

HOW UNAUTHORIZED DATA SHARING CAN HURT YOUR INSTITUTION

The following story of a fictional FSP is based on real experiences from several Indian providers.

Parivartan is a well-established FSP in southern India that regularly publishes client “success stories”—short profiles of clients who have used financial services to improve their lives. One such profile told the story of a client named Shubham, a restaurant owner in his third loan cycle.

Parivartan wanted to showcase Mr. Shubham’s success story, and therefore it took some pictures of the client and his restaurant, and published these in their product brochure, annual report, and on their website. The FSP did not seek the client’s verbal or written approval before using his picture for promoting the institution, but this did not bother Mr. Shubham, who proudly displayed the materials in his restaurant.

One day many months later, one of Mr. Shubham’s regular customers—a lawyer—visited the restaurant. Seeing the promotional materials, he casually inquired about whether Parivartan had compensated Mr. Shubham for his role in promoting the FSP. Mr. Shubham replied that not only had he not received any payment, but he had been surprised to see his picture on the materials. He had not been consulted and had assumed that the photos taken by his loan officer were strictly for the purposes of the loan application. The lawyer was shocked to hear Mr. Shubham’s story and sensed an opportunity to sue Parivartan on the basis that the FSP had used the photos for commercial gains without any written communication and consent.

Though Mr. Shubham did not go through with the lawsuit, he did confront his loan officer about why he had not been consulted and compensated. The loan officer raised the issue with his branch manager, who escalated the issue to senior managers. Management soon realized that they had narrowly escaped a costly legal battle and decided to create a policy on obtaining client consent before using client photos in any public format. They added a simple policy to the Parivartan credit manual and supplied loan officers with a client consent form. Loan officers also received training on how to communicate with clients about the use of their photos and to use the consent form.