American Bankers Association
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Via electronic mail

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW, Washington, DC 20429

Re: *Request for Information on FDIC Communication and Transparency, RIN 3064-ZA02*

Dear Mr. Feldman:

The American Bankers Association (ABA)[1] appreciates the opportunity to comment on the Federal Deposit Insurance Corporation (FDIC) Request for Information on FDIC Communication and Transparency (RFI), released on October 1, 2018.[2] The RFI seeks comment on how to make the FDIC's communications with insured depository institutions (IDIs) more effective, streamlined, and clear. Further, the FDIC has requested specific feedback on many of its current forms of communication, including Financial Institution Letters (FILs), Statements of Policy, Quarterly Banking Profiles, and the fdic.gov website.

ABA fully supports Chairman McWilliams's "Trust through Transparency" initiative—the commitment to build public trust and confidence by fostering a deeper culture of openness and accountability, the publication of performance metrics, and by providing increased access to data.[3] An important component of this initiative is to promote access to, and understanding of, FDIC information and resources by the institutions it supervises and insures. Therefore, we support the RFI's objective to "maximize efficiency and minimize burden associated with obtaining information on FDIC laws, regulations, policies, and other materials relevant to IDIs."[4]

To achieve this goal, we urge the FDIC to distinguish, clearly, critical regulatory and supervisory communications from other "informational" communications and to minimize the use of multiple, duplicative channels to disseminate information which increases the potential for confusion. ABA recommends that the FDIC define clearly the information that will be communicated through particular channels and that the FDIC limit the use of FILs so that they serve to announce only important supervisory and regulatory information. Such information would include new regulations, statements of policy, supervisory guidance documents,

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[1] The American Bankers Association is the voice of the nation's $17 trillion banking industry, which is composed of small, regional, and large banks that together employ more than 2 million people, safeguard $13 trillion in deposits, and extend nearly $10 trillion in loans.
[2] Fed. Deposit Ins. Corp., RIN 3064-ZA02, Request for Information on FDIC Communication and Transparency (2018) (available at: https://www fdic.gov/news/news/financial/2018/fil18053a.pdf).
[3] Fed. Deposit Ins. Corp., Message from the Chairman - Trust through Transparency, https://www.fdic.gov/transparency/ (last updated 10/04/2018).
[4] Fed. Deposit Ins. Corp., *supra* note 2, at 3.

advisories, Frequently Asked Questions (FAQs), and examination manual updates and additions. In addition, we recommend that the FDIC update communications platforms.

I. Assign specific types of information to particular types of documents and communication channels and avoid duplication.

To make FDIC communications more effective, a first step is to assign specific types of information to particular documents and communication channels. For example, there are currently a number of different documents that may contain significant supervisory and regulatory information: FILs, statements of policy, FAQs, Questions and Answers, examination manuals, and supervisory guidance documents, statements, and advisories. It is unclear what prompts the FDIC to use one document type versus another, or the key differences between these documents. We believe that banks would benefit from a clear statement of the FDIC's classifications for these documents and the identification of the channel that will be used to communicate each.

The RFI notes, "[t]he FDIC uses many forms of communication to inform IDIs about regulations, policies and guidance, industry data and educational materials, and other news and updates. Some forms of communication may be used to disseminate more than one type of information, and some materials may be distributed through multiple channels."[5] This makes it harder to locate key information, and increases the chance that bankers might overlook or miss important information because they did not look in the correct place. It also requires bankers to review and compare the various document types to confirm that they have not missed information.

While it is understandable to seek to distribute information as broadly as possible, over communicating increases the risk that FDIC messages will be overlooked. For example, in mid-November 2018 the FDIC released updated curriculum in the MoneySmart for Adults program. The FDIC sent at least two emails regarding the release, both from subscriptions@subscriptions.fdic.gov. One message was an announcement of the release, the second contained a FIL which announced the release. There is little value in duplicating information in this way, particularly information not related to supervisory or regulatory concerns.

II. Use Financial Institution Letters to convey only supervisory and regulatory information.

To respond to this RFI, ABA conducted an informal survey to which nearly 100 bankers from institutions of varying descriptions responded.[6] According to our survey, bankers refer to FILs frequently and view them as a source of important information, particularly supervisory

[5] *Id.*
[6] ABA's survey was web-based and asked 7 questions regarding bankers' frequency of use for FDIC materials and resources. Bankers were also able to input freeform comments on the FDIC's communication practices.

information. Nearly all of the bankers surveyed report referring to FILs at least a few times a month. Thus, FILs should be reserved as a method of communicating significant supervisory and regulatory information, including new regulations, statements of policy, supervisory guidance documents, advisories, FAQs, and examination manual updates and additions. FILs should not be used as a vehicle to announce webinars, meetings, or other communications.[7]

Many FILs simply announce the issuance of another document—for example a new regulation, policy statement or exam manual update. ABA recommends that after a defined period of time (perhaps 6 months) these FILs are retired but made available for archival reference, to avoid confusion and duplication. Then bankers can be confident that they are fully apprised of the FDIC's expectations on any particular issue if they have consulted the relevant source documents. Such consolidation will conserve bank personnel resources and promote compliance with regulations and supervisory expectations. ABA supports the FDIC's recent retirement of 374 out-of-date FILs, and going forward we encourage the agency to review and retire FILs on a regular schedule.

As the authoritative source for supervisory and regulatory information, FILs should be searchable and indexed by topic, applicable statute and/or regulation, publication date, and by institution size to which the FIL applies. Currently, FILs can be found either chronologically or by word search. The full text of all FILs should be word-searchable and searchable according to specific criteria. For example, the fdic.gov website should offer the ability to search for every FIL that mentions flood or RESPA, every FIL from a particular time period, every FIL with recommended routing to the Chief Financial Officer, every FIL that applies to an institution under $1 billion in assets, and every FIL with all or some of those characteristics.

Additionally, careful attention should be paid to the routing recommendations on FILs. Routing recommendations are the FDIC's suggestion for which bank personnel should review a FIL. Used correctly, these recommendations can help bankers, but the FDIC has overused these designations. For example, of the ten FILs published in November 2018, 9 have suggested routing to the Chief Executive Officer. This includes FILs on topics not broadly applicable to all bank CEOs, such as location-specific natural disasters and an FDIC survey. In the previous example regarding the MoneySmart for Adults curriculum, the FIL announcement included suggested routing to a bank's Chief Executive Officer, Community Reinvestment Act Officer, and Chief Retail Officer. While the MoneySmart curriculum is certainly a valuable resource to bankers, updates to MoneySmart rarely merit the attention of a bank CEO, even for a small institution.

III. Update communication platforms and data reporting.

In addition to better organization of FILs, the FDIC should allocate resources to updating its FDICconnect platform, which is used by bankers to upload documents responsive to examination

[7] A recent example of a FIL used to announce a Community Affairs webinar (available at: https://www.fdic.gov/news/news/financial/2018/fil18064.pdf).

request letters and other materials. ABA survey respondents noted that the platform is outdated, when compared to the messaging platforms that banks provide to their customers for secure communications. ABA members also report that FDICconnect cannot handle large file sizes, and suffers from very sluggish response and loading speeds. Updates to this important platform would improve communication and lessen the burden of exam preparation.

Our survey also noted relatively low use of FDIC telephone and email communication platforms. Fifteen percent of the bankers surveyed had not heard of the 877-ASK-FDIC hotline, and of those who had, over half reported never using this resource. In qualitative questioning, bankers report mixed experiences with the hotline as well as the email inboxes (e.g. supervision@fdic.gov). While a few have found these resources useful in the past, many bankers with recent experience have found them unhelpful. They report that replies from both resources appear to be highly scripted rather than responsive to the individualized question presented. The FDIC should ensure that these communication platforms respond to questions in a meaningful manner, or forward questions to staff with the authority and knowledge to provide useful answers.

The FDIC should also update its data reporting, including the Statistics on Depository Institutions (SDI)[8] which are made available on a quarterly basis. These Quarterly Banking Profiles have improved significantly in the past decade and are a useful complement to the FDIC's community banking reports and data. Additionally, the FDIC's current practice of live-streaming the report's release makes it more accessible to banks who use this information on a regular basis.

The FDIC could increase the value of the SDI by making its data easier to use and access. Specifically, SDI reports should mirror the existing categories of bank call report data from which the SDI is compiled. It is unclear why the SDI consists of certain items rather than the full data set, or why certain categories are omitted, such as interest income earned on different loan types. Further, other data categories are not referenced consistently with the call reports. For example, line items in the SDI are not displayed in the order in which they appear on a bank's call report. This makes it difficult to locate quickly specific line items on the SDI. As the SDI is clearly intended for advanced users, its organization and formatting should be consistent with call reports. Additionally, allowing SDI users to access multiple quarters of data at a time would improve functionality.

IV. Looking forward.

Thank you for the opportunity to comment on this important initiative. ABA appreciates the FDIC's commitment to communicate more efficiently and effectively with IDIs. ABA also recommends that the FDIC regularly collect feedback from visitors to its fdic.gov website. The FDIC will likely receive actionable recommendations from a website usability survey which asks

[8] The Statistics on Depository Institutions include comprehensive financial and demographic data for every FDIC-insured institution.

site visitors what they were looking for, whether they were able to find it, and suggestions for improvement.

If you have any questions, please contact me at 202-663-5338 or dbanks@aba.com.

Sincerely,

[redacted]

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