



Testimony In Support of House Bill 2581

Submitted by Rob Stuart, President/CEO OnPoint Community Credit Union

Good afternoon Chair Holvey and members of the committee. My name is Rob Stuart and I'm the President/CEO of OnPoint Community Credit Union headquartered in Portland. My role today is to share with you the impacts of plastic card fraud on our members and on credit unions. But first, I'd like to tell you a little about OnPoint. OnPoint serves nearly 320 thousand members in our community, which includes 13 counties in Oregon spanning from Eugene to Portland, and including 3 counties in central Oregon. We also serve 2 counties in southwestern Washington that round out the Portland metro area. We started out as Portland Teachers Credit Union in 1932, and changed to our community charter and the OnPoint name in 2006.

As a member-owned financial cooperative, OnPoint takes its responsibility to protect member information extremely seriously, to protect our members and to comply with state and federal regulations. As payment systems of choice, debit and credit cards are used by our members every day to help meet their financial needs and goals. Given our sole purpose of serving our membership, OnPoint strives to provide them with the tools they need to be successful, including debit and credit cards. However these cards can expose member information to card fraudsters at points of transactions due to lower security requirements in place for merchants than for financial institutions.

Let me provide a few facts from OnPoint's 2016 operations related to card data breaches to illustrate the impact. During 2016, OnPoint identified 301 card compromises that impacted nearly 58 thousand cards/members. Over 32 thousand cards were affected in a single data breach that occurred at a national restaurant chain. Each time an identifiable card breach occurs, OnPoint cancels and reissues thousands of plastic cards to our members. Here are a few specific impacts to consumers and to credit unions.

- **Consumer/Member Impact**
 - Members must update any recurring charges they may have in place with their cards, such as periodic insurance premium payments, and with registered services such as Uber or iTunes. . This creates negative experiences for our members.
 - If a card is cancelled when a member attempts to make a purchase or is traveling, transactions may be denied which can significantly inconvenience them, or cause a hardship to the member.
 - When member information is stolen, it can result in longer-term identify fraud challenges for members that require their time and diligence to resolve.
- **Credit Union Impact**
 - Reputation impact from members believing the mis-handling of card data is due to the Credit Union's security practices, rather than the merchant's. Consumers often don't understand where the breach occurred.
 - Hard dollar losses of amounts paid to members to make them whole, as required by Visa, which are not recuperated by the credit union. OnPoint lost \$1.9 million due to card breaches in 2016, and lost more on deposit product fraud overall than on loan products for 2016!
 - Increased expenses for reissuing plastic cards, which cost approximately \$9.25 per card. For 2016, this totaled \$535 thousand.

As these facts illustrate, the impact of card data breaches on members/consumers and on credit unions is significant. The Northwest Credit Union Association Governmental Affairs Committee, of which I am a co-chair, supports HB 2581 as a step toward tightening standards around card data, and I ask for your support of this bill.

Thank you for the opportunity to speak with you today, and for your consideration of this bill.

Rob Stuart
President/CEO
OnPoint Community Credit Union