

Brian Yates
1620 L Street NW
Washington DC, 20036

Opponent

Feb 10, 2023 11:25 AM
byates@electran.org

Representing **Electronic Transactions Association**

Dear Chair Slama and Members of the Banking, Insurance, and Commerce Committee:

Thank you for the opportunity to comment on LB 730, the requirements of which are more likely to harm Nebraska consumers rather than expand their access to financial services products. The requirements for "financial institutions" in the bill may restrict the necessary risk-based compliance tools that must be used to manage risks to protect the payments ecosystem from fraud and illegal activities.

As background, ETA is the leading trade association for the payments industry, representing over 500 payments and fintech companies that offer payments and related products and services to consumers and small businesses. ETA member companies are dedicated to operating the US payments system in a safe and efficient way as well as fighting harmful financial activity in order to protect Nebraska consumers.

LB 730 requires disclosure of adverse actions to regulators and consumers which would require financial institutions to provide prescriptive details on how account reviews are conducted including "data, criteria and standards." Making information public on how financial transaction monitoring is conducted could provide fraudsters an understanding of how to scapegoat transaction and account monitoring protocols. In turn, that would create an opportunity for more consumer fraud and illegal activities such as money laundering, terrorist financing, and human trafficking. This runs counter to what transaction monitoring mechanisms are designed to accomplish, as required under federal and state law, which is to prevent and stop illegal activity.

Similarly, law enforcement requires various stakeholders in the payments system to cooperate in investigations of illegal activity, such as the perpetration of fraud or money laundering. The bill's requirements to notice consumers of a denial of services in instances when law enforcement is involved could derail legitimate investigations of financial crimes.

Additionally, requirements in the bill may put at risk the development of alternative consumer credit products, stifling innovation in this space. Deterring companies from using a variety of modeling tools will decrease the broad array of financial services offerings that would otherwise be available to a broader segment of Nebraska consumers.

ETA strongly urges the Committee to consider the multiple unintended consequences of the legislation to Nebraskans and oppose LB 730.

Thank you for your consideration,

Brian Yates
Senior Director, State Government Affairs
Electronic Transactions Association
byates@electran.org