



## **MARKETPLACE LENDING ASSOCIATION**

**TO: BUREAU OF CONSUMER FINANCIAL PROTECTION**

**12 CFR Chapter X**

**[Docket No. CFPB–2018–0023]**

### **Policy to Encourage Trial Disclosure Programs**

**RE:** Notice of proposed policy guidance; request for comment.

The Marketplace Lending Association and its members are committed to fostering innovation in financial technology and encouraging sound public policy. In short, we believe that promoting innovation and opportunity for all Americans does not need to be at odds with robust and improved consumer protection. In fact, as a higher and higher percentage of financial services are delivered digitally each year, federal and state consumer disclosure policy must keep pace with the actual experience of modern commerce in the marketplace.

The MLA's members are committed to the MLA's Best Practices, including disclosure of transparent prices to all borrowers, such as the APR for consumer loans and annualized interest rate or APR for commercial loans, and any fees or scheduled charges for a loan like any effective prepayment penalty. Disclosure of this information in plain English terms, in writing, should be made when the loan offer is presented to the applicant.

The MLA supports current efforts to improve the BCFP's "Policy to Encourage Trial Disclosure Programs" (TDP Policy). This policy establishes the Bureau's standards and procedures for providing exemptions from applicable federal disclosure requirements to allow companies to test trial disclosures. The MLA applauds actions that would streamline the trial waiver application process, reduce the time it takes the Bureau to review applications, provide procedures for extensions of successful trial disclosure programs, and provide for coordination by the BCFP with sandbox programs offered by state regulators. In particular, the MLA applauds the BCFP for outlining the following four key points:

- The proposed revised TDP Policy would provide that the Bureau "intends to grant or deny formal, complete applications within 60 days of submission."

- The proposed revised TDP Policy would indicate that the Bureau expects “a two-year testing period...to be appropriate in most cases.”
- The revised TDP Policy would provide that the Bureau anticipates permitting extensions longer than the period of original waiver when it is considering such an amendment. It would also provide that “during the time period pending a rule amendment,” the Bureau “intends to consider means of making the improved disclosure available to other covered entities.”
- The revised TDP Policy makes clear that applications may be submitted by an association or any other group seeking approval to test trial disclosures on a group basis. It would state that an application could include “the elimination of disclosure requirements, modifications to an existing model form or other disclosures, changed delivery mechanisms, or replacement of a model form or existing disclosure requirements with new disclosures or forms.”

In conclusion, more experimentation with improved disclosure methods is critical for the digital era and will primarily benefit consumers via improved transparency. The MLA believes that the above changes, taken together, will encourage more participation in the BCFP’s trial disclosure program. Finally, one possible area for considering trials in the consumer lending area would be in the use of different data sources.

Thank you for considering these supporting views for the Bureau’s proposal to revise the Trial Disclosure Programs to encourage more participation.

Sincerely,

Nathaniel Hoopes

Executive Director - Marketplace Lending Association