

ACCOUNTABLE^{US} **consumeraction**  Consumer Federation of America



March 15, 2023

By email to dfi@utah.gov
Commissioner Darryle Rude
Utah Department of Financial Institutions
324 South State Street, Suite 201
Salt Lake City, Utah 84111

Re: Abusive lending practices by FinWise Bank

Dear Commissioner Rude,

Enclosed please find a [comment letter](#) concerning FinWise Bank's Community Reinvestment Act examination submitted today to the Federal Deposit Insurance Corp. (FDIC) by Accountable.US, Americans for Financial Reform Education Fund, Center for Responsible Lending, Consumer Action, Consumer Federation of America, National Consumer Law Center (on behalf of its low-income clients), National Community Reinvestment Coalition, Public Citizen, US PIRG and the Woodstock Institute.

In the letter, we document numerous complaints about installment loans up to 160% APR made by three FinWise Bank lending partners American First Finance, Elevate Credit, Inc. and Opportunity Financial. Those nonbank lenders launder their loans through FinWise Bank in order to attempt to evade state interest rate laws that forbid loans at such predatory rates.

One of predatory lenders that FinWise Bank enables, American First Finance, has a similar business model to that of EasyPay Finance, which launders its loans through another Utah bank, Transportation Alliance Bank ("TAB Bank"). We brought complaints about the TAB Bank-EasyPay Finance partnership to the FDIC's attention last year. ^[1] The FDIC recently downgraded TAB Bank's CRA rating based on a violation of the prohibition against unfair or deceptive acts or practices affecting "a large number of consumers over an extended period of time." ^[2] Notably, our comments reveal that American First Finance has received twice as many complaints as has EasyPay Finance.

The other two FinWise Bank partners have also been the subject of extensive complaints, as well as enforcement actions and private lawsuits.

Collectively, the complaints against the loans enabled by FinWise Bank reveal:

- Deception and lack of transparency around high interest rates
- Unaffordable loans that borrowers are unable to repay
- Consumers receiving loans that they never applied for and identity theft
- Improper debt collection tactics, including collecting debt not owed, failure to validate debts, harassment and abuse
- Credit reporting problems, including incorrect information and failure to respond to disputes and errors

We urge you to stop FinWise Bank from enabling such predatory loans and from allowing itself to be used by nonbank lenders to evade state consumer protection laws.

If you have any questions, please contact Lauren Saunders, Associate Director of the National Consumer Law Center, at lsaunders@nclc.org.

Yours very truly,

Accountable.US
Americans for Financial Reform Education Fund
Center for Responsible Lending
Consumer Action
Consumer Federation of America
National Consumer Law Center (on behalf of its low-income clients)
National Community Reinvestment Coalition
Public Citizen
US PIRG
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[1] Letter from Accountable.US et al to The Honorable Martin Gruenberg Community Reinvestment Act examination of Transportation Alliance Bank (June 30, 2022), https://www.nclc.org/wp-content/uploads/2022/08/TAB_Bank_CRA_comment_June_30.pdf

[2] See FDIC, Public Disclosure, Community Reinvestment Act Performance Evaluation, Transportation Alliance Bank, Inc., d/b/a TAB Bank at 11 (Apr. 13, 2022), https://crapes.fdic.gov/publish/2022/34781_220413.PDF.