



**Testimony on Behalf of the Innovative Lending Platform Association
In Support of Senate Bill 825,
with Amendment**

Chair Kelly, Members of the Senate Finance,

The Innovative Lending Platform Association (ILPA) thanks you for the opportunity to submit testimony in support of Senate Bill 825.

Thank you to Senator Kramer for introducing this important legislation and the Maryland Retailers Association and other stakeholders that support this bill. This is the third time we are testifying before the Committee on small business finance matters, and we are pleased to be testifying in support this year.

ILPA is the leading trade organization for online lending and service companies serving small businesses. Our members (BFS Capital, Biz2Credit, BlueVine, Fundbox, Funding Circle, Kabbage, Lendio, Mulligan Funding, OnDeck, and PayNet) offer various commercial financing products. They are proud to provide thousands of Maryland businesses with working capital to invest in their business, purchase inventory, hire additional hands for the busy season, expand the business, or repair damaged or outdated equipment. Our members use innovative underwriting and the latest technology to quickly evaluate a customer's credit risk and provide financing in as little as 24 hours.

ILPA is dedicated to advancing best practices and standards that promote responsible innovation and access to capital. The ILPA strongly supports transparency in small business financing disclosures, and our member companies are committed to providing small businesses with responsible and transparent financing options. In 2016, the ILPA created an industry-first model disclosure tool – the SMART Box® – that presents small business borrowers with comprehensive pricing metrics and identifies key loan terms in plain, easy-to-understand language.

This is also why ILPA supported New York's commercial finance disclosure law requiring small business financing providers to disclose key metrics and essential terms that customers expect to see. We believe small businesses are empowered when presented with easy-to-understand metrics and can compare the costs, term, and other critical metrics across different providers and products.

As more and more states are following New York's lead and adopting small business finance disclosure laws, we are requesting a small measure in each state to ease compliance burdens across states. We request a minor amendment to allow for disclosure forms approved in states that meet or exceed SB 825's to satisfy Maryland's requirements. This will allow providers to voluntarily use the same form across multiple states if it meets those states' minimum standards.

We appreciate the Committee's consideration of SB 825 and ask for the Committee's support.