Faith & Credit Roundtable

CRL
Center for Responsible Lending

For Immediate Release
July 7, 2020

CFPB Betrays Consumers With Reversal on Predatory Lending Protections

Washington, DC – The Consumer Financial Protection Bureau (CFPB) today removed protections from the 2017 rule on payday and car title lending, which would have protected millions of Americans from getting caught in cycles of unaffordable debt. The crux of the rule, a requirement that lenders to assess the ability of borrowers to afford the loan before making them was stricken from the rule. Payday loans carry average interest rates of around 400% nationally, and borrowers are routinely caught in a cycle of debt that severely damages their finances.

The Faith & Credit Roundtable made this statement:

> "The Faith & Credit Roundtable has for years worked as an interfaith coalition of religious traditions, denominations, churches, and leaders representing millions of people of faith to advocate for reform of the very harmful practices of predatory payday and car title lending. These small loans heap big harms on economically vulnerable families, trapping them in high-cost debt that makes an already weak financial situation even worse.
>
> "The Consumer Financial Protection Bureau has betrayed its own mission by eliminating the commonsense ability-to-repay measure from its revised payday and car title lending rule. Doing this during the worst health and economic crisis in recent history is simply brutal. Many Americans will suffer a great deal more financial hardship than they would if this badly needed reform was put into place.
>
> "The teachings of all major faith traditions warn against usury and scriptures tell us, 'do not rob the poor because they are poor.' But this is exactly what predatory lenders do, taking advantage of a need and turning it into a long-term crisis. Payday lenders collect 75% of their revenue from borrowers with more than 10 loans per year, ample evidence that their business model is based on trapping low-income borrowers rather than helping them with a one-time need.
>
> "Congress must step up because the CFPB has stepped down in its duty to protect consumers. We need a 36% rate cap on all consumer loans, during this crisis and beyond, to prevent the continued exploitation of struggling Americans to line the pockets of predators."

***

Contact: carol.parish@responsiblelending.org