



**"Privacy Roundtables - Comment, Project No. P095416"**

**Federal Trade Commission**

**Exploring Privacy: a roundtable series**

**Comments for the Record**

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**Introduction**

Thank you for the opportunity to participate in the first roundtable series held on December 7, 2009, as the Federal Trade Commission studies information use, particularly as it relates to marketing.

My name is Rick Erwin. I am President of the Data Division of Experian Marketing Services, which is part of the global information services company Experian plc.

Experian collects, compiles and distributes consumer and household information for marketing purposes and this paper will describe how that process is evolving from a largely offline world into new marketing solutions for the Internet, cable television and emerging mobile technologies.

**About Experian**

Experian is one of the leading global information services companies, providing data and analytical tools to clients in more than 65 countries. In North America, we have more than 100,000 clients. The company helps organizations to manage credit risk; detect and prevent financial fraud, including identity theft; and better understand how to serve their existing customers and reach new consumers. Experian also helps consumers improve their financial literacy by allowing them to check their credit report and credit score, and protect against identity theft. Experian's North American headquarters is in Costa Mesa, California. The company employs approximately 15,000 people in 40 countries, including nearly 5,000 here in the US.

### **Overview of Experian and How It Protects Consumer Information**

For more than fifty years, Experian has compiled consumer data and used the information to help facilitate direct marketing, primarily through the U.S. Mail. Of course, over these years, there have been many changes in technology and the manner in which companies and non-profit organizations communicate and advertise to their current and prospective customers. Experian uses its compiled databases to facilitate multi-channel marketing and advertising through the mail, telephone, and email. The emergence of Experian's Digital Advertising Services brings the same compiled marketing information and direct marketing principles to television, online and mobile advertising.

Experian takes information security, consumer privacy and our responsibility as a steward of the information we've maintained for decades very seriously. Experian Marketing Services serves large and small corporations and non-profits around the world and in doing so, has adopted five global information values that guide our use of marketing data. These values --Balance, Accuracy, Security, Integrity and Communication-- align with the fair information practices and principles (FIPPs) embraced by the Federal Trade Commission (FTC), the Organization for Economic Co-operation & Development (OECD), the European Union (EU) and the Asia-Pacific Economic Corridor (APEC). These information values form the foundation of our belief that information use must benefit both businesses and individuals, while simultaneously meeting the privacy expectations of consumers. An example of how Experian information values align with the fair information principles occurs in our Fair Information Values Assessment Process where the Balance of Interest Value takes into account the FIP

concerns of consumer notice, choice and redress. The Accuracy Value takes into account these use and data collection issues.

Experian applies these information values according to the laws, customs and consumer expectations of the nations and regions in which it operates. In turn, information policies, built upon our values, more specifically define how information may be used. For example, our privacy and compliance team works closely with Experian's business units to perform a proactive risk assessment prior to all data sourcing and product development launch. We call this our Fair Information Values Assessment, or "FIVA", for short. This industry-leading self-regulatory audit incorporates subject matter experts from every relevant functional area of the company: product development, technology, legal, compliance, information security, risk management, and data acquisition. As the subject matter experts document and discuss the data specifications and intended usage, and address their respective privacy and legal concerns, the FIVA process ensures that all government regulations, laws and Experian's information values are honored prior to product development launch or data acquisition.

In addition, Experian has demonstrated a commitment to providing consumers notice, choice and education about the use of personal information through our collateral materials and each of our public-facing websites. We believe education better equips individuals to be more effective participants in a world which increasingly relies on the exchange of information to efficiently deliver the products and services consumers demand.

Our business practices and culture reflect our resolve to ensure information is used to bring benefit to both businesses and consumers while also ensuring consumer privacy is protected. We recognize that consumers must be able to easily exercise choice with regard to the use of their personal information. As a result, Experian and the direct marketing industry provide consumers with multiple ways to "opt-out" of having their personal information used for marketing. Further, we provide our clients with the ability to utilize available suppression files. We believe the ability to easily opt-out is both important and the correct standard to employ for the consumer, the industry and the economy.

### **Common myths about marketing databases**

There is considerable misunderstanding about how compiled marketing databases are used, which has led to a number of unfortunate myths about direct marketing. I would like to briefly dispel a few of the most pervasive myths.

Myth: Marketing data is used to create discreet consumer profiles.

Reality: Marketing data is typically aggregated at the household level and data collected solely for marketing purposes is not used for individual look-up.

I suspect the myth most responsible for this meeting is that marketing information is used to create detailed, individual consumer profiles.

Marketers want to know about the general characteristics of overall markets. That's why marketing databases are typically compiled at the geographic level, or in the least at the household, rather than at a personal level. Specific characteristics about a single individual do not provide the scale to serve useful market insights; characteristics about a geographic area or household are much more useful.

For that reason, Experian's INSOURCE database is not designed to provide a "list-of-one" and is not used as a "look-up" service. INSOURCE is used to reach large groups in the order of thousands of consumers or more.

Myth: Marketing data is used to make eligibility decisions for credit, insurance or employment purposes.

Reality: This is prohibited today by the FCRA.

Another myth I would like to address today is that marketing information is used to assess eligibility for credit, insurance or employment. This myth arises from confusion between marketing information and credit reporting. The Fair Credit Reporting Act (FCRA) governs third-party information used for eligibility decisions for credit, employment or insurance underwriting. Use of a marketing database for FCRA permissible purposes could subject that database in perpetuity to **all** of the requirements of the FCRA, making it unusable for marketing purposes without one of the well-established 'permissible purposes.' Therefore, Experian prohibits such use of its marketing information.

Experian's Marketing Services and its Credit Services business units are separate legal entities. Moreover, each acquires and maintains its data in

separate databases. The Credit Services business unit operates as a consumer reporting agency (CRA). Therefore, its database, FileOne, is subject to the strict requirements of the Fair Credit Reporting Act (FCRA) and we maintain a team of compliance and security experts who ensure this remains the case.

In contrast, the Marketing Services business unit maintains a consumer marketing database. As noted, this database is compiled from multiple public and proprietary sources, and is not governed under the FCRA. The marketing database does not contain individual-level credit attributes and the data has not been collected for credit purposes nor is it intended to be used to assess the eligibility of any consumer's credit worthiness, credit standing, credit capacity or any characteristics listed in Section 603(d) of the FCRA.

Through contracts, a client must represent and warrant that it will not use the marketing data as a factor in establishing any consumer's eligibility for (i) credit or insurance used primarily for personal, family or household purposes, (ii) employment purposes, or (iii) other purposes authorized under Section 604 of the FCRA or any similar statute.

In conclusion, the controls and contracts put in place by marketers and compilers ensure the data will not be used for insurance underwriting or employment decisions.

Myth: There are fewer controls in the offline data collection world.

Reality: The same basic FIP concepts of notice and choice exist with reputable data providers.

Another myth we would like to dispel surrounds the confusion about the combination of online and offline marketing data. Data collection rules across both marketing channels are exactly the same. The same basic concepts and information polices we discussed earlier regarding information security and notice and choice must be in place. If notice and choice are provided and the consumer is given the opportunity to opt-out throughout the data life-cycle, then the blending of online and offline data should be a non-issue. Failure to provide adequate choice or notice, including the ability to opt-out, can cause confusion for the industry.

Myth: Once data is de-personalized, it is often reconnected.

Reality: Experian and other reputable providers employ numerous safeguards to ensure depersonalization.

Another myth we would like to address is the confusion around depersonalization of data. When summarized data is provided, the data is aggregated and thus depersonalized. Steps are taken to ensure that the data is technically not capable of being reverse engineered and re-identified. We do this in a number of ways with technology, compliance and contractual controls. For example, a number of cable companies have utilized Experian to help them conduct tests to enhance the relevancy of television advertising. Experian used sophisticated de-identification and aggregation methods to go beyond compliance with the Cable Act and provide anonymous groupings of subscribers directly to advertising delivery technology providers, enabling advertisers to reach a more relevant and customizable audience. Throughout this ‘double blind match’ process, the cable companies and advertisers could not identify which unique subscribers’ were in what audience grouping, nor could they create profiles from the receipt of these advertisements.

Experian has since enhanced this methodology with even more privacy-focused de-identification and aggregation technology procedures to enhance marketers’ data and enable customizable groupings of information to identify and reach more relevant recipients. These aggregation tools might potentially be utilized across other anonymous delivery channels beyond TV, such as online or mobile advertising, and help evolve traditionally offline methodologies to new media communications while maintaining strict privacy controls.

### **Industry self-regulatory measures**

The Federal Trade Commission has recognized the need for certain industries to maintain strong self-regulatory measures. In a rapidly evolving marketplace, such as online privacy, the ability to quickly adapt to new trends and technologies through such self-regulation provides the most appropriate protection for consumers. Still, throughout the history of the Internet, there have been calls to codify privacy regulations. For example, in the early 2000’s privacy advocates argued that the Federal Trade Commission should adopt regulations to police a popular business strategy to provide subscription-based Internet services. As we now know, those practices quickly became outdated as technology improved and access to broadband grew. If policymakers were to have put in place regulatory measures, those rules would have been obsolete only a few short years after

their adoption. Effective self-regulation will and should always be an important part of online privacy as laws and regulations are often too rigid and quickly become obsolete.

The Direct Marketing Association (DMA) has been the leading trade association for the self regulation of direct marketers since 1917. Experian is a long-standing member of the DMA, of which I am a board member. The DMA's promotion of industry standards for responsible marketing and tremendous education, research and networking opportunities have been a vital facilitator of the information economy. The DMA has advocated self-regulation for many years, including its provision of numerous consumer choice preference services, enabling consumers who do not wish to receive unsolicited communications to be removed from hundreds of marketing lists. The DMA's Guidelines for Ethical Business Practices are an industry standard covering the appropriate collection and use of data for the marketing industry. Experian alone has more than 20 employees who work to ensure compliance with these DMA Guidelines, as well as relevant state and federal laws.

When discussing industry self-regulation, it is also important to note the role that regulators and various privacy-related interest groups play. Under the Unfair and Deceptive Trade Practices Act, the FTC has enforcement powers to ensure adequate privacy protection when it comes to using consumer information for marketing purposes. Further, consumer groups and the media have appropriate power through the bully-pulpit to bring better practices to the use of marketing information.

What separates online marketing efforts from other business models is that, in the end, there is no harm to consumers.

### **Consumer access to marketing data**

Fair information practice principles of notice, choice, access and security are important consumer rights concepts. However, while these principles are broadly pursued, they are not always applicable to all situations in which information is used. Rather, the application of each principle must strike a balance between the value and costs to consumers, business and society.

Sometimes that balance requires that one or more of the principles be prohibited. For example, under the Fair Credit Reporting Act (FCRA), the nation's oldest privacy statute, consumers do not have a choice whether to

be included in the national credit reporting system. If choice were an option, those who are lax at paying their bills would probably choose not to have that information disclosed to potential lenders. That choice would result in increased lending risk for creditors and increased credit costs for consumers.

There have been recent discussions about the types of access consumers should have to marketing data. In the context of a consumer financial report, the principal of consumer access to information is an important concept. It ensures that information a company maintains about an individual is accurate. If a company were to use inaccurate or fraudulent information, a consumer could experience over-billing, or be denied credit, insurance, or employment. In these instances, a consumer's ability to access stored information is vital to avoid potential harm. In circumstances where a consumer does not face harm from stored information, such as marketing data, access for the sake of curiosity can be dangerous and creates threats to consumer privacy.

Marketing databases are often erroneously compared to credit reporting databases. However, the data, data uses, and structures of marketing databases are entirely different. The information in a credit reporting database is used to make critical lending, insurance, housing and employment decisions about individuals. The data must be as precise as possible. As a result, consumers have the means to correct personal information, either through the original source or consumer reporting agencies.

Alternatively, the nature of marketing databases makes the access and correction process impractical and unnecessary. While marketing databases maintain information about individuals, much of the information in databases is derived from computer models, is estimated, or presented in ranges. Marketers typically use information derived from general consumer preferences to make the "best guess" about which households might be interested in responding to an offer for a specific good or service. Because marketers contact large broad groups of consumers who might be interested in a product or service, there is less need for information in marketing databases to be precise.

As a result, if a consumer's information is inaccurate, there is no harm to the consumer aside from possible annoyance from an unwanted offer, and, in this case, consumers have recourse. Upon request, Experian provides



consumers with a thorough description of the types and categories of information it collects. We also provide consumers with a notice that information is used only for marketing purposes, and if after understanding the disclosures a person does not want to participate, Experian promptly suppresses their name from future use. In this respect, robust notice and the opportunity not to participate in marketing offers is a practical substitute for access, without the increased costs for consumers.

Additionally, providing access to marketing databases would be enormously expensive and create new privacy threats. Existing databases would have to be redesigned and disparate databases linked together to form name-driven profiles, creating the very type of databases most want to avoid. Large customer service staffs would have to be hired and stringent security safeguards put in place. While these expenses are justified for sensitive data, it is of questionable value for data used for marketing purposes.

A consumer's current ability to opt-out of having his or her name shared for marketing purposes satisfies the underlying concern about privacy without imposing undue and unnecessary costs to businesses and risks to consumers that would result from access requirements.

### **Types of Experian marketing databases**

I'd now like to share with you some information about Experian's marketing database in particular. Experian's INSOURCE marketing database is the foundation for the company's consumer marketing and analytics services. It includes compiled, self-reported and modeled data. Compiled data is that which we collect from public records, as well as publicly available and permissioned sources. Self-reported data is that which consumers themselves provide to Experian and our sources via market research surveys. When consumers provide information in a survey to Experian directly or through another data source, they do so by providing affirmative consent. Even though they previously provided this consent, if they later opt-out of the database, we will suppress their names. It should be noted that any health-related information collected in this manner from consumers should be distinguished from data which is regulated by HIPAA. The data we collect directly from consumers is not regulated by HIPAA. We provide this data only to reputable clients after they are vetted, for marketing purposes and only after we have conducted a marketing piece review. Modeled data refers to mathematical estimates about demographics and consumer behavior where actual data is unavailable. The INSOURCE database contains

information for about 113 million American households. We believe that INSOURCE is the most comprehensive and accurate source for consumer marketing data available in the world today.

Our compiled marketing information consists of three types of information:

First, publicly available information such as telephone white pages: These records form the basis of compiled mailing databases because they contain name and address. Consumers are easily able to exercise choice and opt-out of their number being listed in phone books. Also, consumers may opt-out of Experian's database, register in the FTC or state Do-Not-Call lists or on one or more of the DMA Preference Services. Our marketing databases do not knowingly contain non-listed telephone numbers.

Second, public records: Experian collects information from thousands of public record sources (directly and indirectly). Our public record sources include: census information, real estate deed transfers, tax assessor information, recreation and occupation licenses, and voter registration records, where permitted to be used for marketing purposes.

Where we are unable to use information for marketing purposes, such as motor vehicle title and registration data, we receive de-personalized geographically aggregated data. We also use summarized data and inferred or modeled data to develop broad demographic categories such as income estimates. Although consumers usually do not have the option to opt-out of public records, they may still opt-out of the Experian database and use the DMA Preference Services.

Third, permissioned consumer data: This includes data we receive directly from consumers such as self-reported consumer-survey data. It is typically used to reach large groups of targeted consumers with a marketing offer of interest to them, not to "review" specific characteristics about a single individual. We also receive data compiled from other self-reported sources, including information about new movers, new parents, publisher and catalog subscriptions and more. Before obtaining this information, and in contract clauses with each source, Experian requires that consumers have previously been given the ability to opt-out. Data must also be collected in compliance with law. An example of a relevant California marketing product law requires that warranty cards clearly disclose on the registration card that the failure to complete the card doesn't affect their warranty rights.

## **Benefits of Marketing Databases**

Consumers are served by having the ability to choose to provide their information for marketing purposes and opt-out of targeted ads through multi-channel modes of communication. In turn, businesses benefit by only communicating with consumers who are more likely to respond to their offers.

In the end, Experian's compiled marketing data is used simply to facilitate advertising, whether for mass marketing or for targeted advertising. Just as marketing information is used to target advertising for the Super Bowl, marketing information is used to target advertising to households or individuals through their mailbox, telephone, email and online. It's this simple: marketing information is collected, maintained and used for no other purpose than making the best decision about what offer or communication a person or household might be interested in responding to next. Whether the data is collected online or offline, as long as the right choice, security and compliance controls discussed earlier are in place, the benefits are the same.

Direct marketing allows many small businesses and new market entrants to advertise and compete even without a Super Bowl budget.

At Experian, we see abundant evidence that consumers benefit from the availability of our information in targeted advertising. The advertising and marketing industry is an important source of employment and a significant part of the overall economy. According to the Direct Marketing Association, "in 2007, marketers – commercial and nonprofit – spent \$713.2 billion on direct marketing in the United States. Measured against total US sales, these advertising expenditures generated \$2.025 trillion in incremental sales. In 2007, direct marketing accounted for 10.2 percent of total US GDP. There are 1.6 million direct marketing employees today in the US alone, and their collective sales efforts directly support 8.9 million jobs." (DMA Website 10/26/09 Overview DMA).

Each year Experian provides address information to effectively target the delivery of more than 10 billion promotional mail pieces delivered to more than 100 million households. Those offers present consumers with products and services from companies about which the consumers might otherwise never have known. Importantly, when marketers access Experian's data,

they do so in order to precisely target their offers to a sub-segment of the overall consumer population that is most likely to respond favorably to the offer. This both increases the relevance of the advertising to its audience and reduces the total number of advertising impressions that are produced. As advertising is an indispensable way for companies to generate business from consumers, it stands to reason that targeted advertising, in which only a selected subsegment of the population receives a marketing solicitation, must reduce advertising “clutter” to the benefit of consumers. Reducing unwanted advertising in this way benefits all consumers and is consistent with Experian’s information values and our sense of corporate responsibility. However, direct mail and direct marketing campaigns are only a portion of the vital services enabled by Experian’s marketing information and that of our industry competitors.

As opportunities for enhanced targeting on digital channels, including TV, online and mobile, have developed, so too have marketers’ needs for our assistance to navigate these relatively new media opportunities and the privacy considerations that go along with them.

### **The Shift to Online Marketing and Digital Media**

In contrast to the relatively new area of online behavioral data, as set out previously, the compiled marketing databases used by companies like Experian have been in existence for many decades and the uses of that information are mature. Additionally, industry standards are well entrenched, recognized and enforced.

With 60% of marketers<sup>1</sup> saying they will shift marketing budgets to interactive channels and reduce spending on more traditional marketing, the need for digital channels to offer similar capabilities as these more traditional channels is clear. In the same survey, direct mail was noted by 40% of respondents as the channel most likely to be reduced to affect this shift. However, the relative anonymity of digital consumers has made such capabilities difficult.

From Experian’s perspective, the emergence of digital media and the desire for marketers to divert more spending to interactive channels offers the opportunity to evolve the use of compiled marketing databases. Experian has worked hard to achieve this end. As Experian has pursued the extensive

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<sup>1</sup> Forrester US Interactive Marketing Forecast 2009 – 2014

opportunities to innovate, two things have become clear; first, that Experian's experience in the direct mail industry would suggest that interactive marketing is still in its infancy as it relates to data and targeting, and too restrictive of an approach to regulation could stifle the fledgling innovation that is absolutely necessary to realize the benefits that these media channels bring; and second, it is vitally important to encourage a self regulatory regime that takes proper account of the rights of consumers to the core principles of transparency, notice and choice in relation to data concerning them.

From Experian's perspective, while presenting new opportunities and capabilities, interactive channels must be considered alongside other direct-to-consumer channels such as mail and email, and therefore, Experian remains committed to ensuring consistent standards of behavior that it has exhibited in more traditional channels. As such, Experian looks toward the creation of self regulatory standards as an opportunity to enshrine consistent principles as they relate to the collection and use of marketing data. Notwithstanding the vagaries of these digital media channels, the abiding principles on which direct marketing has been conducted for many decades should be evolved, but not depart materially from those that have seen the direct marketing industry thrive in a well-regulated, solid-functioning marketplace.

Interactive marketing channels have two additional features that must be mentioned; first, new data sources have emerged; and second, multiple ways to link disparate data held by multiple parties have also emerged.

### **Behavioral Data**

As has been well documented, digital media consumption creates behavioral data that is observed and may be collected by multiple parties in the ecosystem. With the relatively inexpensive cost of data collection and the low hurdles to data sharing, aggregators of behavioral information work with individual publishers to assemble rich, behavioral data that can be sold to ad networks and other market participants. Significantly, online behavioral data typically has a short shelf life but its value to advertisers eager to reach consumers in the purchase cycle for their products is undeniable.

Experian has been a key advocate and supporter of the creation of self regulatory standards that protect consumers and provide the appropriate transparency, choice and control over its collection and use and as such, was

a contributor to the Self Regulatory Principles for Online Behavioral Advertising presented to the FTC in February 2009.

### **Linkage**

As mentioned, the second feature to emerge from digital media is the way in which disparate data held by multiple parties can be linked. In simple terms, linkage can occur via personal information, such as through a known name and street address or email address, or in some cases, via non-personal information such as on-line IP addresses or computer “cookies”.

Linkage via personal information is, in our view, dealt with quite simply – the principles and legislation that govern the use of personal information are well entrenched. It is our submission that such direct marketing techniques are so well established that further review is not required, other than perhaps the acknowledgement that the points of issue are the same as in more traditional marketing channels.

Linkage via non-personal information is a new feature of the digital age. In this scenario, a device used to access digital media is, through a variety of techniques, linked first to personal information and then to non-personal data that is subsequently attached to that device for purposes of targeted marketing. The effect, therefore, is to provide the capability for direct marketing type targeting in the absence of any information that would allow the identification of an individual. In a digital context, this absence of identity data is welcomed by many due to the heightened sensitivity to privacy that consumers undeniably feel.

There are numerous ways in which this linkage can happen. Storage and sharing of data via cookies has been a feature of internet marketing for some time. However, while such data was typically behavioral information, more recently a trend has emerged of establishing a clear linkage to household or even individual level data via the cookie. To be clear, such data would be de-personalized before being shared in most cases, but the linkage would occur at a granular level. Similarly, opportunities to link data to IP addresses by capitalizing on their relatively static nature, or by working directly with network operators to create dynamic linkage represent clear opportunities to further targeted marketing on these interactive channels.

The overriding theme is that regardless of the approach taken, Experian’s position as a good actor and its contribution and adherence to the highest

standards of data collection and stewardship are being applied rigorously to the interactive channels just as they have been applied to more traditional media channels.

Much has been made of individual instances of the creation of “digital signatures”: a unique combination of non-personal data elements that, when taken together, can re-identify an individual, as set out in more detail below. For the majority of marketers, this is not the intention nor does it create an efficient marketing opportunity. Additionally, protections can be put into place at a contractual and regulatory level that afford the necessary protections.

One challenge is that in a digital media environment, and in particular the internet, any participant in the ecosystem can potentially be a data collector and/or a data broker. With many new entrants into this industry, it is vitally important that companies like Experian lead the creation of high standards of privacy and compliance that ensure that digital media neither suffers from undue heavy-handed treatment that makes it non-competitive to traditional media, nor that it be afforded inappropriate protection that encourages nefarious practices.

### **The Business of Experian**

Our market research and analysis services help businesses identify the common characteristics of their customers. A richer understanding of their customer-base helps businesses better plan media campaigns, determine the best retail site locations, develop new product offerings, tailor their editorial content and ensure adequate product inventory among many other applications. For consumers, the result is lower product cost, better customer service, more convenient shopping, faster delivery, a reduction in unwanted advertising and exposure to useful new products and services.

Experian’s information is important to both the marketing effectiveness and efficiency of the businesses that use it. Our clients rely on Experian to provide accurate, reliable information services that help them better understand their markets, identify potential new customers, and build profitable relationships with them. At the same time, these clients use our marketing information and sophisticated analytics to contain the scope of their advertising to the consumer audience most likely to respond. In this way, Experian reduces marketing costs and increases consumer satisfaction.

In recent years, Experian has also become the world's largest trusted intermediary for transactional and commercial business to consumer email sent through Experian CheetahMail, delivering more than 1 billion permissioned mails per month. According to Forrester Research, more than 80% of businesses surveyed in 2008 increased their use of email marketing, making it the most cost-effective marketing channel even in a down economy.<sup>2</sup>

One of the overall economic benefits of Experian information use is that it promotes competition in the marketplace. Information sharing for targeted marketing and credit reporting opens the door for small, emerging businesses to compete with larger, established companies. It levels the playing field by making the cost of entry affordable to everyone. You may recognize the Experian brand as one of the national consumer reporting agencies, referred to as CRAs. As a CRA we help our clients evaluate the risks associated with providing credit to consumers and businesses. We enable our clients to make better informed lending decisions and to make it easier and quicker for consumers to obtain financing. The information in our credit database is collected from publicly available sources and financial institutions. It is used by our clients to both confirm the identity of applicants and to help them decide whether to provide credit and on what terms. The Experian credit database also assists our clients in determining what measures to take when a customer fails to fulfill the terms of a credit agreement or other obligation. The collection and use of credit information, particularly about consumers, is regulated by the Fair Credit Reporting Act (FCRA).

We also play a leading role in helping consumers to understand how credit information is used and how to avoid the perils of fraud and over-indebtedness. The consumer experience is important to us and financial literacy is a cause that is supported by Experian on a global basis.

For both organizations and consumers Experian has a strong focus on fraud prevention and identity verification. Experian has joined forces with a consortium of businesses from several industries to charter the first repository of shared data, providing a single-point access to consumer fraud records. The National Fraud Database is a powerful resource used to illuminate fraud patterns and define and identify fraud attributes. We also

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<sup>2</sup> Forrester Research, *Interactive Marketers Are Bullish In A Recession*, April, 2008



have products that verify consumer information with a “flag” indicator or a score to enhance protection. Authentication products that instantly verify customer identity and prevent fraud while conducting secure transactions online and at call centers help protect consumers and organizations from unauthorized transactions and identity theft. These verification products utilize our credit bureau data and are used in compliance with the FCRA and the Gramm Leach Bliley Act (GLBA).

What I’ve just described are Experian’s regulated credit and fraud databases. As mentioned earlier, Experian has other forms of data which it collects, including marketing data. Data compiled by Experian exclusively for marketing purposes is housed in a completely separate database and in a separate business division from the credit and fraud databases. Data compiled exclusively for marketing purposes is not used and will not be used for non-marketing purposes such as eligibility for lending or risk eligibility determinations.

### **Conclusion**

I have addressed many issues and topics in this paper but the essential message is this: Experian believes that responsible information use for marketing is in the best interest of both businesses and consumers. The quality of offers has improved significantly over the years, resulting in greater efficiency for businesses, lower costs for consumers, less unwanted mail and more opportunity.

Experian believes that responsible use of marketing information mitigates any privacy threats. Experian’s approach includes the Fair Information Values assessment to take into account the traditional concepts of fair information practices in its own information values. In the privacy debate, there seems to be an assumption that such information use somehow causes harm, yet no evidence of real harm has been shown.

Hard questions must be asked to determine if any real or perceived harm truly outweighs the demonstrated economic benefits of information use for marketing, before considering unnecessary legislation governing the collection and use of marketing information. Experian believes that the existing framework of self-regulation and existing sectoral laws and UDAP laws are sufficient at this time.

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