



Regulatory Alert

Regulatory Insights Across the States



August 2025

State Series: Financial Consumer Protections

KPMG Regulatory Insights

- **Fair and Responsible:** *With federal policy and regulatory changes, there is growing uncertainty as to what/if a new standard will take shape or the role that states may have to help set/enforce it.*
- **Increased Lending Safeguards:** *Anticipate a continued state focus on lending products and services.*
- **Enforcement Efforts:** *State AGs are expected to intensify activity across a wider range of financial products and services and across an array of providers; Expect increased collaboration through multi-state investigations.*

With federal changes (inclusive of changes to the CFPB and the issuance of Executive Orders on "debanking" and "disparate impact"), states have introduced and pursued an array of consumer financial protections through legislative and regulatory actions, including unfair or deceptive acts or practices and safeguards for consumer credit.

State attorneys general (AGs) are taking an increasing and more active role in the enforcement

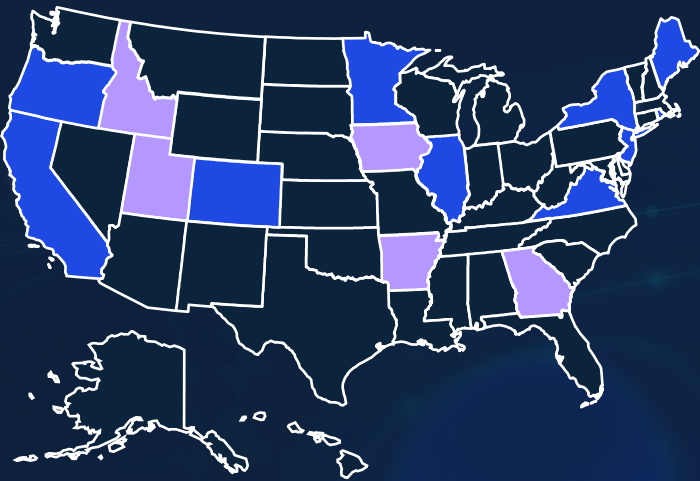
of consumer financial protections, including increased coordination among states and with federal agencies to share information and enhance efficiency and consistency.

Notable state activity in 2025 includes:

- 1. Legislative Focus** (e.g., usury laws, debt collection, and small-dollar lending)
- 2. Enforcement Focus** (e.g., novel products, algorithmic bias, multi-state coordination)



U.S. State Consumer Credit Laws and Regulations



More than 10 states have introduced legislation that will be enacted/effective in 2025 to prohibit or restrict consumer credit reporting to credit agencies and protect consumer privacy related to medical debt and mortgage “trigger leads”.

Laws enacted/effective related to medical debt reporting in 2025

Laws enacted/effective related to mortgage “trigger leads” in 2025

1. Legislative Focus

In 2025, states have introduced bills and/or enacted new laws and regulations to strengthen responsible practices in the offering and delivery of financial products and services to protect consumers. Examples of recent areas of focus include:

Areas of Focus	
Area of Focus	Description/Examples
Unfair or Deceptive Practices	<ul style="list-style-type: none">Requirements for clear and conspicuous disclosure of the nature, purpose, and amount of fees, including “total price”, mandatory and optional fees, refund policiesLimitations on select fees, including interchange fees (e.g., taxes, tips, charitable contribution) and ATM fees
Usury Laws; Interest Rates	<ul style="list-style-type: none">Renewed interest in the opt-out provisions available to states under the DIDMCA (Depository Institutions Deregulation and Monetary Control Act)Anti-evasion protections for usury lawsLinking interest rates to floating rate formulas tied to economic indicators rather than static numbers
Debt Collection	<ul style="list-style-type: none">Expanded scope of fair debt collection practices laws to include additional types of debt (e.g., CA)
Credit Reporting	<ul style="list-style-type: none">Disclosures associated with the use of “trigger leads” derived from consumer report inquiries by mortgage companies (e.g., AR, GA)Prohibitions or restrictions on medical debt reporting to consumer credit reporting agencies (across multiple states, including ME and OR)
“Debanking”	<ul style="list-style-type: none">Prohibitions against financial institutions denying or canceling services based on factors such as political opinions, religious beliefs, lawful business activities or non-risk-based criteria (e.g., AZ, GA, ID, IN, IA, KY, LA, SD)
Small-Dollar Lending	<ul style="list-style-type: none">New rules on small-dollar loans, including caps on interest rates (e.g., CA)Buy Now, Pay Later rules enacted or updated guidance (e.g., CA, NY, MA, TX)
Use of AI	<ul style="list-style-type: none">Restrictions on use of automated decision-making tools/systems for lending practices (e.g., RI, NY)

2. Enforcement Focus

In 2025, state AGs have ramped up enforcement activity in financial services consumer protection, partly in response to shifts in federal priorities/activity as well as to influence policy at both the state and federal levels. Examples of recent areas of focus include:

Areas of Focus	
Area of Focus	Description/Examples of Cases
Novel Products and Services	<ul style="list-style-type: none">Characterizing certain non- credit products as loans, such as fees associated with earned wage access products determined to be interest; buy-now-pay-later products; lease to own arrangements; loans disguised as purchase of future revenues (e.g., NY, DC)
Elder Fraud	<ul style="list-style-type: none">Investigating and coordinating cross-agency efforts to prevent financial exploitation of seniors, including fraud and scams (e.g., VA, CT)
Algorithmic Bias	<ul style="list-style-type: none">Applying existing consumer protection authorities (federal and state) to enforce anti-bias/fair lending laws when decision are made using AI, automated decision-making or other advanced technologies, especially with regard to lending and pricing of products and services (e.g., CA, NJ, MA)
Multi-State; State-Federal Coordination	<ul style="list-style-type: none">Coordinating with other states and/or federal agencies (e.g., FTC, DOJ) to address consumer protection issues, such as:<ul style="list-style-type: none">VA/DOJ Task Force to investigate allegations of debankingMulti-state Consortium to collaborate and unify privacy enforcement50-state participation in Anti-Robocall Litigation Task Force23-state coalition to oppose CFPB defunding or dismantling

6 new State AGs

assumed office in 2025—NC, OR, PA, UT, WA, and WV.

3 former State AGs

elected governor in their state and assumed office in 2025—NC, WA, and WV.

2 new State AGs

expected to be named in 2025—VA and NJ.

Several states have introduced hiring initiatives to aid displaced federal employees, including:

California



New York



Pennsylvania



Virginia



State AGs are increasingly active in consumer financial services enforcement:

30%

of total actions in 2023

37%

of total actions in 2024

2025 AG areas of focus include:

- AI
- Lending
- Marketing
- Novel Products
- Privacy

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