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President and CEO

January 17, 2014

U.S. Senate
Washington, DC 20510

Dear Senator:

The recent security breaches at Target, Neiman Marcus and others have made headlines and affected tens of millions of American consumers and no doubt raised concerns among your constituents, whether or not they were directly affected. The compromises at mass retailers have the potential to shake consumer confidence needed to sustain the economic recovery.

Community banks are strong guardians of the security and confidentiality of sensitive customer information as a matter of good business practice and legal and regulatory requirements. Safeguarding customer information is central to maintaining public trust and the key to long-term customer retention.

With a critical stake in the security of consumer data, ICBA is an active participant in the dialogue to reassess our federal data security and fraud laws. To that end, ICBA urges members of Congress to consider and act on the following:

Liability Should Be Allocated to Incentivize Maximum Security: It is critical that the party that suffers a data breach – be it a retailer, data broker, financial institution, or other entity -- bear responsibility for fraud losses and the costs of mitigation when consumer information is compromised and should be responsible for restitution for those losses and related expenses. Allocating responsibility with the party that is best positioned to secure consumer data will provide a strong incentive to do so effectively.

A Single National Standard: Many states have enacted laws with differing requirements for protecting consumer information and giving notice in the event of a data breach.

This patchwork of state laws only fosters confusion and ultimately is detrimental to consumers. ICBA strongly supports notification to allow consumers to take steps to protect themselves from identity theft or fraud resulting from data breaches. Federal banking agencies should set the standard for financial institutions, as they currently do.

ICBA is eager to work with Congress to craft legislation that will effectively restore and preserve consumer confidence in our payments system and provide incentives to strengthen data security and reduce the incidence of data breaches and fraud.

ICBA is working diligently to equip community banks with informational resources to assist them in responding to customer needs and concerns related to these breaches. We also want to use this opportunity to inform you of the actions taken by community banks to protect consumers.

Community banks are committed to restoring cardholder trust in the payments system through the following actions:

- Reassuring customers that community banks have multiple layers of security protection of personal information;
- Monitoring customer accounts for fraudulent activity;
- Reissuing cards to customers as appropriate; and
- Educating customers on how to avoid fraud.

Thank you for your consideration.

Sincerely,

/s/

Camden R. Fine
President & CEO