

Proponent Testimony
House Bill 123
Deb Zabloudil, Society of St. Vincent de Paul
June 25, 2018

Mr. Chairman, members of the Finance Committee. Thank you for this opportunity to testify on behalf of and offer my full support for House Bill (HB) 123.

My name is Deb Zabloudil, and I'm the Volunteer Coordinator at St. Vincent de Paul Society. Society of St. Vincent de Paul is an organization of laypeople who work with the poor throughout the world. In parts of Ohio, and other parts of the country, we offer a microloan program, which is a small-dollar, low-interest loan for car repair, education expenses, and home-repair, to name a few. When someone takes out a loan with us, we give them a financial mentor to build a trust relationship and to answer any questions they have about the financial system.

Please let me tell you a story about Julie. Julie was our first microloan participant. She lives in Licking County. She needed to replace the four tires on her car, so she could get to work, but didn't have the money. She was ready to go to a payday lender, but then she heard about the microloan program at St. Vincent de Paul. While she was repaying her loan with us, two of her children passed away. As you would expect, Julie was in a state of severe grief during this time, and she missed a couple payments. Because of the mentorship program, we were able to work and provide comfort and support and leniency during this trying time for her. I cannot say this would happen if she had gone to a payday lender.

We've seen it with our own eyes that Ohio's payday lending business model relies on trapping borrowers in long-term debt. That is because the first unaffordable loan generates the need for the next loan and so on, resulting in borrowers paying more in fees and interest than that of the initial loan amount.

When people's money gets caught up in high interest rates and fees, they are not able to be full participants in the economy and the community. Our communities are suffering because of this. If we had reasonable rates, people could fully participate in the economy. They can spend money in their communities—on small business, their children's educations, and having better experiences for their kids. This makes a more prosperous community and a more prosperous Ohio.

HB123 has common sense protections that would ensure that what you see is what you get, and it adds safeguards so each payment pays down the principal and gives borrowers a pathway out of debt.

The Senate should not amend HB123 to benefit payday lenders. Please pass the reasonable consumer protections in HB 123.

Thank you for your consideration. I'm available to answer any questions.