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**PRESIDENT WILLIAM J. CLINTON
REMARKS ON CONSUMER FINANCIAL PROTECTION
THE WHITE HOUSE
March 18, 1999**

Like today, the dawn of the 20th Century was a time of great prosperity and ingenuity. Powered by remarkable new technologies, our industries could barely meet the demand for American iron and steel, cars and ships. Powerful locomotives were criss-crossing the continent. We were even creating a canal in Panama to join the seas.

But these achievements often came at a very steep price. Unchecked monopolies were strangling competitors. Millions of men and women were laboring seven days a week in dangerous sweatshops -- and still could not give their children three square meals a day. In the words of Supreme Court Justice Louis Brandeis, the laws and institutions "built up under simpler conditions of living," could not handle "the complex relations of the modern" industrial world.

Justice Brandeis, one of the great prophets of the Progressive Movement, recognized that while our laws were dangerously out of date, our oldest values were not. For Brandeis, old and enduring values like democracy and individual liberty were the key to mastering the challenges of the new era. That is why Justice Brandeis fought throughout his career to bring ever greater franchise -- what he called "industrial democracy" -- to America's factory floors. That is why he worked to expand freedom of speech and assembly. And that is why he did everything in his power to safeguard the right to privacy, which he called "the right most valued by civilized men." In the new industrial age, when men and women feared becoming small cogs in a giant machine, Brandeis proved that America's oldest values were, if anything, more relevant than ever before.

A century later, in the midst of a new era of vast economic and technological transformation, we must once again apply our oldest values to the challenge of change. Of course, there are many ways we are doing so already in our communities and around the world -- from building a system of lifelong learning ... to connecting every child to the wonders of the Internet ... to putting a human face on the complex and interconnected global economy. But today, we must take on a new challenge. To prepare for the 21st Century economy, we must update our privacy and consumer protection laws for our rapidly changing financial marketplace.

Over the past few years, new technology and increased competition have truly revolutionized the financial services industry. By and large, these changes have been very good for consumers. Average Americans have greater access to credit. They are investing in equity markets in record numbers, often through new no-load mutual funds. They are using credit cards to earn frequent flyer miles. They are using the Internet to comparison shop for the best mortgage rates.

But not all Americans are benefitting from these innovations. Some live in communities where they do not have access to convenient or affordable financial services. Many people don't have the knowledge to properly evaluate the dizzying array of financial options. Still others, like TK, have fallen victim to new predatory practices by unscrupulous financial institutions.

That is why we are here today to unveil our new Financial Privacy and Consumer Protection Initiative -- to give all Americans the tools and confidence they need to participate in our thriving but highly complex 21st Century economy. This initiative is based on five key principles. And it draws on reasonable, balanced legislative proposals developed by many of the Members of Congress who are here today.

The first principle is that we must do more to protect every American's financial privacy. The Vice President has led this Administration's efforts to identify areas where privacy is at risk -- and financial transactions are one area of great concern. The technological revolution is now making it easier than ever before for financial institutions to mine Americans' private financial data for profit. Under existing federal law, your bank, broker, or insurance company can sell to the highest bidder detailed information on whom you write checks to, what you buy on your credit card, and how you invest. This law is outdated. It is wrong. And I propose that we change it -- to give you the right to control your financial information, to require your bank to ask you before providing your private information to anyone. Senators Sarbanes, Dodd, Bryan, Leahy, Edwards, and Hollings and Rep. Inslee have all been out front on this issue. I am committed to working with them on it over the coming months. And I am grateful for their leadership.

To enhance your financial privacy, we must also protect the sanctity of medical records. With the growing number of mergers between insurance companies and banks, lenders potentially can get their hands on the private medical information contained in your insurance forms. This, too, is greatly disturbing. The sanctity of medical records must be inviolable. So the Vice President and I want to outlaw the sharing of medical information within financial services conglomerates. You should not have to worry that the results of your latest physical exam will be used to deny you a home mortgage or a credit card.

Second, we must require greater public disclosure and enhance every consumer's right to know. For as Judge Brandeis famously put it -- and as I have quoted far too many times -- "sunshine is the best of disinfectants." Last year, consumers received nearly 4 billion credit card solicitations. As Senator Schumer has pointed out, many of these offers contain new traps for the unwary. One of the most misleading practices is when credit card companies advertise low interest rates -- known as "teaser rates" -- to get consumers on board and then surprise them with unexpected interest rate hikes. So, working with Congress, we will insist that any marketing of "teaser" rates for credit cards include equally prominent disclosure of the expiration date of the introductory rate and the eventual annual percentage rate.

Millions of consumers also have found out the hard way that making only minimum payments rarely helps retire a debt and almost always results in very large interest payments. So we will require clear and conspicuous notice of how long and how costly repayment would be if the consumer makes only the minimum payment.

And consumers are rightly frustrated with ATM surcharges, as the comedian Al Franken made very clear recently in his very funny book. So this is what we propose: If an ATM is going to charge you a fee on top of any fee you pay to your own bank, it must say so clearly -- not only on the computer screen once you initiate the transaction but on the outside of the machine.

Third, we must do more to combat consumer fraud. Once, stealing another's identity required fraudulent documents. But today simply stealing a PIN can be sufficient to allow a person to take out huge loans, run up enormous credit card debts, and tap into bank accounts. And no one is immune. Last year, in fact, it happened to two very senior officials in the White House.

Last October, Congress passed and I signed the Identity Theft and Assumption Deterrence Act. This is good law, but now we need to give it sharp teeth. So today, I am instructing the Secret Service and Justice Department to give higher priority to cases involving identity theft, particularly those involving organized crime groups, with the goal of increasing the number of prosecutions both at the state and federal level. We will also convene a national summit on identity theft and help to develop new technologies to make it much harder to steal someone else's identity in the first place.

We will also crack down on consumer fraud committed over the Internet. The Internet has the potential to be our economy's greatest engine of growth. But if we want to seize that potential, we must stay ahead of those who would use this open medium to manipulate stock prices, commit fraud in online auctions, or perpetuate any other type of financial scam. That is why we are stepping up prosecutions; developing a national center for tracking Internet fraud schemes; training state, local, and federal law enforcement officers how to recognize and root out these schemes; and using technologies to reduce the incidence of fraud.

Fourth, we must provide financial services for those who have been denied access to credit for far too long. I am proud to announce that the Treasury Department will soon begin to provide basic electronic banking accounts for those who receive federal benefits like welfare and Medicaid. The accounts will provide them with a low-cost, yet safe and sound place to deposit and save money.

Finally, we must increase Americans' financial literacy. Today, it's no longer enough to know how to balance a checkbook. Even those of us who are fortunate enough to have the help of accountants sometimes have a hard time understanding all the ins and outs of standard financial transactions like investing in an IRA or refinancing a mortgage. That is one reason why more than half of all Americans report they are behind in meeting their financial goals and only one in three now has a financial plan.

So today, I am directing my National Economic Council to work with our agencies and develop a plan to make financial literacy just as central a goal in our country as computer literacy. Greater choice does not have to mean greater anxiety for consumers. I know there are good ways we can help all Americans understand complex options far better and save far more.

Protecting privacy. Enhancing disclosure. Combating fraud. Expanding access. Increasing education. These are all familiar principles. They are the exact principles that Louis Brandeis and his disciples used to harness the power and benefits of the Industrial Revolution. And they are just as vital today as they were a century ago. Let's use them once again to seize the enormous potential of the Information Revolution. If we work together, we can use these principles to help all families lock in the benefits of new choices and new technologies. We can all our people thrive in the new economy.

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