National Community Reinvestment Coalition

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February 20, 2026

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[2026-Combination-344662]

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[via email to: Comments.applications@chi.frb.org]

RE: Enova International, Inc.'s Applications to the Federal Reserve and the Office of the Comptroller of the Currency [2026-Combination-344662] to become a bank holding company, acquire control of and merge with Grasshopper Bancorp, Inc. and Grasshopper Bank, NA through a merger with a newly formed subsidiary, Enova Interim Bank, NA

Dear Comptroller Gould, Director Hansen, Assistant Vice President Fried, and Deputy Secretary McDonough:

The National Community Reinvestment Coalition (NCRC) and Woodstock Institute (Woodstock) submit this comment in response to the notices of the Federal Reserve and the Office of the Comptroller of the Currency (OCC) regarding Enova International, Inc.'s applications to become a bank holding company and to acquire and merge with Grasshopper Bancorp, Inc. and Grasshopper Bank, N.A. (collectively Grasshopper).

Enova is a nonbank high-cost online lender that has a long history of regulatory noncompliance. Given that history, we are concerned that Enova is now seeking to enter the banking ecosystem through its merger with Grasshopper, a full-service digital bank. NCRC and Woodstock urge both the Federal Reserve and the OCC to deny Enova's applications because the resulting merged bank and holding company would create unacceptable risks to low- and moderate-income (LMI) communities and small businesses, as well as to the financial system and its safety and soundness.

NCRC is a network of more than 700 community-based organizations dedicated to creating a nation that not only promises but delivers opportunities for all Americans to build wealth and attain a high quality of life. We work with community leaders and policymakers to advance solutions and build the will to solve America's persistent racial and socio-economic wealth, income, and opportunity divides, and to make a Just Economy a national priority and a local reality.

Woodstock is a policy and research nonprofit that advocates for consumer financial protection and community economic development. Based in Chicago, Illinois, we work at the local, state, and national levels to advance economic justice and racial equity within financial systems. Woodstock is proudly a longtime member of NCRC.

Enova seeks to create an interim bank subsidiary for the purposes of the merger and wants to combine the subsidiary with the Grasshopper Bank and form a bank holding company. As a result of the merger, the resulting bank's headquarters would move from New York to Utah. Enova's current headquarters are in Chicago, Illinois.

1. **CRA Impact: Post-merger smaller CRA assessment area conflicts with expanded footprint**

When evaluating the proposed transactions, both the Federal Reserve and the OCC must consider how they will affect the convenience and needs of the community served.[1] This includes any impact on Community Reinvestment Act (CRA) performance.[2] As a nonbank, Enova has no record of performance regarding the CRA. As a newer bank, Grasshopper has a limited CRA track record, with only one evaluation since opening in 2019.[3] The evaluation period covered barely two years of lending operations. The evaluation focused primarily on small business lending activity and took place prior to the bank's recent small expansion into consumer lending. So, there is no consumer lending track record to assess and no way to know or assess whether Grasshopper's consumer lending is meeting community credit needs. Consumer lending is Enova's current primary focus and an intended focus of the proposed merged bank.

The proposed merger would materially reduce the bank's obligations to serve LMI communities by relocating its headquarters and redefining its assessment area in a manner that diminishes its responsibility to higher-need populations. By moving its headquarters to South Jordan, Utah—a state that already hosts 59 local and national banks,[4] the institution would shift its focus away from the densely populated New York

[1] 12 C.F.R. § 5.33(e)(ii)(C) (under the Bank Merger Act); 12 C.F.R. § 225.13(b)(3) (under the Bank Holding Company Act).
[2] 12 C.F.R. § 5.33(e)(iii) and 12 C.F.R. § 225.13 (b)(3).
[3] Office of the Comptroller of the Currency, Community Reinvestment Act Performance Evaluation (Feb. 14, 2022), https://www.occ.gov/static/cra/craeval/jul22/25152.pdf.
[4] Banks with Most Branches in Utah, Bank Branch Locator (https://banchbranchlocator.com/top-banks-in-utah.html)(last visited Feb. 15, 2026).

City metropolitan area, where LMI communities represent a significant share of residents and where credit needs are substantial.

Enova's application touts how the merger would expand its and Grasshopper's already national footprint and allow it to provide banking products and services to nonprime consumers, as well as small businesses. Enova proposes to address CRA expectations through the development of a strategic plan in consultation with Salt Lake City community members.[5] This new CRA assessment area and strategy is at odds with Enova's proposed increase in scale of operations. The mismatch between a nationwide scope of business and CRA obligations is not unique to this proposed merger; it is an issue that community development advocates have repeatedly flagged as more digital-only banks enter the industry.[6] But it bears repeating and speaks to how poorly this proposed merger would serve the convenience and needs of consumers across the country.

2. Enova's history of failing to comply with laws and regulations.

Both regulators must also consider the managerial resources of the parties to the transaction, including their competence, experience, integrity, and record of compliance with laws and regulations.[7] These factors are especially important here where the same individuals who serve on Enova's Board of Directors will serve as the merged bank's Board. Enova also has indicated that some of Enova's managerial staff will transfer to the merged bank.[8] Enova has a history of failing to comply with laws and regulations under its current leadership.

A high-cost payday and installment lender, Enova has twice entered into consent orders with the Consumer Financial Protection Bureau (CFPB). Although the CFPB's supervisory process is generally confidential, it acknowledged that its supervisory activities resulted in or supported enforcement work related to Enova.[9] In 2019, the CFPB issued an order against Enova based on its finding that Enova violated the Consumer Financial Protection Act of 2010 by debiting consumers' bank accounts without authorization and failing to honor loan extensions it granted to consumers. That order required Enova to pay $3.2 million.[10] Even with that order in place outlining clear expectations and emphasizing compliance obligations, Enova failed to comply. In 2023, the CFPB found that Enova violated the 2019 Order, including by continuing to debit or

[5] Enova Interagency Bank Merger Application at 10 (submitted Jan 16, 2026). [hereinafter Enova OCC Application].
[6] Sarah M. Campbell, *Community Reinvestment Act Final Rule: Expanding the CRA to Cover Digital Banking*, 29 N.C. Banking Inst. 444, 446 (2025).
[7] 12 C.F.R. § 225.13 (b)(2). 12 C.F.R. § 5.33(e)(ii)(B).
[8] Enova OCC Application at 9.
[9] Consumer Financial Protection Bureau, Supervisory Highlights, Issue 18, Winter 2019 (2019), (https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-18_032019.pdf)
[10] Consumer Financial Protection Bureau, *Enova International, Inc.,* Enforcement Action (Jan. 25, 2019). https://www.consumerfinance.gov/enforcement/actions/enova-international-inc/.

attempting to debit consumers' accounts without their authorization. Enova was required to pay a civil penalty of $15 million.[11] Consumers did not stop having issues with Enova's products or services after the issuance of the consent order—the CFPB's public complaint portal indicates that since December 2023 it has received over 2,000 consumer complaints regarding Enova.[12] The top issues that consumers identified with Enova during that period were incorrect information appearing on consumers' credit reports, Enova charging unexpected interest or fees, and Enova attempting to collect debts the consumers did not owe.

Enova has a very recent and abundant track record of flouting the law and mistreating consumers. Given the lack of a culture of compliance, the Federal Reserve and the OCC should deny Enova's applications.

3. The merged bank would be under Enova's control and would continue to provide harmful unaffordable products and services.

Enova operates under several brands. Enova's subsidiary CashNet USA lends money to nonprime borrowers and provides high-cost online installment loans and lines of credit in several states with APRs that range from 229% to 325%. Its subsidiary NetCredit provides online loans of up to $10,000 and lines of credit of up to $4,500 in 30 states.[13] Its Align Balance subsidiary provides debt collection services for CashNet and Net Credit.[14] Enova markets its loans to nonprime consumers as a short-term solution to cash shortages[15] but it creates long-term problems for many of its borrowers. Its business model focuses on financially vulnerable consumers and small businesses and makes them even more vulnerable. Beyond the obvious harms that flow to borrowers, this focus also exposes Enova's portfolio to serious financial risk, which would carry over into the merged bank. For example, its lending model of offering unaffordable loans to nonprime consumers results in default rates in excess of 50%.[16]

Enova plans to continue to operate CashNet USA after the proposed merger but combine its NetCredit and its small business lending programs (OnDeck and Headway Capital)

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[11] Consumer Financial Protection Bureau, *Enova International, Inc.,* Enforcement Action (Nov. 15, 2023), https://www.consumerfinance.gov/enforcement/actions/enova-international-inc-2023/. The CFPB has since terminated the order.

[12] *CFPB Complaint Database,* Consumer Financial Protection Bureau, https://consumerfinance.gov/data-research/consumer -complaints/search/ (search for "Enova"; filtered by dates Dec. 1, 2023 – Feb 10, 2026) (last visited Feb. 15, 2026).

[13] Allissa Kline and Nathan Place, *High-cost Lender Enova's Plan to Buy a Bank Sparks Backlash*, American Banker (Dec. 11, 2025), https://www.americanbanker.com.

[14] Enova OCC Application at 4.

[15] *About Us,* Cashnet USA, https://www.cashnetusa.com/ (last visited Feb. 13, 2026) ("We've been offering fast funding for emergencies since 2004.").

[16] In 2022, its default rate was 56%. Nat'l Consumer Law Ctr. et al., *Comments on Request for Information on Bank-Fintech Arrangements Involving Bank Products and Services Distributed to Consumers and Businesses* 14–16, 25 (Oct. 30, 2024), https://www.nclc.org/wp-content/uploads/2024/10/2024.10.30_Comments_Bank-fintech-lending-risks-comments-NCLC-CRL-SBPC.pdf. (NCLC Comment).

with the merged bank.[17] Through its numerous bank partnerships, Enova avoids complying with state interest rate caps on its consumer loans. It offers consumer loans through these partnerships with APRs of almost 100%.[18] Notably, one of the bank partners listed in Enova's application has committed to stopping originating Enova's high-cost loans because it committed to ceasing originating and supporting predatory loans.[19] Enova's OnDeck Capital is currently subject to state laws governing small business lending, including disclosure laws and other protections. Its loans have APRs that are higher than those that traditional or other online lenders offer to small businesses, ranging from 35-99%.[20]

If allowed to merge with Grasshopper, the resulting bank will be Enova's very own captive in-house lender – a national bank not subject to state laws, including most rate caps and disclosure laws. As it intends to relocate the bank headquarters to Utah, a state with no interest rate cap,[21] Enova will no longer need its current state bank partnerships – it will offer its high-cost loans in-house through the merged bank.

Enova expects that the merger will reduce its funding costs[22] but there will be no similar reduction in costs for consumers or small businesses. With a bank charter, Enova will be able to reach and harm borrowers currently protected by state consumer protection laws that bar non-banks from evading the law through bank partnerships.[23] Enova will be able to use the merged bank as a piggy bank for its other lending operations and may even infuse the bank with its lack of a compliance culture.

4. Because of potential systemic risks, Enova should not be granted access to the US banking system.

In reviewing the application, both the Federal Reserve and the OCC must assess the impact that allowing Enova to merge with Grasshopper and to become a bank holding company will have on the US banking system.[24] A bank charter is a privilege. Allowing the merger and Enova to become bank holding company would create serious risks to the

[17] Enova OCC Application at 10.
[18] NCLC Comment, at 14-16; 25.
[19] TAB Bank joined the American Fintech Council in 2025 and committed to abiding by AFC's membership standards, including a commitment to not make predatory loans. *TAB Bank Joins the American Fintech Council (AFC) to Expand Responsible Access to Credit and Drive Financial Inclusion in Digital Banking*, Am. Fintech Council (2025), https://www.fintechcouncil.org/press-releases/tab-bank-joins-the-american-fintech-council-afc-to-expand-responsible-access-to-credit-and-drive-financial-inclusion-in-digital-banking.
[20] *OnDeck: An Excellent but Pricey Online Business Lender*, NerdWallet (last visited Feb. 15, 2026), https://www.nerdwallet.com/business/loans/reviews/ondeck.
[21] Nat'l Consumer Law Ctr., *Fact Sheet: Why 36% APR Caps are a Critical Tool Against Predatory Lending* (Aug. 2022), https://www.nclc.org/wp-content/uploads/2022/08/fact-sheet-apr-caps-for-installment-loans.pdf.
[22] Allissa Kline and Nathan Place, *High-cost Lender Enova's Plan to Buy a Bank Sparks Backlash*, American Banker (Dec. 11, 2025), https://www.americanbanker.com.
[23] *See. e.g.,* Illinois Predatory Loan Prevention Act, 815 Ill. Comp. Stat. 123/15-5-15 (2021) (anti-evasion provision).
[24] 12 C.F.R. § 5.33(e)(i) (D).

financial stability of the US banking system. If allowed to go forward, Enova would have access to federal deposit insurance, the Federal Reserve Discount Window, and exemptions to many state laws. National banks are highly regulated. Enova 's past conduct indicates that it simply cannot meet the high regulatory expectations of a nationally chartered bank.

As a merged bank, Enova would gain the privilege of taking deposits, something it does not currently do.[25] It proposes using those deposits to fund its loans. But it also proposes accessing the Federal Reserve Discount Window to fund its lending activities.[26] Allowing such access to a nonbank with a history of noncompliance with laws and regulations, as well as an intention to continue to offer high-cost products to consumers and small businesses is inherently risky. The banking system should not be required to absorb or insure against those risks.

5. Allowing a high-cost lender to have a national bank charter contradicts Congressional direction

In 2020 the OCC issued a final rule that defined a national bank as the "true lender" in a transaction if it is named as the lender in the loan agreement or funds the loan. The rule was widely viewed as an attempt to provide legal certainty for bank–nonbank partnership models in which fintech or other nonbank lenders originate or market loans in conjunction with a federally chartered bank.[27]

At the time, many commenters submitted concerns that if finalized, the rule would facilitate "rent-a-charter relationships and thereby enable nonbank lenders to engage in predatory or otherwise abusive lending practices," including the evasion of state usury caps.[28] In 2021, both houses of Congress passed a joint resolution of disapproval of this rule and President Biden signed it, pursuant to the Congressional Review Act (CR Act). Accordingly, the rule is not in effect and under the Act, the OCC cannot issue a rule that is substantially the same.[29]

If the OCC were now to approve Enova's merger with Grasshopper in circumstances that would effectively recreate or facilitate the same rent-a-charter dynamics that Congress rejected, such approval would be difficult to reconcile with both the letter and the spirit of the CR Act resolution. Moreover, the approval would contradict the OCC's own

[25] Allissa Kline and Nathan Place, *High-cost Lender Enova's Plan to Buy a Bank Sparks Backlash*, American Banker (Dec. 11, 2025), https://www.americanbanker.com.
[26] Enova Application to Become a Bank Holding Company (Form FR Y-3) to Federal Reserve at 4 (submitted Jan. 16, 2026).
[27] *National Banks and Federal Savings Associations as Lenders*, 85 Fed. Reg. 68,742, 68,742 (Oct. 30, 2020) (stating that the rule "provides legal certainty to banks conducting lending activities, including when banks partner with third parties").
[28] *Id.* at 68725.
[29] Congressional Research Service, R43992, Innovation in Lending (https://www.congress.gov/crs-product/R43992).

longstanding position that predatory lending has no place in the federal banking system.[30] The OCC has repeatedly emphasized that national banks must conduct their activities in a safe, sound, and fair manner, and that abusive lending practices undermine public confidence in the banking system.[31]

6. Conclusion

Through its proposed merger with Grasshopper and its application to be a bank holding company, Enova seeks the imprimatur of being a regulated bank while continuing its exploitative business model of providing unaffordable high-cost loans to consumers and small businesses. Allowing Enova entry into the US banking system is too risky for the LMI communities, consumers, small businesses, and the banking system, as a whole. In addition, given the proposed headquarters move, the merger would result in Enova having a bigger geographical footprint but as a merged bank, a smaller CRA assessment area. Thus, if approved there would be an extreme mismatch between Enova's nationwide scope of business and its CRA obligations.

For these reasons, we urge the OCC and Federal Reserve to deny Enova's application to acquire Grasshopper through merger and to become a bank holding company.

Thank you for your consideration.

Sincerely,

Jesse Van Tol

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NCRC

Horacio F. Méndez

President and Chief Executive Officer
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[30] Press Release, Office of the Comptroller of the Currency, *Acting Comptroller Announces Rescission of OCC's 2020 "True Lender" Rule* (June 30, 2021), https://www.occ.gov/news-issuances/news-releases/2021/nr-occ-2021-69.html.
[31] See Office of the Comptroller of the Currency, *Third-Party Risk Management: A Guide for Community Banks* 1 (May 2024), https://www.occ.gov/news-issuances/news-releases/2024/pub-third-party-risk-management-guide-for-community-banks.pdf