Online Lenders Alliance

Compliance as a Competitive Advantage

Wednesday, July 23, 2025

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COMPLIANCE UNIVERSITY

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Agenda

- Introduction and Overview of Current Regulatory Climate
- The Strategic Case for Compliance in a Deregulatory Era
- Compliance Without a Playbook: Navigating Ambiguity
- Winning Trust with Regulators, Funders, and Consumers
- Third-Party Risk, Partnerships, and Compliance Signaling
- Practical Tips to Build Compliance as a Strategic Asset
- Audience Q&A

Overview of Current Regulatory Climate

Federal Consumer Financial Law: Still Intact in 2025

📘 The Laws Didn’t Change—Just the Enforcers

- 🏛 Key Statutes Remain Unchanged
  - Truth in Lending Act (TILA)
  - Fair Credit Reporting Act (FCRA)
  - Equal Credit Opportunity Act (ECOA)
  - Electronic Fund Transfer Act (EFTA)
  - Fair Debt Collection Practices Act (FDCPA)
  - Consumer Financial Protection Act (CFPA / UDAAP)
- 🔄 Regulatory Pullbacks ≠ Legal Repeal
  - Guidance withdrawn, enforcement paused—but **statutory obligations persist**
  - Courts, state AGs, and private litigants can (and do) enforce these laws
- ⚖️ Litigation & State Action Rising
  - Gaps in federal enforcement are being filled by **states and class actions**
  - Legal exposure for violations remains—often without warning

You’re still on the hook—compliance with federal consumer law is non-negotiable, even when regulators seem quiet.

New Trump Administration – Focus on Deregulation and Reform

Fact Sheet: President Donald J. Trump Launches Massive 10-to-1 Deregulation Initiative

Fact Sheets | January 31, 2025

Strengthening American Leadership in Digital Financial Technology

A Presidential Document by the Executive Office of the President on 01/31/2025

An official website of the United States government

Department of Government Efficiency
The people voted for major reform.

Latest work

Follow on X

Department of Government Efficiency
@DOGE

Agencies often have more software licenses than employees, and the licenses are often idle (i.e. paid for, but not installed on any computer). For example, at GSA, with 13,000 employees, there are:
- 37,000 WinZip licenses
- 19,000 training software subscriptions (and multiple... Read more

Today at 12:25 PM

Fact Sheet: President Donald J. Trump Reins in Independent Agencies to Restore a Government that Answers to the American People

Fact Sheets | February 18, 2025

Consumer Financial Protection Bureau

CFPB and Future of Consumer Financial Law

CFPB Under New Management

Changes to:

- Personnel
- Rulemakings
- Enforcement
- Supervision and exams

Long-Term Future of the CFPB?

Who, if anyone, will pick up the slack?

EXCLUSIVE

CFPB Tells Employees to Pack Up Offices as Mass Firings Loom (1)

May 30, 2025, 3:06 PM EDT; Updated: May 30, 2025, 4:44 PM EDT

New Details Emerge on Trump Officials' Sprint to Gut Consumer Bureau Staff

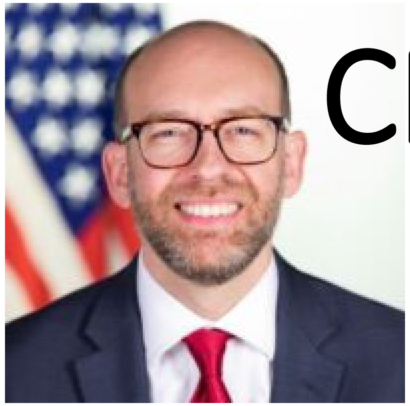
Emails and testimonials from workers at the Consumer Financial Protection Bureau document the administration's efforts to lay off 90 percent of the employees.

Government drops cases against 'predatory' financial firms

Consumer Bureau Official Quits, Citing 'Attack' on Agency's Mission

The Trump administration has frozen the agency's work and abandoned most of its lawsuits against banks and lenders.

CFPB Under New Management



Russell Vought, Acting Director, Director of Office of Management Budget

- Impact on proposed rules, final rules not yet effective, or formal rules and informal guidance. E.g., Payday Rule, Medical Debt Rule, Overdraft Rule, 1033 Rulemaking, and more
- No new investigations (or activity), or settlements
- No public communications
- No agreements
- No filings or appearances in litigation, with some exceptions to pause, withdraw, or.....

Email to CFPB Staff, February 3, 2025

"Colleagues,

Secretary of the Treasury Bessent has been named Acting Director of the CFPB, effective January 31, 2025. As Acting Director, Secretary Bessent is committed to appropriately stewarding the agency pending new leadership. In order to promote consistency with the goals of the Administration, effective immediately, unless expressly approved by the Acting Director or required by law, all employees, contractors, and other personnel of the Bureau are directed:

- Not to approve or issue any proposed or final rules or formal or informal guidance.
- To suspend the effective dates of all final rules that have been issued or published but that have not yet become effective.
- Not to commence, take additional investigative activities related to, or settle enforcement actions.
- Not to issue public communications of any type, including publication of research papers.
- Not to approve or execute any material agreements, including related to employee matters or contractors.
- Not to make or approve filings or appearances by the Bureau in any litigation, other than to seek a pause in proceedings.

If you have any questions, please raise issues through your existing management for consideration by the Acting Director."

New CFPB Supervision and Enforcement Priorities, Leaving Broader Focus to Others

cfpb Consumer Financial Protection Bureau

1700 G Street NW, Washington, D.C. 20552

April 16, 2025

TO	CFPB Staff
FROM	Mark R. Paoletta Chief Legal Officer
SUBJECT	2025 SUPERVISION AND ENFORCEMENT PRIORITIES

This document sets out the Bureau's supervision and enforcement priorities. The Bureau will focus its enforcement and supervision resources on pressing threats to consumers, particularly service members and their families, and veterans. To focus on tangible harms to consumers, the Bureau will shift resources away from enforcement and supervision that can be done by the States. All prior enforcement and supervision priority documents are hereby rescinded.

1. To avoid the ever-increasing number of supervisory exams, which are multiplying the cost of running businesses and raising consumer prices, Supervision shall decrease the overall number of "events" by 50%. The focus should be on conciliation, correction, and remediation of harms subject to consumers' complaints. Supervision should focus on collaborative efforts with the supervised entities to resolve problems so that there are measurable benefits to consumers.
2. The Bureau's focus will shift back to depository institutions, as opposed to non-depository institutions. In 2012, 70% of the Bureau's supervision focused on banks and depository institutions and 30% on nonbanks. Now that proportion has completely flipped, with over 60% on nonbanks and less than 40% on banks and depository institutions. The Bureau must seek to return to the 2012 proportion and focus on the largest banks and depository institutions.
3. The Bureau will focus on actual fraud against consumers, where there are identifiable victims with material and measurable *consumer damages* as opposed to matters based on the Bureau's perception that consumers made "wrong" choices. The areas of priorities are:
   a. Mortgages (getting the highest priority).
   b. FCRA/Reg V data furnishing violations.
   c. FDCPA/Reg F relating to consumer contracts/debts.
   d. Various fraudulent overcharges, fees, etc.
   e. Inadequate controls to protect consumer information resulting in actual loss to consumers.
4. The Bureau will focus on redressing tangible harm by getting money back directly to consumers, rather than imposing penalties on companies in order to simply fill the Bureau's penalty fund.
5. The Bureau will focus on providing redress to service members and their families, and veterans.
6. The Bureau will respect Federalism:
   a. The Bureau will deprioritize participation in multi-state exams unless *required* by statute (rather than merely permitted).
   b. The Bureau will deprioritize supervision where States have and exercise ample regulatory and supervisory authority, unless required by statute (rather than merely permitted).
   c. The Bureau will minimize duplicative enforcement, where State regulators or law enforcement authorities are currently engaged in or have concluded an investigation into the same matter.
7. The Bureau will respect other federal agencies' regulatory ambit:
   a. The Bureau will eliminate duplicative supervision or supervision outside of the Bureau's authority (e.g., no supervision of M&A, just because regulated entities are involved, or attempt to insert itself into bankruptcy supervision).
   b. To the extent feasible, the Bureau will coordinate exams' timing with other/primary federal regulators.
   c. The Bureau will minimize duplicative enforcement, where another federal regulator is currently engaged in or has concluded enforcement.
8. The Bureau will not pursue supervision under novel legal theories, including of the Bureau's authority. It will focus on areas that are clearly within its statutory authority.
9. The Bureau will not engage in or facilitate unconstitutional racial classification or discrimination in its enforcement of fair lending law:
   a. The Bureau will not engage in redlining or bias assessment supervisions or enforcement based solely on statistical evidence and/or stray remarks that may be susceptible to adverse inferences.
   b. The Bureau will pursue only matters with proven actual intentional racial discrimination and actual identified victims. Such matters shall be brought to the leadership's attention and maximum penalties will be sought.
10. The Bureau will deprioritize the following:
    a. Loans or other initiatives for "justice involved" individuals (criminals).
    b. Medical debt.
    c. Peer-to-peer platforms and lending.
    d. Student loans.
    e. Remittances.
    f. Consumer data.
    g. Digital payments.
11. The Bureau's primary consumer enforcement tools are its disclosure statutes. The Bureau shall not engage in attempts to create price controls.

Source: Brian Schwartz, WSJ, https://x.com/schwartzbwsj/status/1912633869255188512

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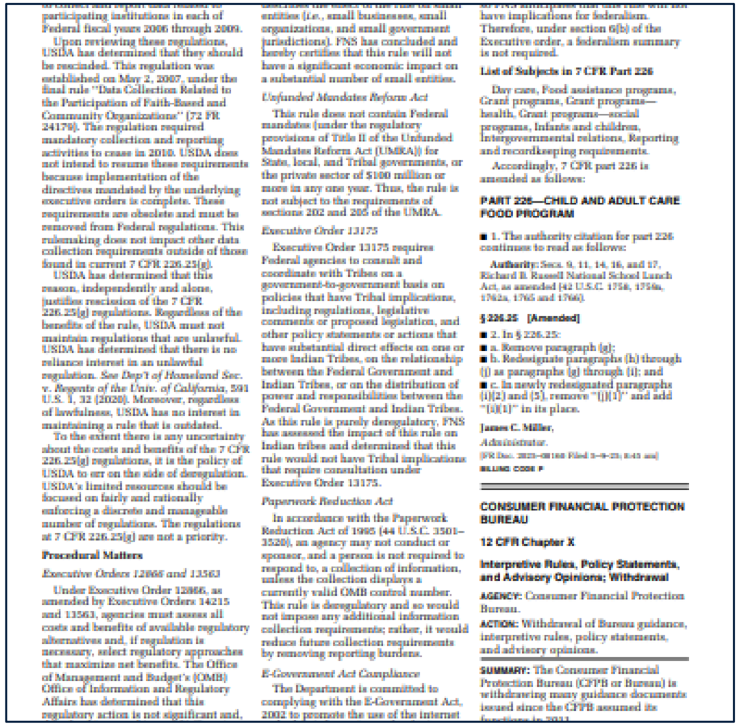
CFPB Withdraws Guidance Documents: A Shift Toward Regulatory Restraint

The CFPB took a red pen to its former playbook.

In a sweeping move that signals a recalibration of its regulatory posture, the CFPB has announced the withdrawal of 67 guidance documents, including interpretive rules, policy statements, and advisory opinions.

Effective as of May 12, 2025, the *Federal Register* notice reflects the Bureau's effort to return to formal rulemaking processes and reduce reliance on sub-regulatory guidance that some may have viewed as functionally mandatory despite disclaimers to the contrary in order to avoid enforcement or reputation risk.



participating institutions in each of Federal fiscal years 2006 through 2009.

Upon reviewing these regulations, USDA has determined that they should be rescinded. This regulation was established on May 2, 2007, under the final rule "Data Collection Related to the Participation of Faith-Based and Community Organizations" (72 FR 24178). The regulation required mandatory collection and reporting activities to cease in 2010. USDA does not intend to resume these requirements because implementation of the directives mandated by the underlying executive orders is complete. These requirements are obsolete and must be removed from Federal regulations. This rulemaking does not impact other data collection requirements outside of those found in current 7 CFR 226.25(g).

USDA has determined that this reason, independently and alone, justifies rescission of the 7 CFR 226.25(g) regulations. Regardless of the benefits of the rule, USDA must not maintain regulations that are unlawful. USDA has determined that there is no reliance interest in an unlawful regulation. *See Dep't of Homeland Sec. v. Regents of the Univ. of California*, 591 U.S. 1, 32 (2020). Moreover, regardless of lawfulness, USDA has no interest in maintaining a rule that is outdated.

To the extent there is any uncertainty about the costs and benefits of the 7 CFR 226.25(g) regulations, it is the policy of USDA to err on the side of deregulation. USDA's limited resources should be focused on fairly and rationally enforcing a discrete and manageable number of regulations. The regulations at 7 CFR 226.25(g) are not a priority.

Procedural Matters

Executive Orders 12866 and 13563

Under Executive Order 12866, as amended by Executive Orders 14215 and 13563, agencies must assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, select regulatory approaches that maximize net benefits. The Office of Management and Budget's (OMB) Office of Information and Regulatory Affairs has determined that this regulatory action is not significant and,

entities (i.e., small businesses, small organizations, and small government jurisdictions). FNS has concluded and hereby certifies that this rule will not have a significant economic impact on a substantial number of small entities.

Unfunded Mandates Reform Act

This rule does not contain Federal mandates (under the regulatory provisions of Title II of the Unfunded Mandates Reform Act (UMRA)) for State, local, and Tribal governments, or the private sector of $100 million or more in any one year. Thus, the rule is not subject to the requirements of sections 202 and 205 of the UMRA.

Executive Order 13175

Executive Order 13175 requires Federal agencies to consult and coordinate with Tribes on a government-to-government basis on policies that have Tribal implications, including regulations, legislative comments or proposed legislation, and other policy statements or actions that have substantial direct effects on one or more Indian Tribes, on the relationship between the Federal Government and Indian Tribes, or on the distribution of power and responsibilities between the Federal Government and Indian Tribes. As this rule is purely deregulatory, FNS has assessed the impact of this rule on Indian tribes and determined that this rule would not have Tribal implications that require consultation under Executive Order 13175.

Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520), an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information, unless the collection displays a currently valid OMB control number. This rule is deregulatory and so would not impose any additional information collection requirements; rather, it would reduce future collection requirements by removing reporting burdens.

E-Government Act Compliance

The Department is committed to complying with the E-Government Act, 2002 to promote the use of the internet

have implications for federalism. Therefore, under section 6(b) of the Executive order, a federalism summary is not required.

List of Subjects in 7 CFR Part 226

Day care, Food assistance programs, Grant programs, Grant programs—health, Grant programs—social programs, Infants and children, Intergovernmental relations, Reporting and recordkeeping requirements.

Accordingly, 7 CFR part 226 is amended as follows:

PART 226—CHILD AND ADULT CARE FOOD PROGRAM

■ 1. The authority citation for part 226 continues to read as follows:

Authority: Secs. 9, 11, 14, 16, and 17, Richard B. Russell National School Lunch Act, as amended (42 U.S.C. 1758, 1759a, 1762a, 1765 and 1766).

§ 226.25 [Amended]

■ 2. In § 226.25:
■ a. Remove paragraph (g);
■ b. Redesignate paragraphs (h) through (j) as paragraphs (g) through (i); and
■ c. In newly redesignated paragraphs (i)(2) and (5), remove "(j)(1)" and add "(i)(1)" in its place.

James C. Miller,
Administrator.
[FR Doc. 2025–08168 Filed 5–9–25; 8:45 am]
BILLING CODE P

CONSUMER FINANCIAL PROTECTION BUREAU

12 CFR Chapter X

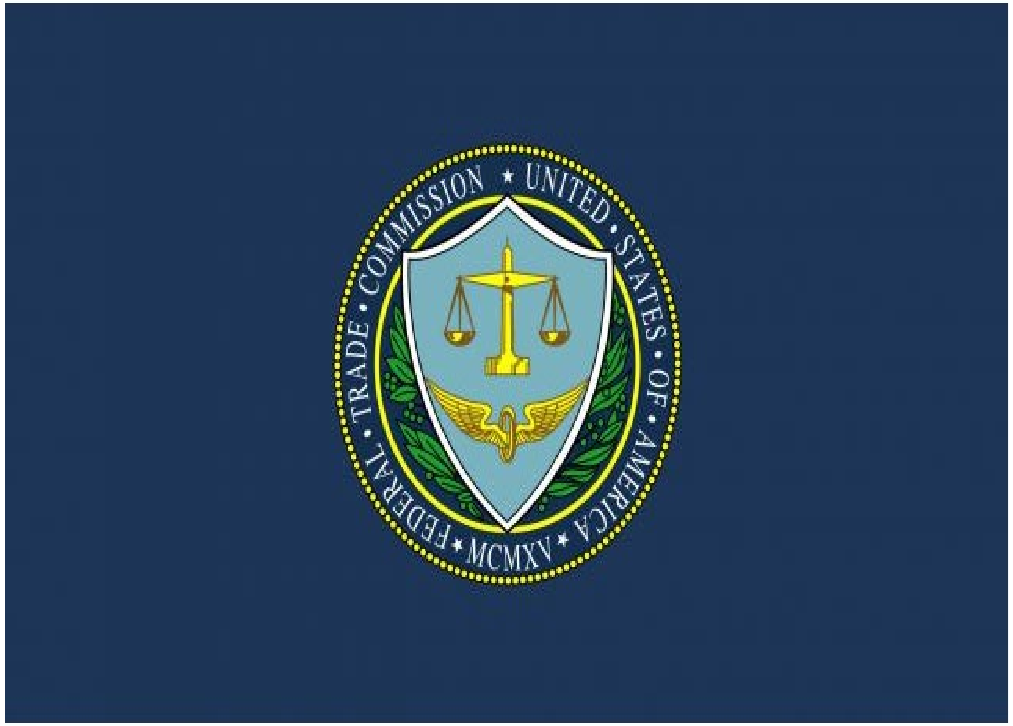
Interpretive Rules, Policy Statements, and Advisory Opinions; Withdrawal

AGENCY: Consumer Financial Protection Bureau.

ACTION: Withdrawal of Bureau guidance, interpretive rules, policy statements, and advisory opinions.

SUMMARY: The Consumer Financial Protection Bureau (CFPB or Bureau) is withdrawing many guidance documents issued since the CFPB assumed its

Federal Trade Commission



- Melissa Holyoak (R)
- Mark Meador (R)
- Andrew Ferguson, Chairman (R)
- ~~Alvaro Badoya (D)~~
- ~~Rebecca Kelly Slaughter (D)~~
    - Will Humphrey's Executor Survive?

Is the past prologue? FTC Enforcement (2017–2021): Lead Generation & Payday Lending

- 🔍 **Lead Generation**
  - Ongoing scrutiny of deceptive lead-gen practices (e.g., ITMedia settlement covered conduct through 2021).
  - FTC targeted the broader "ecosystem of fraud", including lead brokers, not just lenders.
- 💸 **Small Dollar / Payday Lending & Phantom Debt**
  - Multiple actions against fake payday lenders and phantom debt collectors (e.g., Hylan Asset Management banned in 2019).
  - Millions returned to harmed consumers—enforcement didn't stop, just got more selective.
- ⚖️ **Enforcement Still Active**
  - FTC stayed focused on fraud, deception, and consumer harm—despite broader deregulatory tone.
  - Legal limits (like AMG Capital in 2021) reduced tools, but compliance risks remained real.

Even in a deregulatory era, legacy risk + selective but sharp enforcement = compliance still essential in 2025.

State Consumer Protection Laws

- **State Financial Services Laws:** Many states have laws governing financial products and services
- **State UDAP Laws:** State attorneys general and state bank / financial services regulators may enforce unfair or deceptive acts or practices laws (UDAPs)
- **Dodd-Frank:** Under the Dodd-Frank Act, state attorneys general (and regulators) can enforce various CFPB authorities
- **State Usury Laws:** Increase in states considering opt-out of preemption of state usury laws (Depository Institution Deregulation and Monetary Control Act (DIDMCA))

- **Licensing and Regulation:** Most states also have specific consumer protection laws regulating:
  - Lending and loan servicing / sales finance
  - Money transmission
  - Debt collection
  - Credit reporting
  - Credit services
  - Debt relief services
  - Earned wage access
  - Often more…

The Strategic Case for Compliance in a Deregulatory Era

The Strategic Case for Compliance in a Deregulatory Era

Less Regulation Does Not Equate to Less Risk

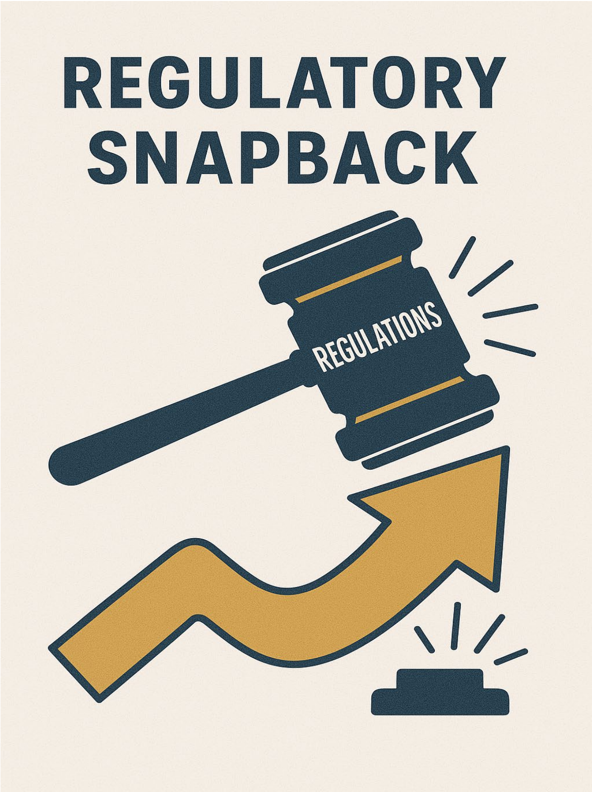
- Enforcement continues in an unpredictable and selective manner
- Risk of Regulatory Snapback

Risks of Being a Test Case

- Reputational exposure from private lawsuits
- Attention from the FTC or state AG

Importance of Compliance Strategy

- Builds enterprise value
- Crucial ahead of liquidity events, M&A, or bank partner scrutiny



Compliance Without a Playbook: Navigating Ambiguity

Compliance Without a Playbook: Navigating Ambiguity

Challenges in Setting Internal Expectations

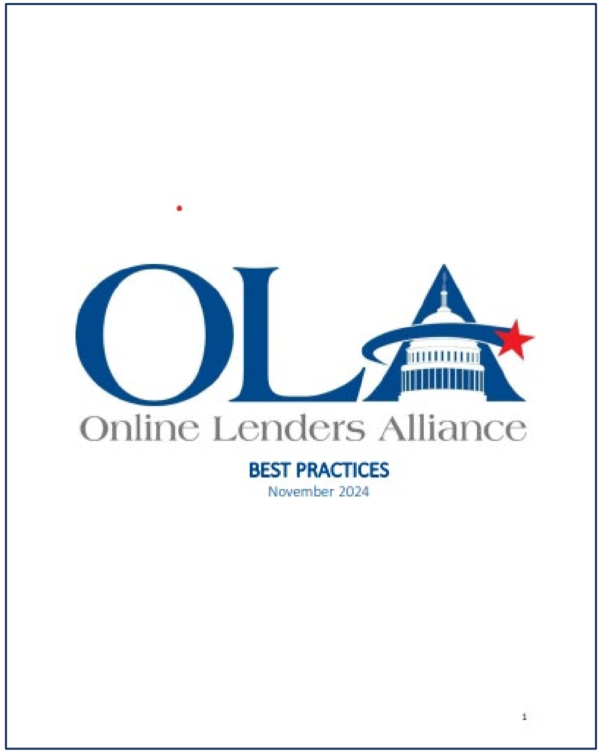
- Fewer CFPB supervisory bulletins
- Lack of real-time engagement

Benchmarking Strategies

- Using past enforcement actions
- Industry coalitions
- Third-party validators- OLA Best Practices

Proactive vs. Reactive Compliance

- Risk of “reading between the lines”
- Proactive compliance is cheaper than reactive defense



OLA
Online Lenders Alliance
BEST PRACTICES
November 2024

Winning Trust with Regulators, Funders, and Consumers

Winning Trust with Regulators, Funders, and Consumers

Clear Policies and Consumer Protection

- Attracts capital and reduces funding costs
- Wins over regulators

Transparency with Investors and Acquirers

- Essential for due diligence

Credibility and Trust

- Acts as a competitive moat
- Especially important for multi-state operations

Third-Party Risk, Partnerships, and Compliance Signaling

Third-Party Risk, Partnerships, and Compliance Signaling

Increasing scrutiny of bank-fintech partnerships

- Focus on third-party risk

Compliance audits and Reg F adherence

- Banks and investors demand compliance audits
- Importance of Reg F adherence
- Analysis of complaint trends

Additional insights on compliance

- Using compliance as a selling point
- Benefits for partners and platforms

Practical Tips to Build Compliance as a Strategic Asset

Practical Tips to Build Compliance as a Strategic Asset

Prepare for due diligence

- Ensure all necessary documents and processes are in place

Map state enforcement trends

- Reallocate compliance resources based on trends

Use training and audits as brand-building opportunities

- Enhance internal and external brand perception

Position Compliance and Legal as a partner to sales

- Support growth and revenue targets

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Q&A

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