FDIC Seeks Public Comments to Sign and Advertising Rule

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The Federal Deposit Insurance Corporation (FDIC) recently published a notice seeking public comments on how to modernize its sign and advertising requirements. The FDIC requires banks to display the FDIC sign where deposits are normally received and to use an official statement when advertising deposit products.

The sign and advertising requirements are likely to draw significant interest from a variety of parties. Technology has shifted the way customers deposit money and interact with their banks from deposit windows to online and mobile banking, digital wallets, electronically-staffed kiosks, or other tools. Further, consumers are exposed to a more diverse marketplace of deposit products and other cash management solutions because of developments in technology, fintechs, and bank partnership programs.

The FDIC discusses its concern that, because of these changes, consumers could be confused, or misled, as to the true nature of the entity advertising a deposit product. The FDIC articulated two common scenarios: (1) Advertisements by non-bank entities, who have entered into a legitimate business relationship with FDIC-insured depositories; and (2) Fraudulent advertising by entities that are not FDIC insured and do not have a relationship with an insured entity. While the FDIC wants to protect consumers from fraudulent advertising, the FDIC seems to acknowledge the legitimacy of advertisements that disclose pertinent aspects of the business relationship between a non-bank entity and a depository institution.

The FDIC asked for comments on 21 questions, which range from technical issues (such as the size or formatting of the FDIC logo) to risks associated with the misrepresentation of advertised parties. The comment period closes on May 24.

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