April 12, 2011

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

Re: RIN # 3064-AD37 Deposit Insurance Coverage Training; SMDIA Notification

Dear Mr. Feldman:

The Independent Community Bankers of America[1] (ICBA) welcomes the opportunity to comment on the proposed rule that would require certain bank employees to complete training on FDIC deposit insurance coverage and provide to certain customers a copy of the FDIC's publication, *Deposit Insurance Summary*.

The FDIC is proposing to require any employee with authority to open deposit accounts or respond to customer questions about FDIC insurance coverage to complete a computer-based instructional program on the fundamentals of FDIC deposit insurance coverage. The training program would be self-administered and provided by the FDIC.

ICBA believes that this provision would impose a disproportionately high and significant burden on community banks without commensurate benefit to consumers. Appropriate community bank employees already participate in training regarding FDIC insurance coverage that is efficiently incorporated in their overall training. To require an additional specific and separate course on just

[1] The Independent Community Bankers of America represents nearly 5,000 community banks of all sizes and charter types throughout the United States and is dedicated exclusively to representing the interests of the community banking industry and the communities and customers we serve. ICBA aggregates the power of its members to provide a voice for community banking interests in Washington, resources to enhance community bank education and marketability, and profitability options to help community banks compete in an everchanging marketplace.

With nearly 5,000 members, representing more than 20,000 locations nationwide and employing nearly 300,000 Americans, ICBA members hold $1 trillion in assets, $800 billion in deposits, and $700 billion in loans to consumers, small businesses and the agricultural community. For more information, visit ICBA's website at www.icba.org.

insurance coverage is unnecessary and burdensome. Additionally, the scope of the proposal would require most community bank employees to receive the training, which would severely impact bank operations. Employees at small community banks typically perform multiple and overlapping job functions. To avoid significant disruptions in service, ongoing training such as this would likely have to occur after business hours, which would be costly and time-consuming.

Furthermore, with recent regulatory changes and new requirements on banks, this proposal places an additional compliance burden on community banks that will be challenging. These additional requirements as well as the requirements imposed cumulatively to implement new and revised regulations significantly increase the time that compliance officers, managers and staff would have to spend to comply, and to document compliance, especially for small banks that already have staff performing multiple job functions.

The FDIC is also proposing to require employees, when opening new accounts, to ask whether a customer has an ownership interest in any other account at the bank and if so, whether the aggregate balance exceeds the Standard Maximum Deposit Insurance Amount (SMDIA), which is currently $250,000. If the customer does, the employee must provide the customer with a copy of the FDIC's *Deposit Insurance Summary* publication. While in theory this provision seems to address the FDIC's goal of educating customers on deposit insurance coverage, it creates operational hurdles that would thwart FDIC's goal. To comply with this provision, a bank must rely on its customers to understand how their ownership interests are insured. The scope of FDIC insurance is complex and while it may not be difficult to understand for simple individual and jointly held accounts, customers may incorrectly identify their ownership interests in trust, retirement and beneficiary accounts. ICBA believes that relying on consumers to inform a bank employee whether their ownership interest exceeds the SMDIA would lead to confusion and potentially lead to an incorrect assumption about their total insured balance at the bank.

Additionally, with the recent media attention on identity theft, data breaches and the need for consumers to protect their private information, customers would be leery of disclosing their total account deposits at an institution. It is invasive and does not specifically address whether a consumer understands how their accounts are insured. It would be more cost-effective and efficient for bank employees to simply ask each new account applicant whether they have any questions about deposit insurance and if they do, the bank employee can provide them with a copy of the FDIC's *Deposit Insurance Summary* publication.

Furthermore vetting out the customers that may potentially be affected by the SMDIA by this method is not accurate and does not provide an effective way for a bank to document compliance and demonstrate that it provided the publication to the appropriate customer. This is especially true if a customer gives the

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employee incorrect information. We suggest that banks make the FDIC publication available at each "new accounts" station and at teller kiosks for those customers that express an interest in the insurance. Additionally, banks can periodically include the publication as statement stuffers and provide a link to EDIE on its website. These less burdensome methods would more effectively achieve FDIC's goal of educating consumers on deposit insurance coverage.

The FDIC is also seeking comment on whether its software program should include a feature that would allow banks to confirm that training has been completed by covered employees. As we previously stated, we believe the additional training is unnecessary and burdensome. However, if the FDIC determines that such training should be required, a confirmation feature would be beneficial and would enable banks and examiners to easily track compliance.

In its proposal, the FDIC explains that the self-paced training module would include frequent knowledge checks to help the user evaluate his or her understanding of the information presented. We believe this portion of the program should be eliminated from the software program. It is unclear what would become of employees that do not "pass" the knowledge checks. We are concerned that banks would be pressured to impose restrictions on these employees, such as prohibiting them from opening new accounts or suspending their employment until they pass the knowledge checks. For community banks with employees performing multiple job functions, prohibiting those employees from answering customer inquiries or opening new accounts until they pass would be extraordinarily burdensome. If knowledge checks remain in the program, we believe the rule should clearly state that banks are not required to remove employees from their current position or job function simply because they did not pass the knowledge checks. We believe the decision on how to help these employees learn FDIC insurance coverage should be left with bank management and not the regulators. To underscore this point, we also strongly urge that any confirmation feature of the program acknowledge only that the employee completed the software program and not whether the employee passed the knowledge checks.

The FDIC is also proposing to require employees to repeat this training once in every 12-month period. We believe this is excessive and unnecessary and suggest that training re-occur only when material changes are made to insurance coverage. If the original training is successfully implemented, employees should complete the program with a thorough understanding of insurance coverage. Requiring employees with a thorough understanding of FDIC insurance to annually repeat a training course is redundant and costly. If FDIC determines that a refresher course is necessary, we believe that it would be more appropriate that a shorter, condensed version of the original training program be conducted every two years.

Similarly, the proposal would require new employees to take the training within 30 days of commencing employment and current employees to complete training within 60 days of the effective date of the final rule. Community banks will need additional time to comply with this provision. Banks will have to amend their procedures and training manuals as well as coordinate scheduling of all appropriate employees to take the training while ensuring there is minimal disruption of service. We recommend that new employees have 60 days and current employees have 120 days to complete training.

The FDIC is seeking comment on whether it should require banks to maintain, in their retail office lobbies, a dedicated computer terminal containing the EDIE application. Customers would be able to use the computer terminal on their own, or with assistance from bank employees and generate reports on the customer's deposit insurance coverage. ICBA strongly opposes this provision and believes it would not achieve the purpose of the proposal. The cost to install and maintain a dedicated computer terminal for deposit insurance would be significant without commensurate benefit to the consumer. Customers would not typically approach an idle computer terminal located in a branch lobby and begin entering their account balance totals and ownership structures without the encouragement and assistance of a bank employee. And community banks, especially during peak service hours, would not be able to dedicate an employee to encourage and assist in the use of the terminal. Furthermore, customers that are proficient in using computers would be able to access the application through a link on the bank's website or FDIC's website and conduct their inquiries in the privacy of their own homes. Customers not proficient in computer use can inquire about their deposit insurance coverage and receive FDIC's *Deposit Insurance Summary* publication and have their questions answered by qualified bank personnel. These less costly methods would more effectively achieve FDIC's goal.

Thank you for the opportunity to comment. If you have any questions or need additional information, please feel free to contact me by telephone at 202-659-8111 or by e-mail at lilly.thomas@icba.org.

Sincerely,

/s/

Lilly Thomas
Vice President and Regulatory Counsel