

Inside 1to1 Privacy

Date: 02/13/2008

Issue: February 14, 2008

People: Jay Cline

Countrywide: Higher Sales Via Privacy Choice Management

It's an elusive dream for many CPOs: monetizing the value of privacy and consumer trust. But that's what's starting to happen at Countrywide Financial Corporation following its implementation last year of a new enterprise system for managing consumer privacy preferences.

The lift couldn't come at a better time for a company with such a large privacy footprint. Founded in 1969, the Calabasas, California-based enterprise is the largest mortgage originator and servicer in America. At the end of November 2007, Countrywide counted over 9 million loans in its servicing portfolio with an unpaid principal balance of nearly \$1.5 trillion. Countrywide's family of companies also provide loan-closing services such as credit reports, appraisals, and flood determinations; banking services such as depository and home-loan products; fixed-income securities underwriting and trading activities; property, life, and casualty insurance; and captive-mortgage reinsurance. Although its business is concentrated in the U.S., Countrywide also operates in India, Costa Rica and the UK.

With customers in so many lines of business, Countrywide's consumer privacy preference management stakes are high. To learn about how the company is navigating this challenge, INSIDE 1to1: Privacy recently caught up with Countrywide's Chief Privacy Officer, Christine Frye.

Frye and her team of 19 report to Countrywide's Chief Data Security Officer, Steve Taw, who also manages the Enterprise Data Security and Privacy Office as well as the Technology Risk Management, Technology Compliance, and Business Continuity and Disaster Recovery functions.

For her part, Frye's charge is to oversee privacy strategy, policy and standard creation across the enterprise from a regulatory and operational focus.

"Our privacy and preference management program is essential in positively influencing customer trust in the Countrywide brand," Frye said. "A positive consumer experience can lead to increased loyalty and participation in our marketing initiatives."

One of the challenges Frye encountered early in her tenure at Countrywide was a decentralized set of business processes for managing consumer opt-out requests. She also struggled with a legacy system that did not have the flexibility to keep pace with business needs, and a flurry of new laws and regulations for telemarketing and email marketing. These situations often culminated in translating an opt-out request into a blanket opt-out across all communications channels and all Countrywide products.

"Not being able to maximize our communications with customers while still honoring their privacy preferences resulted in losing consumer participation in our marketing initiatives," Frye said.

So, four years ago, Frye championed the development of an integrated, one-stop shop for managing consumers' privacy choices. The system, known internally as the Enterprise Preference Management System (EPMS), launched in March 2007, and is already generating results.

"We've reduced staff time, improved the quality of our compliance controls and reporting, and expanded the choices available to consumers," said Ryan Barker, First Vice President, who reports to Frye and oversees consumer privacy preferences. EPMS enables Countrywide to store a consumer's information-sharing and marketing preferences and honor those preferences in its marketing campaigns. Consumers can choose whether to opt out of marketing communications via email, phone or postal mail. Consumers even have the ability to choose to receive direct mail at one address but not another, or only receive certain categories of marketing offers. Through this granular level of preference management, EPMS has increased the number of consumers eligible for campaigns to market other Countrywide products.

The new approach also has helped staff by sending automated alerts when do-not-call and other suppression lists should be loaded into the system. In addition, the system's reporting function has enabled Countrywide's marketing department to learn which campaigns fared better or worse at generating opt-out requests. In one recent telemarketing campaign, for example, the company discovered that its consumers who'd designated a cellphone as their preferred contact point for certain communications had lower opt-out rates.

"Privacy is a top priority for Countrywide," Barker explained. "Not just from a regulatory standpoint, but from a customer experience perspective."

"Our customers expect that we will use their information according to their preferences," he added. "The overarching theme of Countrywide's approach to privacy

preference management is one of brand protection consistent with an understanding of the business need to effectively market products and services. EPMS helps us in this effort."

This brand-approach to privacy may be paying off. In the Ponemon Institute's 2007 Most Trusted Companies for Privacy Study, Countrywide was one of four new companies joining the top 20 rankings.

"We believe this increase in trust is based on the enhancements we've made to the privacy program and our proactive risk assessment process," said Frye.

Editor's note: As we were going to press with this article, Bank of America announced its intention to acquire Countrywide, a transaction expected to be completed late this year.

The merger will join two of the country's more mature privacy programs and create one of the largest financial institutions in the world.

Cline is President of Minnesota Privacy Consultants and can be reached at cline@minnesotaprivacy.com.