



March 13, 2025

The Honorable Representative Solomon
House Corporations Committee
Rhode Island General Assembly

RE: H 5042, RELATING TO FINANCIAL INSTITUTIONS -- LICENSED ACTIVITIES

Dear Chair Solomon and Committee Members:

My name is Joe Rubin, and I am head of Policy and External Relations for OppFi (NYSE: OPFI), a leading technology enabled platform that works with banks to provide financial products and services to everyday Americans. Through its unwavering commitment to customer service, OppFi supports consumers who are turned away by mainstream options to build better financial health. I appreciate the opportunity to testify before this Committee on behalf of Rhode Island's subprime consumers – those who cannot obtain credit from traditional banks and credit unions. This represents nearly 27% of Rhode Island's population.

On H 5042: we support the overall thrust of the bill – to stop predatory lending. We believe that there are more effective means of providing credit access to subprime consumers than a two-week, non-amortizing loan that benefits the lender more if the consumer defaults on the loan than if it is fully repaid. However, we also believe that there are better approaches than simply imposing an arbitrary APR cap which would deny access to credit for subprime consumers, locking them out of the credit market altogether.

Instead, we believe that a better approach is to ensure that strong consumer protections are in place for small dollar loans for the subprime consumers that need access to credit.

- Require loan payments to be reported to credit bureaus to help consumers build a solid credit record;
- Limit or eliminate hidden fees such as prepayment penalties and NSF fees – a consumer should know and understand the payments they are expected to make;
- Require the loans to amortize, which facilitates the gradual repayment of some of the principal with every payment; and
- Require an assessment of the applicants' ability to repay to ensure that the consumer has the means to make payments and not get trapped in a cycle of debt.

By integrating such safeguards and protections into the loans we facilitate through our platform, we aim to facilitate credit access to consumers while preventing them from being ensnared in a cycle of debt.

OppFi's platform includes the robust safeguards and strong consumer protections described above, a core reason why we have been able to serve more than one million customers. These features differentiate the products we facilitate from the predatory lenders that we, and the Rhode Island legislature, both seek to protect consumers from. OppFi maintains a 4.6/5.0 star rating on Trustpilot with more than 3,600 reviews, making the Company one of the top consumer-rated financial platforms online, and an A+ rating from the Better Business Bureau (BBB). OppFi has also been identified as providing “Best In Class” consumer protections¹ and “Best Loans for Alternative Credit.”².

OppFi also provides customers with extensive financial literacy tools; and we partner with several social impact providers to help meet the needs of customers. For instance, we partner with SpringFour, which helps connect consumers to community-based services such as food banks and job training; and another partner, Experian Boost, helps consumers build their credit.

The OppFi platform is a mobile-optimized online application that also assists consumers in finding potentially better loan options. Specifically, the OppFi TurnUp Program enables eligible applicants to opt in to help them find more affordable credit options. It checks the market voluntarily on their behalf for sub-36% APR products offered by traditional, mainstream lenders. If any lower cost products are identified, OppFi displays the offers from the applicable lenders and consumers can choose to finish their application at another lender's website. If no mainstream credit options are available with an APR of less than 36%, however, the application is processed through OppFi's underwriting platform which utilizes machine learning, bank-approved, proprietary algorithms. This process ensures maximum value and benefit are realized by all parties.

In conclusion, while we support the idea of eliminating predatory practices behind H 5042, we believe that this approach would have unintended consequences and would cause more harm to the consumers and communities you seek to help.

Inflationary pressures are straining consumers' finances while banks are reducing their consumer lending activities. For those subprime consumers that do not have access to a credit card or other mainstream credit in the event of an emergency, this squeeze is having a devastating impact. We urge you to work with us to help ensure that consumers who can't otherwise obtain access to credit in Rhode Island still have a lifeline if they need it.

Thank you for your time and consideration. Please feel free to reach out to me at jrubin@opphi.com with any questions.

Sincerely,

/S/

Joe Rubin

¹ <https://www.badcredit.org/news/opphi-offers-products-to-rebuild-credit/>

² <https://www.investopedia.com/best-personal-loans-with-no-credit-check-7101289#toc-opploans>