



February 6, 2013

CFPB SEEKS INFORMATION ON FINANCIAL PRODUCTS MARKETED TO COLLEGE STUDENTS

The Bureau of Consumer Financial Protection recently issued a request for information (i) on how partnerships between institutions of higher education and financial institutions can be structured to promote positive financial decision-making and building of money management skills among young consumers and (ii) to develop a better understanding of the financial products and services that are being offered to college students and their experiences in using them. The Bureau encourages information from the public generally, and specifically from financial institutions. The information request specifies two broad categories of student financial products — products marketed through campus affinity relationships and other financial products marketed to students — and seeks answers to specified questions regarding each category.

Products Marketed Through Campus Affinity Relationships

The Bureau believes colleges may be uniquely positioned to create a beneficial environment for students to select financial products and services. It seeks to understand the types of affinity products offered, how these relationships are defined and the experience of students. The Bureau sets forth 25 specific questions addressing a wide-range of information, including for example, the types of products offered, how they are offered, the student information provided to financial institutions by colleges, product fees, student complaints, terms of agreements between the college and financial institutions and revenue to colleges in connection with partnerships with financial institutions.

Other Financial Products Marketed to Students

The Bureau sets forth 18 specific questions addressing this category, including for example, the types of products offered, how they are marketed, the types of discounts and benefits offered, what fees are charged, how students qualify, how terms are disclosed, are most accounts done online or in person and what percentage of students maintain a relationship with the financial institution after graduation.

Information should be submitted by March 18, 2013. □

✧ *Judy Scheiderer and Margaret Stolar*

FFIEC SEEKS COMMENT ON SOCIAL MEDIA GUIDANCE

The Federal Financial Institutions Examination Council recently issued a request for comment on its proposed “Social Media: Consumer Compliance Risk Management Guidance.” The Guidance addresses the applicability of federal consumer protection and compliance laws, regulations, and policies to activities conducted via social media by banks, savings associations, and credit unions, as well as by nonbank entities supervised by the CFPB. The FFIEC notes that social media can impact a financial institution’s risk profile, including risk of harm to consumers, compliance and legal risk, operational risk and reputational risk. The Guidance is meant to help institutions effectively assess and manage these risks.

“Social media” is defined for purposes of the Guidance to be a form of interactive online communication in which users can generate and share content through text, images, audio and/or video. Examples include (i) micro-blogging sites (*e.g.*, Facebook, Google Plus, MySpace and Twitter), (ii) forums, blogs, customer review web sites and bulletin boards (*e.g.*, Yelp), (iii) photo and video sites (*e.g.*, Flickr and YouTube), (iv) sites that enable professional networking (*e.g.*, LinkedIn), (v) virtual worlds (*e.g.*, Second Life) and (vi) social games (*e.g.*, FarmVille and CityVille). Social media is distinguished from other online media in that it tends to be more interactive.

The Guidance sets forth compliance risk management expectations, noting that a financial institution should have a risk management program, the size of which corresponds to the extent of the institution’s involvement in social media, that allows identification, measurement, monitoring and control of the risks associated with social media. The program should include (i) a governance structure, (ii) policies and procedures, (iii) a due diligence process, (iv) an employee training program, (v) an oversight process, (vi) audit and compliance functions and (vii) parameters for reporting.

The Guidance includes an extensive discussion of social media as it pertains to the risks identified above. It reminds institutions of the necessity to comply with all applicable federal, state and local laws, regulations and guidance when using social media.

Comments should be submitted by March 25, 2013. □

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