



Senator George Lang
Senate Bill 269
Sponsor Testimony
Senate Financial Institutions, Insurance, and
Technology Committee
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Chairman Wilson, Ranking Member Craig, and members of the Senate Financial Institutions, Insurance and Technology Committee, thank you for the opportunity to present sponsor testimony on Senate Bill 269, a measure that seeks to exempt financial technology companies that offer Buy Now, Pay Later products in Ohio from the Small Loan Act.

Earlier this year, my office was approached by multiple financial technology companies that offer arrangements known as “Buy Now, Pay Later” in Ohio, and nationwide. Many of you may be familiar with Buy Now, Pay Later arrangements, as many large retailers, such as Nike, Amazon, and eBay, offer this option to customers when checking out.

According to the Consumer Financial Protection Bureau, Buy Now, Pay Later arrangements are defined as zero-interest loans repaid in four or fewer installments, with the first payment typically due at checkout.

According to a January 2025 report published by the CFPB, the average purchase price of a product sold in a Buy Now, Pay Later arrangement nationally was \$142.

The Small Loan Act in Ohio requires any nonbank entity that is compensated for arranging any bank loan in the amount of \$5,000 or less to obtain a license under the SLA. Furthermore, the statute prohibits loans that are less than \$1,000 or less than a year in duration. As it stands today, banks are exempt from the Small Loan Act statute. In a Buy Now, Pay Later arrangement, financial technology companies solicit interest-free loans **through banks**.

It is clear that the Small Loan Act was not intended to regulate Buy Now Pay Later arrangements, which is in alignment with the Department of Commerce's recent guidance that states the Division of Financial Institutions does not intend to enforce the Small Loan Act statute against companies that arrange bank partnership loans that are less than \$1,000 and less than a year in nature, AKA, Buy Now, Pay Later products.

The language in Senate Bill 269 is simple and clear: it extends the existing Small Loan Act exemption for banks to fintech companies that solicit these arrangements through banks. This will make the Department of Commerce's interpretation of the applicability of the SLA in these scenarios permanent.

Importantly, I have been in discussions with the Department of Commerce to ensure that the language in this bill fulfills the intent. There will likely be a sub-bill in the future that includes technical fixes formed in consultation with the department.

Thank you again, Mr. Chairman, for the ability to present sponsor testimony on Senate Bill 269, and I am happy to answer any questions.