BB&T

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July 23, 2004

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 205551
(via regs.comments@federalreserve.gov)

RE: OP-1195 - FACT Act section 213(e) Prescreened Study

BB&T Corporation ("BB&T") appreciates the opportunity to comment on the Federal Reserve System's proposed study regarding prescreened solicitations. BB&T is a regional financial holding company with numerous banks and non-bank subsidiaries. Our comments are as follows:

The Federal Reserve System is studying the potential impact that any further restrictions on providing consumers with such prescreened solicitations would have on consumers. In conducting the study, the Federal Reserve Board is requesting public comment on the following issues:

1. To what extent are insurance providers providing prescreened solicitations to consumers?

BB&T Insurance, a wholly owned subsidiary of Branch Banking and Trust Company does not utilize prescreened solicitations to consumers.

2. What statutory or voluntary mechanisms are available to a consumer to notify lenders and insurance providers that the consumer does not wish to receive prescreened solicitations?

BB&T voluntary excludes consumers that are on our Privacy Act opt-out and Do Not Call or Solicit list. Then we utilize sections 615(d) and 604(e) of the Fair Credit Report Act asking that the credit reporting agency exclude from our solicitation list any consumer who elected not to receive the prescreened solicitation.

3. To what extent are consumers currently utilizing existing statutory and voluntary mechanisms to avoid receiving prescreened solicitations? For example, what percent of consumers (who have files at consumer reporting agencies) opt out of receiving prescreened solicitations for credit or for insurance?

BB&T does not keep any factual data on what percent of consumers we exclude from our solicitations but we estimate that exclusion from our voluntary Privacy Act opt-out and Do Not Call Solicit lists range between 12 – 15%. In the process where a creditor sends potential customer list to the credit reporting agency and the credit reporting agency excludes from our solicitation list consumers who elected not to receive prescreened solicitations, we have no means to determine the percentage. Not only does the credit reporting agency exclude customers that have opted-out but also customers who did not meet the creditor's criteria used to select the customers based on creditworthiness. This percentage would need to come from the credit reporting agencies.

4. What are the benefits to consumers in receiving prescreened solicitations? Please be specific.

As you will see from our response to question 5 below, there is very little cost to customers as a result of fraud. The customer greatly benefits from receiving prescreened solicitations. Consumers learn of new products that may help them in better management of finances by restructuring debt at a lower cost, improve monthly cash flows, or make purchases including home improvements. Customers that may not necessarily know of opportunities available to them based upon their credit history and equity/net worth benefit from receiving prescreened solicitations.

Customers become aware of product benefits such as rewards program or rental car insurance, as well as other benefits they may receive for just becoming a customer. There were over 5 billion credit card offers, mostly prescreens, mailed in 2004. The competition for these customers is extremely intense. This competition has led to lower prices, greater availability of credit, the prominence of everyday rewards, as well as the evolution of innovations in credit products that are able to meet the credit needs of more and more people that previously had not been met. The customer ultimately benefits due to the choices that they can make between competitive offerings.

5. What significant costs or other adverse effects, if any do consumers incur as a result of receiving prescreened solicitations? Please be specific. For example, to what extent, if any, do prescreened solicitations contribute to identity theft or other fraud? What percent of fraud-related losses are due to identity theft emanating from prescreened solicitations?

BB&T primarily uses our existing client base to solicit additional product offerings. Because of this practice we have a high accuracy rate on getting our prescreened solicitations to the intended customer and very little fraud-related losses. We have voluntarily added procedures such as not accepting changed addresses without first confirming with the client and looking for new accounts with large purchases on the prescreened offers that could indicate fraud. Current statutory protections for billing-error resolution help the consumers to incur little to no cost as a result of fraud-related losses on prescreened solicitations.

6. What additional restrictions, if any, should be imposed on consumer reporting agencies, lenders, or insurers to restrict the ability of lenders and insurers to provide prescreened solicitations to consumers? How would these additional restrictions benefit consumers? How would these additional restrictions affect the cost consumers pay to obtain credit or insurance, the availability of credit or insurance, consumers' knowledge about new or alternative products and services, the ability of lenders or insurers to compete with one another, and the ability of creditors or insurers to offer credit or insurance products to consumers who have been traditionally underserved? Please be specific.

There should be no additional restrictions on lenders in this area. By restricting prescreened offers, regulations could make it more difficult for lenders to do business, which in turn could cause the cost of borrowing to increase, thereby detrimentally affecting consumers.

The current statutory and voluntary restrictions are appropriate allowing a balance between customer protection and the availability of credit and insurance to customers. Additional restrictions could have unintentional consequences where the customer no longer has choices as to which offers they would like to receive. The current voluntary system works and further restrictions would limit customer access to credit or insurance and all the benefits that go with this access as listed above. Consumers' knowledge about new or alternative products and services, the ability of lenders or insurers to compete with one another, and the ability of creditors or insurers to offer credit or insurance products to consumers who have been traditionally underserved, would be greatly diminished by these restrictions.

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Thank you for the opportunity to provide these comments. We understand the difficulty of prescribing a regulation that is necessary and appropriate to protect legitimate business needs with respect to prescreened solicitations. We commend you for trying to write a regulation that benefits all.

Sincerely,

Mark D. Vaughn
Vice President and
Corporate Compliance Officer, CRCM