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Payday Lending-Free States Cry Foul over OCC "Fintech" Charter

National "fintech" charter opens door to predatory payday lending

The PaydayFreeLandia coalition, representing 15 states[1], plus the District of Columbia, demanded today that the Office of the Comptroller of the Currency (OCC) back off a dangerous plan that would gut their states' strong consumer protection laws. In a detailed letter submitted today to the national banks regulator, the coalition joined more than 270 community, labor, civil rights, faith-based, and military and veterans groups to strongly oppose the OCC's recent action to offer a federal charter to technology, or "fintech," companies that market financial products and services online. The groups called on the OCC to withdraw its action immediately, because the fintech charter would allow payday lenders and other predatory companies to circumvent their hard-won and fiercely-defended state consumer protections.

The PaydayFreeLandia coalition, which represents the wide swath of the U.S. where predatory payday lending is legally prohibited, released the following statement:

> "The OCC's action is deeply alarming to all who care about responsible lending and the right and responsibility of states to protect their residents and oversee commerce within their borders. The OCC's federal fintech charter recklessly endangers working families, people and communities of color, older Americans, and others who are targeted by predatory payday lenders and their ilk. This charter would be disastrous for our states and we call on the OCC to withdraw it immediately.
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> "Over 90 million Americans – more than one third of the country – live in jurisdictions where payday lending is illegal. Thanks to our states' consumer protection laws, we save billions of dollars each year in predatory payday loan fees that trap people in long-term, devastating cycles of debt. Our states' residents avoid the economic fallout that payday lending inflicts on borrowers – excessive overdrafts, unpaid bills, closed bank accounts, bankruptcies. The average payday loan borrower has 10 loans per year at 400% interest. People in our states are significantly better off and address financial shortfalls in ways that don't lead to these abusive debt traps.
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> "The OCC charter throws the door to the hen house wide open for the payday loan foxes that have long sought to dig their way into our states. Indeed most of our states have never permitted payday lending, but several, like South Dakota – where citizens overwhelmingly voted in favor of a 36% interest rate cap this past November– have moved to expel financial predators from their borders. We have had to wage intensive campaigns against the payday loan industry to secure and defend our states' vital consumer protections, both in our legislative houses and at the ballot box, and we intend to keep payday lending out of our states."

[1] The 15 states represented include: Arizona, Arkansas, Connecticut, Georgia, Maryland, Massachusetts, Montana, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, South Dakota, West Virginia, and Vermont.