



Is Your Institution Keeping Up With Customer Data Privacy Rules?

regulatory biometrics data privacy

Summary: With 1.15T MB of data being generated each day, data privacy is more important than ever. How can you keep your customers' data safe? By staying on top of the continuing number of privacy laws and educating your customers on proactively keeping their data from unauthorized users. We walk you through the latest developments.

People have long believed that porcupines protect themselves from predators by shooting out their quills. It turns out that isn't quite true. While roughly 30K quills do serve as protection, it is the roughly 800 barbs near the tip of each quill that protect the porcupine, as they can easily be lodged into the skin of animals that get too close.

When it comes to customer data, community financial institutions (CFIs) need to be just as protective as a porcupine against its predators. We know that you are constantly reinforcing protective measures on your side to keep up with the increasing flurry of data being used in multiple channels and for various purposes. Yet the customer risks are still rising. To keep you up-to-date on data privacy, here is a summary of data usage, consumer trust, as well as the legal and regulatory landscape.

More data and more internet users

It has been estimated that about [1.15T MB of data are generated each day](#). Not only that, but in 2020, each person around the world produced an average of 1.7MB of data per second. As the internet became much more necessary during COVID, more users were added too — to the tune of 319MM. Now, approximately 60% of the global population is online.

General consumer distrust

When it comes to the safety of their personal data, consumers do not have a high level of trust in most organizations they do business with. According to the results of a study done by KPMG in 2020, [only 32% of consumers trust companies to protect their personal data or ethically sell it](#). However, 87% of consumers believe that data privacy is a fundamental human right. This includes identification data details and information about online shopping and browsing habits. With mobile banking, e-commerce, person-to-person payments, and digital wallets becoming more commonplace, the stakes are higher than ever to protect personal information.

State laws

States have been hard at work to pass laws on data privacy for several years, yet the pace has quickened. The California Consumer Privacy Act remains the gold standard in state privacy bills to date, but CA is far from the only state taking steps to try and ensure the protection of consumer data. So far in 2021, more than [38 states have introduced greater than 160 bills pertaining to consumer privacy](#). Among specific initiatives that many states are focusing on are the protection of online privacy for children as well as the sale of information to third

parties. As part of the latter, some legislators are seeking to require that information brokers reveal certain information to consumers regarding their practices and be registered with the state. While CA, VT, and NV already passed laws specifically focused on information brokers, another 11 states introduced similar laws in 2021 and NV strengthened its earlier regulations.

Biometrics regulations

Efforts to regulate biometrics have been hitting the top of the agenda for many states as well. So far, biometric regulation bills were introduced in 24 states. However, none have been passed yet. States including CO, KY, MD, NJ, NY, OR, SC, TX, VT, and WV are focused on stepping up oversight of organizations that collect biometric data from consumers for electronic identification verification. In many cases, legislation is specifically aimed at facial recognition and the storage of biometric identifiers and biometric information, such as New York's biometric privacy act, which remains pending.

Customer education

With continuing [data privacy](#) advancements, CFIs should diligently remind customers about the importance of proactively keeping their own data safe.

- Continue to educate your customers about basic steps they can take to help secure the privacy of their own information, such as using different passwords for different accounts.
- Encourage them to install security software on mobile devices as another line of defense as well.

Customer data privacy is an ongoing important issue for all financial institutions. Not only is it vital to stay on top of your state's data privacy laws and regulations, but also to continue educating your customers. You can show that you are an organization that they can trust and one that looks out for their data privacy and security.

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ECONOMY & RATES

Rates As Of: 11/26/2021 06:29AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.06	0.01	-0.03
6M	0.10	0.03	0.01
1Y	0.21	0.06	0.10
2Y	0.55	0.05	0.43
5Y	1.23	0.04	0.86
10Y	1.54	-0.02	0.62
30Y	1.90	-0.04	0.25
FF Market	FF Disc	IORR	
0.08	0.25	0.15	
SOFR	Prime	ORER	
0.05	3.25	0.07	

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