

March 8, 2016

To: Members of the Banking Committee
Fr: Connecticut Bankers Association
Contacts: Tom Mongellow, Fritz Conway
RE: H.B. 5572: An Act Concerning Small Loan Licensees

The existing statutes in Connecticut that govern “small loans” are largely antiquated and in need of updating. This bill would provide a complete overhaul of the entire statutory scheme. While the CBA appreciates the need for modernization, we are concerned that the bill, as presently drafted, would have certain unintended consequences.

In recent years, there have been many major developments in the markets that supply small loans to consumers. In particular, we have seen the emergence of many innovative technology-based platforms that can help to deliver small loans in an efficient, more cost effective manner, than originating these loans through a standard delivery channel. As these new platforms continue to evolve, the state will need a modern regulatory framework that accommodates innovation, prevents potential abuses and provides a level playing field for responsible participants. The CBA would welcome the opportunity to work with the Department of Banking to identify areas where the legislation might better meet those objectives.