

Bloomberg article addresses buy now, pay later regulatory supervision

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Buy now, pay later businesses have boomed since the start of the pandemic. Although these businesses are already regulated at the federal and state levels, Rohit Chopra, the new director of the Consumer Financial Protection Bureau (CFPB), has promised a more aggressive enforcement of federal consumer finance laws.

According to *Bloomberg*, the federal Truth in Lending Act (TILA) does not apply to many of these services because it only covers credit products that involve at least five payments, and most of the companies use the popular pay-in-four model. The CFPB already can bring cases against buy now pay later firms under the Equal Credit Opportunity Act (ECOA), a key fair lending law, as well as the Electronic Funds Transfer Act (EFTA) and other federal consumer finance laws. The Bureau also has broad authority to bring enforcement actions against unfair, deceptive, and abusive acts and practices (UDAAP) by the industry.

"People forget that there's actually existing law that applies," said Catherine Brennan, a partner at Hudson Cook LLP.

Catherine chairs Hudson Cook's Fintech practice. She engages in credit due diligence on behalf of investors in fintech firms, bank partnership platforms, small business lenders, merchant cash advance companies, consumer finance companies, title loan companies and payday lenders. Catherine also assists national and state banks, investment banks, consumer and commercial finance companies, mortgage bankers, installment lenders and other licensed lenders in the development and maintenance of nationwide consumer and commercial lending programs.

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