The Wisconsin Credit Union League

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NEWS RELEASE

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Consumers' secret information still vulnerable, data security bill dies in state Assembly

Madison Wis. – Every Wisconsinite who uses a credit or debit card for purchases remains at risk for identity theft stemming from misuse of their card because a bill that would have better protected the secret information stored on their cards has been killed in the State Assembly.

The Plastic Card Data Security Bills were killed Tuesday evening by a procedural motion during the Assembly's floor session. Because AB 745 was 'tabled,' the full body was prevented from taking an up or down vote on the measure. AB 745 and its State Senate version of the bill – SB 439 – easily passed through both House's financial institutions committees and passed the full State Senate without objection. The popular measures had 44 legislators listed as sponsors.

"We're disappointed that Wisconsin consumers won't be able to enjoy the protections this bill would have afforded them," said Brett Thompson, President & CEO of The Wisconsin Credit Union League. "But we're committed to standing up for consumers and working hard to see this legislation considered next session. Consumers should be very grateful to have had the support and leadership of Senators Bob Wirch and Jim Sullivan and Representatives Brett Davis and Scott Newcomer to get the bill this far."

The legislation, introduced by Rep. Davis (R-Oregon) and Sen. Wirch (D-Pleasant Prairie), sought to better protect consumers' security codes and secret numeric passwords called PINs by prohibiting the retention of information after completing a transaction with a merchant. This data is often retained without cardholders' knowledge and lost by merchants who have no right to keep it in the first place.

Thompson explains that more than 80 percent of reported plastic card losses are attributed to theft of credit and debit card data that was unnecessarily retained by merchants and subsequently breached.

"Had this bill been allowed to receive an up or down vote before the full Assembly, we feel it would have passed," Thompson says. "Clearly it had broad bipartisan support, momentum and in a recent survey, approximately 75 percent of Wisconsin voters voiced approval for legislation such as this."

Credit unions – member-owned cooperatives – have a more difficult time offering attractive rates on savings and loans to members when they must bear the costs of a data breach instead of the merchant that kept the data. Data breach costs to credit unions totaled $77 million in 2007.

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Credit unions are cooperative financial institutions that are owned by their members and do not have stockholders. Because they are Not-for-profit, they return earnings to members in the form of more competitive rates of return on accounts, lower interest on loans, lower fees and improved services. Around 2.1 million Wisconsin residents belong to credit unions, of which nearly half are open to the local community. People can find a credit union to join by looking in the phone book or by visiting www.creditunion.coop.