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December 19, 2014

The Honorable Thomas J. Curry
Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street, SW
Washington, DC 20219

Dear Comptroller Curry:

ICBA applauds the OCC for supporting efforts to even the playing field between banks and merchants when a merchant breach occurs as evidenced in your November speech and Senior Critical Infrastructure Officer Valerie Abend's recent testimony on cybersecurity before the U.S. Senate Committee on Banking, Housing, and Urban Affairs.

Community banks are strong guardians of the security and confidentiality of sensitive customer information as a matter of good business practice and legal and regulatory requirements. Safeguarding customer information is central to maintaining public trust and the key to long-term customer retention.

You are absolutely correct that merchant breaches place a disproportionate burden on community banks. For example, community banks reissued nearly 7.5 million credit and debit cards at a total reissuance cost of more than $90 million as a result of the Home Depot data breach. The Target data breach resulted in the reissuance of more than 4 million credit and debit cards at a total cost of $40 million. In both instances, reported fraud was contained to less than 5 percent due to community banks quickly reissuing cards. What's most striking and unfortunate about the cost of these merchant data breaches, is that this is money – more than $130 million – that could have been used for lending in our communities, in the form of loans to new homeowners, small business owners and budding entrepreneurs – all of which spur local economic stability and growth. For this reason, we continue to advocate that the costs associated with data breaches be borne by the party that experiences the breach. Communities and customers should not suffer for the faults of merchants.

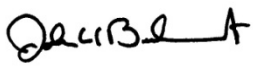
Regardless of where a breach actually occurs, banks are stewards of the customer financial relationship and take a variety of steps to protect the integrity of their customers' accounts, including monitoring for indications of suspicious activity, reimbursing customers for confirmed fraudulent transactions, modifying customer limits to contain fraud losses, and blocking and reissuing cards for affected accountholders at an

estimated expense ranging from $10 - $15 per card. Community banks absorb these costs upfront because their primary concern is to protect their customers from fraud. However, these costs should ultimately be borne by the party that experiences the breach. This is critical to ensure that all parties storing consumer data have incentives to maximize data security efforts.

Additionally, ICBA appreciates Ms. Abend's testimony on banks' robust regulatory regime regarding security standards and OCC's support of efforts to ensure other sectors have commensurate standards and improved transparency as it relates to cybersecurity preparedness. Under current law, retailers and certain other sectors that process or store consumer financial data are not subject to the same federal data security standards and oversight as financial institutions. Securing financial data at financial institutions is of limited value if it remains exposed at the point-of-sale and other processing points. ICBA supports subjecting these sectors to Gramm-Leach-Bliley Act-like standards with similar enforcement. It is equally important that these sectors provide uniform and timely notification to banks concerning the nature and scope of any breach when bank customer information may have been compromised.

Again, thank you for your support in these important cybersecurity areas. We look forward to working with you and your team to advance collaboration to enhance security and protect customer data from cyber threats.

Sincerely,



John H. Buhrmaster
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cc: Valerie Abend