• Conduct due diligence on third parties before selecting and entering into contracts. The degree of due diligence should be commensurate with the risk to the bank from the third-party relationship.
• ensure that alternative data usage comports with safe and sound operations. Appropriate data controls include rigorous assessment of the quality and suitability of data to support prudent banking operations. Additionally, the OCC’s model risk management guidance contains important principles, including those that may leverage alternative data.
• analyze relevant consumer protection laws and regulations to understand the opportunities, risks, and compliance requirements before using alternative data. Based on that analysis, data that present greater compliance risk warrant more robust compliance management. Robust compliance management includes appropriate testing, monitoring, and controls to ensure that compliance risks are understood and addressed.

Conducted in coordination with the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and other banking agencies with similar authorities. The scope of examinations focuses on the services provided and key technology and operational controls communicated in the FFIEC Information Technology Examination Handbook and other regulatory guidance.


17 The information in this list is consistent with the Interagency Policy Statement on the Use of Alternative Data in Credit Underwriting.
An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

Request for Comments: Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency’s estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Approved: July 14, 2021.

Jon R. Callahan,
Tax Analyst.