



## HOUSE BILL 4147

Written Testimony of the Oregon Bankers Association to the House Business and Labor Committee

Chair Holvey and members of the House Business and Labor Committee. Thank you for the opportunity to provide written testimony with respect to the -1 amendment to House Bill 4147.

As you know, protecting customer data is of utmost importance to Oregon banks. The banking industry's commitment to data security is second to none. One of banking's cornerstone laws concerning data security is the Gramm-Leach-Bliley Act (GLBA). The federal banking agencies impose wide-ranging information security guidelines for institutions they regulate, pursuant to that law. The banking agencies impose the most stringent requirements, mandating strong internal security procedures, investigatory requirements for potential breaches, and broad-based notice requirements for breaches where consumers face a real risk of harm. It is against this backdrop, that we raise the following concerns.

First, we are concerned that the -1 amendment to the bill limits and qualifies the provisions found in GLBA. The existing security regime under GLBA works well and should not be altered. We strongly encourage the committee not to alter that framework.

Second, we are concerned about the newly created notification requirements for banks found in Section 2 of the bill. The new notification requirement for banks would be triggered by third party breaches that the bank may or may not learn about. Banks should not be required to seek out possible breaches and be compelled to notify third parties of these suspected breaches. A bank may not be in a position to know who the merchant service providers are with respect to a particular breach. Not only are these additional notifications unnecessary, but it puts banks in a position in which they could face liability for failing to notify a third-party merchant service provider through no fault of their own.

Further, we do not believe it is necessary for third parties whose data systems have been breached to be required by this bill to notify financial institutions. The current notification processes are robust, and work well. The burden that additional requirements to notify financial institutions would have on small retailers and other small businesses outweighs any potential benefit. We urge the committee to remove these provisions from the -1 amendment.

Third, the bill contains language that would create a private right of action under the Unlawful Trade Practices Act. Including this penalty, especially for banks already subject to federal law only increases the cost of doing business with no gain to consumers. A private right of action should be removed from the bill.

Thank you for the opportunity to provide testimony on House Bill 4147. If you have any questions, please contact Paul Cosgrove 503-799-5679 or Tim Martinez 503-510-9019.