



For Immediate Release

Financial technology leader INSIKT applauds CFPB action to promote responsible lending

"Every day, we are proving that sound small-dollar lending and strong consumer protections can and should go hand in hand." – INSIKT CEO, James Gutierrez

SAN FRANCISCO, June 1, 2016 – INSIKT, Inc., a leader in providing credit-building loans to lower-income customers, welcomes the Consumer Financial Protection Bureau's planned release of rules restricting practices that leave many borrowers unable to repay their loans.

"We support the efforts of CFPB to regulate payday lending and other small loans to prevent abusive practices that too often trap borrowers in inescapable debt," said INSIKT's founder and chief executive, James Gutierrez.

"Some in the industry will suggest that strong borrower protections and high consumer standards will prevent all lending to hard-pressed borrowers in need of a crucial or emergency loan," Gutierrez said.

"We disagree. Every day, we are proving that sound small-dollar lending and strong consumer protections can and should go hand in hand."

CFPB Director Richard Cordray has said payday and vehicle title lenders too often have made loans "based on a lender's ability to collect and not on a borrower's ability to repay."

These loans are due in full after a short period, typically two weeks or a month. If borrowers cannot repay the entire debt, as frequently occurs, they must pay additional fees to get a new loan or extend the old one – charges that when repeated add up easily to triple-digit interest rates. The annual percentage rate on payday loans is often 400% or higher.

Cordray issued lengthy draft rules a year ago to regulate payday and other small-dollar lenders, including a requirement that they determine borrowers' ability to repay the loans. Gutierrez, a former member of the Federal Reserve's Consumer Advisory Council, was on a panel of small-dollar lenders who reviewed the CFPB's rules and provided feedback before the regulations were finalized.

"At that point, I was one of few who said the rules would work for our business and that we were already largely compliant," Gutierrez said.

The CFPB is expected to disclose its final rules on Thursday, and Gutierrez said he remains confident that the company will have no trouble complying with them.

"A decade ago, the mortgage business imploded because many lenders didn't make sure borrowers could repay their loans," Gutierrez said. "INSIKT assesses the borrower's ability to repay on every loan it originates, and we are happy to see the CFPB apply this practice broadly to all small consumer loans. This will raise the bar on standards for lenders in the industry."

INSIKT has built upon the experience of Oportun, a company Gutierrez founded while finishing his MBA at Stanford in 2005. Oportun has made more than \$2.4 billion in loans to Latino immigrants, who typically use the funds to cover emergency expenses or simply to build a credit score.

Using well-tested proprietary technology, INSIKT operates “white label” partnerships with online and retail businesses, including banks, that want to offer small loans to their largely non-prime customers.

The partners provide the loans under their own brands, while INSIKT uses its smart data systems to efficiently identify borrowers who are able to repay loans over time, typically about a year, while managing their living expenses and other debt payments. It then verifies their incomes, funds the loans and handles the payments.

“Millions of hard working Americans need access to fair loans to build credit and enter the financial mainstream,” Gutierrez said. “Now more than ever, INSIKT and other responsible lenders must step forward to ensure that these people can meet their immediate needs and get on a path to achieve their long-term dreams.”

About INSIKT

Founded in 2012 by [Oportun](#) founder James Gutierrez, INSIKT is a white label loan origination and investing platform that enables any brand to lend to its customers and any accredited investor to invest in consumer loan portfolios. The company was born out of a realization that banks will not be the lenders of tomorrow – brands will. INSIKT is pioneering Lending-as-a-Service (LaaS) with its on-demand, cloud-based tool, *Lendify*®. For more information, please visit [Insikt.com](#).

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