



April 13, 2017

The Honorable Larry Hogan
Office of the Governor
100 State Circle
Annapolis, MD 21401

Dear Governor Hogan

The Online Lenders Alliance would like to express its strong opposition to SB 527/HB 1270 and would request that the bills be vetoed.

Current credit products in Maryland have a long history of successfully helping meet consumers' capital needs. Maryland consumers in search of a loan have the option of lines of credit. One of the many benefits that online lenders provide is the flexibility to use varying terms and conditions to offer consumers capital. Should SB 527/ HB 1270 become law and establish a combined fees and interest rate cap of 33% on lines of credit, many will lose the flexibility to control their payment options, significantly impacting the ability of consumers to find credit.

OLA represents the growing industry of innovative companies that develop and deploy financial technology which include proprietary and innovative underwriting methods, data analytics, and non-traditional delivery channels to offer online consumer loans and related products and services. OLA members include online lenders, as well as vendors and service providers to lenders, such as consumer reporting agencies, payment processors, and online marketing firms.

Our members provide unsecured consumer credit to millions of Americans who do not have other realistic or safe options to meet unexpected or emergency expenses or to make ends meet when money is tight. These loans provide convenience that consumers value.

All OLA members have agreed to a Code of Conduct and Best Practices that go above and beyond current legal and regulatory standards. These further the goals of promoting lending that is fair and responsible. It also reflects OLA's support for efforts to stop bad actors from engaging in deceptive, unfair, or abusive lending practices.

Much of the innovation undertaken by OLA members has enabled consumers' greater access to lending options. These innovations would be greatly curtailed should SB 527/HB 1270 become law. It's important, when considering changes to current lending practices in Maryland, caution is taken to ensure there are no unintended consequences that may result in a loss of credit options for consumers. The one size fits all approach that S527/HB 1270 takes by imposing an arbitrary combined fees and interest rate cap of 33% will block online lenders from much of the innovation that has helped this portion of the economy.

We encourage states to provide a regulated framework for consumer credit. However, these bills would eliminate the option for tens of thousands of Marylanders. We already know that at least 100,000 consumers in the State of Maryland have used lines of credit that are regulated through the Department of Labor, Licensing and Regulation. It was recognized hearing, that there is no reasonable alternative in place that will help these consumers.

OLA, and its state-licensed lender-members who operate in Maryland, want to engage in a dialog to address any real (or perceived) problems in this market, but simply eliminating non-bank lines of credit will hurt our current Maryland customers.

Maryland's current lines of credit are providing consumers with safe and reliable credit. A check of complaints filed with the CFPB shows little to no issues with lines of credit, let alone lines of credit in Maryland (less than 2.5% of all complaints filed by consumers in Maryland). SB 527/HB1270 would remove the flexibility for lenders to use a combination of interest rate and fees to tailor a loan that works best for the consumer. If allowed to become law S527/HB1270 would reduce consumer credit options, which is why we are asking that you veto this legislation.

Thank you very much for your consideration



Lisa McGreevy
President & CEO