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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.

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