April 6, 2023

James P. Sheesley
Assistant Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW,
Washington, DC 20429

Re: FDIC Official Sign and Advertising Requirements, False Advertising, Misrepresentation of Insured Status, and Misuse of the FDIC's Name or Logo, RIN 3064-AF26

Dear Chair Gruenberg:

On behalf of AARP's nearly 38 million members and all older Americans nationwide, we submit these comments on the Federal Deposit Insurance Corporation's ("FDIC") proposed rule making changes to official sign and advertising requirements, prohibitions regarding false advertising, misrepresentation of insured status, and misuse of the FDIC's name or logo ("Proposal").[1] As the largest nonprofit, nonpartisan membership organization representing people aged 50 and older, AARP is encouraged by the FDIC's effort to ensure that bank customers understand which products are insured and which are not. This is especially important in light of the collapse of Silicon Valley Bank and Signature Bank in March 2023. AARP welcomes this opportunity to share its views on how the FDIC can equip banking customers to make informed choices.

AARP strongly supports efforts to enhance clarity and increase transparency. Rules against unfair, deceptive, or abusive financial products are essential to '"helping people and communities build and maintain wealth. To that end, AARP strongly supports efforts to ensure members of the public are protected.[2] The FDIC's Proposal reflects such an initiative, and we support its adoption.

1. **<u>As Physical Banks Change, So Must Physical Signage.</u>**

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[1] 87 Fed.Reg. 78017 (Dec. 21, 2022). The Proposal, if finalized, would make five discrete changes, all of which the FDIC says are "intended to enable consumers to better understand when they are doing business with an [insured depository institution (IDI)] and when their funds are protected by the FDIC's deposit insurance coverage." Those five topics are: modernizing and amending the rules governing the display of the official sign in branches; requiring FDIC signage across all banking channels, including digital channels; clarifying the FDIC's rules regarding misrepresentations of deposit insurance coverage; including crypto assets in the definition of "non-deposit product;" and requiring IDIs to maintain policies and procedures addressing compliance.

[2] AARP, *AARP Financial Services Principles*, https://policybook.aarp.org/policy-book/financial-services/aarp-financial-services-principles.

AARP firmly believes that the marketplace for consumer financial products should be transparent and have strong consumer protections.[3] Banks have begun selling a variety of products that differ in terms of their insurance status. They have also "increasingly begun operating branches with different styles and designs."[4] Thus, FDIC regulations should be updated to ensure that customers fully understand which products are insured and which are not.[5] Experience has shown time-and-again that information is empowering to consumers, and information may be provided through mediums other than the written word to be beneficial.

The FDIC proposes that physical segregation and signs alert bank customers as to whether or not financial products are subject to FDIC insurance. AARP supports enhanced visibility of the FDIC status of a product as it would increase customer awareness of which products are insured versus those that may lose value. The FDIC asks whether it would "be beneficial to consumers to standardize the design of the proposed rule's non-deposit signage." While AARP does not believe it necessary to fully standardize the design of non-deposit signage, the FDIC should set minimum standards for these signs, including minimum standards for font size.

2. **Digital Channels Deserve High-Quality Signage.**

To ensure adequate disclosures, the FDIC should develop effective signage requirements for websites and mobile banking. According to FDIC data, for households headed by someone aged 65 years or older 54.1% used online banking, while 41.7% used mobile banking, respectively, in 2021.[6] Those numbers were even higher, at 67.3% and 66.6%, respectively, for households headed by someone aged 55 to 64. Nearly one-third of households headed by someone aged 55 to 64 used mobile banking as their *primary* method of accessing banking services.

AARP agrees with the FDIC's Proposal to require the FDIC logo on the banks' homepage, landing or login pages, and pages where the customer may transact with deposits. However, we believe the Proposal should also prohibit non-deposit products from being sold or offered on the same pages as insured products and, accordingly, include deposit and non-deposit signage. Although AARP does not believe it necessary to fully standardize the design of banks' non-deposit signage, the FDIC should set minimum standards, including standards for font size, for these signs, just as AARP recommends for physical signage.

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[3] AARP, *Financial Services Regulation: Policy*, https://policybook.aarp.org/policy-book/financial-services/financial-services-regulation.

[4] 87 Fed.Reg. 78017 (Dec. 21, 2022).

[5] Proposal at 78019 (the FDIC explains that "[t]hese locations may include electronically-staffed kiosks, interactive ATMs that provide remote assistance with a teller, and teller-less cafés where deposits can be accepted on tablets or through ATMs").

[6] FDIC, *FDIC National Survey of Unbanked and Underbanked Households: Appendix Tables* (2021), https://www.fdic.gov/analysis/household-survey/2021appendix.pdf.

3. **<u>Improvements to Proposed Prohibitions Against Misrepresentation.</u>**

Online nonbanks, often dubbed "imitation banks,"[7] frequently compare their products to the FDIC insured products without noting this fundamental difference. These institutions are not banks. Instead of deposit accounts, their products may be uninsured bonds or non-deposit debt agreements.

This is a form of misrepresentation of deposit insurance status. By comparing their products with those of FDIC-insured institutions, nonbanks are hoping that potential customers will be attracted to the high rates and ignore the fact that these products are uninsured and often higher risk. The FDIC should make clear that comparing an uninsured financial product to an insured one without clearly and conspicuously noting the difference in insurance status is a misrepresentation of insured status.

In addition, the Proposal would provide that failure to disclose that certain conditions must be satisfied for pass-through deposit insurance is a form of misrepresentation. The FDIC should require that institutions offering pass-through insurance disclose what conditions apply and the actions a customer must take to obtain pass-through coverage.

Again, AARP appreciates the opportunity to share its perspective on the FDIC's Proposal to protect banking customers through improved signage and appropriate disclosures, and supports its adoption. If you have any questions, please feel free to contact Sarah Mysiewicz of our Government Affairs office at SMysiewicz@aarp.org or 202-893-4462.

Sincerely,

[redacted]

David Certner
Legislative Counsel and Legislative Policy Director
Government Affairs

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[7] Ebrima Santos Sanneh, *The Rise of "Imitation Banks" May Lead to Regulatory Scrutiny*, American Banker (Mar. 3, 2023), https://www.americanbanker.com/news/the-rise-of-imitation-banks-may-lead-to-regulatory-scrutiny.