

March 24, 2026

The Honorable Tina Kotek
Office of the Governor
900 Court Street NE, Suite 254
Salem, OR 97301

Dear Governor Kotek,

The American Financial Services Association (AFSA)¹ respectfully urges you to veto HB 4116, the legislation opting Oregon out of the Depository Institutions Deregulation and Monetary Control Act of 1980 (“DIDMCA”).²

AFSA’s concerns are different from those you may have heard from. AFSA represents the consumer credit industry. Our members range from small creditors operating in a handful of states to some of the world’s largest financial institutions. Importantly, AFSA has members that own and operate state-chartered, federally insured banks as a core part of their business model. These members are not engaged in so-called “bank partnership” arrangements—they *are* banks.

For these institutions, opting out of DIDMCA presents an existential threat. DIDMCA was enacted to place state-chartered banks on equal footing with national banks by allowing them to export interest rates and fees across state lines. HB 4116 would upend that balance by stripping Oregon’s own state-chartered institutions of this authority. Meanwhile, national banks—whose authority derives from a separate federal law—remain entirely unaffected. The result is a direct competitive disadvantage for Oregon-based institutions. And we believe ONLY Oregon-based banks.³

The bill’s language further compounds these concerns by stating that Oregon “does not want” DIDMCA to apply to loans “made” in Oregon. This raises a critical and unresolved question: where, exactly, is a loan “made”? In modern lending, the components of a transaction—application, underwriting, approval, funding, and servicing—often occur across multiple jurisdictions. This ambiguity invites confusion, inconsistent interpretation, and litigation. In

¹ Founded in 1916 and based in Washington DC, the American Financial Services Association (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 does not represent payday lenders, title lenders, or credit unions.

² P.L. 96-221, 94 Stat. 132.

³ Reasonable people can and do disagree on what “opting out” of DIDMCA means. We believe it’s abundantly clear that Oregon can opt its own banks out of operating in other states, but Oregon cannot dictate what other states’ banks can do. State banks chartered in other states may still offer their consumer credit products to any state’s consumers based on the laws of their chartering state. That’s the whole point of DIDMCA.

practice, it disadvantages Oregon’s own institutions, which must navigate this uncertainty, while national banks continue to operate under clear and established federal standards.

The framing of this legislation as targeting “rent-a-bank” models misses the mark for many AFSA members. We have members who do not partner with third parties at all, but instead rely on their own state bank charters to lend, fund operations, provide liquidity, and finance consumers and dealers. Those members are national name-brand companies who rely on their state-chartered banks for certainty and operational consistency across the country.

History also advises caution. While several states opted out of DIDMCA shortly after its passage in the early 1980s, nearly all reversed course within a decade after recognizing the harm to their own state-chartered institutions and consumers. That experience is instructive. It raises an important question: did those states conclude they were over-protecting consumers—or did they determine that opting out caused more harm than good?

For all of these reasons, AFSA respectfully urges you to veto HB 4116. Doing so will protect Oregon’s state-chartered financial institutions, preserve a competitive balance, and avoid unnecessary legal uncertainty.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Danielle Fagre Arlowe', is written in a cursive style.

Danielle Fagre Arlowe
Senior Vice President
American Financial Services Association
1750 H Street NW, Suite 650
Washington, DC 20006-5517