

CLLARO/NAACP/Colorado Progressive Coalition - Colorado

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CFPB Payday Proposal Takes Major Step Toward Protecting Families Say Community Organizations

But Loopholes Dangerously Undermine Portions of the Proposal

Today, the Consumer Financial Protection Bureau (CFPB) will hold a field hearing on payday lending in Richmond, VA. At the hearing, Director Richard Cordray will unveil a new proposal to regulate the industry. Colorado Progressive Coalition, CLLARO (Colorado Latino Leadership, Advocacy and Research Organization), and the NAACP Colorado, Montana and Wyoming State Conference applaud the CFPB for taking on this important issue, but warn against loopholes.

“This proposal takes a major step toward protecting families and their hard-earned money,” said Caroline Casteel, Lead Organizer of the Colorado Progressive Coalition. “We are pleased to see that the CFPB’s proposed rules cover the predatory lending practices in the auto title, installment and payday industries. The small dollar loan industry has shown blatant disregard for common sense practices, including basic affordability underwriting. Payday lenders need to follow the same standards as all other lenders and our government has a responsibility to ensure that everyday Americans have access to good credit.”

“Although parts of this proposal show the invaluable role the Consumer Finance Protection Bureau can play in protecting communities, the loopholes in the proposal reveals what’s at stake when they fail to stand strong. Lenders must ensure loans are affordable and can be repaid - period - no matter the length of the loan, not just after a certain number are made and not in exchange for limits on roll-overs. Payday, car title and installment loans without the full array of protections are toxic. We don’t require restaurants to only serve safe food after the first 3 meals, or decide if they want to serve safe food. Likewise, it’s absurd and dangerous to suggest that any number of payday loans could be safe for consumers without the protections the CFPB has already identified.”

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Colorado Progressive Coalition is a statewide membership organization transforming our communities by building power to secure economic, racial, and social justice.

CLLARO is Colorado’s premier leadership development, public policy, and research center dedicated to strengthening Colorado’s Latino community.

The NAACP Colorado, Montana, and Wyoming State Conference ensures the political, educational, social, and economic equality of rights of all persons and eliminates race-based prejudice and discrimination.