PRESS RELEASE
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# Ohio consumers win: federal payday rule survives Congressional threat

Columbus, Ohio – A rule to protect consumers against fraudulent practices by payday and car title lenders survived threats in Congress, handing a big win to the more than 100 Ohio organizations that fought for it.

In October, the Consumer Financial Protection Bureau (CFPB) finalized a rule with common sense consumer protections on small dollar loans. Ohio advocates, faith leaders and organized labor urged Congress to keep the rule intact and allow its full implementation in 2019.

The Congressional Review Act (CRA) is a fast-track legislative tool that allows lawmakers to undo federal regulations without public hearings with a simple majority vote in both the House and Senate. If invoked, the CRA prohibits a federal agency—like the consumer bureau—from rolling out regulations substantially the same as those it reversed. The legislative clocks for CRA resolutions—S.J. Res 56 and H.J. Res 122—expired yesterday. Since neither chamber brought the payday rule resolutions to a vote during the limited time allotted for a CRA challenge, the important rule was *left intact*.

"Ohio has the most expensive and pervasive payday lending in the country," said Policy Matters Ohio Policy Liaison Kalitha Williams, who helped lead the Ohio coalition. "After five years of research, business and community engagement, the consumer bureau answered our call to regulate the industry. We did not want to see Congress undo that important work."

The payday lending rule will result in fewer families falling into financial ruin. At the heart of the rule is the common-sense principle of ability to repay based on a borrower's income and expenses. Lenders will be required to determine whether a loan is affordable to the borrower before making it. An affordable loan is one a borrower can reasonably be expected to pay back without re-borrowing or going without the basic necessities of life—like food or rent money. In a 2017 poll of likely voters, more than 70 percent of republicans, independents, and democrats support this idea. The requirement helps to ensure that a borrower can repay without re-borrowing and without defaulting on other expenses—that is, without getting caught in a debt trap.

"Payday and car title lenders drain $500 million in fees from Ohio borrowers each year," Williams said. "Ohio has some of the highest interest rates for payday lending in the country, averaging nearly 700 percent APR. This rule will make a huge difference in thousands of Ohioan's lives."

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*Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute with offices in Cleveland and Columbus.*