

# MAINE BANKERS

Association

May 5, 2025

## Testimony to the 132<sup>nd</sup> Maine Legislature Committee on Judiciary

Good afternoon, Senator Carney, Representative Kuhn, and 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 regarding several data privacy bills. We support the approach taken in LD 1224 and LD 1088. We oppose certain provisions of LD 1822 and are opposed to the bill as currently drafted.

The Maine Bankers Association is the trade association representing 34 retail banks across Maine, with over 9,000 employees in virtually every community state-wide. Last year, our banks provided over \$2.5 billion in residential real estate loans, and over \$3.2 billion in small business loans. Banks are deeply embedded in their communities: last year, bankers volunteered over 145,000 hours, and donated over \$18 million to charitable causes. Maine bankers are your neighbors, working to provide a safe place for deposits, modern technology solutions, fraud protection, a home mortgage, or a small business loan.

Customer trust and security are 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 could 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: without a clearly drafted exemption, the wrong 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 is to maintain a full entity-level exemption for financial institutions already regulated under the Gramm-Leach-Bliley Act (GLBA). This clarity will allow banks to continue protecting customers with cutting-edge technology and security. An entity-level exemption for financial institutions which are already regulated under the Gramm-Leach Bliley Act (GLBA) is most appropriate and necessary in any new privacy legislation in Maine, and we emphasize the following reasons:

**1.) Entity-level exemptions promote clarity and consistency:** of the states which have already implemented similar data privacy laws, 12 out of 13 states have laws with an entity-level exemption for financial institutions already subject to GLBA. We hope to avoid confusing and unnecessary conflict between the laws of Maine and other states. If Maine is outside national standards, Maine people will have reduced access to financial services which are essential to buy

homes, save for retirement, and build businesses. A data-level exemption would exacerbate an inconsistent patchwork approach with differences between states.

**2.) Definitions based on state statutes create confusion and encourage costly litigation:** if Maine law utilized a data-level exemption, the need to delineate applicability would almost certainly force state government to engage in costly and time-consuming lawsuits at taxpayer expense. We are concerned about limited state resources diverted to this type of unnecessary legal challenge.

**3.) Data-level exemptions would put cyber security at risk for consumers:** definitional uncertainty of a data-level exemption would dampen the responsible use of technologies that improve cyber security for Maine consumers. Maine people consistently demand that banks employ the strongest cyber security frameworks available; this includes the use of biometric identifiers such as face-ID to access mobile phone applications, or voice recognition over the phone. Customers choose to opt into them at overwhelming rates, and are much more secure than passwords alone. Banks need regulatory certainty to continue providing customers with the most advanced levels of technology for customer safety and data security.

**4.) Existing regulation is stringent:** banks are already subject to extensive regulation (including GLBA) which mandate high standards of data security and notice of data practices to consumers. GLBA continues to be updated by rulemaking and legislation, such as recent passage in the US House of the Data Privacy Act of 2023. Notably, these laws are enforced through ongoing supervision by agencies including the FDIC, Federal Reserve, US Treasury, and Maine Bureau of Financial Institutions. This robust oversight is in contrast to many other unregulated industries where laws are only enforced by the threat of prosecution or litigation.

We respectfully urge the Legislature to include an entity-level GLBA exemption in any new data privacy legislation. This approach is utilized in LD 1224 and LD 1088, and we encourage any version which advances to utilize these definitions. Banks treat customer data as sacrosanct: they don't sell it, are prohibited from selling it, and guard it as the foundation of trust with customers. An entity-level GLBA exemption provides the clarity needed for banks to continue providing the high standard of cyber security that consumers demand and deserve.

In conclusion, we urge caution, deliberation, and moderation when considering new privacy regulations. This is a complex policy 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 regulatory clarity to meet those customer demands for security. We applaud a coordinated and balanced approach.

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

Respectfully Submitted,

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