

SENATE No. 692

The Commonwealth of Massachusetts

PRESENTED BY:

Susan L. Moran

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act protecting consumers engaging with buy now pay later lenders.

PETITION OF:

NAME:

Susan L. Moran

DISTRICT/ADDRESS:

Plymouth and Barnstable

SENATE No. 692

By Ms. Moran, a petition (accompanied by bill, Senate, No. 692) of Susan L. Moran for legislation to protect consumers engaging with buy now pay later lenders. Financial Services.

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Third General Court
(2023-2024)**

An Act protecting consumers engaging with buy now pay later lenders.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Notwithstanding any general or special law to the contrary, a person or
2 entity shall be considered a small loan business and third party loan servicer in the
3 commonwealth, and shall be subject to sections 96 to 114 of chapter 140, section 24(a) of
4 chapter 93, 209 CMR 18.00, and 209 CMR 20.00 if:

5 (a) The person or entity offers payment plans to any person or entity located in
6 Massachusetts that:

7 (1) Provide an alternative payment method for online merchandise purchases;

8 (2) Provide the initial funding for the purchase to the online merchandise provider;

9 (3) Allow the purchaser to pay scheduled installments to the person or entity as a third
10 party; and

11 (4) May charge interest on the scheduled installments or fees for any late payments made
12 on any installments.

13 SECTION 2. Notwithstanding any general or special law to the contrary, pursuant to the
14 authority granted in section 110 of chapter 140 of the General Laws, the commissioner of banks,
15 or any subdivision of the division of banks that the commissioner directs, shall investigate the
16 following companies to determine if said companies or any of their subdivisions or subsidiaries
17 have operated or are currently operating as small loan businesses or third party loan servicers in
18 the commonwealth:

19 (a) Afterpay Limited;

20 (b) Klarna Bank AB;

21 (c) Zip Co Limited;

22 (d) PayPal Holdings, Inc;

23 (e) Sezzle Inc; and

24 (d) Any other companies as determined by the division of banks to perform the same
25 primary business function as the companies named in sections (a) through (e).

26 If the division of banks determines that any of the aforementioned companies has
27 operated as a small loan business or third party loan servicer in Massachusetts, the commissioner
28 of banks shall take any and all actions necessary to bring said companies into compliance with
29 state law and shall require that said companies apply for a small loan business license within 6
30 months of the division of banks' determination.

31 SECTION 3. Notwithstanding any general or special law to the contrary, pursuant to the
32 authority granted in section 97 of chapter 140 of the General Laws, the commissioner of banks
33 shall promulgate regulations to ensure that any person or entity engaging in behavior as defined
34 in section 1 of this act shall be required to hold a small loan business license to continue such
35 business operations in the commonwealth.

36 SECTION 4. Chapter 140 of the General Laws is hereby amended by inserting, after
37 section 94A, the following section:-

38 Section 94B. Disclosure of rates and fees

39 Any small loan business or third party loan servicer offering services to persons located
40 in the commonwealth shall disclose, to the person or entity to whom the loan is being offered,
41 upon the point of sale, the following:

42 (a) The full and final amount to be paid for the loan, including interest, if all payments
43 are made on time and according to the loan contract;

44 (b) The maximum monetary penalty amount that could possibly be incurred from late
45 payments on any of the payments detailed in the loan contract;

46 (c) The aggregate amount owed if any combination of the payments are late; and

47 (d) Whether the loan servicer will disclose any late payments to any credit reporting
48 companies or any other entities, and the accompanying risk to credit score and subsequent
49 consequences;

50 SECTION 4. This act shall take effect upon its passage.