proposed error resolution rights for remittance transfers as written.

This proposal adds additional complexities to an already overly-burdensome process. Under the current proposal, the timing rule could have a dispute open for nearly a year. The error-resolution rights should follow those currently in place for electronic transfers under this regulation which afford the consumer 60 days after provision of the statement which contains the disputed transaction. Creating two different error resolution processes could greatly impact our current operations and lead to confusion for the consumer. The consumer should have some responsibility for reviewing their statements and making timely notification to the bank.

Cancellation Rights

Under the current proposal, consumers would have the right to cancel a remittance within one business day after payment. This becomes problematic when dealing in foreign currency and using intermediary banks. In order to provide the consumer one-day cancellation rights (similar to a "right of rescission" under Regulation Z) and receive a full refund, financial institutions would be required to delay sending the funds for 24 hours in order to protect against market fluctuation, or to build rate exchange risk into its exchange rates to cover shortages resulting in higher costs to consumers. This becomes a disservice to consumers who generally use remittance transfers to move funds quickly.

Summary

Zions is generally opposed to the proposed amendment to Regulation E as written. The new disclosure and error resolution requirements place significant additional burden on financial institutions and higher costs to consumers. The new cancellation rights do not address the loss potential or the practicality of withdrawing a remittance transfer once funds have been distributed.

Sincerely,

Norman Merritt
EVP – Corporate Compliance Director
Zions Bancorporation