CHAMBER OF PROGRESS

January 28, 2025

The Honorable Nathan Sosa
Chair
House Committee on Commerce and Consumer Protection
State Capitol
900 Court Street, NE
Salem, OR 97301

**Re: Oppose HB 2561**

On behalf of Chamber of Progress – a tech industry coalition promoting technology's progressive future – I write to **express our opposition to HB 2561**, which will reduce Oregonians' access to responsible credit, forcing them to turn to predatory lenders.

**HB 2561 Restricts Access to Responsible Credit**

HB 2561's proposal to subject consumer loans to broad interest rate caps would create significant barriers for many Oregonians, particularly those in low- and moderate-income communities. These borrowers often rely on responsible credit products to manage financial emergencies, cover unexpected expenses, consolidate debt, or invest in critical needs such as education, transportation, or home repairs. Restricting access to these products at a time of economic uncertainty would leave many residents vulnerable.

In today's economy, access to credit plays an essential role in helping individuals and families achieve financial stability. Many Oregonians already face rising costs of living, and unexpected expenses like medical emergencies or car repairs can be financially devastating without access to affordable credit.[1] By imposing broad interest rate caps, HB 2561 would make it economically unviable for many lenders to serve higher-risk borrowers. This would disproportionately harm communities with limited access to traditional banking services and borrowers with lower credit scores, further exacerbating financial inequities.[2]

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[1] Oregon State Treasury, *2024 Oregon Financial Wellness Scorecard*, available at https://www.oregon.gov/treasury/financial-empowerment/Documents/FEAT-Meeting%20Materials/2024/240205-FINAL-2024-Financial-Empowerment-scorecard.pdf.
[2] Consumer Financial Protection Bureau (CFPB), *Oregon Credit Profiles: An Overview of Credit and Loan Use for Oregon Residents*, available at https://files.consumerfinance.gov/f/documents/bcfp_credit-profiles_oregon.pdf.

If responsible credit options are no longer available, Oregonians may be forced to turn to predatory lenders that charge exorbitant fees and offer little transparency. Payday loans and other high-cost financial products often trap borrowers in cycles of debt, leading to long-term financial instability. Removing access to safe, regulated credit products opens the door for these harmful practices to proliferate, putting vulnerable communities at even greater risk.

Moreover, limiting access to credit has ripple effects across the broader economy. Without responsible credit options, families may delay essential purchases or default on other financial obligations, impacting local businesses and slowing economic growth.[3] Small-dollar loans and flexible financial products often provide critical bridges for residents to overcome short-term challenges and contribute to Oregon's economic resilience.

Oregon should be fostering opportunities for responsible credit expansion, not closing them off. Innovative lending platforms and financial institutions have developed data-driven tools to responsibly extend credit to underserved populations while maintaining strong consumer protections. HB 2561 would undermine these advancements, leaving Oregonians without the resources they need to navigate financial challenges and build long-term security.[4]

**HB 2561 Discourages Innovations in Lending**

Modern lending innovations, particularly those leveraging advanced technology and data, have significantly improved the ability of financial institutions to provide credit responsibly and inclusively. These tools allow lenders to expand access to underserved populations while maintaining strong safeguards against defaults and predatory practices.

By imposing restrictive state-level interest rate caps, HB 2561 would discourage the use of these innovative solutions in Oregon. Financial technology has shown the ability to lower costs, increase transparency, and improve access, but this progress depends on flexible regulatory environments that support innovation. Restrictive measures like HB 2561 would create unnecessary barriers to advancing fair and inclusive credit practices.

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[3] Federal Reserve Bank of Atlanta. *Lack of Access to Financial Services Impedes Economic Mobility*. October 16, 2018. Available at: https://www.atlantafed.org/economy-matters/community-and-economic-development/2018/10/16/lack-of-access-to-financial-services-impedes-economic-mobility

[4] Federal Reserve Bank of Cleveland. *Access to Credit for Small and Minority-Owned Businesses*. April 5, 2022. Available at: https://www.clevelandfed.org/publications/economic-commentary/2022/ec-202204-access-to-credit-for-small-and-minority-owned-businesses

**FinTech Lenders Already Comply with Federal Consumer Protection Laws**

Financial service providers that offer innovative lending solutions are already required to comply with comprehensive federal consumer protection regulations. These include:

- **The Truth in Lending Act (TILA)[5]:** Ensures borrowers receive clear and accurate disclosures about loan terms, including interest rates and fees, enabling informed decision-making.
- **Equal Credit Opportunity Act (ECOA)[6]:** Prohibits discrimination based on protected characteristics, ensuring fair access to credit.
- **Fair Credit Reporting Act (FCRA)[7]:** Regulates the use of consumer credit data to protect borrowers' privacy and accuracy of information.
- **Dodd-Frank Wall Street Reform and Consumer Protection Act[8]:** Provides broad protections against unfair, deceptive, or abusive acts or practices (UDAAPs) in financial services.

These federal laws already establish strong consumer protections, balancing fairness with the ability to provide credit. Introducing conflicting state-level restrictions, as proposed in HB 2561, would create redundancy and discourage lenders from operating in Oregon, ultimately limiting options for consumers.

Under HB 2561, Oregonians would face fewer choices, higher costs, and less access to credit products designed to meet their unique financial needs. Additionally, these restrictions would hinder economic growth by discouraging businesses from lending in the state and depriving local communities of access to financial tools that support upward mobility and financial stability.

**We urge you to reject HB 2561** and instead pursue policies that balance consumer protection with fostering innovation and financial inclusion. Oregon has the potential to lead in the adoption of advanced financial solutions, but this bill would hinder progress and harm the very residents it seeks to protect.

Sincerely,
Robert Singleton
Senior Director of Policy and Public Affairs, US West

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[5] Office of the Comptroller of the Currency. *Truth in Lending Act*, US Department of Treasury. https://www.occ.treas.gov/topics/consumers-and-communities/consumer-protection/truth-in-lending/index-truth-in-lending.html#:~:text=The%20Truth%20in%20Lending%20Act,for%20certain%20types%20of%20loans
[6] Civil Rights Division. *Equal Credit Opportunity Act*, US Department of Justice. https://www.justice.gov/crt/equal-credit-opportunity-act-3
[7] 14 U.S.C. §§ 1681-1681x. *Fair Credit Reporting Act*, Federal Trade Commission. https://www.ftc.gov/legal-library/browse/statutes/fair-credit-reporting-act
[8] Dodd-Frank Wall Street Reform and Consumer Protection Act, H.R. 4173, 111th Cong. (2010). https://www.congress.gov/bill/111th-congress/house-bill/4173/text