

- I. DATA BREACHES ARE A BIG PROBLEM
  - a. Merchants are not subject to the same federal data protection standards as financial institutions, such as credit unions. This means that some merchants fail to invest sufficiently in data security measures. As a result, it can be easier for hackers to gain access to a person's credit card number, debit pin number, or other sensitive data through a merchant. Hackers can then sell this information to bad actors, or use it themselves to fraudulently buy things with the stolen data.
  - b. For the past several years, merchant data breaches have been increasing.
  
- II. A NUMBER OF MERCHANTS HAVE A BAD TRACK RECORD AND SHIFT THEIR MISTAKES TO OTHERS
  - a. Although most consumers have probably only heard about a few breaches, over 500 data security breaches have occurred in 2014 which have exposed over 75 million data records. (Source: [The Identity Theft Resource Center](http://www.idtheftcenter.org/images/breach/ITRC_Breach_Report_2014.pdf)). **Hyper link to here:** [http://www.idtheftcenter.org/images/breach/ITRC\\_Breach\\_Report\\_2014.pdf](http://www.idtheftcenter.org/images/breach/ITRC_Breach_Report_2014.pdf)
  - b. When a data breach occurs, the merchants are not required to pay the costs to send individuals their new cards and generally pay none of the fraudulent charges an individual may have on their cards or accounts. In fact, when merchants are responsible for the breach, they are rarely required to pay ANY costs incurred by others. Who is stuck paying these costs for data breaches? Your Credit Union—and ultimately, credit union members like you.
  - c. If merchants can shift most of the costs of their breaches to others, what incentive is there to increase their data security? The answer is simple: none.
  
- III. CREDIT UNIONS HAVE BEEN THERE TO PROTECT THEIR MEMBERS
  - a. Consumers will be protected from fraudulent charges on their cards due to a breach, and the cost is generally picked up by the credit union, not by the merchant where the breach occurred.
  - b. Credit unions are limited by law in disclosing many of the circumstances of a data breach. Often they are not able to disclose the merchant responsible.
  - c. Credit unions clean up the mess when a merchant data breach occurs by informing credit union members and reissuing them new credit and debit cards if required. In addition, credit unions pursue criminals through available legal channels on behalf of their members, saving them time and legal expenses.
  - d. Credit unions are working hard to adopt chip and pin technology, but that will not reduce all the card-not-present fraud. And if a credit union has not issued chip cards by the deadline next year, that credit union would not be eligible for any eventual reimbursement of any breach costs
  - e. Ensuring members' data safety is a top priority of your credit union.
  
- IV. CREDIT UNION MEMBERS GET STUCK WITH THE BILL
  - a. After the Target breach, credit unions were left on the hook for \$30.6 million, according to estimates by the Credit Union National Association (CUNA). Additionally, credit unions reissued roughly 4.6 million credit and debit cards in the aftermath.
  - b. Credit Unions not only cover the cost of fraud, but also costs of blocking transactions, reissuing cards, increasing staff at call centers and monitoring consumer accounts.
  - c. It appears that the most recent data breach at Home Depot may be even larger than Target, and may cost credit unions tens of millions of dollars.

- d. When a data breach occurs the merchant often shifts most of the costs and consumers are ultimately the ones that foot the bill.
- e. Sometimes, credit unions are reimbursed for data breaches, but when they are the reimbursement covers only a portion of the total cost. Credit unions have yet to receive any even partial reimbursement for last year's Target breach.

V. TIME TO TAKE ACTION

- a. Let Congress know it is time to take action and hold merchants accountable for data breaches. Stop the Data Breaches!
- b. Tell Congress merchants should be required to reimburse credit unions for the costs they incur as a result of merchant breaches
- c. Let Congress know that credit unions should be able to tell their members the name of a merchant causing the data breach.
- d. [Click here to Take Action NOW!](#)