



April 22, 2026

Jerome H. Powell, Chair
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551-0001

Subject: Status Update: Meeting Request Regarding Application of Enova International, Inc., Chicago, Illinois (“Holding Company”), for prior approval of the Board of Governors of the Federal Reserve System (the “Board”), pursuant to Section 3(a)(1) of the Bank Holding Company Act of 1956, as amended, and Section 225.15 of Regulation Y, to become a bank holding company by acquiring Grasshopper Bancorp, Inc. (“Grasshopper”) and thereby indirectly acquiring Grasshopper Bank, National Association, (“Grasshopper Bank”) both of New York, New York through merger with Enova Interim Bank, N.A., South Jordan, Utah.

Dear Chair Powell:

The undersigned civil rights and consumer advocacy organizations write to lodge our objection to the merger application of Enova International, Inc. (Enova) and Grasshopper Bank. We also make a formal request for a meeting to discuss our serious concerns. Our objections arise specifically under the Federal Reserve’s review authority under the Bank Holding Company Act (BHCA), which requires consideration of financial resources, managerial competence, the convenience and needs of communities to be served, and anti-competitive effects. As detailed below, each of these criteria weighs against approval. We note that the Office of the Comptroller of the Currency denied the Center for Responsible Lending’s request for additional time and a public hearing less than a week after submission. The OCC’s review is principally focused on the Bank Merger Act criteria — safety and soundness, competitive impact, and the mechanics of the transaction. The Federal Reserve’s BHCA review is meaningfully broader: it encompasses a consolidated assessment of the holding company’s managerial competence, its overall financial condition, and — critically — the convenience and needs of the communities the resulting institution will serve. Those are precisely the dimensions on which Enova’s record is most troubling, and they are dimensions the OCC’s process does not fully reach. We therefore urge the Federal Reserve to conduct a rigorous, independent review that does not simply defer to the OCC’s determination.

The Context

Enova offers two consumer installment loan and line-of-credit products through its CashNetUSA and NetCredit brands. NetCredit rates reach 99.99% APR and CashNetUSA's go as high as 299% APR. Rather than lend at these levels through a FDIC-regulated bank partner, which is prohibited in up to 45 states, depending on the size of the loan,¹ Enova seeks a bank charter so that it can ignore state interest rates and offer those rates nationally.²

OnDeck, a loan product of Enova, offers loans to small businesses with interest rates of up to 99.99% APR. These figures are drawn from Enova's own application materials and response letter and are not disputed.³

Black and Latino communities disproportionately use non-bank, fintech installment loans. Use of high-cost non-bank installment loans increased between 2021 and 2022 only for Black and Latino/Hispanic households, almost tripling for Black households.⁴ High-cost lenders have long targeted these communities.⁵

Indeed, data indicate there are thousands of complaints nationwide lodged against Enova, centered among communities of color. We conducted a review of the Consumer Financial Protection Bureau (CFPB) complaint database and uncovered a disproportionately high level of complaints from majority-minority Zip Code Tabulation Areas (ZCTA).

Since 1/1/2018, 3,990 complaints were made to the CFPB about Enova and its products (NetCredit, CashNet, and OnDeck). About half of the complaints were from residents of majority-minority Zip Code Tabulation Areas (ZCTA), which is considerably disproportionate to the 36.6% of the US

¹ See National Consumer Law Center, [Fact Sheet: State Annual Percentage Rate \(APR\) Caps for \\$500, \\$2,000, and \\$10,000 Installment Loans](#) (Dec. 18, 2025).

² Enova current evades some state interest rate limits by lending through a rent-a-bank scheme but it avoids other states that have a record of enforcing their rate cap laws. See NCLC, [High-Cost Rent-a-Bank Loan Watch List](#) (Feb. 26, 2026).

³ Enova's response indicates it does not partner with a bank to provide loans under the CashNetUSA credit program, which will not be migrated to the bank

⁴ See generally, [Predatory Installment Lending in the States: How Well Do the States Protect Consumers Against High-Cost Installment Loans? \(2025\) - NCLC](#), Financial Health Network, FinHealth Spend Report 2023, at 26 (June 2023), <https://finhealthnetwork.org/wp-content/uploads/2023/06/Spend-Report-2023-Final.pdf>

⁵ See Spencer Cowan & Brent Adams, Woodstock Inst., Illinois's Predatory Loan Prevention Act: The Impacts of the State's 36% Rate Cap 5 (Jan. 2024) (reporting that, prior to the state's institution of a 36% rate cap, "areas with the highest percentages of Black residents had the highest incidence of payday and installment payday loans per capita, by far"; note that installment payday loans are ones with terms between 112 and 180 days, so would include loans closely matching our sample 6-month \$500 loan); Brandon Coleman & Delvin Davis, Center for Responsible Lending, Perfect Storm: Payday Lenders Harm Florida Consumers Despite State Law 7, Chart 2 (Mar. 2016), https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl_perfect_storm_florida_mar2016_0.pdf

population that lives such areas.⁶ This raises alarms that the harms caused by Enova are disproportionately borne by communities of color. This disproportionality must be investigated.

High-cost loans do not promote financial inclusion for communities of color. Instead, they add to debt, increase financial struggles, drive borrowers out of the banking system, and exacerbate existing disparities.⁷

Enova also offers small business loans. Black and Latino communities typically lack access to small business capital due to unaddressed systemic discrimination. The answer is not to lend at predatory rates as Enova does. Underserved communities should not be subject to such high, predatory costs. A 2020 study analyzing data from the Kauffman Firm Survey (KFS) -- the only nationally representative longitudinal dataset that provides data on new businesses' access to capital, employment activities, credit scores, survival rates, and characteristics of the business owners, including race -- found that new Black-owned businesses had only one-third of the capital of new white-owned businesses. After controlling for a wide range of variables, including business characteristics, wealth, and credit score, the authors were able to account for only about one-third of that difference. Moreover, over the seven-year period covered by the study (2004 to 2011) Black-owned businesses were less able to attract capital than white-owned businesses, which was largely attributable to differences in the ability of Black-owned businesses to obtain bank loans and other forms of bank credit.⁸

Enova's history of engaging in high-cost lending to individuals and small businesses are not only high-risk for the de novo financial institution but harmful to consumers. Indeed, Enova has been subject to multiple enforcement actions and several private litigation actions related to consumer protection violations.

High-cost lending poses high credit risks and default rates, with charge-off rates exceeding 50%, violating requirements for prudent credit underwriting, putting the safety and soundness of the bank at risk. Such lending is also riddled with risks to compliance and other consumer protection laws.⁹ The application lacks acknowledgment of the risks involved with such business practices and specifically states Enova wishes to deliver such products to underserved communities.

⁶ U.S. Census Bureau. "ACS Demographic and Housing Estimates." American Community Survey, ACS 5-Year Estimates Data Profiles, Table DP05,

[https://data.census.gov/table/ACSDP5Y2024.DP05?g=010XX00US\\$8600000](https://data.census.gov/table/ACSDP5Y2024.DP05?g=010XX00US$8600000). Accessed on 7 Apr 2026.

⁷ See Consumer Fin. Prot. Bureau, Online Payday Loan Payments 3-4, 22 (Apr. 2016), https://files.consumerfinance.gov/f/201604_cfpb_online-payday-loan-payments.pdf.

⁸ Fairlie, Robb & Robinson, Black and Whites: Access to Capital Among Minority-Owned Startups, https://www.nber.org/system/files/working_papers/w28154/w28154.pdf

⁹ National Consumer Law Center, [Comments on the Application to Charter Enova Interim Bank & Acquire Grasshopper Bank](#) (Feb. 27, 2026); **National Consumer Law Center, Center for Responsible Lending & Student Borrower Protection Center. Comments on Risks of Bank-Fintech Lending Arrangements (Oct. 30, 2024)**, PDF, National Consumer Law Center, https://www.nclc.org/wp-content/uploads/2024/10/2024.10.30_Comments_Bank-fintech-lending-risks-comments-NCLC-CRL-SBPC.pdf

As such, we wish to refute Enova's claims that its products will be a benefit to underserved, nonprime borrower communities, particularly communities of color. Enova's response does not engage this fundamental point.

Access to credit at triple-digit interest rates does not satisfy the BHCA's convenience-and-needs standard. Products that increase indebtedness, drive borrowers out of the banking system, and disproportionately harm communities of color are not a public benefit under any reasonable regulatory construction of that term. The Federal Reserve's review must account for the quality and cost of credit being offered, not merely its availability.

The Inadequacy of Enova's Response

Enova's response to our comments was superficial and boilerplate. We have confirmed that the identical response was submitted to California groups, and a substantially similar one was sent to NCRC. This is not incidental: it demonstrates that Enova views stakeholder engagement as a procedural formality rather than a genuine opportunity to address documented harm. The Federal Reserve should weigh this conduct as evidence of the managerial posture Enova would bring to community obligations as a bank holding company.

A review of Enova's response confirms that it does not meaningfully engage the core concerns raised. The following illustrates why each of Enova's principal arguments falls short:

- 1) Enova will expand its exorbitant 100% APR lending nationally. While some fintechs are associated with high-cost lending, it is unprecedented for a national bank to be associated with a loan program primarily focused on loans that are offered at 99.99% APR. Likewise, it is unprecedented for a financial holding company under FRB consolidated supervision to offer loans at such rates. Enova's own response confirms it employs a rent-a-bank model, partnering with FDIC-insured banks to export the interest rates of those banks' home states to borrowers nationwide — sidestepping the usury protections of borrowers' own states. Notably, Enova's response acknowledges in a footnote that CashNetUSA — one of its highest-cost products — will not be migrated to the resulting bank. This admission is telling: Enova is carving out its most problematic product from the national bank — for now -- because it cannot survive regulatory scrutiny. But that CashNetUSA loan program with rates up to 299% would still be offered by a company owned by a bank holding company, if the Federal Reserve approves Enova's application. Carving the highest rate loans out of the national bank is not a cure; it is evidence of the underlying problem. And critically, it is a voluntary representation with no binding force — nothing in Enova's application prevents it from seeking to migrate CashNetUSA into the national bank after approval is secured. At a minimum, if the Federal Reserve approves this application, that representation must be converted into a permanent, enforceable condition of approval and Enova must pledge not charge rates that exceed those offered by NetCredit today. We emphasize, however, that such a pledge would not alleviate our concerns, as NetCredit also charges predatory rates and has exorbitant charge-off rates.

- 2) Enova attributes its history of enforcement actions to unintended technical systems and processing errors, which it states it has addressed. This certainly deserves public scrutiny and further explanation on Enova's part. Enova notes that the CFPB terminated its consent orders in September 2025. But that termination occurred during a period of dramatically reduced CFPB enforcement activity, and termination is not exoneration. The Federal Reserve should conduct its own independent review of the underlying facts rather than treating CFPB termination as a clean bill of health on the issues addressed in the enforcement action. The documented consumer harm — including unauthorized charges and unauthorized payment processing — was real, and the pattern warrants scrutiny from the Fed independent of what the CFPB did or did not do.

- 3) Enova's response claims its high-cost lending is consistent with "safe and sound banking principles." This assertion defies scrutiny. Even setting aside the CashNetUSA portfolio, Enova's NetCredit products have charge-offs over 50%. High default rates are a structural feature — not an aberration — of Enova's high-rate APR lending models; they are how the math works. The Federal Reserve should independently assess whether Enova's underwriting standards, loss reserves, and capital adequacy are actually consistent with prudential banking standards, and not accept Enova's self-assessment at face value.

- 4) Enova cites Grasshopper Bank's 2022 Satisfactory CRA rating as evidence of a commitment to community reinvestment. This reliance is misplaced. Grasshopper Bank is a de novo digital commercial bank with a narrow consumer lending footprint; its CRA evaluation explicitly noted that lending activity was assessed relative to its "de novo status, size, and business strategy." A Satisfactory rating earned by a small digital startup under those limited conditions does not constitute meaningful evidence that a holding company whose core business is high APR consumer lending with high charge-offs will meet the convenience and needs of underserved communities under consolidated Federal Reserve supervision. The Federal Reserve should assess CRA compliance prospectively, based on what the resulting institution will actually do — not what Grasshopper Bank did before Enova acquired it.

- 5) Enova claims 85% customer satisfaction. This figure is self-reported and unverified. It stands in sharp contrast to the documented consumer complaints in the CFPB's database and described by state advocacy organizations regarding CashNetUSA, NetCredit, and OnDeck — complaints involving unauthorized charges, unaffordable loans, excessive fees, deceptive practices and abusive collection practices. The Federal Reserve should weigh documented consumer harm over Enova's internal metrics.

- 6) Enova argues its acquisition creates new competition in banking markets and therefore warrants approval. But competition in predatory lending at 99.99% APR is not a public benefit under the BHCA's convenience-and-needs standard. The relevant question is whether the resulting bank will expand access to affordable, responsible credit — a standard Enova's existing product suite plainly fails to meet.

In addition to the comments submitted by CRL and NCLC, state consumer advocacy organizations in California, Illinois, North Carolina, and other states have documented specific consumer harm arising from Enova's CashNetUSA, NetCredit, and OnDeck products. Those complaints include: loan rollovers and re-borrowing cycles that trap borrowers in sustained high-cost debt; unauthorized or disputed payment withdrawals consistent with the CFPB enforcement findings; unaffordable loans and aggressive collection practices; and marketing practices that obscure the true cost of credit from borrowers with limited financial alternatives. These are not isolated incidents — they reflect the structural operation of a high APR business model applied to financially vulnerable consumers. The Federal Reserve should formally solicit testimony from affected borrowers and the organizations that represent them before rendering any determination on this application. The record before the OCC did not include that testimony; the Fed's record should.

Conclusion

As of the date of this letter, we await response from the FRB to our comment, and we write again to express our alarm that the resulting national bank and bank holding company will proceed with offering unaffordable loans at predatory rates. We therefore call on the Federal Reserve to: (1) deny Enova's application to become a bank holding company on the grounds that the application fails to satisfy the convenience-and-needs and managerial-competence criteria of the BHCA; (2) hold a public hearing at which affected consumers may present testimony regarding the documented harm caused by Enova's products; (3) conduct an independent review of Enova's compliance history and the circumstances surrounding the CFPB consent order terminations, rather than relying on Enova's self-reporting; (4) conduct a review of Enova's underwriting practices at both NetCredit and On Deck, charge-off rates, marketing practices and debt collection practices, and (5) in the event the Federal Reserve determines that approval is nonetheless warranted, impose as a permanent condition of that approval an explicit prohibition against Enova migrating the CashNetUSA credit program — or any substantially similar high-cost product with rates that exceed those offered by NetCredit today — into the resulting national bank at any future point. Enova's own application acknowledges that CashNetUSA will not be migrated to the bank. That acknowledgment should be memorialized as a binding, enforceable condition rather than a voluntary representation that Enova could walk back after approval, and Enova should not be allowed to expand NetCredit's lending into the territory occupied by CashNetUSA today. Enova's high-rate, high charge-off lending programs at NetCredit and On Deck are highly problematic and should not be allowed under a national bank or bank holding company.

We have presented ample reasons to deny this application, and this would be the ideal outcome. If our request is not granted, the Federal Reserve has clear authority to impose ongoing conditions on bank holding company approvals, and the documented harms of NetCredit, OnDeck, and CashNetUSA products to communities of color make a permanent restriction not only appropriate but necessary. The communities most harmed by predatory lending deserve no less.

Sincerely,

Center for Responsible Lending

Leadership Conference on Civil and Human Rights

Legal Defense Fund

NAACP

National Consumer Law Center (on behalf of its low-income clients)

Cc: Austan Goolsbee, President, Federal Reserve Bank of Chicago