

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

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**BANKING SUPERVISION AND REGULATION:
IMPROVING FINANCIAL PRIVACY NOTICES
FOR CONSUMERS**

To State Member Banks, Bank
Holding Companies, U.S. Branches
and Agencies of Foreign Banks,
and Others Concerned,
in the Twelfth Federal Reserve District

Report Issued on Improving Financial Privacy Notices for Consumers

Federal regulators today released *Evolution of a Prototype Financial Privacy Notice*, a report by Kleimann Communication Group summarizing consumer research commissioned by the regulators as part of their ongoing efforts to develop improved financial privacy notices. The release of the report concludes the first phase of an interagency project to explore alternatives for financial privacy notices that would be easier for consumers to read, understand, and use.

Report findings indicate that it is possible for financial privacy notices to include all of the information required by law in a short document that consumers can readily understand. The report also fully describes the extensive research that underlies these findings and the development of a prototype simplified privacy notice. Based on consumers' reactions to sample privacy notices, the researchers modified content and design to create notices in a tabular format that improved consumers' ability to read, understand, and use the notices, as well as to compare the information sharing practices of different financial institutions.

The research illustrates that while there is a general awareness of information sharing practices, most consumers do not understand them, and concludes that consumers need a context for understanding information in financial privacy notices. According to the report, consumers are overwhelmed by complex information, and simplifying financial privacy notices enhances consumers' ability to read the notices and make informed choices about the use of their personal information. The research also demonstrates that important information reinforced by good design allows the content to be more readily understood.

The second phase of the project will involve interviewing a much larger group of consumers throughout the United States to measure the effectiveness of the prototype and other sample notices. The agencies have deferred consideration of policy action with respect to financial privacy notices until the next phase of consumer testing is completed. The agencies' efforts to improve these notices are in line with efforts to improve the effectiveness of privacy notices worldwide, as well as other government efforts to improve financial literacy.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's Internet site, at <http://www.frbsf.org/banking/letters>.

For additional information about the report issued on improving financial privacy notices for consumers, please contact our Banking Supervision and Regulation Department at

(415) 974-3028.

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Attachment: [Evolution of a Prototype Financial Privacy Notice](#)