Policy Matters Ohio

Press Release
February 28, 2017

Contact: Kalitha Williams
kwilliams@policymattersohio.org
614.221.4505

Dangerous bill puts borrowers at risk

Senate Bill 24 loosens regulations on installments loans and increases fees

Backed by a large international bank, legislation is moving through the Ohio Senate that would dramatically reduce regulation of installment loans – the newest iteration of payday lending.

Senate Bill 24 not only allows installment loan lenders to levy more fees and charge higher interest rates, it would undo much of Ohio's progress in the fight against payday lending, said Policy Matters Ohio Policy Liaison Kalitha Williams.

"The loans are designed to appear less harmful, but are still exploitative to financially vulnerable families," Williams said in testimony before the Senate Insurance and Financial Institutions Committee on Tuesday. "Industry and state regulator data show that like payday loans, repeat lending is pervasive in the installment loan market."

Under the legislation, the cost of a credit investigation would go up from $10 to $25. SB 24 would also expose borrowers to harassment by easing restrictions on when debt collectors can call and what they can say. For example, debt collectors can legally threaten borrowers with jail time under SB 24.

Subprime lender OneMain Financial successfully lobbied to pass legislation similar to SB 24 across the country. OneMain, which was recently purchased by a Japanese bank, is behind the effort in Ohio as well.

"They have been able to change state laws to maximize fees at the expense of consumers," Williams said. "Passing this legislation as is will hurt the financial stability of Ohio's working families."

###

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