American Financial Services Association

March 31, 2020

The Honorable Laura Kelly
Governor, State of Kansas
Capitol
300 SW 10th Ave., Ste. 241S
Topeka, KS 66612-1590

Re: Executive Order No. 20-16 establishing a statewide "stay home" order

Dear Governor Kelly:

I write on behalf of American Financial Services Association (AFSA)[1] regarding your March 28 executive order establishing a statewide "stay home" order in conjunction with the Kansas Essential Function Framework (KEFF) for COVID-19 response efforts (Executive Order No. 20-16). While we appreciate your efforts to mitigate the effects of the pandemic in Kansas and reduce the spread of the disease, we are concerned that this order and the KEFF exclude non-depository lenders and other financial institutions from the definition of "essential functions," cutting off access to important sources of emergency credit for Kansas consumers.

KEFF 300 Manage classifies providing consumer and commercial banking services as an essential function, but this would preclude any non-depository financial institutions—a large segment of the industry—from providing similarly essential services as those providing consumer and commercial banking services. The federal Department of Homeland Security's Cybersecurity & Infrastructure Security Agency (CISA) considers the financial services sector to be one of sixteen vital components of the nation's critical infrastructure, and this sector is not limited to financial institutions that hold deposits. According to CISA, "the Financial Services Sector includes thousands of depository institutions, providers of investment products, insurance companies, <u>other credit and financing organizations</u>, and the providers of the critical financial utilities and services that support these functions." (emphasis added)[2]

At a time of national crisis and economic turmoil such as the COVID-19 pandemic, it is critical that all sections of society have access to emergency credit if widespread hardship is to be avoided, and both banks and non-depository financial institutions are a vital source of emergency credit. Installment loans are increasingly acknowledged as one of the safest and most affordable forms of credit and allow easy access to small sums at short notice. Payment cards provide borrowers with open-end credit lines immediately accessible as needed. Refinancing a mortgage or vehicle loan to lower monthly payments frees up money that can be

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[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. AFSA members provide consumers with many kinds of credit, including direct and indirect vehicle financing, traditional installment loans, mortgages, payment cards, and retail sales finance. AFSA members do not provide payday or vehicle title loans.

[2] See CISA *Financial Services Sector-Specific Plan 2015* at https://www.cisa.gov/sites/default/files/publications/nipp-ssp-financial-services-2015-508.pdf.

put toward emergency expenses. Each of these credit options allows a consumer to access sums of money that help them to deal with unforeseen circumstances.

In addition to emergency credit, it is also essential that consumers have access to banks and non-depository financial institutions with which they have existing relationships in order to service those accounts. While some financial institutions are set up to perform some functions from home, others need personnel in place in offices or local branches to ensure customer needs are met.

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,

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cc:

Commissioner David Herndon, Office of State Bank Commissioner

Deputy Commissioner Mike Enzbrenner, Office of State Bank Commissioner, Consumer and Mortgage Lending Division