



PARTNERS FOR RURAL TRANSFORMATION

May 12, 2026

Jerome H. Powell, Chair
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Subject: Proposed Merger Application of Payday Lender Enova and Grasshopper Bank

Dear Chair Powell,

Partners for Rural Transformation (PRT), a coalition of six community-rooted organizations with 250 years of experience in economic development in rural and Native communities, is deeply concerned about the proposed merger between payday loan company Enova and Grasshopper Bank.

PRT serves more than 75 percent of persistent poverty counties in the country, defined as places that experience poverty rates of more than 20 percent for more than 30 years. Our goal is to build a future where Native communities and rural America are no longer defined by persistent poverty, but by opportunity so people can live, work, learn, and raise a family in the communities they call home.

We are deeply concerned that the proposed merger undermines this goal.

Under the Bank Holding Company Act (BHCA), the Federal Reserve must review the charter application with consideration of the convenience and needs of the communities to be served. We urge the Board to deny this application on the grounds that the merger does not satisfy this standard. It will risk the expansion of high-cost predatory loans that strip wealth from families and perpetuate the cycle of debt and persistent poverty that plagues rural and Native communities.

Across our footprint, PRT provides access to fair credit in communities with and without meaningful protection against high-cost predatory loans. We have seen first-hand the lasting damage caused by these loans when they are allowed to saturate low-income communities, and

we have seen the benefits in states that enforce meaningful protections that remove this significant barrier to financial stability.

Time and time again, predatory lending practices, like those employed by payday lenders like Enova, strip wealth from our communities and block families from achieving the dream of homeownership or starting a business. As we work to help people build savings and access credit, high-cost predatory loans that trap people in cycles of debt are often a significant barrier in their path to economic stability and prosperity.

PRT also serves rural and Native communities in Arkansas, Arizona, Colorado, Georgia, Montana, New Mexico, South Dakota, and West Virginia that have strong consumer protection and usury laws that cap interest rates and protect borrowers from predatory practices. Granting a national bank charter would allow Enova to undermine these important protections and charge predatory interest rates across the country regardless of state protections. This would exacerbate the challenge of moving rural and Native communities from poverty to prosperity.

Based on our experience as community-rooted lenders, with a long-track record serving rural and Native areas facing persistent poverty, Enova does not follow well-understood safe and responsible lending practices. Its CashNetUSA brand carries rates of 300% APR. Its NetCredit brand carries rates exceeding 100% APR, and it extends similarly high-cost loans to small businesses. The high cost and unaffordable structure of loans such as these cause significant financial distress for families and drain millions of dollars in fees from the communities we serve.

The unique vulnerabilities of rural and Native communities to high-cost predatory loans are well documented. The Consumer Financial Protection Bureau noted that rural communities with difficulties accessing traditional sources of credit may turn to payday lenders that can trap them in cycles of debt.¹ The CFPB also found that rural persistent poverty counties in Appalachia and the South have higher shares of people with subprime and deep subprime credit scores than people in other areas.² Increased exposure to high-cost, unaffordable loans threatens to hamper rural and Native consumers' ability to improve their credit and access lower cost financial services in the future.

¹ <https://www.consumerfinance.gov/about-us/newsroom/cfpb-releases-report-on-financial-challenges-facing-rural-communities/>

² https://files.consumerfinance.gov/f/documents/cfpb_consumer-finances-in-rural-appalachia_report_2022-09.pdf and https://files.consumerfinance.gov/f/documents/cfpb_or-data-point_consumer-finances-in-rural-south_2023-06.pdf

Enova's triple-digit interest rates and business model that trap low-income borrowers in debt cycles perpetuates the systems that lead to persistent poverty and fails to meet the standards for the convenience-and-needs assessment under the Federal Reserve's purview.

Rural and Native communities, especially those facing persistent poverty, do not need yet another avenue to predatory lenders intent on stripping wealth from their families and their communities. We strongly urge the board to reject Enova's application, and to not allow a new wave of high-cost loans to flood into rural and Native communities, particularly in places where they would be able to override existing protections against these predatory loans.

Sincerely,

Partners for Rural Transformation and its Partners:

come dream. come build.

Communities Unlimited

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