

MAINE BANKERS

Association

May 22, 2023

**Testimony to the 131st Maine Legislature
Committee on Judiciary**

Good afternoon, Senator Carney, Representative Moonen, honorable members of the Committee. My name is Josh Steirman and I am the Director of Government Relations for the Maine Bankers Association. We are testifying today in opposition to L.D. 1705, *An Act to Give Consumers Control over Sensitive Personal Data by Requiring Consumer Consent Prior to Collection of Data*. Separately, we are testifying in support of L.D. 1973, *An Act to Enact the Maine Consumer Privacy Act*. However I understand there may have been recent amendments to each draft bill, which could change our positions.

Customer trust and security is at the core of our work as financial institutions. Protecting customer data and safeguarding deposits is essential for banks, and we take that trust very seriously. To protect vital information online, banks seek to use as many technological tools as possible: this includes biometric identifiers such as voice recognition, fingerprints, and facial recognition. Use of these identifiers is much safer than passwords alone, and helps create the robust cyber security that customers demand.

We are concerned that new legislation would restrict banks' ability to use these biometric identifiers to keep customer data safe. Banks are already one of the most heavily regulated industries in the nation, regularly subjected to financial examinations, consumer protection laws, and compliance audits continually from a wide variety of federal and state regulatory agencies. Additional state regulation could not only be duplicative, but also counterproductive: by targeting biometric identifiers in particular this bill would almost certainly decrease use of biometric data by financial institutions, removing highly demanded features such as voice recognition and fingerprints, and ultimately leaving consumer data less secure.

Our priority in these bills is to maintain a full entity-level exemption for financial institutions already regulated under the Gramm-Leach-Bliley Act. This existing federal law already provides strong consumer protections from several state and federal regulators. We applaud a coordinated and balanced approach.

Additionally, we must note that a private right of action in any bill would have a deeply chilling effect on our state's business climate. The threat of class-action litigation is unlikely to provide true relief to consumers, though it will make Maine an outlier for unwelcoming business environment, at a time when our state is already struggling with workforce challenges and high costs.

In conclusion, we urge caution, deliberation, and moderation when considering new privacy regulations. This is complex subject matter deserving extensive public discussion. Piecemeal state regulation would threaten the availability of necessary security features. Data security and trust are imperative to the viability of our business, and we ask for the flexibility to meet those customer demands for security.

Thank you for your consideration, I am happy to answer any questions.

Respectfully Submitted,
Joshua Steirman