

April 6, 2026

Tanya McInnis, Deputy Director
Office of Consumer Policy
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW Washington, D.C. 20220

Re: Request for Information Related to the FLEC Update to the U.S. National Strategy for Financial Literacy (Docket No. TREAS-DO-2026-0001)

Dear Deputy Director McInnis:

Opportunity Finance Network (OFN) respectfully submits the following comments in response to the U.S. Department of the Treasury (Treasury)'s Request for Information (RFI) on the Financial Literacy and Education Commission (FLEC)'s update to the U.S. National Strategy for Financial Literacy (National Strategy). As FLEC and Treasury consider updates, we strongly recommend that community development financial institutions (CDFIs) be explicitly incorporated as core partners in the National Strategy.

About OFN

OFN is the nation's leading network and intermediary focused on community development investment, managing over \$1 billion in total assets and a membership of nearly 490 community development finance institutions (CDFIs). OFN's membership includes community development loan funds, credit unions, banks, and venture capital funds, many of whom deploy capital alongside financial literacy training and borrower counseling in low- and moderate-income (LMI) communities.

Since its founding in 1986, OFN members have originated \$136 billion in financing, helping to create or maintain more than 3.8 million jobs, start or expand more than 1.2 million businesses and microenterprises, and support the development or rehabilitation of nearly 3 million housing units and more than 16,000 community facility projects in rural, urban, and Native communities across the United States. With cumulative net charge-off rates near one percent, OFN members lend prudently and productively in the LMI communities.

CDFIs Pair Financial Literacy Best Practices with Financial Product Offerings

Because CDFIs serve communities that fall outside traditional credit parameters, they integrate borrower education into their lending model to support long-term success. CDFIs are able uniquely positioned to educate *and* lend, given their local knowledge and trusted relationships. This allows CDFIs to understand the unique needs, constraints, and motivations of their local borrowers, and deliver financial guidance that applies all nine best practices of effective financial literacy as outlined in the 2020 National Strategy.

In fact, the CDFI Fund recognizes that financial education and capacity building are integral to improving repayment outcomes and strengthening sustainable financial wellbeing of borrowers. Accordingly, the CDFI Fund require CDFIs seeking certification to fulfill the criteria of providing "development services in conjunction with its financing activities"—a requirement that most meet through borrower counseling, financial education, technical assistance, or



similar support.¹ The CDFI Fund also incentivizes capacity building by making it an eligible and fundable activity, favorably scoring award applications with strong borrower support, and keeping CDFIs accountable to their stated performance goals and measures which often cover borrower counseling and development activities. Such activities like credit coaching, business planning assistance, and homebuyer education are treated as integral tools for risk mitigation and borrower success.

In meeting the CDFI Fund's good house-keeping seal of approval, CDFIs have proven to build borrower skills, simplify complex financial decisions, and reinforce positive financial behaviors through clear information, transparent products, and sustained engagement over time. This relationship-based approach ensures that borrowers are supported not only at the point of loan origination, but throughout the lifecycle of a loan, with ongoing counseling.

As a result, even when serving borrowers deemed "too risky" by conventional underwriting standards, CDFIs demonstrate that pairing capital with embedded financial education can improve individual outcomes while generating broader community-level economic gains. Research from the Federal Reserve Bank of Minneapolis, for example, found that establishing Native CDFIs on or near federally recognized American Indian reservations increased credit scores among low-income borrowers by as much as 45 points, underscoring the measurable impact of this model.²

In practice, this integrated approach is evident across sectors and deployed nationwide in the hardest-to-reach communities like rural areas and persistent poverty counties. For example, one of our members, Justine PETERSEN works with clients across Missouri to provide them with one-on-one coaching, consumer lending, and individualized action plans that strengthen credit profiles and improve long-term financial stability.

Financial education also improves borrowers' likelihood of timely loan repayment. Data from the [National Foreclosure Mitigation Counseling \(NFMC\) program](#) shows borrowers who receive home-buyer education are 67% more likely to remain current on their mortgage payments, reflecting the long-term impact of capability-building.³ Our members know this well, which is why so many CDFIs offer homeowners counseling alongside their mortgage products. Community Ventures, for example, delivers both online and in-person homebuyer education and counseling across Kentucky, reaching over one million individuals and expanding access to sustainable homeownership and down payment assistance programs.

CDFIs also extend these models to small business owners. AltCap combines small business lending with personalized coaching, financial modeling support, and guidance on navigating complex regulatory environments in the states of Colorado, Kansas, Missouri, Nebraska, and Texas. Similarly, Akiptan pairs financing for agricultural producers across South Dakota and

¹ CDFI Fund, Office of Certification Policy and Evaluation. CDFI Certification Application, December 2023. https://www.cdfifund.gov/system/files/2023-12/Final_508_CDFI_Certification_Application_Form_120523.pdf

² Kokodoko, Michou. "Native CDFIs Connect Indian Country to Credit and Capital." Federal Reserve Bank of Minneapolis, May 10, 2024. <https://www.minneapolisfed.org/article/2024/native-cdfis-connect-indian-country-to-credit-and-capital>

³ National Housing Resource Center. "Why HUD Housing Counseling Programs Need Your Help." Housing Counseling Impact Memo. April 2019. <https://www.hsgcenter.org/wp-content/uploads/2019/04/Housing-Counseling-Impact-Memo-April-2019.pdf>



Indian Country with financial literacy training that builds a knowledgeable and prepared borrower base. By making credit more accessible and providing continuous support, CDFIs enable entrepreneurs to make informed decisions, become loan-ready, and successfully manage and grow their businesses.

Taken together, these practices reflect a comprehensive approach to financial capability that aligns with the National Strategy's emphasis on understanding consumers, delivering relevant and actionable information, supporting behavior change, and ensuring ongoing engagement. CDFIs demonstrate that when these principles are embedded within financial products and relationships, they can drive improvements in economic well-being at both the individual and community level.

CDFIs Offer Financial Education and Transparent Alternatives to Predatory Lending

Sustained consumer financial wellbeing, which is the core objective of the National Strategy, depends on borrowers having access to clear, transparent information to make informed financial decisions. Financial literacy initiatives should account for ease of access to comparable information across loan products so that borrowers can recognize and avoid predatory lending. When loan terms are obscured, fees are buried, and contract structures are deliberately complex, even the most financially sophisticated borrower cannot make a fully informed choice.

Market transparency is increasingly needed as practices that involve fraudulent, unfair, and abusive loan terms, including ultra-high interest rates and fees, aggressive and deceptive sales tactics, and terms that strip borrowers of their equity—expand in both scale and reach. The share of American consumers using high-cost loans rose from 3.5% to 4.7% between 2021 and 2023⁴, while high-cost lenders extracted \$2.4 billion in fees from borrowers in 2022 alone⁵. The use of high-cost loans doubles the rate of personal bankruptcy and can become a direct threat to employment and economic mobility for many vulnerable populations.⁶ Countering the rise of abusive lending practices requires a multi-pronged approach— market transparency, financial education, and access to affordable financing products so that borrowers can compare options and choose the product that best fits their needs.

CDFIs serve as one of the most direct alternatives to predatory lending. Unlike high-cost, short-term lenders, certified CDFIs are held to high standards of transparency. In order to maintain certification status, CDFIs cap interest rates, disclose clear loan terms, and prohibit loans that include leverage payment mechanisms and other structures the CDFI Fund has deemed abusive to consumer. Disclosure requirements are also becoming more explicit. Beginning January 2028, new applicants offering small business loan products must disclose in writing the periodic payment due, the total amount to be repaid over the life of the loan, total finance charges, and the APR — or they will be ineligible for certification. Effectively, even as

⁴ Constantine, Lucia, and Yasmin Farahi. "Down the Drain: Payday Lenders Take \$2.4 Billion in Fees from Borrowers in One Year." Center for Responsible Lending. Updated January 2025.

<https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-down-the-drain-paydayloanfees-feb2025.pdf>

⁵ Ibid.

⁶ Skiba, Paige M. and Tobacman, Jeremy. "Do Payday Loans Cause Bankruptcy?". 62 Journal of Law & Economics. 485 (2019) Available at: <https://scholarship.law.vanderbilt.edu/faculty-publications/1128>



CDFIs provide consistent, comparable information, they end up competing against predatory lenders with obscure and deceptive loan terms and prices.

Suggestion to Leverage CDFIs in the National Strategy

Given CDFIs' unique position to deliver financial education not just as an abstract curriculum but as applied coaching at critical credit decision points, the National Strategy should prominently feature CDFIs as a critical vehicle for financial literacy. We recommend that rather than creating new standalone financial literacy delivery initiatives or fragmented education with limited impact, the federal government should build on existing federal investments into CDFIs. ***The most efficient way that the federal government can support financial literacy efforts is by ensuring consistent and reliable awards are disbursed to CDFIs through the CDFI Fund, including for fiscal year (FY) 2025 and FY 2026.***

As previously mentioned, by necessity of maintaining the certification status from the CDFI Fund, CDFIs embed financial education and technical assistance into their overall business model. CDFI Fund programs including the Financial and Technical Assistance, the Native American CDFI Assistance Program, and the Small Dollar Loan Program, already support financial education and counseling as part of broader financial service delivery— making CDFIs the best positioned to partner with the federal government and lead on financial literacy initiatives. Reliable funding for the CDFI Fund translates into CDFI's continued success in deploying integrated financial education, product access, and long-term support for consumers in underserved communities like rural, Native and persistent poverty counties.

Suggestion to Support Small Business Financial Literacy and Correct Information Asymmetry

Small business ownership is one of the primary wealth-building pathways available to low-income and rural households — populations that are simultaneously the most targeted by high-cost lenders and the most underserved by conventional financial institutions. For these entrepreneurs, the line between business and household finances is rarely distinct. Small businesses often use personal credit to pay business expenses.⁷ Predatory borrowing in either domain destabilizes both. Recognizing small business financial literacy as a component of household financial health is therefore essential to any comprehensive financial literacy that meets the objectives of National Strategy to encourage “sustained financial well-being”.

In addition to the critical capital from the CDFI Fund, CDFIs' utilize the Small Business Administration (SBA) programs to deploy capital and financial education. We therefore recommend that ***continued support and resources be made available from the federal government for the Program for Investment in Microentrepreneurs (PRIME) and the Microloan Program.*** Altogether, these programs fund CDFIs to implement technical assistance and training for disadvantaged microentrepreneurs, capacity-building services for microenterprise development organizations themselves, and research and development of best practices in microenterprise development.

⁷ Federal Reserve Banks. *2026 Report on Employer Firms: Findings from the 2025 Small Business Credit Survey*. Fed Small Business. March 3, 2026. <https://www.fedsmallbusiness.org/reports/survey/2026/2026-report-on-employer-firms>



Given how little is known about small business financing, we also recommend that policymakers **advance transparency in small business lending markets – particularly through rigorous implementation and oversight of small business lending reporting requirements**. As mentioned previously, part of the multi-pronged approach to deterring predatory lending is market transparency, which would help correct the current information asymmetry in the small business credit market. Regulators and communities have had no systematic visibility into small business lending patterns including who is being served, at what price, by which lenders, and in which markets. This asymmetry has downstream effects on borrowers by allowing extractive lending patterns to persist without detection.

At a more transactional level, we also recommend that policymakers **correct the information asymmetry by establishing uniform small business lending disclosure standards that bring transparency to loan pricing and terms, allowing for apples-to-apples comparison regardless of the lenders' institutional type**. Irrespective of the level of financial fluency, small business borrowers cannot reliably differentiate between safe and abusive financial products if there are lenders working under opaque and misleading pricing terms with no way of comparing across financial offerings.

Conclusion

For many households, particularly those in low-income, rural, and historically underserved communities, the lack of financial education is complexly interwoven with a lack of access to safe, affordable, and appropriate financial products. In this context, financial education cannot be fully effective unless it is paired with meaningful opportunities to act on that knowledge.

For decades, CDFIs have operated at the intersection of financial education and financial access, delivering responsible products alongside tailored guidance and support. This integrated approach ensures that individuals and small businesses are not only informed, but also equipped to make and sustain sound financial decisions. CDFIs are uniquely positioned to bridge this gap and should be explicitly incorporated into the National Strategy as core partners in helping Americans “meet current and ongoing financial obligations, feel secure in their financial future, and are able to make choices that allow enjoyment of life”.

We appreciate the opportunity to submit this comment. For questions, please contact Susie Han Vice President, Regulatory Affairs at shan@ofn.org or me at dwilliams@ofn.org.

Sincerely,

Dafina Williams
EVP, Chief Policy Officer and Head of Government Affairs
Opportunity Finance Network