



July 10, 2024

The Honorable Kathy Hochul
Office of the Governor
New York State Capitol Building
Executive Chambers
Albany, NY 12224

Re: S.8677B: Financial App Security Act

Dear Governor Hochul,

On behalf of Chamber of Progress – a tech industry coalition promoting technology’s progressive future – I write to **respectfully urge you to veto S.8677B**, which would regulate peer-to-peer (P2P) mobile payment services. Though well intentioned, this legislation would expose consumers to increased financial fraud and economic hardship.

P2P Payment Services Are Growing in Popularity

Peer-to-peer mobile payment services allow individuals to send and receive money directly from their phone.¹ Instead of cash or checks, these applications facilitate digital transfers between individuals, often linked to an user’s bank account or debit card.

The convenience and speed of P2P transactions have fueled their popularity.² A recent PYMNTS Intelligence report found that consumers are increasingly using these applications to manage everyday finances:

- 60% percent of U.S. consumers use P2P applications to pay bills.³
- Almost half of consumers between the ages of twenty and forty use P2P applications for in store and online purchases.⁴

¹ Chime. [What are Peer to Peer Services: A Complete Guide](#). December 7, 2023.

² PYMNTS Intelligence. [Peer Pressure: Balancing Convenience with Compliance in P2P Payments](#). March 2024.

³ PYMNTS. [Younger Consumers Drive Surge in Peer-to-Peer Payments App Popularity](#). March 6, 2024.

⁴ American Banker. [The times they are a-changin when it comes to payments](#). May 1, 2023.

- Almost half of financial institutions support P2P payments for their customers.⁵
- 53% percent of consumers ages 18-25 use P2P applications more frequently than before.

Additionally, in a study conducted by Forbes and OnePoll, research found that half of P2P payment users utilize the applications to combat inflation, which adversely impacts New York's most underserved populations.^{6,7} In this post-COVID, inflationary economy, it is important that policymakers support trusted financial technologies that reduce financial barriers for consumers.

S.8677B Harms Consumer Safety and Economic Security

S.8677B would force consumers to use a personal identification number (PIN), to initiate various transactions on P2P payment applications. Although this requirement seemingly adds an additional layer of security, it actually exposes consumers to an increased risk of hacking and fraud.⁹

Cybersecurity experts and standard setting bodies support the use of biometrics when engaging in secure transactions, rather than a PIN.¹⁰ For instance, the National Institute of Standards and Technology found that “biometric technologies can provide higher degrees of security than [PIN] technologies employed alone.”¹¹ Biometric inputs, such as thumbprints and facial recognition scans, are the preferred method of entry and data collection for the U.S. Department of Homeland Security, U.S. Department of Justice, and Intelligence Community.¹²

Additionally, a global survey conducted by the Entrust Cybersecurity Institute found that consumers overwhelmingly disapprove of PIN security.¹³ The results of the survey came from 1,450 consumers spanning 12 countries. The survey found that consumers prefer biometric inputs when accessing digital information:

⁵ U.S. Faster Payments Council. [2023 Faster Payments Barometer](#). April 17, 2023.

⁶ Forbes. [Study: Half Of Payment App Users Are Splitting Bills In New Ways Due To Inflation](#). December 2, 2022.

⁷ Harvard T.H. Chan School of Public Health. [Poll: High U.S. inflation rates are having a more serious impact on Black Americans than white Americans](#). August 8, 2022.

⁸ Sienna College Research Institute. [Majorities Spending More Today on Groceries, Housing & Transportation than 2 Years Ago; 70% Say Inflation Still a Big Problem](#). March 13, 2024.

⁹ NBC Washington. [Criminals are targeting your phone and passcode. Here's how to protect your devices](#). February 4, 2024.

¹⁰ Experian. [Which is Safer: Biometrics or Passwords?](#) August 2, 2022.

¹¹ National Institute of Standards and Technology. [Facial Recognition Technology](#). February 6, 2020.

¹² National Institute of Standards and Technology. [Biometrics](#). December 1, 2021.

¹³ Entrust Cybersecurity Institute. [The Future of Identity Report](#). March 27, 2023.

- Only 6% of consumers said passwords are the most secure method of accessing digital information.
- 58% of consumers prefer to use biometrics, instead of passwords.
- 51% of consumers reset their password once a month or frequently because they could not remember it.

Given this information, S.8677B would increase barriers to financial access for consumers who forget their passwords. As written, S.8677B would lock consumers out of their applications if they forget their PIN multiple times within a day. And according to the data, this is likely. This burdensome requirement would harm New York's most vulnerable populations that rely on P2P payment services to access goods and services.

For these reasons, **we respectfully urge you to veto S.8677B/A.9340**. Thank you for your leadership in promoting sensible policies that increase consumer protections and financial access for all New Yorkers.

Sincerely,

A handwritten signature in black ink, appearing to read "Brianna January". The signature is fluid and cursive, with the first name being more prominent.

Brianna January
Director, State & Local Government Relations
Northeast Region
Chamber of Progress