



WHO WE ARE:

## The Online Lenders Alliance

**T**he Online Lenders Alliance is a professional trade organization representing the growing industry of companies offering consumers small, short-term loans online. OLA member companies abide by a list of Best Practices and Code of Conduct to ensure that customers are fully informed and fairly treated.

Our products fill a critical need for approximately 17 million Americans who use the Internet to access short term loans as a source of liquidity. Traditional sources of consumer credit generally are not an option for this consumer base. Our lending operations are fully compliant with all 18 federal laws and regulations, from marketing and acquisition, application review and credit approval, servicing and retention to the collection of past due amounts. Our customers overwhelmingly express high rates of satisfaction with our products and service.

OLA is a self-policing organization. The OLA Board via its Standards Committee reviews all reported violations of the Best Practices and requires those in violation to address the issue. OLA will take disciplinary action if a member is found to be in violation of any Best Practices.

## MEETING THE GROWING DEMAND FOR SHORT TERM CREDIT

### The Need is Real

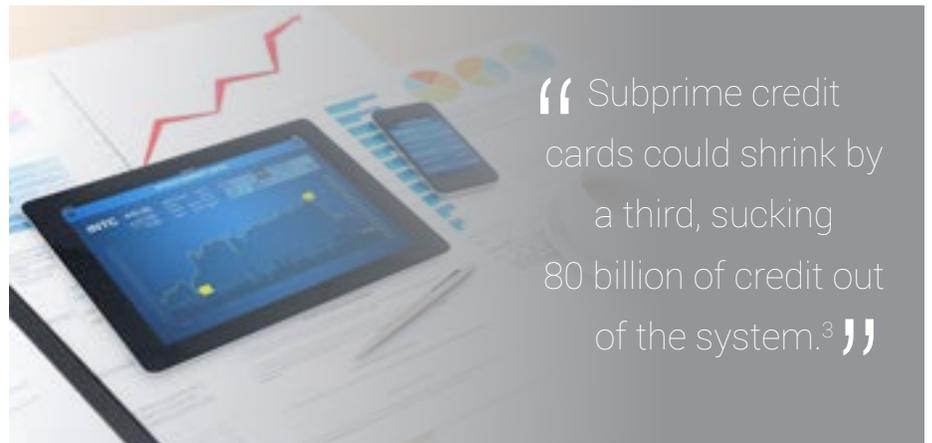
- Approximately 68 million Americans are unbanked or underbanked
- These Americans turn to alternatives because traditional bank products can't meet their needs and are often too costly<sup>1</sup>
- The recent reduction in consumer credit has eliminated mainstream credit options for this population

### About the Industry

- The short-term, small-dollar credit industry is a \$47 billion market
- Online lending represents \$17 billion of the total and growing

### Helping Hard-Working Americans

- Our consumers are educated, middle-income families capable of making financial decisions that are best for them
- Median age of our customer is 39 years old<sup>2</sup>
- Our customers have a median annual income of \$30,000
- 62.4% of our consumers attended college
- 64.5% of our consumers are full time employees
- All consumers must have a bank account



“ Subprime credit cards could shrink by a third, sucking 80 billion of credit out of the system.<sup>3</sup> ”

## OLA ACCREDITATION

OLA and its member companies are committed to promoting a culture of compliance. The OLA Accreditation program is one of the most important steps OLA members can take to demonstrate their unyielding dedication to upholding the highest industry standards and best practices. The Accreditation program is designed to test a lender company's compliance controls, ensuring that they effectively mitigate the risk of violating federal consumer finance laws. The Accreditation program involves an in-depth analysis by an independent third-party of a lender's policies and procedures, ensuring they are in line with OLA Best Practices and the CFPB Supervision and Examination Manual.

Upon completion of the program, companies receive the official OLA Accreditation seal, recognizing their adherence to the most pertinent industry regulations and best practices. OLA Accreditation is granted for one year, and members may choose to renew their seal by participating in an annual analysis of their business practices.

## OLA STRATEGIC OBJECTIVES

- **IMPACT** regulatory and legislative outcomes
- **PROMOTE** non-bank online financial services
- **STRENGTHEN** proactive actions

## OLA BEST PRACTICES

- Ensure consumers are making educated decisions by fully disclosing all loan terms in a transparent and easy to understand way.
- Give consumers a chance to change their mind by maintaining a reasonable cancellation policy.
- Be a company in good standing with the officials and regulatory bodies that govern you. Comply with all applicable laws and regulations.
- Never engage in activities that are unfair, abusive or deceptive.
- Protect every consumer's personal data with comprehensive website security and a privacy policy, and ensure that your vendors protect consumer personal data in the same manner.
- Provide consumers with a copy of your privacy policy and an ability to opt out of information sharing.
- Help consumers help themselves by providing referrals to credit counseling, education and assistance when appropriate.
- Use advertising and marketing practices that promote the responsible use of short-term credit services. Do not engage in any false, misleading or deceptive advertising campaigns.
- Take applications from consumers and originate loans consistent with all applicable laws.
- Ensure that payments are authorized and processed consistent with federal laws and that consumers fully understand the options for sustained use of loans.
- Provide comprehensive website security and fraud prevention practices that include timely and accurate reports on loan activity, consumer notification of account use, and validation of routing numbers.
- Always treat consumers with respect and use fair, professional and non-abusive collection practices. Never use unlawful threats, intimidation or harassment to collect accounts.
- Appropriately manage third-party service providers to ensure that consumer information is shared and protected consistent with applicable law.

“20 million households pay more than \$1,500 in bank fees annually”<sup>4</sup>”

### Q CHECK THE FACTS

1 FDIC National Survey of Unbanked and Underbanked Households – 2012

2 OLA/Bretton Woods Online Short-Term Lending Statistical Analysis Report – 2014

3 Fee Analysis of Bank and Credit Union Non-Sufficient Funds and Overdraft Protection Programs – Bretton Woods, Inc., February 2010

4 “Lack of Credit Leads Some Borrowers to Controversial Payday Lenders” – CNBC, January 2011

Find out more about OLA's Best Practices at [www.oladc.org/bestpractices](http://www.oladc.org/bestpractices)