

CATHOLIC CONFERENCE OF OHIO

Testimony in Support of HB 123 Payday Lending Reform

January 17, 2018

Chairman Blessing, Vice Chair Reineke, Ranking Minority Leader Clyde and members of the House Government Accountability and Oversight Committee, my name is Jim Tobin. I am an associate director for the Catholic Conference of Ohio. Thank you for this opportunity to testify on HB 123, payday lending reforms.

The Catholic Conference of Ohio supports continued reform of Ohio's payday lending practices. House Bill 123 provides consumer protections consistent with the intent of Ohio's 2008 Payday Reform Act. HB 123 will help protect borrowers from excessive payday lending fees while allowing lenders to maintain reasonable cost-of-business fees.

After the passage of the 2008 Payday Reform Act, and ratification by the majority of voters in a statewide referendum, the majority of payday lenders shifted their practices in order to continue charging high-interest fees. Currently, payday lenders are charging new origination and check cashing fees, in addition to interest and other fees. Some of these fees are assessed every week. The cost to the borrower often remains just as burdensome as before the Payday Reform Act was passed. HB 123 addresses this shift.

This bipartisan legislation will reform the payday loan market, save Ohioans \$75 million each year, and maintain access to credit for borrowers. Protections in this reform include:

- Rates that are fair for borrowers and viable for lenders.
- Affordable installments payments that shield 95% of a borrower's income from lenders.
- Reasonable time to repay.
- Fees and interest spread evenly over the life of the loan, rather than front-loaded.

The Catholic Conference of Ohio supports lending models that provide fair and helpful loans for persons in need. In the teachings of our faith we have many warnings about usury and exploitation of people. Lending practices that, intentionally or unintentionally, take unfair advantage of one's desperate circumstances are unjust. Catholic Social Teaching demands respect for the dignity of persons, preferential concern for the poor and vulnerable, and the pursuit of the common good. These principles coupled with our teaching on economic justice animate our questioning of current payday lending practices.

Thank you for this opportunity.