March 3, 2026

The Honorable Joseph J. Solomon
Chair
House Committee on Corporations
82 Smith Street
Providence, Rhode Island 02903

Dear Chair Solomon,

The Financial Technology Association (FTA) appreciates the opportunity to raise its concerns with House Bill 7850. FTA—an organization representing innovative fintech companies—champions the power of technology-centered financial services and advocates for the modernization of regulation to support competition, inclusion, and innovation.

FTA members are committed to providing consumer choice, competition, and protection. They work closely with bank partners and, in many cases, focus on providing short-term, low-cost liquidity solutions to consumers so that they can make purchases and address unexpected expenses. Traditional lending solutions historically relied on brick-and-mortar storefronts, manual processes, and legacy technology systems to provide credit. However, responsible fintech companies and banks have long pursued compliant credit related program partnerships that have helped to address credit gaps and better serve a broad range of consumers and small businesses.

We are deeply concerned that enactment of HB 7850 would restrict consumer access to low-cost credit, stifle responsible innovation, and hinder the ability of financial technology companies and banks to collaborate effectively by curtailing lending activity utilized by many Rhode Islanders.

Banks' statutory authority to preempt other states' laws and export interest rates from their home state is not new and is necessary to the functioning of a modern banking system and economy that functions across state lines. In fact, it is a fundamental feature of the United States' dual banking system. The Supreme Court has expressly acknowledged that the power of a bank to export the interest rate permitted in its home state will impair the ability of states to implement their own rate cap laws. It has also stated that this is a fundamental aspect of how the federal banking laws work.[1]

Moreover, this bill's anti-evasion proposal is significantly broader than most state true lender laws because it goes beyond economic-interest tests to treat ownership of the trademark or other intellectual property underlying the loan program as affirmative evidence of lender status, and

[1] *Marquette Nat'l Bank of Minneapolis v. First of Omaha Service Corp.*, 439 U.S. 299 (1978).

separately imposes liability on any person who solicits, brokers, or "engage[s] in any other activity intended to facilitate" a loan that violates state law —sweeping in both brand control and downstream facilitation in a way that other statutes do not.

If enacted, this bill would create legal uncertainty[2] and undermine access to capital. It will also undermine state-chartered banks and favor the largest national banks, which are not subject to the Depository Institutions Deregulation and Monetary Control Act (DIDMCA) opt-out or this anti-evasion provision. This undercuts competition and will result in further concentration in the largest banks.

Ultimately, any calls to alter the federal banking laws and banking system should be addressed by Congress. It is for these reasons that we respectfully oppose HB 7850. We would welcome the opportunity to discuss our concerns with you further.

Sincerely,

Penny Lee
President and Chief Executive Officer
Financial Technology Association

[2] We note that litigation over Colorado's 2023 opt-out of the Depository Institutions Deregulation and Monetary Control Act remains ongoing.