

March 19, 2020

Kathy Kraninger
Director
Consumer Financial Protection Bureau
1700 G Street, N.W.
Washington, DC

Dear Director Kraninger:

On behalf of the Electronic Transactions Association (ETA), we appreciate the opportunity to respond to your request outlining what accommodations our member companies are doing in response to the coronavirus (COVID-19). As an industry that powers commerce worldwide, we are concerned about the spread of COVID-19 and the impact it has on individuals and businesses, especially small businesses, across the globe – including consumers, merchants, and our colleagues. The electronic payments industry offers helpful solution to assist consumers and small businesses maintain normalcy and peace of mind in the face of COVID-19.

ETA has over 500 member companies, representing the complete payments technology ecosystem. Its membership includes financial institutions, payments processors, merchant acquirers and payments sales organizations, FinTechs, technology companies, security companies, software developers and hundreds of other organizations in the business of powering digital commerce online and across the world.

Amid ongoing concerns about COVID-19 and the given potential for disruption in income and increase in unexpected expenses for consumers, especially hourly workers, ETA members are offering the following benefits to consumers by tailoring each specific need to the consumer. For example, they are serving their customers by:

- Encouraging customers to access their accounts from home 24/7 using their website or the mobile app to check balances, make payments, transfer funds, deposit checks, or find the nearest ATM.
- Augmented daily cleaning procedures with the use of stronger disinfectant products on high-touch surfaces, have made hand sanitizer readily available, and are educating branch teams on best practices recommended by the CDC.
- For Retail Bank Customers - Fee waivers on monthly service fees; waived penalties for early CD withdrawal.
- For Retail Bank Small Business Customers - Fee waivers on monthly service fees and remote deposit capture; waived penalties for early CD withdrawal; Bankers available after hours and on weekends for support.

- For Eligible Credit Card Customers - Credit line increases and collection forbearance programs.

ETA's members have been pioneers in developing and implementing technologies that allow consumers to buy goods and services online. As such, ETA members and the global payments industry at large is prepared to assist consumers and businesses continue transacting in a safe and efficient manner by providing alternative payment options such as contactless and mobile wallets alternatives.

The World Health Organization advises consumers to wash their hands after handling paper money and encourages other actions to help deter the spread of the virus. In a precautionary move, the Federal Reserve has begun holding dollars it receives from Asia before recirculating them amid concerns over the spreading COVID-19¹. The payments industry counts the use of contactless payments to deter the spread of COVID-19.

The payments industry offers consumers and merchants a number of different technologies to allow contactless commerce:

- Contactless payments – Consumers can securely tap their card or their cell phone to the point-of-sale (POS) terminal at check-out counter to pay for goods and services. Consumers do not have to hand over cash or their card to the merchant or actually touch the POS. The transaction is securely processed with no contact.
- Peer-to-peer, commonly called P2P – These platforms allow consumers to use their mobile phones to transfer money to their friends or make purchases from consumers. The transactions are done without face-to-face and hand-to-hand transfer of cash.
- ETA members have convenient digital “Pay” solutions that help make it easier for hundreds of millions of customers and small and medium-sized business around the world to securely and efficiently make purchases online.

As more Americans practice social distancing by working from home and relying on ecommerce, the electronic payments industry is already seeing an increase in online shopping and is prepared to handle the anticipated increase in online transactions. Additionally, consumers can trust that each transaction is backed by the most advance security features to detect and deter fraud.

ETA members utilize a number of automated and manual methods to detect and prohibit potential price gouging. We also anticipate an increase in fraudsters attempting to capitalize on COVID-19. The payments industry is committed to protecting consumers by fighting fraud. Indeed, consumers continue to choose electronic payments because of the protections afforded such as, zero liability for fraudulent charges, making electronic payments the safest and most

¹ Davidson, Kate and Fairless, Tom. “Fed Stores Dollars Arriving From Asia as Coronavirus Precaution.” Wall Street Journal. 6 March 2020.

reliable way to pay. This, in turn, ensures that the payments industry has a strong interest in making sure fraudulent actors do not gain access to payment systems.

As such, ETA reminds consumers to stay vigilant for scams, especially related to the COVID-19. Bad actors may send emails with malicious attachments or links to fraudulent websites to trick victims into revealing sensitive information or donating to fraudulent charities or causes. As consumers turn to online shopping to maintain their needs while experiencing restrictions due to COVID-19 containment, they can do so with absolute assurance that the payments technology powering every transaction is prepared for the volume and is backed by advanced security. The payments industry is constantly developing and deploying new security measures to fight fraud.

These multi-layered security innovations include:

- Artificial Intelligence

The payments industry utilizes artificial intelligence (AI) and a number of other security measures to fight fraud in online transactions.

The payments industry process \$21 trillion in global payments last year. This equates to nearly 2.4 billion transactions per hour. The payments industry deploys AI and machine-learning algorithms which examines each transaction for indicators of fraud in real time—looking at activities, patterns and more than 500 risk attributes—all in about one millisecond. Furthermore, the payments industry compares each transaction against known fraud schemes and it also uses the data to identify new or developing fraud schemes.

AI helps payment networks and banks detect anomalies in behavior that is outside the norm for a particular customer and their bank account. Anomalies could involve larger or more frequent transactions made in the US or in other parts of the world. Once anomalies are identified, the fraud fighting process continues. AI allows banks to flag a pending transaction and then follow up with the cardholder in real-time for further information about the transaction in question.

- Tokenization

One tool used by the payments industry to combat fraud is tokenization. Tokenization removes sensitive information from a transaction by replacing customer data with a unique identifier that cannot be mathematically reversed. In its simplest form, it works like a secret code substituting symbols for important information like a credit card number. This way, only banks and payment processors know real account information. Tokenization is used in multiple environments, so it's protecting consumers whether they pay with a card in person, online, or with a mobile phone.

In a tokenized environment, actual account numbers are replaced by one time-use tokens. These tokens represent account numbers but cannot be tied back to the actual account number. If a data breach occurs, the criminal only sees the tokenized code, which is useless to them because it cannot be used to generate a subsequent fraudulent transaction.

- Encryption

Another layer of protection deployed by ETA member companies is the use of point-to-point encryption. Point-to-point encryption is an advanced risk management tool that helps further protect data throughout the transaction lifecycle. With point-to-point encryption, card data is encrypted from the moment the card is swiped or tapped, while the data is in transit, all the way to authorization. This technology minimizes opportunities for hackers and criminals to access data during a purchase.

COVID-19 will trigger a reduction in sales for many small businesses. ETA members offer access to a number of online small business financing options to help small businesses manage a change in cash flow and address risks associated with COVID-19.

- Many Lenders are Waiving Fees and Offering Loan Forbearance - When a small business succeeds, the economy does, too. Many small business financiers recognize the threats posed by COVID-19 and are adjusting to assist small businesses manage the economic consequences.
- Applying for Financing Online - Many small business financing options are available online, 24/7. All a small business owner has to do is to visit a website, compare offers, fill out the application, and wait for their response which in most cases can take as little as a few hours or a day to get the required financing.
- Repayment Options for Decreased Revenue - Many small business financing options tie the repayment to the small business' payment credit and debit card receipts. So, if the small business experiences a decline in revenue, the corresponding repayment amount drops, too. Additionally, many financing options in this space are non-recourse, meaning that if the small business must close its doors, the small business owners are not personally liable for the outstanding principal. Combined, these two features position the small business to better weather any downturn as a result of COVID19.
- Free eCommerce Websites for Small Businesses - Many of ETA members offer eCommerce website hosting for free. eCommerce sites allow small businesses with brick and mortar storefronts an easy way to continue conducting business online. They allow consumers to access their store without having to leave home.

Even within ETA, our employees are our strongest asset and we are working to ensure the health and safety. We are taking the following steps to help protect them:

- Banning travel and prohibiting large or outside meetings.
- Following hygiene recommendations from the CDC, including installing hand sanitizer inside the office.
- Allowing employees working remotely and securely.



The payments industry provides many options for both merchants and consumers to stay safe and still engage in commerce, both during uncertain times, and in the future. The payments industry is dedicated to using innovation to fight fraud and ensure that consumers have access to safe, convenient, and affordable payment services. In this way, ETA and its members are doing our part to mitigate the impact of COVID-19 on the health of individuals and the growth of commerce around the world.

Sincerely,

Scott Talbott
Senior Vice President of Government Affairs
Electronic Transactions Association

