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Contact: Robert M. Garsson (202) 874-5770
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OCC Seeks Comment on a Wide Range of Electronic
Banking Issues As First Step in Effort to Adapt
Regulations to Accommodate New Technologies

WASHINGTON, D.C. -- In response to the rapid growth of electronic commerce and the significant business opportunities that technology affords national banks, the Office of the Comptroller of the Currency (OCC) is seeking comment on a wide range of issues concerning national bank involvement in Internet-based activities and other emerging electronic technologies.

"Our goal is to ensure that national banks have the flexibility they need to bring the benefits of new technologies to their customers, while assuring that safety and soundness is maintained," said Comptroller of the Currency John D. Hawke, Jr.

The advance notice of proposed rulemaking to be published in tomorrow's Federal Register builds on a number of steps the OCC has already taken to facilitate national bank use of technology and to identify the safety and soundness issues presented by Internet banking and other new technologies. For example, the OCC issued a comprehensive handbook in October 1999 that addressed the risks in Internet banking activities. This guidance focused on security issues and the need for adequate controls to manage risk.

The OCC is now seeking comment in several areas:

Internet banking and involvement in other electronic technologies has the potential to expose banks to new combinations of risks from different sources. The OCC invites comment on whether OCC regulations adequately address the risks in current or future electronic activities. The OCC also asks if national banks have encountered problems with permissibility, validity or enforceability of electronic transactions that the OCC could address by providing greater legal certainty.

An existing regulation governs national banks that lease space to other businesses. The OCC asks if a similar regulation is needed to take into account

shared space on national bank Web sites in cases, for example, when customers can access non-bank sites through a national bank's Web site or, conversely, customers can access a national bank Web site through a non-bank's Web site.

The OCC expects use of electronic banking services to grow. The OCC invites comments on regulatory changes that could enhance consumer acceptance of, confidence in, or access to, electronic banking.

A number of statutes that apply to national banks refer to the state or place where the bank is located. In some of these statutes, the activities and operations of a national bank depend on the laws of the state where the bank is located. The OCC seeks comment on whether this approach impedes national bank Internet activities and whether regulations should be clarified.

National banks and their customers can transact business electronically without raising restrictions that relate to bank branching. The OCC asks if Internet bank transactions are impeded by geographical or branching restrictions that apply to other bank activities.

The advance notice will help the OCC fulfill requirements in the Gramm-Leach-Bliley Act for a report by the federal banking agencies on the delivery of financial services and to make recommendations on adapting existing regulations to Internet banking and lending. The report is due in November 2001.

Comments on the advance notice of proposed rulemaking must be received by April 3. The OCC expects a notice of proposed rulemaking will follow after comments are reviewed.

The OCC charters, regulates and examines approximately 2,400 national banks and 59 federal branches and agencies of foreign banks in the United States, accounting for 59 percent of the nation's banking assets. Its mission is to ensure a safe, sound and competitive national banking system that supports the citizens, communities and economy of the United States.