



AFSA Connect

January 2018

AFSA By the Numbers

1115 Vehicle
Finance Division
Members

1197 Members serving on
Committees, Boards and
Working Groups

678 Independent
Section Members

**452 Member
Companies**



**48 New Member
Companies in 2017**



2,100+ attended AFSA conferences in 2017

214 Consumer Credit Company Members
198 Business Partners
57 Premier Business Partners
33 State Association Members
5 Commercial Finance Members
2 International members



25+ State, Federal & Regulatory Comment Letters and
Amicus Briefs
200+ Capitol Hill Meetings
5,000+ Media Mentions
50+ Media Backgrounders, Meetings and Press
Releases
69 million+ Media Reach in 2017



769 members participated in AFSA Webinars in 2017
9,500+ Newsbriefs Recipients Weekly
20,000+ AFSA University Users
450+ Active AFSA*Track Users

ABOUT AFSA

Based in Washington, D.C., the American Financial Services Association (AFSA), now in its 102nd year, is the national trade association for the consumer credit industry, committed to protecting access to credit and consumer choice. Its 452 member companies include traditional installment lenders, vehicle finance/leasing companies, consumer and commercial finance companies, mortgage lenders and servicers, payment card issuers, state associations and industry suppliers. For more information, visit www.afsaonline.org.



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ON MEMBER ENGAGEMENT

**“The whole is more than the sum of its parts.”
-Aristotle.**

The American Financial Services Association (AFSA), now in its 102nd year, has always worked to ensure that access to safe, affordable credit be maintained for all Americans. Over the last 100 years, the association has grown and adapted to fit a changing world and a growing American economy.

That growth and adaptation are driven, not only by the staff who work in Washington, D.C. and around the nation for the American Financial Services Association, but also by the members who have decided to work together for the advancement of an industry that they know benefits both ordinary Americans and the country.

That member engagement has fueled the association and has continued to propel it through 2017 and well into the future. Membership continues to grow, with more than 450 companies, including 48 new members this year. The 1200 plus individuals serving on AFSA's boards, committees, working groups, task forces, and councils are the driving force behind many of the successful AFSA initiatives this past year.

And engagement continues to grow from industry suppliers and vendors, AFSA's Business Partners. Membership has grown by 27 percent over the last five years and sponsorship at conferences has increased by more than 113 percent in the same period.

Aristotle was on to something – certainly, a whole is more powerful than the sum of its disparate parts. We saw this during the natural disasters that struck Texas, Florida, Puerto Rico and California this year. The entire consumer credit industry banded together to provide critical assistance to those in need. From loan modifications to assistance with voluntary protection products to simply helping clean up, AFSA members engaged with their communities because they are part of their communities.

Aristotle's saying is true, but we shouldn't diminish the parts for the whole. Working with AFSA staff, each member company is critical to the association's mandate of ensuring Americans maintain access to quality credit and that the association continues to grow and adapt.

FEDERAL AFFAIRS

Members are crucial to AFSA's advocacy efforts at the federal level. AFSA's team relies on information from its members to convey the critical importance access to credit has in the communities they serve. In 2017, AFSA members' engagement led to significant progress on a number AFSA's priority issues, as well as those that presented immediate concerns to AFSA member businesses.

CONSUMERS WIN WITH LIMITED SMALL-DOLLAR LENDING RULE

AFSA and its members continually met with the Consumer Financial Protection Bureau (CFPB) to help the agency understand the important role that safe, responsible credit, like traditional installment loans, plays in the American economy. AFSA submitted an in-depth letter to the CFPB, explaining why the rule should not cover traditional installment lenders. To reinforce this position, AFSA members sent hundreds of letters to the CFPB opposing the rule as proposed in 2016.

In October, the CFPB unveiled its final rule governing small-dollar lending, which, thanks to the efforts of AFSA and the significant engagement of its members, generally excluded traditional installment lenders.

Advocacy

Advocacy is one of the best ways to see member engagement at work in the everyday life of the association. Without the knowledge, direction and expertise of engaged business owners, AFSA's advocacy would not have the same impact. AFSA members bring critical credit opportunities to their communities and equally important arguments in state capitols around the country.



Richard Cordray, then-Director of the CFPB, speaks at the AFSA Annual meeting weeks before stepping down from his post.

HIMPLER TESTIFIES BEFORE CONGRESS

In April, AFSA Executive Vice President Bill Himpler testified before House Financial Services Subcommittee on Financial Institutions and Consumer Credit in a session entitled Examination of the Federal Financial Regulatory System and Opportunities for Reform. Himpler addressed the Consumer Financial Protection Bureau's (CFPB) regulatory overreach of the state-regulated consumer credit industry and the need for Congress to reform the bureau's practices, approve its budget, and amend its structure.

CONGRESS OVERTURNS ARBITRATION RULE, BENEFITING CONSUMERS

The CFPB unveiled its final rule banning mandatory arbitration in July. The rule was a clear handout to the plaintiff's bar, pushing consumers toward expensive and drawn out class action lawsuits. This rule clearly did not meet the standard in the Dodd-Frank Wall Street Reform and Consumer Protection Act, which says that any arbitration rule must be in the public interest and must be for the protection of consumers.

AFSA and other financial trade associations filed a legal challenge to the Bureau's rule noting that it was not in the public interest and not for the protection of consumers. AFSA and its members also conveyed the benefits of arbitration for consumers to lawmakers on Capitol Hill, leading to Congress rescinding the rule in October using the Congressional Review Act.



Mick Mulvaney, Director of the Office of Management and Budget, was a headline speaker at the AFSA Annual Meeting. He was recently named Acting Director of the CFPB by President Trump.

HOUSE PASSES CHOICE ACT, FORESHADOWING MUCH NEEDED FINANCIAL REG RELIEF

AFSA remains committed to rolling back federal overreach and burdensome regulations that have hindered the consumer lending marketplace, and with the help of an engaged membership, the association has had great success this year pushing for important components of the Financial CHOICE Act.

AFSA continues to engage members of Congress on the CHOICE Act, including ensuring the legislation removes the CFPB's unfair, deceptive, or abusive acts or practices enforcement authority, places the Bureau under appropriations, eliminates the CFPB's supervision of small-dollar credit, and prohibits the publication of consumer complaints.

Thanks to direct engagement from AFSA members, the CHOICE Act passed the House of Representatives in June and spurred the publication of a Treasury Department report that pushed for similar reforms.

Legislation on Annual Privacy Notice Parity Advances

The Gramm-Leach-Bliley Act requires financial institutions to send privacy notices to customers if they shared certain personal information. In 2015, Congress enacted an exemption from the mailing requirement for many financial institutions. AFSA has been working with a group of bipartisan legislators to expand the exemption to include vehicle finance companies. The bill passed out of the House of representatives in December with bipartisan support.

STATE

AFSA's State Government Affairs Department works directly with members at the state level to identify issues, outline strategies, and get issues resolved. From working with legislators directly on bill language to protecting access to credit on the airwaves, AFSA places its resources where an engaged membership requests them.

Colorado - Members Engage Directly with Regulators

Colorado proposed rules implementing a vehicle tax credit transferable at the time of purchase, but the proposed rule failed to take into account indirect finance transactions. AFSA engaged with its members to review the proposed rule and provide written feedback to the state. Following its written comments, AFSA coordinated several conference calls with state officials and AFSA members to allow members an opportunity to ask questions, raise concerns, and to educate the state on the indirect auto finance process.

Florida - Member Working Group to Help AG in Fraud Investigation

Following a rash of lien fraud incidents in South Florida, reported by AFSA members doing business in the state, AFSA assembled a working group and held multiple calls with members to identify patterns and collect information on the fraud. AFSA worked with its members to provide this information to the state attorney general's office and a private investigator to help identify the parties involved.

Nevada - AFSA Advocates on Rate Cap Legislation

With the Nevada legislature set to consider multiple rate cap bills during its 2017 legislative session, AFSA Senior Vice President Danielle Fagre Arlowe traveled to Nevada to meet with AFSA members doing business there and provide testimony during a committee hearing. Arlowe and AFSA's members met with state legislators and emphasized the negative effects the proposed rate cap would have. Following AFSA's efforts, the legislature did not move forward with the rate cap for installment lending.

New York - AFSA works with Members to Press NYDFS for Cybersecurity Changes

AFSA continued to work the New York Department of Financial Services (NYDFS) on its proposed cybersecurity requirements. AFSA's first comment letter on the 2016 proposal identified many problems with the proposed requirements. AFSA requested that any cybersecurity requirements allow companies to take a more risk-based approach. After industry backlash, NYDFS released a revised proposal December 2016 that would allow companies to establish cybersecurity programs based on internal risk assessments. The revised proposal still contained several problems, and AFSA's second letter requested additional revisions to the requirements and requested that NYDFS broaden the exemptions for certain covered entities. When the final version of the rule was released, the exemptions for covered entities had been broadened. AFSA continues to engage with its members regarding difficulties complying with the new requirements and to provide reminders for effective dates and other deadlines.



Franc Lee, President & CEO of First Tower, LLC, and Immediate Past Chair of the AFSA Board, addresses the Annual Meeting in Washington, DC.

South Carolina - AFSA meets with Officials on Ancillary Product APR

The South Carolina Department of Consumer Affairs released a notice of intent to review a decades-old declaratory ruling, which allowed for the sale of non-credit insurance at licensed locations of finance companies in the state. As part of its notice, the Department indicated that it believes the cost of certain ancillary products should be included in the calculation of the finance charge. AFSA engaged with members affected by the review of the declaratory ruling and the state financial services association to hold calls and collect written feedback to submit to the Department opposing the review. Following AFSA's feedback, the Department invited AFSA to participate in a meeting to further discuss the Department's review efforts and next steps that will be taken. During the meeting, which was also joined by several of AFSA's members, the association expressed concerns with the Department's proposed review.

South Dakota - AFSA Working Group Successful in Protecting Consumers from Harmful Rate Cap

Initiated Measure 21 (IM 21), which imposed an all-in 36 percent APR cap on loans in South Dakota, was approved by South Dakota voters during the November 2016 election, and the rate cap went into effect one week later. AFSA assembled a working group of members and led a contingent to the state to meet with representatives of the Division in January 2017 to address industry concerns. AFSA engaged with lobbyists in the state to pass legislation that would exempt retail installment sales contracts from the all-in rate cap and carve out post-default fees from inclusion in the rate cap. The legislation passed both legislative chambers unanimously and was signed by the governor in March. AFSA continues to monitor the state for new interpretations or legislation that would affect AFSA members.

Texas - AFSA-Drafted Fix Signed into Law

The Texas Office of the Consumer Credit Commissioner (OCCC) proposed and implemented rules requiring certain disclosures in the event a borrower defers payment on a retail installment contract. AFSA members reported major compliance challenges with the regulations, so the association assembled a working group on the issue. AFSA organized multiple conference



Ginger Herring, President & CEO, 1st Franklin Financial Corporation, and Chair of the AFSA Board, leads the applause at the Annual Meeting.

calls to find a solution, initially among AFSA members, but later including OCCC representatives. AFSA also met with the OCCC directly to raise member concerns with the new rules. Following these efforts, AFSA engaged with members to draft legislation that would permanently address the problems with the new requirements and worked with a lobbyist in the state to pass the legislation. The legislative fix passed both houses, was signed by the governor, and went into effect in September.

Vermont - Members Activate AFSA Resources

AFSA was alerted about draft legislation in the Vermont Senate that would have significantly altered the repossession process in the state and imposed costly new requirements and waiting periods. When a source in the state indicated that the legislation was likely to move within a day, AFSA immediately reached out to members for feedback on a draft comment in opposition. The repossession provisions were part of a larger draft bill being considered in committee. AFSA filed comment and was successful urging the committee to strip the repossession language from the bill.



LAW AND COMPLIANCE

AFSA'S LAW COMMITTEE – MEMBER ENGAGEMENT AT THE FOREFRONT

AFSA's Law Committee is comprised of more than 200 general counsels, senior attorneys, and legal professionals striving to protect access to safe and responsible credit through our nation's court and regulatory systems. The Law Committee deals with all aspects of the legal environment facing the industry, including legislative issues, regulatory matters, and litigation. The committee helps to create and develop AFSA's legislative and regulatory strategies that affect AFSA member companies. Among the benefits of participation on the Law Committee are remaining up-to-date on issues that confront member companies each day, opportunities to network and exchange ideas with other in-house counsels in the industry.

AFSA member engagement is epitomized by the hard work and dedication of the committee. In 2017, the committee submitted more than 15 comment letters to a variety of different regulatory bodies in Washington, DC, including the CFPB, Federal Trade Commission (FTC), Department of Defense (DoD) and Federal Communications Commission (FCC).

Additionally, the committee is directly involved in a variety of court cases, through its submission of amicus briefs, including two with the Supreme Court in 2017. Law Committee members worked with AFSA and other financial trade associations to file a legal challenge to the CFPB's arbitration rule. The Law Committee and its members are engaging directly with a number of different issues critical to the consumer credit industry, including:

The modernization of the Telephone Consumer Protection Act (TCPA) AFSA member companies wishing to communicate with their customers are being hampered by a law passed decades ago. Originally aimed at telemarketers making robo-calls, the TCPA has been abused by plaintiffs' attorneys. In meetings and letters, AFSA has been asking the administration, the FCC and members of Congress to modernize the TCPA

The creation of the Cybersecurity Working Group

In response to a likely increase in the number of proposed state cybersecurity laws, AFSA's Law Committee created a cybersecurity working group with a goal of drafting model cybersecurity legislation.

A common sense approach to debt collection

The Law Committee's debt collection working group has been writing to the CFPB emphasizing the need to separate any potential rulemakings for creditors and debt collectors.

Fair Lending Implications of the Use of Alternative Data

Law Committee Members have been discussing the challenges and opportunities that arise from the use of alternative data sources. The opportunities include expanded access to credit, but there are business risks to consider when using the data.

COMPLIANCE DEPARTMENT GROWS WITH MEMBERSHIP, SET TO HOST FIRST LAW & COMPLIANCE SYMPOSIUM

AFSA's Compliance Department has developed and grown with its members over the years. As AFSA member companies take a closer look at their compliance challenges, AFSA's Compliance team has helped shepherd them through the tangled network of state and federal regulatory passageways. Additionally, the Operations and Regulatory Compliance Committee (ORCC) has helped AFSA shape its priorities with regard to regulatory compliance issues. The ORCC addresses the policies, guidance, enforcement actions and regulations issued by federal government and agencies that impact the association's members. The committee assists member companies in dealing with compliance issues the industry faces by developing industry resources and educational materials.

The result has been an uptick in whitepapers and resources on critical topics, weekly and monthly tracking communications and ultimately the first ever Law & Compliance Symposium in San Diego January 31-February 1, 2018 [see page 24 for more].

Featured Committees

The National Title Solutions Forum (NTSF) helps members deal with state vehicle title administrations and focus on a variety of issues, including:

- Issuing an Electronic Lien and Titling guideline of lender best practices for the 21 states planning to implement ELT systems.
- Working with the states of Virginia, Georgia, Montana and Texas Department of Motor Vehicles in resolving title delivery time and disposition on repossessed vehicles.



LAW + COMPLIANCE

In response to the ever-evolving regulatory environment, the ORCC, in conjunction with the Compliance Department, has developed a number of ORCC Working Groups:

- **Credit Reporting Working Group** - meets monthly to discuss recent credit reporting trends and issues that face members.
- **Telephone Consumer Protection Act Working Group** – meets to discuss key issues relating to the TCPA and works closely with the Law Committee to develop strategies for its modernization.
- **Synthetic Identity Theft Working Group** – meets to highlight this growing trend of fraud and work as an industry to ensure that lawmakers and regulators are aware and working toward a solution for the protection of consumers.

In addition to their scheduled meetings, these groups meet whenever necessary, such as during the recent hurricanes, where members discussed options for credit reporting in affected areas. These working groups allow members to engage with AFSA, and with one another, to share insightful information and continue to develop meaningful strategies.

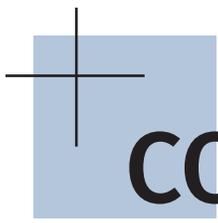
Featured Committees

State Government Affairs Committee (SGA)

The State Government Affairs Department plays an extensive, broad-based role on behalf of AFSA members by comprehensively addressing legislative and regulatory issues on the state level. In addition to direct advocacy, where appropriate, the department monitors virtually all relevant legislation and regulations for AFSA members, updating them on state issues via ongoing legislative reporting, enacted law reports, constant e-mail communication and conference calls on priority issues. The department constantly develops issue management materials, including, but not limited to, talking points, issue briefs, white papers, and 50-state surveys. SGA also holds quarterly state association executive briefings; regular in-person meetings to address members' highest priorities; and an annual State Government Affairs and Legal Issues Forum jointly with state regulators. Members can also access customized comprehensive state legislative and regulatory tracking 24 hours a day from anywhere in the world through AFSA*Track at Focus®.

The Ancillary Products Working Group

The Ancillary Product Working Group, formed in February 2011, reviews litigation and state and federal legislative and regulatory issues regarding ancillary products in all business lines (e.g., credit insurance, debt cancellation agreements, guaranteed asset protection (GAP) agreements, extended service contracts, etc.). The working group holds conference calls monthly, and as needed, and meets annually in-person in the spring.



COMMUNICATIONS AND INSIGHTS

AFSA's Communications Department strives to keep member engagement front of mind for all members by highlighting the activities of the association in Washington and around the nation. AFSA's communications also highlight the various accomplishments and activities of member companies. AFSA spokespeople and subject matter experts meet and work with the media regularly to help tell the positive story of consumer credit. The department also keeps a close watch on trends and metrics about the industry in both the traditional media as well as on social networks – these insights enable AFSA and its members to ensure more consumers have access to the credit they need.

MEMBER MESSAGES & AFSA ALERTS – INFORMING AN ENGAGED AUDIENCE

AFSA's weekly Newsbriefs remains its most popular publication, with more than 9,500 recipients. In 2017, AFSA has made an effort to include more AFSA-generated reporting and content, promoting the things that the association is doing in and around the news. Newsbriefs enjoys a 25 percent open rate and will benefit from a complete redesign in 2018.

That focus on AFSA-generated content brought about the need to supplement clips from mainstream media sources. Next year, we'll begin sending Daily Clips Monday-Wednesday and Friday. This opt-in email will be a morning digest of news clips of AFSA in the media, as well as state and national news affecting our industry. Newsbriefs will continue on Thursday.

In 2017, we worked closely with our staff colleagues to send more than 100 member messages on:

- Closely tracking the Trump Administration transition process (Transition Tracker);
- The first 100 days of the new administration (100 Day Tracker);
- The debate over and House passage of the CHOICE Act;
- The CFPB's small dollar lending and arbitration rules; and
- The latest news on politics and personalities in Washington D.C.



POSITIVE MEDIA RELATIONS COME FROM POSITIVE MEDIA RELATIONSHIPS

The Communications team continues to build upon a proactive approach to media relations, building quality working relationships with journalists both in Washington and around the nation. On the automotive side, AFSA draws reporters to our Vehicle Finance Conference each year from all the major trade journals covering automotive finance and the retail channel. We accommodate them with access to the speakers in an interview room following speeches, and host a journalist-only dinner. AFSA has enjoyed many months of follow up stories, citing the vehicle finance conference as the source of those stories.

In March, AFSA went to Detroit for the second straight year to make the rounds of the major auto trades culminating in President & CEO Chris Stinebert appearing on AutoLine This Week, with John McElroy, a PBS show that appears in 20 markets around the country. In June, during the AFSA Investors Conference in New York, we visited with automotive media, including Bloomberg, forbes.com, and CNN Money.

For journalists who cover financial services issues on Capitol Hill, in March during the installment lenders summit, AFSA hosted journalists and some CEOs for a backgrounder dinner to help journalists understand the impact of federal regulation on their consumers. In July, the communications team issued a press release in response to the CFPB's rule to ban arbitration which saw pickup in more than 100 publications, including POLITICO, The Hill, American Banker and a number of others.



EXPANDING AFSA'S REACH

AFSA worked hard to get out in front of the CFPB's small-dollar lending rule announcement and was mentioned in 129 different stories, many of which were in trade publications. At the end of August, AFSA President and CEO Chris Stinebert was quoted in the Wall Street Journal in a story reporting that the CFPB's small dollar rule would target loans 45 days or less. That article garnered wide circulation and expanded AFSA's reach around the country.

When AFSA filed its lawsuit challenging the CFPB's arbitration rule, AFSA worked successfully with other trade associations on a public relations strategy and was able to secure interviews with a number of outlets which led to a quote and headshot of Stinebert in American Banker as well as AFSA mentions in other major publications.

Elizabeth Dexheimer of Bloomberg News participated in the media roundtable discussion at the AFSA Annual Meeting.

AFSA INSIGHTS

The internet and social media have made it easier than ever to find, track and react to growing trends in any marketplace – consumer credit is no different. AFSA uses a variety of tools to measure its effectiveness in the web space as well as to catch any up-and-coming issues before they become critical for the industry. AFSA members engage directly with AFSA on social media and through more traditional means, as seen through the two surveys that AFSA participates in each year.

RSM US LLP/AFSA Independents Annual Financial Performance Results

For over 25 years, RSM US LLP has conducted a financial performance survey of the independent consumer finance industry that included results and insights on key areas including growth, funding, advantage, profitability, income, and expenses. The 2017 survey included independent consumer finance companies representing \$15.7 billion in assets. In 2016, total profits remained at strong levels due to low-interest costs and manageable but higher levels of bad debt. The growth of direct loans had its best year in 5 years and was 20.2 percent in 2016 compared to 12.9 percent in 2015 as economic conditions continue to recover.

NAF/AFSA Non-Prime Automotive Financing Survey

The non-prime automotive financing sector experienced the sixth consecutive year of market growth in 2016. Co-sponsored by the National Automotive Finance (NAF) Association and AFSA, the survey is a benchmarking tool to identify trends in the industry. Through the combined efforts of both associations, 54 companies participated in this year's survey. This is the 21st year of the survey, started by NAF, and the third year both trade associations have teamed up as co-sponsors. Contributing to the report are TransUnion, FactorTrust and Black Book, all providing additional market insight by supplying data and analysis on nonprime auto financing. Benchmark Consulting International administered the survey and provided the report analysis.

Featured Committees

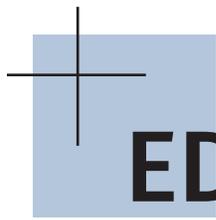
Marketing & Communications Committee

The Marketing & Communications Committee (MCC) provides AFSA members with a forum to discuss communications and marketing topics and relevant to the consumer finance industry. Members share best practices with one another and brief AFSA staff on communications campaigns, marketing materials, and press-related inquiries.

Vehicle Commercial Credit Committee

This member-driven committee had ongoing discussions with J.D. Power & Associates in 2017 at the recommendation of the AFSA Commercial Credit Subcommittee and negotiated discounted fees for members to take advantage of the AutoTec VIN CrossCheck data-sharing platform. The overall goal is to create an industry-wide database to supplement the audit process and reduce collateral risk. Several companies have integrated and/or are moving to integrate into the AutoTec database. The committee is in the process of determining member interest in tracking retail data as part of this database at no extra cost.

Based on a survey, the top six areas of interest to be explored at future meetings are Dealer Activity, Vehicle Market, Inventory Audits, Program Development, Operational Efficiencies and Best Practices and “Blue-Sky” Financing.



EDUCATION AND RESOURCES

One of the hallmarks of AFSA membership is the variety of educational opportunities and robust resources available to members. AFSA takes its lead from AFSA members here as well – talking points, issue briefs and white papers prompted by conversations with members eventually help shape key policy. Webinars keep members on the cutting edge of financial services knowledge. And, AFSA’s education opportunities, including the two top-notch programs from the AFSA Education Foundation, help members navigate the consumer credit industry.

AFSA WEBINARS – KNOWLEDGE AT A MOUSE CLICK

AFSA continues to produce high-quality, timely webinars for AFSA members, covering key hot topics in consumer credit. In early 2016, AFSA launched the Business Partner Webinar Program, which allowed AFSA’s Premier Partners to share their product and service expertise directly with AFSA membership. Programs feature educational, evergreen content and focus on takeaways that attendees can immediately implement at their companies.

The program has been incredibly successful in 2017. Each webinar averages about 60 attendees, with the highest topping out at 125. Statistics show that more than 65 percent of the audience is engaged during the entire presentation, which is far above industry average. Webinars are open to AFSA members only, but AFSA provides a ready and willing audience of C-suite executives and decision makers, making the program an ideal choice for Business Partners to reach other AFSA Members. All webinars are archived for on-demand viewing in the AFSA Webinar Resource Center.

AFSA members engage directly with the association’s webinar program by highlighting key issues that would benefit from AFSA coverage. The association hosts its own webinars in addition to Business Partner presentations, with an emphasis on cutting-edge information.



AFSA members received a perspective on the Trump Administration when Mick Mulvaney, OMB Director, was interviewed by AFSA’s Bill Himpler at the Annual Meeting.

AFSA UNIVERSITY

AFSA University (AFSAU) membership continues to grow, serving 82 of AFSA's member companies and over 23,000 company employees. AFSAU recently released a module on vendor management to train company employees on the CFPB's expectation that financial institutions have an effective process for managing the risks of service provider relationships. In 2018, AFSA's incredibly popular Branch Operations Basics (BOB) program will become part of AFSAU.

COMPLIANCE RESOURCES RESPONDING \ TO MEMBER NEEDS

AFSA's Compliance Department constantly develops useful new resources for the members of AFSA, led by the needs of members themselves. The team is currently in the process of creating a CFPB Enforcement Tracker, an interactive system that will allow members to look at different CFPB Enforcement Actions based on the topic addressed in the action, such as debt collection and compliance management systems. The Compliance Department is working to provide more opportunities for AFSA members to interact with stakeholders involved in the credit reporting function to address members' questions and concerns.

State-focused Resources Led by AFSA Members

AFSA's State Government Affairs Department produces a large volume of resources that are available to AFSA members 24x7. Resources focus on state issues but tend to point to broader trends in the consumer credit market place.

In 2017 SGA produced:

- White Papers – AFSA published new white papers on federal regulation of the financial services industry; financial exploitation of elderly and vulnerable adults; guaranteed asset protection (GAP); all-in APR trends; payroll cards; state cybersecurity regulations; and the ongoing evolution of the fintech industry.
- Talking points – AFSA published new sets of talking points on all-in APR, financial inclusion, reverse mortgages, and flex loans.
- Issue briefs – AFSA published new issue briefs on debt settlement companies, Automatic Licensing Plate Recognition, executive personal financial information, GPS and payment assurance devices, and live checks.
- GAP refunds 50-state survey – AFSA published a 50-state survey examining state requirements for refunding unearned GAP income and whether states place that responsibility on creditors.

EDUCATION AND RESOURCES

TALENT ACQUISITION AND RETENTION – A HIGH PRIORITY FOR AFSA MEMBERS

Finding and keeping good talent and the challenges of managing a diverse workforce are critical in today's highly competitive financial services industry. As a result, AFSA presented three sessions at conferences this year at the recommendation of its members. The first, presented at the Vehicle Finance Conference in March focused on "HR Management: Cultivating a Growth Mindset Organization. In April, a session focused on "Attracting, Retaining and Engaging a Multigenerational Workforce." Last October, the session focused on "Human Capital Trends: Rewriting the Rules for the Digital Age."

Featured Committees

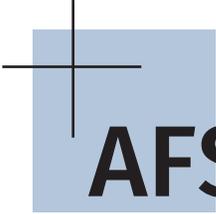
The Women's Leadership Council (WLC)

The AFSA Women's Leadership Council (WLC) held its fall meeting during the AFSA Annual Meeting in Washington, DC with guest speaker Jay Newton-Small, former Washington correspondent for TIME and the author of "Broad Influence: How Women Are Changing the Way America Works." Incoming WLC Chair, Kristin Karwat, CEO, Gateway Financial Solutions, shared her vision about the Council's mentorship initiatives that include a resource library of WLC member profiles and areas of expertise and interests. This year, an additional Wine & Cheese Reception enhanced the WLC networking opportunities.

The WLC members also thanked Elizabeth Webb, Exeter Finance Corp, for her leadership as Chair this past year. The "gavel" was passed to incoming Chair Kristin Karwat, CEO, Gateway Financial Solutions.



The Women's Leadership Council gathers at the AFSA Annual Meeting.



AFSAEF – A RENEWED ROADMAP FOR FINANCIAL FITNESS

AFSA member engagement is on full display when it comes to the AFSA Education Foundation (AFSAEF), which ensures that consumers have access to quality financial education resources. To date, the AFSAEF has over 810,000 MoneySKILL® users in all 50 states and 38 countries. Through the leadership of its board and engaged members, the Foundation is acting on a new five-year strategic plan, based on four pillars of impact. Through the strategic plan, AFSAEF seeks to grow MoneySKILL users to one million.

USER EXPERIENCE AND ACCESSIBILITY

The MoneySKILL platform has been updated for greater program stability and to offer an enhanced, engaging user experience. The program is now accessible via mobile devices, more user-friendly, with a number of features based on teacher requests. Additionally, the student interface includes a new modern and responsive design that makes it easier to use on mobile devices, as well as traditional desktops and laptops. Much of this work was driven by hundreds of responses received directly from educators.

FINANCIAL EDUCATION IMPACT

Research continues on the effectiveness of the MoneySKILL program, led by AFSAEF's advisor Dr. Lewis Mandell, Professor of Finance and Dean Emeritus at the State University of New York at Buffalo. In a random control trial, high school seniors from two schools in different states were divided into an experimental group, which took the MoneySKILL program, and a control group, which did not. Two years later, a follow-up survey will attempt to determine ways in which the MoneySKILL education affected financial literacy, attitudes, and behavior.



Target Outcomes for AFSAEF

TARGETED, SEGMENT STRATEGIES

AFSAEF leaders are looking at segment strategies with the goal being to increase middle and high school usage but also adult enrollment such as AFSA member employees and customers. The Foundation is also planning for a Hispanic partnership and outreach effort in 2018.

MARKETING AND MEMBER ADOPTION

A subgroup of the Foundation Board was formed in 2017 to focus on full, next-generation fundraising. The strategic plan and MoneySKILL progress report were delivered at the Annual Meeting and included a relaunch of development efforts, enhanced learning platform, impact, and testimonials from teachers and students.

- Become a better recognized financial education leader.
- MoneySKILL will be recognized by AFSA members, teachers, and students of all ages as the financial education program that positively impacts peoples' financial confidence and capability.
- Manage and Sustain Growth of MoneySKILL and the Foundation broadly.

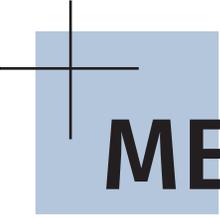
THE EDGE, LEADERSHIP DEVELOPMENT PROGRAM PROVIDE KEY EDUCATION TO CONSUMER CREDIT LEADERS

THE EDGE was held last summer, June 4-9, for 107 attendees at Mercer University. This important program provides high-quality training for branch managers and team leaders by offering layered modules of learning. Management I courses provide a sound basic knowledge for financial managers in time management, consumer lending, financial services law, communications, rates and profits, performance management and business ethics. Management II courses relate to financial statements, competitive environment, employment and financial services law, funding strategies, market strategies and the monetary system, and being a great coach at work. A highlight each year for the participants is the opportunity to hear from the industry's top executives who share their personal formulas to be successful in a fast-paced and ever-changing environment.

The AFSA Leadership Development Program was held July 15-21 at the University of North Carolina in Chapel Hill with 32 participants from 13 member companies attending. This provided an opportunity for AFSA member organizations' future leaders to receive high-quality instruction focused on leadership, strategic planning, presentations, ethics, negotiations, and change. A highlight of this program continues to be the power of networking with new acquaintances - the future leaders of the industry.



Tim Stanley, Chair of the AFSA Education Foundation Board, leads the discussion. He is Chairman of the Board of Heights Finance Corporation.



MEETINGS AND CONFERENCES

There is no greater example of the power that an engaged membership has – and the value of AFSA membership – than the association’s meetings and conferences. Each and every session, from keynote speakers to breakout education sessions, are chosen by and for AFSA members. Additionally, AFSA’s meetings allow for one of the great advantages of AFSA membership – peer-to-peer networking. From expositions to receptions, AFSA members engage with one another, sharing best practices and working together to increase access to consumer credit.

THE VEHICLE FINANCE CONFERENCE AND EXPOSITION

The 21st annual Vehicle Finance Conference and Expo was held at the Sheraton New Orleans, last January. This year’s conference theme asked the provocative question, “Are we there yet?” The theme may remind you of a long road trip with your kids, but it raised an extraordinarily important question. It provoked members to ask themselves if their companies are ‘there yet’ on issues like compliance, cybersecurity, customer satisfaction, and technology. AFSA members were challenged to answer that question. The expo floor, as well as the many events surrounding the conference, was full of members engaging with one another to get closer to an answer for themselves.

THE INDEPENDENTS CONFERENCE AND EXPOSITION

The 34th Independents Conference and Expo pushed independent consumer and sales finance companies to #EmbraceChange as they moved forward into 2017 and beyond. Held at the Encore at the Wynn in Las Vegas, attendees heard from speakers that embraced the change in their own lives and careers, including Lieutenant Colonel (retired) Justin Constantine and keynote speaker John King, Chief National Correspondent with CNN. Breakout sessions and the expo drew a critical link

between an engaged membership and changes that the industry sees in Washington and around the nation.

AFSA/NACCA JOINT FORUM

AFSA members engage directly with regulators at the state level through the association’s joint forum with the National Association of Consumer Credit Commissioners (NACCA), held in May at the Westin Seattle. Headed up by the State Government Affairs Department and Committee members, the AFSA/NACCA Joint Forum provides a critical forum for joint learning between regulatory and financial services providers at the state level. Topics ranged from consumer credit trends to an overview of compliance catch-22s. The meeting closed with the popular meet-the-industry, meet-the-regulators’ joint reception.

AFSA’S INVESTOR CONFERENCE

AFSA’s Investors Conference is an example of member engagement in action. At the request of AFSA member companies, the conference provides a venue for financial presentations to fixed income investors, as well as providing content-rich general sessions and space for small group discussions. The 2017 edition, held in New York City in June, provided a forum for companies to meet with and discuss key opportunities with investors.

101ST ANNUAL MEETING

The highlight of the year was AFSA's 101st Annual Meeting held in Washington, DC. The location allowed for AFSA members to engage directly with their elected representatives on Capitol Hill during AFSA's Hill Visits, bringing the message of quality consumer credit and access directly to the halls of Congress.

The association was pleased to welcome a variety of speakers including Mick Mulvaney, Director of the Office of Management and Budget who now has the additional role of Acting Director of the CFPB, as well as House Financial Services Committee Chairman Jeb Hensarling (R-Texas). Right on the heels of the association's efforts on small-dollar loans, the then-Director of the Consumer Financial Protection Bureau (CFPB) Richard Cordray joined attendees to discuss the rule, as well as the role of the Bureau.

COMING IN 2018 – FIRST EVER AFSA LAW & COMPLIANCE SYMPOSIUM

Compliance continues to remain top of mind for all AFSA members. AFSA's first Law & Compliance Symposium will help members meet those challenges by providing insights and guidance on critical federal and state compliance

issues for the financial services industry. The symposium is geared toward companies of all sizes, from large, publicly traded companies, to small, privately-owned businesses. The meeting will focus on compliance with direct and indirect auto finance, traditional installment loans, payment cards, and mortgage loans.

NADA, AFSA COLLABORATE FOR ALL ENGAGED MEMBERS

AFSA and NADA (National Automobile Dealers Association) collaborated on the eighth annual AFSA/NADA Executive Forum co-chaired by Vince Rice, Chair, AFSA Vehicle Finance Board, and Chief Operations Officer, Hyundai Capital America, and Mark Scarpelli, 2017 Chair, NADA. This invitation-only event features, over 30 top executives from AFSA vehicle finance companies that primarily work with franchise dealers. The leadership of NADA's dealer body attended along with representatives from the American International Automobile Dealers Association (AIADA), Automotive Trade Association Executives (ATAE), National Association of Minority Automobile Dealers (NAMAD). Both AFSA and NADA surveyed their respective attendees about their top industry concerns and opportunities. Top concerns were cybersecurity, new/used vehicle values and managing voluntary protection products.

INDEPENDENT AUTO FINANCE EXECS GROUP GROWS TO 36 COMPANIES, 56 REPRESENTATIVES

This group meets at the AFSA Vehicle Finance Conference, Independents Conference, and Annual Meeting. Each meeting is packed with information from guest speakers and peer-to-peer networking opportunities to share best practices, operational efficiencies, and technology improvements. Auto financing trends and statistics are discussed. Top legislative issues affecting indirect auto financing and AFSA's industry response are presented. The Group works with the National Independent Automobile Dealers Association (NIADA) on issues of mutual interest and educational opportunities



Jeb Hensarling, (R-Texas) Chairman of the House Financial Services Committee and the author of the CHOICE Act, addressed AFSA's Annual Meeting.

INDUSTRY RECOGNITION

One of the wonderful exemplifications of member engagement is the recognition of the thought leaders in the consumer credit industry. Each year, AFSA members recognize their peers through three awards saluting those who make a commitment to the broader AFSA goal of protecting access to consumer credit.



AFSA Board Chair Ginger Herring, President and CEO of 1st Franklin Financial Corporation, presents the DSA Awards to (from left): Rex Ellison, President & CEO, Republic Finance, LLC; Scarlett Smith, Vice President Sales, FIS; and Andrew Stuart, President & CEO, TD Auto Finance.

Outstanding Independent Award & Outstanding Employee

AFSA presents two awards to four individuals for their leadership and member engagement that contributed to the success of the association and industry.

Outstanding Employee Awards Are Presented During the Independents Conference in April. Seven men and women were selected by their companies to receive this award for their outstanding performance and customer service during the AFSA Independents Conference & Exposition in Las Vegas. They are Kathy Cordell, 1st Franklin Financial Corporation, Billie Denney, Heights Finance Corporation, Barbie Elrod, World Acceptance Corporation, Daniel Evans, Republic Finance, Jennifer George, Sun Loan Company, Cheryl Keith, Personal Finance Company and Dean Manley, Heights Finance Corporation.

During the AFSA Independents Conference & Exposition, April 18-21, 2017 at the Encore at Wynn Las Vegas, Steve Schmelzer, Division President of Personal Finance Company, received AFSA's Outstanding Independent Award presented to him by 2014 Outstanding Independent Tim Stanley, Chairman of the Board, Heights Finance Corporation. The Outstanding Independent

Award is given annually to an individual who has contributed significantly to the success of the financial services industry and the AFSA Independents Section through active involvement and participation in the community and the association.

DISTINGUISHED SERVICE AWARDS

During the AFSA Annual Meeting, October 23-25 in Washington, DC, three executives were honored with the Distinguished Services Award (DSA), the association's highest honor. AFSA created the Distinguished Service Award in 1941 to recognize individuals who have made a difference by contributing to the growth and advancement of the financial services industry and the association.



MEMBER ENGAGEMENT





