

**American Financial Services Association Testimony
Opposition to MA S 45 Without an Entity-Level GLBA Exemption**

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Joint Committee on Advanced Information Technology, the Internet and Cybersecurity

For the record, the American Financial Services Association, known as AFSA, 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.

We are writing to express our concerns regarding Massachusetts Senate Bill 45, a data privacy bill that, while including a data-level exemption for entities subject to the Gramm-Leach-Bliley Act (GLBA), does not provide an entity-level exemption. As currently drafted, S 45 would impose unnecessary compliance burdens on financial institutions that are already subject to the rigorous data privacy and security requirements under GLBA. Unlike other states that have adopted entity-level exemptions, this bill would create regulatory inconsistencies and duplicative compliance obligations that could ultimately hinder our ability to serve Massachusetts consumers efficiently. Financial institutions already follow strict federal regulations regarding data security and consumer privacy, and the additional compliance costs associated with this bill could divert resources away from improving financial services and consumer access to credit.

Many states, including Oregon and Minnesota, have adopted entity-level GLBA exemptions in their comprehensive data privacy laws. This approach recognizes that financial institutions are already heavily regulated under GLBA and ensures that their existing compliance frameworks remain intact. By only exempting GLBA-covered data rather than the entities themselves, S 45 would impose additional, and in many cases conflicting, requirements on financial institutions. This could lead to increased compliance costs that may be passed down to consumers. Moreover, financial institutions routinely handle HR/employee and B2B data, which are not explicitly exempted under the current language of S 45. The absence of these exemptions could create significant operational challenges, requiring institutions to comply with overlapping and potentially inconsistent state and federal laws. If Massachusetts follows states that have taken a more comprehensive approach to exemptions, it would avoid adding undue burdens on businesses that are already in full compliance with federal privacy laws.

A full entity-level exemption is necessary to ensure that financial institutions are not subject to redundant and potentially contradictory regulations. Such an exemption would align Massachusetts' approach with other state privacy laws, reduce unnecessary compliance costs,

and maintain consumer protections under existing federal law. Without this change, S 45 could place Massachusetts at a competitive disadvantage, creating an unnecessarily complex regulatory environment that disincentivizes financial institutions from operating efficiently within the state.

For these reasons, we respectfully request that S 45 be amended to include an entity-level exemption for GLBA-regulated institutions. We appreciate your time and consideration of our concerns. If you have any questions or would like to discuss this further, please do not hesitate to contact me at erayhan@afsamail.org or (805) 501-8873 at your convenience.