



PRESS RELEASE

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CFPB eliminates consumer protections from predatory payday loans

36% interest rate cap would protect Ohio families

Today, the Consumer Financial Protection Bureau (CFPB) eliminated hard won consumer protections, leaving Ohio families exposed to exploitative payday lending. The CFPB issued a final rule that guts the agency's own 2017 Payday Rule, which required lenders verify a borrower's ability to repay a loan before issuing it. Policy Matters Ohio Project Director for Asset Building Kalitha Williams released the following statement:

"During tough times, everyone wants to be sure they can make ends meet. With COVID-19 cases surging and record unemployment, this is the worst time for the Trump Administration to cave into the payday lending corporations and roll back consumer protections. Families reeling from the economic uncertainty are more vulnerable than ever to predatory lenders and risk getting stuck in the debt trap of paying high interest rate loans. Instead, of gutting protections, we need our state and federal lawmakers to protect Ohio families from financial exploitation by implementing a state and national rate cap of 36%.

"Over 100 Ohio advocacy, civil rights, faith and veteran's organizations that called for a strong payday lending rule. By rolling back the Payday rule today, the CFPB ignored all their voices.

"In 2018, Ohio lawmakers passed legislation to regulate payday lending. A year later, predatory payday lending corporations still take millions of dollars a year from Ohioans by charging abusive fees and triple-digit interest rates. Nationally, three-quarters of all payday loan fees are from borrowers who have taken out more than 10 loans in a year. However, 16 states plus D.C. effectively protect against the harms of payday lending by capping the rate. With the CFPB refusing to protect consumers, Congressional and Ohio lawmakers should implement a cap of our own."

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*Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute
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