

Press Releases

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OTS 99-39 - Thrifts Urged to Post Privacy Policies as Part of Transactional Web Sites

Office of Thrift Supervision

News Release

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Thrifts Urged To Post Privacy Policies As Part Of Transactional Web Sites

WASHINGTON, D.C., June 10, 1999 - Any savings association supervised by the Office of Thrift Supervision (OTS) that is planning to establish a transactional web site on the Internet should, among other actions, post privacy policies on its web site in a clear manner - customers expect it.

The instruction is part of a June 10, 1999, letter from OTS Deputy Director Richard Riccobono to all chief executive officers of OTS-regulated thrifts. The letter addresses a number of requirements, policies and suggestions concerning transactional web sites and comes at a time when OTS said many savings associations are exploring business opportunities presented by electronic services, the Internet and the world wide web to enhance their competitive edge, improve customer service and reduce operating costs.

Under a new rule that became effective Jan. 1, 1999, OTS requires a thrift to notify the agency 30 days in advance of establishing a transactional web site. The sites enable customers to conduct transactions such as opening or accessing an account, obtaining an account balance, transferring funds, paying bills, applying for a loan or purchasing other authorized products and services.

Riccobono cites several references for thrifts to use in setting up such sites, including a 1998 OTS policy statement on privacy and accuracy of personal customer information. The OTS policy urges each institution to tell customers how it plans to use their personal information and permit them to limit its use.

Riccobono's letter and the 1998 policy statement also focus on the need for security to protect the integrity of the thrift's systems and customer accounts. The letter states that a security program for a transactional web site should include independent testing performed by

computer-security specialists and that the tests should cover general and environmental controls, as well as audit, monitoring and balancing controls.

Once an institution notifies OTS that it is establishing a transactional web site, OTS examiners will conduct telephone interviews with thrift personnel to determine if the thrift has taken reasonable steps to establish a safe, sound and secure web site. Examiners will continue to evaluate the adequacy of the controls put in place to protect the institution from internal and external security threats.

Attached to the letter are 13 sample topics that interviewers may cover when contacting an institution that has set up a transactional web site. They cover cost-benefit analysis, testing, confidentiality protection and privacy.

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The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS' 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 call PubliFax at 202/906-5660, or visit the OTS web page at <http://www.ots.treas.gov>.