



COMMITTEE ON *DEMOCRATS*
ENERGY & COMMERCE
RANKING MEMBER FRANK PALLONE, JR.

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**Statement by Ranking Member Frank Pallone, Jr., as prepared for delivery
House Energy and Commerce Committee
Subcommittee on Commerce, Manufacturing, and Trade
Hearing on “The Disrupter Series: Mobile Payments”**

Thank you Chairman Burgess. During today’s hearing, we will discuss the new ways consumers are paying for goods and services through their mobile devices.

At a time when it seems like virtually everything is tied to our smartphones, it should come as no surprise that we are now able to store credit cards electronically, transfer funds directly to our peers, and make purchases by simply tapping our phones to a terminal at the point of sale.

These exciting innovations hold promise for consumers. Imagine the convenience of being able to send money instantly to a friend or family member regardless of location or proximity to an ATM. For consumers who forget their credit card on an outing, a mobile peer-to-peer payment could be the difference between being squared away and an I.O.U.

The ability to store credit cards in your phone may also offer consumers some piece of mind that, in the event of a lost or stolen phone, their information is safe behind a passcode and a physical card is not compromised.

Perhaps most encouraging, for consumers with limited or no access to a bank, mobile payments can be a welcome alternative for purchasing the goods and services they need. For example, the use of mobile payments has skyrocketed in Kenya, where access to banking is quite limited.

As with all new products that involve consumers’ personal information, however, privacy concerns must be raised.

In general, mobile payment apps can access a wealth of personal data through a user’s smartphone, such as phone numbers, geolocation, email addresses, and detailed purchase histories. Consumers do not know who has access to their information or with whom it is shared. This data may be used in ways the consumer never intended, including by merchants sending unwanted advertising tailored to consumers through their mobile devices. That personal

information also could be sold, so consumers' location and other private matters are shared with the highest bidder. That is why privacy protections should be baked into these new mobile pay applications.

It is also important that consumers are ensured secure transactions through a mobile payment system. As with any mobile device or application, digitally stored or transmitted information is hackable. With the major data breaches of the past few years still fresh in consumers' minds, mobile payment users will understandably be hesitant about using an app if there is no protection from hackers who may try to intercept their personal information.

It has been made clear through this series of hearings on disrupters, innovation and consumer protection must go hand in hand for these new technologies to flourish.

Mobile payments present an exciting opportunity to make e-commerce a more seamless experience for consumers, and I look forward to hearing from today's witnesses on this topic. Thank you and I yield back.

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