

April 29, 2000

COMMENCEMENT ADDRESS AT EASTERN MICHIGAN UNIVERSITY

DATE: April 30, 2000
TIME: 12:50 p.m. – 2:45 p.m.
LOCATION: Ypsilanti, Michigan
FROM: Gene Sperling

I. PURPOSE

To announce a new legislative proposal to strengthen further the financial privacy of American consumers.

II. BACKGROUND

Rapid changes in technology and the vast increases in access to information that they make possible are enormously important to our future prosperity, but they also pose challenges to protecting personal privacy. In the past, your administration has taken a number of steps to ensure that technological innovation does not undermine privacy:

- **Electronic Bill of Rights:** In 1998 Vice President Gore announced an Electronic Bill of Rights, calling for private sector leadership where possible, legislation when necessary, responsible government handling of personal information, and an informed public.
- **Children's On-line Privacy:** The Administration worked with Congress to pass the Children's Online Privacy Protection Act of 1998. Rules went into effect this month to ensure that web sites aimed at children will not gather personal information except with the consent of the parents.
- **Medical Privacy:** Last year, the Clinton-Gore Administration announced historic proposed rules that would legally guarantee the key privacy protections: notice of data uses; consent before records are used for non-medical purposes; patient access to records; proper security; and effective enforcement. Final rules will be issued later this year.
- **Genetic Discrimination:** In February, you issued an Executive Order that prohibits federal agencies from using genetic information in hiring and promotion. You also called on the Congress to ensure that these same rights apply to employees in the private sector and to individuals purchasing health insurance.
- **Government Privacy:** All Federal agencies now have privacy policies clearly posted on their web sites, and we are making privacy impact assessments a regular part of the development of new government computer systems.

The financial services industry has changed dramatically in recent years, due to greater integration of banking, securities and insurance firms, new technologies that speed and expand access to information, and growing reliance on electronic payments systems (credit cards, debit cards, and even so-called digital wallets, which are on-line accounts that pay for purchases and bills) instead of cash. Such innovation has helped provide consumers with added convenience, lower prices, and more choices. The challenge is to take advantage of these benefits without threatening privacy.

The proposal you announce today aims to protect the financial privacy of American consumers, fulfilling the promise you made on November 12, 1999 when you signed historic legislation modernizing the financial system. While that bill took significant steps to protect the privacy of financial transactions, you made clear that the protections were not strong enough and directed the NEC, Treasury Department, and Office of Management and Budget to develop a new legislative proposal.

That proposal -- announced today and to be sent to Congress next week -- contains the following key elements:

- **Consumer Choice:** Consumers should have meaningful choice -- the opportunity to opt-out -- before a financial services firm can share their private financial data with anyone. Last year's financial modernization legislation granted important rights to opt-out of information sales to telemarketers and other unaffiliated firms. Today's proposal extends those protections to information shared within financial conglomerates. The plan also closes an unnecessary exception for "joint marketing" from last year's bill. We will preserve, however, financial firms' ability to share the information that they need to develop new products and manage their risks, subject to appropriate confidentiality and reuse limitations.

- **Enhanced Protection for Especially Sensitive Information:**

Affirmative Consent Before Sharing Medical Information: A consumer applying for a loan or other financial product should not have to worry that the lender is making decisions based on personal medical records received from an insurance affiliate. The Clinton-Gore plan will assure that companies would not gain any special access to insurance medical records by being part of a financial holding company. The consumer would be required to affirmatively consent ("opt-in") before any financial firm could receive medical information from a life insurance company or other affiliate.

Affirmative Consent for Personal Spending Information: Just as we do not expect a postal worker to read our mail, we do not expect a bank processing our checks or credit card payments to take our most sensitive financial information and share that information with others. Under the Clinton-Gore plan, a financial firm will not be permitted to transfer individualized, personal spending habits (where we spend our money, where we earn our money, and what we buy) unless a customer affirmatively consents.

- **The Right to Access and Correct:** As financial conglomerates collect more and more data about us, it is increasingly important that consumers have the ability to review that information and correct material errors. Expanding on a protection already provided for credit reports, the Clinton-Gore plan would allow a consumer to ensure that firms are not deciding whether to offer them products or special services based on mistaken information about their financial status.

III. PARTICIPANTS

Pre-Event Briefing in Air Force One

- Maria Echaveste
- Gene Sperling
- Terry Edmonds
- Sarah Rosen Wartell, NEC
- Undersecretary Gary Gensler, Treasury

Speaking Program:

- **YOU**
- Professor Gary Evans
- Professor Glenda Kirkland
- President William Shelton
- Secretary Slater

IV. SEQUENCE OF EVENTS

- **YOU** arrive at Convention Center in Ypsilanti
- President William Shelton of Eastern Michigan University greets you
- All proceed to a photo receiving line of 25 people located just offstage
- When receiving line is finished, Professor Gary Evans announces you and Sec. Slater to the Convention Center audience from offstage

Audience: About 8,000 students and families. Besides the Administration officials traveling with you from Washington, VIPs in the audience include former Governor Blanchard and Mayor Dennis Archer of Detroit.

- Professor Glenda Kirkland sings the national anthem
- Prof. Evans makes brief remarks and introduces President Shelton
- President Shelton makes brief remarks and introduces Sec. Slater
- Sec. Slater makes brief remarks and introduces **YOU**
- **YOU** deliver remarks
- President Shelton confers upon you an honorary degree in public service by placing a medallion around your neck