



Chairman Dereck Davis
Room 231
House Office Building
Annapolis, Maryland 21401

HB117: Maryland Personal Information Protection Act – Revision
Testimony on Behalf of: Atlantic Financial Federal Credit Union
Position: Support

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

My name is Matt Piazza, and I am the President and CEO of Atlantic Financial Federal Credit Union. Our Credit Union's Field of Membership includes Select Employer Groups within the Greater Baltimore area. These businesses and not for profits are in many industries including telecommunications, medical services and local charity organizations. We are a smaller sized credit union with assets of just over 100 million dollars. For comparison, in the United States, the average credit union asset size is 286 million dollars, and the average bank asset size is just over 4 billion dollars.

We employ 24 people from the Baltimore-Metro area. Over the last five years, we have returned over \$406,000 to our members in annual bonuses. We are a local business and have been here for over 70 years. AFFCU is heavily invested in the community and has donated to many local organizations such as: The Leukemia & Lymphoma Society, Baltimore County Area Boy Scouts, United Way of Central Md, Stella Maris, St. Vincent's Villa and Helping Up Mission.

We have suffered losses from breaches of merchants in recent years. In just 2 breaches, we spent over \$440,000 to make our members feel safe again. We have replaced payment cards and opened brand new accounts for members affected by breaches in many cases. Each card that we replace costs approximately \$5.00. These costs can add up very quickly in large breaches.

The credit union industry is one of the most heavily regulated industries in the nation. Annually, AFFCU spends roughly \$100k in compliance costs and training in an effort to keep our member's data safe. A large percentage of that spending is related to GLBA compliance. Our regulator, National Credit Union Administration, routinely examines us to ensure compliance. It makes little sense that financial institutions spend so much money and time protecting data, yet many other businesses that handle just as much or more consumer data have low standards and little repercussion regarding data protection and breaches. It would be unacceptable for us not to protect our member's data, so why is there a lower standard for others that handle this data?

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As data breaches rise, so will the cost of our insurance to cover these losses. As a credit union, when the business entity loses money, the members lose money. Credit unions are member-owned not-for-profits; we have no outside investors. Our members should not have to suffer the consequences of large companies refusing to take data protection seriously. It is time for the state to set the standard.

Respectfully,

Matt Piazza
President and CEO
Atlantic Financial Federal Credit Union