

September 17, 2014

Ms. Monica Jackson  
Office of the Executive Secretary  
Consumer Financial Protection Bureau  
1700 G Street NW  
Washington, DC 20552

**RE: EFTA Comments on Docket No. CFPB-2014-0012, Request for Information on Mobile Financial Services**

Dear Ms. Jackson:

The Electronic Funds Transfer Association (EFTA) is pleased to respond to the Consumer Financial Protection Bureau (the Bureau) Request for Information (RFI) about how consumers are using mobile financial services to access products and services, manage finances, and achieve their financial goals, with a focus on economically vulnerable consumers.

The Electronic Funds Transfer Association (EFTA) is a non-profit professional association dedicated to the advancement of electronic payments and electronic commerce. EFTA's nearly 300 members include the nation's leading financial institutions, electronic payment networks, card associations, ATM owners, operators and manufacturers, transaction processors, equipment, card and software manufacturers and vendors, state governments and federal agencies. Its objective is to inform debate over the consumer, business and policy implications of new and existing payments technology. EFTA accomplishes this through public outreach to Congress, administrative agencies, regulators, consumers and the media.

Based on comments from the Bureau's town hall meeting on this topic held earlier this summer and the list of questions posed in the RFI, it appears to EFTA that the Bureau acknowledges that mobile financial services have the potential to provide benefits to unbanked and underbanked consumers, but questions whether consumers adequately understand these products. The Bureau also appears to question whether sufficient controls are in place for data privacy and security.

Rather than provide responses to all of the questions in the RFI, EFTA would like to address the broader theme of the benefits of mobile financial services to consumers and overarching concerns of data privacy and security.

We can all agree that mobile financial services are revolutionizing the payments industry and fundamentally transforming the consumer banking and shopping experience. The announcement by Apple of its partnership with major payment systems and retailers to

provide a mobile wallet is the most recent example of that revolution. Beyond traditional banking services such as bill payments and the ability to check an account balance, consumers are increasingly using their mobile devices for an array of convenient time- and money-saving products and services.

Many of these products and services have the potential to provide the unbanked and underbanked consumer with greater access to financial lower cost services. In fact, myriad products and services are being developed with these goals in mind.

This mobile payments evolution is both exciting and disruptive. It is exciting because new and innovative methods are emerging to create closer relationships with customers. However, it is potentially unnerving to individuals because traditional ways of doing business are dramatically changing. It is EFTA's belief, however, that the upside of this is that consumer engagement and empowerment are truly being transformed.

Today's consumers can do things they never dreamed possible. EFTA member research shows that consumers want to interact, review, compare, manage, transact and buy—whether in a store, a bank branch, at home or on the go.

Truly, the mini-computers that individuals hold in the palms of their hand are revolutionizing the delivery of financial services, and EFTA members are at the forefront of this.

Mobile applications and wallets allow individuals to buy and store tickets for air, bus, rail, ferry and other forms of public transportation, as well as for movies, concerts, and sporting events. As more merchants and financial institutions send out electronic offers and incentives, technologies are emerging to enable consumers to manage discounts and rewards within the mobile wallet application. Mobile wallet applications can help a consumer evaluate products and check prices with integrated comparison shopping capabilities—simplifying the process of determining which merchant offers the best deal on a product or service. Mobile banking provides consumers the convenience of paying bills, accessing balance information, making account transfers and mobile deposits, sending or receiving cash electronically, all at the touch of a finger. Products are also surfacing for enhanced loyalty programs, offers, coupons and discounts.

Significantly, consumers are making a leap from merely conducting transactions to creating experiences. Consumers use mobile technology to share these experiences through social media and online reviews. They talk to their friends and family, but they also interact with the brands and companies with which they engage. The sphere of influence that consumers can now use to share their experiences continues to grow.

It is appropriate and expected that the Bureau probe these products to ensure consumer protections and controls are in place. As a payments trade association, EFTA firmly believes that consumers are truly benefiting from this mobile payments revolution. EFTA members have a strong track record of creating applications that enable lower income, disadvantaged and underserved individuals and small businesses to improve their lives with these tools and resources. There is nearly unlimited potential in the ability for mobile financial products to empower consumers to take greater control of their money management, set better financial goals, budget more efficiently and develop more robust financial discipline.

When it comes to mobile financial services, it is important to note that the architects of these products understand the entire application must be established around security. In the world of mobile payments, the end consumer must have confidence that his or her personal and financial data is secure, end-to-end throughout the entire mobile payments process. The bottom line is that EFTA members understand that transparency, privacy, and security matter, especially when it involves their payment and financial information.

EFTA members also understand that in order for mobile financial services to truly take hold and flourish in the American marketplace, consumers must understand the products they are using and have confidence in the safety, security and privacy of these financial tools. We believe that consumer benefit and consumer protection are at the forefront of the designs in this competitive marketplace.

They also understand that premature regulation of mobile payments can have a deleterious effect on development and adoption of mobile payments technology by businesses and consumers alike. Thus, as the Bureau continues to research mobile financial services, it is critical to bear in mind that consumer and business adoption of mobile payments can be adversely affected by regulatory initiatives.

We urge the Bureau to be judicious about imposing rules on this dynamic and fast-moving industry without clear evidence of consumer confusion or harm.

Sincerely,

A handwritten signature in black ink, appearing to read "Kurt Helwig". The signature is stylized with a large initial "K" and a prominent "H".

Kurt Helwig  
President and CEO