

# The W. Howard Chase Award — 1993

**Organization Nominated: Equifax Inc.**

## **The Issue: Privacy**

### **1. Description of the Issue:**

As the nation's largest consumer reporting agency, Equifax maintains a data base of personal credit history files on 190 million American consumers. The availability of the information in those files allows Americans to purchase 15,000 homes, 40,000 cars and 500,000 appliances every day on credit and is the lubricant of our credit-driven society. Yet, consumer groups, legislators, regulators, the media, et al. raise concerns about consumer privacy, which is the degree of control the consumer has over the use of, and access to, this information. The issue, then, is the need to maintain the balance between the legitimate information needs of business (economic reality) and the privacy concern of consumers (societal expectations).

### **2. Why is this issue important to the organization?**

Equifax is the steward of personal financial information about consumers. Our goal is to be the *preferred steward* of that information, by customers and consumers alike. Our customers are businesses who grant credit, insure lives and property, employ people and offer and grant other benefits.

Consumers are our customers' customers, and as such, their concerns are very important to us. The information provided by Equifax allows our customers to make risk assessment decisions about granting credit, insurance, employment, etc. However, the way in which the information is gathered, formatted, posed, stored, retrieved and reported must not only conform to the Fair Credit Reporting Act, but must meet our own Fair Information Practices, standards of confidentiality and protection. Automation of the credit reporting (and, indeed, the entire information) industry—coupled with increased concern about privacy fostered by the consumer movement during the same time period—demands attention to this issue and action to manage it.

### **3. At what levels do members of the organization participate in addressing the Issue?**

All levels, from field representatives through the Chairman and CEO. Privacy and the related confidentiality of personal financial information is one of the most important issues we face as a company.

### **4. Which constituent groups are affected?**

One hundred thousand customers, 190M consumers, 12,400 Equifax employees, federal and state legislators, regulators, private interest groups (privacy advocates, consumer groups), etc.

### **5. How are constituent concerns considered and acted upon?**

Through the issue management process: Identification, Research, Analysis, Action and Evaluation.

**Identification:**

Described below.

**Research:**

Equifax hired Dr. Alan Westin, leading privacy expert from Columbia University, to consult, to conduct privacy audits of Equifax products and services, to determine how well our policies and procedures conform to a rigid set of fair information practices and to assist in discovering and understanding consumer concerns about privacy.

Equifax commissioned Louis Harris and Associates to conduct the first national survey of consumer opinion on privacy in more than a decade and published the results as *The Equifax Report on Consumers in the Information Age* in June 1990. It became a landmark study. Equifax has fulfilled a commitment to update the survey each year, so our contribution to the national dialogue is a vital issue.

**Analysis:**

We uncovered consumer privacy concerns, discovered what privacy meant to them and what we could do to ensure our operations and business dealings reflected our concern for and orientation toward consumers. We also learned what consumer education was needed to help consumers understand our business.

**Action:**

Equifax established an office of Consumer Affairs with a vice president acting as ombudsman for consumers.

Equifax discontinued the sale of direct marketing lists derived from the credit file, because it upset the basic balance between information flow and privacy concerns.

Equifax designed and installed state-of-the-art technology software to enhance the accuracy and security of confidential personal information.

Equifax developed an easy-to-read, more understandable consumer credit report format.

Equifax established the Equifax Information Service Center, the first of its kind: a state-of-the-art facility in Atlanta devoted to serving consumers. The Center has a 24-hour-a-day, toll-free telephone number, and is staffed by more than 400 credit information consultants, who can discuss any facet of a consumer's credit report in any one of eight languages. The Center has been operational since December 1991, and now handles more than 30,000 calls a day.

**Education:**

Equifax constantly evaluates its consumer services, continues privacy audits, continues annual updates to the privacy survey, and develops more initiatives to address the issue and its sub-issues. The 1993 survey is totally devoted to health care information management and privacy concerns. It will be published at an Equifax-sponsored, day-long national privacy conference, to be held October 29 in Washington, D.C., co-sponsored by the American Health Information Management Association in cooperation with U.S. Office of Consumer Affairs.

**6. What is the key objective of the issue management program?**

To bridge the gap between Equifax privacy practices and consumer and stakeholder groups' expectations; to continue to provide information solutions to our customers while maintaining and improving our standards addressing consumer privacy concerns; to ensure fair information practices are known and practiced throughout the company and the

industry; and to contribute to the goal of becoming the preferred steward of consumer information.

**7. Does issue management make a direct contribution to the organization's profitability? If so, how?**

Yes. Because of our management of this issue, our position as a consumer-oriented, socially-responsible company concerned about consumer privacy and data protection has become an important sales point for our sales force talking to customers. It is also an integral part of proposals for large contracts. Resulting positive media coverage have a positive impact on customers and improves our competitive edge

**8. What are the results?**

Better service to our customers and consumers alike; improved corporate image; a greater public understanding of our business and role in society, leading to more favorable media coverage. Contribution to the bottom line in new record highs for Equifax stock in 1993.

Nomination completed by:  
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**Please forward your nomination by mail, fax or e-mail to:**

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**Nomination for the Chase Award for Excellence in Issue Management**  
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