



American Fintech Council Written Testimony

TO: Oregon House Committee on Commerce and Consumer Protection
FROM: Phil Goldfeder, CEO, American Fintech Council (AFC)
DATE: February 3, 2026
SUBJECT: House Bill 4116

Position: Oppose.

Testimony:

Thank you, Chair Sosa, Vice-Chairs Chaichi and Osborne, and members of the House Committee on Commerce and Consumer Protection for providing me with the opportunity to testify before you in opposition to House Bill 4116 (HB 4116). My name is Phil Goldfeder and previously served as a senior advisor to Senate Minority Leader Chuck Schumer, and a former state legislator from the state of New York. I now continue my public service as the CEO of the American Fintech Council (AFC).

As a standards-based trade association representing responsible fintech lending companies of all sizes in tandem with their innovative bank partners, we recognize that not all bank-fintech partnerships are created equal. While our views align with regards to what constitutes responsible credit, we strongly oppose using an opt-out of DIDMCA as a consumer protection tool.¹ Opting out of DIDMCA is a blunt and legally questionable legislative approach that, quite frankly, does not work and would harm the very constituents it is intended to protect.

HB 4116 seeks to address an issue in Oregon that the Department of Consumer and Business Services (DCBS) has already demonstrated it has the authority and ability to regulate, namely pursuing enforcement actions against fintech companies who facilitate loans in excess of Oregon's interest rate cap.² Additionally, this bill would have no impact on nationally chartered banks, which already partner with fintech companies to make higher-interest loans to Oregonians. The only result of this bill would be diminished access to affordable and responsible credit for Oregon families and create a severe competitive disadvantage for Oregon banks.

¹ The Depository Institutions Deregulation and Monetary Control Act of 1980 (DIDMCA) established the ability for state-chartered banks to export the interest rate of their "home state" to loans made across the nation. DIDMCA's provisions only impact state-chartered banks; however, sections 521-525 of the Act were intended to increase parity for state-chartered banks with their nationally chartered counterparts.

² On January 29, 2026 Oregon's Division of Financial Regulation (DFR), a division of DCBS, issued a cease-and-desist order against Wheels Financial Group LLC, doing business as LoanMart, for facilitating consumer finance loans that exceeded Oregon's interest rate cap. DFR sought \$660,000 in fines from LoanMart and repayment of \$900,000 in excessive interest rate charges to consumers. See, Oregon Division of Financial Regulation, "DFR fines LoanMart \$660,000 for charging excessive interest in consumer loans; company to repay \$900,000 to Oregon borrowers," press release, Jan. 29, 2026, <https://dfr.oregon.gov/news/news2026/Pages/20260129-loanmart-to-repay-oregon-borrowers.aspx>.

Under current law, state-chartered community banks can partner with responsible fintech companies to expand access to safe and affordable credit below Oregon's 36% interest rate cap. This bill risks disrupting the competitive balance in the financial services market by disadvantaging Oregon state-chartered banks relative to national banks. Notably, Oregon interest rate caps apply only to state-chartered institutions, while national banks may continue to charge higher rates under federal law.³

DCBS's actions are creating an uneven and unjustified marketplace for state-chartered banks. This outcome runs counter to Governor Kotek's recent proclamation recognizing the vital role community banks play in Oregon's economy. As the Governor stated, "Community banks are an integral part of Oregon's overall economy through their community giving, dedication as good neighbors, and above all, their critical role in providing reliable financial services to Oregonians." Policies that disadvantage these institutions undermine that stated commitment.

Iowa is the only state to have continually opted out of DIDMCA, yet there is no data or analysis demonstrating consumer benefit from that decision. By contrast, based on an analysis of AFC member activity, an estimated 250,000 Iowans each year are unable to access loans at responsible rates, representing approximately \$300 million in foregone credit.⁴ It is exactly for this reason that in the 1980's, after the passage of DIDMCA, 8 states initially opted out of the law but 7 quickly reversed and opted back into the Act.

If passed, HB 4116 will decrease access to responsible credit as it did in Iowa, put Oregon based community banks at a disadvantage and leave many Oregonians, particularly those in minority communities, with no option but to rely on far too many predatory alternatives. Consumers who were once responsibly served through bank-fintech partnerships, will now either have no access to credit or be forced to engage with higher priced lenders or nationally chartered banks that are not beholden to Oregon interest rate caps.

In addition, AFC, along with other trade associations, filed a legal challenge nearly two years ago against a similar law enacted by the State of Colorado. That case remains pending and has required substantial time and resources, with no resolution in sight. If passed, HB 4116 would face the same legal issues as the Colorado law.

I do not want the scarcity of lending options seen in Iowa to befall Oregon consumers, nor do I want Oregon to face the same type of prolonged legal challenge now confronting Colorado. Too many questions remain unanswered by DCBS, and there is insufficient data to validate the arguments being advanced.

³ Under section 85 of the National Bank Act, 12 U.S.C. § 85, "[a]ny association may take, receive, reserve, and charge on any loan...interest at the rate allowed by the laws of the State, Territory, or District where the bank is located, or **at a rate of 1 per centum in excess of the discount rate on ninety-day commercial paper** in effect at the Federal reserve bank in the Federal reserve district where the bank is located, **whichever may be the greater**..."[emphasis added]."

⁴ Potential lending activity in Iowa from opting back into DIDMCA is based on a comparative analysis between AFC member loans made in Iowa versus those made in similarly situated states that did not opt-out of DIDMCA. The states selected for comparison were Kansas, Oklahoma, and South Dakota. The variables used to evaluate likeness between states were geographic region, population size, median household income, rate of college degree attainment, homeownership rate, and poverty rate. Upon selection, AFC Member lending data was pulled for each state and calculated against the total population of the state to obtain the approximate percent of consumers served in that state, with the assumption that each loan was to a new consumer. The percent of consumers served provided the likely range that similarly situated states could expect without the DIDMCA opt-out. From this data, a sensitivity analysis was conducted to show the range of the population that would likely be served if Iowa opted back into DIDMCA. The populations served, total loan amount, average FICO, and Average APR were then averaged to determine the most likely outcome given the data.

As noted above, DCBS already has the tools necessary to enforce existing Oregon law and has demonstrated its effectiveness on behalf of Oregon families. Therefore, I respectfully urge the committee to table this bill in order to more fully consider the problem we are attempting to solve and to avoid harming the hundreds of thousands of Oregon families who are currently being responsibly served by AFC members.

Thank you again for the opportunity to raise my concerns regarding HB 4116 and I am open to answering any questions.