

July 16, 2020

Scott Corscadden
Ombudsman, Nationwide Multistate Licensing System
1129 20th Street, N.W., 9th Floor
Washington, DC 20036

Re: Remote work presentation at the virtual NMLS Ombudsman Meeting

Dear Ombudsman Corscadden:

I write on behalf of the American Financial Services Association (AFSA)¹ to request an opportunity to discuss work from home authorizations for licensees during the virtual NMLS Ombudsman Meeting on Tuesday, August 4.

Thirty-seven states have communicated permission for licensees to have employees work from home during these unprecedented times to protect employees and consumers while maintaining business operations, and some of these states have even noted that employees can work from home permanently according to their statutes and regulations. AFSA believes it is in the best interests of customers and employees to allow licensees to continue to pursue remote operations. Importantly, remote work allows businesses to make critical safety accommodations for employees who may be higher-risk or those who care for higher-risk individuals.

Licensees have proven that their employees can conduct these activities safely and effectively at home during the crisis, with appropriate levels of data privacy and employee supervision. Protection of sensitive information remains a priority for our members, and the pandemic necessitated the opportunity for financial institutions to successfully test the use of technology to ensure data protection and transition to remote work on a large scale. In that time, licensees have demonstrated that nearly all critical operational functions can take place through teleworking.

With no end to the current emergency in sight, remote work remains the best way to maintain continuity of operations for customers and ensure the safety of employees and customers. New technology has made teleworking nearly indistinguishable from in-person operations, and remote work is quickly becoming the new normal. Industry members and regulators alike continue to grapple with these changes—including the implications of remote work for supervision and examinations—and this will likely be a priority issue for many participants during next month's meeting, so NMLS has an opportunity to be at the forefront of these developments.

AFSA's 350+ member companies provide consumers with many types of credit, including

¹ Founded in 1916, the American Financial Services Association (AFSA), based in Washington, D.C., is the primary trade association for the consumer credit industry, protecting access to credit and consumer choice.

traditional installment loans, direct and indirect vehicle financing, mortgages, and payment cards. AFSA members are both non-banks and banks, ranging in size from one-state operations to operations in every state. They serve the entire credit spectrum, from non-prime to super-prime consumers. With members spanning the consumer credit industry in every state, AFSA is uniquely positioned to serve as a resource for state financial services regulators seeking information about how financial institutions are adapting operations to meet new health guidelines.

With that in mind, our members have identified the following remote work best practices for licensees to ensure the protection of consumers and to preserve regulatory supervisory authority:

- 1) In-person customer interactions will not be conducted at the remote location;
- 2) Sensitive customer information will be protected consistent with the licensee's existing cybersecurity protocols for on-site operations;
- 3) Risk-based monitoring and oversight processes will be followed;
- 4) Physical records will not be maintained at the remote location; and
- 5) Information regarding the specific activities conducted via telework will be maintained and available upon request.

I would like to discuss these issues and briefly present these best practices and some arguments in favor of remote work authorizations at the Ombudsman meeting with the aim of requesting that states that haven't already addressed the issue of long-time remote work of licensees consider clarifying and expanding work-from-home opportunities for licensees beyond the current crisis. Please do not hesitate to contact me at 952-922-6500 or dfagre@afsamail.org.

Sincerely,



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cc: Jim Payne, NMLS Ombudsman Elect