



February 3, 2016

The Honorable Jeb Hensarling
Chairman
House Financial Services Committee
2129 Rayburn House Office Building
Washington DC 20515

The Honorable Maxine Waters
Ranking Member
House Financial Services Committee
2129 Rayburn House Office Building
Washington DC 20515

Re: H.R. 766, the Financial Institutions Consumer Protection Act of 2015

Dear Chairman Hensarling and Ranking Member Waters:

On behalf of the American Financial Services Association (AFSA) and our more than 350 members, I write in support of House passage of the legislation, H.R. 766, the Financial Institutions Consumer Protection Act of 2015. 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.

We applaud your efforts to limit the ability of federal banking regulators to discourage or restrict banks or credit unions from entering into or maintaining relationships with specific customers unless certain criteria are met. In addition, HR 766 limits the ability of regulators to pressure banks or credit unions to terminate customer accounts without a material reason other than reputational risk posed by the customer.

Operation Choke Point – An Ill-advised and Politically Motivated Campaign

The Department of Justice (DOJ) investigation, known as Operation Choke Point, was initiated as a means to root out fraud and protect consumers. However, the unintended consequences of Operation Choke Point indicate banks are ending relationships with legitimate businesses in industries this overbroad DOJ investigation has labeled as “high-risk” or “undesirable,” rather than actually documenting fraud in a case by case basis in the industry. Moreover, the rationale used for pressuring banks to end their relationships with licensed businesses appears to coincide with the administration’s political agenda.

Some of the industries deemed as “high-risk” by the DOJ and the bank regulators that they are working with include gun dealers, check cashers, telemarketers and firearms/fireworks vendors, and in one case, a business that leases land to coal mining companies. Allowing bureaucrats to

pressure banks to remove legitimate businesses from the U.S. banking system based on a political agenda is the 21st century's version of a financial witch hunt.

Traditional Installment Loans as Collateral Damage

AFSA's own membership has felt the sting of the broad and dangerous approach the DOJ is taking. We are seeing banks pressured to end relationships with legitimate businesses that offer traditional installment loans – the safest, most responsible, affordable and time-tested form of small-dollar credit available to Americans.

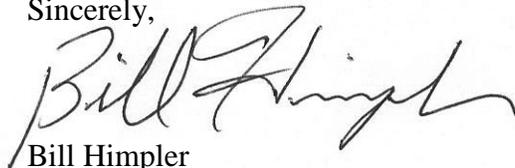
Traditional installment loans provide borrowers with three very distinct and important features –

- 1) The loans are structured to help borrowers meet a financial need that can be met within the borrower's budget;
- 2) Borrowers repay the loan in equal monthly payments and the loans are fully amortizing, meaning that part of each payment pays down the principal as well as the accumulated interest; and
- 3) The loans provide borrowers the opportunity to build a positive credit history.

Conclusion

We support efforts to combat fraud and protect consumers, but Operation Choke Point has become a politically motivated endeavor that is empowering federal bureaucrats to pressure banks to push legitimate businesses out of the banking system and that must end. We look forward to working with you on this issue. Please contact me at 202-466-8616 or bhimpler@afsamail.org with any questions.

Sincerely,



Bill Himpler

Executive Vice President

American Financial Services Association