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Acting Comptroller Announces Consumer Privacy Initiatives

WASHINGTON, D.C. -- Acting Comptroller of the Currency Julie L. Williams

announced today she has directed the OCC's Privacy Working Group to develop guidance for national banks addressing a number of consumer privacy issues, including web site disclosures of bank privacy policies, sharing of customer information, customer information security and the problem of identify theft.

Ms. Williams said she wants model disclosures developed that can be used by national banks to inform consumers about an institution's information sharing practices and the rights customers have under the Fair Credit Reporting Act to "opt-out" from having information about themselves shared between a bank's affiliates.

She also asked the Working Group to develop "effective practices" for Internet disclosure of banks' privacy policies in a clear and conspicuous manner.

In addition, Ms. Williams directed the Privacy Working Group to develop recommendations for national banks regarding adequate internal controls to assure that confidential customer information is adequately safeguarded from improper disclosure and from "identity theft."

"The nation's financial institutions must take prompt and effective action to assure consumers that their legitimate privacy concerns are being respected," Ms. Williams said. "The OCC is committed to assisting the banking industry in this effort by developing clear, practical guidance."

The OCC has asked the Federal Trade Commission to work with it in developing model disclosures.

Ms. Williams said she established the OCC's Privacy Working Group last month in response to heightened concerns among consumers about their financial privacy and as a result of issues identified in the recent report of the Consumer Electronic Payments Task Force established by Treasury Secretary Robert E. Rubin.

Developments in the financial services marketplace, driven by new business affiliations and technology advances, are fueling consumer concerns about the mishandling of personal information and the difficulties individuals face in trying to prevent inappropriate use, Ms. Williams said. Those concerns take on special significance as financial conglomerates are

created which can have extensive personal, financial and medical information about their customers, she added.

"We know that banks take their responsibility to keep customer information safe and confidential very seriously. The industry has an opportunity to maintain the trust Americans have always placed in banks by developing and implementing responsible information sharing and use policies," Ms. Williams said.

Ms. Williams named Chris Lewis, Senior Advisor to the Comptroller, and Amy Friend, Assistant Chief Counsel, to co-chair the Privacy Working Group. The group's members include senior staff from a number of different OCC divisions.

Ms. Williams, who took office as Acting Comptroller of the Currency in April, has urged the banking industry to develop meaningful self-regulatory approaches for ensuring that consumer privacy concerns are respected. Moreover, Ms. Williams has admonished banks to adhere to the spirit as well as the letter of recently enacted legal requirements on the sharing of information between affiliates for cross-marketing purposes. She has said that if financial institutions do not act to address privacy issues in a responsible manner, they risk losing valuable information resources.

"Financial privacy is one of the most important issues facing the public today," Ms. Williams said. "I intend to do everything possible to make sure that our nation's banks emerge as leaders in efforts to protect consumer privacy."

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The OCC charters, regulates and examines approximately 2,600 national banks and 66 federal branches of foreign banks in the U.S., accounting for more than 58 percent of the nation's banking assets. Its mission is to ensure a safe and sound and competitive national banking system that supports the citizens, communities and economy of the United States.□