

Press Releases

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OTS 00-78 - OTS to Employ 'Check-Up' to Help Boost Thrifts' Privacy Compliance

Office of Thrift Supervision

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OTS to Employ 'Check-Up' to Help Boost Thrifts' Privacy Compliance

WASHINGTON, D.C., Sept 18, 2000 - Although financial institutions don't have to be in full compliance with the privacy provisions of the Gramm-Leach-Bliley Act until July 1, 2001, the Office of Thrift Supervision (OTS) is wasting no time in its efforts to make certain the thrift industry implements and tests its systems and procedures in the interim so it can be fully compliant by that date.

To support its approach, OTS today issued a "Privacy Preparedness Check-up" for examiners to use as they discuss with institutions their plans to meet the provisions of the new law and implementing regulations on time. The agency warned, however, "Everyone should recognize that implementing the new privacy rule is going to be a learning experience for all concerned."

OTS examiners and thrift institutions regulated by OTS will receive copies of the check-up document. Examiners will use the check-up in on-site compliance examinations conducted during the remainder of this year and in on-site and off-site contact with all other OTS-regulated institutions in the first four months of 2001. The 2001 version will include any changes made as a result of feedback from examiners, the industry and the public. At the same time, the document is intended to help institutions get ready. Similar check-ups were an important tool used by OTS, other banking regulators and regulated banks and thrifts during 1998 and 1999 to stimulate and monitor industry preparations for Y2K compliance.

"The goal of the program is to encourage sound compliance planning - not to enforce a uniform approach," the check-up document states. "In fact, an important key to understanding the new privacy rule is to recognize the flexibility it provides for tailoring each institution's substantive privacy policies. Accordingly, the Preparedness Check-up should be applied in a way that accommodates that flexibility."

The agency emphasized that the check-up is not a set of examination procedures. Compliance exam procedures are being prepared now on an interagency basis and will be issued later this year.

The check-up is built around how institutions are planning to meet the privacy rule compliance deadline next July 1. It poses a series of statements and questions to guide examiners in assessing an institution's approach to achieving timely compliance. Each thrift's plan of preparation should include an inventory of current privacy practices; an evaluation of these practices against regulatory requirements; development of privacy policies, practices and expertise that are needed to achieve compliance; and, finally, implementation in time to meet the compliance deadline.

Among questions to which examiners will be seeking answers are whether senior management and directors have endorsed their institution's approach to compliance, whether management has evaluated the impact of alternative privacy procedures and whether the institution is prepared to deal with customer inquiries about their privacy protections.

Check-Up Document - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2000-78a.pdf>

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The Office of Thrift Supervision (OTS), an office of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents visit the OTS web page at www.ots.treas.gov.