

Chairman Derek Davis
Rm 231
House Office Building
Annapolis, Maryland 21401

HB274: Financial Institutions - Security Questions and Measures
Testimony on Behalf of: MD|DC Credit Union Association
Position: Support with Amendments

Chairman Davis, Vice-Chair Dumais and Members of the Committee:

On behalf of the MD| DC Credit Union Association and the 84 Credit Unions and their 1.9 million members that we represent in the State of Maryland, we appreciate the opportunity to testify on this legislation. Credit Unions are member-owned, not-for-profit financial cooperatives whose mission is to promote thrift and provide access to credit for provident and productive purposes for our members. We respectfully support this bill with an amendment.

We request that credit unions be amended out of this bill. The cooperative nature of the Credit Union movement, specifically the fact that the credit union members of the board of directors must all members of the credit union, ensures that member safety and soundness come first. Credit unions take great care to protect member data. All decisions are made with the members in mind, since the members are the only ones that are authorized to make decisions that affect the operations of the credit union.

Credit union members are generally provided with two or more security questions to choose from and many credit unions do not have “what is your mother’s maiden name” as an option. However, this bill is problematic for credit unions because we rely heavily on vendors to provide many of the security platforms and services used by the members. Most credit unions simply do not have the finances to do all of this work “in-house.” If a vendor serves credit unions in multiple states and must modify their platform in the State of Maryland, as this bill may require, it could increase the costs to credit unions, or the vendor may decide not to conduct business in Maryland at all.

Rest assured that credit unions are subject to strict standards pertaining to data protection, and our consumer-facing data platforms are included in the examinations. If an examiner determines that our standards do not sufficiently protect our members, they may issue a prompt corrective

action order; an order to cease and desist, which requires a party to take action (or refrain from taking action), including making restitution; an order assessing civil money penalties; documents of resolution, letters of understanding or; agreement or consent order.

Please do not hesitate to contact me at 443-325-0774 or jbratsakis@mddccua.org, or our VP of Advocacy, Rory Murray at rmurray@mddccua.org should you have any questions. Thank you for your consideration.

Sincerely,



John Bratsakis
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