

February 28, 2018

The Honorable Paul Ryan
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Ryan and Leader Pelosi:

Banks and credit unions are good stewards of their customers' personal information and data, so taking responsibility for it, and protecting it, is a role that every financial institution takes seriously. In fact, banks and credit unions are mandated, by our regulators, to notify their customers in the event of a breach. Fortunately, credible tracking statistics¹ on data breaches indicate that financial institutions remain one of the safest places for consumer data to reside.

Recently, Chairman Blaine Luetkemeyer (R-MO) of the House Financial Institutions and Consumer Credit Subcommittee and Congresswoman Carolyn Maloney (D-NY) released a draft bill that would improve data security for consumers across the country. The goal of the bill is simple—raise the bar so that all companies protect data similar to how banks and credit unions protect their data, and create a common-sense standard to ensure consumers receive timely notice when a breach does occur.

The draft bill recognizes the strict regulatory oversight the Federal Reserve, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, and National Credit Union Administration have over bank and credit union breach notification policies and over the standards used to safeguard customer data. As such, the bill does not require banks and credit unions to subscribe to a duplicate notification requirement. What the bill does do, however, is require companies that are not subject to any current federal requirement regarding breach notification to tell consumers when their information has been compromised. Essentially, it brings expectations for these other sectors up to a standard very similar to that currently in place for banks and credit unions.

Contrary to statements made recently by some retailer groups, banks and credit unions have long been subject to regulatory mandates that set rigorous data protection and breach notification practices for financial institutions to follow. In fact, federal regulators describe these notification obligations as “an affirmative duty” for which compliance is demanded, and are considered to be an element of fundamental Safety and Soundness for the overall banking system. In addition, it must not be overlooked that the financial

¹ See e.g., “2018 – Data Breach Category Summary,” Identity Theft Resource Center. Accessed at: <https://www.idtheftcenter.org/images/breach/2018/ITRCBreachStatsReportSummary2018.pdf>

industry is the only sector subject to ongoing examination to ensure compliance with these breach notice obligations.

The status quo is not working for American consumers. New breaches are seemingly uncovered daily, and banks and credit unions are doing their part by communicating with their customers of the breach, reissuing cards and enacting fraud mitigation measures. But no solution will work unless everyone has an obligation to take these steps.

Consumers are tired of having their information compromised, and they should be—the stakes are too high. The time for a national data security and notification standard is now, and the draft legislation set forth by Chairman Luetkemeyer and Congresswoman Maloney achieves that objective.

Sincerely,

American Bankers Association

Consumer Bankers Association

Credit Union National Association

Financial Services Roundtable

Independent Community Bankers of America

National Association of Federally Insured Credit Unions

The Clearing House Association

CC: Members of the U.S. House of Representatives