

October 10, 2019

The Honorable Lindsey Graham  
Chairman  
Committee on the Judiciary  
U.S. Senate  
Washington, DC 20002

The Honorable Diane Feinstein  
Ranking Member  
Committee on the Judiciary  
U.S. Senate  
Washington, DC 20002

Dear Chairman Graham and Ranking Member Feinstein:

On behalf of the American Financial Services Association (AFSA), we are writing to express our strong support for arbitration. 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.

Arbitration makes it easier and less expensive for consumers to resolve conflicts with their employers and the companies with which they do business. Anti-arbitration legislation, such as the recently House-passed Forced Arbitration Injustice Repeal Act (FAIR Act) that prohibits pre-dispute arbitration agreements, would force consumers into the nation's already overcrowded courtrooms.

Class action lawsuits take years to be adjudicated, clog the court system, and result in comparatively small payouts for consumers. In contrast, disputes settled by arbitration result in quicker decisions and payouts for consumers averaging higher than class action settlements, as the Consumer Financial Protection Bureau found in its study of arbitration. Furthermore, according to a recent Public Opinion Strategies poll commissioned by the Institute for Legal Reform, consumers prefer arbitration over litigation by a 2 to 1 margin. Importantly, for many consumers, arbitration is the only form of dispute resolution available to them. Most trial lawyers only represent clients when the alleged damages are in the tens of thousands of dollars. However, most disputes involve much smaller sums. This means that the court system isn't really available to many consumers.

Arbitration is already governed by the Federal Arbitration Act and has been approved by the Supreme Court, which recognized arbitration as a fair and effective mode of settling dispute between borrowers and creditors. The only beneficiaries to the elimination of arbitration are trial lawyers who benefit directly from class action litigation, often to the detriment of consumers.

We appreciate your attention to this matter and ask that you oppose consideration of any anti-arbitration legislation. If you have any questions, please contact me at [cwinslow@afsamail.org](mailto:cwinslow@afsamail.org) or (202) 776-7300.

Sincerely,



Celia Winslow  
Vice President, Legal & Regulatory Affairs  
American Financial Services Association