



## American Fintech Council Testimony

TO: Rhode Island House Committee on Corporations

FROM: Ashley Urisman, Director-State Government Affairs, American Fintech Council (AFC)

DATE: April 24, 2025

SUBJECT: House Bill 6055

### **Position: Oppose**

Good afternoon Chair Solomon and members of the Committee on Corporations. My name is Ashley Urisman, and I am the Director of State Government Affairs for the American Fintech Council (AFC). Thank you for allowing me to testify today in opposition to House Bill 6055 (HB 6055).

AFC is a standards-based trade association representing responsible fintech lending companies and their innovative bank partners. I believe that AFC and the sponsors of this bill share a common goal- protecting consumers from predatory lending practices. Unfortunately, the fact that HB 6055 opts the state of Rhode Island out of the Depository Institution Deregulation and Monetary Control Act of 1980 (DIDMCA), renders this legislation a blunt and legally questionable legislative tool to address the challenges of a nuanced issue.

Simply put, HB 6055 will diminish access to credit for Rhode Island families and put your constituents at a severe disadvantage. Under current law, state-chartered community banks can partner with fintech companies to offer much needed, safe and affordable access to credit to borrowers. This bill upsets the balance in the financial services industry. Rhode Island interest rate caps apply only to state-chartered banks; and regardless if this bill passes, national banks can continue charging Rhode Island consumers higher rates as permitted under federal rules.

Last year, when a similar bill was heard by this committee, Director Elizabeth K. Dwyer of the Rhode Island Department of Business Regulation (DBR) wrote a letter to Chair Solomon warning that passing the measure would have a detrimental impact on Rhode Island banks. Those risks remain relevant if HB 6055 passes this year.

In 2024, AFC members made more than 120,000 loans totaling more than \$190,000,000 to Rhode Island borrowers. This infusion of capital to the state's economy was made possible by

responsible fintech companies. Under the provisions of HB 6055, many of these consumers would have had no credit options, would have been forced to engage with higher priced lenders, or obtained loans from nationally chartered banks that are not beholden to state interest rate caps this bill aims to enforce.

It is important to note that this bill is based on the ideas of a small group of Iowa lawyers, who claim that Iowa's decision to opt-out of DIDMCA proved beneficial for their consumers. These assertions were made without any data. Based on an analysis of AFC's members, each year at least 250,000 Iowans are missing out on loans at responsible rates, totaling approximately \$300 million. This hardly seems like a robust lending environment. It is exactly for this reason that in the 1980's, after the passage of DIDMCA, of the eight states opted that initially opted out of the law, six quickly reversed course and opted back in<sup>1</sup>.

If passed, HB 6055 will decrease access to responsible credit in Rhode Island as it did in Iowa, putting Rhode Island based community banks at a disadvantage and leave many of your constituents with no option but to rely on predatory alternatives.

Additionally, last year, AFC brought legal action against the state of Colorado for passing a similar bill. We have already won our preliminary injunction and are optimistic we will be successful in the suit. Opting out of DIDMCA is not legally valid, nor is it sound public policy. Rhode Island, like Colorado, does not have the right under DIDMCA to set rates and fees for state-chartered banks that are not actually making loans (as defined under federal law) in Rhode Island. HB 6055 would face the same legal issues as the Colorado law if passed.

On behalf of the American Fintech Council, I respectfully request that this committee table this bill to consider the nuance needed to properly solve the issues of predatory lending. I thank you again for the opportunity to raise my concerns regarding HB 6055 and I am open to answering any questions.

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<sup>1</sup> Upon initial passage of DIDMCA, Colorado, Iowa, Maine, Massachusetts, Nebraska, North Carolina, Puerto Rico, and Wisconsin opted out. However, all jurisdictions other than Iowa and Puerto Rico rescinded their opt-outs.