

Chairman Walden - Opening Statement
“Securing Consumers’ Credit Data in the Age of Digital Commerce”
Digital Commerce and Consumer Protection Subcommittee
November 1, 2017

This morning we are here to discuss the topic of protecting Americans’ data in the digital age. The advent of new technologies has reduced barriers and eased the ability of consumers to access credit and make needed purchases in ways unimaginable even a few generations ago.

In literally minutes, using only one’s phone, Americans can procure a loan to purchase a refrigerator, a car, or even a house. The most remarkable thing about this is how unremarkable it has become.

As with any invention, the technological innovations that have facilitated access to credit bring with them new perils. As this Committee explored in our hearing last month, Equifax, a credit reporting agency entrusted to safeguard the most important financial data of millions of Americans, instead allowed hackers to access that information through their failure to implement a software patch that had been brought to their attention by the Department of Homeland Security.

Unfortunately, the Equifax incident was only one example of the keepers of sensitive data failing to do their duty. For millions of current and former U.S. government employees, including many people in this room, the federal Office of Personnel Management similarly failed to live up to its trust to protect their most sensitive data.

The OPM breach allowed hackers to access data used by the U.S. government to determine whether a security clearance should be granted, including consumer credit information, demonstrating that even the government struggles to protect its most sensitive information.

These incidents and others like them demonstrate the challenges of protecting consumer information in the digital age. They also remind us of how high are the stakes, and how critically important it is that Americans know that when they fill out an application to obtain credit they are not exposing their most personal information to the world.

There are a host of laws on the books that require the compilers and furnishers of consumer credit information to take steps to secure that data. The Gramm-Leach-

Bliley Act prohibits financial institutions from disclosing non-public information without the consumer's consent.

The Fair Credit Reporting Act deems the unauthorized disclosure of consumer reports to be an "unfair or deceptive act or practice."

The Dodd Frank Act created an entirely new federal bureaucracy, the Consumer Financial Protection Bureau, and charged it, among other duties, with the task of protecting consumer financial information.

Despite these new and sweeping powers, the Bureau seemed completely unaware that the company had failed to implement the necessary software patch that could have saved Americans' data from hackers.

As I noted at the Equifax hearing last month, "you can't fix stupid." But surely we can do better.

Despite all of these existing laws and authorities, Equifax allowed the most sensitive consumer credit information of 145 million Americans to be exposed.

There is no excuse.

Equifax's entire business model is predicated on collecting and maintaining individual's private financial transaction history. It failed, and now Equifax must face serious consequences.

All of us, I am sure, are interested in any insights our witnesses can provide into how, despite these policies and procedures, incidents like the Equifax breach still happen. There are long-standing Federal, State and private data security standards and requirements for protecting Americans' sensitive financial data. I am interested in learning about any gaps or areas for improvement.

The instantaneous ability to obtain credit is a remarkable blessing that remains all too unavailable for most people living in less technologically advanced places. But for the companies and networks that make this privilege possible comes great responsibility.

Our ability to obtain credit is only as strong as our data protection. In the cyber world foxes are always trying to break into the henhouse. It is our duty, and the

duty of the possessors of sensitive consumer information, to make sure we have a strong fence.

I look forward to hearing from our witnesses.