

October 10, 2017

The Honorable Dave Trott
House of Representatives
Washington, DC 20515

Dear Representative Trott:

On behalf of the American Financial Services Association (AFSA),¹ I wish to express our appreciation for your sponsorship of H.R. 2396, the “Privacy Notification Technical Clarification Act,” and encourage its passage during the Financial Services Committee markup this week. This legislation amends the Gramm-Leach-Bliley Act (GLBA) to update the exception for certain annual notices provided by financial institutions. We urge committee members to support this important bipartisan legislation.

The GLBA requires financial institutions (FIs) to issue privacy notices to consumers if the FIs share consumers’ non-public personal information with affiliates or third parties. Such disclosures are required to occur when a relationship is first established between the FI and the consumer, as well as annually in written form as long as the relationship continues, even if no changes to the disclosure policies have occurred. Annual privacy notices without policy changes are redundant, unnecessary, and confusing. They contain several pages of small-print legalese, which have little value for consumers. In fact, they are largely discarded – unread – immediately upon receipt. However, producing and mailing these notices costs millions of dollars.

In fall 2014, the Consumer Financial Protection Bureau (CFPB) finalized a rule allowing FIs to post their annual privacy notices online instead of delivering them individually if they meet a series of conditions, including not sharing the consumers’ nonpublic personal information with unaffiliated third parties. In December 2015, Congress went further by enacting 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 cannot take advantage of the exemption.

We ask the committee to pass H.R. 2396 to level the playing field for all FIs. If a financial institution’s privacy policy has not materially changed, the institution should be permitted to satisfy the intent of GLBA by delivering its privacy notice through an electronic medium, or by mail upon request.

Thank you for your leadership on this important issue. We look forward to continuing to work with you as this legislation moves forward.

Sincerely,



Bill Himpler
Executive Vice President
American Financial Services Association

¹ 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 traditional installment loans, mortgages, direct and indirect vehicle financing, payment cards, and retail sales finance.