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November 21, 2007

Ms. Leneta Gregorie
Legal Division
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Desk Officer for the FDIC
Office of Information and Regulatory Affairs
Office of Management and Budget
New Executive Office Building
Washington, DC 20503

Re: Survey of Large-Bank Deposit Insurance Programs, 72 Federal Register 54264; September 24, 2007

Dear Ms. Gregorie:

The American Bankers Association (ABA) appreciates the opportunity to comment on the proposal of the Federal Deposit Insurance Corporation (FDIC) to survey large bank deposit insurance programs. ABA membership – which includes community, regional and money center banks and holding companies, as well as savings associations, savings banks and trust companies – makes it the largest banking trade association in the country. Upon completion of its merger with America's Community Bankers at the end of November, ABA's members – the majority of which are banks with less than $500 million in assets – represent 95 percent of the industry's $12.3 trillion in assets and employ 2.2 million men and women.

The ABA appreciates the deliberate, careful process that the FDIC has undertaken to assess the impact of its proposal to require large banks to report extensive details on insured-depositor status. As ABA has stated in our previous letters on the concept, the reporting would result in real and substantial costs to the industry. Thus, determining the true cost versus the potential benefit is of utmost importance. In our comment letter of March 13, 2007, ABA recommended that:[1]

> The FDIC should not proceed with this rulemaking without further research and consideration and only once the benefits significantly exceed the costs. As a major component in that exercise, the agency should minimize the costs to the industry to the maximum extent feasible.

[1] See www.fdic.gov/regulations/laws/federal/2006/06c15ac98.pdf, page 1.

Thus, we are pleased that the FDIC is undertaking further research to understand the current methods for deposit tracking by large banks and the impediments that hinder real-time determination of insurance status per account.

While the information obtained from the survey will assist the FDIC in understanding current practices, it does not shed light on the system changes, staffing or other expenses that would be required to convert systems to comport with requirements that may be set forth by the agency. For example, it may appear that current practices are capable of providing some information and applying holds on accounts, but even ostensibly simple modifications can cost millions of dollars given the many different systems that hold accounts designated as deposits. We suggest that there be an ability within each of the five separate sections (or "goals") of the survey for banks to comment on issues of complexity, compliance, and cost that changes might entail. In this way, the survey becomes more of a dialogue about system design and scope and what can feasibly and cost-effectively be changed.

There might also be a need for the bank to add clarifying information for specific questions in cases where the answer to the question may not be black or white. For example, many of the larger "covered institutions" have multiple systems for accounts that are designated as deposits, including traditional and non-traditional deposit applications (such as payroll systems, escrow deposit systems, and trust and custody systems). Thus, answers to the questions may depend on the specific system. Furthermore, compliance with proposed changes is likely to impose different burdens on each system. Providing the opportunity to add some explanatory notes if the bank thinks it appropriate will help the FDIC understand the true impact of any suggested changes. For example, the survey could ask whether there would be differences in accomplishing the five goals for different internal systems.

It is very important that participation in the survey be completely voluntary. While we believe institutions would be very willing to assist the FDIC in understanding their systems and the complications involved with implementing changes to it, institutions should not be compelled to participate. Rather, a voluntary system is preferred. This will balance the FDIC's desire for more detailed information with the ability of the institution to provide it easily. For example, several of our member banks told us that the estimate of 16 hours significantly understates the actual time required. They tell us that questions 2 and 3 in Goal 3 would require some programming to be done to generate the numbers. A way to simplify this question would be to ask the institution for an estimate of the numbers or, in the case of question 3, the percentage of accounts in each dollar range. The same strategy to simplify the requested information would also apply to question 3 in Goal 5.

If the FDIC moves forward with the survey, we suggest that the appropriate people within each organization (such as the regulatory reporting personnel in the bank) that are best able to answer the questions be contacted in advance and be copied on any transmittal letter sent to the bank CEO or other executive staff at the bank. This will accelerate the turnaround time of the survey.

Finally, it should be made explicit that the results of the survey will not be used in any way to penalize or punish banks that track deposit accounts in a way different from that which FDIC would prefer or different from other institutions. It is possible, for example, that some banks surveyed will have systems that could be more easily modified to meet FDIC's proposed changes. However, this should not be used as justification for the FDIC to move forward with a proposal without due consideration of the cost on all other institutions. The total cost to the industry must be weighed against the benefit to the FDIC.

ABA appreciates this opportunity to comment on the proposed survey and the openness of the FDIC staff to the concerns of the industry. We are prepared to work with them as they complete their analysis.

Sincerely,

James H. Chessen