

**Supporting Statement for  
OMB Control Number 3064-0161  
Procedures to Enhance the Accuracy and Integrity  
of Information Furnished to Consumer Reporting Agencies  
Under Section 312 of the Fair and Accurate Credit Transactions Act of 2003**

INTRODUCTION

The FDIC is requesting OMB approval of a three-year extension of the collection of information captioned above, without any change in the method or substance of collection. This collection is imposed on insured nonmember banks as a result of the requirements of the Fair and Accurate Credit Transactions Act of 2003 (FACT Act), Pub. L. 108-159 (2003).

A. Justification

1. Circumstances that make the collection necessary:

The Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Office of Thrift Supervision (OTS), the National Credit Union Administration, and the Federal Trade Commission, (Agencies) were required by section 312 of the Fair and Accurate Credit Transactions Act of 2003 (FACT Act) to issue guidelines for use by furnishers regarding the accuracy and integrity of the information about consumers that they furnish to consumer reporting agencies and prescribe regulations requiring furnishers to establish reasonable policies and procedures for implementing the guidelines. Section 312 also required the Agencies to issue regulations identifying the circumstances under which a furnisher must reinvestigate disputes about the accuracy of information contained in a consumer report based on a direct request from a consumer.

2. Use of the information:

Section 334.42(a) requires furnishers to establish and implement reasonable written policies and procedures regarding the accuracy and integrity of information relating to consumers that they provide to a consumer reporting agency (CRA). This rule requires furnishers to put into writing policies and procedures that address their section 312 responsibilities regarding the accuracy and integrity of information. Furnishers' accuracy and integrity policies and procedures may include their existing policies and procedures that are reasonable and appropriate.

Section 334.43(a) permits consumers to initiate disputes directly with the furnishers. This gave consumers a new way to dispute consumer report information; instead of having to go through a CRA as permitted by the Fair Credit Reporting Act, consumers now have the right to go directly to the furnisher in certain circumstances. Under the rule, furnishers have to follow a process substantially similar to what they currently use

for handling disputes submitted through a CRA. Furnishers need to amend their procedures to ensure that disputes received directly from consumers are handled in a substantially similar manner to the CRA dispute process.

Section 334.43(f)(2) incorporates the statutory requirement that a furnisher must notify a consumer by mail or other means (if authorized by the consumer) not later than five business days after making a determination that a dispute is frivolous or irrelevant. Section 334.43(f)(3) incorporates the statute's content requirements for the notices.

3. Consideration of the use of improved information technology:

Financial institutions may adopt any existing technology relevant to producing or delivering the information.

4. Efforts to identify duplication:

There is no duplication. The information is not available from any other source.

5. Methods used to minimize burden if the collection has a significant impact on substantial number of small entities:

This collection of information imposes on financial institutions, regardless of size, only the minimum burden necessary to accomplish the program objectives discussed in Items 1 and 2. The collection does not have a significant impact on a substantial number of small entities.

6. Consequences to the Federal program if the collection were conducted less frequently:

The Agencies would be unable to meet the requirements of the statute.

7. Special circumstances:

None.

8. Efforts to consult with persons outside the agency:

Extensive collaboration among the six sponsoring agencies (Board, FDIC, NCUA, OTS, OCC and FTC) was involved in creating this collection. In addition, the agencies sought public comment on the collection as part of the rulemaking process.

On July 23, 2015, the FDIC published a 60-day notice in the Federal Register (80 FR 43772), but received no comments.

9. Payment to respondents:

None.

10. Any assurance of confidentiality:

No assurance of confidentiality is made.

11. Justification for questions of a sensitive nature:

There are no questions of a sensitive nature.

13. Burden estimate:

Number of respondents: 4,017

Number of frivolous or irrelevant dispute notices: 80,340

Estimated burden per respondent:

24 hours to implement written policies and procedures and training associated with the written policies and procedures

8 hours to amend procedures for handling complaints received directly from consumers

8 hours to implement the new dispute notice requirement.

Estimated burden per frivolous or irrelevant dispute notice: 14 minutes.

Total estimated annual burden: 179,426 hours.

The FDIC estimates the cost of the hour burden to respondents as follows:

Frivolous or Irrelevant Dispute Notices:

80,340 notices x \$8.00 per notice = \$642,720

Implement written policies and procedures regarding accuracy and integrity and the frivolous or irrelevant dispute notice:

Compliance Admin/Analyst Staff:	30% x 184,298 @\$ 25 = \$1,382,235
Mgmt/IT and Technical:	45% x 184,298 @ 55 = 4,561,376
Senior Management:	15% x 184,298 @100 = 2,764,470
Legal Counsel:	10% x 184,298 @144= <u>2,653,891</u>
Total:	\$11,361.972

Frivolous or Irrelevant Dispute Notices  
\$642,720

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Grand Total:  
\$12,004,692

14. Estimates of annualized costs to respondents:

Not applicable.

15. Estimate of annualized costs to the government:

Not applicable.

16. Change in burden:

The change in burden is an adjustment due to a reduction in the number of financial institutions supervised by FDIC.

17. Information regarding collections whose results are planned to be published for statistical use:

The FDIC has no plans to publish the data for statistical purposes.

18. Display of expiration date:

Not applicable.

19. Exceptions to certification statement:

None.

B. Collections of Information Employing Statistical Methods

Not applicable.