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Contact: Alice Vickers, 850.556.3121

Payday Lenders Score Swift Banking Committee Hearing On Predatory Product

Consumer, Faith and Civil Rights Groups Strongly Oppose Bad Bill

Tallahassee, Florida — Despite strong and vocal opposition to predatory payday lending from consumer, faith, seniors, civil rights, veterans, and community organizations, Florida senators are considering allowing payday lenders to introduce a new predatory product to a state already flooded with harmful, debt trap loans.

Senate Banking and Insurance Committee has scheduled a hearing for 4 p.m. on Tuesday, January 16, the day following the MLK holiday, on SB 920, a bill that would authorize up to 208% annual interest rates for loans that are larger and have longer terms than the payday loans Florida law currently allows. Senator Anitere Flores (R-39) chairs the Committee, and the bill is co-sponsored by Senator Rob Bradley (R-5) and Senator Oscar Braynon (D-35).

The Florida AARP, UnidosUS, the 11th Episcopal District of African Methodist Episcopal Church, and the Cooperative Baptist Fellowship of Florida, are among the many groups who oppose legalizing a product that would snare borrowers in a debt trap even deeper and more damaging than traditional payday loans.

“The payday lenders believe they can sneak this one in, but we’re not having it,” said Alice Vickers, of the Florida Alliance for Consumer Protection. “Loans that are designed to trap people in long-term debt at triple-digit interest rates are counter to what any person or group wants if they have the best interests of Floridians at heart. Payday lenders, unfortunately, are not among those groups.”

SB 920, and its companion bill HB 857, would allow payday lenders to make loans up to $1,000 with terms of 60 to 90 days. Research documents that these longer-term loans create the same cycle of repeat loans that traditional payday loans create, making borrowers worse off than when they took the first loan. Payday borrowers often experience multiple overdraft fees that end in closed bank accounts and even bankruptcy. They are often unable to keep up with other bills once caught in the costly cycle of debt.

Floridians for Responsible Lending supports a bill that would stop the cycle of harmful debt through a rate cap of 30%. Reform passed in 2001 failed to stop the cycle of debt that payday lending intentionally creates. Payday lenders obtain 75% of their revenue from customers caught in 10 loans per year. Over 83% of loans go to people with seven or more loans per year, and the payday lenders suck $311 million annually out of our state's economy – from those who need those dollars the most.

Faith groups marched for an end to payday lending abuse last October in a prayer walk in St. Petersburg and Jacksonville.

"This is an economic assault on the poor by the payday lending industry and there is an absence of meaningful legislation protecting the most vulnerable among us. The faith community has been called to stem the tide of heartbreak, despair, and hopelessness caused by payday lending," said Rt. Rev. Adam Jefferson Richardson, Presiding Prelate, The 11th Episcopal District, African Methodist Episcopal Church at a prayer walk around payday loan stores this summer.

"We are faith leaders who have seen up close and personal how payday loans trap people in our congregations and communities in a cycle of never-ending debt," said Rachel Gunter Shapard, Associate Coordinator for Cooperative Baptist Fellowship of Florida.

Legal aid offices and credit unions also oppose predatory payday lending in Florida.

"Payday loans are extremely high-cost loans for which the lender holds the borrower's bank account captive. These loans tend to trap borrowers in a never-ending cycle of debt," said Lynn Drysdale, Division Chief, Consumer Advocacy and Litigation Unit, Jacksonville Area Legal Aid.

For more information about payday loans in Florida
visit https://www.stopthedebttrapflorida.org/what-is-pay-day-lending.html