February 11, 2019

Federal Trade Commission
Office of the Secretary
Constitution Center
400 7th Street SW
5th Floor, Suite 5610 (Annex B)
Washington, DC 20024

Re: Identity Theft Rules, 16 CFR part 681, Project No. 188402

To Whom It May Concern:

The Red Flags Rule and Card Issuers Rule, collectively referred to as the Identity Theft Rules, are working as intended and do not warrant modification or rescission.

Members of the American Financial Services Association (AFSA)[1] abide by the Identity Theft Rules, which the Federal Trade Commission (FTC) published in 2007 and which were then narrowed by the Red Flag Program Clarification Act in 2010. These rules, which fall under the Fair and Accurate Credit Transactions Act (FACTA) include the duties regarding the detection, prevention, and mitigation of identity theft, as well as the duties of card issuers regarding changes of address.

AFSA and its members remain committed to preventing identity theft and fraud. We recognize that identity theft was the second biggest category of consumer complaints made to the FTC in 2017 and the third largest throughout most of 2018.

We understand that the FTC periodically reviews all of its rules and guides to seek information about the costs and benefits of the commission's rules and guides, and their regulatory and economic impact. AFSA believes that there is a continuing need for the Identity Theft Rules. They are an important tool in the prevention of identity theft and fraud.

AFSA commends the flexibility in addressing identity theft that the rules provide. While still following the Identity Theft Rules, AFSA members are able to take advantage technological advances in the fight against identity theft and fraud. As the FTC knows, many companies use enhanced authentication to prevent identity theft and fraud. For instance, several financial institutions use biometric data to protect consumers.

Please note that financial institutions incurred significant costs of compliance with the original and amended Identity Theft Rules. Any further changes to regulatory requirements will necessarily drive up compliance costs. Such changes should not be enacted absent compelling reason to make such changes. AFSA and its member companies see no compelling reasons to change the rules.

[1] Founded in 1916, AFSA is the national trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including traditional installment loans, mortgages, direct and indirect vehicle financing, payment cards, and retail sales finance.

If the FTC does decide to modify the Identity Theft Rules, it is imperative that it maintain the flexibility the current rules provide. Any new rules must not be prescriptive or overly granular as this would run the risk of limiting the technology that financial services companies can use to protect consumers.

We appreciate the FTC's work in this area. We remain committed to mitigating identity theft and fraud. If you have any questions, please do not hesitate to contact me by phone at 202-776-7300 or e-mail at cwinslow@afsamail.org.

Sincerely,

Celia Winslow

Celia Winslow
Vice President, Legal & Regulatory Affairs
American Financial Services Association