



STUDENT BORROWER
PROTECTION CENTER

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LDF and Student Borrower Protection Center Send Letter to Financial Technology Firm over Equal Credit Opportunity Act and Fair Housing Act Violations

Today, the NAACP Legal Defense and Educational Fund, Inc. (LDF) and the Student Borrower Protection Center (SBPC) sent a demand letter to financial technology firm Upstart explaining how the firm’s algorithm likely violates the Equal Credit Opportunity Act and the Fair Housing Act by giving materially worse loan offers to graduates of historically Black colleges and universities than those from predominantly white institutions. These discrepancies were discovered through testing done by the Student Borrower Protection Center, which found that graduates from Howard University, where the student population is approximately 90% Black, would end up paying thousands of dollars more for credit than graduates from NYU, where the student population is just 6% Black—even controlling for income, savings, and all other relevant criteria. The letter also requests a meeting with Upstart to discuss how to ensure credit access is provided fairly and equally moving forward.

“Fair credit access is critical now more than ever,” said LDF Assistant Counsel Kristen A. Johnson. “COVID-19 has disproportionately impacted Black communities across the country, including financially. We hope Upstart will commit to fixing their loan algorithm to prevent racial disparities in providing economic opportunities.”

“The results of the Student Borrower Protection Center’s testing are extremely alarming,” said LDF Assistant Counsel Ashok Chandran. “By relying on standardized testing scores—which have been repeatedly shown to reify racial disparities without accurately predicting merit or future success—Upstart is exacerbating a long-existing, systemic issue with fair and equal access to credit. We look forward to working with Upstart in improving their processes.”

“It’s clear that Upstart’s use of technology to determine access to credit is dangerously rooted in models and metrics that are hurting Black borrowers and deepening racial disparities rather than fixing them,” said SBPC Executive Director Seth Frotman. “If Upstart is as truly committed to ‘unlocking mobility and opportunity’ as it claims to be, it

will drop its educational redlining practices and take additional steps to be part of the solution rather than part of the problem.”

In February, LDF sent a [letter](#) to Upstart requesting the firm cooperate with requests for information by the U.S. Senate regarding potential discrimination against historically Black college and university graduates in the firm’s loans. LDF urges Upstart to alter its loan algorithm to comply with Equal Credit Opportunity Act and Fair Housing Act, and has invited the firm to collaborate on a solution.

Read the demand letter [here](#).

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Founded in 1940, the NAACP Legal Defense and Educational Fund, Inc. (LDF) is the nation’s first civil and human rights law organization. LDF has been completely separate from the National Association for the Advancement of Colored People (NAACP) since 1957—although LDF was originally founded by the NAACP and shares its commitment to equal rights. LDF’s Thurgood Marshall Institute is a multi-disciplinary and collaborative hub within LDF that launches targeted campaigns and undertakes innovative research to shape the civil rights narrative. In media attributions, please refer to us as the NAACP Legal Defense Fund or LDF.

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