

Opening Statement of the Honorable Michael C. Burgess, M.D.
Subcommittee on Commerce, Manufacturing, and Trade
“The Disrupter Series: Mobile Payments”
December 1, 2015

(As Prepared for Delivery)

This hearing is the latest in our Disrupter Series covering a variety of technologies that are redefining our lives and improving our economic condition.

Over the last week, Black Friday, Small Business Saturday, and Cyber Monday flooded our inboxes and took over commercial breaks. As the holiday shopping season is in full swing, this is a good time to take a look at consumers’ experience with mobile payments.

This morning, we will hear from witnesses representing a variety of innovative products and services in the mobile payments arena. This hearing is an opportunity to learn about the innovations that are available to consumers today and in the near future, but we recognize there are more exciting innovations on the horizon for payments, including mobile currencies, which may be a topic for another day.

Smart phones are increasingly an ever-present part of our lives and it’s no surprise that they are also changing the way we shop for goods and services. You can shop on your tablet in front of the TV, compare prices on your phone as you browse in a store, and pay without ever pulling out your wallet. Consumers have access to more information and competitive options at the tip of their fingers during the busiest shopping season of the year.

There has not been this big of an upheaval in how consumers pay for goods and services – their groceries or a haircut – since computers replaced the old knuckle-busting manual imprinters in the 1980s.

In 2014, twenty-two percent of mobile phone owners reported making a purchase on their phone. Thirty-nine percent used their phones to make a purchase in a store.

When you find the perfect Christmas present, you may be able to pay by tapping your phone at checkout or clicking the PayPal Check Out button on a mobile website.

When you want to send your friend money for the concert ticket they bought for you, all you need is their email address or mobile phone number. These mobile payments options include protections not available with cash, and are easy to use for consumers who may be more likely to have their phone in their pocket than exact change.

Some basic questions remain top of mind for consumers when they think about mobile payments: “Are they safe?”; “Can I use my phone?”

This hearing is an opportunity to hear from companies implementing the cutting edge technologies in mobile payments and how they are addressing these and other concerns raised by consumers.

Two of the topic security topics that are raised by mobile payments are authentication, how the device knows you have permission to make the payment with the device; and tokenization, protecting your payment data through the payment process.

As we all know, passwords are difficult. They are difficult to remember and difficult to keep straight which is why many people have the same password for multiple accounts. Mobile devices offer some alternatives to the traditional password that add an additional layer of protection for consumers.

Authentication is the process that a system uses to verify the identity of a person that wants to access that system. Your user name and password or passcode is the most typical authentication process used to log into a wide variety of websites.

Mobile devices have changed how people think about authentication. Fingerprints sensors and cameras are found on an increasing number of mobile devices. Now, instead of having to remember a separate password to unlock your phone or tablet, you may be able to use the fingerprint scanner and unlock the device with just a touch. This protects the information on your phone, including access to payment options.

Another security feature that is regularly brought up in discussions about mobile payments is tokenization. We're all familiar with the tokens you get at a fair or an arcade. Tokens in mobile payments are similar in concept – replacing the valuable currency or payment information with a code that is useless in another transactions if a hacker were to steal it.

As has been the case throughout history, technology has the potential to solve problems and improve our lives. Mobile payments are no exception to this trend.

I look forward to hearing from our witnesses about how they are leveraging a mix of technologies to provide an easy and secure experience for U.S. consumers as we make our way through the holiday shopping season.

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