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April 14, 2011

Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW.  
Washington, DC 20551

Dear Ms. Johnson:

On behalf of Barclays Bank Delaware (BBD), I thank you for the opportunity to comment on the proposed amendments to Federal Regulation B and V. BBD is a state chartered non-member bank, headquartered in Wilmington, DE. Our primary product is consumer credit cards, mostly co-branded with various marketing partners.

I would like to commend the Board for creating proposed forms, both risk based pricing notices, and adverse action notices, that are for the most part, easy for consumers to understand, and helpful for consumers to improve their credit scores. However, there are several areas where we believe the Board could improve these disclosures:

BBD firmly agrees with the Board that the number of factors influencing the score that are disclosed in such notices should be limited to four factors. However, we disagree with the increase to five factors if one of them is "number of inquiries". The credit reporting agencies provide a full list of factors for every individual's score. The major, influential factors are listed at the top of the list, and diminish in importance as one goes down the list. Factors at the bottom of the list are very unlikely to influence the score more than a few points, may not be readily apparent to a novice reading a credit report. At the same time, disclosure of minor factors will be confusing and a distraction, when consumers should be focused on the major, influential factors at the top of the list. We disagree with extending the list to five factors when "number of credit inquiries" is a factor, and prefer to limit the number of factors to 4 in all cases. If "number of inquiries" is a top 4 factor, it will be listed. If it is factor number 5, it is not very likely to be an important factor. Importantly, many bank systems are designed to pass 4 reasons, in line with current Regulation B and Regulation V adverse action provisions, and a fifth reason will be burdensome and expensive to add, without much benefit to the consumer. We believe the Board should continue with the current reasoning for adverse action letters and limit the factors to 4 on both the adverse action notice and risk based pricing notice.

The proposed adverse action notices contain both a section for the reasons for adverse action and “factors” that led to a lower credit score. In many cases adverse action reasons and “factors” will be the same list requiring creditors to list them twice. This will create lengthy, redundant disclosures for consumers. BBD proposes that creditors simply disclose a maximum of 4 reasons for our adverse action, as required today. Creditors can separate the list into internal, bank derived reasons, and score influencing credit reporting agency reasons, but giving the consumer a lengthy list full of duplicate disclosures is not helpful and will require extensive reprogramming of systems.

We believe a change to the model risk based pricing notice would help consumers: the credit score is disclosed in the first row of the proposed form; while an explanation of what credit scores are is disclosed in the second row. We believe consumers would be better served if “What you should know about credit scores”, or basically an explanation of “what you’re looking at” is disclosed in the first row.

Finally, we would like to comment that the estimated hours of time required to implement these new requirements in the proposed rules grossly underestimate the compliance burden. In BBD’s automated shop we must reprogram our decisioning engine to extract the credit score, and pass it to our fulfillment area and print vendors for delivery of the various letters. All of our letters, which exist in several variations, need to be revised to pull in the different variables required to meet these requirements. Our technology group estimates at least 8,000 hours to comply with these new requirements. We anticipate compliance by July 21, 2011 will be a major challenge. While we recognize the Board’s desire to provide this important information to consumers as soon as possible, a mandatory compliance date of January 1, 2012 would provide more reasonable time for implementation. As stated before limiting the number of factors to 4 will go a long way to reducing our burden, and we feel, producing better, more helpful disclosures for consumers.

Sincerely,

Scot S. Stetka  
Director of Compliance  
Barclays Bank Delaware