

**House Government Accountability and Oversight Committee**  
**Proponent Testimony on House Bill 123**  
**Danielle Sydnor, Cleveland Branch NAACP**  
**January 17, 2018**

Chairman Blessing, Vice-Chair Reineke, Ranking Member Clyde and members of the committee, thank you for the opportunity to testify as a proponent for House Bill 123. My name is Danielle Sydnor and I am a former licensed financial advisor and current chair of the Economic Development Committee of the NAACP Cleveland Branch and chair of the advisory board for the Economic & Community Development Institute in Cleveland.

Cleveland NAACP recognizes there are people in our community and communities across the state who need access to small amounts of credit and there should be some mechanism in our state's law for getting it and regulating it. But right now, people who are getting loans through payday lenders in Ohio are being taken advantage of in an unregulated environment with excessive interest rates. Right now, payday lenders in Ohio are preying upon Ohioans in desperate circumstances.

House Bill 123 offers fair and reasonable reforms which mirror successful efforts that are working in another state. Contrary to the payday lenders talking points, this bill would not cut off access to credit. Payday lenders can still make plenty of money charging 28% interest and monthly fees, with all-in APRs of 120%. Threatening that these reforms will cut off access to credit or eliminate jobs is not based in the evidence. These threats are scare tactics that the NAACP has heard before from this industry and we won't fall for it. This committee shouldn't fall for it, either.

At the Cleveland NAACP, we encourage our members to build financial freedom and intergenerational wealth to close the racial wealth gap. But payday loans as they stand now in Ohio are asset stripping and set Ohioans back. Borrowers pay significantly more in fees than they receive in credit. I've seen paperwork on these loans in Ohio, with interest rates as high as 729%. That is unconscionable and it's far higher than necessary to keep credit available. HB123 ensures that payday loan prices will be manageable for borrowers and viable for lenders. This is a reasonable compromise that this legislators on both sides of the aisle should support in good faith.

While African Americans are disproportionately impacted by payday lending, this issue impacts all communities. African Americans are more than twice as likely as others to have used a payday loan, but make up less than a quarter of all payday borrowers (white people make up the majority of borrowers in nationally representative studies). These lenders have a stranglehold on low-income neighborhoods, where you can find three stores on the four corners of many intersections. Cuyahoga County alone has more than 80 storefronts. If you pass HB123 into law, Cuyahoga borrowers would continue to have access to credit and these reforms are projected to save more than \$9 million in fees each year for consumers in our county.

We cannot wait for federal rules to fix this situation because it's the state - those of you elected to represent the voters, the consumers of Ohio - which sets usury rates and regulations. And right now the rules on the books don't work. We need you to fix that.

I've heard some argue that financial literacy will fix the issue. Sitting in a class for an hour or reading a brochure doesn't mean you are going to walk away with the knowledge of how to avoid bad products

or make loans with 500% APR better for consumers. Financial literacy isn't the solution: safe, affordable products are and it is this committee's responsibility to see that safe, affordable loans are possible under Ohio's law.

Thank you for letting me speak with the committee. I would be happy to answer any questions that you have.