

February 19, 2014

The Honorable Jeb Hensarling  
Chairman  
Committee on Financial Services  
United States House of Representatives  
Washington, DC 20515

The Honorable Maxine Waters  
Ranking Member  
Committee on Financial Services  
United States House of Representatives  
Washington, DC 20515

Dear Chairman Hensarling and Ranking Member Waters:

On behalf of the Credit Union National Association (CUNA), I am writing today to urge your leadership to combat merchant data breaches. CUNA is the largest credit union advocacy organization in the United States, representing America's 6,500 state and federally chartered credit unions and their 99 million members.

The recent data breaches at Target and Neiman Marcus grabbed the headlines because of the size of the breaches and the consumers' familiarity with the merchants; however, thousands of merchant data breaches occur each year. These breaches erode consumer confidence in the payment system and cost credit unions and other financial institutions millions of dollars.

A prime reason that merchant data breaches are a chronic issue is because data security standards are inconsistent among the participants in that system. Simply put: credit unions and other financial institutions are subject to high data protection standards under the *Gramm-Leach-Bliley Act*; merchants are not. While we welcome the discussion, the pursuit and the deployment of new technology in the payment system, we are very skeptical that a solution to merchant data breaches can be achieved without first addressing this inconsistency and requiring all participants to follow similar data security standards. Further, until and unless merchants are held accountable for the damages that breaches to their systems cause financial institutions and consumers, we have little confidence that they will be incentivized to properly secure their systems.

Target and Neiman Marcus will not be the last merchant data breaches to capture the headlines unless Congress takes strong steps to enhance data security standards for merchants that accept payment cards. We appreciate that the Financial Services Committee has an important responsibility to provide leadership in this area. As a first step, we strongly encourage you to hold hearings on merchant data breaches, and call witnesses from the credit union system that can describe how these breaches affect credit unions and the members they serve.

On behalf of America's credit unions and their members, thank you for your timely consideration of our views.

Best regards,



Bill Cheney  
President & CEO