

Oregon Department of Consumer and Business Services Division of Financial Regulation, Bulletin No. DFR 2026-X

To: Non-Bank Lenders Offering "Buy Now, Pay Later" (BNPL) Products and BNPL Service Providers

Date: June [REDACTED], 2026

RE: Oregon Consumer Finance and Payday Licensing Requirements

Purpose:

The purpose of this bulletin is to remind nonbank lenders offering BNPL products and BNPL service providers that they must use the Nationwide Multistate Licensing System (NMLS) to obtain a payday and/or a consumer finance license based on the length of time the borrower is required to repay the loan before transacting business in Oregon. This is regardless of whether the BNPL is described as a nonrecourse loan or does not include fees, interest, or other charges at the time of the initial purchase.

NMLS creates an efficient licensing process among state regulators. A person can apply for Oregon payday and consumer finance licenses using NMLS. Links to the Oregon licensing sites are included here:

<https://dfr.oregon.gov/business/licensing/financial/pages/payday-and-title-lending.aspx>

<https://dfr.oregon.gov/business/licensing/financial/pages/consumer-finance.aspx>

Authority:

Oregon Revised Statutes (ORS) chapters 725A and 725

Background:

BNPL is a type of installment loan that allows consumers to purchase items immediately with little or no initial payment and then pay off the balance based upon a fixed repayment schedule. Unlike traditional layaway programs offered under retail installment contracts, or by retail sellers that allow consumers to pay first and receive the items later, BNPL companies allow consumers to receive goods or services immediately and pay for them over time. BNPL products and services have grown substantially in recent years.

The most popular form of BNPL product is called "Pay in Four," where the consumer generally pays 25 percent of the total cost up front for a purchase and makes the remaining three payments in equal two-week installments. Typically, this product does not charge interest but may include late fees or other charges. While this is the most common form of BNPL product, companies also offer monthly installment products for larger purchases that can have longer terms and charge interest or other fees or will extend the time needed to repay the loan. Unlike general purpose credit cards, which can be used at a wide variety of retailers once issued, traditional BNPL

products can generally be used only with merchants that directly partner with nonbank BNPL lenders.

BNPL loans are installment loans established at the point of sale for the purpose of financing a one-time, unsecured retail transaction. BNPL loans are not tied to one specific purchase such as a house or car that requires a consensual security interest in the purchased item. Most, if not all, nonbank BNPL lenders require consumers to set up automatic payments through their debit cards, credit cards, or checking accounts. Generally, nonbank BNPL lenders report late and missed payments to consumer reporting agencies, and that information may be reflected in a consumer's credit report. Additionally, the failure to repay the BNPL loan as agreed may result in collection efforts to recover the missed payments.

Depending upon the terms of repayment, BNPL providers and servicers transacting business in Oregon must satisfy the Oregon payday licensing requirements set forth in ORS chapter 725A or the consumer finance licensing requirements set forth in ORS chapter 725. ORS chapter 725A applies to loans with "a term of not more than 60 days" or loans that are payable upon demand within 60 days, while ORS chapter 725 applies to loans with "periodic payments and terms longer than 60 days." Both chapters apply to loans for less than \$50,000, but the allowed fees and interest are different under each chapter.

Definition of "loan" and "agent" under Oregon law

When words are not defined in the relevant statutes, Oregon law requires that they be given their "plain, natural, and ordinary meaning" as described in *Webster's Third New Int'l Dictionary* (unabridged ed. 2002) and as used by Oregon courts.

The word "loan" is not defined in the relevant statutes. *Webster's* defines "loan" generally as "an amount of money that is given to someone for a period of time with a promise that it will be paid back : an amount of money that is borrowed." (Simple definition, <https://www.merriam-webster.com/simple/loan>.) Oregon courts, consistent with the *Webster's* definition, have defined "loan" as a sum of money that is expected to be paid back at a future date. See, e.g., *Gen. Elec. Credit Corp. v. Tax Com.*, 231 Or 570 (1962) (explaining that "the word 'loan' implies an obligation to repay"); see also 30 Or Op Atty Gen 304, 1961 WL 67708 (explaining that "a loan may be defined as an advancement of money upon a contract or stipulation, express or implied, to be repaid at some future date").

Neither ORS chapter 725A nor chapter 725 define the word "agent"; therefore, "agent" is given its "plain, natural, and ordinary meaning" as described in *Webster's* and the definition used by Oregon courts. *Webster's* defines "agent" as "one who is authorized to act for or in the place of another." (<https://www.merriam-webster.com/dictionary/agent>); see also *Brandrup v. ReconTrust Co.*, 353 Or 668, 707 (2013) (an "agency" relationship "results from the manifestation of consent by one person to another that the other shall act on behalf and subject to [the person's] control, and consent by the other so to act").

Relevant payday statutes:

ORS 725A.020(1)(a) prohibits a person from "conduct[ing] business as a payday loan lender . . . unless the person obtains a license under ORS 725A.024." ORS 725A.020(1) prohibits a person from acting "as an agent, broker or facilitator" of a payday lender unless the person obtains a payday license, regardless of whether the payday lender is required to obtain a payday license.

ORS 725A.010(3)(a) defines a "payday lender" as "an individual, corporation, association, firm, partnership, limited liability company or joint stock company that is engaged in the business of making loans."

Under ORS 725A.010(1)(a), the definition of “broker or facilitator” includes “a person that conducts a business in which, for a fee or consideration, the person: (A) processes, receives or accepts for delivery to a lender an application for a consumer finance loan, individually or in conjunction or cooperation with another person; (B) accepts and delivers to a lender all or most of the proceeds of a payment made in connection with a consumer finance loan; or (C) assists in making a consumer finance loan in a material capacity other than as a lender.” These definitions also apply to a payday lender’s agent based upon definition of “agent” contained in *Webster’s*.

ORS 725A.010(6)(a) defines a “payday loan” as “a loan of not more than \$50,000, other than a purchase money loan, in which: (A) the primary purpose is personal, family or household use; (B) the loan agreement specifies a term of not more than 60 days or specifies that a payday loan lender may demand repayment within 60 days; and (C) the evidence of the loan is usually a check or electronic repayment agreement provided by or on behalf of the borrower.”

ORS chapter 725A does not contain a definition of “purchase money loan”; *Webster’s* defines “purchase money loan” as “involving or being a debt secured by the property purchased with the money borrowed.” (Emphasis added.) As such, BNPL loans are not considered a “purchase money loan” and are subject to the payday licensing requirements contained in ORS chapter 725A if the BNPL nonbank lender provides an app, virtual debit card, or physical debit card that allows consumers to fund their purchases at various retail locations.

Relevant consumer finance statutes:

ORS 725.045(1)(a) prohibits a person from conducting “a business in which the person makes a consumer finance loan of \$50,000 or less” or from acting “as an agent, broker or facilitator” for a person that makes a consumer finance loan unless the person has a consumer finance license or is eligible for the licensing exemption contained in ORS 725.045(2).

Under ORS 725.010(1)(a), the definition of “broker or facilitator” includes “a person that conducts a business in which, for a fee or consideration, the person: (A) processes, receives or accepts for delivery to a lender an application for a consumer finance loan, individually or in conjunction or cooperation with another person; (B) accepts and delivers to a lender all or most of the proceeds of a payment made in connection with a consumer finance loan; or (C) assists in making a consumer finance loan in a material capacity other than as a lender. These definitions also apply to a consumer finance lender’s “agent” based upon *Webster’s* definition of the word.

ORS 725.010(2) defines a “consumer finance loan” as “a loan or line of credit that is unsecured or secured by personal or real property and that has periodic payments and terms longer than 60 days.”

Nonbank lenders offering BNPL products and BNPL service providers are not eligible for the licensing exemption contained in ORS 725.045(2) if they collect a fee in connection with a consumer finance loan or the consumer finance loan is supported by consideration, even though they: do not interact directly with a borrower or consumer; act solely as an intermediary between the borrower or consumer and a lender or a person that conducts business as a broker or facilitator for a consumer finance loan; only transmit information, electronically or otherwise, concerning the borrower or consumer to a lender or a person that conducts business as a broker or facilitator for a consumer finance loan; or only prepare, issue or deliver a negotiable instrument to a lender or a person that conducts business as a broker or facilitator for a consumer finance loan for subsequent delivery to a borrower or consumer.

A BNPL nonbank lender is not eligible for the exemption contained in ORS 725.045(2) if a seller or retailer pays the BNPL nonbank lender to make their products available for purchase by consumers, because the consumer finance loan is supported by consideration (i.e., the retailer

pays the BNPL nonbank lender a fee in exchange for the retailer being able to use BNPL nonbank lender's services).

A nonrecourse loan does not obviate the need for an Oregon License

A loan that is described as a "non-recourse" loan is subject to the licensing requirements contained in ORS chapters 725A and 725. *Webster's Third* defines a "nonrecourse loan" as "a loan by which a lender agrees to accept the collateral security in lieu of repayment from the borrower if [the borrower] is unable to pay or if the value of the security falls below the amount of the loan." The defining characteristic of nonrecourse loans is that a company agrees to loan an individual money in exchange for the right to repossess purchased items that were given as collateral such as a house or car to obtain the loan.

Licensing requirements

Payday licensing requirements:

BNPL nonbank lenders are required to satisfy the conditions contained in ORS chapter 725A governing payday loans if the loan is for \$50,000 or less, and it has repayment terms of less than 60 days or is payable upon demand within 60 days. Pursuant to ORS 725A.020(1)(b), the payday licensing requirements apply to brokers, facilitators, and agents of BNPL nonbank payday lenders.

Consumer finance licensing requirements:

BNPL nonbank lenders are required to obtain a consumer finance license if the loan, a loan, or line of credit has periodic payments and terms longer than 60 days, regardless of whether the loan or line of credit is secured by personal or real property. Pursuant to ORS 725.045(1)(a), the consumer finance licensing requirements apply to brokers, facilitators, and agents of BNPL nonbank lenders.

This bulletin takes effect upon publication.

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Date