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Acting Comptroller Julie L. Williams Urges Industry Leadership  
on Consumer Privacy

WASHINGTON, D.C. -- Acting Comptroller of the Currency Julie L. Williams urged the banking industry to demonstrate leadership in the treatment of confidential customer information and sensitivity to personal privacy issues. Otherwise, she said, "the industry risks a customer backlash that could fuel reactions at the federal and state levels that lead to restrictions on your ability to use precious information resources."

Industry self-regulation has the potential to address many consumer privacy concerns, she noted.

"But, although I am hopeful, as a bank regulator, I am a paid skeptic," she added. "And if self-regulatory initiatives are viewed as weak and toothless, the stage will be set for a more active government role."

Ms. Williams told lawyers attending a conference sponsored by the Bankers Roundtable that the stakes for the industry are high. For example, one benefit of the recently announced megamergers, she said, is that the resulting companies will be able to gather and distill data on an expanded customer pool and use that data to better target and serve individual customer needs.

"In the best case, we have a win-win situation: new business and new synergies for financial institutions, more choice and more convenience for consumers," she said.

However, Ms. Williams noted that consumer surveys reveal growing anxiety about the use -- and misuse -- of personal information. Media reports, she said, detail stories about individuals whose lives have been disrupted by fraudulent use of social security numbers, bank and credit card account information, real estate recordation, and even medical records.

"It is emphatically in the interests of the financial services industry -- whose basic raw material, after all, is information -- to take the lead in demonstrating that self-regulation can and will work, and that public concerns about privacy can be addressed without requiring externally-imposed government solutions to the problem."

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