Innovative Lending Platform Association

February 3, 2026

The Honorable Nathan Sosa
Chair, House Committee on Commerce and Consumer Protection
Oregon State Legislature

Opposition Statement to Oregon House Bill 4116

Dear Chair Sosa, Vice Chair Chaichi, and Members of the House Commerce and Consumer Protection Committee,

The Innovative Lending Platform Association (ILPA) appreciates the opportunity to share our concerns with the committee regarding House Bill 4116, which would opt Oregon out of the Depository Institutions Deregulation and Monetary Control Act of 1980 (DIDMCA).

ILPA is the leading trade organization for online financing providers and service companies serving small businesses. Our members[1] provide various innovative, digital commercial financing products. They proudly supply thousands of Oregon businesses with working capital to invest, purchase inventory, hire additional staff for the busy season, expand operations, or repair damaged or outdated equipment. Using innovative underwriting and advanced technology, our members assess credit risk and deliver financing in as little as 24 hours.

While we appreciate the bill's sponsor's intent to protect Oregon consumers from predatory lending practices, the consequences of opting out of the Federal Deposit Institution Deregulation and Monetary Control Act (DIDMCA) will be far more serious for Oregon borrowers, as it will limit access to capital.

DIDMCA allows out-of-state and federally chartered banks to offer loans to Oregon consumers that exceed the state's existing rate caps.

Rate caps limit access to capital because they make it difficult, if not impossible, for lenders to provide capital to those who need it most. A recent study by the Federal Reserve Bank of New York found that usury limits reduce credit access for borrowers with low credit scores by as much as 20 percent, debunking the myth that lower-cost providers can meet this population's credit needs. Similarly, a study by the Aspen Institute found that usury limits ignore the cost of providing capital for short-term financing. That study showed a $5,000, 18-month loan would have to carry a 40 percent interest rate, or $2,000 in finance charges, to fully cover the origination cost. That is simply the cost of providing a borrower with capital, saying nothing about covering the costs of loan defaults, collections, and the myriad of other expenses that lenders must endure.

Out-of-state banks and federally chartered institutions providing capital to Oregon consumers exemplify the current impact of the state's rate caps. Oregon banks simply cannot meet the needs of the state's residents under the state's existing 36% rate cap. If they were able to meet these needs, out-of-state entities would not be able to compete with those in the state offering cheaper loans.

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[1] BackD Business Funding, Biz2Credit, Dedicated GBC, Fiserv, FundBox, Lendio, Mulligan Funding, and OnDeck

Additionally, the bill's focus on consumer finance loans of $50,000 or less disproportionately impacts small lenders that specialize in providing smaller, more accessible loans to underserved communities. These communities rely on small lenders' flexibility and responsiveness to meet their financial needs, especially in times of economic uncertainty. As the Aspen Institute study shows, smaller, shorter-term loans have to carry higher interest rates simply to cover the costs of lending. Opting out of DIDMCA would not only reduce the availability of credit for consumers but also stifle the growth and innovation of small lending businesses that are vital to Oregon’s economy.

DIDMCA has created a more inclusive and competitive financial landscape. Upholding these federal protections is crucial for ensuring that all Oregonians have access to the financial resources they need to thrive.

We respectfully urge the committee to vote NO on HB 4116. Thank you for your consideration.

Respectfully,

Scott Stewart
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