



April 6, 2020

The Honorable Michelle Lujan Grisham
Governor of New Mexico
490 Old Santa Fe Trail Room 400
Santa Fe, NM 87501

Re: Safe and Affordable Credit Access and Servicing During the Coronavirus Pandemic

Dear Governor Lujan Grisham,

On behalf of the American Financial Services Association (“AFSA”),¹ I am writing to ask you to ensure that your decision on the operation parameters of non-bank financial institutions during the coronavirus pandemic does not inadvertently compound the economic hardship facing hard-working individuals and families in your state.

Nearly every other state in the Union and the federal government has recognized that non-bank creditors such as the installment loan members of AFSA fulfill a critical role in times of crisis. Classifying them otherwise would prevent them making emergency loans to mitigate the toll that unexpected unemployment and loss of income is likely to have on them. This will have catastrophic effects.

A 2018 survey by the Federal Reserve found that 40% of American families would not be able to put their hands on \$400 dollars in an emergency.² As new weekly jobless claims reach 6.6 million nationwide, for perhaps more than any other time in our lifetime, that emergency is here. Families need emergency credit now to bridge the gap between their last paycheck and a government stimulus payment or unemployment benefit at some point in the future. Added to this, they need the opportunity to work with their creditors to take advantage of initiatives that lessen the economic burden, if they are to stand any chance of exiting this crisis in a sustainable financial condition.

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 <https://www.federalreserve.gov/publications/files/2017-report-economic-well-being-us-households-201805.pdf>

Since payday lenders were banned in 2018, the consumer finance environment in New Mexico is among the safest and most affordable in the nation. In calmer times, traditional installment lenders, working from community-based branches, employing locally-recruited loan officers, making fully-underwritten loans and reporting loan performance to credit bureaus, are a tool of financial capability and mobility for New Mexicans. It is critical that this capability not be taken away at the precise moment when they have never been needed more.

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
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