



**Opening Statement
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**Subcommittee on Oversight and Investigations and the Subcommittee on
Financial Institutions
“Fighting Fraud: Improving Information Security”**

April 3, 2003

This February, a computer hacker broke into an information processor’s system and accessed the credit card numbers of over 11 million Americans. In December, a group of thieves stole computer systems containing detailed health accounts of over half a million military veterans and dependents. In a third recent case, an employee of a major software company stole countless numbers of consumer credit reports, ruining the credit of over 30,000 people.

That’s tens of millions of Americans being put at risk in just the last year alone. And when your information is stolen, it can take months, sometimes years, to fix all the records and restore your good name.

Information thefts are also hurting American businesses. Cyberthefts are costing American businesses over \$400 million annually, in addition to countless more spent on preventing unauthorized access to sensitive information, and mitigating damage to consumers. By many estimates, information theft is one of our fastest growing crimes, more than doubling over the last two years.

In 1999, I sponsored a provision that became law, requiring all businesses significantly engaged in providing financial products or services to consumers to ensure the security and confidentiality of sensitive information. My provision also required our government agencies to “establish appropriate standards relating to administrative, technical, and physical safeguards – (1) to ensure the security and confidentiality of customer records and information; (2) to protect against any anticipated threats or hazards to the security or integrity of such records; and (3) to protect against unauthorized access to or use of such records or information which could result in substantial harm or inconvenience to any customer.”

This provision has only recently begun to be implemented, but it is clear that we need to continually examine the issue. Information sharing is a critical part of our economy. But consumers will quickly lose confidence in our nationwide credit system if we don't do everything practical to improve security and protect sensitive data.

This hearing will help us determine, at least in these three cases, what went wrong, what has been fixed, and whether there are any larger lessons we can learn to better protect consumers in the future. Improving information security has to be one of our top priorities in protecting the confidentiality and integrity of our financial system. Millions of Americans are depending on us.