



3138 10th Street North
Arlington, VA 22201-2149
703.522.4770 | 800.336.4644
f: 703.524.1082
nafcu@nafcu.org | nafcu.org

National Association of Federally-Insured Credit Unions

January 29, 2020

The Honorable Stephen Lynch
Chairman
Task Force on Financial Technology
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

The Honorable Tom Emmer
Ranking Member
Task Force on Financial Technology
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

Re: Tomorrow's Hearing, "Is Cash Still King? Reviewing the Rise of Mobile Payments"

Dear Chairman Lynch and Ranking Member Emmer:

I write to you today on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) ahead of tomorrow's hearing on "Is Cash Still King? Reviewing the Rise of Mobile Payments." NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve nearly 120 million consumers with personal and small business financial service products. Even with the rise of mobile banking and the continuous new developments in electronic payments, cash remains an important payment method of credit union members and we appreciate the Task Force's attention to this dynamic issue.

As the Task Force is aware, cash is often used more in underserved areas where consumers may lack access to financial services that can provide other payment options. Credit unions, by definition, exist to provide provident credit and financial services to consumers, many of whom may otherwise have limited access to financial services. Credit unions are proud of their service to underserved communities and want to do more. We would urge you to support efforts to allow all types of credit unions to add underserved areas to their fields of membership. Doing so would help provide more payment options to consumers who do not have access to them now. Credit unions have several programs designed to help those who need basic financial services options, such as no minimum checking, and over 4,000 credit unions offer free checking.

While many of our members utilize mobile banking, we recognize there are many reasons why consumers choose to pay with cash. With the constant data breaches that continue to affect Americans (including a just announced Wawa breach that may impact 30 million Americans), a national data security standard could alleviate some of the concerns consumers have with using mobile payments, including a debit or credit card. Under the Gramm-Leach-Bliley Act (GLBA), credit unions and other depository institutions are required to meet certain criteria for safekeeping consumers' personal information and are held accountable if that criteria is not met through examination and penalties. Unfortunately, there is no comprehensive regulatory structure akin to the GLBA that covers other entities who collect and hold sensitive information. NAFCU strongly supports the passage of legislation requiring any entity responsible for the storage of consumer data to meet standards similar to those imposed on depository institutions under the GLBA.

The Honorable Stephen Lynch
The Honorable Tom Emmer
January 29, 2020
Page 2 of 2

Another issue that might arise is the issue of interchange and the failed Durbin amendment. Merchants are continuing to misrepresent the effects of the Durbin Amendment, hoping to increase their windfall from price controls even more. Retailers had promised to pass benefits and savings on to consumers if Congress enacted debit interchange price controls. Instead, the Federal Reserve has found that this amendment has been a multibillion-dollar windfall for merchants. Consumers are seeing little benefit, while retail prices keep rising. Furthermore, despite the amendment's attempt to exempt smaller institutions, the trickle-down impact of this price cap has dropped the average interchange fee for credit unions under \$10 billion as well. Quite simply, the Durbin Amendment is not doing what proponents said it would and we encourage the repeal of this amendment.

Along the lines of the interchange issue, we also have concerns about the ability of merchants to discriminate against types of payments they accept, which could ultimately serve to limit consumer choice and options.

Thank you for your attention to this important issue. We look forward to continuing to work with the Committee on this and other issues of importance to credit unions. Should you have any questions or require any additional information, please contact me or Janelle Relfe, NAFCU's Associate Director of Legislative Affairs, at 703-842-2237.

Sincerely,

A handwritten signature in cursive script that reads "Brad Thaler".

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the House Financial Services Committee Task Force on Financial Technology