

Opening Statement

Chairman Michael G. Oxley

Committee on Financial Services

H.R. 2622, The Fair and Accurate Credit Transactions Act
July 9, 2003

The Committee meets today for a legislative hearing on H.R. 2622, the Fair and Accurate Credit Transactions Act of 2003 – the FACT Act – comprehensive legislation to reauthorize certain key provisions of the Fair Credit Reporting Act and make other needed reforms to our national credit reporting system. The bill was introduced just prior to the Fourth of July recess by a bipartisan coalition of 32 Members of this Committee, 18 Republicans and 14 Democrats, led by the Chairman of the Financial Institutions Subcommittee, Mr. Bachus, Ms. Hooley, Mrs. Biggert, and Mr. Moore.

The FACT Act grew out of an exhaustive series of hearings that Chairman Bachus' subcommittee has held on the FCRA over the past several months. Those hearings, which featured testimony from some 75 witnesses representing every conceivable perspective on the FCRA, has laid the groundwork for this Committee to act – hopefully later this month – to preserve the benefits of the national credit reporting system and give consumers important new rights in the process. I commend Chairman Bachus and all of the members of the Financial Institutions Subcommittee for their diligent – and very thorough – approach to this complex issue. The legislation that the Committee considers today is a testament to their months of hard work.

The Subcommittee's hearings have, in my view, established a compelling case for reauthorizing the FCRA's uniform national standards. As one of our distinguished witnesses at today's hearing, FTC Chairman Muris, has stated, the "miracle of instant credit" created by our national credit reporting system has given American consumers a level of access to financial services and products that is unrivalled anywhere in the world. According to the Federal Reserve Board, since FCRA's enactment, the overall share of families with general-purpose credit cards increased from 16 to 73 percent, with low income families achieving the greatest increase. American families' ability to buy a home has also increased, with ownership levels growing significantly from 60 to 68 percent, again with the largest gains achieved by lower income and minority groups. These improvements in the credit and mortgage systems have saved consumers nearly \$100 billion annually, according to some estimates. The FACT Act is, first and foremost, an attempt to make sure that the considerable benefits of that system to consumers and to the U.S. economy do not go up in smoke at the end of this year when the FCRA's uniform national standards are set to expire.

Let me highlight just a few of the provisions that I was particularly pleased to see included in this important jobs and economic growth bill. The FACT Act incorporates a number of provisions – drawn largely from legislation introduced

earlier this year by Ms. Hooley and Mr. LaTourette – that aim to reduce the incidence of identity theft and protect those who are victimized by this increasingly common form of criminal activity. The bill prohibits the printing of complete account numbers and expiration dates on credit and debit card receipts and requires verification of certain address changes so that consumers are less likely to have their accounts stolen. It helps consumers who fear they have been victimized by identity theft to place fraud alerts on their credit reports to ensure that criminals can't access their accounts. And it allows identity theft victims filing police reports to block any fraudulent information from appearing on their credit reports, to protect their credit reputation from being destroyed. With these targeted reforms, the FACT Act will strike a serious blow against the identity theft criminals who have succeeded in victimizing millions of innocent Americans over the years.

The FACT Act also contains a number of provisions strengthening consumers' ability to dispute the accuracy of incorrect or incomplete information that appears on their credit reports. For example, perhaps the most fundamental protection the bill gives consumers is the right to a free annual credit report, accompanied by an explanation of their individual credit score and what steps they can take to improve it. This will not only help consumers guard against identity theft, but will empower consumers to ensure they will not be unfairly denied access to credit or other financial products before the need arises.

Let me again thank Chairman Bachus and the original cosponsors of his legislation for their leadership and exemplary work. Let me also indicate to Members that I fully expect this bipartisan consumer protection legislation to continue to be perfected as it moves through the markup process. The Ranking Minority Member, Mr. Frank, has stated that one of his priorities will be to ensure that the legislation includes heightened safeguards for consumers' health-related information. We have been working hard on that issue, and I am committed to continuing to work with Mr. Frank in the same bipartisan spirit that has characterized the Committee's review of FCRA thus far. Other Members on both sides of the aisle have thoughtful proposals addressing various aspects of the FCRA that also warrant the Committee's careful consideration.

In closing, I want to welcome Secretary Snow and Chairman Muris before the Committee, and thank them for their constructive role in this process. Just last week, Secretary Snow unveiled the Bush Administration's proposal for reauthorizing FCRA's uniform national standards, which included sweeping new protections for the security of Americans' personal financial information. And under Chairman Muris' leadership, the FTC has recently begun implementing its national "Do Not Call" registry – something that I and many Members of Congress have long supported to limit unwanted telemarketing phone calls. Judging from the millions of Americans who have signed up for it thus far, this Bush Administration effort appears well on its way to becoming one of the most popular consumer protection initiatives of all time.

I now recognize the Ranking Minority Member, Mr. Frank, for an opening statement.