

Testimony of BJ McCollister on behalf of OppFi in Support of LD1982, *An Act To Protect Consumers' Privacy by Giving Them Greater Control of Their Data and To Establish Consumer Protections Regarding Small Dollar Loans*

March 10, 2022

Senator Sanborn, Representative Tepler, honorable members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services my name is BJ McCollister and I am the founder of The Resurgam Group. Today I am testifying before you today in support of on behalf of my client, Opportunity Financial. My comments will focus on the smart and important consumer protections included in this bill.

OppFi is a leading financial technology platform that powers banks to offer accessible products and a top-rated experience to everyday consumers. The company empowers the 150 million consumers who are locked out of mainstream credit options gain access to credit to help rebuild financial health.

According to Experian, about 26% of the consumers in Maine have credit scores below 670, and are thus classified as subprime. Under current Maine law, this categorization means that most reputable lenders are not allowed to offer credit to these consumers.

To put this more plainly, one in four Mainers who many need a loan to cover an emergency car repair, make a rent payment during difficult financial times, or even to cover emergency medical bills are unlikely to have access to funds during their most needed times.

Without LD 1982, Maine families won't have access to a variety of quality, affordable loans from companies that have thousands of positive reviews and high ratings from the better business bureau. Instead, these borrowers are left with impossible financial decisions, whether they be about transportation or health care – these decisions often lead to job loss or Mainers going to predatory lenders that prey on Mainer's desperation.

This legislation expands access to reputable credit while also banning the predatory practices that some lenders seek to impose on desperate Mainers. Those protections include but are not limited to:

- **Banning prepayment penalties.** This means that consumers can pay their loans early and save on interest charges without facing penalty.
- **Requiring lenders to access the borrower's ability to repay.** We want to make sure that lenders are not seeking to trap borrowers in a never-ending debt trap, but are instead lending to consumers where there is a path to getting the loan paid off.
- **Limiting number of loans.** While a borrower may be able to pay off a single loan, if they start to pile up then that could cause problems for the consumer – a practice many predatory loan providers depend on.

In short, this bill is designed to ensure that credit access remains available for those that need it in Maine, while ensuring that they are protected from predatory practices.

We ask that you support LD 1982.