FTC Report Outlines New Privacy Framework For Handling Consumer Data

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The Federal Trade Commission (FTC) issued a report in March 2012 setting forth best practices for businesses to protect the privacy of American consumers and give them greater control over the collection and use of their personal data.

The report, titled Protecting Consumer Privacy in an Era of Rapid Change: Recommendations For Businesses and Policymakers, calls on companies handling consumer data to implement several recommendations for protecting privacy. The FTC website outlines the guiding principles in this effort:

• Privacy by Design – companies should build in consumers' privacy protections at every stage in developing their products. These include reasonable security for consumer data, limited collection and retention of such data, and reasonable procedures to promote data accuracy;

• Simplified Choice for Businesses and Consumers – companies should give consumers the option to decide what information is shared about them, and with whom. This should include a Do-Not-Track mechanism that would provide a simple, easy way for consumers to control the tracking of their online activities;

• Greater Transparency – companies should disclose details about their collection and use of consumers' information, and provide consumers access to the data collected about them.

While much of this is easily understood, executing on the vision outlined by the FTC will require a dedicated effort that impacts the planning, development and launch of products and services, adding cost and complexity to doing business. Still, the idea is to ensure that innovative products which rely on information provided by consumers are not launched at the expense of their privacy.

The final report includes several caveats and exceptions so as not to be over-burdensome, including recommendations that:

1. "[C]ompanies may avoid these measures by making sure data cannot be linked to a particular person or computer";

2. Choice need not be provided for data practices that a consumer would expect given the context of the transaction, the company's relationship with the consumer, or if required or specifically authorized by law; and

3. Small business, those that only collect and do not transfer non-sensitive data from fewer than 5,000 consumers a year, be exempt from the privacy framework.

Tharpe & Howell can assist your business in dealing with privacy issues. http://goo.gl/QtV2I

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