



Raising the Bar: Understanding Regulation CC Threshold Updates and Customer Notification Requirements

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Regulation CC, issued by the Federal Reserve Board, governs the availability of funds and the collection of checks in the United States. It ensures transparency for depositors regarding when they can access funds from check deposits and outlines rules for financial institutions on how to handle these deposits. One critical component of Regulation CC involves threshold amounts, which are periodically adjusted for inflation. The most recent update, effective July 1, 2025, brings changes that banks and credit unions must implement — not only operationally, but also in how they notify customers. This article breaks down the updated threshold amounts, explains their practical implications, and highlights what financial institutions must do to remain compliant, particularly regarding customer communications.

Regulation CC (12 CFR Part 229), also known as the Availability of Funds and Collection of Checks regulation, is rooted in the Expedited Funds Availability Act (EFAA). It specifies:

- How long a bank can hold deposited funds before making them available to the customer.
- What disclosures must be made regarding funds availability.
- Procedures for processing returned checks.
- Maximum timeframes for extended holds based on risk, check type, and deposit method.

The regulation also includes specific dollar amounts (thresholds) that trigger different availability timelines, such as the “next-day availability” amount and the “large deposit exception” amount. These thresholds are adjusted every five years for inflation.

The Federal Reserve and the Consumer Financial Protection Bureau (CFPB) announced updated thresholds that will take effect on July 1, 2025. These changes are designed to maintain the real-dollar value of certain regulatory provisions over time. The minimum amount of a deposited check that must be made available by the next business day will increase to \$275, up from the previous \$225. The cash withdrawal amount subject to extended holds will rise to \$550. For new accounts, the threshold for funds made available by the next day will increase to \$6,725, as will the threshold for identifying large deposits and repeated overdrafts, which are also used in determining eligibility for extended holds.

Additionally, the civil liability amounts under Regulation CC will be adjusted: the minimum liability for individual actions will increase to \$125, while the maximum will rise to \$1,350. For class actions, the maximum allowable liability will increase to the lesser of \$672,950 or 1% of the bank’s net worth. These changes reflect a 21.8% rise in the Consumer Price Index



(CPI-W) from July 2018 to July 2023, and institutions are required to update disclosures and notify consumers accordingly.

Banks and credit unions must ensure their funds availability policies, core systems, and deposit platforms reflect the updated thresholds. For instance, when a customer deposits a check and qualifies for next-day availability, the first \$275 (up from \$225) must be made available the next business day. The remainder can be subject to standard holds. Systems that automate hold amounts or generate customer disclosures must be reprogrammed to align with the new figures.

Under Section 229.16(c)(3), when a financial institution changes its policy in a way that expands the availability of funds, it must notify customers no later than 30 days after implementing the change. Since these threshold increases generally benefit customers by shortening hold times or increasing early availability amounts, they are considered "positive" changes. However, failing to notify customers within this window could result in noncompliance and potentially subject the institution to penalties or examiner scrutiny.

Here is how institutions can meet the Regulation CC customer notification requirements effectively:

- Notifications must be sent no later than August 1, 2025 (30 days after the effective date).
- Institutions may choose to send the notice before July 1, 2025, as a proactive measure, but are not required to do so.

Financial institutions can use any of the following methods:

- Mailing a printed notice to the last known address.
- Delivering electronically, if the customer has consented to electronic disclosures under the E-SIGN Act.
- Posting a notice in-branch and on the institution's website (for walk-in customers and general awareness, but another method must also be used).
- Including a message on monthly statements or digital banking notifications.

Customers may not notice the change immediately, but the update means:

- Faster access to funds from eligible check deposits.
- Increased dollar amounts before longer holds apply.
- Improved transparency through timely notifications from their banks.

Educating frontline staff is essential, as customers may have questions once they begin noticing slightly different availability patterns on their accounts.



The Regulation CC threshold, update effective July 1, 2025, marks another step in keeping federal banking regulations in step with inflation and modern banking realities. Financial institutions must adjust their internal systems, update disclosures, and communicate the changes clearly to customers. While the changes are generally customer-friendly, strict compliance with timing and format of notifications is vital to avoid regulatory pitfalls. By staying informed and proactive, institutions can ensure a smooth transition and maintain customer trust in the evolving regulatory landscape.

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