



May 22, 2006

VIA EMAIL

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve
20th Street and Constitutional Ave. NW
Washington, DC 20551
regs.comments@federalreserve.gov
Docket No. R-1250

Office of the Comptroller of the
Currency
250 E Street, SW
Washington, DC 20551
regs.comments@occ.treas.gov
Docket No. 06-04

Federal Deposit Insurance Corporation
Robert E. Feldman, Executive Secretary
550 17th Street, N.W.
Washington, DC 20429
Comments@FDIC.gov
RIN 3064-AC73

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, N.W.
Washington, DC 20552
regs.comments@ots.treas.gov
Number 2006-06

National Credit Union Administration
Mary Rupp, Secretary of the Board
1775 Duke St.
Alexandria, VA 22314-3428
regs.comments@ncua.gov

Re: Advanced Notice of Public Rulemaking, Section 312 of the Fair and Accurate Credit Transactions Act.

Dear Sirs and Madams:

The Wisconsin Bankers Association (WBA) is the largest financial institution trade association in Wisconsin, representing 310 state and nationally chartered banks, savings and loan associations, and savings banks located in communities throughout the state. WBA appreciates the opportunity to comment on the advance notice of proposed rulemaking (ANPR) addressing Section 312 of the Fair and Accurate Credit Transactions Act (FACT Act).

The Board of Governors of the Federal Reserve System (FRB), Office of the Comptroller of the Currency (OCC), Federal Deposit Insurance Corporation (FDIC), Office of Thrift Supervision (OTS), and National Credit Union Administration (NCUA)(collectively, the Agencies) are required by Section 312 of the FACT Act to: develop accuracy and integrity guidelines for those reporting information (furnishers) to credit reporting agencies; identify reasonable policies and

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procedures for implementing the guidelines; and identify the circumstances when furnishers must reinvestigate disputes raised directly by consumers. To assist the Agencies in promulgating such rules, WBA offers the following information.

Overview

The current credit reporting system is used by several categories of interested parties: consumers; users of consumer reports; furnishers; and consumer reporting agencies. Each interested party uses the system for a particular purpose and all have a strong interest in the accuracy of this consumer information. Financial institutions rely on accurate information in both their credit underwriting and new deposit account procedures; hence, all have a strong incentive to ensure that the information reported is timely, accurate, and reliable.

WBA believes those currently using the credit reporting system are furnishing information with this consideration in mind. Any changes to the current reporting system should be made through these industry incentives rather than through additional regulatory burdens. Such burdens will cause the creation of a separate yet duplicative system for researching disputes and, in turn, will increase costs to both the users of the system and consumers. Furthermore, additional reporting requirements could have a negative affect on the current credit reporting system in that furnishers may choose to discontinue reporting information altogether.

Accuracy and Integrity Guidelines and Regulations

The Agencies have asked several questions relating to furnishers' practices and experiences. In Wisconsin, financial institutions of all sizes report to consumer reporting agencies. The majority report both negative and positive information on a monthly basis. Most are reporting to all three of the nationwide credit reporting agencies (Experian, Trans Union, and Equifax). Many have also begun to report to a fourth agency, CBC, as doing so is a requirement of the secondary market. Some smaller institutions are reporting information through a third-party processor, while others have several staff members dedicated to reporting customer information and researching disputes.

The information reported by financial institution furnishers is information collected from the financial institution's own files. The information reported is that of loan balances, payment amounts, payoffs and loan delinquencies. Each institution has set policies and procedures for ensuring accurate and complete reporting. These policies are subject to testing and audit reviews.

The disputes Wisconsin financial institutions receive, either from the credit bureaus or directly from the consumers, appear to have similar themes regardless of the size of the institution. These themes range from account number disputes, late payment disputes, to identity theft investigations. Very few disputes were as a result of bank-reporting errors. Even though financial institutions are not currently required to respond within an established time frame to requests received from a consumer, financial institutions generally respond to these direct customer disputes in the same fashion and time frame as they would a dispute received by a credit bureau. Interestingly, Wisconsin financial institutions have found that a large number of disputes arise from the merging of data that is sent to each of the credit

reporting agencies. These agencies receive correct reporting information on a customer from more than one financial institution, but when this collected information is then merged together by an aggregator, this process produces incorrect information. When reporting on disputed information, banks are utilizing the automated dispute system, E-OSCAR-web™.

Direct Dispute Regulations

Part B of the Agencies' ANPR requests information about how financial institutions handle disputes received directly from consumers. Also requested was information about the disadvantages, benefits and costs of handling direct disputes from customers. Most financial institutions will use similar methodology in researching disputes received from credit bureaus and directly from consumers. In both cases, bank records are reviewed and any changes are reported to the consumer reporting agency.

The consumer reporting agencies already have trained and dedicated staff adept at assisting consumers in investigating dispute inquiries. These individuals are already in the business of conducting such research and assisting in identity theft notices. These services allow the consumer to place one telephone call to the consumer reporting agency and are the fastest, best resource for consumer protection.

Creating a separate duplicative system allowing consumers to directly request furnishers to investigate disputes will be expensive. Additional regulatory requirements placed on furnishers will make the process more costly, less effective, and of little benefit to users of the credit reporting system. New regulatory requirements will result in additional costs relative to new staff, new network systems and maintenance, training and auditing.

Summary

Furnishers are currently working effectively when reporting information to the credit reporting system and when researching disputes. Financial institutions, as furnishers, have already developed policies and procedures to accurately report both positive and negative information to the credit reporting agencies. WBA believes the current system works well, and that a duplicative system is not necessary. WBA also believes that by creating additional regulatory burdens, less reporting will occur, thus making the current reporting system less effective.

WBA would like to thank its member institutions and the American Bankers Association for assistance in data collection for this ANPR. Once again, WBA appreciates the opportunity to comment on the ANPR.

Sincerely,



Kurt R. Bauer
President/CEO