



May 20, 2020

The Honorable Kevin Thomas
Chairman, Committee on Consumer Protection
Legislative Office Building., Room 947
Albany, NY 12247

Re: NY S. 8118-B Credit Reporting: COVID-19

Dear Chairman Thomas,

I write on behalf of the American Financial Services Association (“AFSA”)¹ to express our concerns with Senate Bill 8118-B, which would prohibit a consumer reporting agency from reporting certain adverse information during the state of emergency caused by the coronavirus pandemic. This bill would have consequences for the integrity of the credit reporting system upon which the consumer credit industry relies to make credit available to consumers.

AFSA members share the legislature’s goal of providing relief for borrowers facing financial hardship due to measures taken to tackle the COVID-19 pandemic. Our members continue to take extraordinary steps to work with borrowers to help them stay current on their accounts and keep their vehicles and homes during this emergency.

The federal Fair Credit Reporting Act (FCRA) requires furnishers—those entities that report information to the consumer reporting agencies—to report only accurate information. This duty for accurate reporting does not distinguish between negative or positive consumer information, meaning all accurate information must be reported. The role of the consumer reporting agencies is to present this information in an accurate, unbiased, format, which creditors access as part of the underwriting process for a loan. While credit decisions are made based on a consumer’s overall profile rather than any individual account details, the use of credit information relies on a presumption of accuracy of the information reported. Without this presumption, increased risk will be spread across the credit system.

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.

Suppressing all negative information would have the unintended effect of punishing those consumers across New York fortunate enough to stay current on their accounts, because the cost of credit for all New Yorkers would increase to cover the increased risk associated with hundreds of millions of dollars of unreported debt.

The federal CARES Act provides protections and relief for consumers from adverse credit reporting due to the coronavirus outbreak, and creditors are already taking steps to implement these changes. Additional accurate credit information suppression will lead to a higher overall cost of credit and decreased credit availability right at the time when New York citizens are likely to need it.

Thank you for your attention to this matter. If you have any questions or would like to discuss this further, 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
American Financial Services Association
919 Eighteenth Street, NW, Suite 300
Washington, DC 20006-5517

CC:

Senators Bailey, Biaggi, Gaughran, Gounardes, Hoyman, Krueger, Metzger, Rivera, and Sepulveda