



Opponent Testimony on Senate Bill 112

Dayna Baird Payne, Executive Vice President of the Ohio Financial Services Association
Ohio Insurance and Financial Institutions Committee, Chair Bob Hackett
September 1, 2020

Good morning, Chairman Hackett, Ranking Member Craig, and members of the Senate Insurance and Financial Institutions Committee. My name is Dayna Baird Payne and I serve as the Executive Vice President of the Ohio Financial Services Association.

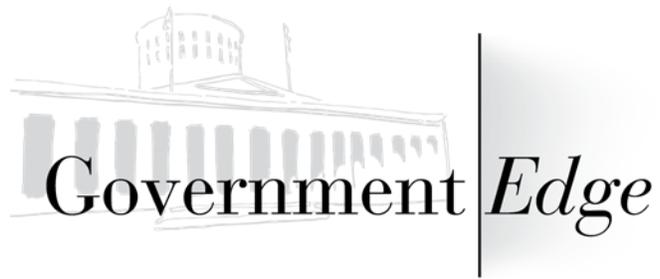
The Ohio Financial Services Association (OFSA) is comprised of consumer-focused, community-based lenders, and we are the largest non-depository personal lenders in Ohio with a track record of helping consumers find access to affordable credit. We serve a wide range of borrowers and our customers are hard-working Ohioans working in the healthcare, manufacturing, education, and government industries, amongst others.

Our members make installment loans, widely acknowledged as one of the safest and budget friendly forms of credit, from offices in the communities that its customers live in. This format, plus strict underwriting and including a calculation of a borrower's ability-to-repay a loan, mean that our loans serve consumers by providing affordable credit that consumers need while ensuring a sustainable business model to promote a healthy credit market for the state. Our average loan amount is around \$5,000, and the average loan term is anywhere from twelve months to five years.

OFSA members have over 175 branch offices spread over every Senate district in Ohio and we employ over 600 of your constituents. OFSA members proudly serve approximately 120,000 customers and engage in the Ohio communities in which we are located. This year will, our association will celebrate its 105th birthday.

It almost seems as if our history with some version of Senate Bill 112 is as long as our history in Ohio! Our association has maintained the same concern with these bills during that time as well – SB 112 will negatively impact our business and our customers. It is of even greater concern now during the pandemic, a time in which all of us can least afford it.

OFSA was engaged in interested party conversations regarding the House version of SB 112 (Ohio House Bill 131) with the debt settlement industry in late 2019 and early 2020. During those conversations, several possible amendments were discussed that would alleviate, in our



opinion, some of the negative impact on Ohio businesses and consumers but allow the national debt settlement companies to achieve their goals with this legislation. Those amendments are still available to the committee and should be fully considered before acting on this bill. I will briefly outline the options below:

- *Prohibit debt settlement companies and employees from instructing consumers to stop communication with their creditors and prohibit them from instructing consumers to stop payment on any loans prior to reaching a settlement*
- *Specify the type of debt that debt settlement companies can negotiate by clarifying that debt settlement companies may only negotiate unsecured credit card debt*
- *Exclude loans made by CILA licensees from the type of debt DSCs can negotiate*
- *Establish a registration system with the Ohio Attorney General's office and require creditors to notify DSCs at their primary place of business via certified mail of their desire to be placed on a "Do Not Negotiate" list. The AG would maintain a "Do Not Negotiate" list on their website that was easily accessible.*
- *Similarly, allow creditors to notify DSCs by annually sending certified notice to the DSC headquarters of the creditor's desire to be placed on an internal "do not negotiate" list*

The Ohio Financial Services Association stands ready to work to improve this bill for Ohio-based businesses and Ohio consumers. I am confident we can do that quickly, even yet this week, and respectfully ask the committee to delay a vote until the next hearing. I appreciate your time today and I would be happy to answer any questions you may have at this time.