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GEORGIA WATCH COMMENTS ON CFPB PROPOSED PAYDAY LENDING RULES

ATLANTA, GA - October 7, 2016 - Georgia Watch submitted [formal comments](#) on the Consumer Financial Protection Bureau's (CFPB) proposed rule on payday, vehicle title, and certain high cost installment loans. We are encouraged that this proposal seeks to rein in these harmful practices by establishing an ability-to-repay standard for these loans. We know that establishing a borrower's ability to repay a loan based on their income and taking into consideration their essential monthly bills is the first step to creating a better financial situation for thousands of Georgians. However, we are calling on the CFPB to strengthen the final rule to ensure that Georgia's strong protections and usury caps for loans are not undermined.

"Georgia has worked hard to put in place strong protections against payday lending, and we can't afford to put Georgia consumers back in harm's way by allowing these bad actors to creep back in and begin offering these predatory products again," said Liz Coyle, Georgia Watch's Executive Director.

In Georgia, since the institution of a rate cap on interest rates in 2004, effectively banning payday lending in the state, nearly \$285 million dollars in payday loans and fees have been saved each year. "This industry has tried to operate in states like Georgia that have banned payday lending, claiming to provide help for people trying to get out of debt, but we know that these loans plunge many consumers into a debt trap that leaves families in financial ruin by locking them into loans with high payments and fees with exorbitant interest rates leaving them unable to pay for the loans and/or basic necessities," explained Coyle.

The proposed rule, unveiled in June, is centered around a smart, fair and flexible standard that requires all loans to be affordable and defines affordable loans as ones in which a borrower can pay off and still be able to afford basic necessities of living. But the rule allows payday lenders to make six unaffordable loans before this standard kicks in, essentially putting a government seal of approval on loans with interest rates of 300-400



percent. "A weak CFPB rule could be dangerous to Georgia consumers. To ensure that our most vulnerable are protected, loopholes in this rule must be closed," says Coyle.

In an effort to strengthen the proposed rule, Georgia Watch recommends that the Consumer Financial Protection Bureau:

- mandate ability-to-repay requirements for all covered loans;
- close the "business as usual" loophole in the proposed ability-to-repay test; and
- declare loans made in violation of our state laws as unfair, deceptive and abusive practices, which would give us additional enforcement tools.

Georgia Watch's formal comments to the Consumer Financial Protection Bureau can be found [here](#).

Georgia Watch also submitted a letter on behalf of eight organizations and the Georgians whose financial security would be threatened if future CFPB rules unintentionally weakened our state's strong protections against payday lending. See the full text of the letter from Georgia Watch and 8 other Georgia organizations [here](#).

Founded in 2002, Georgia Watch is a nonprofit statewide consumer advocacy organization working to empower and protect Georgia consumers through education, advocacy and policy development. Georgia Watch focuses on safeguarding consumer protections in personal finance, ensuring lower utility bills and cleaner energy, defending the availability of quality affordable healthcare, protecting the right to trial by jury, and promoting access to the courts. Visit us online at www.georgiawatch.org.