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News Release: Trump Administration Seeking Indefinite Delay of Common Sense Federal Consumer Protections for Triple-Digit Interest Rate Short-term Small Loans

TUCSON, AZ – Late yesterday afternoon, the Consumer Financial Protection Bureau (CFPB) and the payday lending industry trade groups jointly filed a request that a federal judge indefinitely delay the compliance date for the CFPB's own regulation on payday lending and car title loans. Payday loans were outlawed by Arizona voters during a failed payday industry supported ballot initiative in 2008. These loans are often referred to as debt traps for low- and moderate-income consumers.

The motion comes in a lawsuit filed by two payday lending trade groups, the Consumer Financial Service Association of America and the Consumer Service Alliance of Texas. The trade groups sued the CFPB seeking to overturn the Bureau's payday loan consumer protection rules. The request is unusual in that the consumer protection agency jointly filed the motion with lawyers for the payday lending industry.

"The Trump Administration appears to be supporting the payday and car title lending industry in seeking an indefinite delay in the implementation of the Consumer Financial Protection Bureau (CFPB) basic rules on high cost, short-term small loans," explained Kelly Griffith, Executive Director at the Tucson based Center for Economic Integrity. "This is a clear example of the federal government putting the interests of for-profit, multinational corporations over the welfare of struggling working families. We are steadily losing all of the hard fought gains in consumer protections put in place after the recent economic meltdown."

The jointly filed motion:

Requests a suspension of the lawsuit put forth by the lending industry to make the recently enacted rule invalid while the Bureau reconsiders its own consumer protections rules . This will delay the date all lenders must comply with the new rule. This delay could in effect last years or be permanent. Instead of defending the rule, the Bureau asked for permission to stand-down in the payday lenders' lawsuit.

"There was a long and exhaustive process that many local Arizona organizations participated in while the CFPB spent years studying to craft compromise rules that would provide protection against some of the very worst abuses in payday and car title lending," said Griffith. "But now, under the Trump Administration, the CFPB is working hand-in-hand with the payday lending industry to facilitate triple-digit interest rate loans to the working poor. This is an outrage."

Payday lending storefronts will not magically reappear here in Arizona anytime soon unless the state legislature capitulates to industry lobbyists next session. However, car title lending in Arizona continues to thrive under its own special exemption from Arizona's small lending law which caps interest rates at 36% APR or less. Car title lenders are now the 'defacto' payday lenders here in Arizona charging up to 204% APR. The CFPB rule if implemented, would have reigned in some of the worst abuses on vulnerable Arizonans by requiring lenders to realistically assess a borrower's ability to pay back a triple-digit interest rate loan and still meet basic living expense.

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