

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

FROM: Chris McKinley - Lendmark Financial Services

DATE: February 22, 2021

RE: Written Testimony in Support of HB 2189

Chairman Kelly and members of the committee. On behalf of Lendmark Financial, we thank you for this opportunity to submit written testimony in support of HB 2189.

Lendmark Financial Services (“Lendmark”) is a personal loan provider in the traditional consumer credit market and a proud member of a financial industry that has been assisting American households for over 100 years. Based in Georgia, Lendmark currently serves over 425,000 consumers across nineteen states through 369 community-based loan offices. From Virginia, through the Mid-West, to California, Lendmark seeks to meet the credit needs of a consumer’s planned & unplanned life event by providing affordable & accessible loan options. This has been our mission since the company’s founding back in 1996.

Lendmark firmly supports the solution based framework offered in HB 2189. This bill addresses the real needs of a wide range of households in this state for high-quality consumer credit that is both accessible and affordable. We often hear “access to credit” as a defense to continue permitting the many wealth stripping loans that are in the market today, including those in Kansas. While we firmly believe in the importance of access to credit, we also believe that access should not mean credit at any cost.

Our fully amortized installment loans, similar in repayment structure to what you get with a bank mortgage or car loan, offer affordable pricing and realistic repayment terms, making them a viable credit option for a consumer’s household budget. The current high-cost credit options in the state either carry an unaffordable balloon payment that many simply cannot afford or are structured as open-ended lines of credit that encourage high debt balances and minimum debt reduction. These products create significantly more long-term financial distress for borrowers than any initial short-term benefit gained from accessing the funds from the loan.

We would like to bring affordable installment loans to Kansas, but the current provisions of the state’s consumer finance law—namely the 21% rate limit for loan amounts of \$860—make the economics too difficult to serve consumers in this state. By offering a significantly better option that promotes household wealth protection and opportunities, deserving consumers in Kansas will have the credit they need, without risking their financial future. The unusually low- rate limit for traditional consumer lending in this state means we simply cannot serve the customers who most need our help, and therefore they are forced to turn to less desirable options, many of which often lead to ruinous financial consequences that they cannot easily recover from. High-cost credit options that give no value to a borrower’s ability to repay should never be permitted.



In our view, HB 2189 will help to resolve the many credit challenges for consumers by reforming several consumer lending statutes at once. It would make installment lending in Kansas more viable for traditional consumer credit lenders such as Lendmark, enabling us to have a level playing field for serving the state's household credit needs without having to sacrifice the importance community-based offices and underwriting loans for consumer success.

I was part of a similar debate in Virginia a year ago when the legislature wanted to achieve both consumer protection and access to credit. They passed reform on a bipartisan basis that did just that, and now that the new law has taken effect, I'm pleased to say it is succeeding. Lendmark operates in, among other states, Colorado, Ohio, and Virginia. All three have reformed the high-cost lending markets, while ensuring strong consumer protections and access to credit. I encourage this committee to embrace consumer safeguards and expand access to installment credit by advancing HB 2189. If you do, responsible installment lenders like Lendmark stand prepared to offer lower-cost, beneficial consumer credit to households throughout Kansas.