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## **Consumer Financial Protection Bureau Payday Proposal Shows Promise To Protecting Families**

### *But Dangerous Loopholes Must Be Addressed*

Today the Consumer Financial Protection Bureau (CFPB) is holding a field hearing on payday lending in Richmond, VA. At the hearing, Director Richard Cordray will unveil a new proposal to regulate the industry. Empower Missouri is part of a coalition of Missouri faith-based, consumer, and community groups encouraged by the CFPB's proposal.

"The General Assembly's failure to put commonsense restrictions on what payday lending companies can do in Missouri has trapped thousands in a downward spiral of debt," said Jeanette Mott Oxford, executive director of Empower Missouri. "Frequently, we see these high-cost loans set a trap for low-wage workers, people with disabilities, seniors, and veterans."

Members of the Missouri coalition are concerned however about loopholes in the second portion of the proposal. Payday, car title and installment loans must have basic underwriting requirements or become dangerous to Missouri consumers.

Empower Missouri was part of the 2012 "Cap the Rate, Raise the Wage" petition drive that collected over 180,000 signatures to cap interest rates on payday loans at 36% APR, clearly showing that many Missourians favor regulation of this exploitative product. The average payday lender in Missouri charges over 450% in annualized interest.

Other Missouri payday loan facts include:

- The average payday loan borrower is still paying off debt six months after the first loan.
- More than half of all payday loans get renewed or rolled over so many times that the borrower repays twice the amount of the principal.
- In 2007, Missouri residents paid almost \$400 million in fees and interest on payday loans.
- There are more payday lenders in Missouri than McDonalds, Starbucks, and Walmarts combined.

Empower Missouri, formerly Missouri Association for Social Welfare, is a statewide justice advocacy organization that educates and empowers community members on issues such as hunger, housing, education, health and economic opportunity.

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