



IOWA BANKERS ASSOCIATION

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Public Information Room
Office of the Comptroller of the Currency
250 E Street, SW., Mailstop 1-5
Washington, DC 20219
Attn: Docket # 0418

Jennifer J. Johnson, Secretary
Board of Governors, Federal Reserve
20th Street & Constitution Ave, NW
Washington, DC 20551
Docket No. R-1206

Robert E. Feldman, Executive Secretary
Federal Deposit Insurance Corp.
550 17th Street, NW.
Washington, DC 20429

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G. Street, NW.
Washington, DC 20552
No. 2004-35

Ladies and Gentlemen:

Iowa Bankers Association (IBA) is a trade association representing nearly 95% of 400+ banks and savings associations in the State of Iowa. We appreciate this opportunity to comment on the request to reduce regulatory burden in rules categorized as "Consumer Protection," including account/deposit relationships and miscellaneous consumer rules.

Every day, we hear from our members that the regulatory burdens placed on them, disclosure requirements, record retention requirements, monitoring requirements, etc., create undue hardships in allocation of resources, both human and financial, which impede their ability to effectively deliver products and services to existing customer bases, let alone the ability to develop and deliver new products and services and effectively compete in an ever-widening financial services industry.

While many of the regulatory requirements have been set by agency rule or regulation, over which you exercise control, others are statutorily set. This creates a more difficult environment in which to affect change – literally, an act of Congress. We encourage your efforts to address these concerns to Congress in hopes of effecting change.

Consumer Protection in Sales of Insurance

The credit disclosure required under part 40(b) is duplicative of the credit insurance disclosure required under Reg. Z section 226.4(d), and should be eliminated.

The requirement to provide the consumer disclosure both orally and in written format is duplicative. We recommend that the consumer insurance disclosure be provided in either format, with an appropriate acknowledgement of receipt of the disclosure.

Privacy of Consumer Financial Information

Under existing law, financial institutions are required to deliver a privacy notice annually to all consumer customers. This creates an unnecessary expense for those institutions that have not made changes to their privacy practices. We recommend a statutory change to eliminate the requirement for an annual notice, requiring a subsequent notice to be delivered only when an institution's privacy practices change.

Under part 12 of the Privacy regulation, the definition of "transaction account" should be clarified or eliminated. This definition is inconsistent with the definition of "transaction account" found in Reg. D and Reg. CC, and is unclear as to what it is intended to cover.

We oppose any further regulatory amendments that would impose more burdensome compliance requirements on institutions, such as expanded content requirements, format requirements (e.g. minimum type size, prescribed headers, etc.), or an opt-in provision instead of the existing opt-out.

Safeguarding Customer Information (GLBA 501(b))

Currently, the provisions establishing compliance expectations under GLBA 501(b) have been set out as guidelines rather than regulations, however, the examination practices treat these guidelines as if they have the full force and effect of regulations. This creates an overly burdensome compliance obligation, particularly on small institutions. The expected risk analysis and documentation of each, minute detail of banks' administrative, technical and physical safeguards of customer records and information overwhelm these institutions. In addition, the vendor due diligence requirements, suggesting that banks periodically conduct on-site inspections of vendors' internal security procedures and review in detail the vendors' security programs, create a concern among banks that they may be overreaching their responsibilities as a party to contracts with those vendors – to the extent of engaging in management practices of the vendor. Examination practices must be adjusted to the size and sophistication of each institution, reflective of each bank's risk. What we hear from members is that the approach to examination is "one-size fits all" – that the same expectations are applied to small institutions as for large. Currently, the guidelines provide little, if any, assistance (particularly for small institutions) as to how to manage compliance with the guidelines. Additional commentary, best practices, frequently asked questions or other guidance would be helpful.

Reg. E – Electronic Funds Transfers Act

Perhaps the most misunderstood provisions of this act deal with error resolution and determining consumer liability in the event of error. Additional clarification, or additional examples, would be helpful.

Reg. DD – Truth in Savings Act

The requirement of section 230.5 for delivering full-blown TISA disclosures together with maturity notices on automatically renewable certificate of deposit terms over one year is redundant and should be eliminated. The TISA disclosures are provided to consumers at the time of initial purchase of the certificate of deposit, and a renewal on the same terms should require no further disclosure. In addition, Reg. DD establishes a change in terms notification requirement, so that automatically renewing certificates of deposits for which a change in terms will be made at maturity should have already been notified under the disclosure requirements of 230.5(a). Regarding advertising requirements, Reg. DD at section 230.8(e) allows for some exemptions from full advertising disclosures when certain media are used. We recommend including "electronic billboards" (the billboards that have digital display messages in running format, whether located inside or outside an institution) in the category exempting "outdoor media"; and "voice response units" in the category exempting "telephone response machines." We have heard complaints that these media are not always consistently exempted during examinations.

FDIC Deposit Insurance Coverage

We appreciate FDIC's simplification of the regulations for accounts held in connection with living trusts, issued February 4, 2004. We encourage ongoing review of the insurance coverage limits and potential expansion of maximum coverage per ownership category.

Thank you for consideration of these comments. Feel free to contact me at 515-286-4391 or via e-mail, dbauman@iowabankers.com, should you have questions or need further information.

Sincerely,

Dodie Bauman, CRCM
Compliance Manager