



CBAI Urges Illinois Congressional Delegation to Oppose Misguided Legislation Concerning Payment Reimbursements

In August, House Financial Services Committee Ranking Member Waters (D-CA) and Senators Blumenthal (D-CT) and Warren (D-MA) introduced the Protecting Consumers from Payment Scams Act. This legislation is of great concern because it shifts near total liability for fraud and errors in electronic payments (and wire transfers) from the consumer to their bank.

The banking industry has responded to consumer demand for faster/near-instantaneous payments. However, as the timeframe for sending and settling a transaction decreases to mere seconds, a bank's ability to stop or potentially reverse transactions initiated by the consumer greatly decreases. In this real-time payment environment, it is even more important that the consumer knows and is certain about to whom they send money before they conclude the payment. The consumer must assume the responsibility for their own actions in initiating a payment which their bank had no reason to question at the inception, but which later proved to be the result of an error by the consumer or fraud.

CBAI is certainly sympathetic to the plight of consumers and acknowledges that fraud is rampant. However, making all banks responsible for consumer losses from faster payments (and wire transfers) is not a reasonable solution to this problem. Rather, policymakers and regulators should focus their efforts on solving the root causes of the problem, punish those who are responsible for creating the problem, and not harm community banks.

CBAI urged members of the Illinois congressional delegation **not** to co-sponsor or support this misguided legislation and thanked them for considering our position on this matter.