

**TESTIMONY PRESENTED BY THE  
PENNSYLVANIA BANKERS ASSOCIATION  
BEFORE THE PA HOUSE JUDICIARY SUBCOMMITTEE ON COURTS  
ON THE SUBJECT OF FAIR CREDIT REPORTING  
“HB 2114”**

**APRIL 8, 1998**

**Presented by: Harold G. Dix, Esq.  
Associate Counsel  
Mellon Bank, N.A.  
Pittsburgh, Pennsylvania**

Good morning. I am Harold Dix, Associate Counsel for Mellon Bank, N.A. and Chair of the Pennsylvania Bankers Association (“PBA”) Legal Affairs Advisory Committee. PBA appreciates the opportunity to offer its initial reaction to Pennsylvania House Bill 2114 (“PA HB 2114”).

The Pennsylvania Bankers Association is the financial services trade association representing approximately 226 national and state banks, bank and trust companies, savings bank and savings associations in the Commonwealth. Its membership constitutes over 99% of the banking assets in the Commonwealth. In addition, over 80% of PBA’s membership is comprised of financial institutions with assets of less than \$ 500 million.

I emphasize initial reaction, as PBA has not had time to thoroughly review and consider the bill. Rather we have come to listen and learn the points of view of others, and share out first impressions. Upon completion of our review, our findings will be presented to the PBA Legal Affairs Advisory Committee, and ultimately the PBA State Government Relations Policy Committee.

PBA supports the concept of Fair Credit Reporting. Banks need accurate and reliable credit data on which to base their credit decisions. They also want their customers to have reasonable protections of their credit records. It has been our experience that important issues are sometimes best addressed by uncomplicated laws, unencumbered by extensive regulation. We believe this is appropriately demonstrated by the way Fair Credit Reporting has been addressed

since 1972 by the federal act named for that subject (Federal Fair Credit Reporting Act, 15 U.S.C. 1681 et seq.) This law, elucidated by the Federal Trade Commission ("FTC") Commentary has provided consumer protection though requirements with which lenders and credit reporters have been able to comply. The Pennsylvania Attorney General has access to this time tested consumer protection law.

PBA questions the complexities and potential inconsistencies that could arise from HB 2114 creating a second path to the same desired result. To begin with, the federal law and its FTC commentary would be joined by a state law which authorizes regulations yet to be written. The federal law and HB 2114 have apparent inconsistencies. It is uncertain whether the state regulations and the FTC commentary would initially, later, or ever be essentially the same, or even complementary. These potential contradictions threaten simplicity in knowing and complying with the law. Also, loss of simplicity frequently leads to increased expense. The increased complexity and cost of lender and credit reporter compliance could ultimately be reflected in increased pricing to be borne by the consumer.

Lenders and credit reporters forced to comply with unlike federal and state requirements will likely be impacted by additional legal, compliance, operational, and auditing expense. Legal, compliance and regulatory experts could profit individually from debating the inconsistencies of state and federal Fair Credit Reporting requirements. PBA questions whether the increased complexity and the attendant cost will result in commensurate benefit to the consumer.

Again, PBA appreciates the opportunity to participate in this hearing and share our first impressions with the committee. We will incorporate what we learn today in our expanded review of HB 2114.