

## **Crapo Statement at Data Privacy Hearing**

*June 11, 2019*

**WASHINGTON** – U.S. Senator Mike Crapo (R-Idaho), Chairman of the U.S. Senate Committee on Banking, Housing and Urban Affairs, delivered the following remarks at a hearing entitled “Data Brokers and the Impact on Financial Data Privacy, Credit, Insurance, Employment and Housing.”

*The text of Chairman Crapo’s remarks, as prepared, is below.*

“Providing testimony to the Committee today are experts who have researched and written extensively on big data: Dr. Alicia Cackley, Director of Financial Markets and Community Investment at the Government Accountability Office; and Ms. Pam Dixon, Executive Director of the World Privacy Forum.

“As a result of an increasingly digital economy, more personal information is available to companies than ever before.

“I have been troubled by government agencies and private companies’ collection of personally-identifiable information for a long time.

“There have been many questions about how individuals’ or groups of individuals’ information is collected, with whom it is shared or sold, how it is used and how it is secured.

“Private companies are collecting, processing, analyzing and sharing considerable data on individuals for all kinds of purposes.

“Even more troubling is that the vast majority of Americans do not even know what data is being collected, by whom and for what purpose.

“In particular, data brokers and technology companies, including large social media platforms and search engines, play a central role in gathering vast amounts of personal information, and often without interacting with individuals, specifically in the case of data brokers.

“In 2013, the GAO issued a report on information resellers, which includes data brokers, and the need for the consumer privacy framework to reflect changes in technology and the marketplace.

“The report noted that the current statutory consumer privacy framework fails to address fully new technologies and the growing marketplace for personal information.

“The GAO also provided several recommendations to Congress on how to approach the issue to provide consumers with more control over their data.

“In 2018—five years later—GAO published a blog summarizing its 2013 report, highlighting the continued relevance of the report’s findings.

“The Federal Trade Commission also released a report in 2014 that emphasized the big role of data brokers in the economy.

“The FTC observed in the report that ‘data brokers collect and store billions of data elements covering nearly every U.S. consumer,’ and that ‘data brokers collect data from numerous sources, largely without consumers’ knowledge.’

“In her report ‘The Scoring of America,’ Pam Dixon discusses predictive consumer scoring across the economy, including the big role that data brokers play.

“She stresses that today, no protections exist for most consumer scores similar to those that apply to credit scores under the Fair Credit Reporting Act.

“Dixon says, ‘Consumer scores are today where credit scores were in the 1950’s. Data brokers, merchants, government entities and others can create or use a consumer score without notice to consumers.’

“Dr. Cackley has also issued several reports on consumer privacy and technology, including a report in September 2013 on information resellers, which includes data brokers.

“She says in her report that the current consumer privacy framework does not fully address new technologies and the vastly increased marketplace for personal information.

“She also discusses potential gaps in current federal law, including the Fair Credit Reporting Act.

“The Banking Committee has been examining the data privacy issue in both the private and public sectors, from regulators to financial companies to other companies who gather vast amount of personal information on individuals or groups of individuals, to see what can be done through legislation, regulation or by instituting best practices.

“Enacted in 1970, the Fair Credit Reporting Act is a law in the Banking Committee’s jurisdiction which aims to promote the accuracy, fairness and privacy of consumer information contained in the files of consumer reporting agencies.

“Given the exponential growth and use of data since that time, and the rise of entities that appear to serve a similar function as the original credit reporting agencies, it is worth examining how the Fair Credit Reporting Act should work in a digital economy.

“During today’s hearing, I look forward to learning more about the structure and practices of the data broker industry and technology companies, such as large social

media platforms; how the data broker industry has evolved with the development of new technologies, and their interaction with technology companies; what information these entities collect, and with whom it is shared and for what purposes; what gaps exist in federal privacy law; and what changes to federal law, including the Fair Credit Reporting Act, should be considered to give individuals real control over their data.

“I appreciate each of you joining us today to discuss this important issue.”

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