

THE FINANCIAL SERVICES ROUNDTABLE



BITS

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FINANCIAL SERVICES
R O U N D T A B L E

July 7, 2009

Submitted via email to: regs.comments@occ.treas.gov

Communications Division
Office of the Comptroller of the Currency
Mailstop 2-3
Attention: 1557-0237
250 E Street, SW
Washington, DC 20219

Copy via fax (202.395.6974) to:
OCC Desk Officer, 1557-0237
U.S. Office of Management and Budget
725 17th Street, NW
#10235
Washington, DC 20503

RE: 1557-0237

Dear Sir or Madam:

BITS, a division of the Financial Services Roundtable¹, appreciates the opportunity to comment on the OCC Request for Comment on the Information Collection for the Identity Theft “Red Flags” Proposed Rule. The OCC has asked for input on:

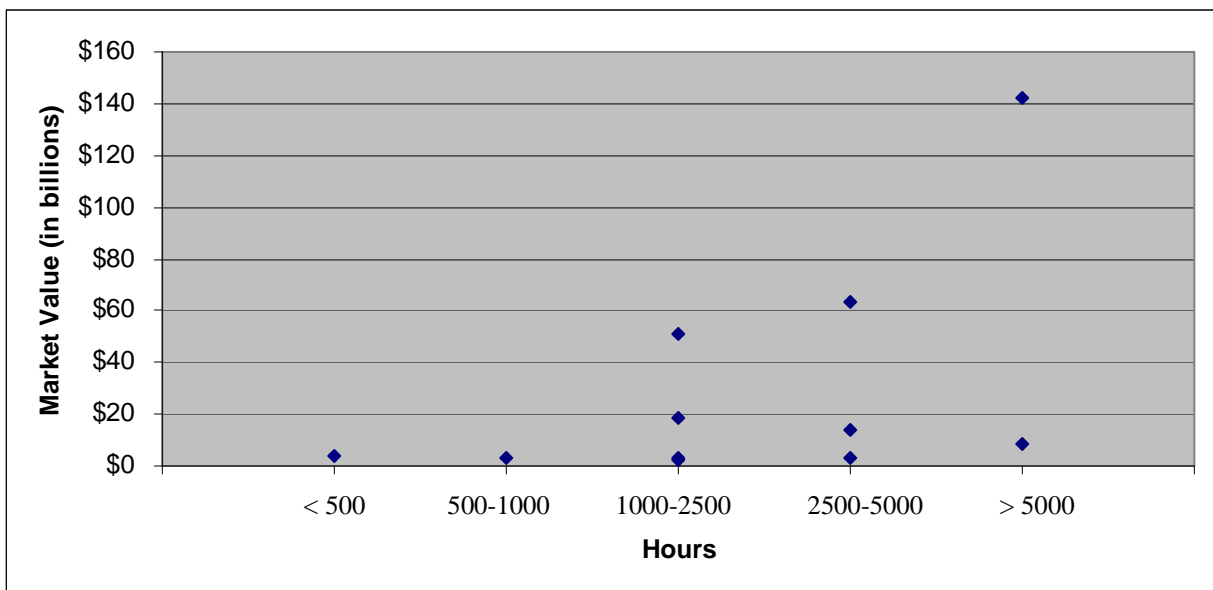
- (a) the necessity of information collection for the functions of the agency;
- (b) the accuracy of the agency’s estimate of the information collection burden;
- (c) ways to enhance the quality, utility, and clarity of collected information;
- (d) ways to minimize the burden of the collection on respondents, including additional forms of information technology; and
- (e) estimates of capital or startup costs and costs of operation, maintenance, and purchase of services to provide information.

We have provided comments on (b), the accuracy of the agency’s estimate of the information collection burden.

¹The Financial Services Roundtable represents 100 of the largest integrated financial services companies providing banking, insurance, and investment products and services to the American consumer. Member companies participate through the Chief Executive Officer and other senior executives nominated by the CEO. Roundtable member companies provide fuel for America’s economic engine, accounting directly for \$85.2 trillion in managed assets, \$980 billion in revenue, and 2.3 million jobs. BITS is the technology and operations division of The Roundtable. BITS provides intellectual capital and fosters collaboration to address emerging issues where financial services, technology, and commerce intersect.

In 2006, the Roundtable/BITS submitted a comment letter to the Agencies on the Identity Theft Red Flags Proposed Rule. The cost of compliance from a burden standpoint was one of the areas of concerns. At that time, our comment letter stated the following: “The consensus of our members is that these estimates are extremely low and unrealistic. Some members suggest that the actual costs would be ten times greater than the estimates. In particular, large and complex financial institutions may have identity theft processes and programs in multiple lines of business which means the total estimated time to comply would be much higher. In addition, the estimated cost of compliance fails to consider the cost to third party service providers, neither creditors nor financial institutions, which may be required to implement a program.” The Agencies’ original estimate in the proposed rule was 25 hours to create the Program, 4 hours to prepare an annual report, and 2 hours to train staff.

In June 2009, we surveyed our member financial institutions and asked for their estimates of the amount of time they spent implementing their identity theft “red flags” program. Eleven financial institutions responded, representing a diverse mix of institutions with banking, brokerage, consumer finance, and insurance activities. The majority of respondents spent between 500 and 5000 hours. A couple spent more than 5,000 hours. The lowest amount of time was 250 hours. The following chart shows the range of hours, based on market value, of the member companies that responded to the BITS survey.



In addition, we believe it is worth noting that some financial institutions may need to update their procedures or may need to devote additional time to interpret the Frequently Asked Questions document which the Agencies released on June 11, 2009.²

The number of hours reflected in the chart represents the following specific tasks completed by the financial institutions:

- Performing gap analysis of various entities and business units
- Determining which business units fall under the definition of “financial institution with covered accounts”

² On June 11, the federal financial regulators and the Federal Trade Commission jointly issued answers to 37 frequently asked questions (FAQs) on the ID Theft "Red Flags" regulation. In September 2008, BITS submitted 15 questions to the regulators based on our conference calls. It appears that many of these were included in the 37 FAQs that the agencies issued.

- Convening business unit planning meetings
- Completing questionnaires
- Documenting the risk assessment process
- Collecting, reviewing and commenting on red flags matrices
- Collecting, reviewing and commenting on policies & procedures
- Developing vendor contracts and notifications
- Participating in program management activities
- Making program recommendations
- Preparing and finalizing contracts and vendor notifications
- Training of staff
- Drafting and presenting board approvals and board reports
- Transitioning program management to functionally responsible groups

BITs convened numerous conference calls and meetings in 2006 through 2009 to discuss the proposed and final rule and strategies and challenges that financial institutions encountered to comply with the new requirements. Several experts from the Federal Deposit Insurance Corporation, Federal Reserve Board, Federal Trade Commission, OCC, and Office of Thrift Supervision participated in these calls in order to explain the final rule and to answer questions. Our members greatly appreciate these efforts.

If you have any further questions or comments on this matter, please do not hesitate to contact me at John@fsround.org or (202) 589-2442.

Sincerely,

John Carlson
Senior Vice President for Regulatory Affairs
BITs