

## **Please Support H.R. 1457 - the MOBILE Act**

At BBVA Compass, our purpose is to bring the age of opportunity to *everyone*. In today's world, it is both challenging and unnecessarily expensive to participate in the economy as an individual or household without a checking account that includes a debit card and online payment options.

BBVA Compass is seeking to improve access to robust and inexpensive financial services for everyone in the United States, including those who are unbanked or underbanked. One important pathway for this improved access is through banking online via a mobile device. Today, 68 percent of U.S. adults have a smartphone, up from 35 percent in 2011 (Pew).

Consider these additional findings from the Federal Deposit Insurance Corporation (FDIC):

- Approximately 17 million U.S. adults live in households without a checking or savings account (are “unbanked”). An additional 51 million U.S. adults live in households that have a bank account but rely on nonbank providers for some financial services (are “underbanked”).
- Young people, recent immigrants, and certain minority groups are disproportionately overrepresented among unbanked and underbanked households.
- In 2013, 90 percent of underbanked adults owned a mobile phone, of which 71 percent were smartphones.

The FDIC concluded in a recent report that mobile banking is best positioned to “meet the day-to-day financial services needs of underbanked consumers as well as consumers at risk of account closure,” and that mobile banking “has the potential to help the underserved gain access to the banking system and grow their financial capability.” BBVA Compass agrees with these conclusions and wishes to make it simpler to sign up for an account online or through a mobile device from anywhere in the United States, while also improving fraud prevention methods available to financial institutions.

### **Improving Access to Financial Services**

BBVA Compass and others have recently developed an application that allows a consumer to open a deposit account online or from a mobile device without ever having to visit a bank branch or office. The application requires the consumer to take a photograph of their driver's license or other state-issued identification card, and a photograph of the consumer's face so that their identity can be verified. Financial institutions face risk and difficulty implementing this new technology due to the inconsistent way in which states either authorize or prohibit businesses from using information contained on state-issued identification cards. There are currently seven states in which financial institutions cannot make this new process available to consumers due to prohibitions in state law.

## **H.R. 1457, the MOBILE Act, would:**

- Allow a financial institution to record information from a swipe of an individual's driver's license or personal identification card, or make a copy of the individual's driver's license or personal identification card, and store or retain such information in any electronic format for purposes of opening an account or obtaining a financial product or service. Except as required to comply with Federal bank secrecy laws, the financial institution may only use the personal information:
  - (1) to verify the authenticity of the driver's license or personal identification card with the state that issued the driver's license or personal identification card;
  - (2) to verify the identity of the individual; and
  - (3) to comply with a legal requirement to record, retain, or transmit the personal information in connection with opening the account or obtaining the financial product or service.
- Clarify that this new federal law will supersede any state law that conflicts with it.

## **Serving Consumers while Preventing Fraud**

The proposed law promotes public safety and protects consumer privacy, while allowing financial institutions of every type to drive their business forward into the digital age. Financial institutions remain committed to complying with federal laws aimed at preventing identity theft, financial fraud, money laundering, and terrorist financing, including the Bank Secrecy Act, its anti-money laundering rules, and Know Your Customer and Customer Identification Programs. This bill would aid in that pursuit.

If these technologies are further implemented without the passage of the proposed federal law, financial institutions face an inconsistent state statutory scheme. The proposed law permits financial institutions to utilize these new technologies for their customers nationwide and comply with regulatory requirements that protect public safety and protect consumers.

***To cosponsor this bipartisan legislation, please contact Christian Jorgenson in Rep. Tipton's office at [Christian.Jorgenson@mail.house.gov](mailto:Christian.Jorgenson@mail.house.gov).***

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