

The Washington Post

Demanding transparency from data brokers

By Julie Brill, Published: August 15

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Revelations about the extent to which the National Security Agency (NSA) collects personal information started a robust national debate on how best to balance national security and privacy rights. Last month, members of the House of Representatives questioned the funding for the government's data-collection programs, and last week the White House proposed steps to increase the transparency of those programs. Along the way, consumers have gotten a crash course in the price we pay to participate in the online and mobile marketplace: Our most intimate information floats free in cyberspace, ripe for any data miner — government or otherwise — to collect, use, package and sell.

All day long, as we surf the Web, tap at apps or power up our smartphones, we send digital information out into cyberspace. As we live our wired lives, we constantly add to the veins from which data miners pull pure gold. It took the NSA revelations to make concrete what this exchange means: that firms, governments or individuals, without our knowledge or consent, can amass large amounts of private information about people to use for purposes we don't expect or understand.

Many tech firms are calling on the government to allow them to reveal how and how often the government seeks information about individuals. We ought to demand the same sort of transparency from the commercial data brokers that know much more about us than we do about them. One of the largest, Acxiom, reportedly has information on about 700 million active consumers worldwide, with some 1,500 data points per person. Such data brokers learn about us from the cookies that hitch rides as users travel online and from the social media sites where we post everything from home addresses to pictures to magazine subscriptions and store purchases, as well as deeds on file in towns and counties. They load all this data into sophisticated algorithms that spew out alarmingly personal predictions about our health, financial status, interests, sexual orientation, religious beliefs, politics and habits.

These dossiers are the reason that when I log in, I see an ad for suede boots but my son sees the release date for the latest "Call of Duty" game. This may seem benign, but increasingly our data fuel more than just what ads we are served. They may also determine what offers we receive, what rates we pay, even what jobs we get.

The Fair Credit Reporting Act (FCRA) provides some protections. The law requires that entities that collect information for those making employment, credit, insurance and housing decisions do so in a manner that ensures the information is accurate. The Federal Trade Commission targets firms that screen potential tenants, credit recipients, employees and insurance purchasers without complying with the law. But in an online world in which companies large and small innovate constantly and — sometimes unknowingly — push legal boundaries, it is difficult to reach all of those who may engage in activities that fall afoul of the FCRA.

Further, personal data could be — and probably are — used by firms making decisions that aren't regulated by the FCRA but still affect users' lives profoundly. These include determinations about whether we are too risky to do business with or aren't right for certain clubs, dating services, schools or other programs. Citizens don't know what of our personal information is on file or how it is being used, and this frames the fundamental challenge to consumer privacy in the online marketplace: our loss of control over our most private and sensitive information.

Changing the law would help. But even without legislation, we can begin to address the problem with a comprehensive initiative to give consumers the knowledge and tools they need to reassert some control over their personal data.

This approach, which I call Reclaim Your Name, can be adopted by the industry without a government directive. Its four basic components would empower people to find out how brokers are collecting and using their data; give people access to information that data brokers have amassed about them; allow people to opt out if they learn that a data broker is selling their information for marketing purposes; and provide consumers the opportunity to correct errors in information used for decisions about substantive benefits.

More than a year ago, I called on the data-broker industry to develop a user-friendly, one-stop online shop to achieve these goals. In a helpful move, the chief executive of Acxiom, Scott E. Howe, recently announced plans to open his company's dossiers to consumers. I invite Howe, his compatriots Bryan Kennedy at Epsilon and Don Robert of Experian, and other industry leaders to come to the table and hash out how we can put the principles of Reclaim Your Name into practice.

There is no reason that data brokers and firms that use consumer data cannot coexist with a system that empowers consumers to make real choices about how our privacy information is used. Such a system would go a long way toward restoring consumer trust in the online and mobile ecosystems, allowing us to continue to enjoy all the convenience, entertainment and wonder that cyberspace has to offer.

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