Your Data Privacy Program Can Be A Competitive Tool

🏷️ regulatory   performance   biometrics   customer experience

Summary: A robust data privacy program is key for all financial institutions. We explain how it can be a competitive tool as well.

Amazingly, in 2020, people were creating 1.7MB of data every second. With all that data, data privacy has become more important than ever.

Because of that, community financial institutions (CFIs) work hard to maintain their data privacy policies. If approached the right way, it can not only protect your customers, but also provide your institution with a way to deepen relationships by tailoring services.

According to a recent Deloitte report, "Redesigning Customer Privacy Programs to Enable Value Exchange," managing data privacy can actually be an effective way for organizations to differentiate themselves from their competitors. With the right privacy policy, your customers understand what you are collecting and why. They trust you more with their information and provide you with more data. With that, you can more effectively meet their needs and stay competitive.

Customers will share more data

- **If your privacy policy is simple to understand.** Amid rising concerns about identity theft and cybercrime, people have become increasingly skeptical about sharing personal information. However, understanding your privacy policies seems to give consumers peace of mind. In fact, Deloitte found that 85% of consumers that felt comfortable sharing their data had actually read their financial institution's privacy policies. Knowing that, you may want to review and simplify your privacy policies. Be as clear as possible. In fact, 80% of consumers stated they would like to clearly see what types of data their providers were gathering and how it would be used.
- **If they have control.** Allowing people to choose what they are and are not willing to share is also important. More than 80% of people want the ability to opt-out of providing certain types of information. The same percentage said that they were not comfortable having their information shared with third parties, especially without their prior notification or consent.
- **If there is value.** Research by Experian last year found that 70% of consumers are inclined to share more personal information, especially if they get extra value such as convenience. The same study also found that advanced authentication methods instill online trust -- consumer confidence surged over 30% to 74% when physical biometrics were in place to safeguard their accounts.

Effectively use customer data

- **Assign a dedicated person.** To ensure you are gathering all the pertinent data, dedicate someone to focus specifically on this. They should make the process simple to understand and continue to help your customers understand why it is important.
- **Gather the right data.** Higher quality data ultimately allows you to better understand what your customer needs and when they need it. Interestingly, in the same Deloitte report, consumers were less concerned

about sharing certain types of information such as behavior and actions. Tapping into these areas could assist you in more easily satisfying your customers' needs while deepening the relationship.

Having a solid data privacy program is important for all financial institutions. Yet, if done right, privacy programs can also be a competitive tool keeping you in close harmony with your customers and their shifting needs.

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