

2019 FEDERAL PRIORITIES

CONSUMER FINANCIAL PROTECTION

BUREAU. Congress should reform the CFPB to improve its accountability and transparency. The CFPB should be governed by a bipartisan commission, subject to appropriations and Congressional oversight. In addition, the CFPB should be prohibited from making policy through bulletins that neglect to consider stakeholder input, thereby circumventing the formal rulemaking process. Additionally, Congress should eliminate the Bureau's supervisory authority over financial institutions, returning it to prudential regulators and the states. Congress should also remove the CFPB's (and the states') "abusive" authority and require that all CFPB rules go through a cost/benefit analysis. Lastly, the CFPB's internal, examination, and enforcement procedures should be reviewed to provide a better balance between the needs of the regulator, financial institutions, and consumers.

MOTOR VEHICLE FINANCE. Most consumers who finance a vehicle purchase opt for dealership financing, where credit is extended by the dealer and the resulting retail installment sales contract is subsequently assigned to a finance company, bank, or credit union. The current model of dealership financing promotes competition and enables the consumer to negotiate a fair deal. AFSA cautions against curtailing discretionary pricing of financing, as it could unnecessarily increase the cost of purchasing a vehicle.

SERVING THE MILITARY. AFSA seeks to maintain access to responsible credit for the military community and is committed to educating servicemembers and their families to improve financial literacy. The association and its members will continue to engage with the Department of Defense, the CFPB's Office of Servicemember Affairs, Congress, and other policymakers regarding the Military Lending Act (MLA) and its implementing regulations. AFSA supports the goal of the MLA – protecting military families from harmful credit products – but strongly supports the rights of military families to have access to safe and affordable credit and credit protection products.

SMALL-DOLLAR LOANS. Policymakers should preserve consumer access to small-dollar loans. By capping annual percentage rates (APR), defined to include interest and fees, the government could eliminate access to short-term, unsecured credit for most Americans. The CFPB should be prohibited absolutely – either directly or indirectly – from regulating rates. AFSA remains concerned about efforts to amend the definition of Annual Percentage Rate (APR) under the Truth in Lending Act to include ancillary products.

ANNUAL PRIVACY NOTICE. Congress has provided relief to financial institutions from mailing an annual privacy notice to many customers, so long as this disclosure has not changed and remains available electronically. However, no such relief is provided if the institution shares information with an unaffiliated third party under a marketing agreement subject to opt-out, whereby the paper notice remains a nuisance to the consumer. Congress should provide for the electronic delivery of the disclosure in all cases.

CYBERSECURITY. Financial institutions are subject to privacy and data breach notification requirements under federal and state laws. Yet, consumers remain vulnerable to identity theft and fraud because breaches of personal and financial data commonly occur at retailers and other businesses. Meaningful protections will require cooperation by all industries, and a comprehensive approach to securing this sensitive information of consumers is long overdue. AFSA supports a nationwide standard that preempts state law to promote uniformity and coordination among all entities entrusted with private consumer data.

TELEPHONE CONSUMER PROTECTION ACT. The 1991 statute and the Federal Communications Commission's interpretation do not reflect changes in consumers' use of wireless devices. Current law exposes financial institutions that service customer accounts via telephone to substantial litigation risk over inadvertent and benign violations of the Act. These outdated laws and regulations threaten to deprive consumers of critical information. Congress and the FCC should modernize these protections.

VOLUNTARY PROTECTION PRODUCTS. Credit insurance, debt cancellation, credit protection products, service contracts, and extended warranties play a critical role in delivering financial security to borrowers. AFSA resists efforts to limit consumer choice through misleading disclosures or other unfair regulatory requirements.

CREDIT REPORTING. AFSA supports the voluntary furnishing of consumer information to the credit reporting agencies (CRAs) and Fair Credit Reporting mandates that promote the accuracy and integrity of the information furnished. AFSA also supports the proper handling of direct and indirect consumer credit reporting disputes, and encourages consumers to work with the furnisher or CRAs directly to address any concerns with regard to information in their credit reports.

MORTGAGE LENDING. AFSA supports protecting consumers against unfair and deceptive mortgage lending practices through strong national standards that allow innovation in product development. This ensures affordable access to credit for all Americans while providing mortgage servicers with the greatest amount of flexibility in helping borrowers stay in their home.

SMALL BUSINESS LENDING. The Dodd-Frank Act adds extensive new data collection requirements to the credit application process for small, minority- owned, or women-owned businesses, which will result in significant additional costs for lenders, and a reduction in credit and increased costs for borrowers, without commensurate benefits. AFSA supports ensuring that the collection requirements are reasonable and beneficial.

DEBT COLLECTION. Debt collection laws have inadvertently created unforeseen risk issues for creditors who hold and collect their own accounts, by increasing the compliance burden and limiting creditors' ability to exercise self-help remedies and repossess collateral in which they hold a perfected security interest. These risks can lead to serious disruptions to the availability of consumer credit and increase its cost for consumers. Policymakers should develop strong consumer protections that deal with unscrupulous debt collectors without affecting credit availability and cost.

INDUSTRIAL BANKS. Industrial banks (or industrial loan companies) serve an important role in consumer and commercial lending, and are subject to the same consumer protection laws as other financial institutions. AFSA urges the FDIC to resume granting charters to new institutions, and proceed on the approval of revised business plans under existing charters.

BANKRUPTCY. AFSA supports the bankruptcy code as currently written and will monitor legislative proposals that would change the dischargeability of consumer debt.

CROSS-BORDER TRANSFER OF CONSUMER DATA. In July 2016, European officials agreed to the E.U.-U.S. Privacy Shield, a pact between the Europe Union and the United States that will allow companies that have registered with the Department of Commerce to transfer data between Europe and the U.S. The Privacy Shield will allow Europeans the right to go to American courts if they believe U.S. government or companies have mishandled their data. AFSA urges U.S. and E.U. regulators, officials and lawmakers to ensure that the data transfer agreement, any needed legislation, and subsequent implementation meet the needs of AFSA member companies.