

July 10, 2017

The Honorable Blaine Luetkemeyer  
Chairman  
Subcommittee on Financial Institutions and  
Consumer Credit  
Committee on Financial Services  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Lacy Clay  
Ranking Member  
Subcommittee on Financial Institutions and  
Consumer Credit  
Committee on Financial Services  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Luetkemeyer and Ranking Member Clay:

On behalf of the American Financial Services Association (AFSA),<sup>1</sup> I wish to express our appreciation to the Subcommittee on Financial Institutions and Consumer Credit for holding a hearing “Examining Legislative Proposals to Provide Targeted Regulatory Relief to Community Financial Institutions.” We are pleased to offer our support for three measures scheduled to be considered by the Subcommittee during this hearing.

AFSA would like to thank you for co-sponsoring H.R. 2396, the “Privacy Notification Technical Clarification Act,” which amends the Gramm-Leach-Bliley Act (GLBA) to update the exception for certain annual notices provided by financial institutions. We urge Subcommittee members to support this important bipartisan legislation.

The GLBA requires financial institutions (FIs) to issue privacy notices to consumers if the FIs share consumers’ non-public personal information with affiliates or third parties. Such disclosures are required to occur when a relationship is first established between the FI and the consumer, as well as annually in written form as long as the relationship continues, even if no changes to the disclosure policies have occurred.

Annual privacy notices without policy changes are redundant, unnecessary, and confusing. They contain several pages of small-print legalese, which have little value for consumers. In fact, they are largely discarded – unread – immediately upon receipt. However, producing and mailing these notices costs millions of dollars.

In fall 2014, the Consumer Financial Protection Bureau (CFPB) finalized a rule allowing FIs to post their annual privacy notices online instead of delivering them individually if they meet a series of conditions, including not sharing the consumers’ nonpublic personal information with unaffiliated third parties. In December 2015, Congress went further by enacting an outright exemption from the mailing requirement for FIs that: (1) do not share non-public personal information about consumers to unaffiliated third parties, and (2) have not changed its disclosure policies and practices since the most recent disclosure was sent to consumers. Unfortunately, certain FIs cannot take advantage of the exemption.

We ask Congress to pass H.R. 2396 to level the playing field for all FIs. If a financial institution’s privacy policy has not materially changed, the institution should be permitted to satisfy the intent of GLBA by delivering its privacy notice through an electronic medium, or by mail upon request.

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<sup>1</sup> Founded in 1916, AFSA is the national trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including traditional installment loans, mortgages, direct and indirect vehicle financing, payment cards, and retail sales finance.

AFSA also supports H.R. 924, the Financial Institutions Due Process Act of 2017, which would bring consistency and transparency to the examination process for financial institutions by requiring regulatory agencies to issue examination determinations promptly and ensure financial institutions receive full documentation of the information used to make the examination determinations. This legislation would also give financial institutions the right to have those determinations independently reviewed. A balanced and effective examination process is beneficial for both financial institutions and the consumers they serve. AFSA urges members to support this legislation and bring more balance and transparency to the examination process.

In addition, we would like to register our support for H.R. 864, the Stop Debt Collection Abuse Act of 2017. This bipartisan legislation would extend the Fair Debt Collection Practices Act (FDCPA) to private debt collectors who work on behalf of federal government agencies. The FDCPA imposes a variety of limitations on the ability of financial institutions and debt collectors to recover money owed from consumers. Some of these requirements include restrictions on where and when a consumer may be contacted and when debt collection practices must stop if requested by a consumer. They also detail numerous disclosures that must be made to consumers, including monetary amounts, deadlines, and conditions by which the consumer may dispute the matter. The federal government should be held to the same high standards when collecting debt from consumers.

Thank you in advance for your consideration. Please do not hesitate to contact me at (202) 466-8616 with any questions.

Sincerely,

A handwritten signature in black ink that reads "Bill Himpler". The signature is written in a cursive, flowing style.

Bill Himpler  
Executive Vice President  
American Financial Services Association