

March 1, 2023

The Honorable Gus Bilirakis
Chairman
Subcommittee on Innovation, Data,
and Commerce
Washington, DC 20515

The Honorable Jan Schakowsky
Ranking Member
Subcommittee on Innovation, Data,
and Commerce
Washington, DC 20515

Dear Chairman Bilirakis and Ranking Member Schakowsky:

On behalf of the Electronic Transactions Association (ETA), I appreciate the opportunity to submit this statement for the record before the Subcommittee's hearing, "Promoting U.S. Innovation and Individual Liberty through a National Standard for Data Privacy."

ETA is the world's leading advocacy and trade association for the payments industry. Our members span the breadth of significant payments and fintech companies, from the largest incumbent players to the emerging disruptors in the U.S and in more than a dozen countries around the world. ETA members make commerce possible by processing approximately \$44 trillion annually in purchases worldwide and deploying payments innovation to merchants and consumers.

ETA and its members support U.S. and international efforts to strengthen privacy laws in ways that help the industry combat fraud and help consumers understand how their data is being used. As lawmakers and regulators explore additional ways to protect consumers, it is critical that the government coordinates with the payments industry to combat fraud and cybercrime so that all consumers have access to safe, convenient, and affordable payment options and other financial services.

A robust financial system is integral to the economy because it enables the fundamental functions of economic activity, including connecting borrowers with savers, facilitating investments, processing payments, and safekeeping financial assets. For the U.S. financial system to remain competitive in the global economy, the U.S. must continue to prioritize consumer protection, safety, and reliability, while also continuing to lead in innovation.

ETA looks forward to encouraging a collaborative approach and believes a framework should include the following principles:

Permissible Use to Fight Fraud

The payment industry has a long commitment and history of fighting fraud and is constantly developing and deploying new technology to detect, deter, and eliminate fraud. New and enhanced technologies have amplified the payments industry's ability to offer new fraud solutions and strengthen our on-going efforts. Any privacy or data protection standard should include provisions for permissible uses of data to prevent fraud and protect consumers.

Creating A Uniform National Standard and Enforcement

Consistent protections provided by a uniform national law will benefit consumers and businesses. A federal uniform standard will provide certainty and consistency for businesses and consumers in lieu of having to navigate a complex patchwork of state laws and regulation. A uniform standard – that is a ceiling – would also reduce the complexity and costs of compliance and enforcement.

To protect consumer rights and provide responsibility, enforcement needs to be consistent and coordinate between the federal government and the state's regulatory agencies. Collaboration between the

appropriate federal agency and state attorney generals should be followed to avoid duplicate or conflicting enforcement actions. However, a privacy law should not provide a private right of action for enforcement.

Industry and Sector Neutrality

A national privacy framework should be applied to all industry sectors that handle consumer data and such protections should be consistent for companies across products and services. It should also be technology neutral and allow organizations to adopt privacy protections that are appropriate to specific risks. Protections shouldn't interfere with innovation and economic competitiveness in an evolving technology landscape.

Keeping Pace with Innovation

ETA supports a privacy framework that applies to financial services in a manner that is consumer centered and risk-focused while encouraging innovation. To that, ETA supports policymakers setting principles-based guidelines for industry-led standards to meet. This would permit flexibility over time to accommodate the technology capabilities of various stakeholders and satisfy consumer expectations.

Access to Data

Individuals must have a reasonable right to access the personal information they have provided to a company and, where practical, the right to have that information corrected. Individuals should also have the ability to request the deletion of personally identifiable information provided to companies, unless there is a legitimate or legal obligation to retain that information.

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The payments industry never rests — we are working tirelessly to fight fraud and protect consumers by developing new tools to prevent or identify fraud data analysis as well as by frequently introducing new fraud-fighting solutions. Privacy laws should continue to recognize these goals and the important role the payments industry plays in combating fraud. By working together, lawmakers, regulators, and industry participants can protect consumers while providing them with access to the safest and most convenient payments system in the world.

ETA would like to thank the Subcommittee for this opportunity to provide this statement for the record on this important topic. We appreciate your leadership on this important issue. If you have any questions, please contact me or ETA's Senior Vice President of Government Affairs, Scott Talbott, at stalbott@electran.org.

Sincerely,



Jeff Patchen
Director of Government Affairs
Electronic Transactions Association