



HB 1471 - Innovative Financial Product or Service Certification Program

House Economic Matters Committee

March 04, 2025

OPPOSED

Chair Wilson, Vice-Chair, and members of the committee thank you for the opportunity to submit testimony in respectful opposition to House Bill 1471. This bill exempts certified entities from essential consumer protection laws related to lending, lender licensing, and collection agencies.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

HB 1471 creates an exemption from the Maryland Consumer Loan Law for financial products certified under a new program called the Innovative Financial Product or Service Certification Program. While fostering innovation in financial services is important, this exemption raises significant concerns about consumer protection, particularly for Marylanders who are already financially vulnerable.

The Maryland Consumer Loan Law exists to protect borrowers from predatory lending practices, excessive interest rates, and misleading loan terms. Allowing certain financial products to bypass these protections will have serious consequences for low-income families like:

- **Increased Financial Instability:** Without key consumer safeguards, borrowers will be subjected to unfavorable loan terms, high fees, and unaffordable repayment structures, which will push them further into financial hardship.
- **Higher Risk of Exploitation:** Unbanked and underbanked marginalized communities, who have limited access to traditional banking services, will be disproportionately targeted by lenders offering high-cost financial products with little regulatory oversight.
- **Lack of Transparency:** Without proper safeguards, lenders could offer products with unclear terms, hidden fees, or misleading repayment structures, making it difficult for consumers to make informed financial decisions.

For these reasons, we strongly urge the committee to oppose HB 1471. Financial innovation should not come at the expense of consumer protection. Maryland must continue to prioritize strong, enforceable protections that prevent predatory practices and promote economic stability for all residents.

Thus, we encourage you to return an unfavorable report for HB 1471.

Creating Assets, Savings and Hope