

# Payday and Installment Loans

## ***HOT TOPICS***

- **Predatory Rent-a-Bank Lending**
- State Rate Caps for \$500 and \$2000 loans: Summary, Report
- Testimony of Lauren Saunders Before the U.S. House Committee on Financial Services Task Force on Financial Technology On “Buy Now, Pay More Later Investigating Risks and Benefits of BNPL and Other Emerging Fintech Cash Flow Products,” Nov. 1, 2021
- Letters Urging CFPB to Reverse Earned Wage Access Actions (Coalition, Legal Analysis), Oct. 12, 2021
- Brief: Why Cap Interest Rates at 36%?, August 2021
- Brief: After Payday Loans: Consumers Find Better Ways to Cope with Financial Challenges, August 2021
- Early Wage Access: A Good Option for Workers or a Fintech Payday Loan?
- What States Can Do to Help Consumers: High Cost Loans

Marketed as a way to help consumers pay the bills until their paychecks arrive, payday loans trap consumers in terrible cycles of debt, dragging their families more deeply into financial crisis. In return for a loan, the consumer provides the lender a post-dated check for the amount borrowed plus a fee. The check is held for 1 to 4 weeks (usually until the customer’s payday) at which time the customer redeems the check by paying the face amount or allowing the check to be cashed. Payday lenders encourage their customers to get on a debt treadmill by refinancing one payday loan with another. The fees for payday loans are exorbitant with effective interest rates that can top 1,000%.

The repeal of usury laws has allowed payday loans and other predatory lending to flourish.

## **Reports**

- Predatory Installment Lending in the States, June 2022
- A Larger and Longer Debt Trap?: Analysis of States’ APR Caps for a \$10,000 Five-Year Installment Loan, October 2018 Press Release

More reports

## **Policy Briefs & Fact Sheets**

- Brief: Protect Consumers from Predatory, Triple-Digit Interest Rate Loans, February 2022
- Brief: Consumer Stories Show Congress Must Protect Consumers from Predatory Lending, February 2022
- Brief: Instead of Predatory Loans, a Variety of Strategies Can Help People to Address Budget Shortfalls, February 2022
- Brief: Federal Ability-to-Repay Requirements for Small Dollar Loans, November 2021
- Brief: After Payday Loans: Consumers Find Better Ways to Cope with Financial Challenges, August 2021
- Brief: Why Cap Interest Rates at 36%?, August 2021
- Fact Sheet: State Rate Caps for \$500 and \$2,000 Loans, February 2020 (1-pager), updated June 2022
- Brief: Early Wage Access: A Good Option for Workers or a Fintech Payday Loan?, March 2020

More policy briefs & fact sheets

## Comments & Testimony

- Comments to CFPB on Buy Now Pay Later Products, Mar. 25, 2022. Coalition comments. NCLC comments.
- Group Comments to the CA DFPI on Proposal to Register Wage-Based Advances, Dec. 20, 2021
- Testimony of Lauren Saunders Before the U.S. House Committee on Financial Services Task Force on Financial Technology On “Buy Now, Pay More Later Investigating Risks and Benefits of BNPL and Other Emerging Fintech Cash Flow Products,” Nov. 1, 2021
- Letters Urging CFPB to Reverse Earned Wage Access Actions (Coalition, Legal Analysis), Oct. 12, 2021
- Comments to the National Credit Union Association (NCUA) re: Proposal to Expand Engagement of Credit Union Service Organizations, Apr. 30, 2021; press release, May 3, 2021
- Comments to California DFPI on general priorities, earned wage access products, and income share agreements, Mar. 15, 2021
- Comments to U.S. Treasury urging tighter criteria for CDFI certification, Nov. 5, 2020
- Comments to Treasury’s CDFI Fund on small dollar loan program, Sept. 11, 2020
- Group comments to the FTC re: Insufficient Order re: Rent-to-Own Market Swaps and Suppressing Competition, March 25, 2020

More comments & testimony

## Letters

- Letter Opposing Calif. AB 2540 Authorizing “Tips” Deducted from Unemployment, Public Assistance and Child Support Payments Deposited to Nonbank Deposit Accounts, April 6, 2022
- Letter Opposing NJ S. 3611, Earned Income Access Services Bill, December 30, 2021
- Group letter to CFPB re: Fintech Credit Products, December 21, 2021; press release
- Group letter to OCC Opposing Proposed Rule to Pressure Banks to Support Predatory Lending, January 4, 2021
- Coalition letter to the CFPB Opposing Payday Disclosure Testing, December 14, 2020

More letters

## Press Releases

- Groups Urge CFPB to Treat “Buy Now Pay Later” Products Like Credit Cards and Protect Consumers from Harmful Practices, March 28, 2022
- NCLC Advocates Applaud 36% National Rate Cap Bill to Curb High-Cost, Predatory Loans Across the Nation, July 29, 2021
- New 50-State Survey Finds Gains and Losses for Consumers in Larger, Longer High-Cost Predatory Loans, May 27, 2021
- CFPB Guts Curbs on Unaffordable 400% APR Payday Loans, July 7, 2020
- FDIC to Repeal 36% Rate Cap and Bank Payday Loan Guidance, but Banks Should Not Take the Bait, May 20, 2020
- Civil Rights and Consumer Groups Condemn COVID-19 “Emergency” Regulatory Guidance That Allows Banks to Make Payday Loans, March 26, 2020

More press releases

## Litigation

- Amicus brief: *Community Financial Services Assoc. of America and Consumer Services*

*Alliance of Texas v. CFPB and J. Mulvaney*

NCLC joined AFR, CRL and PC seeking to oppose the joint motion of the CFPB and the payday industry representatives to stay both the litigation and the implementation date of the rule.

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