



**DCUC**  
DEFENSE CREDIT UNION COUNCIL

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**Jason Stverak**  
Chief Advocacy Officer

August 20, 2024

The Honorable Richard Blumenthal  
United States Senate  
Washington, DC 20510

The Honorable Elizabeth Warren  
United States Senate  
Washington, DC 20510

The Honorable Maxine Waters  
U.S. House of Representatives  
Washington, DC 20515

Dear Senator Blumenthal, Senator Warren, and Representative Waters:

On behalf of America's 182 Defense Credit Unions and almost 40 million members, I am writing to provide our view and opposition on the recently introduced legislation, S. 4943, the "Protecting Consumers from Payment Scams Act," which proposes to expand the scope of the Electronic Fund Transfer Act (EFTA).

Our membership, which includes credit unions serving servicemembers, veterans, and their families, is highly concerned with the impact this legislation would have on their ability to offer innovative payment solutions which enables local credit unions to compete with the largest financial institutions by offering the same innovative peer-to-peer (P2P) payment services.

Credit unions are committed to extensive consumer protections and education, ensuring our members can send money efficiently, safely, and at no cost. For servicemembers and their families allowing them to transfer funds directly from their credit union insured account to individuals at other insured depository institutions - a necessity given their frequent deployments and challenge of meeting face-to-face.

DCUC's members continuously invest in payment security and fraud mitigation technologies to shield their members from fraud and scams. However, our members' capacity to absorb losses for authorized payments is limited. DCUC member institutions are significantly smaller and particularly sensitive to new regulatory expectations that modify liability under the EFTA and Regulation E. Moreover, a substantial portion of scams originate outside of the financial sector, with criminals targeting online marketplaces, cryptocurrency investments, and other forms of nonregulated sectors—all areas beyond our control. Therefore, the legislative proposal to extend liability under EFTA to include fraudulently induced transfers initiated by consumers is alarming to our members.

*Serving Those Who Serve Our Country*

Expanding the EFTA will not solve the problem of fraud and scams and may have the unintended outcome of increasing fraud and scams. Although we appreciate the objectives of the legislation's sponsors, the proposed changes fail to address the sophisticated methods fraudsters employ. Instead of offering a meaningful deterrent, this legislation may create a false sense of security among consumers without adequately educating and protecting them. Most fraud exploits sophisticated social engineering tactics that prey on human judgment rather than the secure foundation of the payments processing infrastructure. Scams can leverage any payment channel.

Our members play a crucial role in maintaining the safety and soundness of the payments ecosystem, but they cannot be solely responsible for preventing fraud and scams. While we acknowledge the intent behind the "Protecting Consumers from Payment Scams Act," expanding the scope of the EFTA alone will not address the evolving nature of criminal activities and could inadvertently hinder our credit unions' ability to offer essential payment solutions. Instead, we urge policymakers to act on Congress' FY24 appropriations bill by issuing a report directing the Treasury Department to establish a private-public sector task force focused on scam prevention. This task force would enhance information sharing, foster collaboration in developing counter-fraud technologies, and provide a forum for innovative strategies to tackle emerging threats, with the Treasury Department also reporting on the necessary resources to support these efforts. A holistic approach like this will better protect consumers and ensure the resilience of the financial ecosystem.

Thank you for taking the time to listen to these concerns. We would like to offer an opportunity for you or your staff to meet with us in person or on a zoom call to discuss the issue and our thoughts in greater detail.

Thank you for the opportunity to bring these matters to your attention. Should you have any questions or desire additional information, please do not hesitate to contact me at 202.557.8528 or by email at [jstverak@dcuc.org](mailto:jstverak@dcuc.org).

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason Stverak", with a long horizontal line extending to the right.

Jason Stverak  
Chief Advocacy Officer  
DCUC