

May 8, 2017

To: Members of the U.S. Senate  
Members of the U.S. House of Representatives

From: James Ballentine, Executive Vice President, Congressional Relations & Political Affairs

Re: Banks' Role in Protecting Consumers from Data Breaches

America's banks have an excellent record of protecting consumers' payment data. Year-to-date statistics for 2017 from the respected *Identity Theft Resource Center (ITRC)* shows that 81.3% of records exposed in breaches this year were at businesses including retail, while only .2% were attributable to the financial sector [[Data Breach Fact Sheet](#)].

The financial services sector is highly motivated to protect sensitive consumer data and spends literally hundreds of millions of dollars a year protecting it. Moreover, banks are under constant oversight by the financial regulatory agencies to ensure that Federal privacy and data protection laws such as the Gramm-Leach-Bliley Act and its implementing rules and regulations are followed.

Sadly for American consumers, others are not required to protect consumer data under Federal law and have strongly opposed legislation, such as the Data Security Act (H.R. 2205/S. 961, 114<sup>th</sup> Congress), that would have required strong data protection standards for everyone that handles sensitive consumer financial information. This comes in the face of the ever-increasing and more sophisticated attempts by fraudsters and other criminals, hackers and even nation states to access and misuse sensitive information from our critical systems, business of all types and sizes and government entities.

Along with opposing this important legislation, certain groups continue to cite the Verizon Data Breach Study in a very misleading way to obfuscate their own unwillingness to protect consumer data and mislead policy makers. As outlined in the attached, the Verizon Report is not a good indicator of actual breaches that affect real people because it is a global voluntary survey of less than 100 companies. Even more importantly, it does not discuss the number of consumers affected by the breaches - just the fact that a breach occurred. So a breach that can cause literally millions of consumer accounts to be misused is treated the same as a minor breach at a local grocery store. It is misleading to cite to this study as a valid indicator of breaches in the U.S. and even more egregious to use it to extrapolate and quite frankly make-up statistics on the number of breaches in the financial sector.

In direct contrast, the periodic studies by the *ITRC* are based upon actual U.S. breach data and clearly show the impact on consumers and that breaches are increasing and affecting even more consumers each year. Data so far for 2017, and in all previous years of the *ITRC's* studies, show that the financial services sector is by far the best at protecting consumer data.

It's time to get serious about building a security infrastructure that brings banks, payment networks and retailers together to safeguard sensitive financial data. It's time to pass a strong, consistent national standard for fighting data breaches and give consumers the protection they deserve.