



April 24, 2020

Mary L. Gallagher
Commissioner of Banks
Massachusetts Division of Banks
1000 Washington Street, 10th Floor
Boston, MA 02118-6400

Re: Request for Liquidity and Operational Information

Dear Commissioner Gallagher:

I write on behalf of American Financial Services Association (AFSA)¹ regarding your recent requests for liquidity and operational information from licensees. We appreciate the Division's efforts to ensure that regulated institutions are prepared for the risks associated with the outbreak.

AFSA members are committed to ensuring the safety of employees and customers, mitigating risks to operations, and working with customers to provide relief to those most affected by the coronavirus outbreak. However, we believe the Department's three-day response deadline is far too short for financial institutions to properly comply. With information about the coronavirus outbreak changing on a daily basis, such a short period does not allow institutions adequate time to appropriately understand the relevant facts and may limit the usefulness of the information reported.

The challenge for providing information like this in a three-day period is threefold: 1) it takes a tremendous amount of resources to pull the information together. It's not a push-a-button type process, but something that requires information be assembled from multiple segments of the company. Our member companies are already under significant strain with resources on a daily basis dealing with operational challenges and focusing on direct customer relief; 2) the request's broad scope for information related to "any" liquidity issues and "any" disruptions to operations creates concerns about the ability to report timely and accurate information.; and 3) releasing this kind of information—even to regulatory bodies—may require clearance at the highest levels, particularly for public companies. Our members believe the scope of the information sought in a short timeline is not reasonable.

The short response time is further complicated by the request's one-size-fits-all approach, which places additional strain on non-bank financial institutions. For instance, to the extent that the liquidity of a depository institution, like a bank or credit union, may have implications for

¹ AFSA's 350+ member companies provide consumers with many types of credit, including 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 preparing and responding to the coronavirus.

ensuring the availability of consumer deposits, these concerns do not exist for non-depository financial institutions. With no consumer deposits at risk, there is minimal consumer benefit in assessing the liquidity of non-bank financial institutions. In fact, in the event such an institution faced a liquidity crisis, it may be (however temporary) a boon for consumers.

With that in mind, we respectfully request a response deadline of at least 30 days, rather than three days, and a refined scope. We believe the outlined approach would provide the Division with the key information it seeks and allow financial institutions to focus resources directly on ensuring the safety of employees and providing relief to customers most affected by the virus.

Thank you for your attention to this matter. If you have any questions about how AFSA can be of any further assistance to you as you move forward, please do not hesitate to contact me at 952-922-6500 or dfagre@afsamail.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'Danielle Fagre Arlowe', written in a cursive style.

Danielle Fagre Arlowe
Senior Vice President, State Government
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Association
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