

The Honorable Tim Johnson
Chairman
Senate Committee on Banking, Housing, and Urban Affairs
Washington, DC 20510

The Honorable Mike Crapo
Ranking Member
Senate Committee on Banking, Housing, and Urban Affairs
Washington, DC 20510

Dear Chairman Johnson and Ranking Member Crapo:

As the U.S. Congress considers legislative action regarding the safety and security of consumer financial data in the wake of the Target Corporation data breach, I would like to call your attention to the many ways in which the payments industry protects consumers on a daily basis. As the trade association of the payments industry, the Electronic Transactions Association (ETA) represents more than 500 of the nation's most innovative payments and technology companies. ETA's members are dedicated to providing merchants and consumers in our country the safest, most reliable, most secure payments system to facilitate commerce and power our economy.

The law enforcement and forensic investigation of what went wrong at Target is still underway, and we should permit that investigation to conclude before drawing conclusions. What we do know for certain, though, is that Target was the victim of a sophisticated, international criminal operation that once again highlights that global cybercriminals are threatening our nation. Congress should examine how we can foster greater cooperation among law enforcement around the world so that any countries that harbor cybercrime rings face real consequences for doing so.

The electronic payments industry plays a vital role in the U.S. economy and our payments systems power commerce at more than eight million U.S. merchants. Consumers made \$4.6 trillion in electronic purchases last year through card swipes and online purchases. On Cyber Monday alone, \$2.5 billion in electronic payments flowed to Internet retailers. ETA member companies are strong drivers of economic growth. From publicly traded Fortune 500 companies to small, local sales organizations and tech firms, ETA member companies directly create tens of thousands of jobs and are headquartered in 46 states.

ETA members create more convenient, secure and rewarding payment options for consumers and takes the commitment to the safety and security of consumer data very seriously. Fraud accounts for less than six cents of every one hundred dollars spent on the payments systems – a fraction of a tenth of a percent. Our payments systems are built to detect and prevent fraud and to insulate consumers from any liability.

Payments companies compete for customers by providing consumer protections even beyond requirements of current law. These protections and flexibility are why U.S. consumers are going cashless and carry more than one billion debit and credit cards in their wallets. More than 70% of retail purchases are made with electronic payments, and ETA member companies process more than four trillion dollars in electronic payments on behalf of U.S. merchants each year.

Advanced technologies like chips embedded in credit and debit cards (so-called “EMV” cards) are coming to market in the U.S., which will help deter criminals from producing counterfeit cards. New technologies like tokenization and other forms of encryption, as well as mobile payments and digital wallet cloud solutions, also hold great promise to deter and prevent fraudulent activities on our payments systems. All of these new innovations are being deployed in the marketplace without unnecessary, burdensome government mandates that would pick technology winners and losers at the expense of innovation and competition in the market.

The U.S. Congress has an important role to play in protecting consumers in the United States from the criminals who prey upon the financial system. Currently, there are 46 separate state data breach notification laws with which retailers and the payments industry must comply. S. 1193, the Data Security and Breach Notification Act of 2013, would create a uniform national standard for reporting financial data security breaches. A uniform national standard would protect consumers by providing reasonable and effective notification requirements. Consumers and businesses would have a common and consistent expectation of breach procedure, and company time and resources could be devoted to innovative security solutions to protect against new threats. We urge the speedy consideration and passage of The Data Security and Breach Notification Act of 2013.

Headline-grabbing events inevitably lead to calls for additional government regulations. The members of the Electronic Transactions Association are the first line of defense for consumers to avoid the fraud perpetuated by criminals in the financial systems. We take seriously this charge and work hard every day to detect and deter crime. In the case of our nation’s payments networks, new burdensome regulations would harm consumers and retailers and will stifle nascent marketplace innovations that hold great promise for reducing future criminal activities.

As the trade association of the payments industry, ETA stands ready to assist the Committee in its efforts to ensure that consumers and merchants continue to benefit from the safety and security of our nation’s payments systems.

A handwritten signature in black ink, appearing to read "Jason Oxman". The signature is fluid and cursive, with a large initial "J" and "O".

Jason Oxman
CEO, Electronic Transactions Association