

Testimony in Support of HB2581
Submitted by: Pamela Leavitt, Northwest Credit Union Association
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Good afternoon Chair Holvey and members of the committee, my name is Pam Leavitt and I represent the Northwest Credit Union Association. The Northwest Credit Union Association represents the 65 state and federally-chartered credit unions in Oregon, with 2 million Oregonians as members. Credit unions are not-for-profit financial cooperatives, organized to meet the financial needs of their members.

Although most consumers have probably only heard about a few breaches, hundreds of retail security breaches occurred in the first six months of 2016 alone, exposing over 16 million data records. * Consumers will be protected from fraudulent charges on their cards due to a breach, and the cost is generally picked up by the financial institution, not by the merchant where the breach occurred. Financial institutions are limited by law in disclosing many of the circumstances of a data breach. Often, they are not able to disclose the merchant responsible.

Financial institutions protect consumers when a merchant data breach occurs by informing members and customers and reissuing new credit and debit cards believed to have been compromised. In addition, financial institutions pursue criminals through available legal channels on behalf of their members, saving them time and legal expenses.

The Northwest Credit Union Association supports state and federal legislation to address the significant and growing problems associated with data security breaches that compromise the confidentiality of financial and personal information of credit unions and their members.

Pending Legislation HB 2581

Breach notices received through the card networks sometimes are received only after significant time has passed. More immediate notice from the merchant would allow financial institutions to react more quickly to prevent losses and that is the purpose of the -1 Amendment which replaces the bill. If a merchant holds protected information obtained through a card transaction and that information is subject to a breach, the merchant must notify the financial institution that issued the card and the merchant services provider (i.e. card processor) that processed the transaction on behalf of the merchant. This will enable both the financial institution and the processor to take appropriate steps to protect against fraud or identity theft.

Thank you.

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