

Improve regulation and prevent expansion of predatory lending

BACKGROUND

Payday loan storefronts are a common sight in much of Oklahoma, and these high-interest loans are creating financial hardship and ruin for too many working Oklahomans. These loans are a form of predatory lending with exorbitant fees and astonishingly high interest rates of over 450 percent, trapping borrowers in cycles of debt that can be nearly impossible to break.



In 2017, the payday loan industry attempted to expand their predatory practices with a bill that would have allowed a new high-cost loan product called installment loans. These new installment loans would have allowed borrowers to take out loans of up to \$1,500 for up to 12 months, with an annual percentage rate of over 200 percent. Thankfully Governor Fallin stepped in to veto this harmful bill, but it's almost certain that the industry will again attempt to push through new and harmful high-cost loan products in Oklahoma this year.

THE SOLUTION

The answer to the very real harms of predatory lending is not more loan products with higher dollar amounts, outrageous interest rates, and longer cycles of debt. We must resist any attempts to introduce new high-cost loan products in Oklahoma or expand existing products. Oklahomans already use payday loans at a higher rate than residents of any other state, and a new form of predatory lending will simply make us worse off.

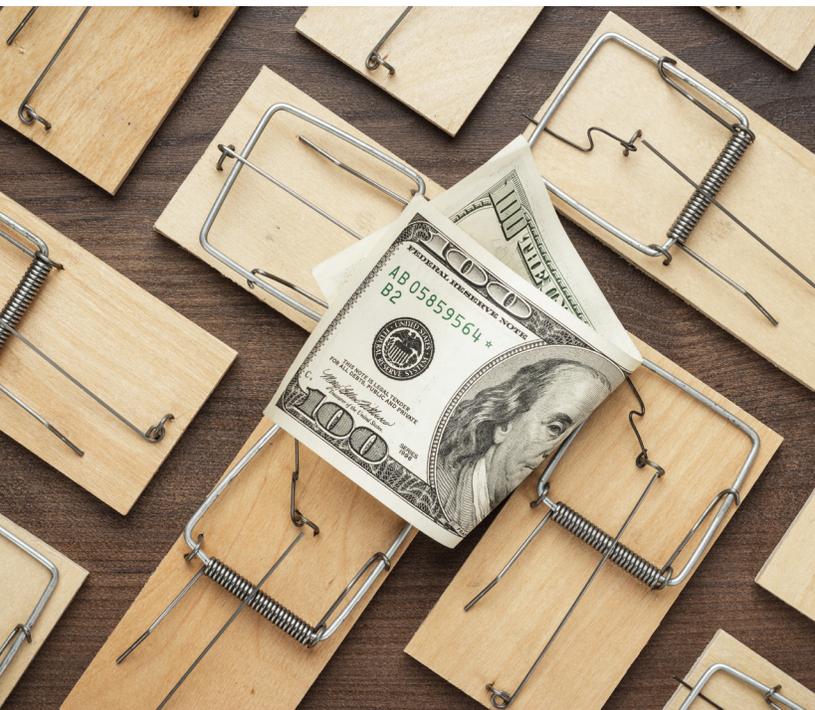
Instead, we should adopt proven consumer protections, like capping allowed interest rates on consumer loans at 36 percent, as 15 other states have. Federal laws enacted with bipartisan support already make it illegal to charge service members more than 36 percent interest on a loan. Another strong consumer protection would be to prevent debt traps by limiting the number of days in a year in which a borrower has a payday loan outstanding and allowing lenders to make only one loan at a time to a borrower.

WHAT YOU CAN DO

Contact your state Representative and Senator and urge them to reject any bills that would expand predatory lending practices. Also ask them to increase consumer protections for borrowers to prevent debt traps.

To join the grassroots coalition of Oklahomans working to connect Oklahoma values with better budget and tax priorities, visit www.togetherok.org. To receive SMS advocacy alerts on important economic security issues, text **OKECON** to 51555.

You can look up your Senator and Representative on our website under the “**Advocacy**” tab on our main menu. You can also call the House switchboard at 405-521-2711, and the Senate switchboard at 405-524-0126.



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