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TESTIMONY IN SUPPORT OF HB 3080
Before the Senate Committee on Labor and Business

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Farleigh Wada Witt
Counsel for the Northwest Credit Union Association

Good morning Chair Riley and members of the committee. My name is Hal Scoggins. I am an attorney with Farleigh Wada Witt, outside counsel for the Northwest Credit Union Association. Our firm also represents many individual credit unions throughout Oregon, Washington, Idaho, and across the U.S. I appreciate the opportunity to talk with you today about HB 3080. I will provide some brief comments on legal aspects of the bill and will be happy to answer questions.

In compliance with federal law, credit unions request and review a member's government identification (usually driver's license) when opening an account. In addition to providing verification of identity, the driver's license provides a concise summary of personal and contact information. Thus, credit union employees will often copy the basic identifying information from the driver's license to the data entry screen when opening an account. In many states, rather than copy identifying information from the driver's license, a credit union will simply swipe the driver's license through a barcode reader in order to extract the information from the license automatically. Oregon law (ORS 807.750) currently prohibits financial institutions and others from passing the driver's license through a reader in order to extract information from the license. Thus, Oregon credit unions must enter the information manually.

The manual data entry process creates a minor inconvenience to members opening accounts in the branch, but it also increases errors due to manual data entry. In addition, it is more difficult for fraudsters to forge the bar code on a driver's license than it is to forge the written information. Using the swipe methodology can reduce fraud. There is no good policy reason for prohibiting credit unions from capturing this data automatically rather than manually. The same data is captured and retained whether it is obtained manually or through a swipe process. Credit unions are subject to stringent federal regulations requiring them to maintain security and confidentiality of the information obtained. For these reasons, HB 3080 will increase the capability of Oregon credit unions to serve clients efficiently and effectively without sacrificing any aspects of privacy or information security.

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