

May 3, 1999

FINANCIAL PRIVACY AND CONSUMER PROTECTION EVENT

DATE: May 4, 1999
TIME: 2:30 - 3:15 p.m.
LOCATION: Room 450
FROM: Gene Sperling

PURPOSE

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. But technology and increased competition have also created new challenges. To prepare for the 21st Century economy, we must update our privacy and consumer protection laws for our rapidly changing financial marketplace. At this event, you will outline the administrative steps we are taking, and the legislative proposals we support to give all Americans the tools and confidence they need to participate in financial activities in our thriving but highly complex 21st Century economy.

The initiative contains both administrative and legislative proposals in five areas: (1) financial privacy; (2) disclosure/right-to-know (in credit card, banking, and other services); (3) protection against fraud; (4) expanding access to financial services; and (5) consumer financial education.

BACKGROUND

There is little prospect that a package of consumer financial protection initiatives will move as a whole in this Congress. However, pieces of the package could be considered in the context of other financial legislation. This week Financial Modernization is on the floor of the Senate and Bankruptcy is on the floor of the House. This package will give Democrats numerous consumer protection proposals that they can advance that will earn enthusiastic Administration support. The list does not include all the Democratic proposals that are currently pending before Congress, but a significant proportion of those and all that we think are justified on policy grounds.

Some Republicans will argue that you are signaling your desire to kill Bankruptcy and Financial Modernization legislation by offering proposals that would be unacceptable to those bills' proponents. However, in Financial Modernization, the Administration has indicated strong support for the bipartisan bill reported out of the House Banking Committee and the Democratic bill offered in the Senate. Both those bills contained only modest privacy proposals, far less aggressive than those that we support here today. In Bankruptcy, last year we supported the

Senate-passed bill that contained credit card, minimum payment disclosure requirements, but only a small fraction of the proposals that we support here today. **In both bills, the key for your Administration has been balance.** We do not insist on a wish list -- just that the bills provide some appropriate consumer protections.

Finally, this event has been rescheduled numerous times because of the turmoil of recent events. As a result, preliminary drafts of the proposals have been widely distributed. In general, consumer groups are very pleased, although they always would like more. Industry's criticism will be very muted. They may even say kind things about many aspects of the initiative. They have indicated their desire to work with the Administration on these issues/

PARTICIPANTS

Brief Participants

John Podesta
Secretary Rubin
Gene Sperling
Sally Katzen
Sarah Rosen
Larry Stein

Event Participants

The President
Secretary Rubin
Mari Frank
Senator Sarbanes (seated on podium – not speaking)
Representative LaFalce (seated on podium – not speaking)

SEQUENCE OF EVENTS

YOU will be briefed by your advisors in the Oval Office from _____.

At _____, **YOU** proceed to Room 450

Secretary Rubin will make brief remarks and introduce Ms. Mari Frank

Ms. Frank will make brief comments about her experience with identify theft and the importance of financial privacy and introduce **YOU**

YOU will make your speech

Senator Sarbanes and Representative LaFalce (the ranking members on the Senate and House Banking Committees) will be seated on the podium with you, but they will not make remarks. Other members who have supported pending bills on these topics in Congress will be in the audience.

PRESS COVERAGE

Open Press

REMARKS

To be provided by speechwriting.

ATTACHEMENTS

2-page press background paper
10-page detailed summary of proposals