

Rep. Schakowsky
CMT Hearing – Mobile Payments
Opening Statement
December 1, 2015

Thank you, Mr. Chairman, for holding today's hearing on mobile payments. I look forward to hearing from our witnesses on this important subject, which is all the more relevant during the holiday shopping season.

With mobile payments expected to double from today to 2020, this is one of the fastest-growing sectors of the U.S. economy. Mobile payments facilitate transactions with anyone from a food truck or farmers market seller to a taxi driver, and they have made buying and selling goods and services easier in many ways.

However, as this technology continues to expand, we need to understand how these payment structures work, what security and consumer protection vulnerabilities exist, and how to address those issues to maximize benefits while minimizing risks.

Mobile payment technologies rely on a number of non-traditional identifiers such as geolocation, purchase preferences, phone numbers and email addresses. Those features can enhance protections against payment fraud. However, they can also put consumers at greater risk if they are unprotected or if their use extends beyond managing payments.

As I have previously mentioned with regard to electronic communication generally, we need to ensure that all of the players engaged in mobile payments – hardware and software developers, businesses, banks, credit unions, and credit card companies – are taking reasonable security measures to protect the information they are handling.

We also need to make sure that consumers know how these payment structures differ from more traditional transactions. Consumers need to know how consumer financial liability for these types of payments differs from those made using credit or debit cards. They should also know how mobile payments can be used to “cram” consumers – running up bills that they never explicitly approve. And, as the subcommittee responsible for consumer protection, we have an obligation to close those and other existing loopholes that leave consumers more vulnerable.

I look forward to hearing our witnesses' perspectives on the opportunities, challenges, and the way forward with regard to mobile payments.