

THE FINANCIAL SERVICES ROUNDTABLE

Impacting Policy. Impacting People.



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BITS

FINANCIAL SERVICES
R O U N D T A B L E

February 26, 2006

Office of Management and Budget (OMB)
Attn: Desk Officer for SSA
Fax: 202-395-6974

Social Security Administration, DCFAM,
Attn: Reports Clearance Officer
Fax: 410-965-6400
E-mail: OPLM.RCO@ssa.gov

Re: Comment to Consent Based Social Security Number Verification (CBSV) Process

Dear Sirs and Madams:

BITS and The Financial Services Roundtable appreciate the opportunity to participate in the Social Security Administration's (SSA) request for comment regarding the Consent Based Social Security Number Verification (CBSV) Process.

BITS and The Financial Services Roundtable share membership and represent 100 of the largest integrated financial services companies providing banking, insurance, and investment products and services to the American consumer. Member companies participate through the Chief Executive Officer and other senior executives nominated by the CEO. BITS works to leverage the intellectual capital of its members, fostering collaboration to address emerging issues where financial services, technology, and commerce intersect. The Roundtable promotes the interests of member companies in legislative, regulatory and judicial forums. Roundtable member companies provide fuel for America's economic engine, accounting directly for \$40.7 trillion in managed assets, \$960 billion in revenue, and 2.3 million jobs.

Our members have always been a favorite target for perpetrators of fraud. Institutions have long answered this challenge with reliable business controls, advanced technology, information sharing, and cooperative efforts with government and law enforcement agencies. While our members' foremost concern is to protect their customers and maintain their trust, they are also mindful of the need to comply with the regulations set forth by

Section 326 of the Patriot Act. This section requires institutions to verify not only the identity of a customer, but also the accuracy of the information provided.

In the interest of reducing fraud and complying with Section 326 of the Patriot Act, BITS members supported the initial pilot, the Enumeration Verification System (EVS), to allow institutions to affirmatively verify consumer's name, social security number and date of birth (DOB). This pilot provided a means to ensure accounts were opened for the legitimate consumer and not a "fraudster" and we applaud the SSA's efforts to provide enhancements in the form of the CBSV that would benefit our customers and our industry.

After careful review of the information collection process outlined in the December 30, 2005 Federal Register, we respectfully offer the following comments:

"Valid Consent from Number Holders"

There is concern that, since the CBSV is designed to verify a person's Social Security Number (SSN) to their name (and potentially DOB), there may be instances where financial institutions are misled and the consent is not from the true applicant as may be the case in identity theft or identity manipulation. There should be acknowledgement that while financial institutions have established a process for verification, there is still an opportunity for applicants to provide false information. This verification process is fundamental to ensuring the name, SSN, and DOB (optionally) match the authorizing consumer. While we understand the use of "valid consent from number holders," we want to ensure that there are no consequential impacts to financial institutions from the fraudulent completion of consent authorizations.

Inclusion of Gender Code

The public comment details the submission as consisting of a name, SSN and DOB (if available) and the results provide a match to name, SSN, date of birth and gender code (which is not part of the submission). Clarity needs to be provided on whether gender code is intended to be a submitted/verified field.

Full Name Matching

While SSN, DOB (and possibly gender assuming it is used) are unique variables, one's name is subject to wide variation. It is suggested that the full first and full last be used for matching and that a secondary field be available for each that could include a nickname, shortened name (Jim vs. James) and last name. The use of a secondary field for name matching would reduce the incidence of re-running queries; improve match rates including where Soundex matching is utilized and the name variation is not conducive to such matching logic; and would accommodate name changes due to marriage, divorce, etc. which may not yet have been reported to SSA.

Real-time vs. Batch Submissions

SSA had indicated its intention to continue the practice of EVS in providing the results of inquiries by Requesting Parties within 48 hours while not guaranteeing such response time. Institutions believe there is strong value in having real-time capabilities and encourage the SSA to evaluate methods to provide this verification service in real-time as soon as feasible. If batch submissions remain exclusively available, members strongly encourage SSA to provide a response, to inquiries submitted before midnight, by no later than 5am the

following business morning consistent with other batch jobs run by financial institutions for fraud detection, verification and posting.

Daily Limitation of Records and Expectation of Volume

While strongly supportive of CBSV, we urge the SSA to reconsider the daily limitation of 5,000 records. One of the inherent values of an automated system of SSN verification is its scalability. With scalability in mind, we recommend the SSA remove the daily limitation. Should hardware limitations be reached by the overwhelming success and adoption of CBSV, the SSA should charge registered user businesses sufficient additional fees to allow the SSA to meet this demand. This linear scalability should also keep the cost per inquiry low. We believe that SSA's expectations of demand for CBSV are substantially below the industry's need for this verification solution. We encourage the SSA to revise its expectations and lower the cost of entry for business by reducing the initial fee of \$40,288.10. While the basis for SSA's expectation of only 150 business users for CBSV is not explained in the publicly available documents, we believe that, with nearly 9,000 FDIC-insured financial institutions alone in the U.S., 5,000 business users is both reasonable and sustainable. This would lower the initial cost of entry to \$1,208.64. However, to both encourage maximum participation and guarantee SSA's financial support of the program, we recommend the initial fee be set at \$10,000.

Document Requirements

SSA-89- Authorization for the Social Security Administration (SSA) To Release Social Security Number (SSN) Verification

Evidence of consumer authorization to verify their SSN is clearly both an obligation of the Requesting Party and a necessary privacy safeguard. However, the requirement for a standalone SSA-89 evidencing said authorization provides no additional safeguard over an obligation for equivalent language, approved by the SSA prior to usage, incorporated into account or loan documents. In addition, this document (SSA-89) cannot be incorporated into loan documents, account signature cards or any other documents. For efficiency and enhancement purposes, institutions must be able to incorporate the authorization language into existing documents that allows them to run the SSN which can then be retained for six years from the authorization date.

The existing retention of these underlying documents already, in most cases, meets or exceeds the SSA minimum retention requirement. Where the existing document retention is shorter than SSA-89's retention requirement, Requesting Parties will voluntarily comply with modification of their retention schedules to achieve the efficiencies afforded by merging these documents with the CBSV authorization. The SSA should consider inclusion of specific authorization of the SSN owner for electronic signature in accordance with the Electronic Signatures in Global and National Commerce Act (ESIGN). SSA's existing allowance of storage of the SSA-89 electronically would be consistent with the use of ESIGN for electronification of the authorization process with inherent increased efficiency.

SSA-89 cannot be modified by the Requesting Party. The defined term can be modified by agreement as specified in the User Agreement, by agreement of the parties executing the Authorization and documented therein. These two statements are mutually exclusive. We recommend SSA clearly delineate the method by which Authorization term extension is to be documented so the Requesting Party can ensure compliance with SSA's requirements.

SSA-88- Pre-Approval Form for CBSV

The Requesting Party has a contractual obligation to protect the integrity of SSA's systems, utilize information requested only for authorized purposes, and to be authorized by the Requesting Party in accordance with their internal approval policies. The need for completion of form SSA-88 for each employee in a large company that has access to the results of the inquiry is overly burdensome and inefficient. We strongly encourage the SSA to make user administration for Requesting Parties an obligation of authorized employees of the Requesting Party and managed through a user interface in Business Services Online (BSO). All service providers to the financial services industry allow the participant to manage their employees' access. The BSO administrative user interface can be designed so as to require the data elements mandated by SSA (e.g. name, SSN, phone number, and email address of each employee) with appropriate electronic attestation by the authorized admin user during new user setup. Maintenance (e.g. changes to the existing information as a result of job status changes, phone or email changes) and deletion (e.g. termination of the employee or job status changes no longer requiring access) can likewise be accomplished through the BSO administrative user interface by the authorized employee of the Requesting Party. This process is much more conducive to large scale employers who may have thousands of employees authorized to access the information from SSA during the processing of accounts or loans.

SSA-1235- Agreement Covering Reimbursable Services

SSA-1235 is "effective upon signature of both parties and shall remain in effect until one or more of the following events occur" While the Agreement is continuously in effect (barring one of the events listed), SSA requires an annual resubmission of the Agreement. The resubmission appears inconsistent with an Agreement with no defined term. We recommend the SSA eliminate the annual submission requirement for form SSA-1235. The provision of the annual fee as defined by SSA each year should be sufficient evidence of the Requesting Party's intent to continue the Agreement. The Conditions of Agreement, paragraph 6, stipulates that the Authorization "must be presented within 60 days after its execution," however the Authorization itself indicates it "is valid only for 90 days from the date signed. . . ." These statements are incongruous and we recommend the SSA reconcile these documents to a consistent period of 90 days. The Conditions of Agreement, paragraph 8, stipulates the Agreement may be terminated "by giving a 60 day advance written notice." However, Section XI. *Duration of Agreement, Suspension of Services, Annual SSA-1235* of the User Agreement specifies "the Agreement shall terminate 30 days after the date of the notice or at a later date specified in the notice." We recommend the SSA reconcile this discrepancy by establishing a consistent 30 day written notice requirement for termination.

Submission of Requests

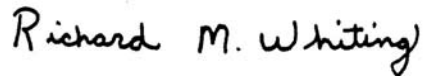
The CBSV User Guide establishes the file format for submission of requests by the Requesting Party to SSA. The file format contains a field for a "Multiple Request Sequence Number"; however, the SSA limits the number of file submissions by a Requesting Party to one. Since only one file can be submitted daily, there would never be a need for this field. If the field is anticipated for future use when Requesting Parties may be allowed multiple daily file submissions, we suggest "Future Use" indicated in the description for this field to remove ambiguity.

If you have any further questions or comments on this matter, please do not hesitate to contact us or Heather Wyson at (202) 289-4322.

Sincerely,

A handwritten signature in black ink that reads "Catherine A. Allen". The script is fluid and cursive.

Catherine A. Allen
CEO, BITS

A handwritten signature in black ink that reads "Richard M. Whiting". The script is fluid and cursive.

Richard M. Whiting
Executive Director and General Counsel