



November 6, 2014

The Honorable Joyce Beatty  
417 Cannon House Office Building  
Washington, DC 20515-6601

Dear Representative Beatty:

As leaders of Ohio's two largest financial services trade associations, we ask that Congress take immediate action to protect the personal financial data of the more than 10 million Ohioans who choose banks and credit unions as their financial partner. Ohio's financial institutions - and in a very tangible way, their customers and members - are negatively impacted by the negligent behavior of merchants. In our view, only Congress has the ability to take steps that will ensure all entities involved in the payments process adhere to equivalent standards and are financially accountable.

Our member institutions pay a hefty price each and every time a merchant data breach occurs, whether it is a national chain or a local business. While the electronic payments system is a convenient transaction method, regularly-occurring cases of merchant data breaches bring to light flaws that inflict a number of costs on financial institutions. As further evidence, consider the December 2013 Target data breach, which cost banks and credit unions a combined \$200 million in costs related to protecting consumers, replacing compromised cards, and making customers and members whole<sup>1</sup>. It is projected that the 56 million credit and debit card numbers exposed as a result of the Home Depot data breach will cost financial institutions more than the Target breach. The financial impacts of breaches at Goodwill, Jimmy Johns, and others are still being calculated.

To protect consumers, Ohio banks and credit unions are asking Congress to pass legislation that encompasses the following core principles:

- 1) Implement a re-payment system that holds breached entities accountable for losses incurred by financial institutions downstream;
- 2) Provide a national standard for businesses to protect sensitive consumer information;
- 3) Ensure that merchants adhere to the same high data security protection standards that financial institutions must follow;

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<sup>1</sup> Source: Credit Union National Association 2014 survey of credit unions, which concluded an estimated cost to credit unions of \$30.6 million; and a 2014 survey by Consumer Banking Association which estimated total costs of \$172 million for banks.

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- 4) Prompt breached entities to investigate the source of the breach, and quickly report it to authorities and financial institutions;
- 5) Require the identified source of the breach to bear the costs of notifying and issuing new credit cards to affected consumers.

We ask that these five parameters be the basis for any newly-drafted legislation considered by Congress before year-end, or, if necessary, when the newly-elected Congress convenes in January.

Ohio banks and credit unions are looking to Congress to take action by holding merchants accountable. Our two organizations, and our partner national organizations, want to work with you in drafting responsible legislation that addresses our concerns and helps protect consumer data.

Respectfully,



Paul Mercer  
President, Ohio Credit Union League



Mike Adelman  
President, Ohio Bankers League

Cc: Ohio Congressional Delegation