

August 27, 2025

The Honorable French Hill
Chair, U.S. House Committee on Financial Services
The Honorable Andy Barr
Chair, Subcommittee on Financial Institutions
2129 Rayburn House Office Building
Washington, D.C. 20515

Re: Current Federal Consumer Financial Data Privacy Law and Potential Legislative Proposals

Dear Chair Hill and Chair Barr:

The undersigned 45 consumer, economic justice, privacy, and advocacy groups submit these comments in response to your request for feedback on current federal consumer financial data privacy law and potential legislative proposals to account for changes in the consumer financial services sector. The request for feedback focuses on potential amendments to the Gramm Leach Bliley Act (GLBA), as do these comments. Our comments urge the House Financial Services Committee (Committee) to adopt changes to the GLBA that:

- Strengthen financial privacy in the United States by requiring that financial institutions obtain the consumer's affirmative opt-in to third party data sharing, require them to follow a data minimization standard, and impose other key privacy protections.
- Refrain from preempting stronger state laws. We strongly oppose any GLBA amendment or other federal data privacy bill that would preempt existing state privacy laws and prevent states from adopting strong new privacy protections.
- Allow consumers to seek legal redress for violation of their rights under the GLBA.

1. The GLBA's notice- and-opt out regime is an outdated, ineffective method for protecting consumer privacy and should be replaced by affirmative opt-in requirements, data minimization rules, and other privacy protections.

The GLBA is an outdated law that relies on a confusing, cumbersome system and does little to protect the privacy of consumers. It is the weakest of privacy regimes, merely requiring financial institutions to provide their customers with privacy notices and allow them to opt out of certain types of third party data sharing. Unlike state privacy laws, the GLBA does not provide a right to access, correct, and delete personal information.¹

This notice- and-opt out regime, in which consumers are unreasonably expected to read extensive policies and have limited rights if they do, makes it impossible for consumers to meaningfully protect their privacy. We have all received these notices in the mail – a flyer from our bank or credit card company explaining all the ways the company will disclose our data to other entities. Under the GLBA, the notice must give consumers an opportunity to opt out of the sale of their data to unaffiliated third parties, but

¹ See Caroline Kraczon and Justin Sherman, Electronic Privacy Information Center, Unbridled and Underregulated: Removing FCRA and GLBA Exemptions from Privacy Laws to Hold Data Brokers Accountable, July 2025, <https://epic.org/documents/unbridled-and-underregulated-removing-fcra-and-glba-exemptions-from-privacy-laws-to-hold-data-brokers-accountable/>

there are numerous exemptions to this opt out right. And in reality, very few consumers read these notices or exercise their opt out option. Consumers do not have time to read every privacy policy and statement they receive, and even if they did, consumers would likely struggle to understand the vague and overly complex language included in these policies.

In contrast, state laws such as the California Financial Information Privacy Act, require an opt in mechanism, not opt out, for sharing data with nonaffiliated third parties.² We urge the Committee to amend the GLBA to adopt the same type of opt in regime for third party data sharing. This protection should be layered on top of a strong data minimization rule that requires financial institutions to limit the collection, use, transfer, and retention of personal information to what is necessary to provide the product or service the consumer has requested. These two critical consumer protections work together to ensure that consumers are not inundated with endless consent requests while giving financial institutions the ability to conduct their necessary business functions. Similar rules were included in the American Data Privacy and Protection Act (“ADPPA”) that was sponsored by Democratic and Republican leaders in the 117th Congress, as well as the bipartisan American Privacy Rights Act in the 118th Congress.³ Data minimization is also a key consumer protection in the Consumer Financial Protection Bureau (CFPB) rule implementing Section 1033 of the Dodd-Frank Act.⁴

Finally, we urge the Committee to adopt the key individual rights in many state data privacy laws, *i.e.*, the right to access, correct, and delete personal information. Financial data is deeply personal information, and Congress must ensure that financial privacy laws provide adequate privacy and data security protections to consumers.

2. A GLBA provision preempting stronger state privacy laws would cause enormous harm to consumers

The request for feedback seeks input on whether the GLBA should be amended to preempt state laws. We strongly oppose any provision that would preempt state laws, including data privacy and consumer protection laws, and would actively oppose any bill that included such a provision.

Amending the GLBA to preempt state laws would be tremendously harmful and dangerous because the scope of the GLBA is so broad. The definition of “financial institution” in the GLBA is not limited to banks, credit unions, or other depository institutions. Instead, it covers a gamut of non-depository

² Cal. Fin. Code §§ 4050 to 4060.

³ American Data Privacy and Protection Act (ADPPA), H.R. 8152, 117th Cong. Title I (2022), <https://www.congress.gov/bill/117th-congress/house-bill/8152/text>; American Privacy Rights Act, H.R. 8188, 118th Cong. § 102 (2024), <https://www.congress.gov/bill/118th-congress/house-bill/8188/text>.

⁴ 12 C.F.R. 1033.421(a)(1).

businesses, such as consumer reporting agencies (CRAs) and debt collectors,⁵ as well as auto dealers, travel agents, check cashers, tax preparers, and many other businesses.⁶

Thus, adopting a provision that the GLBA preempts stronger state laws regulating “financial institutions” could:

- Annul state laws in over half of the states (27 plus Puerto Rico) that govern credit reports, and in some cases, other types of consumer reports.⁷
- Prevent states and localities from regulating tenant screening companies, which are considered CRAs, in order to protect tenants and address the rental housing crisis.⁸
- Nullify all 15 of the recently enacted state laws prohibiting medical debt on credit reports, which advance the common-sense idea that people should not be denied loans, insurance, or jobs just because they got sick.⁹

Preempting state laws would also stop necessary advances in privacy protections for changing times and practices. For example, it would have prevented California from adopting its first-in-the-nation Financial Information Privacy Act. In the federalist system adopted by our Founders, states serve as the laboratories of experimentation in our nation, and we have seen at least 19 states enact general consumer privacy laws. Congress recently recognized the importance of state law regulation of new technologies when it removed a provision preempting state laws that would protect consumers with regards to artificial intelligence.

We have also seen what happens when financial institutions are carved out of state privacy protections. A number of states have adopted exemptions for GLBA-regulated entities from their general consumer privacy laws.¹⁰ This has resulted in the bizarre irony that big banks are less regulated in their privacy

⁵ GLBA defines “financial institution” as businesses engaged in activities as described in section 1843 of the Bank Holding Company Act of 1956 (12 U.S.C. 1843). 15 U.S.C. § 6809; 12 C.F.R. § 1016.3(l)(1). The regulation implementing that Act refers specifically to both collection agency activities in (b)(2)(iv) and credit bureau services in (b)(2)(v). 12 C.F.R. § 225.28. *See also* Trans Union, L.L.C. v. Fed. Trade Comm’n, 295 F.3d 42, 48, 49 (D.C. Cir. 2002) (FTC permissibly determined that a CRA is a “financial institution” subject to the rulemaking authority of the FTC under the Act)). *See generally*, National Consumer Law Center, Fair Credit Reporting (10th ed. 2022) § 18.4.1.3, updated at www.nclc.org/library.

⁶ 12 C.F.R. § 1016.3(l)(3). *See generally*, National Consumer Law Center, Fair Credit Reporting (10th ed. 2022) § 18.4.1.3, updated at www.nclc.org/library.

⁷ These states include AZ, AR, CA, CO, CT, GA, KS, LA, ME, MD, MA, MT, NE, NV, NH, NJ, NM, NY, OH, OK, PR, RI, SC, TX, UT, VT, WA. For citations and summaries, see Appendix H of National Consumer Law Center, Fair Credit Reporting (10th ed. 2022), updated at www.nclc.org/library.

⁸ For example, Colorado prohibits CRAs from including sealed or expunged criminal records in consumer reports. Colo. Rev. Stat. § 5-18-105.

⁹ CA, CO, CT, DE, IL, MD, ME, MN, NJ, NY, OR, RI, VT, VA, WA. *See* Chi Chi Wu, National Consumer Law Center, The Latest on Keeping Medical Debt Out of Credit Reports, July 30, 2025, <https://library.nclc.org/article/latest-keeping-medical-debt-out-credit-reports>

¹⁰ *See* Caroline Kraczon and Justin Sherman, Electronic Privacy Information Center, Unbridled and Underregulated: Removing FCRA and GLBA Exemptions from Privacy Laws to Hold Data Brokers Accountable, July 2025, <https://epic.org/documents/unbridled-and-underregulated-removing-fcra-and-glba-exemptions-from-privacy-laws-to-hold-data-brokers-accountable/>

practices than ordinary retailers, despite the former having far more sensitive and valuable information about their customers than the latter.

3. The GLBA lacks private enforceability, which any bill amending the GLBA should address.

The GLBA's lack of a private remedy is one of the fundamental deficiencies of the Act. In numerous legal cases, consumers who believed that financial institutions had violated their rights under the GLBA were denied the ability to seek redress in a court of law.¹¹ This lack of private enforceability renders the Act of little practical value to those who seek to limit, or even monitor, the use of their own personal data.

Enforcement of the GLBA is limited to a handful of federal agencies, such as the CFPB, Federal Trade Commission, federal banking regulators, the Securities and Exchange Commission, and only one set of state agencies, *i.e.*, state insurance regulators.¹² In the best of times, these agencies must balance pursuing GLBA violations against all of the other competing demands for their limited resources to enforce other consumer protection laws. In our current times, with the CFPB out of commission and severe limitations on the capacity of other federal regulators, violations of the GLBA will likely go unenforced. Even for those who favor less agency regulation, allowing individuals to seek remedies when a company violates the law is a way of promoting the rule of law in a free market. Strengthening GLBA protections without strengthening its remedies would be a useless and quixotic endeavor.

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Thank you for your attention. If you have any questions about these comments, please contact Chi Chi Wu (cwu@nclc.org) or Caroline Kraczon (kraczon@epic.org).

National Organizations

National Consumer Law Center (on behalf of its low-income clients)
Electronic Privacy Information Center
20/20 Vision
Americans for Financial Reform
Center for Digital Democracy
Center for Economic Justice
Center for Responsible Lending
Check My Ads Institute
Consumer Action
Consumer Federation of America (CFA)
Demand Progress
JustLeadershipUSA
National Association of Consumer Advocates
National Association of Consumer Bankruptcy Attorneys
National Disability Institute
Public Citizen
TechTonic Justice

¹¹ See generally, National Consumer Law Center, Fair Credit Reporting (10th ed. 2022) § 18.4.1.12, updated at www.nclc.org/library (collecting cases).

¹² 15 U.S.C. § 6805(a).

State and Local Organizations

Center for Economic Integrity (AZ)
William E. Morris Institute for Justice (AZ)
Bay Area Legal Aid (CA)
Community Legal Services in East Palo Alto (CA)
Consumer Watchdog (CA)
East Bay Community Law Center (CA)
Housing and Economic Rights Advocates (CA)
The Academy of Financial Education (CA)
Western Center on Law & Poverty (CA)
Jacksonville Area Legal Aid, Inc. (FL)
Justice & Joy LLC (KY)
Legal Aid Society of Southwest Ohio, LLC
Economic Action Maryland Fund
Public Justice Center (MD)
Maine People's Alliance
Economic Empowerment Center DBA Lending Link (NE)
New Jersey Appleseed Public Interest Law Center
New Jersey Citizen Action
Oregon Consumer Justice
Oregon Consumer League
Regional Housing Legal Services (PA)
Tennessee Justice Center
Texas Appleseed
Legal Aid Justice Center (VA)
Legal Aid Works (VA)
Virginia Poverty Law Center
Legal Aid DC
Tzedek DC