April 21, 2026

The Honorable French Hill, Chair
The Honorable Maxine Waters, Ranking Member
U.S. House Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

Re: Opposition to the Discussion Draft Amending the Gramm-Leach-Bliley-Act

Dear Chair Hill and Ranking Member Waters:

The undersigned 45 organizations write to express our concerns with the discussion draft unveiled as part of the March 17 Committee hearing on "Updating America's Financial Privacy Framework for the 21st Century." In the years since GLBA was enacted, the landscape for personal data has been transformed beyond recognition. The consolidation that has occurred in financial institutions means the data flows even within entities are already enormous, spanning many affiliated businesses and business models. Paper or electronic notices no one reads and few understand are simply inadequate to protect privacy, given that the loss of control over personal data is widespread. Technological tools like artificial intelligence allow compilation of data from various sources into a comprehensive dossier on a person or community.

The discussion draft would amend the Gramm-Leach-Bliley Act (GLBA), but is both inadequate and harmful to consumer protection because:

- **It keeps a broken system going:** Under current law, consumers receive an obscure privacy notice in the mail or electronically after signing up for an account. They must follow a series of steps to opt out of allowing the company to share or sell their personal data to third parties, while allowing huge conglomerates to freely repurpose data inside their walls. The discussion draft retains this current weak framework that puts the burden on consumers, instead of requiring that financial institutions obtain consumers' affirmative opt-in for the ways their data may be used inside and outside of the company
- **It doesn't really require data minimization:** While the draft purports to include a data minimization standard, it is undermined by an overly broad set of exceptions that would in practice swallow the rule. Under the draft, anything that is relevant to a "legitimate business" interest, as defined by the entity, would exempt data from the minimization requirement. True data minimization requires tying a company's data practices to what a reasonable consumer would expect.
- **It tramples on states' rights:** The draft would preempt stronger state privacy and data security provisions, such as California's Right to Financial Privacy Act, and could be argued to negate consumer protection laws such as state credit reporting laws, including provisions that protect consumers from the unfair harm of medical debts and unjust eviction records. It could also cut short attempts by states to address surveillance pricing, where consumers pay different amounts for the same products and services based on their data. GLBA has long preserved states' rights to legislate, and that right should be maintained in any update to the law.

- **It denies access to a powerful tool for accountability by failing to allow consumers to enforce their rights:** At a moment when federal enforcement of consumer protection has been gutted, the draft fails to provide consumers with the ability to enforce their rights when financial institutions violate GLBA and could be used to block this source of redress under state law.

1. The discussion draft keeps GLBA's outdated and ineffective approach

The GLBA is an outdated law. It relies on a confusing, cumbersome paper notice sent by mail or electronically, doing little to protect the privacy of consumers in the face of a massive secondary market for the sale of our personal information. Its stale and weak approach favors the interests of financial institutions. The discussion draft would continue this inadequate notice- and opt-out regime.

A notice- and-opt out regime places the burden on consumers to read obscurely worded policies and act upon them. Even when they do so, numerous exemptions to the opt out right limit their rights, making it impossible for consumers to meaningfully protect their privacy.

More effective state laws, such as the California Financial Information Privacy Act, require an opt in mechanism to disclose data to third parties.[1] We urge the Committee to instead put forth legislation that adopts California's type of opt in regime for both internal and third party data sharing among corporate entities. We should all retain the ability to control who uses our information and how it is used.

In addition, any law should include a strong data minimization rule that requires financial institutions to limit collection, use, transfer, and retention of personal information to what is necessary to provide the product or service the consumer has requested. The current definition incorporates the exception at 15 U.S.C. § 6802(b)(2) for marketing by the financial institution, including jointly with third parties. Allowing financial institutions to collect unnecessary data for marketing purposes alone is a much too broad exception that undercuts the entire premise of a data minimization requirement.

It also fails to include a right of correction. Given the importance of financial data, consumers should have the right to have errors fixed. And consumers should have the right to delete personal data as well when unrelated to their specific service needs.

These 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.[2]

2. Congress should not be limiting the states' rights to protect their residents.

Section 301 of the discussion draft would preempt any state law that "that establishes privacy or security requirements for nonpublic personal information subject to this subtitle." It also provides that "[a]ny State law establishing consumer data privacy or security requirements shall not apply to a financial

[1] Cal. Fin. Code §§ 4050 to 4060.
[2] 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/8818/text.

institution subject to this subtitle." We strongly oppose this provision because it would block important existing state privacy and consumer protection laws on both data privacy and security and freeze protections in time despite technology's rapid advancement.

It would preempt a number of state laws, such as California's Financial Privacy Information Act,[3] as well as data security breach protections insofar as they apply to financial institutions. Furthermore, Section 301 would be especially harmful and dangerous because GLBA's scope 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 businesses, such as consumer reporting agencies (CRAs) and debt collectors,[4] auto dealers, travel agents, check cashers, tax preparers, and many other businesses.[5] Adopting this provision could potentially:

- Annul state laws in over half of the states (27 plus Puerto Rico) that govern credit reporting, and in some cases, other types of consumer reports.[6]
- Prevent states and localities from regulating tenant screening companies, which are considered CRAs, in order to protect tenants and address the rental housing crisis.[7]
- Nullify all 15 recently enacted state laws that prohibit medical debt on credit reports, which advance the commonsense idea that people should not be denied loans, insurance, or jobs just because they got sick.[8]

Preempting state laws would also stop necessary advances in privacy protections in these changing times. roll back privacy laws such as California's Financial Information Privacy Act. Under our Constitution, states serve as the laboratories of experimentation in our nation, and we have seen at least 19 states enact general consumer privacy laws.

The role of the states as rapid first responders to new threats is especially important as advances in technology, such as artificial intelligence and surveillance pricing, erode our privacy and exploit

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[3] Cal. Fin. Code §§ 4050 to 4060.

[4] 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.

[5] 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.

[6] These states include AZ, AR, CA, CO, CT, GA, KS, LA, ME, MD, MA, MD, 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.

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

[8] 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

information to extract profits from us. Instead, the discussion draft would potentially preempt states as they try to protect their consumers from these new threats.

While the discussion draft includes a requirement for financial institutions to disclose policies and practices on their use of artificial intelligence (AI), which is a step in the right direction, it is only a disclosure requirement. When combined with the broad preemption provision, it could prevent states from adopting their similar requirements with respect to AI, or even prevent them from substantively regulating the use of AI by financial institutions. This seems contrary to Congress's action last year in removing a provision preempting state laws that would protect consumers with regards to AI, which recognized the importance of state law regulation of new technologies.[9]

The overly broad preemption standard in the discussion draft would also hamper states' ability to regulate privacy or data security with respect to financial institutions, but leave them free to regulate other less sensitive industries. We have seen this with respect to a number of state general consumer privacy laws that have adopted exemptions for GLBA-regulated entities.[10] This has resulted in the bizarre irony that Wells Fargo is less regulated in their privacy practices than Ikea, despite the former having far more sensitive and valuable information about their customers than the latter.

3. Federal consumer protections have been gutted, but the draft fails to offer an alternative enforcement mechanism of consumers' rights under law

Consumers harmed by a security or privacy breach deserve to be able to enforce their rights. The GLBA's lack of a private remedy is one of the fundamental deficiencies of the Act, which the discussion draft fails to address. 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] Under state law, consumers have successfully sought compensation for data breaches and other data privacy harms. The absence of a private right of action means that millions would lack a tool to limit use of their personal data.

Enforcement of the GLBA is limited to a handful of federal agencies, such as the Consumer Financial Protection Bureau (CFPB), Federal Trade Commission, federal banking regulators, Securities and Exchange Commission, and only one set of state agencies, *i.e.,* state insurance regulators.[12] In the best of times, these agencies balance pursuing GLBA violations against all the other competing demands on their limited resources. With the CFPB out of commission and severe limitations on the capacity of other federal regulators, violations of the GLBA would very likely go completely unenforced. Allowing individuals to enforce their rights when a company violates the law is an essential mechanism to ensure the rule of law.

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[9] Associated Press, Senate pulls AI regulatory ban from GOP bill after complaints from states, PBS, July 1, 2025 https://www.pbs.org/newshour/politics/senate-pulls-ai-regulatory-ban-from-gop-bill-after-complaints-from-states.

[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/

[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).

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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), Laura MacCleery (lmaccleery@unidosus.org), or Caitriona Fitzgerald (fitzgerald@epic.org).

National Organizations
Electronic Privacy Information Center
National Consumer Law Center (on behalf of its low-income clients)
UnidosUS
Americans for Financial Reform
CAMEO Network
Center for Digital Democracy
Check My Ads Institute
Consumer Action
Consumer Federation of America
Consumer Reports
Demand Progress
JustLeadershipUSA
National Association of Consumer Advocates
National Association of Consumer Bankruptcy Attorneys
National Community Reinvestment Coalition
National Fair Housing Alliance
National Housing Law Project
Public Citizen
Public Good Law Center
Public Knowledge
TechTonic Justice
U.S. PIRG

State and Local Organizations
William E. Morris Institute for Justice (AZ)
Center for Economic Integrity
Community Legal Services in East Palo Alto (CA)
Housing and Economic Rights Advocates (HERA)(CA)
The Academy of Financial Education (CA)
Western Center on Law and Poverty
Center for Access to QDROs (CA and NV)
Colorado Center on Law and Policy
Colorado Consumer Health Initiative
Legal Aid DC
Tzedek DC
Jacksonville Area Legal Aid, Inc. (FL)
New Jersey Appleseed Public Interest Law Center
New Jersey Citizen Action
(continued)

Oregon Consumer Justice
Oregon Consumer League
Regional Housing Legal Services (PA)
Tennessee Justice Center
Fight 4 You Legal Aid (TX)
Texas Appleseed
Legal Aid Justice Center (VA)
Legal Aid Works (VA)
Virginia Poverty Law Center