

March 13, 2024

The Honorable Ron DeSantis
Florida Governor
Plaza Level 05, The Capitol
400 S. Monroe Street
Tallahassee, FL 32399

Re: HB 1347 – Consumer Finance Loans

Dear Governor DeSantis:

I write on behalf of the American Financial Services Association (AFSA)¹ to express our support for HB 1374 and applauding Florida's push for a rate modernization. Updating Florida's consumer finance statutes, which have remained unchanged for almost 50 years, will create an environment where a greater number of lenders can operate, thereby increasing access to credit for Floridians and creating more competition in the state's financial services sector.

Access to credit is vital during financial emergencies, as almost 40% of Americans lack savings of \$400.³ Unfortunately, individuals with poor credit scores face barriers from banks and credit unions, leading them to resort to less secure or illicit sources. This starts a cycle of debt due to the lack of access to safe and affordable loan options tailored for repayment. This underscores the urgent need for legislative measures that promote equitable access to credit for all Floridians. According to the Federal Reserve Bank of New York, 45% of counties in Florida are classified as either "Credit-At-Risk" or "Credit-Insecure."⁴ Florida is positioned 18th in terms of "credit insecurity" nationwide and ranks 4th in the number of counties designated as "credit insecure."⁵ Twenty-one out of Florida's 67 counties lack sufficient access to credit. Among them, Glade, Lafayette, and Union counties are among the 50 most credit-insecure counties in the United States.⁶ This emphasizes the crucial need for legislative action to tackle the widespread problem of restricted credit access, guaranteeing financial stability and opportunities for Florida residents.

Since 1973, Florida's Consumer Finance loan rates have seen negligible changes in certain tiers, failing to adjust for inflation. Meanwhile, 42 other states have implemented more attractive rate and fee structures, attracting lenders to offer their services within their borders. Among these, 28 states have set their rate caps at 36% or higher, or have no rate caps at all. Numerous online borrowers in Florida might have been eligible for loans from lenders regulated by the Florida Office of Financial Regulation if a wider array of lenders were available to them. In contrast,

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 traditional installment loans, direct and indirect vehicle financing, mortgages, and payment cards. AFSA members include national banks and non-bank state licensed financial institutions. AFSA does not represent payday lenders, title lenders, or credit unions.

smaller states such as Georgia, which is approximately one-third the size of Florida, have thousands of physical and online lenders catering to residents in similar financial situations. Aligning Florida's maximum allowable interest rate with rates in other states is anticipated to draw in a higher number of lenders who will comply with Florida's regulations. According to the Florida Office of Financial Regulation, the state is currently limited to 167 brick-and-mortar branches and only 19 online lenders adhering to Florida's rate caps. The increase in Florida's rate cap is expected to lead to the expansion of these branches as well as the availability of more online loan options.

For these reasons, we urge you to sign HB 1347 into law. 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 805-501-8873 or erayhan@afsamail.org.

Sincerely,



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³ Source: [Federal Reserve Economic Well-being of U.S. Households in 2022](#), p. 32

⁴ [Federal Reserve Bank of New York: Unequal Access to Credit – The Hidden Impact of Credit Constraints](#) p. 44-50

⁵ *ibid* p. 18

⁶ *ibid* p. 16