February 20, 2015

The Honorable Richard Cordray
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

The Online Lenders Alliance (OLA) is the trade organization representing the growing industry of financial technology companies offering access to credit to the millions of American consumers who demand it annually.

Since the CFPB was established, OLA has worked constructively with the Bureau's staff to help them better understand the market for online loans, the continuous innovation occurring to meet growing consumer demand for consumer credit, and the best practices our companies abide by to ensure customers are fully-informed and fairly treated.

As the CFPB finalizes its concepts for the upcoming small dollar rule, we ask you to consider three principles that we believe are critical to allowing financial technology companies the flexibility to innovate in order to serve growing consumer demand for loans on the Internet.

- INNOVATION: Any rule should not discourage innovation or disadvantage the marketing, origination or servicing of loans via the internet. For example, any underwriting requirements must be consistent with Internet realities, and the rule must not require pay stubs, W-2s, or other paper documentation for proof of income, employment, assets or liabilities. OLA companies already use sophisticated underwriting and risk management analytics to ensure customers are willing and able to repay the loan.

- PAYMENTS: Consumers must continue to be able to authorize recurring payments over the Internet for online loans. Millions of consumers use the convenience of recurring payments to provide them with the peace of mind that their bills are being paid on time.

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- REPAYMENT: Determining the ability to repay must be consistent with Internet technology, and standards should not be rigid or overly prescriptive. A consumer's ability to repay encompasses several distinct attributes: willingness to repay, financial capacity to repay, maturity and responsibility in managing competing obligations, and ultimately credit worthiness as measured by reference to a consumer's past performance on similar obligations. Additionally, any standard must allow for an economic rate of return that considers the cost of underwriting, verification and servicing, as well as fraud and credit losses.

We look forward to continuing the dialogue with you and the Bureau as you develop this rule.

Sincerely,

Lisa McGreevy
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