



April 6, 2011

VIA email: comments@fdic.com

Executive Secretary
Attention: Comments, Federal Deposit Insurance Corporation
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

SUBJECT: Comment on Proposed Rule: Part 330 - Deposit Insurance Education (RIN #3064-AD37)

Dear Executive Secretary:

On behalf of First Hawaiian Bank, we wish to thank you for the opportunity to comment on the proposed rule which would amend the deposit insurance regulations by adding a deposit insurance training requirement. We appreciate the purpose of this proposed rule intended to promote public confidence in Federal deposit insurance, but have concerns about how this rule would impose an unnecessary burden on our bank.

By way of background, First Hawaiian Bank is a 15 billion dollar bank with 56 branches throughout Hawaii, 3 in Guam; and 2 in the Commonwealth of the Northern Mariana Islands. We offer a full range of financial services and products including personal and business checking and savings accounts; consumer loans; credit cards; mortgage loans; merchant services; commercial and corporate loans; and trust and wealth management services.

1. Requiring a two-hour computer-based program created by the FDIC to train applicable employees annually is unnecessary and will likely add needless burden.

We agree that employees at insured depository institutions (IDIs) with the authority to open accounts and/or respond to customer questions about FDIC insurance coverage should receive training on the "fundamentals of FDIC deposit insurance coverage". First Hawaiian Bank (Bank) does ensure that these employees receive training so that there is "sufficient familiarity with basic rules of Federal deposit insurance coverage".

The Bank already provides training on the fundamentals of FDIC deposit insurance coverage when new branch employees are hired. In addition, the bank uses an online software program to conduct a full range of compliance training. An FDIC Insurance course is provided annually to all branch employees and certain other business units that work closely with branch customers. This course is deployed online through the Bank's intranet and we require that 100% of the employees complete the course as assigned with successful completion of a test. We have an automated means to track course completion and the results are fed into a database for performance evaluation purposes.

We strongly believe that the Bank's current course provides employees with the necessary training on the fundamentals of FDIC deposit insurance coverage including such things as the current SMDIA limits, temporary unlimited insurance on transaction accounts, the types of accounts covered and not covered by insurance, and the general concept that depositors can benefit from more than the SMDIA limit by having accounts in multiple ownership categories. The Bank's course also includes information on the use of EDIE at www.fdic.gov, provides a link to the FDIC's *Deposit Insurance Summary*, and informs employees about additional information that can be found at the FDIC website. This course is typically completed within 20 minutes and provides the fundamental information about FDIC deposit insurance.

Our concerns regarding this training requirement are summarized as follows:

- The Bank already trains employees annually on deposit insurance coverage and, therefore, a 2-hour course is unnecessary. If required, the cost to the Bank is estimated to be 1,800 in annual staff hours and \$20,000 per year in additional overtime for non-exempt employees.
- Although the FDIC proposed that record-keeping is not required, this favor will have no real effect. If the Bank is required to provide training, it will be examined and audited on this requirement. The only way to prove that training was done, is to maintain appropriate records. This is a huge burden on the Bank. And, even though the FDIC might be able to build a means to track course completion, it would be burdensome for the Bank to access a separate system for this tracking.
- Employees are very familiar with our current means of online course delivery. Requiring the use of a different means to access the FDIC course will result in a loss of efficiency for our branch employees. An additional 2-hour course, will also add to the inundation of our employees with required compliance courses; courses which include numerous compliance issues that branch employees are already challenged to complete.
- Since the IDI is not expected to and should not provide legal counsel or advice to the customer on maximizing deposit insurance coverage, a 2-hour course is too in depth for employees that should only be required to know the fundamentals of deposit insurance. There are existing complex issues as it relates to deposit insurance, which at this time, instead of providing advice or counsel, employees refer the customer to the FDIC, as invited in the FDIC's publications, *Deposit Insurance Summary and Your Insured Deposits*. Training employees on more than the fundamentals of deposit insurance, including the complex issues, could cause confusion for branch employees and result in unintentional misinformation to customers. More training and knowledge of the details of deposit insurance may also encourage and unintentionally cause employees to provide legal advice and counsel to customers, something the bank, and certainly the FDIC, would like to avoid. FDIC is the expert on deposit insurance and referring questions that are not easily answered to the FDIC is the best practice.

A suggested solution for training is as follows:

- Simply require that IDIs provide training, in a manner determined by the IDI, to employees that assist customers in opening accounts or in answering basic questions regarding deposit account insurance coverage. If the FDIC would like to ensure that certain content is covered in the training, the content can be required, but the IDI should be allowed to use its current online delivery method to provide the training. The content should be kept to the "fundamentals of FDIC deposit insurance coverage" as discussed in the proposed rule and not be expanded beyond that.

- Require that the training include information about EDIE and how it can be accessed; the FDIC's publication, *Deposit Insurance Summary or Your Insured Deposits*; and customer referrals to the FDIC website for more information.
- If the FDIC believes that IDIs are not providing depositors with accurate information about FDIC insurance coverage, the FDIC Q&As should be expanded so that IDIs can routinely direct customers to this document as an additional source of information. The FDIC website is the best source of consistent and accurate information that goes beyond the fundamentals.

2. Requiring IDIs to ask each customer that opens a deposit account of the existence of other deposit accounts at the same IDI and whether their aggregated account balance exceeds the Standard Maximum Deposit Insurance Amount (SMDIA) is unneeded and could displease customers.

If an account is opened in person, the Customer Service Representative (CSR) routinely performs an online inquiry to determine what other accounts the customer has open with the bank. The FDIC brochure, *Your Insured Deposits* is made available to bank employees to provide to customers. This publication provides customers with general information, including access to EDIE, and how to contact the FDIC for more information or for answers to questions. Our CSRs assist customers with general information, but refer customers with more complex questions to the FDIC to ensure that accurate information is provided.

It would be unnecessarily intrusive to require that the bank ask the customer if they have other accounts with the Bank, and if the customer does, whether the combined balances exceed the SMDIA. Our concerns are that the customer would expect the Bank to be aware of their balances. Asking the customers something the Bank should already know may instill a lack of confidence and displease the customer. It would also be senseless to repeatedly ask this question for each new deposit account opened by a customer and impractical to ask this question and assess balances when customers are opening accounts online or by mail. If required to provide the FDIC deposit insurance information after the customer's balance is assessed through means, other than in person, additional system changes and added cost that is completely unnecessary will likely result.

The simple solution would be to:

- Eliminate the ineffective step of asking the customer for information it is already aware of, and to provide all customers with a copy of one of the FDIC's publications, *Deposit Insurance Summary or Your Insured Deposits* which includes information about EDIE.
- The FDIC should expand its existing Q&A document as necessary to address the most commonly asked questions and points of confusion. The FDIC can then require the bank to notify customers that this Q&A exists and where it can be found.

This will be the most effective and efficient solution. The information provided and developed by the FDIC is the most reliable and accurate resource for customers to refer to.

As stated in the proposed rule, the "rule would not require an IDI to provide counsel or advice to the customer regarding how to structure multiple deposit accounts to maximize deposit insurance coverage." The Bank agrees with this approach and appreciates this acknowledgement.

3. Requiring a dedicated computer terminal containing the EDIE application will be too costly to IDIs to provide and maintain.

We strongly disagree with the requirement for IDIs to maintain a dedicated computer terminal containing the EDIE application in each of its branches so that customers can use it on their own, or with assistance from IDI employees, or to generate reports on their FDIC insurance coverage amounts. The cost to install computers (separate from our mainframe systems) and printers in each branch for this purpose would be approximately \$104,000 and this does not include the cost for supplies, maintenance, and monthly Internet access charges.

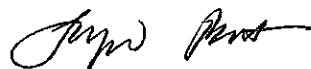
This requirement will require IDIs to make space available, purchase additional terminals and printers, paper and ink, and maintain the terminal to ensure it is working properly. Providing the terminal in the branch will also invite customers to ask complex deposit insurance questions of branch employees more frequently; and put employees in an awkward position of unintentionally providing advice when they should not.

In summary, we understand that the FDIC receives a large number of inquiries about FDIC insurance coverage. Depending on the customer's situation, FDIC deposit insurance coverage can become quite complex. We believe imposing the following would be the most effective way to provide customers with the information they need regarding deposit insurance:

- Require IDIs to provide training on the fundamentals of deposit insurance, in the manner it chooses, so that branch employees can answer questions from the customer on basic deposit insurance coverage.
- Provide to **all** customers information on EDIE, the *Deposit Insurance Summary or Your Insured Deposits* brochure, and the FDIC website, which includes the existing Q&A within the *Your Insured Deposits* brochure so that all customers can make informed decisions on how they structure their deposits, whether it be at the account opening IDI or elsewhere.

Thank you again for the opportunity to comment. Please feel free to contact the undersigned at (808) 844-3663 if you would like to discuss any of our comments.

Sincerely,



Joyce Borthwick
Corporate Compliance Division
Senior Vice President &
Chief Compliance Officer
FIRST HAWAIIAN BANK
Honolulu, Hawaii