

Inside 1to1 Privacy

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E-Loan: Maintaining High Privacy Ratings

Investments in privacy have delivered for E-Loan, including high consumer marks for privacy that continue to improve.

According to the leading American benchmark on this question – the TRUSTe/Ponemon Institute Most Trusted Company for Privacy survey – E-LOAN, Inc. ranked 17th in 2004, 16th in 2005, and 3rd in 2006.

"E-LOAN rated highly again in 2007," said Larry Ponemon, who is about to release this year's survey results.

The Customer Respect Group also gives high marks to the Pleasanton, California-based lender, ranking it first in privacy in the financial services sector in 2005 and 2006, and third overall out of the 464 companies it evaluates.

This kind of success can put high CEO expectations on Chief Privacy Officer (CPO) Tess Koleczek to keep those numbers up. But before launching into the details of how Koleczek plans to continue earning these well-deserved accolades, it would be useful to start at the beginning of this privacy success story.

Chris Larsen started the company in 1997 to make the mortgage process easier and more transparent, later diversifying into home-equity lines of credit, home refinancing and auto loans. In 2005, Popular, Inc., a Puerto Rican-based bank, acquired E-LOAN, and Mark Lefanowicz took over as CEO. The firm now employs 950, has originated \$32 billion in loans since its inception, and has added student loans and savings products to its portfolio.

How did this David outrank the financial Goliaths in the privacy rankings? In short: publicity and performance. Larsen had been an outspoken advocate of transparency and privacy in his industry, donating \$1 million in 2004 toward what became the California Financial Information Privacy Act. This, plus E-LOAN's prominent placement with eBay auto sales and its decision to offer customers the ability to opt out of offshoring their data, has given the company the kind of public exposure needed to score well on Ponemon's consumer survey.

E-LOAN's Web site also gives more coverage to the privacy topic than what is typical for a financial company. It's adopted a strict no-data-sharing policy and comprehensive procedures for vendor assurance and employee privacy training. These factors have positioned it well for the Customer Respect Group assessments.

"Maintaining the strictest of privacy standards has been a top priority from day one at E-LOAN," said Koleczek, a Chicago native who started as CPO in December 2002 and reports to the CEO.

While many CPOs are internally focused, still struggling to bring their enterprises into compliance with the relevant standards and regulations, Koleczek plans to pursue an externally oriented project list for 2007.

"This spring, I'll work closely with our marketing department to increase the visibility of our privacy practices and achievements," she said. "The result should be a higher conversion rate for customers coming to our Web site."

Koleczek said she also will be initiating a community-service project to increase customer awareness about credit-assistance resources.

"I plan to work with consumer groups to support legislation that truly is in the best interest of consumers," she added. "E-LOAN has always been a strong voice for consumer respect, so this year will be no different."

So if your company ends up this month on the TRUSTe/Ponemon marquee, don't take too long to celebrate. Take E-LOAN as an example: The need is immediate for a game plan to keep that rating up.