

Trojan's Horse? Federal Regulatory Relief Gifted to Alternative Financial Service Providers in 2025

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The alternative financial services industry experienced a relatively quiet regulatory year in 2025, but significant developments at both the federal and state levels continued to shape the compliance landscape for small-dollar lenders, pawnbrokers, other alternative financial service providers, and rent-to-own providers.

In their article, *Trojan's Horse? Federal Regulatory Relief Gifted to Alternative Financial Service Providers in 2025*, Hudson Cook Partners Justin B. Hosie and K. Dailey Wilson examine key federal and state regulatory, enforcement, and legislative developments affecting the industry.

The article discusses the CFPB's announcement that portions of the Payday Loan Rule would become operative while not being treated as an enforcement priority, as well as notable federal enforcement actions involving alternative financial service providers. The authors also review significant litigation developments, including a Georgia appellate decision addressing the applicability of state consumer protection laws to certain lending activities.

In addition, the article analyzes legislative and regulatory changes affecting pawnbrokers, rent-to-own providers, and short-term lenders in states including Florida, California, Wyoming, Delaware, Mississippi, Ohio, and Pennsylvania. The authors highlight ongoing regulatory focus on servicemember protections, digital consumer transactions, licensing requirements, and state-level consumer protection enforcement.

Key Takeaways

- The CFPB announced that portions of the Payday Loan Rule became operative in 2025 but would not be an enforcement priority.
- Federal regulators continued enforcement efforts involving military lending protections, cash advance products, and subscription-based financial services.
- State regulators and legislatures remained active in addressing alternative financial services through enforcement actions and statutory amendments.
- Several states adopted new requirements affecting pawnbrokers, rent-to-own providers, and short-term lenders, including expanded digital transaction provisions.
- Consumer protection and servicemember-focused enforcement remain key priorities for federal and

state regulators.

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