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Study on Information Sharing Practices

Response from Denali Alaskan FCU

e-mail them to Associate General Counsel Mary Dunn at mdunn@cuna.com and to Assistant General Counsel Jeffrey Bloch at jbloch@cuna.com;

1. Purposes for the sharing of confidential consumer information with affiliates or with nonaffiliated third parties:

a. What types of information do financial institutions share with affiliates?

- Name, address, month end account balance data

b. What types of information do financial institutions share with nonaffiliated third parties?

- None, except that which is required by law (e.g. DMV) or necessary to conduct the business requested by the member

c. Do financial institutions share different types of information with affiliates than with nonaffiliated third parties? If so, please explain the differences in the types of information shared with affiliates and with nonaffiliated third parties.

- Yes, information shared with affiliates consists of data at the account, individual or household level which will help affiliates identify those members with higher propensities to purchase the affiliate's products, and aggregate data is used for strategic pricing decisions

d. For what purposes do financial institutions share information with affiliates?

- Segmented, target marketing; product pricing.

e. For what purposes do financial institutions share information with nonaffiliated third parties?

- Only if required by law or necessary to conduct the business requested by the member

f. What, if any, limits do financial institutions voluntarily place on the sharing of information with their affiliates and nonaffiliated third parties? Please explain.

- None

g. What, if any, operational limitations prevent or inhibit financial institutions from sharing information with affiliates and nonaffiliated third parties? Please explain.

- Every system within the FI or affiliate(s) does not support optimum transfer of data to other systems due to integration, database and data format incompatibility.

h. For what other purposes would financial institutions like to share information but currently do not? What benefits would financial institutions derive from sharing information for those purposes? What currently prevents or inhibits such sharing of information?

- None

2. The extent and adequacy of security protections for such information:
   a. Describe the kinds of safeguards that financial institutions have in place to protect the security of information. Please consider administrative, technical, and physical protections, as well as the protections that financial institutions impose on their third-party service providers.

- Access to data is restricted by passwords, access is tracked by the system, access to physical document storage is restricted and documented.

b. To what extent are the safeguards described above required under existing law, such as the GLBA?

- I don't know.

c. Do existing statutory and regulatory requirements protect information adequately? Please explain why or why not.

- Yes, sharing information with affiliates is used to create value for members by reducing the number of solicitations they receive and focusing on the products/programs they are most likely to use. We do not sell member information to third parties. We have given members an 'opt out' alternative for many years.

d. What, if any, new or revised statutory or regulatory protections would be useful? Please explain.

- We should give members the opportunity to 'opt-in' to selling their personal information to third parties, both on an individual and group basis, so that we can pass some of the fee income back to those members.

3. The potential risks for consumer privacy of such sharing of information:
   a. What, if any, potential privacy risks does a consumer face when a financial institution shares the consumer's information with an affiliate?

- No more risk than that posed by the parent, assuming the parent has a controlling ownership interest in the affiliate

b. What, if any, potential privacy risks does a consumer face when a financial institution shares the consumer's information with a nonaffiliated third party?

- Unwanted solicitations, potential loss due to fraud.

c. What, if any, potential risk to privacy does a consumer face when an affiliate shares information obtained from another affiliate with a nonaffiliated third party?

- Unwanted solicitations, potential loss due to fraud.

4. The potential benefits for financial institutions and affiliates of such sharing of information (specific examples, means of assessment, or evidence of benefits would be useful):
   a. In what ways do financial institutions benefit from sharing information with affiliates?

- Make better pricing, marketing & product bundling decisions; reduced costs.

b. In what ways do financial institutions benefit from sharing information with nonaffiliated third parties?

- Income

c. In what ways do affiliates benefit when financial institutions share information with them?

- Make better pricing, marketing & product bundling decisions; reduced costs.

d. In what ways do affiliates benefit from sharing information that they obtain from other affiliates with nonaffiliated third parties?

- Income

e. What effects would further limitations on such sharing of information have on financial institutions and affiliates?

- Increased costs, reduced productivity, poorer decisions.

5. The potential benefits for consumers of such sharing of information (specific examples, means of assessment, or evidence of benefits would be useful):
   a. In what ways does a consumer benefit from the sharing of such information by a financial institution with its affiliates?

- Reduced costs, time (change address at one affiliate & it automatically is changed for all), more likely to receive an offer that makes sense for them.

b. In what ways does a consumer benefit from the sharing of such information by a financial institution with nonaffiliated third parties?

- Outside of transacting business originated through the FI and involving third party involving, none.

c. In what ways does a consumer benefit when affiliates share information they obtained from other affiliates with nonaffiliated third parties?

- Outside of transacting business originated through the FI and involving third party involving, none.

d. What, if any, alternatives are there to achieve the same or similar benefits for consumers without such sharing of such information?

- None

e. What effects, positive or negative, would further limitations on the sharing of such information have on consumers?

- None

6. The adequacy of existing laws to protect consumer privacy:
   a. Do existing privacy laws, such as GLBA privacy regulations and the Fair Credit Reporting Act (FCRA), adequately protect the privacy of a consumer's information? Please explain why or why not.
   b. What, if any, new or revised statutory or regulatory protections would be useful to protect consumer privacy? Please explain.

- I can't speak to these issues as I am not familiar with these regulations.

7. The adequacy of financial institution privacy policy and privacy rights disclosure under existing law:
   a. Have financial institution privacy notices been adequate in light of existing requirements? Please explain why or why not.

- While the disclosures are accurate and well written, nobody reads them.

b. What, if any, new or revised requirements would improve how financial institutions describe their privacy policies and practices and inform consumers about their privacy rights? Please explain how any of these new or revised requirements would improve financial institutions' notices.

- None.

8. The feasibility of different approaches, including opt-out and opt-in, to permit consumers to direct that such information not be shared with affiliates and nonaffiliated third parties:
   a. Is it feasible to require financial institutions to obtain consumers' consent (opt-in) before sharing information with affiliates in some or all circumstances? With nonaffiliated third parties?

- No, too costly, time consuming and would never be complete.
- Please explain what effects, both positive and negative, such a requirement would have on financial institutions and on consumers.
- For both: burdensome, not productive in the end, a lot of work to get back to ground zero.

b. Under what circumstances would it be appropriate to permit, but not require, financial *institutions to obtain consumers' consent (opt-in) before sharing information with affiliates* as an alternative to a required opt out in some or all circumstances? With nonaffiliated third parties?

- None – no institution would voluntarily choose an opt-in scheme.

What effects, both positive and negative, would such a voluntary opt-in have on consumers and on financial institutions? (Please describe any experience of this approach that you may have had, including consumer acceptance.)

- N/A . see prior answer.

c. Is it feasible to require financial institutions to permit consumers to opt out generally of having their information shared with affiliates? Please explain what effects, both positive and negative, such a requirement would have on consumers and on financial institutions.

- Yes, consumers would have some sense of control (positive), but financial institutions would have a reduced capacity for target marketing, creating innovative bundles of products and setting prices.

d. What, if any, other methods would permit consumers to direct that information not be shared with affiliates or nonaffiliated third parties? Please explain their benefits and drawbacks for consumers and for financial institutions of each method identified.

- None

9. The feasibility of restricting sharing of such information for specific uses or of permitting consumers to direct the uses for which such information may be shared:
   a. Describe the circumstances under which or the extent to which consumers may be able to *restrict the sharing of information* by financial institutions for specific uses or to direct the uses for which such information may be shared?
   b. What effects, both positive and negative, would such a policy have on financial institutions and on consumers?
   c. Please describe any experience you may have had with this approach.

- This approach is unworkable as it would create a tracking nightmare.