November 20, 2026

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Re: Application of Chime to indirectly acquire Stride Bank and related approvals

Dear Sirs and Madam,

Thank you for the opportunity to submit the attached comments by the National Consumer Law Center, on behalf of its low-income clients, on Chime's application to acquire Central Service Corporation, thereby indirectly acquiring Stride Bank, to form Chime Bank, and to become a bank holding company. The application requires approval by the Board of Governors of the Federal Reserve System (Federal Reserve or FRB) and the Office of the Comptroller of the Currency (OCC) (collectively, "the regulators" or "the agencies").

Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people in the United States. NCLC's expertise includes policy analysis and advocacy; consumer law and energy publications; litigation; expert witness services, and training and advice for advocates. NCLC works with nonprofit and legal services organizations, private attorneys, policymakers, and federal and state government and courts across

the nation to stop exploitative practices, help financially stressed families build and retain wealth, and advance economic fairness.

We urge the regulators to deny the application. Our concerns center around Chime's small dollar loan products and its questionable anti-money laundering, error resolution and customer service programs. We also urge the bank regulators to request additional information detailed below and to hold public hearings.

Yours truly,



Lauren Saunders
Senior Attorney
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(on behalf of its low-income clients)

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Executive Summary

We respectfully oppose Chime's application and urge the regulators to deny it. We have several concerns.

We have concerns about Chime's MyPay cash advances (payday loans) and its SpotMe overdraft service, which asks consumers to pay so-called "tips."

Both are short-term, balloon-payment loans with potentially high fees and rates. For consumers who pay fees for instant advances – likely a large proportion – typical rates on MyPay advances can range 61% annual percentage rate (APR) to 365% APR, depending the size of the advance and when it is repaid. For consumers who pay the requested "tips" solicited on SpotMe, effective APRs can be 608% to $1,217% APR.

Our concerns center on the high relative cost of the advances, the evasion of state interest rate limits, the potential for fees to go even higher, the unaffordable, unhealthy cycle of debt caused by short-term, balloon-payment loans and overdraft advances, as well as the potentially misleading nature of Chime's marketing of Chime's services. Chime promotes its checking accounts, MyPay and SpotMe as "fee free" while collecting revenue in the form of fees and tips. Chime's business model targets people who overdraft, pressures people to pay tips on MyPay, and automatically enrolls people in overdraft service in a way that eliminate choice and undermine financial stability. The revenue from MyPay fees and SpotMe tips are undoubtedly core parts of Chime's profit model, making its promise of "fee-free banking" questionable.

We have serious concerns about whether Chime's lending programs comply with the Interagency Lending Principles for Offering Responsible Small-Dollar Loans and whether they harm, rather than promote, financial stability, well-being and asset building.

We also urge the regulators to take a close look at whether Chime has a strong know-your-customer (KYC)/anti-money laundering (AML) program. Chime has a history of fraud and AML programs. It also has faced enforcement actions for its handling of customer disputes, potentially locking up the funds that innocent consumers desperately need.

We also share concerns addressed in greater length in the comments of the Center for Responsible Lending, Consumer Federation of America and others, including about Chime's compliance with Regulation E's error resolution procedures, its customer service, and its credit builder card.

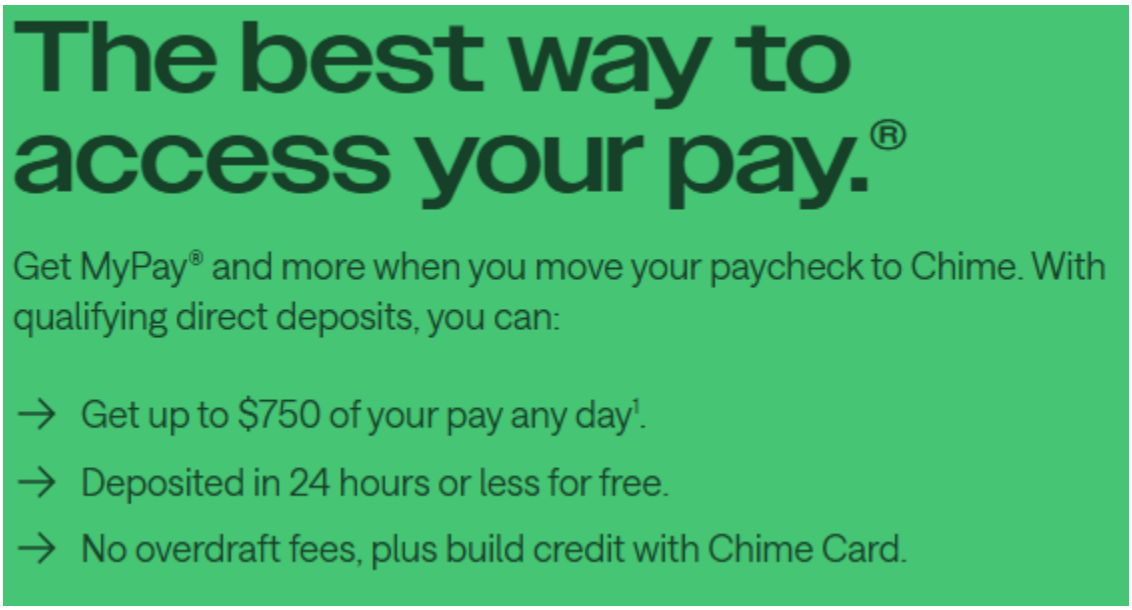
Should the regulators consider granting the application, we urge you to seek more information, detailed below, to hold public hearings, and to consider conditions to impose to protect consumers.

1. Concerns About Chime's MyPay Cash Advances

We have concerns about Chime's MyPay line of credit. These concerns center on the high relative cost of advances that are effectively payday loans, the evasion of state interest rate limits, the potential for fees to go even higher, the unaffordable, unhealthy cycle of debt caused by short-term, balloon-payment loans like MyPay, as well as the potentially misleading nature of Chime's marketing of Chime accounts and MyPay as "fee free."

"MyPay" is a payday loan, a line of credit that provides payday advances that are repaid on payday. Repayment is secured by automatically debiting Chime accounts, so the loans are effectively collateral-based lending.

Chime's website highlights that consumers who direct deposit their paycheck with Chime can "Get up to $750 of your pay any day," which is "Deposited in 24 hours or less for free."1



A footnote states that eligible members may actually be offered a line of credit as low as $20.2 We suspect that the $750 limit is deceptive, far lower than most consumers receive. The Federal Trade Commission has sued other cash advance lenders for advertising high "up to" amounts while people typically receive far less.3

While the website implies that the advances are free, another potentially misleading representation, a fine print footnote states that there is a fee of 3% of the advance amount ($2 minimum, $5 maximum) per advance to get funds instantly. Cash advances are typically marketed to and primarily used by people who are looking for fast cash, and the vast majority pay expedite fees rather than using slower, free options.4 While Chime's promise of free access in 24 hours or less is an improvement over some other cash advance apps, we expect that for many Chime users the advances will not be free. But Chime discloses a 0% APR.5

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[1] https://www.chime.com/early-pay/mypay/ (last visited Nov. 17, 2026).
[2] *Id.*
[3] *See* NCLC, Picking Workers' Pockets: Unfair, Deceptive and Abusive Practices by Earned Wage Payday Lenders at 19-22 (Jan. 12, 2026) ("NCLC, Picking Workers' Pockets") (describing Complaint for Permanent Injunction, Monetary Judgment, and Other Relief, Federal Trade Comm'n v. Bridge It, Inc. at ¶ 11, No. 1:23-cv-09561 (S.D.N.Y. filed Nov. 2, 2023); Amended Complaint For Permanent Injunction, Monetary Judgment, Civil Penalty Judgment, And Other Relief, United States v. Dave, Inc. at ¶ 2, No. 2:24-cv-09566- MRA-AGR (C.D. Cal. filed Dec. 30, 2024); Complaint for Permanent Injunction, Monetary Judgment, and Other Relief, Federal Trade Commission v. Floatme Corp. et al. at ¶ 3, Case No. 5:24-cv-00001 (W.D. TX, Jan. 2024) and other enforcement actions).
[4] NCLC, Picking Workers' Pockets, *supra*, at 13-14.
[5] https://www.chime.com/policies/bancorp/mypay/; https://www.chime.com/policies/stride/mypay/.

Consumers must authorize Chime to automatically debit their Chime Checking Account on the date that Chime anticipates that the account will receive a regular direct deposit.6 Chime may make up to four debit attempts if a debit fails.7

The effective APRs8 for consumers who pay for instant advances and repay the advance in 10 days are as follows:

365% APR for a $20 advance with a $2 fee

146% APR for a $50 advance with a $2 fee

110% APR for a $100 advance with a $3 fee

61% APR for a $300 advance with a $5 fee

APRs would be higher if the advance is repaid in fewer than 10 days, and lower if repaid over a longer period of time. We suspect many Chime users repay their advances in fewer than 10 days given that many workers are paid on a biweekly basis and the need for funds is greatest right before payday.

While the fee amounts sound low in dollar terms, data on other cash advance lenders has shown that people routinely take out dozens of loans a year, up to 100 or more, and routinely pay hundreds of dollars a year in fees.9 Short-term, balloon-payment payday loans like MyPay regularly put people in a cycle of debt, where repayment of the previous loans leaves their paycheck short, inducing additional reborrowing.

Many states prohibit APRs as high as the ones above for MyPay. Thus, undoubtedly one of the key motivations Chime has for acquiring a national bank, located in state that does not cap rates for banks, is to be able to make high-rate loans in states that do not allow those rates.

Chime's fees are also likely to increase if it is allowed to acquire a national bank. Chime launched MyPay with a flat $2 fee, but fees now go up to $5. That level will undoubtedly rise once Chime is free of concerns about state regulatory enforcement.

We expect that revenue from MyPay fees is a core part of Chime's business model, paid by many Chime users. If so, that undercuts Chime's advertised "Fee-free banking."10 While Chime collects interchange fees from merchants, most likely MyPay fees and other fees paid by consumers are a core part of its revenue model.

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[6] *Id.*
[7] *Id.*
[8] Because MyPay is structured as a line of credit, fees are not included in the advertising APR disclosure under the Truth in Lending Act.
[9] *See, e.g.,* NCLC, The Affordability Problem of Earned Wage Payday Loans (Feb. 19, 2026); NCLC, MoneyLion's Costly "0% APR" "Earned Wage" Payday Loans (May 22, 2025); NCLC, DailyPay Extracts Hundreds of Dollars From Low-Wage Workers' Pay (May 8, 2025).
[10] https://www.chime.com/.

It is true that MyPay is offered as credit, and Chime is not using the "earned wage" or evasion, or the fake bank account overdrafts evasion,11 to claim that MyPay is not credit, as many cash advance lenders have done.12 But that alone does not compensate for concerns about the product.

2. Concerns About Chime's SpotMe Overdraft Service and So-Called "Tips"

We have concerns about Chime's overdraft service, called "SpotMe," and its practice of soliciting and collecting overdraft fees in the form of so-called "tips." Chime's business model targets people who overdraft. Chime pressures people to pay a tip that can equate to 621% to 1,217% APR. Chime appears to automatically enroll people in overdraft service in a way that eliminate choice and undermine financial stability. The revenue from tips, along with "MyPay" and other credit features, undoubtedly are core parts of the profit model underlying its checking accounts, making its promise of "fee-free banking" questionable.

Chime's marketing focuses on the ability to overdraft. For example, Chime's home page advertises "Fee-free banking" and the ability to "Overdraft up to $200 fee-free."13



There is no mention anywhere on the home page of "tips" or the fact that Chime will ask people to pay a "tip" when they overdraft.

The top of the SpotMe page also emphasizes "Fee-Free Overdraft" and "no overdraft fees."14

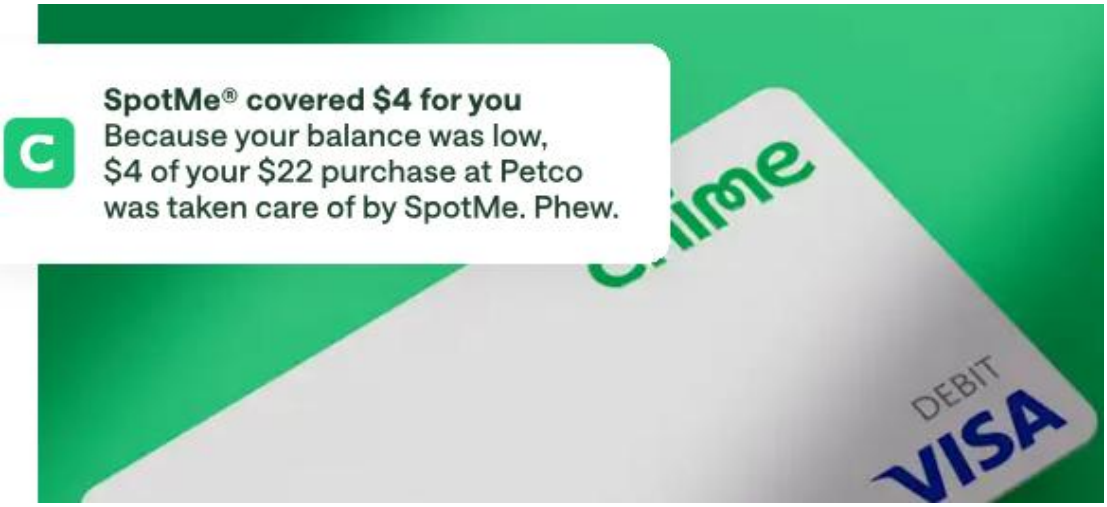
[11] *See* NCLC, Press Release, Payday Loan App Dave Files National Bank Application (Nov. 17, 2026).
[12] *See* NCLC, Courts Reject Claims that Payday Loan Apps Don't Offer Loans (Aug. 26, 2026).
[13] *See* https://www.chime.com/ (last visited Nov. 18, 2026).
[14] https://www.chime.com/online-banking/spotme/ (last visited Nov. 18, 2026).

SpotMe® Fee-Free Overdraft

Online banking with no overdraft fees.

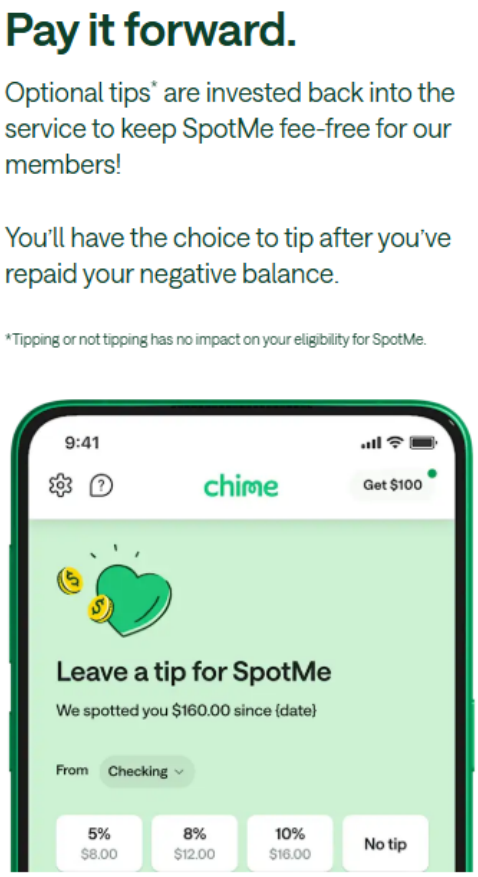
- → Overdraft up to $200[1] without fees
- → Get spotted on debit and credit card transactions, plus cash withdrawals
- → Increase your SpotMe limit with SpotMe Boosts[2] from family and friends

The website shows an example of an alert sent after an overdraft was covered, again with no mention of "tips."



Only lower down does the page is there a mention of tips, emphasizing "Pay it forward" to "keep SpotMe fee-free for our members!"15

[15] https://www.chime.com/spotme/ (last visited Mar. 4, 2024).



The requested tip has a very high APR. The image gives an example of a request for a tip of $8 to $16 (5% to 10% of the tip amount) for covering $160. Assuming that the overdraft is repaid in three days, the average amount of time that debit card overdrafts are repaid,16 a 5% "tip" would be the equivalent of a 608% APR. A 10% "tip" for a 3-day extension of credit would equate to a $1,217% APR.

Despite this request for tips, the SpotMe page compares Chime's "$0" overdraft fees to $27 overdraft fees at traditional banks.17

[16] CFPB, *Discretionary Overdraft and NSF Practices at Very Large Financial Institutions* at 8 (Jan. 2024), https://files.consumerfinance.gov/f/documents/cfpb_overdraft-nsf-practices-very-large-financial-institutions_2024-01.pdf (CFPB 2024 Overdraft NSF Report).
[17] Id.



While Chime states that the tips are optional, many will feel pressure to tip. That pressure can arise out of guilt from ignoring the request to "pay it forward." Consumers may worry that failure to tip will result in mandatory fees as Chime will not "keep SpotMe fee-free." Or, though Chime says (in small fine print) that not tipping will have no impact on their eligibility for SpotMe, people may think that there will be some other repercussions if they do not tip.

It also appears that Chime automatically adds overdraft coverage to Chime debit cards without giving consumers the choice to opt in under the Regulation E procedures.18 The SpotMe page says that "You're always covered with Chime. We'll spot you up to $200 on debit and credit card transactions, and cash withdrawals with no overdraft fees. Just use your secured Chime Visa Credit Card or Chime Visa Debit Card and your next deposit goes toward the balance." Regulation E states that a financial institution shall not "assess a fee or charge" on a consumer's account for overdraft services unless the consumer first opts in. Arguably, Chime is assessing a fee by requesting and putting pressure to tip, and at a minimum it is evading the requirements of Regulation E. Moreover, even if people do not tip, they might still prefer to know when their accounts will go negative and to have overdrawn transactions denied rather than automatically covered. Consumers should have the choice, as Regulation E requires.

For example, one of the writers of these comments has a family member who has a banking app account like Chime without formal overdraft fees that is constantly in the negative. Those negative balances pose a problem, as they eat up any incoming funds, leaving him constantly behind. Fund sent to help him buy food disappear into the negative balance. Ultimately, the decision was made to open up a Bank On account that does not overdraft and to send funds to that account instead. Consequently, people should be given the choice whether to have overdraft coverage or not, even if fees are purportedly optional.

For all of these reasons – targeting struggling people who overdraft, misleading marketing about "free-free" banking and overdrafts, pressure to add costly "tips" that amount to 608% to 1,217% APR, evasion of Regulation E, and practices that undermine financial stability by encouraging overdrafting – we have serious concerns about Chime's SpotMe program.

3. Regulators Should Consider Whether Chime Meets Principles for Responsible Lending

Over the years, federal bank regulators have issued many guidances and taken other actions to address abusive subprime and irresponsible lending to protect consumers, to prevent abuses, and

[18] Regulation E, 12 C.F.R. § 1005.17(b).

to prevent unsafe and unsound banking practices. The guidances cumulatively make clear that high-cost loans and lines of credit do not belong in the banking system. While some of the guidances below have since been updated or replaced, they illustrate the long history of bank regulators' struggles to address abusive lending, the foundation on which the current interagency principles rest, and the importance of not allowing these practices into the banking system.

a. OCC Rules and Guidances

In a 2000 advisory letter, 2000-7, the OCC wrote to banks to "alert you to abusive lending practices that may involve violations of fair lending and other consumer protection laws and regulations."[19] Among the practices listed, the OCC warned about:

- Collateral stripping: loans made in reliance on the liquidation value of collateral rather than the borrower's independent ability to repay, with the possible or intended result of the need to refinance under duress;
- Interest rates and fees that far exceed the true risk and cost of making the loan;
- Targeting individuals or groups perceived to be less financially sophisticated or otherwise vulnerable to abusive loan practices;
- Balloon payment loans that conceal the true burden of the loan financing and may force borrowers into costly refinancing;
- Loan flipping: frequently refinancings.

In another 2000 advisory letter, 2000-10,[20] the OCC similarly warned against:

> Unlimited renewals, multiple renewals without principal reduction, or renewals in which interest and fees are added to the principal balance are not consistent with safe and sound banking principles.
>
> …
>
> Multiple renewals—particularly renewals without reduction in the principal balance, and renewals in which interest and fees are added to the principal balance, are an indication that a loan has been made without a reasonable expectation of repayment at maturity.

In 2004, the OCC issued a regulation stating: "A national bank shall not make a consumer loan . . . based predominately on the bank's realization of the foreclosure or liquidation value of the borrower's collateral, without regard to the borrower's ability to repay the loan according to its terms."[21]

In 2013, the OCC issued a bulletin on so-called "deposit advance products" – payday loans offered by banks. The 2013 guidance declared that deposit advance loans posed a number of "significant risks" to banks and required banks to adopt stronger underwriting policies. The guidance singled

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[19] OCC Advisory Letter 2000-7 (July 25, 2000).
[20] OCC Advisory Letter 2000-10 (Nov. 27, 2000).
[21] 12 C.F.R. § 7.4008(b).

out the problem of "churning and prolonged use of these products,"[22] which could indicate poor underwriting. The risks to a bank include the potential violation of federal and state consumer protection laws.[23] In particular, the guidance noted that the FTC Act's ban on unfair and deceptive acts and practices applies "to every stage and activity" associated with deposit advances, including product development, marketing, servicing, and collections.[24]

The 2013 guidance directed banks to analyze a borrower's ability to repay a loan and meet necessary expenses without repeated borrowing. Although the OCC noted that banks are not required to obtain a credit report, the guidance said they should examine the inflows and outflows from the customer's account over the preceding six months to determine the borrower's net surplus or deficit at the end of each month. The OCC specifically directed banks not to rely on the six-month average, which could conceal occasional shortfalls. Banks were also instructed to impose cooling-off periods of at least a month between loans.[25]

In 2017, the OCC rescinded the 2013 guidance on the grounds that it could conflict with the CFPB's newly issued (and later rescinded) rule on short-term, small-dollar loans.[26] The notice repealing the 2013 guidance nevertheless stated that prior guidance regarding consumer lending remained in effect.[27] Specifically cited was Advisory Letter 2000-7 regarding abusive lending practices.[28]

In 2018, the OCC issued a bulletin on short-term, small-dollar lending by banks and thrifts.[29] The bulletin was replaced in 2020 by the interagency principles. The bulletin "encourages banks to offer responsible short-term, small-dollar installment loans, typically two to 12 months in duration with equal amortizing payments."[30]

In 2020, a few months after the issuance of the interagency guidelines, in the course of a rulemaking on fintech-bank partnerships, the OCC explained its work "to eliminate predatory, unfair, or deceptive practices in the federal banking system," as those practices "are inconsistent with important national objectives, including the goals of fair access to credit, community development, and stable homeownership by the broadest spectrum of America.''[31] The OCC went on:

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[22] OCC, Guidance on Supervisory Concerns and Expectations Regarding Deposit Advance Products, 78 Fed. Reg. 70624, 70629 (Nov. 26, 2013).
[23] *Id.* at 70629 (discussing the Federal Trade Commission Act, Truth in Lending Act, Electronic Fund Transfer Act, Truth in Savings Act, and the Equal Credit Opportunity Act).
[24] *Id.* at 70628.
[25] 78 Fed. Reg. 70624, 70629 (Nov. 26, 2013). *See also* Office of the Comptroller of the Currency, Comptroller's Handbook: Deposit-Related Consumer Credit at 9 (Feb. 2015) (recommending underwriting guidelines and "[p]rudent limitations on product costs and usage).
[26] OCC News Release 2017-118 (Oct. 5, 2017) (announcing rescission, effective Oct. 5, 2017, published at 82 Fed. Reg. 47602 (Oct. 12, 2017)).
[27] *See* 82 Fed. Reg. 47602, 47603 (Oct. 12, 2017).
[28] *Id.*
[29] OCC Bulletin 2018-14, Core Lending Principles for Short-Term, Small-Dollar Installment Lending (May 23, 2018).
[30] *Id.*
[31] OCC, National Banks and Federal Savings Associations as Lenders, 85 Fed. Reg. 68742, 68746 (Oct. 30, 2020) (citations omitted).

To address these concerns [about predatory unfair or deceptive practices], the OCC requires banks engaged in lending to take into account the borrower's ability to repay the loan according to its terms. In the OCC's experience, ''a departure from fundamental principles of loan underwriting generally forms the basis of abusive lending: Lending without a determination that a borrower can reasonably be expected to repay the loan from resources other than the collateral securing the loan, and relying instead on the foreclosure value of the borrower's collateral to recover principal, interest, and fees."

Additionally, the OCC has cautioned banks about lending activities that may be considered predatory, unfair, or deceptive, noting that many such lending practices are unlawful under existing federal laws and regulations or otherwise present significant safety, soundness, or other risks. These practices include those that target prospective borrowers who cannot afford credit on the terms being offered, provide inadequate disclosures of the true costs and risks of transactions, involve loans with high fees and frequent renewals, or constitute loan ''flipping'' (frequent re-financings that result in little or no economic benefit to the borrower that are undertaken with the primary or sole objective of generating additional fees). Policies and procedures should also be designed to ensure clear and transparent disclosure of the terms of the loan, including relative costs, risks, and benefits of the loan transaction, which helps to mitigate the risk that a transaction could be unfair or deceptive.[32]

b. FDIC Guidances

The FDIC first issued guidelines for banks regarding payday lending in 2003, at a time when banks were engaged in rent-a-bank lending. Those guidelines were substantially revised in 2005 as FIL-14-2005 (which is now inactive).[33] The guidance emphasized safety and soundness concerns, limited the volume of payday loans to less than 25% of the bank's tier 1 capital, and called for up to 100% capitalization of loans outstanding. Banks were cautioned to limit the number and frequency of, and to consider ability to repay before granting, extensions, deferrals, renewals, or rewrites. When the customer used payday loans for more than three months in the past twelve months, the bank should offer the customer or refer the customer to an alternative longer-term credit product. And the FDIC instructed its examiners to look at the "economic substance" of a transaction to determine the number of rollovers that have occurred.[34]

In 2007, the FDIC issued Affordable Small Loan Guidelines.[35] In 2020, the FDIC replaced the guidelines when with interagency principles regarding small dollar loans, which encompass some of these principles.[36] The 2007 guidelines stated that banks should:

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[32] *Id.*

[33] FDIC, Guidelines for Payday Lending (Revised November 2015).

[34] *Id.* at 5. ("Where the economic substance of consecutive advances is substantially similar to 'rollovers'—without appropriate intervening 'cooling off' or waiting periods—examiners should treat these loans as continuous advances and classify accordingly.")

[35] Fed. Deposit Ins. Corp., FIL-50-2007: Affordable Small-Dollar Loan Guidelines (June 19, 2007) (available online as companion material to this treatise).

[36] Fed. Deposit Ins. Corp., FIL-58-2020: Interagency Guidance for Responsible Small-Dollar Loans (May 20, 2020), available at https://www.fdic.gov.

- Collect fees that bear a direct relationship to origination costs and avoid charges such as annual fees, membership fees, advance fees, and prepayment penalties;
- Offer small loan credit with APRs of no greater than 36%;
- Encourage principal reduction by structuring closed-end loans to provide for affordable and amortizing payments;
- For open-end loans, require minimum payments that pay off principal;
- Avoid excessive renewals or the prolonged failure to reduce the outstanding balance; and
- Utilize sound underwriting that focuses on a borrower's history with the institution and ability to repay within an acceptable timeframe, though for small loans, documenting the borrower's ability to repay could be streamlined to include basic information, such as proof of recurring income.

In 2013, the FDIC issued guidance regarding banks' deposit advance loans (bank payday loans),[37] which was substantially the same as the OCC's issued at the same time, discussed above. Both were replaced by the 2020 interagency principles.

c. The 2020 Interagency Principles

After many years of individual agency guidances, in 2020 the FDIC, OCC, FRB and National Credit Union Administration issued the Interagency Lending Principles for Offering Responsible Small-Dollar Loans.[38] The principles, approved during President Trump's first term, clarify regulatory expectations for responsible small-dollar loans. These principles include:

- A high percentage of customers successfully repaying their small dollar loans in accordance with original loan terms, which is a key indicator of affordability, eligibility, and appropriate underwriting;
- Repayment terms, pricing, and safeguards that minimize adverse customer outcomes, including cycles of debt due to rollovers or reborrowing; and
- Repayment outcomes and program structures that enhance a borrower's financial capabilities.

These principles build on and implement the many preceding guidances, reflecting the longstanding effort to keep unaffordable loans that result in a pattern of reborrowing out of the banking system.

d. Chime's Lending Practices May Not Meet Bank Standards for Responsible Lending

We are concerned about whether Chime's lending programs meet the foregoing responsible lending standards expected of national banks. The regulators should inquire whether Chime adequately ensures that borrowers are able to repay their loans on the original loan terms without

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[37] Guidance on Supervisory Concerns and Expectations Regarding Deposit Advance Products, 78 Fed. Reg. 70,552 (Nov. 26, 2013).

[38] Board of Governors of the Federal Reserve System, FDIC, National Credit Union Administration, Office of the Comptroller of the Currency, Interagency Lending Principles for Offering Responsible Small-Dollar Loans (May 2020), Interagency Lending Principles for Offering Responsible Small-Dollar Loans.

reborrowing. The fact that Chime is able to collect its automatic debits does not show ability-to-repay, and repeat borrowing is an indication that repayment leaves consumers without the ability to meet other expenses. Preauthorized debits are a form of collateral that substitutes for effective underwriting.

Regulators should examine whether Chime's underwriting, pricing and refinancing practices result in adverse outcomes including cycles of debt. Consumers who begin using Chime's SpotMe or MyPay loans may end up perpetually behind, in cycles of debt. Chime's marketing and products should be looked at together to assess whether they "target prospective borrowers who cannot afford credit on the terms being offered, provide inadequate disclosures of the true costs and risks of transactions, involve loans with high fees and frequent renewals, or constitute loan 'flipping' (frequent re-financings that result in little or no economic benefit to the borrower that are undertaken with the primary or sole objective of generating additional fees)."[39]

Chime's MyPay loans are a form of payday loan, which have long been known as an abusive lending product that violate bank regulator principles of responsible lending. While the fees are capped below the high fees charged by traditional payday lenders, the loans still have high rates and short balloon payments that are likely to lead to a similar cycle of reborrowing. The loans aimed at struggling borrowers who cannot make it to payday, and who likely do not have the ability to repay the loans on their original terms without reborrowing, resulting in repeat back-to-back loans and multiplying fees.

Contrary to the federal bank regulator guidances described above, Chime, like other payday lenders, likely relies on the ability to seize collateral – funds in the bank account – rather than underwriting for ability to repay. Indeed, an article on Chime's website about "instant loans," which specifically pointed to Chime's Instant Loans, described how the decisions of Chime and other lenders "are often not based on your creditworthiness (or at least, not entirely); instead, online instant loans are usually available to members of a specific financial institution or credit union, with no credit check to qualify. Other factors, like account activity and balances, can help with lender decisions."[40]

While payday loans are primarily a nonbank product, over the years some banks have dipped their toes into the payday loan market, to the consternation of bank regulators. Many of the guidances described above and other actions by federal bank regulators have been aimed at payday loans or practices that characterize payday loans.

The problems with payday loans described above apply to MyPay as well, as discussed earlier. They are short-term, balloon-payment loans. They have high fees relative to the small loan size and short term of only a few days, with triple-digit APRs. The repayment leaves the borrower short

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[39] OCC, 85 Fed. Reg. at 68746 (citations omitted). The OCC's statements came in the context of a rulemaking that would have allowed nonbank fintechs to escape charges that they are the true lender, and thus must comply with state law, when they originate a loan through a national bank. Congress subsequently overturned that rule, Pub. Law No. 117-24 (2021) (S.J. Res. 15), indicating Congress's skepticism that the OCC could appropriately prevent abusive practices. That provides yet another reason to reject admitting a predatory lender into the banking system on promises that federal oversight will prevent abuses.

[40] Rebecca Lake, Chime, What Are Instant Loans? How to Get One (July 31, 2025).

of funds in the next pay cycle, spurring a cycle of reborrowing, often the same day as repayment.[41] Providers rely on the ability to seize the paycheck or debit the bank account rather than responsible underwriting. Borrowing tends to increase, rather than to decrease over time, compounding debt.[42] When the lender is first In line to grab the borrower's paycheck – a particular concern when the lender also holds the consumer's deposit account – it also deprives the borrower of the ability to prioritize more urgent expenses such as the rent or mortgage or groceries.

The principles of responsible lending that have come out of federal bank regulators over the years provide a basis for denying an application by a high-cost lender that could bring payday loans into national banks.

4. Concerns About Chime's Anti-Money Laundering Efforts

One of the factors for evaluating Chime's application is its effectiveness in combatting money laundering activities.[43] An effective know-your-customer (KYC) and customer identification program (CIP) is key to anti-money laundering (AML) efforts. An effective KYC/CIP program is also essential to safety and soundness.

The regulators should look closely not only at AML efforts of the target bank, Stride, but also of its proposed parent company, Chime, to assess whether Chime and its proposed bank has the demonstrated ability to properly identify its customers and prevent its products from being used by criminals to launder funds. We have often found problems with identity theft and other KYC/AML problems at fintechs,[44] and Chime has a history of fraud problems.

During the pandemic, Chime took advantage of the stimulus payments to promote people to open new accounts. But insufficient KYC allowed criminals to open fraudulent accounts.[45] Chime's subsequent overreaction to the fraud resulted in it freezing or closing many legitimate accounts. People could not get access to funds they desperately needed for necessities, and the funds in closed accounts were often not promptly returned.[46] ProPublica found that customers had filed 4,439 complaints against Chime at the Better Business Bureau, compared to only 3,281 for the vastly larger Wells Fargo.[47]

Chime's shortcomings led the CFPB to bring an enforcement action against Chime. Chime was forced to provide at least $1.3 million in redress to consumers it harmed and pay a $3.25 million penalty.[48]

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[41] NCLC, Picking Workers' Pockets, *supra*, at 23-25.
[42] Center for Responsible Lending, Escalating Debt: The Real Impact of Payday Loan Apps Sold as Earned Wage Advances (EWA) (Sept. 22, 2025).
[43] 12 U.S.C. §§ 1828(c)(11), 1842(c)(6).
[44] *See, e.g.,* Conference of State Bank Supervisors, Press Release, State Regulators Issue $80 Million Penalty to Block, Inc., Cash App for BSA/AML Violations (Jan. 15, 2025); Comments of National Consumer Law Center to Federal Deposit Insurance Corp. et al. re Opportunity Financial at 22 (July 31, 2026).
[45] Carlson Kessler, ProPublica, A Banking App Has Been Suddenly Closing Accounts, Sometimes Not Returning Customers' Money (July 6, 2021), https://www.propublica.org/article/chime.
[46] *Id.*
[47] *Id.*
[48] CFPB, Press Release, CFPB Takes Action Against Chime Financial for Illegally Delaying Consumer Refunds (May 7, 2024).

More recently, just in the past three years, over 23,000 complaints have been filed against Chime with the CFPB.[49] Many of those are about fraud or scams, unauthorized transactions, or issues with international money transfers. The CFPB's decision to remove public visibility into the complaint narratives makes it impossible to see details, but we urge the regulators to look into those complaints.

Three lawsuits were also filed against Chime this year after a hacker group stole personal information from Chime customers.[50] That raises questions about whether Chime's data security is sufficient.

The regulators should look closely at whether Chime has remedied the failures in its KYC/AML program and whether it is quickly restoring access to consumers' funds when an account is inaccurately flagged. Given that Chime's user base is heavily lower income or subprime consumers, those consumers need access to their funds even more critically than other consumers.

A strong AML program is essential for any bank. Failure to properly confirm identities can cause severe harm to individuals and can facilitate money laundering, posing safety and soundness issues. The regulators should look deeply into any issues with Chime's identity theft prevention and remediation measures. If they do not have confidence that Chime will have a robust program with adequate consumer protections, that is another reason for denying the application.

5. Other Concerns

We share many of the concerns raised in other comments, including those of the Center for Responsible Lending and Consumer Federation of America. These include:

- Chime's response to disputes that a transaction was unauthorized, including whether disputes are improperly denied, whether Chime considers all information provided by the consumer and whether Chime complies with the Regulation E's error resolution requirements (including conducting a reasonable investigation, providing information explaining denials, as well as other procedures);
- In particular, the CRL and CFA comments indicate that Chime may be violating Regulation E by improperly requiring consumers who file to disputes to submit police reports[51] or to contact the merchant[52];
- Customer service concerns, including whether automated chatbots are providing accurate information and whether consumers can reach a human being when needed;

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[49] https://www.consumerfinance.gov/data-research/consumer-complaints/search/?company=Chime%20Inc.&company=Chime%20Financial%20Inc&dateRange=3y&date_received_max=2026-11-18&date_received_min=2023-11-18&page=1&searchField=all&size=25&sort=created_date_desc.

[50] Gabrielle Saulsbery, BankingDive, Hacktivist group stole Chime customer information, lawsuits allege (May 6, 2026).

[51] *See, e.g.,* CFPB, Supervisory Highlights 7 (Summer 2022), (deposit agreements that required consumers to provide affidavits and notify law enforcement authorities, violated Regulation E; "By requiring consumers to 'cooperate' with Regulation E error investigations and provide information beyond that which is required in EFTA and Regulation E, the financial institutions' agreements contained provisions that waived consumers' rights in violation of EFTA."); National Consumer Law Center, Consumer Banking & Payments Law § 7.8.2.2 (7th ed. 2024), updated at library.nclc.org (citing authorities).

[52] Financial institutions may not require the consumer to first contact the merchant before investigating. *See* Consumer Fin. Prot. Bureau, Electronic Fund Transfers FAQs(opens in new page), *available at* www.consumerfinance.gov (see question 3 in "Error Resolution" section); Consumer Banking & Payments Law, *supra*, § 7.8.3.2.

- Concerns about Chime's credit builder credit cards, including potentially misleading marketing about the likely impact on credit scores, and the number of consumers who see greater debt and negative impact on their credit reports rather than credit building;
- Deceptive use of the terms "bank" and "banking" for products offered, designed and primarily run by Chime.

On some of these issues, Chime has faced enforcement actions. The California Department of Financial Protection and Innovation (DFPI) regarding the accuracy and responsiveness of Chime's handling of customer service transactions, including complaints.[53] DFPI and the Illinois Department of Financial and Professional Regulation also brought enforcement actions over Chime's use of the term "bank".[54]

The regulators should also look closely at the tens of thousands of complaints filed against Chime with the CFPB.

6. The Regulators Should Insist On More Information From Chime

Chime should be required to supply additional information about its current and anticipated practices and the impact on consumers. These questions should be asked both about its current products and about any newer or planned products. This information includes:

- The median, mean and range of credit lines that MyPay customers initially receive and graduate to, and how many (and what share) receive the advertised "up to $750" amounts.
- What number and percentage of Chime customers use MyPay?
- What number and percentage of MyPay users have paid a MyPay fee in the past year? What percentage of MyPay advances incur a fee?
- What is the median, mean and range of fee amounts that people pay per year in MyPay fees?
- The median, mean and range of days in which a MyPay advance is repaid, and the effective APRs[55] including all fees.
- The percent of original MyPay and SpotMe advances that are repaid without a subsequent advance in the next month, indicating reborrowing, including the median, mean and range of times that consumers reborrow the following month.
- The number and percent of MyPay and SpotMe advances that are repaid late or that result in negative credit reporting due to late or defaulted payments.
- The number and rate of accounts closed due to failure to repay advances, both on an annual basis and based on cohorts of accounts opened in recent years.
- Any practices or marketing to encourage use of overdrafts, MyPay or reborrowing.

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[53] DFPI, Press Release, DFPI Orders Chime Financial to Pay $2.5 Million, Improve Customer Service Standards Due to Unfair Complaint Handling (Feb. 27, 2024).
[54] Settlement Agreement, The Commissioner of Financial Protection and Innovation v. Chime Financial (DFPI Mar. 29, 2021); Settlement Agreement and Consent Order, *In re* Chime Fin., Inc., No. 2021-DB-01 (Ill. Dep't of Fin. & Prof'l Reg. Mar. 25, 2021).
[55] 15 U.S.C. § 1606(a)(2).

- The number and percent of MyPay debit attempts that fail and the number of times that Chime has re-presented those payments.
- The median, mean and range of maximum overdraft amounts that SpotMe customers are initially given and graduate to, and how many (and what share) receive the advertised "up to $200" amounts.
- What steps does Chime take to ensure that consumers can afford to repay their MyPay and SpotMe advances, while meeting other expenses, without reborrowing the next month?
- What number and percentage of Chime customers use SpotMe?
- During how many months of the year do SpotMe users have a negative balance (median, mean, range)?
- What number and percentage of Chime customers pay tips on SpotMe, and what is the median, mean and range of tip amounts, both individually and in total per year?
- How much in tip revenue does Chime collect each year?
- How many people, and percent of Chime customers, pay tips, MyPay fees or other fees, so their banking is not fee-free?
- How much in fees does Chime collect each year from consumers, both in the aggregate and what is the median, mean and range of fees that people pay?
- Details on rate and fee structures of any new programs Chime is planning.
- The number and percentage of accounts that have questionable identity verification.
- The number of transactions that are disputed as unauthorized, and the share of those disputes that Chime denies or accepts.
- Chime's procedures for handling consumer disputes and complying with Regulation E, including what it requests of consumers, including police reports or proof of disputing the charge with the merchant.

The regulators should also consider whether any of the additional questions that the Federal Reserve Board posed on October 8, 2026 to OppFi, Inc., another novel charter, are appropriate for Chime.[56] Those questions are attached.

We also urge the regulators to grant a public hearing at which these questions and input from the broader community can be considered.

* * *

The long list of foregoing concerns leads us to urge the Federal Reserve Board and the OCC to deny Chime's application. Before granting the application, we urge the regulators to conduct a public hearing, to insist on additional information, and to assess carefully whether Chime complies with principles of responsible lending and has a strong compliance program to prevent money laundering and consumer harm.

[56] Letter from Federal Reserve Bank of Chicago to Michael D. Lewis, Partner, Sidley Austin LLP (Oct. 8, 2026).

If the regulators are considering granting the application, we urge the agencies to impose conditions that will ensure compliance with responsible small dollar loan standards and consumer protection laws.

Thank you for considering our comments. If you have questions, please contact Lauren Saunders at lsaunders@nclc.org or (202) 595-7845.

Yours truly,



Lauren Saunders
Senior Attorney
National Consumer Law Center
(on behalf of its low-income clients)

Attachment:

Second Additional Information Request - Letter 115953

FEDERAL RESERVE BANK of CHICAGO

230 SOUTH LASALLE STREET
CHICAGO, ILLINOIS 60604-1413
chicagofed.org

October 8, 2026

VIA FEDEZFILE TRANSMISSION ONLY
Michael D. Lewis
Partner
Sidley Austin LLP
1501 K Street, N.W.
Washington, DC 20005

Dear Mr. Lewis,

This request for information is in reference to the application filed by OppFi, Inc., Chicago, Illinois ("Applicant") for prior approval of the Board of Governors of the Federal Reserve System ("Board") pursuant to Section 3(a)(1) of the Bank Holding Company Act of 1956 ("BHC Act"), 12 U.S.C. § 1842(a)(1), to become a bank holding company by acquiring BNCCORP, Inc., Bismarck, North Dakota, ("Target") and thereby indirectly acquiring BNC National Bank, Glendale, Arizona ("Target Bank") ("Application"). Concurrently, Applicant has filed a written declaration that the company elects to become a financial holding company pursuant to section 4 of the BHC Act, 12 U.S.C. § 1843. Please provide written responses and any requested documentation to the following questions and observations within eight business days from the date of this request, or by October 20, 2026, including answers to the questions and observations included in the confidential section of this request, via FED EZFile.

Any information for which you desire confidential treatment should be so labeled and separately bound in accordance with the Board's Rules Regarding Availability of Information. *See* 12 C.F.R. 261.17. A copy of your response should be provided to Kathyrn Wearne at the Office of the Comptroller of the Currency, and to Brandon S. Davis at the Federal Deposit Insurance Corporation. The Board will make available on the Board's public website the public portion of this request and the public portion of any response submitted by Applicant, so that it will be readily accessible to the commenters and to other interested parties.[1] Going forward, the public portion of any future correspondence will be uploaded for public review to the Board's public reading room and will not be separately distributed to individual commenters.

[1] *See* https://www.federalreserve.gov/foia/oppfi-bnccorp-application-and-related-materials.htm.

If you have any questions, please contact Lead Examiner Megan Holoubek at (312) 718-9767 or Megan.Holoubek@chi.frb.org, or the undersigned, Supervision Manager Chameen Letourneau at (312) 322-8320 or Chameen.d.Letourneau@chi.frb.org.

Sincerely,

Chameen Letourneau
Supervision Manager
Mergers & Acquisitions]

cc: Office of the Comptroller of the Currency
Federal Deposit Insurance Corporation
Mr. Matthew Lee, Inner City Press
Kwame Raoul, Illinois Attorney General
Kris K. Mayes, Arizona Attorney General
Rob Bonta, California Attorney General
Philip J. Weiser, Colorado Attorney General
William Tong, Connecticut Attorney General
Brian L. Schwalb, District of Columbia Attorney General
Anna E. Lopez, Hawaii Attorney General
Aaron M. Frey, Maine Attorney General
Anthony G. Brown, Maryland Attorney General
Andrea Joy Campbell, Massachusetts Attorney General
Dana Nessel, Michigan Attorney General
Keith Ellison, Minnesota Attorney General
Aaron D. Ford, Nevada Attorney General
Jennifer Davenport, New Jersey Attorney General
Raul Torrez, New Mexico Attorney General
Letitia James, New York Attorney General
Jesse Van Tol, National Community Reinvestment Coalition
Horacio F. Mendez, Woodstock Institute
Dawn K. Miller, Legal Services of New Jersey
Lisa Zucker, National Center for Law and Economic Justice
Paulina Gonzalez-Brtio, Rise Economy
Yongmoon Kim, Consumers League of New Jersey
Lauren Saunders, National Consumer Law Center
Christine Hines, National Association of Consumer Advocates

Additional Information Request

1. The confidential portion of the Application contains information and exhibits that can be released in whole or in part but were not included in the public portion of the Application. Submit a revised public portion and confidential portion of the Application. The revised confidential portion should remove any exhibits that were initially designated as confidential but are releasable in full.
2. Ensure that the Interagency Biographical and Financial Reports ("IBFRs") has been provided for every proposed director and senior executive officer of the proposed holding company. Several IBFRs that were provided are considered materially deficient and do not provide a sufficient record upon which staff can complete the analysis of the managerial factor. Each question in the IBFR must be reviewed carefully and a full, accurate, and complete response must be provided. The respondent submitting the IBFR must certify that "the information contained in the biographical report and financial report, including all attachments, has been carefully examined by me and is true, correct, and complete." The IBFR form also advises that any misrepresentation or omission of a material fact constitutes fraud in the inducement and may subject the individual to legal sanctions provided by 18 U.S.C. §§ 1001 and 1007. As detailed in the confidential annex attached hereto, certain IBFRs must be resubmitted.
3. Reference is made to the response to Question 11 of the FR Y-3 Application. which states, "[t]he cash portion of the merger consideration will be funded using Applicants existing cash and other immediately available funds." Amend the responses to Question 11 and provide the documentation to reflect and support the source(s) of existing cash and other "immediately available funds."

Financial and Managerial

4. Provide a copy of the prospectus to be filed with the United States Securities and Exchange Commission for the Class A common stock issuance associated with the merger of Target with and into Applicant's newly formed, wholly owned subsidiary Birch Merger Sub LLC.
5. Confirm whether the terms and conditions of the unsecured personal loans currently offered by Applicant through its OppLoans Platform are expected to differ when offered by Combined Bank.[2] If so, discuss the expected terms and conditions of the loans to be offered by Combined Bank.

Business Plan

6. Explain how Applicant will ensure Combined Bank's lending program is consistent with the Interagency Lending Principles for Offering Responsible Small-Dollar Loans.[3] Identify any

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[2] The term "Combined Bank" refers to the resulting bank post-consummation of the proposed mergers.

[3] *See* SR 20-14/CA 20-8 Interagency Lending Principles for Making Responsible Small Dollar Loans, https://www.federalreserve.gov/supervisionreg/srletters/SR2014.htm (May 20, 2020); Interagency Lending Principles for Offering Responsible Small-Dollar Loans, https://www.federalreserve.gov/frrs/guidance/interagency-lending-principles-for-offering-responsible-small-dollar-loans.htm (May 20, 2020).

risk monitoring in place to ensure compliance with the core lending principles identified in the interagency guidance.

7. Applicant represents that Combined Bank would be headquartered in Salt Lake City, Utah. Currently, Target operates branches in North Dakota and maintains administrative offices in Arizona and Minnesota while Applicant operates from Chicago, Illinois. Discuss Applicant's post-consummation operating and staffing plans. Include in your response the following:
   a. The functions the Applicant intends to be performed at each location and expected staffing, including senior executive officers, and employees intended to work at each location;
   b. The cadence and location of meetings for the board of directors;
   c. Discuss how the proposed management at Salt Lake City headquarters intends to provide and exercise oversight and accountability given the Target's branches in North Dakota and offices in Arizona and Minnesota.
8. Reference is made to the Second Quarter 2026 Results News Release, dated August 10, 2026, available on Applicant's public website.
   a. As of June 30, 2026, Applicant reports $173.5 million of unused debt capacity under its financing facilities for future availability. Discuss plans and for what purpose Applicant intends to utilize this debt under its current financing facilities, or obtain new financing to fund the acquisition.
   b. Provide the expected default rate assumptions by product and vintage of Applicant's installment loan portfolio. In the response, delineate the amounts that would be attributed to the Applicant's historic default rates and any adjustments to reflect management's judgment of current economic trends and future credit performance.
9. Confirm, if such is the case, that Applicant has provided the Board with information about each domestic and foreign company of which Applicant and its subsidiaries and Target and its subsidiaries own or control more than 5 percent of the voting shares. If not, identify the company, its activity, and provide a permissibility analysis under the BHC Act.
10. The public portion of the Application states that "OppFi expects to be able to offer products in the OppLoans business line in as many as ten additional states where it is currently unable to facilitate consumer loans through its platform." Provide a list of the ten additional states and discuss why OppFi is currently unable to facilitate consumer loans through its existing platform in those states.

Corporate Governance, Risk Management, and Audit

11. Identify any board of directors level committees that will exist at the proposed holding company, confirm membership of same committees.
12. Discuss how Applicant protects customer information when verifying bank accounts for loan proceeds and payments. In your response, describe the mechanisms that exist to ensure that the owner of the verified bank account and the borrower are identical.