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## ICBA Urges Costs of Data Breaches to Be Borne by Responsible Parties

**Washington, D.C. (Feb. 3, 2014)**—The Independent Community Bankers of America® (ICBA) today told Congress that community banks are absorbing the costs of making their customers whole following the recent data breaches at major retailers such as Target and Neiman Marcus. In a statement for a Senate Banking Subcommittee on National Security and International Trade and Finance hearing, ICBA said that the costs of reissuing cards, responding to customer concerns and protecting against fraud can be significant and should ultimately be borne by the party at fault for the breach.

“In a wide-scale breach even a community bank may have to reissue thousands of payment cards,” ICBA said in its statement for the record. “Community banks absorb these costs upfront because their primary concern is to accommodate their customers. However, we strongly believe that these costs should ultimately be borne by the party that experiences the breach. This is critical to aligning incentives to maximize data security by all parties that store consumer data.”

In its statement, ICBA also noted that financial institutions have been subject to rigorous data-protection standards under the Gramm-Leach-Bliley Act, which have been effective in securing consumer data at financial institutions. To adequately protect consumers and the payments system, all participants in the payments system—including merchants—should be subject to GLBA-like standards, the association said.

Additionally, ICBA noted that community banks are already investing in technologies that will better secure transaction processing and thwart criminals. The association noted that while community banks and other financial institutions are migrating to chip-and-PIN technology for debit and credit cards, while helpful, may not have prevented the recent retailer breaches and does not protect against fraud in “card-not-present” transactions, such as online purchases.

For more information and to read ICBA’s statement, visit [www.icba.org](http://www.icba.org).

### **About ICBA**

*The Independent Community Bankers of America®, the nation’s voice for nearly 7,000 community banks of all sizes and charter types, is dedicated exclusively to representing the interests of the community banking industry and its membership through effective advocacy, best-in-class education and high-quality products and services. For more information, visit [www.icba.org](http://www.icba.org).*

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