



**Re: Plaid, Inc. Privacy Litigation
Case No. 20-cv-03056-DMR
Report for Cy Pres Award
October - 2023 - March 2024**

As a nonprofit organization dedicated to creating a fair and just marketplace for all, Consumer Reports (CR) is steadfast in its commitment to establishing consumer-friendly practices and regulations within the digital realm, particularly in the financial services sector. We believe that digital finance products should respect consumers' privacy, safeguard their data, and protect them from discriminatory and predatory practices, all while helping them achieve their financial goals. We are leveraging our long-standing expertise in advocacy, journalism, and testing to ensure that consumers can spend, save, borrow, and invest safely. And, building on these historic strengths, we are developing new tools that meet consumers' needs while shaping the marketplace in their favor.

This report provides an overview of CR's recent activities relating to digital financial services, data privacy rulemaking, and [Permission Slip](#), our free mobile app that empowers individuals to send companies legally enforceable requests to delete or stop selling their data. In addition to the details included below, we were honored that [Fast Company](#) named [Permission Slip one of their Next Big Things in Tech](#) and singled out CR as one of the [Most Innovative Companies for 2024](#), one of only 10 honored in the not-for-profit category. We were also delighted to receive an [Anthem Award](#) for [Bad Input](#), our series of short films that look at how biases in algorithms and datasets result in unfair practices for communities of color, often without people's knowledge.

As of February 24th, \$310,369 remains of the original \$758,417 award.

Digital Financial Services

A cornerstone of our work is the [Fair Digital Finance Framework](#). We developed this schema to raise standards, strengthen consumer protections, and empower consumers through the rigorous evaluation of digital financial products. We organized the framework around key priorities including safety, privacy, transparency, user-centricity, support for financial well-being, inclusivity, and governance. This March, we evaluated [popular banking apps](#), our third investigation using the tool. We discovered that while these apps offer conveniences and

benefits, they all share more customer data than is necessary for their services. We also found that some apps don't clearly explain their fraud monitoring and notification policies and are not as inclusive as they could be for Spanish speakers and people with disabilities.

In addition to publishing results in [a story on consumerreports.org](#), [American Banker](#) and [Payments Dive](#) both ran articles about the study. We also shared results at the Financial Digital Exchange's Global Summit, highlighting how our privacy findings support the need for more consumer tools and solutions. Our talk also addressed the Consumer Financial Protection Bureau's (CFPB) proposed financial data privacy rulemaking, what kinds of rights consumers need around data access, and how tools like [Permission Slip](#) can empower consumers.

Digital Finance Rulemaking

CR engaged with regulatory bodies such as the Office of the Comptroller of the Currency (OCC) and the CFPB to address emerging concerns in the digital finance space including consumer safety, market weaknesses, and the need for fair practices, especially regarding digital payment apps and virtual assistants.

In the fall, CR met with CFPB Director Rohit Chopra to discuss a range of emerging concerns digital payment apps, digital currencies, chatbots, and virtual assistants. CFPB staff thanked CR for our role in pushing for the elimination of junk fees and praised the Fair Digital Finance Framework for highlighting market weaknesses and bad practices. They also encouraged us to continue working with companies to improve practices.

CR filed a [comment letter](#) with the CFPB in support of its proposed Personal Financial Data Rights Rule, with recommendations for ways it could be strengthened. The rule will help consumers prevent misuse of their personal data and seek out better deals and services if they are unhappy with their bank or other financial institution. The "open banking" proposal gives consumers greater access to, and more control over, their personal financial data. We anticipate it will foster greater competition and innovation among traditional financial service institutions and new fintech startups.

We also praised the CFPB's [proposed new rule](#) that would put big tech companies and other providers of digital wallets and payment apps under the same supervisory exam process as banks. The proposal aims to strengthen federal oversight as digital apps have become widely

used by consumers to make purchases and payments. [We assert](#) that it's "critical that big tech firms are competing fairly and abiding by the same rules that banks, credit unions, and other financial institutions must follow when processing digital payments," and the expansion of CFPB authority over digital payment providers "will help ensure they are following the law so that consumers can use these apps safely and securely."

We met with congressional staff to provide suggested amendments to "financial innovation" legislation backed by industry. We offered ways to address provisions that would impose heavy burdens on regulators and allow unsafe innovations to enter the market.

In December 2023, the Office of the Comptroller of the Currency (OCC) issued [a bulletin](#) on risk management of buy now pay later (BNPL) loans, covering many of the issues that CR has raised with OCC staff and highlighted in our reports.

At the regional level, we participated in a Federal Deposit Insurance Corporation (FDIC) regional listening session in New York to discuss issues related to auto and consumer lending, access to banking services, consumer protection and fraud.

We also testified at a joint hearing of New York Assembly committees about financial technology and its impacts on consumers. In our testimony, we highlighted policy concerns relating to buy now, pay later lending, earned wage advances, and the growing risk of payment fraud.

Outreach

We have advocated for responsible, inclusive financial systems and emphasized the importance of regulatory frameworks that protect consumer interests in a variety of different forums.

In December 2023, we took part in Consumers International's [Global Congress](#). Held every four years, this convening brings together consumer advocates with leading influencers in business, government, civil society, and academia from around the world. We participated in a number of sessions, including panels on digital wallets and deferred payments, where we shared our recent learnings from our [digital finance evaluations](#). We identified key regulatory and consumer challenges, the opportunities brought by these technologies, and how CR's work is helping to fill gaps in monitoring and oversight.

We participated in a panel at Money 20/20, the country's largest fintech convening. The discussion focused on approaches to striking the right balance between consumer protection and financial inclusion. Innovations can expand financial services to larger numbers of people, especially the financially excluded, but also raise new questions for policymaking in an environment that was largely built for banks and the financial mainstream. CR emphasized that successful financial inclusion requires a policy and regulatory framework that fosters responsible, inclusive financial systems, while adapting to rapid changes, and consumers must view the system as fair, stable, and protective of their interests.

CR represented consumer groups at a board meeting of the Financial Data Exchange, which seeks to develop a common interoperable standard for secure access to consumer financial records. CR provided perspective on how interoperability remains largely missing for low-income users of digital financial services which results in costlier services and higher data risks across multiple providers and accounts.

[Flourish Conversations podcast](#) featured CR's digital finance evaluation initiative, focusing on key discoveries related to peer-to-peer payments and buy now, pay later apps. The conversation also included discussion of our vision for a transparent and secure fintech future. We offered advice for fintechs looking to boost consumer security, and insights into the potential implications for regulatory policies.

[Marketplace](#) interviewed CR about the growing trend of consumers using buy now, pay later services for holiday shopping. We noted how the terms and conditions are not always clear, and how consumers can get hit with late fees and unexpected interest charges. In a later story, [we spoke](#) about Apple's buy now, pay later service, which now reports users' payment history to Experian. CR noted that this is a positive step for greater transparency into consumers' debt loads and to enable more responsible lending, and called for other providers to do the same. CR has raised the point that people who use these services may think they are building up their good credit, but most providers do not report them.

We participated in a consumer advisory roundtable hosted by JP Morgan Chase on the economics of consumer deposit accounts, whether basic banking services are affordable, and how they factor in the overall financial health of low income consumers.

CR also participated as a panel speaker at a day-long symposium on the future of data-driven financial services hosted by the nonprofit Bipartisan Policy Center and Mastercard. As part of the discussion on the profound changes in the financial services marketplace for the industry and public policy, we spoke about how to ensure that the financial data that is fueling innovations for consumers is inclusive and not harmful. We also provided perspective on the CFPB's [open banking rulemaking](#).

CR spoke with [News 12 Westchester](#) in New York about the Attorney General's top ten list of consumer scams and complaints, with advice for what people can do to protect themselves.

Data Privacy Advocacy

CR has worked extensively on privacy advocacy for the past 10 years. Since receiving this cy pres award, our work on behalf of consumer privacy has included advocacy, outreach, and consumer engagement.

Privacy Advocacy

In many state privacy debates, we advocated for universal opt-out provisions, consumer rights, and stricter data privacy regulations to address consent fatigue and protect consumer data from misuse by companies. Highlights of the past few months include:

We delivered oral comments to the California Privacy Protection Agency regarding the agency's new draft rules on automated decision-making technology, risk assessments, and cybersecurity. The new draft rules would provide the strongest consumer protections on automated decision making technology that we have seen in the country, giving Californians new opt-out rights.

Colorado's new privacy law established that consumers may use universal tools to opt out of data sales and targeted advertising. CR spearheaded efforts to ensure that [Global Privacy Control](#) (GPC)—a browser signal that is sent to websites, informing the site of a user's privacy preferences—was included in Colorado's registry of recognized opt-out tools. CR and several other privacy allies helped develop and launch the GPC that now has more than 75 million active users and is legally binding as an opt-out mechanism now in both Colorado and California.

CR gave a briefing to the Connecticut's Attorney General's office on the Global Privacy Control, saying the office should follow California and [Colorado](#) and deem GPC to be legally binding under the state's privacy law. Connecticut's universal opt-out mechanism will be the third such provision to go into effect on January 1, 2025.

We also briefed Federal Trade Commission (FTC) leaders on the [Global Privacy Control](#), the [Permission Slip](#) app, and the [Data Rights Protocol](#), our initiative to [standardize data rights requests with a common protocol](#). We explained the current status of all three initiatives and discussed how each could inform the FTC's upcoming rulemaking on commercial surveillance.

New Hampshire's Secretary of State's office met with CR to discuss proposed language in a comprehensive privacy bill that would grant the office a limited amount of rulemaking authority. We discussed how rules could be crafted to minimize burdens on consumers when they submit privacy rights requests under the proposed bill.

We submitted [comments on a Kentucky consumer privacy bill](#), but oppose [the bill](#) because it lacks basic consumer protections, like strong data minimization language, workable enforcement mechanisms, and universal opt-out controls.

CR was engaged in strengthening a New Jersey legislature approved [comprehensive privacy legislation](#) that provides baseline consumer rights, such as the right to access, delete, and stop certain disclosures of their personal information. The amendments we championed included the addition of universal opt-out and authorized agent provisions, as well as a right to correct your information.

CR served as an expert witness at a state judiciary committee working session about two comprehensive privacy bills in Maine. CR told the committee about the benefits of more specific disclosure requirements in privacy policies and the concept of data minimization.

We also [testified](#) before a Minnesota legislative commission about a proposed data privacy bill. The bill has some good provisions for universal opt-outs of data sharing and has a thoughtful approach to automated decision making rights for consumers, but we are recommending ways to address its significant loopholes.

We [testified in support of a Maryland bill](#) that would provide a number of consumer data privacy protections and we recommended ways to strengthen the bill.

We voiced our [opposition to](#) a Georgia privacy bill that includes loopholes that would prevent the bill from fundamentally changing business practices that exploit people's data.

Outreach

[CalMatters](#) published an op-ed authored by CR detailing how the newly-signed Delete Act will benefit consumers. The piece discussed how data broker business practices can harm consumers, and how the new California law will make it easier for consumers to control their data.

[Pluribus interviewed CR](#) about our support of a new California bill to require major browser vendors to provide a way for consumers to universally opt out from data sales and targeted advertising under the state's privacy law.

We spoke with [Marketplace](#) about data privacy and the "consent fatigue" that internet users may experience when they are bombarded by websites' consent requests before the tracking begins. We explained how consumers often feel like they lack control or understanding of these complicated processes. We shared how state privacy laws with universal opt-out provisions can help reduce the burden on consumers by minimizing the number of opt-out decisions they must make. And we pointed to our [Permission Slip app](#) as another way to reduce opt-out burdens on consumers.

We spoke with [Bloomberg Law](#) about the Connecticut Attorney General's recent report on enforcement of the state's new data privacy law. We pointed out that many privacy laws include ambiguous definitions and carve-outs that make it difficult for consumers to understand how they might be protected by the law. The story cited CR's recent study on sensitive data provisions in state privacy laws. We also spoke with [Bloomberg Law](#) about Virginia's enforcement of its new consumer data privacy law. There have been relatively few consumer complaints filed under the law so far, which we said can be traced to things like the law's underlying weaknesses, including the unworkability of its opt-out structure.

CR spoke about privacy laws and the latest updates on regulation at a Bloomberg Government webinar, as well as a Practicing Law Institute seminar on Communications Law in the Digital Age.

The [Privacy Laws podcast](#) interviewed CR experts about new restrictions on selling personal data in new laws around the country.

Consumer Engagement

In addition to [Security Planner](#), our guide that provides consumers with personalized recommendations on how they can improve their data privacy and security, we offered a variety of learning opportunities around data privacy and security.

We launched a free, three-month [CR Data Bootcamp](#) for consumers to understand and take steps to increase their digital privacy. Built around a series of “workouts,” the bootcamp reached more than 4,000 people. Anyone can continue to access these resources on CR’s innovation website, <https://innovation.consumerreports.org/data-action-day-2024/>.

We [partnered with the National Cyber Alliance](#) (NCA) on a joint data privacy [animation](#) and hosted a webinar called [Give Data Brokers the Slip!](#) which reached more than 600 people.

For Data Action Day, we [partnered with All Tech is Human](#) on an event hosted in New York City with a panel of data privacy experts including Jennifer Strong, award-winning producer and tech journalist; Tracy Chou, CEO of Block Party, which builds tools for online safety and anti-harassment; Julia Angwin, founder of two nonprofit newsrooms, The Markup and Proof News; and CR staff. The event was sold out, with more than 700 RSVPs. We also offered a [Data Action Day Livestream](#) attended by more than 400 people.

Permission Slip

In October, CR officially launched our free data privacy app [Permission Slip](#), which helps consumers take back control over their personal data. Users discover what kind of data companies collect and can send those companies legally enforceable requests to delete or stop selling their data. Since the October launch, we estimate the Permission Slip has saved consumers 4 million hours.

Available on both iOS and Android, Permission Slip is currently rated 4.8 in the App Store (Apple) and 4.5 in the Play Store (Google). Our preliminary analysis puts our one month retention rate at ~16.8% on average, nearly 5 times the global average 30 day retention rate for mobile apps in the Utility category ([source](#)).

In addition to the accolades from *Fast Company* mentioned above, Permission Slip has received extensive media attention. *The Washington Post's* tech [positive review](#) was the Post's most saved story of 2023 as well as one of its five most shared stories of the year. The [TODAY](#) show featured Permission Slip in a segment, prompting 3,000 sign ups immediately following the broadcast (story begins at the 2:40 mark). Additional coverage includes an article in Forbes, "[With Its New Permission Slip App, Consumer Reports Aims To Make Online Privacy More Accessible To Every Person](#)" as well as being featured on Slate [podcast](#) where *The Washington Post's* Geoff Fowler called Permission Slip his "new favorite app."

In January, we released an update with a new user experience, an expansion to more than 300 companies, and a global company search feature. Our initial user interface design functioned like a deck of cards. While engaging, we determined that this format was ill suited to managing more than 100 companies. By shifting the interface to more of a Spotify-like home screen experience, complete with "playlists for your data" and the ability to search for specific companies, we were able to expand the number of companies to more than 300 while giving ourselves room to grow. The new interface also allows for more experimentation and expansion of the feature set beyond just sending requests. This includes a "Report a Company" feature that lets users tell us about company behaviors they find concerning.

Conclusion

In a healthy digital financial marketplace, consumers can choose products and services based on their true cost and performance, receive the benefits they expect from their transactions, and are protected from exploitative, discriminatory, and predatory practices. CR will continue to amplify consumers' needs, expectations, and experiences in the financial marketplace, particularly for low-income and ethnically diverse consumers who remain underserved. We are working to protect consumers' financial health and personal data so that as digital finance services expand and reach more customers, they help consumers confidently and safely manage their financial lives without creating new risks or restyling old ones.