

**Remarks of AFSA EVP Bill Himpler
CFPB Field Hearing on Auto Finance
September 18, 2014**

Thank you very much; it's a pleasure to be here speaking with all of you and my esteemed colleagues on the panel. I'd like to thank the CFPB for including AFSA and its members in today's discussions.

Let me be very clear that AFSA and its member companies **do not** tolerate discrimination. It hurts businesses, hurts our economy and most of all, it hurts consumers. After all, vehicle financing is a customer service business. We stand shoulder to shoulder with the bureau in our commitment to ensuring that consumers are treated fairly and have the best possible buying experience.

We welcome the opportunity to dialogue with the CFPB because we continue to have concerns about the bureau's vehicle finance guidance and its white paper, which was released late yesterday.

The white paper, which provides a technical explanation of how the CFPB calculates BISG, is a huge step in the right direction. However, it defies reason why it has taken the CFPB 18 months to reveal how it calculates BISG.

In addition, the CFPB did not describe how it estimates disparities – leaving more to be said.

The white paper confirms that BISG overestimates the number of minorities in a lender's portfolio, but did not mention how the CFPB plans to address that. We believe our extensive study will show that the CFPB's overreliance on the BISG methodology skews the results and, as many media outlets have recently reported, show that the automotive market is strong, competitive and an integral part of the American economy. Most importantly, we think our study will show that the auto finance industry is focused on providing a positive experience for the consumer, ensuring that they have the best possible experience.

AFSA has serious concerns that the white paper does not consider the economic impact of altering the vehicle finance market. Take flat fees, a topic which I'm sure we'll discuss today, as an example of how the bureau is failing to think out the entirety of a solution. We look forward to having a dialogue on a solution.

We know quite simply that flat fees would increase the cost of credit for consumers. Those on the margins would be hurt the most, as they may be forced into higher cost financing or lower priced vehicles, or be priced out of the market altogether.

Further, the proposed solution of flat fees does not solve the discrimination problem that the bureau alleges. NADA has offered a legitimate solution that has received some favorable comments from the Justice Department. The NADA Fair Credit Compliance Program is consistent with a lender's comprehensive credit compliance efforts.

We also remain baffled at how the CFPB can find disparity at the portfolio level if no disparities exist at the retail level.

I'd be remiss if I didn't mention the larger participant rule. AFSA remains concerned that the bureau continues to issue larger participant rules that capture market participants that, for lack of a better term, are not large by any stretch of the imagination.

Many of the market players that will be subject to the proposed rule have well below 1% of market share. According to Experian data, companies below the top 30 have less than a half a percentage point of market share in vehicle finance.

Above all, the vehicle finance industry wants to comply with the law and the regulations that are set forth by the bureau, as well as continue to play a positive role in the American consumer experience. Industry stands ready to work with the CFPB to develop regulations that protect consumers and simultaneously ensure that Americans have access to safe and affordable consumer credit.

Thank you.