

November 21, 2019

The Honorable Stephen Lynch
Chairman, Task Force on Financial Technology
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

The Honorable Tom Emmer
Ranking Member, Task Force on Financial Technology
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

Dear Representatives Lynch and Emmer:

On behalf of the members of the Electronic Transactions Association (ETA), I am pleased to submit this statement for the record on the important topic the Task Force on Financial Technology is undertaking on Big Data in Financial Services.

ETA is the leading trade association for the payments industry, representing over 500 companies that offer electronic transaction processing products and services; its membership spans the breadth of the payments industry to include independent sales organizations, payments networks, financial institutions, transaction processors, mobile payments products and services, payments technologies, equipment suppliers, and online small business lenders.

ETA member companies include traditional financial institutions and financial technology (FinTech) companies. ETA members are dedicated to continuously driving innovation in the payment space and values the importance of a financial ecosystem that provides consumers and small businesses with financial products and services that are convenient, secure, and reliable.

As part of this innovation, access to financial data and information is an important aspect. Access to data involves consumers, traditional financial institutions, as well as FinTech companies and other financial service providers, including data aggregators and third-party application providers. The two groups - traditional and FinTech companies - are working together to share data to serve consumers and small businesses.

In the context of data aggregation, the convergence between the traditional and FinTech companies is driven by the themes of consumer access, choice, and control. ETA member companies use consumer account data to develop new products and services that empower consumers to manage their finances. These products and services include fraud screening and identity verification, personal financial management, and bill payment. Such products and services help consumers and small businesses make smarter spending, savings, and investment decisions and live their lives more efficiently and effectively.

While ETA supports consumers and small businesses having choice and control over how their data is used and shared the many benefits of innovation should not come at the expense of consumer protection. In this regard, the question of increased access and control over financial data and information triggers other important issues such as cyber security, transparency, and disclosure.

ETA and its members believe that the adoption of principle-based, industry-led safe and secure data access methods across the ecosystem and other minimum standards are necessary to address these issues and corresponding risks, including the risk of fraud in the event of a data breach. ETA also supports a performance-based standard that allows for flexibility and innovation, rather than a prescriptive requirement that necessarily favors one method over another.

Security performance standards need to be developed to ensure technology is sufficient (and continually reviewed), access is limited, consent-based, and storage of data occurs. However, it is imperative that technology standards do not mandate a specific type of technology, but remain flexible enough to ensure industry leading safeguards, and allow for innovation.

Consumers must have confidence that their data is adequately protected by all applications, systems, and providers that have access to it. This includes use of technology such as application programming interface (APIs) and tokenization; however, ETA cautions the adoption of one technology over another as the aforementioned technologies are not the only secure options available today. More importantly, technology will continue to evolve over time, so standards must not stipulate specific types of technologies, but rather provide that entities follow applicable laws and industry best practices regarding data security. In order to fully achieve security, a shared set of standards is needed that can be applied and updated on an ongoing basis.

As technology and innovation are constantly evolving and continue to shape how information is created, accessed, stored, and disposed of, policy must remain adaptable and should not impose rigid rules that have the effect of unnecessarily restraining innovation or imposing unnecessary costs or burdens on industry. Although the government will undoubtedly play an instrumental role in guiding the dialogue, ETA cautions against mandating a specific requirement in this area as there is no guarantee the method would improve upon existing methods, but there would be a significant risk that any such method would quickly become outdated, all while imposing significant costs on industry to conform their existing practices to a government-regulated approach.

ETA members operating globally have already been involved in the creation of similar frameworks in other jurisdictions, like the UK, and are determined to share their experiences and challenges, and provide their expertise to help securing the best outcome for customers and businesses.

The U.S. is uniquely positioned to benefit from the experience and regulatory proposals being adopted or considered by its international counterparts and to adopt best practices and market-led initiatives that work best within our environment and market structure.

We appreciate your leadership on this important issue and look forward to continuing to work with the Task Force on Financial Technology. If you have any questions, please feel free to contact me directly at stalbott@electran.org.

Sincerely,



Scott Talbott
Senior Vice President of Government Affairs
Electronic Transactions Association