

**Americans for Financial Reform
Center for Digital Democracy
Center for Responsible Lending
Consumer Action
Consumer Federation of America
Consumer Watchdog
Demos
National Consumer Law Center (on behalf of its low-income clients)
Privacy Rights Clearinghouse
Privacy Times
U.S. PIRG**

Statement of Privacy and Consumer Groups In Support of CFPB's Use of Data
updated 12 July 2013

We support the Consumer Financial Protection Bureau's (CFPB) acquisition and analysis of commercial databases to help it ensure the public is fairly treated by the financial marketplace. As leaders of consumer and privacy organizations, we agree that the CFPB needs to use the wide range of data available to financial institutions and services in order to identify best practices and necessary safeguards.

Many of the datasets purchased by the CFPB include no personally identifiable information (PII), in contrast to the detailed data routinely acquired by financial services companies. The CFPB has procedures in place to protect or delete PII whenever it is obtained in the course of either supervision or complaint handling.

Banks and other firms all routinely buy, mix and analyze data from data brokers such as Acxiom and a vast host of other data brokers and data miners. Information is collected from social networking sites, from your use of various financial products and payment cards and from your responses to surveys and offers. The bank-purchased data sets can be used to help track a consumer wherever they are online, including when using mobile devices. Such data techniques enable financial marketers to compile profiles of consumers, so they can be targeted—in real-time—for payday loans, higher interest rate credit cards, and other products.

The CFPB, on the other hand, is not collecting similar, massive datasets on all Americans. And it is not conducting any sort of surveillance on individual consumers. The CFPB uses data in accordance with law to see how markets work. Its Deputy Director Steven Antonakes testified in July 2013: "The Bureau collects and studies data in order to protect consumers throughout the United States in accordance with its statutory mandate, not to study any particular individuals."

We acknowledge that the CFPB must protect the limited and generally not personally-identifiable data it collects from misuse—but it also needs to be able to fully use it to understand how a consumer's privacy may be violated by industry practices and to study how those practices affect the financial opportunities and choices offered to consumers. How else can it effectively determine what safeguards are required for financial consumer protection as the

growing sophisticated use of data further transforms the delivery of products and services? Why should consumers have the one agency that's supposed to protect them be unilaterally disarmed from using data to protect their privacy? As privacy leaders, we believe that the actual threats to consumer privacy include the massive and largely unregulated collection and use of data about consumers by powerful commercial corporations including banks.

As Director Cordray has testified, all the other financial regulators use similar datasets in their regulation and supervision. We agree with his statement that “Data collected by the U.S. Consumer Financial Protection Bureau doesn’t invade individuals’ privacy, is a vital regulatory tool and mimics techniques already in wide use by the private sector.”

We respectfully urge that CFPB continue its work to ensure that in today’s data-driven financial marketplace, consumers have the privacy and other protections they deserve.

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