

PROTECTING our FAMILY and COMMUNITY

Privacy in the Information Age

What is privacy? Do you know how and when privacy is protected by law and when it is not? Do you know how to protect your privacy, access your records, and make corrections to inaccurate data? This fact sheet will help answer these questions. You will understand the reasons for different points of view about privacy issues and learn why protection is often difficult. The emphasis is on topics which affect people as consumers.

Privacy in the context of the "Information Age" refers to the right of individuals to decide what information about themselves will be communicated to others. Sometimes we think of privacy as the right to control information about ourselves. We think we will decide what information will be revealed to others and what will be kept to ourselves. Controversy may arise when comparing your "right to privacy" with someone else's "right to know."

The limits of privacy are changing as new technology enables more information about more people to be collected, saved and shared. Advanced computer systems let government agencies and private companies, even individuals, readily compile extensive records about a person.

It is important to recognize how much and what type of information is collected by various organizations and how that affects personal privacy.

Background

Privacy seems simple, but in fact it is a complicated concept. Attitudes are also changing about what constitutes privacy.

The concept of our basic right to personal privacy grew from "The Bill of Rights," especially Article I (freedom of association and expression), Article IV (freedom from search and seizure without probable cause), and Article V (protection against self-incrimination and the loss of life, liberty and property without due process of law). These Articles have been interpreted as fundamental guarantees under the Constitution of the "right to enjoy life" and the "right to be left alone."

Personal privacy was much easier to protect in the past. As recently as one hundred years ago, about the only permanent records kept were births, deaths and land ownership. Store accounts were kept by hand in books or ledgers, and the owner of a store would rarely give credit to customers unless they were personally known in the community. No one could check your credit history unless you personally gave them the information they needed. The use of computers after World War II radically changed the way information could be handled. The new technology made it possible for companies to compile credit, insurance and employment records, as well as offer more products and services marketed to specific customer groups.

Federal and state constitutions provide important "protection of citizen" privacy rights against government intrusion. Statutes or

common law rights to privacy offer protection to individuals from some commercial exploitation in advertising. However, consumers in the 1940s and 1950s did not have legally recognized rights of privacy and confidentiality in the collection and use of individual credit, insurance or employment information. There were no safeguards that would allow consumers to look at their own records and make corrections if the records were wrong.

In the 1970s, Congress proposed the Principles of Fair Information Practices. Organizations were asked to collect only the information they need, circulate data internally only to those who need it, share data outside the organization only with individual consent or as required by law, and provide security measures to protect their data. The Principles also ask that individuals be told about how their information will be used and have an opportunity to challenge the accuracy and completeness of their data. These Principles were the basis for the Federal Privacy Act of 1974, which gives citizens general rights of notice, inspections and challenge of their records in government files. Many businesses set up voluntary guidelines to protect customer records after this act was passed.

Other laws have been passed to protect the confidentiality of bank records, education records, tax records, credit records, cable television and video cassette rentals, and telephone communication. There are many different viewpoints about the adequacy of these safeguards. Even when there are laws or regulations, enforcement may be difficult.

"How did they get my name?"

This question is frequently asked by consumers. The answer is often, "from a database." A database is a computerized collection of information that is organized and processed according to a specific set of procedures. Information from several different database sources is often used to create a personal "database profile," which describes a person's interests and summarizes financial and other records. Many of these databases are prepared using "secondary-use data."

Secondary-use means that the collected information is used differently than originally intended. For example, a credit card or mail order company might buy an organization's mailing and membership list in order to send them product advertisements.

A database profile compiled by one organization can be—and frequently is—shared with many other organizations. Today's computer systems enable government agencies and companies to easily share information. Databases can be compared, merged and purged to create new databases for specific purposes. Development and sale or rental of potential customer lists has become a big business in itself.

Impacts on Consumers

The availability of computerized data can have varied impacts on consumers, and can make life easier in many cases. You can use a credit card to make purchases by catalog or phone, get a loan in a short time, pay bills, receive coupons and other special offers by mail, request information about your bank account, and make phone reservations for hotels, airplanes or rental cars.

Your database profile can also limit your opportunities. You may be refused a loan because of past credit problems, turned down for a job because of a poor driving record, rejected as a tenant because your income is too low or too irregular, or confused with someone else with a similar name.

Today we need to be aware of who collects information and for what reasons. We need to be sure that our personal database information is correct and that there is a way to resolve problems. Consumers must weigh the benefit of receiving services against the drawbacks of giving personal information. Ways to protect your privacy and handle varied uses of data will be discussed later in this fact sheet. First, let's consider some ways businesses develop and use data.

Business Perspective

Information is a valuable resource for business. Businesses use information from various sources to:

- Identify consumers who might want their products
- Develop new products and services
- Decide whether or not to offer credit
- Choose among job applicants
- Provide various types of insurance

In our information society, creative use of secondary information can help companies grow. It can promote cost-efficiency by helping companies target potential customers more effectively.

Direct marketing is selling products or services directly to consumers through the mail, telephone, computer (such as E-mail or the Internet) or advertisements. Direct marketers also raise money for nonprofit organizations such as religious, educational, arts and environmental groups. Often direct marketers use a database that includes names, addresses or phone numbers of people who might be interested in a specific product, service or crusade.

Businesses use information about consumers to identify additional services and products they can sell you—often through statement stuffers and other mailings. Retail stores target customers with discount coupon sales promotions which are tailored to identified shopping patterns.

Other businesses which often use personal databases include credit bureaus (private companies who sell credit reports to lenders), utilities and employers. Credit card issuers target people for specific credit offers or mail-order products. They often rent lists of cardholders to other businesses by age, sex, location, and sometimes types of purchases.

Magazine publishers may also try to sell you other publications. They may rent subscription lists to mail order firms,

other publishers, charities, or other businesses that might want to sell products to the magazine subscribers.

Responsible businesses provide safeguards for privacy and “opt-out” options. Some have a policy of “informed consent,” which tells customers how information about them will be used, and they are given the opportunity to withdraw their names from mail or phone lists.

Government Perspective

Government records are public in order to assure the free flow of information in a democratic society. The challenge to policy makers is to balance the public's right to know with personal rights to privacy. There are few, if any, restrictions on the release of information from public records.

Many major changes in life are recorded in a government document. Birth certificates, driver's licenses, marriage, buying a house, and filing a lawsuit are examples.

Information from public records is frequently obtained by direct marketers. Public records are used by private investigators, as well as law enforcement officials and various government agencies. As more and more public records are computerized, anyone with a modem and computer can compile detailed profiles on other people. New legislation dealing with records of failure to make child support payments, months in which welfare payments were received, and addresses of persons convicted of certain crimes have been the source of considerable controversy.

Consumer Actions to Protect Privacy

How do consumer benefits balance against threats to privacy? There are different views among consumers. Many people like the convenience of catalogs and home shopping, others don't. What is a convenience to one consumer may be viewed as an annoying invasion of privacy to another.

Privacy laws and business privacy codes serve to establish guidelines for the confidentiality of consumer information, and to protect the individual's rights. But, every right has an equivalent responsibility. It is the consumers' responsibility to take certain steps to ensure the accuracy of their personal data and the ways in which that data is used.

What Information Will You Share?

Be careful when you give out personal information. Before entering into any record-keeping agreement, you must decide if the information trade-off is worth the services received in return. Answers to the following questions can help in making that decision:

- What information am I required to give? Why must I give it?
- How will the information be used?
- Who will see it?
- Will I be able to control its accuracy?

Be careful with your social security number. Only give it out when you know it is required (tax forms, employment records, and most banking, stock and property transactions). If your social security number is requested by a government agency, look for

the Privacy Act notice (usually on the bottom of the form you fill out). This will tell you if your number is required, what will be done with it, and what happens if you refuse to provide it.

There is no law that prevents businesses from requesting your social security number. Keep in mind that your credit report, bank account and other financial records are usually linked to your social security number. If your number falls into the hands of the wrong person, you could be the victim of credit card or banking fraud. Ask if you can use an alternate number. You may need to be assertive and persistent.

Think carefully when you have your social security number printed on your checks. It is convenient, but it is easily available to persons who may want to fraudulently gain access to your bank and credit card accounts. You may choose a random number instead of your social security number for your driver's license.

Be careful with credit cards also. You can show your credit card on request, but do not let merchants write the account number on your check. However, remember that just as you do not have to give your account number, the merchant does not have to accept personal checks.

Three areas where privacy is a frequent concern to consumers are direct marketing, credit reporting and telecommunications.

Limit your Mail or Phone Calls

How do you feel about getting mail, phone or computerized product or catalog offers you might (or might not) want? If you want to limit the mail you receive, you can contact the sender directly and/or the Direct Marketing Association (DMA). If you write to the sender, enclose the mailing label and ask to be removed from the mailing list. The DMA is an association of companies who sell goods and services through direct marketing methods. They operate both a mail and telephone preference service, and maintain lists of consumers who want their names removed from all DMA members' mailing or telephone lists. Contact the appropriate DMA service if you would like your name removed from either.

Most major national telemarkets participate in the DMA service. If called by a telemarketer, you can tell them to put you on their "don't call" list. They are required to stop calling you for a year. Unfortunately, not all direct marketers belong to the DMA, and following the guidelines is voluntary for those who do belong.

- Mail Preference Service
P.O. Box 9008
Farmingdale, NY 11735-9008
- Telephone Preference Service
P.O. Box 9014
Farmingdale, NY 11735-9014

Before you sign up for a rebate, incentive or warranty program, or fill out a survey form, ask the company who will have access to the information if anything other than the name and address is really needed. Write the company and tell them you do not want your name placed on any mailing lists.

Information in Existing Records

You can also take steps to protect your privacy in existing records. Find out what information about you is stored in major industry and government databases. You have a right to see most government records about you. Some of your personal information held by government agencies may be public record, accessible to almost anyone.

Check your Credit Report. Credit bureaus compile information which is used by lenders to decide whether a consumer is a good credit risk. Banks, credit card companies and stores send electronic reports on customers' accounts on a regular basis. Each credit grantor uses their own criteria for making lending decisions. Insurance companies, potential employers and landlords also use credit bureau data when making decisions.

One privacy issue is that of pre-screening. Credit bureaus compile lists of consumers who meet certain criteria (such as income, job stability and spending patterns), and then sells these lists to credit card companies or other credit grantors. Many consumers object to having their names placed on these lists without being informed or giving their consent.

Credit bureau records are available to anyone with a "legitimate business interest," such as credit grantors, employers, landlords and insurers, as well as to the individual consumer. Credit bureaus must follow reasonable procedures to be sure data is accurate and current. If you are denied credit, insurance or employment because of what is in your credit file, you must be told which credit bureau made the report. You have the right to correct inaccurate data.

To protect yourself from being harmed by incorrect information, order your credit report once a year and make sure it is accurate. To learn how to obtain your credit report, call:

- Experian (formerly TRW) (800) 682-7654
- Equifax (800) 685-1111
- Trans Union (800) 851-2674 / (800) 916-8800

You may also check the yellow pages for local credit bureau listings. There is usually a small charge unless you have been denied credit within the last 60 days.

Medical Records. To find out if information about your medical history is stored in the insurance industry database, contact the Medical Information Bureau (MIB). We often think our medical conditions are confidential, but it is usually necessary to sign a release of the information in order to receive insurance benefits and often to obtain an insurance policy. If you are concerned about your medical history, you may receive a copy of your MIB report by writing or calling: Medical Information Bureau, P.O. Box 105, Essex Station, Boston, MA 02113, (617) 426-3660. There will be a fee for this report, unless an insurance company has made an adverse decision using this information.

Social Security Records. Order a copy of your Social Security Earning and Benefits Statement at least once every three years. Call the Social Security Administration at (800) 772-1213 to get the request form to obtain the information. There is no charge.

Telecommunications and the Consumer

Telecommunication instruments, such as cellular and cordless phones, computerized messages, answering machines and caller ID, make communication faster and easier. This new technology sometimes results in marketing calls you don't want, and may tell others things you would rather not be told.

Blocking mechanisms are available from some telephone companies to reduce the number of unwanted calls. Another option would be Caller ID and Automatic Number Identification (ANI) systems which let the receiver of a call see the caller's phone number. Caller ID works on local calls, and ANI works on 800, 888 or 900 numbers. These devices help the receiver screen calls, but also allows telemarketers to identify potential customers when they call a company. The caller's phone number can then be linked to a name and address. Also be aware that cellular or cordless phones, operating on radio signals, can be monitored easily. Avoid discussing sensitive information on these phones.

The Internet

The Internet raises some unique privacy concerns. The Internet is a series of connections among computers all around the world. Information sent over this network may pass through dozens of different computer systems enroute to its destination. Be aware that there are virtually no on-line activities or services which guarantee an absolute right of privacy. To access the Internet you need a computer, modem, phone connection and an Internet service provider. Recent concerns and possible needs for government regulation focus on children's use of the Internet, including marketing directed toward young people. At the present time, controlling what is on the Internet is unrealistic. Possible guidelines for regulation of on-line advertising and marketing toward children include prohibition of collecting personal information or selling it. Children don't understand the importance of personal and family privacy, and therefore advertising and sales promotions should be clearly separated from content. There should be no direct personal interaction. Blocking mechanisms are available to limit some Internet access.

Whenever you use the Internet, remember that your account is only as secure as its password. It is wise to create passwords with nonsensical combinations and change them regularly. Be aware that the delete command does not make your messages completely disappear—they still can be retrieved from back-up systems. It is also a good idea to obtain and study the privacy policy of the online service you use or consider using. Look carefully at the fine print. Does your service have the right to rent or sell your name, address and telephone number to telemarketers or other companies? If so, can you "opt-out"?

In thinking about privacy on the Internet, as well as with other information sources, the goal is to find a balance between the consumers' right to privacy and the right of others to obtain and use information.

Remember These Guidelines

- Provide only the necessary information on warranty, incentive and rebate forms or product coupons.
- Find out if you can "opt-out" of caller identification services.
- Write to the DMA Telephone and Mail Preference Services to delete your name from their lists.
- Ask organizations to remove your name from their mailing lists if you do not wish to receive mail from them.
- Don't write your telephone number on credit card slips.
- Don't permit merchants to record your credit card number on personal checks. Special pre-approved services—such as personal emergency check-cashing—would be an exception.
- Ask for a copy of your credit report at least once a year and check it for accuracy.
- Remember that anything you say on a cellular or cordless phone or baby monitor can be overheard by strangers. Messages sent by E-mail can be intercepted.
- Promptly and regularly check your billing statements. If you think you have an incorrect charge, be sure to send your complaint in writing even if you telephone first.

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