

Interagency Workshop on Financial Privacy Notices

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for

**Financial Services
Coordinating Council**

December 4, 2001

Financial Services Coordinating Council

- ◆ American Bankers Association
American Council of Life Insurers
American Insurance Association
Investment Company Institute
Securities Industry Association
- ◆ Large and Small Banks, Insurance Companies,
Securities Firms, and Mutual Funds
- ◆ Customers in Nearly Every American Household

Overview

- ◆ Industry Commitment to Improved Notices
- ◆ Industry Experience with GLB Notices
- ◆ Impediments to Simplicity
- ◆ Notices Working Group
- ◆ Caveats
- ◆ Initial Focus of Working Group

Industry Commitment to Improved Notices

- ◆ Industry Committed to Improving Usefulness of Notices for Consumers
- ◆ More Direct Work with Consumers (Focus Groups)
- ◆ More Interaction with Regulators

Industry Experience

- ◆ 40,000 Financial Institutions
- ◆ “Guinea Pigs” for Mandated Notices
 - First time for regulators to write detailed regulations
 - First time for an industry to comply
- ◆ Massive Compliance Effort
 - Billions of Dollars - Billions of Notices
- ◆ Very Few Consumer Complaints

Industry Experience

- ◆ Difficult Process, Especially First Time
- ◆ Given Regulatory Constraints, Generally Pleased with Results
- ◆ Most Notices “Clear and Conspicuous”
- ◆ But a Number of Issues Raised

Impediments to Simplicity

- ◆ Required Details Made Notices Long
- ◆ Required “Legalese”
 - *E.g.*, “Nonpublic personal information”
- ◆ Problems with Sample Clauses
- ◆ Fear of Legal Liability

Notices Working Group

- ◆ Experts from Banking, Insurance, Securities Firms
- ◆ Interaction and Cooperation with Regulators
- ◆ First Meeting in January
- ◆ Ongoing Process:
 - Regular Meetings
 - Periodic Recommendations

Caveats

- ◆ No “One Size Fits All”
- ◆ One Standard Can Stifle Competition and Innovation in Notice Design
- ◆ History Shows Improvements Take Time
- ◆ Industry Can’t Make Significant Changes Without Regulator Acceptance

Initial Focus of Working Group

- ◆ Simplified Terminology
 - Limit “legalese”
- ◆ Consumer Focus Group Testing
- ◆ Common Reference Materials/Definitions
- ◆ Explore Simplified, More Standardized “Short Form” Notice
 - Costs and benefits

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