



AGENCY POSITION



THE GRAMM-LEACH- BLILEY ACT OF 1999 (PRIVACY ACT)



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PRIVACY ACT – OVERVIEW

As all financial marketers know, the Gramm-Leach-Bliley Act of 1999 requires all institutions to communicate a privacy statement to every account holder it serves, no later than June 30, 2001. At Strategic Direct Marketing, Inc. (SDMI) we believe this mandate presents an equally important opportunity to build account holder loyalty to your financial institution, as well as sales of targeted products and services of your financial institution.

GRAMM-LEACH-BLILEY ACT OVERVIEW

The Gramm-Leach-Bliley Act of 1999 affects all companies that share account holder data with third parties. By June 30, 2001, these companies must inform their account holders of the exact nature of this information sharing, and provide a vehicle for the account holder to approve or disapprove of such sharing in the future. The company must then take all actions necessary to see that the account holder's wishes are followed exactly.

Many companies and financial institutions are viewing the Gramm-Leach-Bliley Act of 1999 with great disdain. There is significant cost involved in mailing a statement to each and every account holder that you serve. Many institutions that send regular statements are opting to simply mail a brochure inside of the statement. This will cover the institution legally, but may not be read or responded to by the account holder.

We believe that this required communication can be an opportunity for sales enhancement through account holder cross-sell, as well as boosting account retention and satisfaction levels.

CROSS-SELL OPPORTUNITY

The cross-sell opportunities of Gramm-Leach-Bliley communication letters may not be apparent at first. Consider your overall cost of this communication process, and you will see why it will be beneficial to get some return on your investment.

First, you must be careful in how you position your offers. Because you are communicating with your account holder base on a very sensitive issue - privacy - you must be careful to position this communication as a **GOOD** thing rather than an intrusion or admission of guilt. Some account holders may take offense that your institution has shared their name and/or account information with third party processors.

The act may have been harmless in intent, but some account holders are going to be very sensitive about how you have handled their data in the past. We recommend diffusing the issue with simple and pleasant talk:

- Tell the account holder how valuable they are to you.
- Explain the rationale behind using outside vendors.
- Be clear about your policy of not reselling account holder information.
- Be forthright in your desire to honor the account holder's privacy requests.

CROSS-SELL OPPORTUNITY - *CONTINUED*

We also recommend that you position the communication as a service awareness issue. Tell them about the other products and services you offer and how they could benefit the account holder. SDMI can work with your supplied data, and vary the letter copy based on the products and services that are already present in the household.

For example, if you have an account holder with a DDA that owns a home but does not have an equity loan with you, you can promote equity loans or lines. If you have a DDA account holder who is over 50 years of age and has high deposits, you may want to promote your CD rates. The opportunities are many, and all it takes is some simple data manipulation to assign the proper offer codes to each household.


SDMI will be glad to work with you on this, or we can handle everything from A to Z and submit the results for your review.

SDMI TACTICAL IMPLEMENTATION

SDMI offers five different modular direct mail programs to help our clients meet the Gramm-Leach-Bliley Act of 1999 requirements.

SIMPLE INFORMATION KIT

Elements:

 8-1/2" x 14", Self-Mailer, 1/1 Colors, Simplex Addressed Only

Features a generic perf-off / mail-back reply card.

This kit is our lowest-cost vehicle, and can be mass-produced and delivered for as little as \$0.25 plus postage.

SIMPLE TWO-PART POSTCARD KIT

Elements:

 8-1/2" x 11", Two-Part Postcard, Simplex Personalized

Bottom half of postcard perforates off, then folds in half to become a reply postcard. Account holder can seal the edges to maintain confidentiality of the reply.

This kit is also a low-cost vehicle, and can be mass-produced and delivered for as little as \$0.30 plus postage.

FULLY-PERSONALIZED SELF-MAILER

Elements:





 8-1/2" x 17", Self-Mailer, 2/2 Colors, Fully Simplex Personalized

Features a fully-personalized perf-off two-part reply card that the account holder can fold and seal, maintaining confidentiality of the reply data.

This kit is also a low-cost vehicle, and can be mass-produced and delivered for as little as \$0.40 plus postage.

PERSONALIZED LETTER / REPLY FORM KIT

Elements:

-  #10 Single-Window OSE, 1/0 Colors
-  Personalized letter, 8-1/2" x 14", 1/0 Colors
-  #9 BRE
-  Informational Brochure, choice of 4-panel, 8-panel, 8-page, 16 page or 32 pages, 1/1 colors

This kit is priced from a \$0.50 per unit base. Additional colors and/or pages in the brochure will incur additional cost.

LARGE-FORMAT PERSONALIZED LETTER W/ REPLY FORM KIT

Elements:

- #10 Double-Window OSE, 2/0 Colors
Advantage: Specific branch address shows through outer window
- Personalized letter, 8-1/2" x 11", 2/1 Colors
- Personalized reply form, 8-1/2" x 11", 2/1 Colors
Advantage 1: specific accounts can be listed on the reply form and/or the letter.
Advantage 2: bottom half of reply form can feature survey questions to capture account holder satisfaction, cross-sell offers, etc.
- #9 BRE
- Informational Brochure, choice of 4-panel, 8-panel, 8-page, 16 page or 32 pages, 1/1 colors

This kit is priced from a \$0.60 per unit base. Additional colors and/or pages in the brochure will incur additional cost. Brochure can contain both the privacy information, and product cross-sell information.

COPYWRITING

SDMI will be glad to provide copywriting for your Gramm-Leach-Bliley Act of 1999 Compliance Direct Mail Program. However, your institution must retain counsel to verify / correct and/or amend the copy to assure that it is legally-appropriate for your institution.

SDMI will not accept liability for disclosure errors or omissions that are beyond your final sign-off to print and mail. We will be glad to rewrite legal copy to be more consumer-friendly, and submit it back to your attorneys for review. However, your institution will have the final responsibility to verify legal compliance of the final copy that you approve.

DESIGN

SDMI can add or modify any of our programs to suit your needs. If you require additional colors, special paper, special fonts or other graphic devices, we will be glad to assist. Also, if you require a different format to accommodate supplied material, we can create a custom format that will be very cost-effective.

DATA PROCESSING

SDMI can provide a wide range of data processing services. We recommend that you household your account holder base, so you can mail one kit per household rather than one kit per account. Many of your households could have five or ten accounts with your institution, which can significantly add to the number of units you would mail. We can eliminate these additional costs by recapping the names and account numbers of all accounts in the household, and laser-imaging them on the letter or reply form.

We can also combine multiple files from multiple sources, to perform a merge-purge process prior to the householding routine. In other words, your mortgage file may be in a totally-different format and record layout than your deposit account file or loan account file. SDMI has a full programming staff that can easily combine, de-dupe, merge-purge and household these files for maximum efficiency. We can also key-code the source file, so the letter text, disclosures and/or brochure inclusions are appropriate for the products within the household.

LETTERSHOP

SDMI can provide any of our services on an ala' carte basis. If you simply need data processing services, we can provide just those services you need. If you need laser imaging and lettershop, we can provide just those services. If you simply need us to fold and mail your supplied materials, we can provide the exact services you need. We are very flexible in the services we offer our clients.

DATA ENTRY

SDMI can provide bulk data entry of your response forms. We will link your account holders back to the source database, append the account holder responses, and provide you with custom reports and/or data files. If you choose to use our cross-sell option, we can also transmit specific account holder sales requests directly to your branches, regional managers, corporate marketing officers, or any combination you would like. This can be in the form of faxed reports, email documents, postal mail or overnight delivery.

SUMMARY

We believe that the Gramm-Leach-Bliley Act of 1999 presents a great opportunity to communicate with your account holder base. All institutions must convey their privacy policy to account holders, but the best institutions will take the opportunity to share and interact with their account holders on a wider range of issues.

The account holders who enter into this process will be rewarded with greater information or support on the products and services they buy from you. Your institution will be rewarded with greater account holder loyalty and an increased share of the account holder's wallet.

For more information and additional resources, please contact us at 1-800-843-8861 or visit our website at www.sdmi3.com



PRIVACY ACT INFORMATION REQUEST FORM

Administrator Name _____

Administrator Title _____

Administrator Phone # (_____) _____

Administrator Email Address _____ @ _____

Institution Name _____

Total Assets (estimated) _____

Total Number of Households Served (estimated) _____

PROGRAM TYPE

Gramm-Leach-Bliley Privacy Act Mailing Other: _____

DDA OVERVIEW

Number of households served _____

Did you mail a Privacy Notice last year? _____

If so, what did it contain? _____

Did it achieve the institution's goal? _____

What was the feedback from your account holders? _____

Please complete and FAX to (615) 834-6698, or mail to:
SDMI, 447 Metroplex Drive, Nashville, TN 37211-3109.
For more information call 1-800-843-8861.