



Center for Responsible Lending

Submitted via Email to: Comments.applications@chi.frb.org

February 27, 2026

Benjamin W. McDonough, Deputy Secretary of the Board
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551-0001

Colette A. Fried, Assistant Vice President
Federal Reserve Bank of Chicago
230 South LaSalle Street
Chicago, Illinois 60690-1414

Re: *Enova International, Inc., Chicago, Illinois*; Application to become a bank holding company by merging with Grasshopper Bancorp, Inc., and thereby indirectly acquiring Grasshopper Bank, N.A., both of New York, New York, through a merger with a newly formed subsidiary, Enova Interim Bank, N.A., South Jordan, Utah

Dear Governor McDonough and Vice President Fried:

The Center for Responsible Lending¹ (CRL) requests a 60-day extension to the comment period and the scheduling of public hearings on Enova International, Inc.'s (Enova) proposal to acquire Grasshopper Bank and become a bank-holding company. If the Federal Reserve finds it unnecessary to grant such requests, we urge you to deny the application.

CRL believes that the public deserves an opportunity to dispute the claims in the application and fully and completely raise their concerns in open hearings across the country before the agency renders a decision on this matter based on the standards and considerations imposed by the Bank Holding Company Act and 12 C.F.R. § 262.3(e).² Primarily, the public should be afforded an

¹ The Center for Responsible Lending (CRL) is a non-partisan, nonprofit research and policy advocacy organization working to promote financial fairness and economic opportunity for all, end predatory lending, and close the racial wealth gap. CRL's expertise gives it trusted insight to evaluate the impact of financial products and policies on the wealth and economic stability of families, including people of color, women, rural, military, low-wage, low-wealth, and early-career workers and communities. CRL is an affiliate of Self-Help, one of the nation's largest nonprofit community development financial institutions. We work in partnership with national and local consumer, faith, and civil rights organizations.

² CRL has also requested the OCC to re-evaluate the application of Enova and Grasshopper based on the Bank Merger Act.

opportunity to speak on the harms and high-risk nature of Enova's high-cost lending and dispute the claims that its products will be a benefit to underserved communities. Furthermore, the public should be allowed to address whether Enova Interim Bank will meet the convenience and needs of the communities served.

We submit the following facts that demonstrate that there is a public interest, a need for higher level of scrutiny and for additional information which can only be gathered through a public hearing and an extended comment period:

First, the public should be allowed to dispute the written submissions as they do not describe the serious risks associated with Enova's product offerings. The application describes high-cost, triple-digit APR lending that it intends to continue, noting that:

Enova will migrate its existing small business lending business line and existing NetCredit installment loans and lines of credit products to the resulting Bank.³

NetCredit lends at 99.99% APRs and other products mentioned in the application lend at up to 325% APR.⁴ High-cost lending poses high credit risks and default rates that violate requirements for prudent credit underwriting, putting the safety and soundness of the bank at risk. Such lending is also riddled with risks to compliance and other consumer protection laws.⁵ The application lacks acknowledgment of the risks involved with such business practices and specifically states Enova wishes to deliver such products to underserved communities. The public should be able to submit evidence on the violations of consumer protection laws and risks associated with high-cost lending.

Second, there is evidence of harm to consumers related to these products, given the history of serious enforcement actions filed by the CFPB against Enova's subsidiaries as well as other lawsuits. It is relevant to consider the transaction's effects on the convenience and needs of the communities served, and certainly, harm to consumers should be a factor in deciding whether to hold a public hearing. The public should be allowed to present evidence on the harms of high-cost lending. Along with the comments submitted by CRL, additional comments by state consumer advocacy organizations detail significant consumer complaints regarding the impact of Enova's products as it does business as CashNetUSA, NetCredit or On Deck. These consumers, who would speak to the harmful nature of Enova's products and their predatory violations of consumer protection policies, deserve to have the Federal Reserve hear their actual experience with the business seeking to expand its authority by becoming a bank holding company.

Further, we request an extension of the comment period to allow the Federal Reserve Board (FRB) to gather additional factual information necessary to consider the application. The FRB should consider additional factual information not included in the application submitted by the parties to the proposed transaction, which would, at a minimum, require at least some discussion of how

³ Application, Public Portion, at pg. 13

⁴ **National Consumer Law Center, Center for Responsible Lending & Student Borrower Protection Center. *Comments on Risks of Bank-Fintech Lending Arrangements (Oct. 30, 2024)***, PDF, National Consumer Law Center, https://www.nclc.org/wp-content/uploads/2024/10/2024.10.30_Comments_Bank-fintech-lending-risks-comments-NCLC-CRL-SBPC.pdf

⁵ *Id.*

this proposed application would benefit the public by meeting the convenience and needs of the community to be served. In its current state, Enova's application fails to offer any attempt to provide facts in support of the required factor of consideration by the Federal Reserve. Without considering factual information beyond what Enova submitted, the FRB cannot adequately assess the benefit of the transaction in light of the risks and harms posed by Enova's business model on consumers.

I. Enova and Grasshopper's Application is Insufficient and Further Scrutiny per the Requirements of the Bank Holding Company Act is Necessary.

Enova International, Inc. is seeking to become a bank holding company and acquire Grasshopper bank pursuant to the Bank Holding Company Act of 1956 (BHC Act),⁶ Regulation Y,⁷ and to engage in nonbanking activity. Under the BHC Act and Regulation Y, the FRB sets forth the following related to comments and requests for hearings:

(e) Submission of comments and requests for hearing. The Board is only required to consider a comment or a request for a hearing with respect to an application or notice if it is in writing and received by the Secretary of the Board or the appropriate Federal Reserve Bank on or before the latest date prescribed in any notice with respect to the application or notice, or where no such date is prescribed, on or before the 30th day after the date notice is first published. Similarly, the Board will consider comments on an application from the Attorney General or a banking supervisory authority to which notification of receipt of an application has been given, only if such comment is received by the Secretary of the Board within 30 days of the date of the letter giving such notification. Any comment on an application or notice that requests a hearing must include a statement of why a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute and summarizing the evidence that would be presented at a hearing. In every case where a timely comment or request for hearing is received as provided herein, a copy of such comment or request shall be forwarded promptly to the applicant for its response. The Board will consider the applicant's response only if it is in writing and sent to the Secretary of the Board on or before eight business days after the date of the letter by which it is forwarded to the applicant. At the same time it transmits its response to the Board, the applicant should transmit a copy of its response to the person or supervisory authority making such comment or requesting a hearing. Notwithstanding the foregoing, the Board may, in its sole discretion and without notifying the parties, take into consideration the substance of comments with respect to an application, (but not requests for hearing) that are not received within the time periods provided herein.

(f) Action on applications. The Board takes such action as it deems appropriate in the public interest.

This request is submitted in a timely manner in compliance with the above requirements.

⁶ Bank Holding Company Act of 1956, 12 U.S.C. §§ 1841 et seq. (1956).

⁷ 12 C.F.R. Part 225 (Regulation Y).

Under Section 3(c)(2) of the BHCA, the Federal Reserve must also "take into consideration the financial and managerial resources and future prospects of the company or companies and the banks concerned, and the convenience and needs of the community to be served."⁸

As noted, we will further describe the following, which suggest a need for an extended comment period and a public hearing:

- Public interest in the transaction based on widespread high-cost lending by Enova, with compliance and safety and soundness risk involved to the involved institutions;
- The need for additional information not included in the application which should be the subject of a public hearing;
- A need for further analysis of the convenience and needs of communities served, based on high-cost lending and enforcement actions; and
- A need for further analysis of compliance, CRA, fair lending amid CFPB enforcement actions and other litigation.

II. Enova's Lending and Enforcement History Show the Need for Further Scrutiny.

It is incumbent upon the FRB to examine the effects of a merger on consumers and the broader economy.⁹

We have serious concerns about the financial and managerial resources and future prospects of the companies involved, as well as Enova's ability to serve the convenience and needs of the communities it serves due to its high-cost products.

a. Financial and Managerial Resources

Enova's history of enforcement and litigation, along with risky practices around high-cost lending, has real potential to strain financial and managerial resources, and put the resulting institution at risk in the future, particularly in terms of safety and soundness. This must be further investigated.

Enova admits that it will migrate CashNet USA, through which Enova lends at 149% to 325% APRs, and NetCredit, which lends at 99.99% APR, to the new Bank.¹⁰

Enova has historically offered lines of credit at rates that states do not allow.¹¹ According to the National Consumer Law Center, Enova via CashNetUSA, makes loans through a Rent-A-Bank scheme in 21 states (Alaska, Arizona, Arkansas, Florida, Indiana, Kansas, Kentucky, Michigan, Minnesota, Mississippi, Montana, Nebraska, New Jersey, Ohio, Oklahoma, Oregon, Rhode Island, Tennessee, Texas, Virginia, Wyoming).¹² It is very much in the public interest to further investigate given the wide geographic area in which Enova operates.

⁸ Bank Holding Company Act of 1956 § 3(c)(2), 12 U.S.C. § 1842(c)(2).

⁹ *Id.*

¹⁰ See, Application of Enova International, Inc., Public Portion, Pg. 13., *High-Cost Rent-A-Bank Loan Watch List*, NCLC (Sept. 26, 2026), available at: <https://www.nclc.org/resources/high-cost-rent-a-bank-loan-watch-list/>.

¹¹ *High-Cost Rent-A-Bank Loan Watch List*, NCLC (Sept. 26, 2026), available at: <https://www.nclc.org/resources/high-cost-rent-a-bank-loan-watch-list/>.

¹² *Id.*

High-cost lending of this nature poses risks to participating banks for a number of reasons, including the possibility of consumer protection and compliance violations.¹³ It poses a risk to a bank's Community Reinvestment Act ratings and its ability to withstand economic fluctuations. TAB Bank is associated with partnerships with Enova brand NetCredit.¹⁴ The FDIC recently lowered TAB Bank's CRA rating to "needs to improve" based on a finding that the bank committed unfair or deceptive acts or practices in connection with one of its strategic fintech partners.¹⁵

b. Needs and Convenience of Communities Served

Nationwide concerns about Enova's business practices and their resulting harms to both consumers and communities are pervasive and serious. Indeed, recent media reports indicate that, after only recently resolving a series of complaints raised by the Consumer Financial Protection Bureau (CFPB), lawsuits against Enova raising similar complaints about its repeated inability to comply with consumer financial protection laws remain unresolved.

Regulators and private plaintiffs have challenged Enova for unauthorized bank withdrawals, unlawful debt collection practices (including during bankruptcy), failure to honor loan extensions, and improper telemarketing or autodialed calls, resulting in CFPB penalties, state enforcement action by Virginia, and multiple class-action lawsuits.¹⁶ Subsequent lawsuits allege that these harms continue to occur.

In 2018, Virginia Attorney General Mark Herring sued NetCredit, alleging it misled borrowers about its license and tried to collect debt under bankruptcy protection in violation of the state's Consumer Protection Act.¹⁷ The lawsuit alleges that Net Credit issued loans of \$1,000 to \$10,000 to more than 47,000 Virginia borrowers between 2012 and 2018 with interest rates from 34% to 155%.¹⁸

Enova has multiple instances of enforcement activity at the federal level.¹⁹ In 2019, the CFPB issued an order against Enova based on its finding that Enova violated the Consumer Financial Protection Act of 2010 by debiting consumers' bank accounts without authorization and failing to honor loan extensions it granted to consumers.²⁰ In 2023, Enova violated the 2019 Order and the CFPB for the same illegal conduct by debiting or attempting to debit consumers' accounts without

¹³ National Consumer Law Center, Center for Responsible Lending & Student Borrower Protection Center. *Comments on Risks of Bank-Fintech Lending Arrangements* (Oct. 30, 2024), PDF, National Consumer Law Center, https://www.nclc.org/wp-content/uploads/2024/10/2024.10.30_Comments_Bank-fintech-lending-risks-comments-NCLC-CRL-SBPC.pdf

¹⁴ Id.

¹⁵ TAB Bank. *CRA Annual Public File (as of March 31, 2024)*. Published July 2024, TAB Bank, <https://www.tabbank.com/wp-content/uploads/2024/07/TAB-Bank-CRA-Annual-Public-File-2024-03.pdf>.

¹⁶ See e.g., *Ferri v. Enova International, Inc.*, 6:22-cv-01910, (M.D. Fla. Oct 17, 2022), *In re Charity*, No. 16-31974-KLP, 2017 WL 3580173 (Bankr. E.D. Va. Aug. 15, 2017), *Morgan v. On Deck Capital, Inc.*, 3:17-cv-00045, (W.D. Va. Oct 16, 2020), *Cunningham v. On Deck Cap., Inc.*, No. 20-CV-10621 (AJN), 2022 WL 137498 (S.D.N.Y. Jan. 14, 2022), *Trawick v. NetCredit Loan Servs., LLC*, No. 24-CV-7481, 2025 WL 2426773 (N.D. Ill. Aug. 22, 2025).

¹⁷ *NC Fin. Sols. of Utah, LLC v. Commonwealth ex rel. Herring*, 299 Va. 452, 854 S.E.2d 642 (2021)

¹⁸ Id.

¹⁹ Consumer Financial Protection Bureau. *Consent Order ("In the Matter of: Enova International, Inc., File No. 2019-BCFP-0003")*. Issued Jan. 25, 2019. PDF, Bureau of Consumer Financial Protection, https://files.consumerfinance.gov/f/documents/cfpb_enova-international_consent-order_2019-01.pdf

²⁰ Id.

their authorization.²¹ The CFPB terminated the order on September 2, 2025.²² While such activity is briefly mentioned in the filing, it is important to examine whether Enova has changed its business practices as a result, and how it intends to proceed going forward.

The repeated reference to targeting underserved communities in its application should be interrogated based on the significant risk of Enova's prior misconduct, such as excessive interest rates, hidden fees, and exploitation of legal loopholes. Approval of the merger with Grasshopper would provide Enova greater power while limiting states' ability to protect their underserved communities. Enova's business model demonstrates that it has taken advantage of vulnerable borrowers' financial situations in the past, and a national presence could allow it to do so at a larger scale.

Enova's history and the pattern and practice of illegal conduct and consumer harm should be considered when determining whether to grant requests for a hearing and extended comment period.

III. Conclusion

Accordingly, the FRB should either deny the application, extend the comment period to require a complete factual record and hold a public hearing to consider the concerns raised by the general public. Without additional factual information beyond that submitted by Enova, the FRB cannot and should not fully assess the scope of the proposed transaction or the consumer risks posed by Enova's business model unless it does so by denying the application in full. Thank you for taking the time to consider our request.

Signed,

Center for Responsible Lending

²¹ Consumer Financial Protection Bureau (CFPB). "Enova International, Inc." *Consumerfinance.gov*, Enforcement Actions, Nov. 15, 2023, updated Sept. 2, 2025, <https://www.consumerfinance.gov/enforcement/actions/enova-international-inc-2023/>

²² *Id.*