AMERICAN FINANCIAL SERVICES ASSOCIATION

September 1, 2026

The Honorable French Hill
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Hill and Ranking Member Waters:

On behalf of the American Financial Services Association,[1] I write to express our strong support for H.R. 7866 – the American Lending Fairness Act (ALFA), as part of the House Financial Services Committee's agenda for its hearing entitled, "Strengthening the American Economy: Promoting Growth, Opportunity, and Prosperity."

This bipartisan legislation, sponsored by Rep. Warren Davidson (R-OH), will amend the Depository Institutions Deregulation and Monetary Control Act of 1980 (DIDMCA), to clarify the scope of DIDMCA's opt-out provision while preserving DIDMCA's intent of parity amongst state-charted federally insured banks and national banking institutions.

The dual banking system is an essential feature of the U.S. financial services ecosystem, allowing both federally chartered and state-chartered banks to coexist. At a time when competition was needed in the financial banking system, DIDMCA was passed to even the playing field. Section 521 clearly states that the law's intent is "to prevent discrimination against state chartered insured banks" by granting state-chartered depository institutions that same right of lending under the rules of their home state charters.[2] Through section 525 of DIDMCA, Congress gave each state the ability to opt out of this regime and regain jurisdiction over the lending rights of its state-chartered institutions and the "loans made in that state." Over 40 years of federal authority since before DIDMCA and after its signing makes clear that a loan is made where financial institutions operate its functions, not where the borrower resides.[3]

Passage of the American Lending Fairness Act would ensure parity among lending institutions nationwide, clarify the limited scope of DIDMCA's opt-out provision, and provide certainty that the dual banking system is preserved.

Sincerely,

Celia Winslow

Celia Winslow
President and CEO
American Financial Services Association

[1] Founded in 1916, AFSA is the national 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, mortgages, direct and indirect vehicle financing, payment cards, and retail sales finance.
[2] Sec. 521, § 27, 94 Stat. at 164.
[3] Marquette Nat'l Bank v. First of Omaha Serv. Corp., 439 U.S.299, 310–13 (1978); FDIC Interp. Ltrs. 1983-16 and 1988-45 and its amicus brief in Greenwood Tr. Co. v. Commonwealth of Mass. WL 12577410, at *35–36 (1992); OCC Interp. Ltr. 1995- 686; Jessup v. Pulaski Bank, 327 F.3d 682, 684–85 (8th Cir. 2003) quoting OCC Opinion Letter of Aug. 2001.

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