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April 12, 2011

By electronic delivery

Robert E. Feldman, Executive Secretary
ATTN: 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:

TD Bank, N.A. appreciates this opportunity to comment on the Federal Deposit Insurance Corporation's proposed amendments to 12 CFR 330 to promote public confidence in Federal deposit insurance. The proposal addresses three major areas of revision: the requirement that certain insured depository institution (IDI) personnel complete FDIC-provided training; the requirement that IDIs implement new deposit account-opening procedures so that employees must question customers as to their aggregate ownership interest in deposit accounts; and the requirement that IDIs provide a link to the FDIC's Electronic Deposit Insurance Estimator on their public websites. TD Bank, N.A. has comments to offer on the first and second of these requirements.

TD Bank is one of the 10 largest banks in the United States, with $179 billion in assets, and provides consumers with a full range of financial products and services at more than 1,250 locations from Maine to Florida. TD Bank is a member of TD Bank Group and a subsidiary of Toronto-Dominion Bank, which is headquartered in Toronto, Canada. Toronto-Dominion Bank and TD Bank also operate subsidiaries and divisions in insurance, wealth management, merchant services, mortgage banking, government banking, private label credit cards, auto financing, insurance premium financing and other financial services.

<u>IDI Employee Education on Deposit Insurance</u>. The FDIC has proposed that IDI employees with the authority to open deposit accounts and/or respond to customer questions about FDIC deposit insurance coverage complete a computer-based instructional program provided to IDIs by the FDIC.

The FDIC justifies this proposal by referencing the "tens of thousands of telephone calls, emails and correspondence annually" that it receives "from depositors and IDI employees seeking information and advice about FDIC insurance coverage." The FDIC also references complaints from IDI customers regarding their banks' inability to provide accurate responses to their deposit insurance questions. The FDIC expresses concern regarding the potential for "financial harm to depositors" and "undermine[d] consumer confidence" in the deposit insurance system.

It is respectfully suggested that this proposal is a tactical, cost-shifting device to divert the customer service burden from the FDIC to IDIs. An underlying assumption (which may well be fallacious) is that this would alleviate the volume of inquiries received by FDIC. Given the substantive, somewhat confusing, and in some cases, temporary changes made over the last few years, it should be no surprise that inquires about deposit insurance have surged. The FDIC should continue to monitor the volume of customer service contact and staff their resources accordingly. Dedicated FDIC customer service employees - fully conversant in the myriad convolutions of FDIC deposit insurance coverage - would be in the best position to answer consumer inquiries as well as to provide informed guidance and advice.

It is further respectfully suggested that the proposed training does little to cure the FDIC's concerns. The training is lengthy (up to 2 hours). It is not tracked and is silent on the expectations that a prudential regulator would have about monitoring and documenting completion rates. The targeted IDI employee base is one with a historically high turnover rate, which adds to the burden and complexity of monitoring this requirement.

TD Bank does not disagree with the idea of a short (*i.e.*, 30 minute refresher) training for IDI employees most likely to encounter customer inquiries about FDIC Deposit Insurance. However, the subject matter should be high-level: that there is a limit (SMDIA); that coverage can be fairly broad based on individual situations; and where to find FDIC resources (brochures, EDIE, etc.) for more details. The FDIC could provide this training (including a mechanism for tracking and reporting completion), or create a requirement for IDIs (and provide an outline of required content) to incorporate with the internal new hire and refresher training for the relevant audiences. Such IDI training is preferable, as it could be incorporated with existing requirements that are already reported and tracked.

<u>New Account-Opening Procedures</u>. The FDIC has proposed that IDIs be required to institute procedures ensuring that, regardless of the manner in which a customer opens a new account, the employee opening the account must inquire as to the existence of other deposit accounts at the same IDI and whether the aggregated account balance exceeds the SMDIA, currently $250,000. If the response is in the affirmative, the IDI employee would provide the customer with a copy of the FDIC's *Deposit Insurance Summary* publication.

It is respectfully submitted that the customers themselves, rather than IDI employees, are in a better position to calculate the customer's aggregated account balance. Requiring the IDI employee to then make a determination based on the customer's response, that disclosure of the FDIC's publication is or is not necessary, could lead to litigation arising from a customer's reliance upon an erroneous choice.

IDI employees access account information electronically, which may result in inaccuracies. The FDIC defers to entries on signature cards when establishing account ownership for payment of claims, which may contain inconsistent information. Furthermore, IDI employees may be unable to access deposit account information from another financial institution while a merger is in progress.

The FDIC's concern regarding inaccurate guidance by IDI employees is best cured by placing responsibility for the calculation with the customer (who should know the extent, ownership, and location of all deposits). It is more appropriate for IDIs to direct customers to FDIC resources, and it is respectfully submitted that a requirement to provide every customer with the FDIC's *Deposit Insurance Summary* publication at account opening would best serve this purpose. The cost of providing the paper booklet would rest with the FDIC, and an electronic version would be an option as well. Each customer can then make informed decisions about his or her own risk exposure.

The proposed requirement that IDIs provide a link to the FDIC's Electronic Deposit Insurance Estimator on their public websites leaves the decision of whether to take advantage of that feature, and what to do with the results, with the customer. It is respectfully submitted that the FDIC should follow this line of reasoning throughout the proposal, require only that IDIs provide the FDIC's publication and link to EDIE, and allow customers the autonomy to choose where and how best to maintain their deposit accounts. Thank you for your consideration.

Sincerely,

Agnes Bundy Scanlan

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