



National Association of Consumer Advocates

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NACA'S STATEMENT REGARDING CFPB'S PROPOSAL TO END PAYDAY DEBT TRAPS

(WASHINGTON) Today the Consumer Financial Protection Bureau (CFPB) announced a [preliminary proposal](#) to create strong consumer protections regulating payday and other high-cost, small-dollar loans. At a field hearing today in Richmond, VA, the CFPB will present more information outlining its proposal.

National Association of Consumer Advocates Legislative Director Ellen Taverna released the following statement regarding the preliminary proposal:

“We applaud the CFPB for its commitment to protecting the financial stability of consumers and beginning the process to curb abusive payday and other high-cost, small dollar loans. The CFPB proposal would promote more responsible lending in the small dollar loan market by emphasizing affordable payments for borrowers. This is a significant step toward helping millions of consumers avoid the debt trap of unaffordable payday, car-title, and high-cost installment loans, with annual rates of 300% or more.

However, we are concerned that the proposal does not go far enough and could create loopholes that would permit some unaffordable high-cost loans to stay in the marketplace. While the CFPB rightfully focuses on the importance of lenders evaluating affordability before making a loan, it also must consider other factors such as the amount of default rates and rollovers on the loans. We urge the CFPB to establish a more comprehensive approach toward regulating payday lending including a strong ability to repay standard for both short- and longer-term loans.

We look forward to working with the CFPB to end the payday loan debt trap and create strong rules that ensure a fair and affordable small dollar loan market for all consumers.”