

OneMain Financial[®]

TO: Representative Jim Kelly, Chair
Members of the House Financial Institutions and Rural Development Committee

FROM: Rachel Taylor, District Manager
OneMain Financial

DATE: February 22, 2021

RE: Written Testimony in Support of HB 2189

Chairman Kelly and members of the committee, thank you for the opportunity to submit written remarks in support of HB 2189.

My name is Rachel Taylor and I am the district manager for OneMain Financial in Wichita, KS. I live here with my three school-aged children and am proud to call Kansas home.

OneMain has been in business for over 100 years and in the State of Kansas for decades. Today we have 10 branches in the state, empowering nearly 18,000 Kansans with financial mobility through access to credit. Our customers are mainstream, hardworking Americans – 60% have maintained employment for 5+ years and 50% are homeowners. While stability in employment and residence is important to financial health, it is not enough. Many Kansans, including our customers, can make ends meet but remain vulnerable to unexpected expenses or life events that would put them in a financial bind. If their credit score has been impacted by previous financial stress, accessing depository forms of credit will be difficult. These Kansans need lenders that understand their situation and are willing to be flexible and work with them despite previous financial lapses.

Our customers are near-prime consumers with an average credit score of 630. However, we do not define our customers by their FICO score and consider several other variables that tell us more about their financial situation. Our ability-to-repay underwriting model ensures customers can afford their monthly payments without straining their monthly incomes. This model has worked for the vast majority of our customers and has yielded a delinquency rate of 6%.

We work with our customers to find a loan that works for them. We offer loans from \$1,500-\$20,000, and our average loan size is about \$10,000 with an average term of 57 months. Our personal and auto installment loans fully amortize meaning no balloon payments, and no prepayment penalty. We also report to credit bureaus, providing Kansans with an ability to improve their financial standing through on-time payments.

A retired US Army soldier by the name of Gabriel visited our OneMain Financial office in Wichita. After his experience, he took the time to personally email the branch manager, explaining that he explored multiple loan options, but really appreciated his experience with OneMain. He said throughout the entire process the employee was knowledgeable about our products, made sure he understood his options, and he was able to make a decision on which loan product would best improve his overall financial situation.

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Another customer in the Overland Park area had been previously denied by multiple lenders due to his credit. We were able to offer him a secured loan product, which helped him to pay off some debt and get a clear pathway out of debt. The customer described his commitment to paying in terms of not letting OneMain down because “OneMain helped me in my time of need.”

While I believe our product is a great option for qualifying customers, the current rate structure limits our ability to serve more Kansans in need of credit. A 2018 study by the Federal Reserve showed 40% of Americans were unable to cover an unexpected \$400 expense without selling something or borrowing money. And with the pandemic further straining these families, access to credit has never been more important.

Lenders like OneMain can support these consumers while maintaining the quality of our loans if the rate structure was modernized through Section 2 of HB 2189. To be clear – this will not increase rates for our current customers, it will only help us work with Kansans we are currently unable to serve. Section 2 will allow lenders like OneMain the flexibility to serve more Kansans while also giving consumers more options when facing financial stress.

Thank you again for the opportunity to speak on this matter. If the law is updated, I am confident we can help more Kansas consumers. We respectfully urge your strong support of this bill.