

Summary of Presentation by Direct Marketing Association (DMA)
GLB Interagency Meeting on the ANPR on Privacy Notices
February 18, 2004
Federal Trade Commission Conference Center

Participant:

Pat Faley Kochura, Vice President, Ethics and Consumer Affairs, DMA

Comments:

Ms. Kochura provided a handout, submitted with this summary. The DMA is an association of about 5000 corporations who want to reach consumers directly. They focus on database marketing. The DMA has 50 different industry segments; one is the financial services industry.

The DMA created a Gramm-Leach-Bliley Act notice generator. This generator provided suggested language and standardized the order in which information in the notice is presented to the consumer. Flexibility is built into the model. Non-lawyers drafted the language which was scored for readability (Flesch). The objective was to get the language to the 8th grade level. The final generator is 5 pages long.

The DMA research indicates that consumers don't read the notices. The Harris survey showed that only 3% read them; 64% don't read them at all.

In preparation for the meeting, Ms. Kochura said they surveyed their financial services members and asked their opinion on seven points. The results follow:

1. Consider the option where the company can write one short notice that is fully compliant with the law (they are seeking a re-write of the current law).
2. Determine the content of the notice based on what consumers really want to know. A survey by MBNA of its customers using the CIPL-generated notice found that consumers like this approach.
3. Like the food label, use one uniform federal label that companies can use, but ensure that the categories allow flexibility for companies to include other information, such as state add-on requirements. These companies state they need federal preemption.
4. If the agencies create a short, standardized notice that consumers understand, there is no need for a long notice. The short notice should serve two separate needs: communication to consumers and a document for examiners.
5. Timing and delivery: consumers who care should always be able to find the privacy policy. With 65% using the Internet, the agencies should consider mandating an Internet policy. The DMA requires a link to the privacy policy from the home page. The agencies should also consider whether consumers should have the choice of receiving the privacy policy in the mail or online where it is always available.

6. DMA members are concerned about having flexibility on the opt-out choices. A global opt-out is not the most consumer-friendly approach; they want to provide choice in opt-outs.
7. DMA members don't want to be prohibited from explaining the reasons for and benefits of their privacy practices and policies.

In conclusion, Ms. Kochura stated that the DMA is interested in assisting with industry and consumer research.

