



**Testimony to the Senate Finance Committee
SB 185 Financial Institutions - Security Questions and Measures
Position: Favorable**

February 9, 2021

The Honorable Delores Kelley, Chair
Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis, Maryland 21401
cc: Members, Senate Finance Committee

Honorable Chair Kelley and Members of the Committee:

The Maryland Consumer Rights Coalition (MCRC) is a statewide coalition of individuals and organizations that advances financial justice and economic inclusion for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are writing today in support of SB 185.

SB 185 will increase consumer security by requiring a financial institution to allow a customer to choose from at least two security question options for each security question. While security questions have become an intrinsic part of today's web-based information management, their history stretches back more than a hundred and fifty years. Originally implemented in New York in 1850 by Emigrant Industrial Savings Bank, the security question had been adopted widely in the US banking sector by the turn of the twentieth century.¹ Many of the same questions developed in the mid-nineteenth century are still used today. However, with increased access to online data and social media, those same questions do not offer the security they did in the eighteen hundreds.

Security questions are an important barrier between consumers' private information and predatory hackers and scammers. MCRC's Securing Older Adult Resources (SOAR) program provides older adults in Maryland with financial coaching and counseling, as well as digital privacy training. Older adults are vulnerable to fraud and scams because of their lack of digital literacy. Collectively, older adults lose as much as \$36 billion annually to financial exploitation. Unfortunately, fraud and scams are on the rise as scammers take advantage of the fear that the COVID-19 pandemic is causing².

¹ <https://ourglasslake.com/wp-content/uploads/2018/02/Ruberg-FMH-Mother-Maiden-Name-July-2017.pdf>

²



Maryland Consumer Rights Coalition

Supporting SB 185 would add protections for vulnerable consumers by updating the antiquated security question system. This increase in security is vital in this digital age, and the need has become exacerbated due to the increase in COVID-19 related fraud and scams.

For these reasons, we support SB 185 and ask for a favorable report.

Best,

Isadora Stern
Economic and Tenants' Rights Organizer
Maryland Consumer Rights Coalition

<https://www.cnbc.com/2017/08/25/elder-financial-fraud-is-36-billion-and-growing.html#:~:text=One%202015%20report%20estimated%20that.a%20segment%20of%20the%20victims.>