

Opening Statement of the Honorable Robert E. Latta
Subcommittee on Digital Commerce and Consumer Protection
“Disrupter Series: Improving Consumer’s Financial Options with FinTech”
June 8, 2017

Good morning and welcome to the Digital Commerce and Consumer Protection subcommittee hearing. Today we continue the Disrupter Series examining FinTech and all of the ways that entrepreneurs and established businesses are looking to give consumers more tools and control over their finances.

Financial independence and stability is the goal for so many families across this country. People no longer feel certain that their children will be better off than they were at their age – a change from just a few years ago. Understanding how new technology can be leveraged responsibly to give people on-the-go control over their finances is a critical conversation.

Improving consumer’s financial options is a clear example of where new technology is going to push and disrupt established industries. As much as consumer protection is focused on protecting, we also need to keep our eye on the consumer too. What are their goals? What motivates them to use one service over another? How can we encourage innovation while keeping the consumer protection bar high?

In this conversation about improving consumers access to commerce, it is important to remember that there are generally three relationships people may have with traditional institutions:

- People who have access to all of the traditional financial services;
- The underbanked, who have a checking account, and maybe a savings account, but also use alternative financial services like rent-to-own services or auto title loans; and,
- The 7 percent of Americans who are unbanked – who do not have a checking or savings account and only use alternative services.

There are a number of statistics demonstrating how large the opportunity is to reach more Americans with relevant services:

- 20 percent of the U.S. population, over 60 million Americans, are underbanked or unbanked.
- 64 percent of Americans earning less than \$30,000 per year own a smartphone.
- Finally, over \$12 billion was invested in FinTech companies in 2016.

Increasingly Americans are turning to online and mobile banking. According to the most recent study from the FDIC (Federal Deposit Insurance Corporation), over 31 percent of Americans use mobile banking and that number has likely risen in the last two years.

There are serious opportunities for companies to reach consumers with new products to help them create a rainy-day fund for the first time, make faster more secure payments, rebuild their credit, budget and manage multiple income streams, and invest.

One of the first questions that comes to mind in any conversation about money is security. Cybersecurity is an ongoing challenge, and one the Energy and Commerce Committee is tackling head on. Upstairs, our sister subcommittee is getting ready to start a hearing focused on health care cybersecurity. Throughout the Disrupter Series, we have discussed how cybersecurity plays into development and the lifecycle of a number of connected devices. There is no silver bullet. We need to keep cybersecurity top of mind, because if consumers do not trust that the products and services they use are secure, then they will not use them. Plain and simple.

I would like to thank our witnesses for joining us today and I look forward to your perspectives on:

- how we can ensure that innovation in the FinTech space continues in the United States,
- how innovation can improve consumer protection, and
- how the regulatory environment has impacted innovation.

Thank you all for joining us today for this important discussion.