



March 20, 2022

Honorable Rohit Chopra, Director
Consumer Financial Protection Bureau
1700 G St. NW
Washington, DC 20552

**RE: Inquiry Into Buy-Now-Pay-Later (BNPL) Providers
Docket No. CFPB-2022-0002**

Dear Director Chopra,

The Ohio Credit Union League (OCUL) represents the collective interests of Ohio's 234 credit unions and their more than three million members. Of those 234 credit unions, 127 are federally-chartered; 61 state-chartered, federally-insured; and 46 state-chartered, privately-insured, with an average asset size of \$172 million. OCUL appreciates the opportunity to comment on the Consumer Financial Protection Bureau's (CFPB) request for comment regarding the CFPB's inquiry into buy-now-pay-later (BNPL) providers.

In 2021, consumers spent nearly \$100 billion in purchases using BNPL programs, up from \$24 billion in 2020—a 316% increase; however, BNPL providers remain largely unregulated.¹ While the emergence of BNPL products as an affordable, small-dollar credit alternative to traditional forms of credit, these products have the potential to cause consumer harm. Many BNPL providers structure these products to avoid certain consumer protection obligations under the Truth in Lending Act or the Military Lending Act. For example, consumers are making financial decisions not knowing that many BNPL companies do not offer dispute protections like those of credit card companies, many BNPL companies do not report to consumer reporter companies for timely payments, but do for default, or that while many BNPL companies do not charge interest, they do charge late fees that could cause further overdraft fees or nonsufficient fund fees.²

In the absence of any specific regulations, BNPL products further cultivate a financial environment in which consumers make decisions without adequate details regarding the potential harm of these products. As prudentially regulated, member-owned, not-for-profit financial cooperatives, credit unions serve as a shining example of fairness and consumer empowerment in competitive financial services. OCUL supports empowering consumers to make well-informed decisions and to use all services available to them; however, those services need to operate on the same, level regulatory playing field as the rest of the financial services industry.

OCUL appreciates the opportunity to comment on this proposed rule. On behalf of Ohio credit unions, and their more than three million members, we respectfully request a review of BNPL products and equitable regulation applied to consumer lenders under the CFPB's existing consumer protection authorities.

If you have further questions or would like to discuss OCUL's comments in more detail, please feel free to contact us at (800) 486- 2917.

Respectfully,

Paul L. Mercer
President

Sean M. Brown, Esq.
Director, Regulatory Affairs

¹ CFPB's *Probe of Buy Now Pay Later: What's the Risk to Consumers?* Eamonn Moran & Robin Nunn; Morgan, Lewis & Bockius LLP. Feb. 15. 2022. <https://news.bloomberglaw.com/banking-law/cfpbs-probe-of-buy-now-pay-later-whats-the-risk-to-consumers>.

² *Should you buy now and pay later?* CFPB. Nelson Akeredolu, Andrew Braden, Joshua Friedman, and Laura Udis. July 06, 2021. <https://www.consumerfinance.gov/about-us/blog/should-you-buy-now-and-pay-later/>.