

June 12, 2018

The Honorable Doug Jones  
U.S. Senate  
326 Russell Senate Office Building  
Washington, DC 20002

The Honorable Dean Heller  
U.S. Senate  
324 Hart Senate Office Building  
Washington, DC 20002

Dear Senator Jones and Senator Heller:

The American Financial Services Association (AFSA)<sup>1</sup> is pleased to express its support for S. 3164, the Privacy Notification Technical Clarification Act, which amends the Gramm-Leach-Bliley Act (GLBA) to update the exception for certain annual notices provided by vehicle finance companies.

This legislation would allow a vehicle financial company to transmit annual privacy notices electronically rather than by mail, provided the policy has not materially changed. A website address or toll-free number would be included in regular communications to consumers, such as periodic billing statements, as well as a description about where to locate procedures for the consumer to opt-out at any time. This would ensure that consumers have ready access to privacy policies 365 days a year, including a paper notice if they choose to receive it. Consumers would still receive a notice by mail if any changes to the disclosure policies have occurred.

The GLBA currently requires financial institutions (FIs) to issue privacy notices to consumers if the FIs share consumers' non-public personal information with affiliates or third parties. These disclosures are required to be sent annually by mail, even if no changes to the policy have occurred. In December 2015, Congress enacted an outright exemption from the mailing requirement for FIs that: (1) do not share non-public personal information about consumers to unaffiliated third parties, and (2) have not changed its disclosure policies and practices since the most recent disclosure was sent to consumers. Unfortunately, certain FIs, such as those engaged in vehicle finance, cannot take advantage of this exemption.

Annual privacy notices without policy changes are redundant, unnecessary, and confusing. In fact, they are largely discarded – unread – immediately upon receipt. However, producing and mailing these notices costs millions of dollars. Eliminating the mailing requirement would reduce the cost of delivering financial services, save paper, and discontinue this annual nuisance. At the same time, it would also make the mailings more significant to the consumer because the notices would only come after a change in policy. In addition, consumers would have more awareness of the privacy policies because of the requirement to provide notification on regular consumer correspondence.

We ask members of the Senate to level the playing field for all FIs. If a vehicle finance company's privacy policy has not materially changed, the company should be permitted to satisfy the intent of GLBA by delivering its privacy notice through an electronic medium, or by mail upon request.

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<sup>1</sup> Founded in 1916, AFSA is the national trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including direct and indirect vehicle financing, traditional installment loans, mortgages, payment cards, and retail sales finance.

We respectfully request you vote in favor of this legislation. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Bill Himpler". The signature is written in a cursive style with a large, prominent "B" and "H".

Bill Himpler  
Executive Vice President  
American Financial Services Association