

Press Releases

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OTS 98-58 - OTS Seeks Comment on Modified Electronic Operations Proposal

Office of Thrift Supervision

NEWS

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For further information

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OTS 98-58

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OTS Seeks Comments On Modified Electronic Operations Proposals

WASHINGTON, D.C., Aug. 12, 1998 - Before finalizing a new rule on electronic banking operations, the Office of Thrift Supervision (OTS) said today it is seeking comment on two provisions that would modify the rule as proposed last October. The changes, if adopted:

- would require thrifts to give OTS notification before establishing a transactional web site; and
- would clarify that OTS may impose any additional procedures or conditions deemed necessary before new electronic means or facilities are used by thrifts with supervisory or compliance concerns.

Other than these two exceptions, thrifts would not have to give OTS advance notice to use electronic means or facilities to provide authorized products or services.

The agency's overall objective remains to formulate an updated electronic operations rule that does not impede federal thrifts' ability to adopt emerging technologies. But concerns about security, compliance and privacy issues have caused OTS to reflect further on the rule and to seek comment on the proposed new provisions.

The notification requirement would not apply to a thrift's informational web site that simply provides information about the institution and its products and services.

Transactional web sites, on the other hand, enable users to access an account and obtain an account balance, transfer funds, pay bills, open an account or apply for a loan. Such web sites can present special concerns, including the adequacy of firewalls to thwart hackers, compliance concerns including disclosure of required information to customers, and the privacy of customer information. OTS believes the transactional web site notification requirement will permit the agency to better assist thrifts in identifying and dealing with the security, operational and compliance risks presented by such web sites.

OTS decided to ask for comment on these additional provisions because they were not included in the proposed regulation published Oct. 3, 1997, and because the new provisions would apply to both federally and state-chartered institutions under OTS jurisdiction, not just federal thrifts, as originally proposed.

The supplemental notice of proposed rulemaking is scheduled to be published in the Thursday, Aug. 13, 1998, edition of the Federal Register. OTS welcomes comments on these additional provisions for 30 days following publication.

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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 and other documents call PubliFax at 202/906-5660, or visit the OTS web page at www.ots.treas.gov.
