



September 17, 2023

Consumer Financial Protection Bureau
(RE: Regulation of Lending Institutions)
1700 G St. NW
Washington, DC 20552

RE: Regulate Digital Payday Lenders

To Who It May Concern,

As a member of a faith community with a long history of concern and advocacy for economic and social justice, we are outraged by the emergence in recent years of many harmful financial products and practices have been pushed on communities of color and low-income communities in the name of “access to credit” and “financial innovation.” These products are nothing more than traditional predatory financial products cloaked in a digital veneer.

Now, financial tech (fintech) companies like EarnIn and PayActiv push loans right through phone apps, calling them “advances” on paychecks, with fees loaded on top—all the same predatory hallmarks of payday loans.

These apps are being falsely marketed to people, especially [working women of color](#), as a risk-free, low-cost way to deal with an emergency expense. They hide the true cost behind “tips” or expedite fees, but end up collecting these fees from users at predatory lending levels. Recently, California’s financial regulator found these cash advance apps carry annual interest rates over 300%, making them as costly as predatory payday loans. And just like payday lenders, these apps trap working people in a cycle of debt that they struggle to escape.

This has happened because fintech companies have found loopholes in state consumer credit laws designed to protect borrowers—claiming that earned wage advances are not loans or that the companies themselves do not count as lenders as defined by law, and by disguising the true cost of their products to side step interest rate caps.

These companies are currently working to codify their predatory lending models. They cannot be allowed to get away with this. We need to keep all Americans from being exploited by these digital payday lenders. **I join with my church and the National Consumer Law Center in urging the CFPB to hold these fintech companies accountable and regulate them.**

Thank you,

(Print Name & Address) _____

