Acting Comptroller Urges Concerted Response on Privacy Issues
From Congress, Regulatory Agencies and the Financial Services
Industry

WASHINGTON, D.C. -- Acting Comptroller of the Currency Julie L.
Williams told a House panel today that the convergence of two
great trends -- financial services consolidation and the
information revolution -- present new challenges to meet the
public's legitimate privacy concerns that require a concerted
response from Congress, the regulatory agencies and the nation's
financial institutions.

"Surveys indicated that consumers are becoming increasingly
anxious about what becomes of their personal information once it
passes into the hands of the different companies receiving it," she
said in testimony before the House Banking Committee. "What
they do know, based on what they read and hear in the media, is
that more and more well meaning Americans each year fall victim
to information fraud and identity theft, causing hardship and
inconvenience."

Ms. Williams, who convened a privacy working group at the OCC
shortly after becoming acting Comptroller in April, cited three
specific concerns:

Information security. Although the bank regulatory agencies
have published guidance on bank information security, there
is no federal law that directly prohibits practices such as
"pretext calling," in which third parties pose as bank
customers to obtain confidential account information over
the phone. Ms. Williams voiced strong support for recently-
introduced legislation that would bar such practices.

Bank privacy policies. The OCC is looking to banks to adopt
policies that respond to consumer privacy concerns, provide
adequate disclosure about privacy policies and give
consumers meaningful control over the use of the information
they provide. "Although we have seen some promising
developments in that direction, time will tell whether
industry efforts provide effective," Ms. Williams said. "If
not, new steps will be needed."

Information sharing. Not all institutions are providing
clear and conspicuous disclosures to advise customers that
they have the right under the Fair Credit Reporting Act to
"opt-out" of arrangements in which data about them is shared
among a financial institution's affiliates. The OCC is
developing guidance on effective opt-out procedures to
assist banks in helping their customers better understand
their rights under the law.

Ms. Williams told the panel that the working group she convened
at the OCC has begun looking into three broad areas: the security
of bank customer information; the adequacy of bank website
disclosure of privacy policies; and bank implementation of the information-sharing provisions of the Fair Credit Reporting Act.

Related Links
- Statement
- Testimony
- Report of the Consumer Electronic Payments Task Force

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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.