

# Consumer Credit R(evolution): Buy Now Pay Later and Other Emerging Trends in Consumer Finance

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1

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2

## Today's Presentation

- Innovation: There is no time like the present
- Buy Now Pay Later
- Rent to Own
- AI Legal and Regulatory Developments
- Bank Partnerships
- Usury Law Developments
- Odds & Ends

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3

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**Innovation: There is no time like the present**

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## How is FinTech evolving in the post-pandemic world?

- Open banking?
- Digital only financial services?
- Financial literacy and education
- AI
- Low cost and low risk (?) growth opportunities
- Regulatory innovation or stagnation?

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## What are the new opportunities in the marketplace?



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## Buy Now Pay Later

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## What is BNPL?

- aka Point of Sale Credit
- Make purchases and pay later.....terms vary (e.g., weeks, months, etc.)
- Often don't pull credit, but may report credit
- Some direct lending, but also a lot of bank partnerships

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## What is driving the expansion in this market?

- Consumer convenience
- Point of sale (merchant risk / partnerships)
- Cloud computing / tech
- Adoption of mobile

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## Emerging issues and regulatory landscape?

- Future of bank partnerships and service provider risks
- Interest rate flexibility / Usury rates
- Compliance with consumer financial law
- General consumer protection
- Data security and privacy

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## Rent to Own

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## Rent to Own

- RTO businesses are typically appliance, electronics, and furniture retailers that arrange lease agreements for customers who cannot purchase goods with an upfront payment in full.
- Difference between lease v. credit
  - State law coverage
  - Federal consumer protection laws
  - Consumer experience / collections

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## AI Legal and Regulatory Developments

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### Artificial Intelligence

- FTC Digital Dark Patterns Workshop
- Consumer protection related enforcement (e.g., FTC v. Beam)
- SEC/FINRA Fintech Innovation
- Loan underwriting (FCRA?)
- Machine readable rules
- AI assisted compliance

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## Bank Partnership Developments

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## Bank Partnership Developments

- Current state of the law
  - Preemption
  - Regulatory expectations
  - Exam/Enforcement
  - Court decisions
- Repeal of OCC rule: Is the bank partnership model a bad bet or does it matter?

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## Usury Laws

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## Usury Rate Law Developments

What states have tightened their usury caps in the last year? What is predicted for the year to come?

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## Odds and Ends

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## Odds and Ends

- What impact will the *Ramirez* decision have on the consumer reporting market?
- CFPB Debt Collection Rule – Status and Impact
- Heightened scrutiny and increase in investigations
- What's happening in California? (DFPI Licensing of Debt Collectors and more?)
- More

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20

## Questions & Answers

For a directory of CFS related articles and presentations:  
[www.Venable.com/cfs/publications](http://www.Venable.com/cfs/publications)

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