

April 17, 2026

Mr. Russell Vought
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Re: Strategic Plan for Fiscal Years (FY) 2026-2030

Dear Acting Director Vought:

The Responsible Business Lending Coalition (RBLC) respectfully submits the following comments in response to the Consumer Financial Protection Bureau's (CFPB) draft Strategic Plan for FY26-30. RBLC is a leading cross-sector voice on innovation in small business financing. The RBLC and its members represent over 1,000 small business lenders, community development financial institutions (CDFIs), investors, and small business groups. Across many differences, these for-profit and nonprofit organizations have come together in a shared commitment to innovation in small business lending as well as serious concerns about the rise of irresponsible small business lending.

Since 2015, the RBLC has advocated for pro-market policies protecting small businesses and catalyzing growth of better financing options, guided by the *Small Business Borrower's Bill of Rights*. These rights, which we believe small businesses deserve, include the rights to transparent pricing and terms, safe products, responsible underwriting, fair treatment from brokers and lead generators, inclusive credit access and fair collection practices.

We commend CFPB's three stated goals of addressing pressing threats to consumers, reducing unwarranted regulatory burdens, and strengthening governance and culture at a time of significant market evolution and regulatory uncertainty. ***In order to achieve these goals, we support a CFPB that is fully resourced and stable, and advise against rolling back too many regulations or forfeiting enforcement without due consideration for the ways in which these actions could impact financial markets' ability to function fairly, transparently, and competitively.***

We urge the CFPB to counter the rise of abusive lending practices through a multi-pronged approach—fostering market transparency, promoting financial education, and ensuring fair access to responsible financing products—leveraging the partnership of responsible lenders including CDFIs and others, as needed.

Operational Stability and Capacity Are Critical to Protecting Rural Financial Markets

We strongly support a Strategic Plan that prioritizes operational stability, sufficient staffing, and institutional capacity to enable the CFPB to fulfill its statutory obligations under the Dodd-Frank Act. Without these foundational elements, gaps in supervision may emerge that can be readily exploited by bad actors, ultimately disadvantaging the consumers they serve and create weak spots in the broader macroeconomy.

While prioritization and efficiency are appropriate goals of the plan, deregulatory efforts must be carefully tailored to avoid undermining core consumer protections for borrowers in rural and other underserved communities who are most exposed to these risks. The CFPB's continued operations and active role in protecting consumers is essential at a time when predatory lending has risen in recent years through unregulated, fast-changing financing products. The Center for Responsible Lending estimates that predatory lending extracts roughly \$25 billion annually from American borrowers in excess fees and interest.¹ Rising household debt, record-high credit card pricing, and the rapid growth of lightly-regulated products such as Merchant Cash Advances (MCAs) indicate a shift toward greater reliance on high-cost and opaque credit. Research from the Pew Charitable Trusts finds that underserved areas, like rural communities are most vulnerable to high-cost lenders, who are disproportionately concentrated in these markets.²

The CFPB plays a unique and indispensable role as the only federal regulator solely dedicated to consumer financial protection. Since its inception, the CFPB has delivered nearly \$20 billion in consumer relief (through refunds, canceled debts, principal reductions) to approximately 195 million Americans, while returning over \$3 billion more through its victims relief fund for those harmed by illegal practices.³ These outcomes demonstrate the CFPB's central role in ensuring fair, transparent, and competitive financial markets. Its supervision, enforcement, and rulemaking functions are critical to ensuring that markets for credit, savings, and payments are fair, transparent, and competitive.

Meanwhile, parts of the Strategic Plan and recent efforts to destabilize the CFPB suggest a weakened supervisory role that would accelerate the aforementioned trends, enabling harmful practices to proliferate across consumer and small business lending markets. Efforts to streamline should focus on reducing redundancies and account for the downstream impacts on communities, market integrity, and the wider economy.

¹ Center for Responsible Lending. *Down the Drain: Payday Lenders Take \$2.4 Billion in Fees from Borrowers in One Year*. February 6, 2025. <https://www.responsiblelending.org/research-publication/down-drain-payday-lenders-take-24-billion-fees-borrowers-one-year>

² "Payday Lending in America: Who Borrows, Where They Borrow, and Why"

³ https://www.consumerfinance.gov/enforcement/enforcement-by-the-numbers/?utm_source=chatgpt.com

Empirical economic research consistently shows that weak consumer financial protections are not only a consumer harm issue but also a macroeconomic concern. The 2008 financial crisis, driven in part by predatory mortgage lending, resulted in an estimated \$10–20 trillion in lost U.S. economic output. More broadly, high household debt burdens and reliance on high-cost credit reduce consumption, suppress savings, and dampen economic growth. Conversely, stronger consumer protections and transparent credit markets are associated with greater financial inclusion, improved capital allocation, and lower macroeconomic volatility.

Transparency in Small Business Financing Market Needed for Informed Decision Making

The vision of CFPB, as outlined in the Strategic Plan is “to create and support innovative and resilient consumer financial markets where consumers can choose the products and services that meet their individual needs.” But such decision making is impaired under the current information asymmetry that exists in the financing market. Borrowers’ ability to make informed financial choices depends on borrowers having access to clear, transparent information.

When loan terms are obscured, fees are buried, and contract structures are deliberately complex, even the most financially sophisticated borrower cannot identify and avoid abusive loan terms and prices. Market transparency is increasingly needed as practices that involve fraudulent, unfair, and abusive loan terms, including ultra-high interest rates and fees, aggressive and deceptive sales tactics, and terms that strip borrowers of their equity—expand in both scale and reach. The share of American consumers using high-cost loans rose from 3.5% to 4.7% between 2021 and 2023⁴. The use of high-cost loans doubles the rate of personal bankruptcy and can become a direct threat to employment and economic mobility for many vulnerable populations.⁵

These risks are especially pronounced in the small business market, where often-opaque products such as merchant cash advances (MCAs) have proliferated. MCAs have been described the Small Business Administration (SBA) under President Trump as “extortionists”⁶ and the Federal Reserve has researched the ways in which these “higher-cost and less-

⁴ Constantine, Lucia, and Yasmin Farahi. "Down the Drain: Payday Lenders Take \$2.4 Billion in Fees from Borrowers in One Year." Center for Responsible Lending. Updated January 2025.

<https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-down-the-drain-paydayloanfees-feb2025.pdf>

⁵ Skiba, Paige M. and Tobacman, Jeremy. “Do Payday Loans Cause Bankruptcy?”. 62 Journal of Law & Economics. 485 (2019) Available at: <https://scholarship.law.vanderbilt.edu/faculty-publications/1128>

⁶ Small Business Administration, “7a Connect Quarterly Update April 2025,” available at: <https://www.youtube.com/watch?v=Covk7rMfBJE&t=2636s> (last accessed April 15, 2025).

transparent credit product” can carry effective APRs that exceed 100 percent.⁷ These products often rely on broker-driven sales models that steer borrowers toward higher-cost options, even when more affordable alternatives exist. As a result, many small businesses do not engage with responsible lenders until after they have already taken on debt that impairs cash flow or jeopardizes business viability.

CDFIs offer a clear contrast. CDFIs cap interest rates, disclose clear loan terms, and actively guide borrowers through the lending process, all the while equipping consumers with the tools to fluently navigate their own financial situation, as required as part of their certification process. Recent updates to CDFI certification standards further reinforce these practices by disqualifying institutions that offer loans with excessive APRs, high default rates, or abusive features such as leverage payment mechanisms. Beginning in January 2028, new applicants offering small business loans must provide clear written disclosures—including periodic payment amounts, total repayment obligations, total finance charges, and APR—or risk ineligibility for certification.

Despite these standards, CDFIs are increasingly forced to compete with lenders that operate without comparable transparency requirements. In practice, this often means that responsible lenders are left to “clean up” the effects of prior high-cost, opaque financing, particularly from MCA products, without corresponding policy support. This dynamic undermines both borrower outcomes and fair competition within the market.

For these reasons, we strongly encourage the CFPB to ***advance transparency in small business lending markets — particularly through implementation of Section 1071.***

Currently, regulators and communities have no systematic visibility into small business lending patterns including who is being served, at what price, by which lenders, and in which markets. This asymmetry has downstream effects on borrowers by allowing extractive lending patterns to persist without detection. As written in our comment letter in response to the CFPB’s proposed rule to significantly narrow the scope and coverage of Section 1071 reporting requirements, we urge the CFPB to cover MCAs, include pricing data, establish a coverage threshold of 100 originations, and set a small business definition as gross annual revenue of \$5 million or less.

Section 1071 is a market-based, pro-competition solution to improving access to capital. Rather than relying on strict rules to govern market behavior, or costly subsidies, it creates transparency to help the market improve itself. The most successful implementation of Section 1071 rules will leverage the market-based nature of the law to create the exchange of

⁷ Federal Reserve Bank of Atlanta, “Report on Minority-Owned Firms,” Dec 2019. Page IV, describing “higher-cost and less-transparent credit products.” Available at: <https://www.fedsmallbusiness.org/reports/survey/2019/2019-report-on-minority-owned-firms>

information among market participants that markets rely on to efficiently allocate products — small business credit in this case.

A comprehensive rule can also sharpen competition in credit supply by creating greater transparency in small business lending and help creditors identify potentially profitable opportunities to extend credit. These insights could spur innovation by encouraging adoption of, and investment into, products and practices that the 1071 data reveal are effective in serving a variety of market segments. If done right, Section 1071 can drive market-based innovation.

At a more transactional level, we also recommend that policymakers ***correct the information asymmetry by establishing uniform small business lending disclosure standards that bring transparency to loan pricing and terms, allowing for apples-to-apples comparison regardless of the lenders' institutional type.*** Irrespective of the level of financial fluency, small business borrowers cannot reliably differentiate between safe and abusive financial products if there are lenders working under opaque and misleading pricing terms with no way of comparing across financial offerings.

Small businesses themselves see transparent pricing information as critical. In response to the persistent lack of pricing data and transparency in the small business lending market, 87% of small business owners are supportive of bringing more transparency to small business financing products to ensure fees and terms, including APR, are transparently disclosed to the borrower upfront.⁸

Financial Literacy and Consumer Empowerment Through Partnerships with Responsible Lenders

We strongly support the strategic plan's emphasis on consumer education and financial empowerment as outlined in Objective 1.5 ("Educate and empower consumers to make informed decisions about consumer financial products and services"). We encourage the CFPB to explicitly recognize responsible lenders like CDFIs as key delivery partners in these efforts.

CDFIs uniquely integrate financial products like small business loans, mortgages, and consumer credit with development services like financial counseling and technical assistance. CDFIs are uniquely positioned to educate *and* lend, given their local knowledge and trusted relationships. In fact, the CDFI Fund requires CDFIs seeking

⁸ Small Business Majority, *Voice of Main Street: Entrepreneurs Struggle to Access Funding, Support Policies That Increase Availability of Responsible Capital* (Apr. 29, 2025). Available at <https://smallbusinessmajority.org/sites/default/files/research-reports/2025-April-Voice-of-Main-Street-Report.pdf>

certification to fulfill the criteria of providing “development services in conjunction with its financing activities”—a requirement that most meet through borrower counseling, financial education, technical assistance, or similar support.⁹ Such activities like credit coaching, business planning assistance, and homebuyer education are treated as integral tools for risk mitigation and borrower success.

As a result, even when serving borrowers deemed “too risky” by conventional underwriting standards, CDFIs demonstrate that pairing capital with embedded financial education can improve individual outcomes while generating broader community-level economic gains. Research from the Federal Reserve Bank of Minneapolis, for example, found that establishing Native CDFIs on or near federally recognized American Indian reservations increased credit scores among low-income borrowers by as much as 45 points, underscoring the measurable impact of this model.¹⁰

In practice, this integrated approach is evident across sectors and deployed nationwide in the hardest-to-reach communities like rural areas and persistent poverty counties. For example, Justine PETERSEN, integrates credit-building programs, one-on-one coaching, and consumer lending, working with clients across Missouri to develop individualized action plans that strengthen credit profiles and improve long-term financial stability.

Financial education also improves borrowers’ likelihood of timely loan repayment. Data from the [National Foreclosure Mitigation Counseling \(NFMC\) program](#) shows borrowers who receive home-buyer education are 67% more likely to remain current on their mortgage payments, reflecting the long-term impact of capability-building.¹¹ Community Ventures for example, is a CDFI that delivers both online and in-person homebuyer education and counseling across Kentucky, reaching over one million individuals and expanding access to sustainable homeownership and down payment assistance programs.

CDFIs also extend these models to small business owners. AltCap combines small business lending with personalized coaching, financial modeling support, and guidance on navigating complex regulatory environments in the states of Colorado, Kansas, Missouri, Nebraska, and Texas. Similarly, Akiptan pairs financing for agricultural producers across South Dakota and Indian Country with financial literacy training that builds a knowledgeable and prepared

⁹ CDFI Fund, Office of Certification Policy and Evaluation. CDFI Certification Application, December 2023.

https://www.cdfifund.gov/system/files/2023-12/Final_508_CDFI_Certification_Application_Form_120523.pdf

¹⁰ Kokodoko, Michou. "Native CDFIs Connect Indian Country to Credit and Capital." Federal Reserve Bank of Minneapolis, May 10, 2024. <https://www.minneapolisfed.org/article/2024/native-cdfis-connect-indian-country-to-credit-and-capital>

¹¹ National Housing Resource Center. "Why HUD Housing Counseling Programs Need Your Help." Housing Counseling Impact Memo. April 2019. <https://www.hsgcenter.org/wp-content/uploads/2019/04/Housing-Counseling-Impact-Memo-April-2019.pdf>

borrower base. By making credit more accessible and providing continuous support, CDFIs enable entrepreneurs to make informed decisions, become loan-ready, and successfully manage and grow their businesses.

We therefore urge the CFPB to leverage the existing vast network of CDFIs who are already locally embedded in rural, Native, and other hard-to-reach communities to build on any financial education initiatives.

Conclusion

The CFPB must remain fully resourced and operationally stable, and should approach deregulatory efforts with care to avoid undermining enforcement or core protections that ensure fair, transparent, and competitive markets. We further encourage the CFPB to address the rise of abusive lending through a balanced, multi-pronged strategy that advances market transparency, promotes financial education, and expands access to responsible credit, leveraging partnerships with responsible, vetted lenders such as CDFIs.

We appreciate the opportunity to submit this comment. For questions, please contact me at Susie Han at shan@ofn.org or Louis Caditz-Peck (Executive Director at Responsible Business Lending Coalition) at louis@borrowersbillofrights.org.

Sincerely,



Susie Han
Co-Chair, Federal Policy Committee
Responsible Business Lending Coalition