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## **OFN Combats Predatory Lending, Advances Responsible Small Business Financing**

*National network of CDFIs joins Responsible Business Lending Coalition, a broad non- and for-profit coalition to drive responsible practices in small business lending sector*

Washington, D.C.—June 18, 2019 Across the U.S., many entrepreneurs and small business owners seek alternative loans to start or grow their businesses. Too often these loans are “predatory,” coming with hefty—and frequently hidden—[costs and fees that trap borrowers in a cycle of costly debt](#). A leading network of more than 260 community development financial institutions (CDFIs) serving rural, urban, and Native communities, Opportunity Finance Network (OFN) is committed to promoting and advancing responsible, affordable, and transparent lending practices. Recently, OFN joined the Responsible Business Lending Coalition (RBLC), whose mission is to drive such practices in the small business lending sector.

“OFN’s members too often see troubling scenarios where business owners come to them for help safely getting out of strangling loan payment situations,” said Lisa Mensah, OFN President and CEO. “Stemming the flow of irresponsible, expensive, and deceitful loans is critical to the CDFI mission of providing opportunity in low-income, low-wealth, and under-resourced communities. Becoming part of the Responsible Business Lending Coalition strengthens our network’s position even more. We look forward to working with this growing coalition to make responsible financing the standard in small business lending.”

As a member of RBLC, OFN is now part of a diverse association of nonprofit and for-profit organizations that share both a commitment to innovation in small business lending aimed at making credit more accessible and a serious concern with the rise of predatory and irresponsible lending practices in the small business lending market.

OFN is also an endorser of RBLC’s [Small Business Borrower’s Bill of Rights](#), a cross-sector consensus on the rights small business owners deserve and practices lenders and brokers should uphold: non-abusive products, responsible underwriting, fair treatment from brokers and lead generators, inclusive credit access, and fair collections practices. Endorsers of the Bill of Rights do not directly make small business loans but support the Bill’s principles. Signatories are small business lenders that have agreed to adhere to the principles outlined in the Bill.

These six fundamental rights underscore the work mission-driven CDFIs do every day in service of medium-high credit risk applicants, who are especially vulnerable to predatory lenders. The rights also respond to the needs of small business owners: according to a [recent poll by Small Business Majority](#), 78 percent of small business owners surveyed say high interest, high fee loan products are a problem. The poll also found that a large majority—80 percent—of small business owners believe online small business lending should be regulated.



Another [recent Federal Reserve survey](#) showed whether applying to large banks, small banks, or online lenders, owners of employer firms who were dissatisfied with the loans they received cited lack of transparency as the main reason.

“Access to capital is essential to expanding economic opportunity, especially for individuals and communities that have been excluded from our financial markets. But that capital must be fair and affordable” said Joyce Klein, director of FIELD at the Aspen Institute, an RBLC member. “Having nonprofit and for-profit lenders, investors, and small business advocates come together to advance fair, transparent products and services, like RBLC does, is essential to ensuring the long-term health of our small business sector.”

Aspen Institute is a nonpartisan policy studies organization and facilitator of the coalition. Other RBLC members are Funding Circle and Lending Club, two leading FinTech innovators in marketplace lending; StreetShares, a Lending-As-A-Service technology provider to financial institutions and a veteran-owned responsible lender for veteran-owned small businesses; Accion and Opportunity Fund, the two largest nonprofit CDFI small business lenders; Community Investment Management, an impact-driven investor in small business financing; and Small Business Majority, a nonprofit trade association and small advocate for small businesses.

#### **About OFN**

Opportunity Finance Network (OFN), the national network of community development financial institutions (CDFIs), strives to ensure low-income and other under-resourced communities have access to affordable, responsible financial products and services. Members of OFN are CDFIs that deliver responsible lending to help low-income communities join the economic mainstream. Through 2017, OFN’s network originated \$65 billion in financing in rural, urban, and Native communities. This financing has helped to create or maintain more than 1,348,300 jobs, start or expand more than 321,500 businesses and microenterprises, and support the development or rehabilitation of 2 million housing units and more than 11,000 community facility projects. For more information, visit [www.ofn.org](http://www.ofn.org).

#### **About RBLC**

The Responsible Business Lending Coalition (RBLC) is a network of for-profit and nonprofit lenders, brokers and small business advocates that includes Accion, Aspen Institute, Community Investment Management, Funding Circle, Lending Club, Opportunity Fund, Small Business Majority, and Street Shares. Coalition members share both a commitment to innovation in small business lending aimed at making credit more accessible, and serious concerns with the rise of predatory and irresponsible lending practices in the small business lending market. The coalition created the Small Business Borrowers' Bill of Rights, the first cross-sector consensus on the rights that small business owners deserve and what financing providers, brokers and lead generators can do to uphold those rights. Since the creation of the Small Business Borrowers' Bill of Rights, nearly 60 small business lenders and brokers have committed to uphold these rights, and nearly 50 advocacy and support organizations have endorsed them. For more information, visit [www.borrowersbillofrights.org/](http://www.borrowersbillofrights.org/)