



Testimony in Support of HB2996
House Committee on Higher Education, Innovation, and Workforce Development
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Submitted by Pam Leavitt, Northwest Credit Union Association

Credit unions are not-for-profit financial cooperatives, organized to meet the needs of their members. They are democratically owned and controlled institutions, based on the “people helping people” principle. Over 41.7 percent of Oregonians are member-owners of their credit unions, and you will find them in every walk of life—from cattle ranchers in Central Oregon, to mill workers in the Willamette Valley, to fishermen on the Oregon Coast, to high-tech workers around the state. With more than 1.63 million members, Oregon credit unions strive to preserve a legislative climate that recognizes their unique structure and mission.

Support for HB2996

We are writing in support of HB2996, a bill to create an Oregon Center of Cyber-Excellence. We believe the Oregon Center of Cyber-Excellence would be a strong first step in addressing data piracy and cybercrime in our state. Credit unions are very interested in this issue because what we have seen in the past few years is a rise in data breaches.

Data Breaches

With the news of the Target, Home Depot, and many other data breaches, elected leaders are considering what they can do to protect the consumer’s personal information. Major merchant data breaches expose credit unions to significant monetary costs and reputational risk. Contrary to what many think, when a merchant data breach occurs, credit unions bear the actual costs of the breach, including not only fraud costs but also costs of blocking transactions, reissuing cards, increasing staffing at call centers, and monitoring accounts.

- Public policy should continue to look at:
 - Strong national data standards with effective enforcement provisions;
 - Preemption of inconsistent state laws and regulations regarding data protection and notification;
 - The ability for financial institutions to inform customers and members about information regarding the breach; and
 - Shared responsibility for the costs of a data breach;

In 2013, over 2,000 data breaches occurred in the United States. In the wake of a data breach, credit unions cover the cost not only of fraud, but also of blocking transactions, reissuing cards, increasing staffing at call centers and monitoring consumer accounts. While credit unions did not cause the data breaches, we do shoulder the burden for protecting our members against fraud. For the Target breach alone, 17 credit unions in Oregon reported losses relating to reissuing cards of \$642,734 averaging a cost of \$37,000 per credit union. We believe HB2996 is a good first step in addressing cyber security in Oregon and we look forward to working with the Department of Consumer and Business Services, our Regulator, on this important issue.