

Consumer Advisory Board Meeting

December 10, 2025

Meeting of the CFPB Consumer Advisory Board

The Consumer Financial Protection Bureau’s (CFPB) Consumer Advisory Board (CAB), met in person and via Teams at 2:00 pm EST on December 10, 2025.

Guest speakers	CAB members present	CFPB staff present
Edward D’Alessio, Executive Director, INFiN—A Financial Services Alliance	Chelsie Evans, Executive Director, Hawaiian Community Assets	Geof Gradler, Deputy Director
Andrew Duke, Executive Director, Online Lenders Alliance	Cashauna Hill, Executive Director, Redress Movement	Rachel Cauley, Faith Liaison and Communications Director, Director’s Front Office
Penny Lee, President and CEO, Financial Technology Association	Amy Nelson, Executive Director, Fair Housing Center of Central Indiana	Kim George, Designated Federal Officer, Chair, Advisory Board and Councils Office
Brian Tate, President and CEO, Innovative Payments Association		Laura Udis, Senior Program Manager, Office of Markets
Celia Winslow, President and CEO, American Financial Services Association		

Welcome

Geof Gradler, Deputy Director

**Kim George, Designated Federal Officer and Chair, Advisory Board and Councils,
External Affairs**

**Rachel Cauley, Faith Liaison and Communications Director, Director's Front
Office**

The CFPB's Designated Federal Officer (DFO), Kim George, convened the Consumer Advisory Board (CAB) meeting on the "Current State of Small Dollar Products" and welcomed committee members, invited guests, and the listening public. The national anthem was played, followed by a prayer by the Faith Liaison and Communications Director Rachel Cauley.

Deputy Director Gradler provided opening remarks, giving an overview of the current state of small dollar products. He noted the scope of the discussion would not be limited to small dollar credit, particularly considering new products such as Earned Wage Access (EWA) and Buy Now Pay Later (BNPL) emerging in the marketplace. He stated that some consumers have limited access to bank credit cards and may rely on alternatives, such as EWA or BNPL products, to meet unexpected financial needs. Deputy Director Gradler indicated approximately 40% of Americans cannot cover a \$400 emergency expense, so they seek solutions that help them avoid turning to friends or perhaps selling belongings. As more companies operate in this financial segment, Deputy Director Gradler stated competition is an important component of consumer protection and, pursuant to Executive Order 14192, "Unleashing Prosperity Through Deregulation," the Bureau would continue to reduce regulatory burden while maintaining responsible rules of the road. He stressed that under Acting Director Vought's leadership the Bureau will continue to rescind rules that harm the economy.

Current State of Small Dollar Products

Geof Gradler, Deputy Director

Laura Udis, Senior Program Manager, Office of Markets

Celia Winslow, President & CEO, American Financial Services Association

Penny Lee, President & CEO, Financial Technology Association

Brian Tate, CEO & President, Innovative Payments Association

Andrew Duke, CEO, Online Lenders Alliance

Edward D'Alessio, Executive Director, INFiN

Deputy Director Gradler invited the guest speakers to highlight trends their organizations have observed with small dollar products. Celia Winslow, President and CEO of the American Financial Services Association (AFSA), stated customers are benefiting from installment loans—the consumer credit industry is thriving, default rates remain low, and competition is strong. Ms. Winslow indicated the consumer base for small-dollar installment lending is often misunderstood and traditional installment loans are not a last resort—noting most installment lenders turn down roughly half the applications they receive.

Ms. Winslow noted that AFSA's members' customers are teachers, customer service representatives, plumbers, healthcare workers, chefs, government employees, construction workers, PTA parents, and scout leaders. They are not unbanked but have credit files and use installment loans for a variety of reasons. Some hit a few bumps in the road and have less than perfect credit, while others like the personal service from a familiar face at a local branch or the convenience of having a loan mailed to them. Ms. Winslow noted some have used credit cards, but have chosen closed-end credit because of the discipline of fixed payments and the certainty of payoff dates, especially when they are looking to consolidate debt.

Ms. Winslow noted the increase in inflation over the past few years has driven up labor and operational costs. While other industries may be able pass the increased costs on to customers, the consumer credit industry cannot. The interest rates installment lenders are allowed to charge are capped at the state level. Further, finance companies, unlike banks, do not have capital from deposits—so in order to lend money, they must borrow money. Therefore, the elevated federal interest rate and state rate caps create a squeeze.

Ms. Winslow also explained that while traditional installment lenders are licensed, regulated, and supervised at the state level, new models that operate by avoiding compliance with laws like the Truth in Lending Act (TILA) or the Fair Credit Reporting Act, are creating challenges for traditional installment lenders. For example, lenders using credit bureau reports to assess an applicant's ability to repay do not know whether that applicant owes a BNPL company \$50 or \$5,000. Ms. Winslow stated that credit scores have been artificially inflated, which she attributed to possibly being in response to pressure from the CFPB. She noted that credit builder products, such as secured credit cards that draw from upfront deposits or consumers' bank accounts, are increasing consumers' credit scores, without demonstrating consumers' ability or willingness to repay. In turn, these inflated scores reduce lenders' ability to assess consumers' creditworthiness.

Ms. Winslow expressed appreciation for the steps the administration has taken to reorient the Bureau's approach to consumer protection. Specifically, she noted the CFPB's termination of certain enforcement actions, ending the "name and shame" registry, withdrawing guidance documents not rooted in the law, and the Bureau's decision to review its supervision practices and its rulemakings. She stated that having clear regulation keeps everyone operating on the same page and protects consumers. It also allows her members to focus on their business and their customers while working together on solutions that serve the public interest. Effective regulation, she continued, must focus its resources on truly predatory actors: those who exploit vulnerable consumers through deceptive practices, or products structured to maximize consumer failure, such as unethical credit repair and debt settlement companies. In the coming months, she said AFSA will encourage the CFPB to withdraw its payday rule and further asked that the CFPB review its consumer complaint process. She stated that false and duplicative complaints in the database limit financial institutions' ability to quickly address authentic complaints, and that fake credit disputes allow consumers to "wash" their credit, contributing to the rampant increase in fraud. Ms. Winslow reiterated AFSA's willingness to work with the CFPB to ensure consumers have access to responsible credit while rooting out practices that cause real harm.

Penny Lee, the President and CEO of the Financial Technology Association (FTA), stated that financial technology (fintech) is breaking down barriers by allowing more people to access

flexible and affordable financial tools. In her view, fintech is putting people back in control of their finances and making it easier and cheaper to move, save, manage, and invest money. Ms. Lee cited a survey by The Harris Poll that 8 in 10 Americans use fintech to manage their money, and 93% said they benefited from it. These tools help people keep more of their money while saving more of their time. She highlighted two particular products: BNPL and EWA.

Ms. Lee explained that BNPL is an alternative payment option that enables consumers to manage cash flow and avoid high-interest rates and fees. The “Pay in Four” model provides small, low-cost, short-term payment options — usually four installments over six weeks — with no fees if paid on time. The business model is fundamentally different from traditional credit. BNPL is a closed-end credit product, with each loan individually underwritten with defined payment terms; whereas credit cards are open-end credit products that allow for revolving balances and accumulation of debt. Further, BNPL products generally generate revenue primarily from merchant partnerships, not consumer fees.

Ms. Lee cited studies showing favorable opinions of BNPL products by users, highlighting that 99% of BNPL users understand the terms and conditions of the service. A study by CFPB economists found BNPL users’ average loan amount is \$135, with 98% reporting no difficulty making payments and repaying in full and on time. She contrasted that with credit cards, where Americans owe \$1.21 trillion on their credit cards, with the average credit card balance hovering around \$6,000, and credit card loss rates around 4%, compared to less than 1% for BNPL.

Ms. Lee continued that EWA is a non-credit product allowing workers to access wages they have earned, rather than waiting for their scheduled payday. While millions of Americans are living paycheck to paycheck, EWA helps workers manage bills and weather financial shocks, often with no recourse and no legal obligation to repay. She noted that with no late fees, no interest and no credit score impact, from 2018 to 2020 the market has grown to \$9.5 billion serving over 55 million customers. Ms. Lee explained that EWA products are offered in one of two ways, (1) business to business, or (2) direct to consumers. She stated that both are needed in the marketplace to serve different consumer needs, which is why the FTA has encouraged policymakers to acknowledge the importance of parity in the regulatory treatment of both models. She noted that both BNPL and EWA products are subject to state and federal oversight

and comply with consumer protection laws. Ms. Lee recommended that the CAB advise the CFPB to recognize the distinct characteristics of these products rather than applying traditional credit frameworks.

Ms. Lee urged support for federal legislation providing clear standards for EWA as a non-credit product. She recommended further study into actual consumer outcomes around EWA, rather than relying on assumptions about potential harm.

Edward D'Alessio, Executive Director of INFiN, stated that small dollar products from non-bank providers serve as a critical financial lifeline for millions of Americans—in particular, those underserved or overlooked by traditional financial institutions. He remarked that these products help consumers meet urgent and periodic needs arising from unexpected expenses and noted INFiN members operate within stringent regulatory frameworks at the state and federal levels.

Mr. D'Alessio also stated that their members consistently achieve high customer satisfaction, as evidenced by consumer reviews and the minimal number of complaints filed with the CFPB—just 0.08% of all complaints. He stated that consumer demand for small dollar products has never been stronger. As more Americans find themselves in need of access to credit, he noted, the consumer credit industry has evolved to meet those needs, including providing longer term multi-payment options. This evolution and growth in the marketplace necessitate a regulatory framework that fosters and balances competition and innovation, while ensuring a level regulatory playing field among products and providers. He stated that some legacy regulations, such as the CFPB's payment provisions from its 2017 small dollar rule, no longer reflect the realities of today's market.

In Mr. D'Alessio's view, while the CFPB is not currently prioritizing enforcement of these regulations, they should, under the law, assess the regulations and determine whether they meet the purpose and objectives of the Consumer Financial Protection Act. If not, the regulations should be rescinded in their entirety. He stated that advances in data analytics, consumer credit reporting, consumer use of debit cards, verification techniques, standards imposed by other private payment networks, enhanced communication with consumers, and bank account transparency have substantially changed lending decisions, servicing and collections. He noted

these advances, along with changes in bank practices, have dramatically reduced non-sufficient funds fees—the consumer harm that justified the payment provisions of the CFPB’s small dollar rule in the first place. He stated that these changes have rendered the payments provisions obsolete and, in some cases, counterproductive, thus limiting consumer access to regulated credit from licensed providers. He concluded by saying that small dollar products from non-bank providers remain an essential tool for millions of Americans navigating financial challenges. By fostering innovation, re-examining outdated regulations and ensuring a level regulatory playing field, the CFPB can ensure these critical financial services remain available to those who need them most.

Andrew Duke, the CEO of the Online Lender 's Alliance (OLA), noted demand for credit is strong across various sectors, as outlined in the CFPB 's Making Ends Meet Survey. The survey found that more than one-third of Americans rarely or never have money left over at the end of the month and that nearly one- third of Americans have incomes that vary from month to month. Survey results also show more than half of Americans could not cover expenses for more than two months if their household lost their main source of income and that nearly one-third of Americans have below prime credit scores.

With smart phones, tablets, and computers readily available, people have expanded access to online lenders that offer an array of financial product options including loan size, duration, and structure. Over the past decade, the use of mobile banking as the primary method of account access increased almost ninefold while the use of bank tellers declined significantly. This trend extended to the alternative credit marketplace, with data showing a five-to-one migration from storefront to online lenders. Mr. Duke explained that in the small dollar lending market, installment lending has increased steadily in recent years, while line of credit accounts represent the fastest growing segment in the alternative lending space. Conversely, single pay products—such as the classic payday loan—now represent only 8% of the market, down from 43% in 2019.

Mr. Duke continued that, while OLA fully supports smart, sensible consumer protections, it believes regulations that impede a functioning market or regulations that are out of step with the modern market should be revisited, and ultimately modified or rescinded. He referenced the CFPB's 2017 small dollar loan rule, specifically its payment provisions, as one such

regulation. He noted that the rule was released in 2017 and would have imposed stringent ability to repay requirements, in addition to the payments provisions it set forth. Although the ability to repay section was rescinded in 2020, the payments restrictions have been a source of litigation for several years. Thus, the remaining payment provisions did not go into effect until March 30, 2025. Shortly before this date, the CFPB announced that it was offering regulatory relief to small loan providers by not prioritizing supervision or enforcement of the rule.

The CFPB subsequently announced in its 2025 Spring Regulatory Agenda that it intended to propose rulemaking to reconsider the remaining provisions of the 2017 rule. Mr. Duke stated that this proposed regulatory action is warranted and falls in line with the Bureau's statutory obligations to periodically review rules and amend them appropriately. He noted that OLA surveyed its member companies to better understand the real-world impact of the rule on the small dollar marketplace. He expressed his hope that people would take time to review the survey's findings in full. One key finding is that lenders have adjusted their underwriting and loan structures to account for the risk and negative impacts brought on by the rule. As a result, both consumers and lenders have experienced adverse consequences—including higher delinquency rates, increased defaults, more loans going into collections and reduced access to credit.

Additionally, Mr. Duke stated that OLA's findings indicate that the rule's payment notification requirements have increased customer confusion and frustration. They have proven to be burdensome by limiting consumer-initiated actions. Specifically, the disclosure requirements have disrupted the ability of consumers to make extra or unscheduled payments thus hindering successful repayment of loans. Mr. Duke stated that the conditions and data used to justify the rule have changed dramatically since 2017, as outlined thoroughly in his written statement available to CAB members. He noted that both the Dodd-Frank Act (DFA) and the Regulatory Flexibility Act (RFA) require the CFPB to regularly review rules to determine if they should be modified or if they are even needed. He stated that this rule was finalized more than eight years ago, and a routine regulatory review is long overdue. The data show that it is having adverse effects on lenders and borrowers, and that the underpinnings that supported the issuance of the 2017 rule have since dramatically changed.

Brian Tate, President and CEO of the Innovative Payments Association, stated that EWA, originally developed as a low-cost alternative to small dollar loans, provides a safe and affordable financial tool for Americans. He continued, many Americans face a fundamental financial challenge: the misalignment between when wages are paid and when expenses are due. He explained that this timing mismatch creates a critical need for liquidity, making dependable, affordable and flexible options essential.

Mr. Tate said that one of the most impactful tools bridging this gap is EWA, as it allows workers to access a portion of their wages (after they have earned them, but before their scheduled payday) either through their employer's payroll or as a direct-to-consumer offering. He stated that many EWA programs offer this access with no mandatory fees for the worker, while other models may involve a small optional fee much like an ATM fee for immediate access. These transparent fees are a fraction of the cost of traditional credit alternatives. He noted that the CFPB's own data spotlight on EWA affirms its popularity and stated that exceptions created in the 2017 payday lending rule and the CFPB's 2020 advisory opinion make it clear that EWA is fundamentally different from extensions of credit. EWA involves no underwriting or credit checks, creates no debt, and is made available to the worker in a non-recourse manner—meaning if a worker cannot repay because they left their job, they're not obligated to return the money. Further, providers do not report to credit bureaus or other third parties.

Mr. Tate noted that bill due dates and scheduled paydays do not always align for many Americans, which makes managing their financial lives a day-to-day struggle. He cited a recent Federal Reserve study finding that only 63% of adults could cover a hypothetical \$400 emergency. Further, he stated that the nature of work is changing, and the gig economy is real. He cited research showing that “pay speed is the new loyalty program,” and 85% of gig workers say they would work more often if they were paid faster.

Mr. Tate stated that across different administrations there has been a consistent understanding that EWA is distinct from traditional credit and serves a beneficial purpose for workers. Mr. Tate stated that the only outlier is the proposed interpretive rule released last year, which sought to regulate EWA products like credit cards or mortgages. He stated that this proposal was a clear departure from prior guidance on which EWA providers and consumers relied. He encouraged

CFPB to return to providing straightforward guidance so the public can have a clearer understanding of the true nature of EWA, including the benefits and flexibilities it offers to consumers, employers, and providers.

Mr. Tate stated that such a return to clear guidance would provide crucial regulatory certainty and encourage innovation and would be consistent with Executive Order 14192. Mr. Tate urged the CFPB to act swiftly and stated that issuing such an opinion would allow EWA to continue its vital role providing workers access to their wages.

As the discussion continued, Deputy Director Gradler asked the panelists to expound further on certain parts of their overview. Ms. Lee drew a distinction between actual consumer outcomes versus potential harms. She said this leads to judging policymakers by their intentions, as opposed to whether a rule is working or not. She pointed to the Bureau's recent BNPL report as an example. She noted its findings that late fees have declined, and charge-offs were down to less than 2%, contrasting that with an anecdote from an individual who had missed a payment. Ms. Lee stated that a rule should not be crafted based off one hypothetical or one anecdote. In other words, she said, "to look at what you're trying to solve for, but to also look at whether the market is solving for that." She urged policymakers to scrutinize the data they rely on, stating that quarterly earnings reports from publicly-traded companies are more accurate than national surveys. Ms. Lee said that there are assumptions of misuse or how products are being used that the data do not support, resulting in rules that redefine the product into something it is not. She pointed to an interim final rule on BNPL that tried to classify it as an open-end credit product and the proposed interim rule classifying EWA as credit. Ms. Winslow emphasized the need to question whether the proposal is actually solving the problem and the need to rely on good data. She pointed out there will always be "bad anecdotes" and stated there was a need to look at new and reliable data.

Mr. Tate stressed the importance of identifying the specific issue regulators are trying to solve for. He recommended that regulators narrowly tailor a solution to the fix the problem they are trying to address. He pointed to the CFPB Data Spotlight on EWA, saying that it reinforced other research showing it as a low-cost, widely popular product—and noted the Data Spotlight did not indicate there was consumer harm. Mr. Tate stated that EWA is not a partisan issue, it

allows people to access money they have earned. EWA is not credit and treating it as such places an undue burden on the industry.

Deputy Director Gradler asked Mr. Duke to talk more about the contention that the payday rule is driving underwriting outcomes. Mr. Duke pointed to a survey of OLA members, which found the rule as having created a burdensome and complicated regulatory regime resulting in lenders adjusting their underwriting and loan structures to account for the risk and negative impacts brought by the rule—as opposed to a borrower’s actual ability to repay. Mr. Duke said consumers and lenders voiced experiences with adverse consequences, including higher delinquency rates, increased defaults, more loans going into collections, and reduced access to credit.

Mr. Duke stated the consumer-initiated exemption in the small dollar rule was not adequate. He cited findings from the OLA’s survey that indicated the rule’s payment notification requirements have increased customer confusion and frustration. He once again pointed out that the disclosures have proved to be overly burdensome, thus limiting consumer-initiated actions (such as making extra or unscheduled payments), which further hinders successful loan repayments. Mr. D’Alessio concurred, stating that cost of time for the consumer also negatively impacts the lender and further adds to costs imposed by the rule. Ms. Winslow agreed the consumer-initiated exemption was not adequate. She also stated that notwithstanding the drafters’ intentions, many things have changed since the rule was written. Thus, there was a need to study the rule’s current impact. Mr. Duke pointed to the DFA and RFA requirements that rules be revisited every five and ten years, respectively, which he stated was particularly important given the fast pace of changes and innovation in the financial marketplace. He stated that changes in the market, technology, and additional uses of credit reporting have created a situation where the rule itself is leading to negative outcomes, especially since conditions and data used to justify it have changed dramatically since 2017. Several panelists concurred that the rule was proving unworkable in practice and reiterated complaints about its lack of flexibility. Ms. Lee noted that BNPL was not big in the United States when the payday rule was issued, unlike in the U.K. or Australia, but it is captured in the payday rule definition.

Ms. Udis asked Mr. Tate to expand on his earlier discussion of EWA, and he stated that if it is deemed a credit product, a barrier is being erected. He stated that former Director Kraninger put in place guideposts around EWA, but that these were subsequently stripped away, without explanation, and that the CFPB's own data evinced customer satisfaction with EWA. Ms. Lee concurred, adding that state Attorneys General and others have brought actions against providers under Unfair, Deceptive, or Abusive Acts or Practices (UDAAP)—because their products are being misclassified as credit based on a proposed interim rule. She requested that the Bureau rescind the proposed interim rule, stating that it has caused confusion. Mr. Tate agreed, stating that the fact that the rule has been finalized is not relevant and elicited former Director Cordray's statement, when the payday rule was released, about wanting to encourage innovation. He stated that while some workers such as bartenders, servers and cab drivers get paid the same day, others such as House of Representatives staffers only get paid once per month. Mr. Tate said that EWA gives people access to money they have earned. He said this is critical for when emergencies happen, and for when people may not have yet built a credit profile or have access to credit.

Discussion with Consumer Advisory Board Members

Geof Gradler, Deputy Director

Chelsie Evans, Executive Director, Hawaiian Community Assets

Cashauna Hill, Executive Director, Redress Movement

Amy Nelson, Executive Director, Fair Housing Center of Central Indiana

Following these presentations and discussion with the guest speakers, Deputy Director Gradler turned to members of the CAB to seek their input.

One CAB member related her experience representing Hawaiian Community Assets (HCA), Hawaii's largest Department of Housing and Urban development (HUD)-certified housing counseling organization which partners with Hawaii Community Lending. The member referenced a recent report showing that in Hawaii, 45% of households cannot afford basic necessities and over one-third have more debt than they can manage. She stated that when nearly half of households live paycheck to paycheck, affordability is not just an economic policy question, it can determine whether families can keep a roof over their heads. She stated that

HCA has HUD-certified counseling agencies that have been working closely with Community Development Financial Institutions (CDFIs) and have had to clean up the financial damage caused by high-cost small dollar credit in their region. She said that approximately 1 in 5 debt consolidation loans originated by their CDFI partners are needed because borrowers fell into a small loan debt trap marked by repeat borrowing, escalating fees, automatic debits, and overdraft penalties that bury a household deeper each month.

This member also commended an entity that routinely provides consolidation loans that take high-fee obligations and restructures them into something affordable and often cuts their monthly repayments lower than what they were before. She stated that households that were on the brink of eviction or having their utilities shut off are the ones that seek help, and that HCA loans work because HCA underwrites using real household cash flow and pairs lending with long-term coaching and financial counseling. She stated that in the current small dollar lending ecosystem, mission-driven lenders help people exit crisis while high-fee lenders rely on borrowers remaining in crisis. She stated that national research has confirmed what they see locally—a typical small dollar borrower takes about eight loans per year and pays more in fees than principal; remains in debt five months out of the year; and 4 out of 5 loans are rolled over or re-borrowed within 14 days. She stated that, if a market's profit model depends on borrowers repeatedly failing to repay, this is not a consumer choice, but a market failure.

The member disputed the assertion that payday loan rules are no longer relevant in spite of new technologies and do not need the same oversight. She indicated storefronts did not disappear—the products have evolved. The member stated that EWA and high-cost online installment loans all rely on the same mechanics that made payday loans harmful—short-term liquidity tied to the next paycheck, fees that function like triple digit APRs, automatic debits that trigger overdrafts, and repeat use as a primary profit engine. She contended that this is why the DFA exists and that the last time the guardrails were removed, it triggered a financial collapse that cost families their homes, their savings and their futures. She stated that the protections created under the DFA were not theoretical, but a response to real harm. The protections should not be weakened just because today's products have new names and new apps. She stated that the CFPB reported that EWA products carry an effective APR about 109%, BNPL users experience high rates of delinquency and overdraft, and many juggle multiple concurrent BNPL pay later loans, creating

a hidden household debt load. She stated that some products are marketed as a cheaper option with high consumer approval, but that is only true if a borrower never misses a payment—and that for Asset Limited, Income Constrained, Employed (ALICE) households in Hawaii, where financial disruptions are common, even one late payment carries real consequences.

The member stated the importance of looking at the borrower's experience before the consumers ever reach default. The member referred to data showing that 41% of BNPL users report missing at least one payment in the last year, meaning that almost half of users experience repayment, leading to instability, and noted that instability is the real risk for ALICE households. The member stated that for ALICE families, comprising nearly half of the houses in Hawaii, a late payment is not a small mistake, it is often the beginning of a financial spiral that becomes extremely difficult to escape. She contended that pay later installment does not just trigger a modest fee and remarked automatic debit re-attempts often hit at the worst possible time. She described a recent scenario with one of their clients, where a \$10 late fee triggered \$70 in overdraft fees. She described other situations where HCA had helped clients restore their credit scores after their accounts were sent to collections, resulting in an average drop to their credit scores of 114 points. She stated that these are tremendous impacts on families who are one paycheck away from being homeless. She noted that what may begin as small purchases suddenly can lead to a major setback, turning a manageable debt into a household crisis, cutting families off from affordable credit, rental approvals and home ownership opportunities.

The member stated that EWA shows similar patterns. She stated that the promise is access to a paycheck early, but frequent use drains that paycheck, leaving workers short on money for rent, utilities, and food. This forces consumers back into advance products. The member also noted that research shows a 56% increase in overdrafts among regular EWA users. She remarked that the premise that these new products no longer require guardrails indicates a misunderstanding of who is using them and how fragile their household budgets are. She stated that AI-driven underwriting adds both opportunity and risk. If used responsibly, AI-driven underwriting can better assess ability to repay, identify early borrower distress, reduce defaults, and provide faster and more tailored decisions. Conversely, without guardrails, AI can automate overextension, replicate bias at scale, and target borrowers who are least able to absorb more debt. AI will either strengthen the market or magnify its failures, depending entirely on the standards set. She also expressed her concerns about regulatory imbalance. The member stated that HUD-

certified housing counseling agencies face some of the strictest federal requirements in the consumer finance ecosystem. For example, they must adhere to ability-to-repay requirements, follow HUD work plans, provide evidence of stable outcomes, and undergo regular audits, reviews and monitoring. The member said that this contrasts with high-cost small dollar lending and emerging fintech credit providers who continue to petition for less oversight, even though their products drive overdrafts, depend on repeat borrowing, require consolidation interventions by CDFIs, and extract billions of dollars annually from low-income communities. If the Federal government demands evidence-based practices and accountability from counselors who help families recover from debt traps, then equal or greater accountability should be expected from lenders whose products create those traps, the member asserted.

The member continued, what would create a robust, competitive small-dollar market, one that fosters innovation, access and stability, would be for the CFPB to require transparent, comparability to repay standards across all small dollar products, including BNPL and wage advance services. The member advocated support for the scaling of CDFI and credit unions' small model loans, which have been in communities offering lower-interest products and more stable opportunities to people who need them. The member said that these opportunities ensure that AI underwriting is tested for fairness and accuracy, so innovation can improve access rather than undermine it, and ensure lenders compete on price, safety and borrower outcomes, not on the ability to collect more fees from the most financially fragile households. The member concluded, "the question presented is pretty straightforward, asking whether we want a small dollar market built on repeat viral failure, or one built on responsible access, repayment success, or long-term stability."

Another CAB member expressed her regret at being unable to participate in the morning meeting on "Fair Lending and Debanking" since that is a focus for her agency. She noted she had previously committed to a speaking engagement she was not able to reschedule. She expressed confusion as to why members were not consulted in advance, not only about the agendas, but also the dates. She stated that it would not have been a hardship given the small number of members, but they received little to no correspondence, were not able to add input about the agenda, and were not invited to be physically present.

Moving to the topic at hand, the member stated that, in Indiana in recent years, the number of households that have moved into poverty has increased by 13%, representing over 17,000 households. Picking up on the previous member's reference to ALICE households, she stated that those increased by 27%, or 18,000 additional households, and that in the most recent data available suggests nearly 3 million households in Indiana, 40%, have earned incomes below the ALICE thresholds. She stated that her organization sees families moving below these thresholds, particularly when it comes to families with children and older households and single female headed households. These groups have seen a substantial increase in ALICE households, increasing 34% over the past 10 years. She said they see more of these families struggling with finances and that many of these households are headed by a person 65 and older, which is the fastest aging demographic group in their state. She stated that 51% of their households that are headed by people aged 65 or below have not been able to advance their financial stability. She asserted that her state has been repeatedly targeted by the payday lending industry with outside and high-cost lobbyists coming into the state to try to increase their already high 72% rate, to what she deemed a loan shark rate of 150%.

The member stated that people are vulnerable and now is not the time to weaken consumer protections or minimize them. She said that this was evident in a recent study about debt protections that are available for her state's consumers most in need. Her state was given an "F" ranking for those protections, and residents struggle to keep their heads above water. She noted that when they do fall behind on a medical debt or loan, these products are pitched to be attractive, but they can create problems in the long term.

The member continued, stating that in recent years the CFPB has been publishing an annual report about consumer complaints, and she was trying to find any report that was issued this year, breaking down the types of consumer complaints.¹ She noted that, when she reviewed the last report, people were filing complaints in these areas, indicating the problems still exist.

¹ The Bureau's 2024 Consumer Response Report was issued in May 2025. <https://www.consumerfinance.gov/data-research/research-reports/2024-consumer-response-annual-report/>

The member expressed concern about the rise of equity scams given her state ranks in the top ten highest in the country for foreclosure filings and has seen a return of foreclosure relief scams. She stated CFPB has been a leading protector of these consumer financial interests. She stressed the importance of focusing on why people need such protection and lamented watching what she described as “the destruction of the CFPB,” stating her concerns about consumer protections long term. She stated that for those out in the field, they need to have a robust, strong active CFPB, that is actively looking for problems, not one just having problems being brought to it. The member said that when regulations have been subject to litigation and strongly opposed by industry, it often indicates that they're needed by consumers. She urged the Bureau to remain strong and not backtrack at this time by reducing regulations on products that are used by so many Americans that are struggling.

Another member stated that the way that the CAB meeting was planned and structured did not allow CAB members to advise, consult with or provide information to the CFPB about any concerns, trends or issues they have been seeing. She lamented that the CFPB did not hold any CAB meetings in fiscal year 2025, stated the requisite number of CAB members was not present, and there were not meaningful opportunities for CAB members to fulfill their statutory roles. She also questioned whether the statute had been satisfied. The member stated that several of the CAB members whose terms would have gone until September 2026 were terminated in November 2025 with no explanation. The member questioned why some members were terminated, how the CFPB decided which members would be terminated, why the CFPB decided to change the CAB Charter to a minimum of six members rather than a minimum of 10 and stated that members were not notified in advance of potential changes to the Charter.

The member also stated that it appeared the Acting Director was attempting to shut down the CFPB entirely, and that CAB members did not support that decision. She stated that the real-world experience of CAB members as practitioners working in the field provided CAB members with perspectives that should be valued. However, based on recent decisions made about the CAB and about the agency, it was not clear that is the case. She indicated that members do not support the dismissal of enforcement lawsuits or unwinding settlement agreements in which major relief has been won for consumers. Furthermore, she conveyed that the CFPB's offices tasked with supervision, enforcement and handling consumer complaints carry out extremely

important work that is vital to the communities that CAB members serve daily. Members, in her view, are not on the CAB because they think or feel a certain way, but because they know what communities are experiencing.

Deputy Director Gradler thanked the CAB members for their feedback and asked if anyone had any additional comments about small dollar products. Ms. Winslow responded that the current regulation and supervision of small dollar credit is as thorough as it's ever been. She highlighted that lenders in her association were licensed and regulated in every state in which they do business. Further, they continue to be subject to enforcement from the CFPB as well as from the Federal Trade Commission (FTC), and many if not all the Attorneys General. She also noted there are still state exams that have been robust and ongoing. Ms. Winslow stated that competition is also strong, not only among traditional installment lenders but with BNPL, payday, EWA products, as well as credit cards, and credit unions. Ms. Lee echoed this, stating that her members were subject to various federal and state regulations. She said that many of them partner with banks and are therefore subject to the same oversight, regulation, supervision and enforcement that are required of banks. Ms. Winslow asserted sometimes the exams that bank compliance teams exert on their fintech partners is more robust than that required by state law, to which several other panelists concurred.

Mr. Duke concurred with a CAB member's mention of support for a market where lenders compete. He said more options and more choices yield better outcomes for consumers when they have access to them. Consumers can then select what will work best for them. He stated that there should be more focus on improving disclosures, especially at a time when fee models are getting more complicated and more layered. He added it would be beneficial to make sure that the borrower understands what they are getting into, what the fees are and how the borrower will be impacted. Mr. D'Alessio stated that some states' laws have changed, and legislatures have imposed either a rate cap or other restrictions that drive some of the small dollar lenders out of the marketplace. He further noted that people in those states are not served by other options, and they are left worse off overall. Mr. D'Alessio said those situations include missing payments on bills, paying, or losing out on the enabling aspect of credit previously available to them.

Mr. Tate reiterated that EWA is not credit and said the larger issue is that people should be provided with more tools and more options, so they can pick and choose what works for them. He said that not every tool is going to work in every case or may be appropriate at a given time, but that the correct approach is to try to find more solutions and not take choices and tools away. He stated it was empowering to have someone access money they earned and be able to take control of their financial lives. He analogized this to giving people a Swiss army knife and figuring out the best option to deal with unplanned contingencies.

A CAB member responded that in her experience having worked in the housing industry since 1997, by the time harmful products drop away, it is only after a lot of people have been taken advantage of. Then, regulatory agencies and lawsuits have had to step in to address the harm. The member stated that some actors make a lot of money churning people through bad products and affirmed strong support for the need for additional disclosure requirements. She continued, this is why robust TILA regulations are so critical.

Picking up on a member's reference to scams, Ms. Winslow stated that there is consensus on rooting out scams and that AI holds a lot of opportunity in that area. She said fraudsters, however, are also using AI to increase fraud and scams faster than they can be addressed. She said that they would appreciate working with the people present and with CAB members on combatting the problem, as only bad actors benefit from fraud. Mr. Tate agreed with this sentiment, stating that combatting fraud and scams would benefit everyone. He stated that his association wants to protect their consumers. He noted that AI and algorithms can flag issues in real time. For example, notices can be sent so people can confirm that the activity in their account is actually theirs. He stated that his organization has been part of the security summit at the Internal Revenue Service for over ten years and recently worked with the FTC. Mr. Tate maintained that there is general agreement around where people can help prevent consumers being taken advantage of by frauds and scams. He noted seniors and young people to be using new technology or new apps every day. He said they may need to be reminded to verify who they are talking with, to make sure that they are checking in on their account activity regularly and guard against sharing sensitive information that bad actors could use to their detriment.

Mr. D'Alessio stated that many of their members are also money service providers that are registered with the Financial Crimes Enforcement Network. Thus, they are required to file suspicious activity reports for certain types of transactions, in addition to those of a certain size. He concurred with other panelists' sentiments about scams and frauds. He stated that ultimately nobody wants to hurt the consumer, as that is their greatest asset. Mr. D'Alessio stated that they understand a lot of their consumers are more vulnerable and do not necessarily look at their credit rating and credit reports regularly. Mr. D'Alessio stated his association knows they have a special responsibility to be protective of their consumers' data, and to take other precautions to make sure that breaches and other types of abuses do not happen.

Mr. Duke agreed that fraud is a massive topic and thought fraud directed towards consumers had been covered well. He stated that a lot of resources are also focused on stopping fraud against lenders, and that it was a growing problem. Further, the consumer is ultimately impacted by losses on the lender side when the costs are passed along.

Ms. Lee expressed her gratitude and appreciation for the CAB members' time. She stated it was helpful to hear from people in the field to confirm what has been discussed at her organization. She planned to share the feedback received during the meeting.

Closing

Ms. Udis thanked Ms. Lee for mentioning the Bureau BNPL report was released earlier that day and noted the report was available on the Bureau website.

Deputy Director Gradler expressed to the CAB member who had earlier asked about the complaint database report that he would follow up with her directly. He then thanked everyone for their participation in the discussion.

The Designated Federal Officer thanked the members, participating CFPB staff, external guests, and the listening public for their participation.

Adjournment

Designated Federal Officer Kim George adjourned the meeting of the CFPB Consumer Advisory Board on December 10, 2025, at approximately 3:25 p.m. EST.

Certification

I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete.

LaShaun Warren

LaShaun Warren
Acting Staff Director
Advisory Board and Councils Office
External Affairs Division
Consumer Financial Protection Bureau

Kim George

Kim George
Designated Federal Officer, Chair
Advisory Board and Councils
External Affairs Division
Consumer Financial Protection Bureau
