



April 20, 2020

VIA ELECTRONIC SUBMISSION

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th NW
Washington, DC 20429
Re: RIN
Email: comments@FDIC.gov

Re: RFI on FDIC Sign and Advertising Requirements and Potential Technological Solutions

Dear Mr. Feldman:

The Consumer Bankers Association (“CBA”)¹ appreciates the opportunity to comment on the Federal Deposit Insurance Corporation’s (“FDIC’s”) request for information regarding sign and advertising requirements. CBA applauds the FDIC’s initiative to seek input about potentially modernizing sign and advertising rules to reflect the evolution of deposit-taking channels since the rules were last significantly updated in 2006. The FDIC has also correctly identified a related issue, the increased risk of misrepresentations posed by nonbanks regarding deposit insurance. Technological advances have the ability to make the FDIC sign rules both more effective and efficient.

The FDIC’s official sign and advertising statement regulations require banks to continuously display the FDIC sign where insured deposits are usually and normally received in the bank’s principal place of business and at all of its branches and to use an official advertising statement, such as “Member FDIC,” when advertising deposit products and services.² In the Agency’s review of these rules, CBA encourages the FDIC to consider modifying the requirements in a way where FDIC-insured member banks are able to have more parity with nonbank companies in their ability to communicate with and accept deposits from consumers.

Advertising Statement

Technology has expanded how and where consumers interface with their respective banks when making deposits. The expanded use of the internet through online providers, mobile banking, smart phone applications, digital wallets and the other tools has drastically impacted the ways banking and deposit taking is done in today’s society.

¹ The Consumer Bankers Association partners with the nation's leading retail banks to promote sound policy, prepare the next generation of bankers, and finance the dreams of consumers and small businesses. The nation’s largest financial institutions, as well as many regional banks, are CBA corporate members, collectively holding two thirds of the industry’s total assets.

² 12 CFR part 328.

CBA urges the FDIC to create parity between FDIC member institutions and FDIC insured products distributed through contractual relationships with non-FDIC insured entities. Generally, the Advertising Rules require FDIC member banks to display the FDIC sign wherever insured deposits are normally received. The Advertising Rules also require a FDIC member bank to use an official advertising statement, e.g. “Member FDIC”, when advertising products and services. As noted by the FDIC, the technological advances have drastically changed how banks interact with their customers, e.g. online and digital banking platforms.

With the rise of the internet, the FDIC has accurately identified the increased complexities when FDIC member banks partner with third parties. It poses a risk to consumers who may become confused or misled. Notably, an unclear scenario is created when a third party highlights the FDIC logo while omitting or minimizing the role of the FDIC member bank in providing a product or service.

CBA encourages the FDIC to modify its rule where consumers have more explicit and clear representations regarding the deposit insurance coverage. We suggest the FDIC require third parties clearly and conspicuously disclose the FDIC conditions for receiving such insurance coverage.

Based on the FDIC’s experience, it is apparent customers are unclear how to identify institutions insured by the FDIC. The FDIC advertising rule as written obviously does not provide customers with the clarity they need. CBA urges the FDIC to develop an alternative which better aligns with the way customers engage with their bank, especially through mobile and internet-based platforms.

Official Sign

CBA discourages the requirement which mandates the FDIC official sign be prominently displayed at all facilities and physical banking device, e.g. ATM’s. Technology has prompted society to change the ways in which it engages, and banks are evolving how they engage with their customers. The requirement to display the FDIC official sign at all facilities, including teller windows, etc., is archaic and does not allow banks the flexibility to continue to evolve and compete against their nonbank competitors on an even playing field. CBA implores the FDIC to create a rule which allows for fewer prominent signs to be displayed in physical bank locations. For instance, a prominent FDIC official sign on the front door and on the ATM would suffice.

In addition, to create more parity between FDIC-member bankers and fintechs, we do not think the official sign should be required to be displayed all throughout an FDIC-insured bank’s website or mobile applications. As an alternative, the FDIC’s statement, i.e. “Member FDIC”, should be on the home page, product page and the login screen on any FDIC-insured banking app and website.

Finally, CBA members would be happy to continue to work with the FDIC on any modifications the Agency believes necessary to the advertising and official sign rules. CBA appreciates the opportunity to submit feedback on this RFI. If you have any questions, please do not hesitate to contact me at 202-552-6360 or Acotten@consumerbankers.com

Sincerely,



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