

MEMORANDUM

To: Members of the Committee on Financial Services

From: FSC Majority Staff

Date: May 11, 2015

Re: May 14, 2015, Full Committee Hearing entitled “Protecting Consumers: Financial Data Security in the Age of Computer Hackers”

The Committee on Financial Services will hold a hearing entitled “Protecting Consumers: Financial Data Security in the Age of Computer Hackers” at 10:00 a.m. on Thursday, May 14, 2015, in Room 2128 of the Rayburn House Office Building. This will be a one-panel hearing and will include the following witnesses:

- The Honorable Tim Pawlenty, President and CEO, Financial Services Roundtable
- Mr. Brian Dodge, Executive Vice President, Communications and Strategic Initiatives, Retail Industry Leaders Association
- Mr. Jason Oxman, CEO, Electronic Transactions Association
- Mr. Stephen Orfei, General Manager, PCI Security Standards Council
- Ms. Laura Moy, Senior Policy Counsel, Open Technology Institute

As payment systems increasingly rely on electronic transmissions of personal financial data, Americans have a right and an expectation to know how that data is protected, where it is stored, the extent to which government has access to it, and the protocols that are or ought to be in place when private or public sector entities mishandle, improperly disclose, or otherwise fail to ensure the security of personal financial information. Recent high-profile data breaches underscore the serious threats to consumer financial security and privacy posed by individuals and criminal syndicates that seek access to personal financial information to commit fraud or identity theft.

The purpose of this hearing is to provide members of the Committee with a better understanding of:

- why and how data breaches occur;
- how consumers are notified following a breach;
- what security measures and standards are in place to prevent breaches;
- what types of payment system technologies are under development that will help reduce the risk of future breaches; and

- whether federal legislation relating to data security and breach notification standards is warranted.

The Committee has a long-standing jurisdictional interest in laws governing the handling of sensitive personal financial information about consumers, including the Gramm-Leach-Bliley Act¹ and the Fair Credit Reporting Act² (FCRA). Title V of the Gramm-Leach-Bliley Act, signed into law in 1999, requires financial institutions to develop safeguards to ensure the security and confidentiality of customer records, and to provide consumers with an annual notice outlining their policies on maintaining the confidentiality of non-public personal information and the circumstances under which such information can be disclosed. Consumers have the right under Gramm-Leach-Bliley to “opt out” of certain kinds of information-sharing by financial institutions. FCRA, as amended by the Fair and Accurate Credit Transactions (FACT) Act of 2003, gives consumers the right to a free annual credit report from the major credit reporting agencies and provides them with other tools to protect themselves against identity theft.

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¹ 15 U.S.C. § 6801 *et seq.*

² 15 U.S.C. § 1681 *et seq.*