



## American Fintech Council Testimony

TO: Rhode Island Senate Committee on Commerce

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

DATE: April 14, 2026

SUBJECT: Senate Bill 2206

### **Position: Oppose**

Good afternoon, Chair Britto, Vice Chair Sosnowski, and members of the Senate Commerce Committee. My name is Ashley Urisman, and I serve as the Director of State Government Affairs for the American Fintech Council (AFC). Thank you for allowing me to testify today in opposition to Senate Bill 2206 (SB 2206).

AFC is a standards-based trade association representing responsible fintech lending companies and their innovative bank partners. A central theme of our advocacy is responsible interest rate caps, and our members do not originate loans with interest rates above 36%. We believe that our members and the sponsors of this bill share a common goal of preserving access to responsible and affordable loans while protecting consumers from predatory lending practices. Unfortunately, opting Rhode Island out of the Depository Institution Deregulation and Monetary Control Act of 1980 (DIDMCA), will accomplish neither. SB 2206 is too blunt and legally questionable tool to address this nuanced issue.

Simply put, SB 2206 will diminish access to credit for Rhode Island families and put your state-chartered banks at a severe competitive disadvantage. Under current law, state-chartered community banks can partner with responsible fintech companies to offer much needed, safe and affordable access to credit. If passed, this bill would upset the competitive balance in the financial services industry and put state-chartered banks at a significant disadvantage to nationally chartered banks. While this bill may limit the activities of state-chartered banks, it will have no impact of nationally chartered banks which can continue to lend at any rate they choose.

In 2024, when a similar bill was heard by the legislature, Director Elizabeth K. Dwyer of the Rhode Island Department of Business Regulation (DBR) wrote a letter to Chair Solomon warning that passing the measure “may not produce its intended result” and could have a detrimental impact on Rhode Island banks. Director Dwyer’s concerns were critically important then and remain relevant today.<sup>1</sup> Crucially, Director Dwyer noted that a DIDMCA opt-out may have “further detrimental impact on Rhode Island state-chartered banks and credit unions who

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<sup>1</sup> Rhode Island Department of Business Regulation, *Letter Regarding H7941 – An Act Relating to Commercial Law – General Regulatory Provisions- Interest and Usury*, Letter to the Honorable Joseph J. Solomon, Jr. Mar. 26, 2024.

perform lending activities in other states. While a bank chartered in a state that has opted out would be prevented from exporting its home state rates into other states, banks chartered in other states would not be automatically prevented from exporting rates into an opt out state”.<sup>2</sup>

Iowa remains the only state in the country that has successfully opted out of DIDMCA and based on an analysis of AFC members, each year at least 250,000 Iowans are missing out on loans at responsible rates, totaling approximately \$300 million in capital. In fact, to alleviate part of this credit crunch, on April 4 of this year, the Iowa Legislature passed legislation to raise the state’s interest rate cap to 36%.

That credit constraint is precisely why in the 1980’s after DIDMCA’s initial passage, six of the eight jurisdictions that initially opted out quickly reversed course and opted back in<sup>3</sup>. If passed, SB 2206 will decrease access to responsible credit in Rhode Island, just as opting out of DIDMCA did in Iowa. SB 2206 will put Rhode Island-based community banks at a competitive disadvantage and leave many Rhode Islanders with no option but to rely on predatory alternatives.

In 2024, AFC together with other trades, brought legal action against the state of Colorado for passing a DIDMCA opt-out bill. Nearly 3 years later, the case is still ongoing at great cost to Colorado taxpayers. Opting out of DIDMCA is neither legally valid, nor is it sound public policy. No state has 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 their state. If passed, SB 2206 will face the same legal challenges as the Colorado law and waste important state resources on an issue already being litigated.

On behalf of AFC, I respectfully request that this Committee hold or table SB 2206 and pursue a more targeted approach to reigning in predatory lending without harming Rhode Island-chartered banks or reducing access to safe, affordable credit. Thank you.

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<sup>2</sup> Ibid.

<sup>3</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.