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PRESENTATION OF THE
OFFICE OF CONSUMER PROTECTION

TO THE HOUSE COMMITTEE ON FINANCE

THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2015

APRIL 8, 2015
2:00 PM

TESTIMONY OFFERING COMMENTS ON S.B. 737, S.D. 1, H.D. 1, RELATING TO CHECK CASHING

TO THE HONORABLE SYLVIA LUKE, CHAIR,
AND TO THE HONORABLE SCOTT Y. NISHIMOTO, VICE CHAIR,
AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs ("DCCA"), Office of Consumer Protection ("OCP") offers the following comments regarding S.B. 737, S.D. 1, H.D. 1, Relating to Check Cashing. My name is Stephen Levins and I am the Executive Director of the OCP.

S.B. 737, S.D. 1, H.D. 1 amends section 480F-4, Haw. Rev. Stat., by striking the fifteen percent (15%) allowable fee on the face amount of the check (pg. 3, lines 15-17), in favor of a blank annual percentage rate. The Bill also appears to create a new licensing regimen for payday lenders and imposes a mandatory cooling off period of five days between loans.

The OCP believes that the blank rate should be replaced with an annual percentage rate of 36%, a position that it has held steadfast to throughout this legislative session.

Adopting a 36% cap would not be an aberration. On the contrary, limiting deferred deposit transactions for Hawaii consumers to 36% APR would be consistent with the growing trend around the country of providing more consumer protections for these loans. In the past few years alone, more than 16 jurisdictions have either banned payday loans outright or subjected them to a 36% APR cap or lower. These jurisdictions include: Arkansas; Arizona; Connecticut; the District of Columbia; Georgia; Maryland; Massachusetts; Montana; New Hampshire; New Jersey; New York; North Carolina; Ohio; Pennsylvania; Vermont; and West Virginia.

According to an April 2013 report issued by the National Consumer Law Center, the 36% rate cap also works on a practical level for small loans. For a loan of the typical size and duration of a payday loan, a 36% rate results in payments that payday borrowers are more likely to be able to make while actually paying off the loan. A 36% rate also forces lenders to offer longer term loans with a more affordable structure and to more carefully consider the ability to pay to avoid write offs.

Despite claims to the contrary, a 36% APR would not reduce the availability of credit to borrowers who currently take out payday loans in Hawaii. In fact, in the states that have curtailed the practice, where the same arguments concerning the unavailability of credit were asserted by the payday lending industry, many viable alternatives have become available. For instance, New York offers products for low-income borrowers with little or no credit and low credit scores, with an APR of 14.25% for a six-month loan. In North Carolina, credit unions offer a Salary Advance of up to $500 at 12% with no fees, and in Connecticut borrowers can find help from credit unions where the loans feature APRs between 10.25% and 17.99% depending on a borrower's credit score.

Many institutions in Hawaii already offer similar loan products: The Office of Hawaiian Affairs offers micro loans up to $7500 at 5%; Hawaiian Community Assets offers Credit Builder micro loans up to $3,000 at 7.5%; the Kauai Government employees FCU offers loans up to $5000 at 8%; and small loans are available to low income borrowers from the Maui FCU, the Hawaii First FCU, and the Hawaii State FCU.

If the rate of 36% were adopted there would be no need for licensure or a cooling off period as S.B. 737, S.D. 1, H.D. 1 contemplates, since the problems associated with these high interest loans would be extinguished in Hawaii.

In view of the foregoing, the OCP believes that the 36% APR should be adopted by the State of Hawaii.

Thank you for the opportunity to offer comments regarding S.B. 737 S.D. 1, H.D. 1. I am available for any questions you have regarding this Bill.

OFFICE OF HAWAIIAN AFFAIRS
Legislative Testimony

SB737 SD1 HD1
RELATING TO CHECK CASHING
House Committee on Finance

April 8, 2015 2:00 p.m. Room 308

The Office of Hawaiian Affairs (OHA) **SUPPORTS** SB737 SD1 HD1, which protects low-income families by capping the maximum interest a check casher may charge under a payday loan agreement, along with other consumer protections. This bill aligns with OHA's strategic priority of improving the economic self-sufficiency of Native Hawaiians.

According to the Corporation for Enterprise Development (CFED) Assets and Opportunity Scorecard, our state still lacks important regulations that would assist low-income individuals in achieving economic self-sufficiency. Hawaiʻi ranks 29th in its percentage of underbanked households, or households that mostly rely on non-bank products for their basic transaction and credit needs. These households use often costly alternative financial services (AFS) such as non-bank money orders, non-bank check cashing services, non-bank remittances, payday loans, rent-to-own services, pawn shops, or refund anticipation loans. Particularly troubling is recent Federal Deposit Insurance Corporation (FDIC) data showing that over 34% of Native Hawaiians and Pacific Islanders in Hawaiʻi are unbanked or underbanked, compared to the 23.5% state average.

While AFS can be venues for providing credit to low-income individuals, National Consumer Law Center research has shown that regulation is necessary to ensure that households using AFS services for basic necessities are not further trapped in cycles of debt and poverty. Research by the Center for Responsible Lending also indicates that the average payday loan borrower remains in debt for double the length of time recommended by the FDIC. Therefore, the regulation of AFS interest and fees may be one way to reduce the length of indebtedness of such borrowers, and facilitate their eventual economic self-sufficiency.

The current measure accordingly provides important consumer protection for AFS, by proposing an unspecified cap on the interest that a check casher can charge pursuant to a deferred deposit agreement. Including a per annum cap of even 36% would be a moderate change that would bring Hawaiʻi closer to compliance with FDIC Small Dollar Loan Guidelines (the FDIC recommends setting maximum lending rates for such loans at less than 36%, with low or no fees). Adopting such a cap may provide our low-income families with access to credit, while allowing AFS businesses to remain profitable. OHA notes that Hawaiʻi is in the minority of other jurisdictions that do not have a maximum lending rate cap of 36% or less.

Accordingly, OHA urges the Committee to **PASS** SB737 SD1 HD1. Mahalo nui for the opportunity to testify on this important measure.

Hawai'i Alliance for Community-Based Economic Development
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HACBED
Community Voice, Collective Action

Date: Monday, April 6, 2015
To: Representative Sylvia Luke, Chair, Representative Scott Y. Nishimoto, Vice-Chair, and members of the Committee on Finance
From: Brent Kakesako, Hawai'i Alliance for Community-Based Economic Development (HACBED)
Re: Strong Support for SB737 SD1 HD1

Aloha Chair Luke, Vice Chair Nishimoto, and Committee Members,

The Hawai'i Alliance for Community-Based Economic Development (HACBED) strongly supports SB737 SD1 HD1, which places a cap on the interest that a check casher can charge, and humbly asks for a specific cap at 36 per cent per annum.

HACBED was established in 1992 as a nonprofit statewide intermediary to address social, economic, and environmental justice concerns through community-based economic development and asset building strategies. It advances its mission with core competencies in the areas of community and organizational capacity building, community and economic development planning, and asset policy development and advocacy. HACBED played a facilitating role in the State Asset Policy Task Force and was a key contributor to the State Asset Policy Road Map. HACBED also facilitates the Family & Individual Self-Sufficiency Program (FISSP), which administers the Internal Revenues Services' Volunteer Income Tax Assistance (VITA) program as a part of its larger asset building and financial education initiatives for needy families. As such, HACBED strongly supports the proposed bill that would provide needed assistance in the area of predatory lending through the establishment of a 36 per cent annual interest rate limit for deferred deposit agreements, more commonly known as "payday loans."

To clarify, a payday loan is a small, short-term unsecured loan that borrowers promise to repay from their next paycheck or regular income payment (i.e. Social Security or welfare payment). Current Hawai'i law allows payday lenders to charge a fee of 15% of the face value of a check for each transaction, and lend up to a maximum of $600. Under these loose regulations, lenders are able to charge borrowers APR's that are in excess of 450%.

Through HACBED's efforts with FISSP and the VITA program, we have heard countless stories of the negative effects that payday lending has on families, in many cases acting as a debt trap from which they cannot escape. These stories are corroborated by statistical findings at both the state and national level. In fact, through the intensive analysis of data from 2012 and 2013, the Consumer Financial Protection Bureau found that four out of five payday loans are rolled over or renewed, meaning that the borrower was not able to repay the loan by the agreed upon date and was left with no other recourse than another high interest payday loan, despite having already experienced the difficulties of repaying these loans

It is due to this revolving door of debt that the average payday loan borrower remains in debt for more than six months, which is twice the length of indebtedness recommended by the FDIC. Due to high rates and frequent rollovers, three out of five payday loans are made to borrowers whose fees exceed the amount that they have actually borrowed.

All recent statistics indicate that changes must be made to the payday lending industry in order to provide Hawaiʻi's families with choice and control over their financial lives. There are a number of safe, regulated, lower-cost alternatives to payday loans that can be found throughout Hawaiʻi and these should also be better promoted and marketed. Ultimately, by placing a 36 per cent APR cap on payday loans, SB737 SD1 HD1 provides families with that opportunity, following the precedent set by the U.S. Dept. of Defense and respecting the findings of the FDIC, which indicate that small dollar lenders can safely and profitably lend to consumers at this rate.

Mahalo for this opportunity to testify,

Brent N. Kakesako
Executive Director
Hawaiʻi Alliance for Community-Based Economic Development

The Twenty-Eighth Legislature
Regular Session of 2015

HOUSE OF REPRESENTATIVES
Committee on Finance
Rep. Sylvia Luke, Chair
Rep. Scott Y. Nishimoto, Vice Chair
State Capitol, Conference Room 308
Wednesday, April 8, 2015; 2:00 p.m.

STATEMENT OF THE ILWU LOCAL 142 ON S.B. 737, SD1, HD1
RELATING TO CHECK CASHING

The ILWU Local 142 supports S.B. 737, SD1, HD1, which caps the total amount of fees charged for the deferred deposit of a personal check to an unspecified percentage rate, requires licensed businesses to notify the DCCA if they conducted any deferred deposit transactions, and prohibits a check casher from entering into an agreement for deferred deposit with a customer within five days immediately following the end of the customer's earlier agreement for a deferred deposit.

"Payday loans" is the commonly used term for deferred deposit agreements for small, short-term, unsecured loans that are made with the promise of repayment from the borrower's next paycheck. These payday loans are insidious. On one hand, the loan may be desperately needed for immediate cash by a borrower unable to secure a loan by any other means. On the other hand, the loan comes with an exorbitant fee that continues to grow as long as the debt is not repaid in full. Most people who use payday loans find themselves on a debt treadmill, unable to get off due to the high loan fees.

S.B. 737, SD1, HD1 proposes to cap the fee for payday loans, but the current HD1 has not specified the cap. We strongly support a cap not to exceed 36 percent APR. This is what the Military Lending Act sets as a cap for service members using payday loans. The law appears to have been successful for military personnel and has reduced debt for countless service members. In the name of fairness, we believe the same should apply to all who find themselves needing payday loans.

The other additions made to HD1 will help to ensure that payday lenders are on the DCCA radar and sets limits on when payday loans may be made. These provisions are minor concessions but, hopefully, will deter bad behavior.

Ideally, everyone should be able support themselves with their earnings. However, given the low wages and salaries in Hawaii and the high cost of living, not everyone is able to pay for the necessities of life with their earnings alone. Payday loans take advantage of the working poor, putting them further and further in debt. S.B. 737, SD1, HD1 will cap the debt from interest fees and allow more who now rely on payday loans to work themselves out of debt sooner and be able to qualify for more conventional loans from credit unions and the like.

The ILWU urges passage of S.B. 737, SD1, HD1. Thank you for considering our testimony.

UNITE HERE!
LOCAL 5 HAWAII
Eric Gill, Financial Secretary-Treasurer Hernando Ramos Tan, President Godfrey Maeshiro, Senior Vice-President

Tuesday, April 7, 2015

The Honorable Sylvia Luke, Chair
and Members
Committee on Finance
Hawaii State House of Representatives

TESTIMONY submitted on behalf of UNITE HERE! Local 5
Re: SB737 SD1 HD1 Relating to Check Cashing

Chair Luke and Members:

UNITE HERE Local 5 is a local labor organization representing 11,000 hotel, health care and food service workers employed throughout our State. We stand in support of *SB737 SD1 HD1*.

Local 5 is mindful of the fact that, as members of the working class, many of our members are living paycheck to paycheck. We believe it is unconscionable to allow Check Cashing institutions to continue to financially exploit people desperate enough to take out payday loans. It is unconscionable to allow the working poor to become mired in the inescapable cycle of debt.

It is our state officials responsibility to protect our most vulnerable citizens and we ask for the Committee's support in moving *SB737* forward.

Thank you.

1516 South King Street • Honolulu, Hawaii • 96826-1912 • Phone (808) 941-2141 • Fax (808) 941-2166 • www.unitehere5.org

PHOCUSED

PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

TO: Representative Sylvia Luke, Chair
Representative Scott Y. Nishimoto, Vice Chair
Members, House Committee on Finance

FROM: Scott Morishige, MSW
Executive Director, PHOCUSED

HEARING: **Wednesday, April 8, 2015 at 2:00 p.m. in Conf. Rm. 308**

Testimony in Support of SB737 SD1 HD1, Relating to Check Cashing.

Thank you for the opportunity to provide testimony in **strong support** of SB737 SD1 HD1, which would cap the Annual Percentage Rate (APR) for payday loans, also known as "deferred deposits." PHOCUSED is a nonprofit membership and advocacy organization that works together with community stakeholders to impact program and policy change for the most vulnerable in our community, including individuals and families living in poverty.

Why are Payday Loans harmful to consumers?
Payday loans are harmful not only because of high fees, but also because of their short due date and balloon payment structure. The 460% APR for a 14-day loan reflects this and indicates the near impossibility of repayment given these conditions. In fact, according to the Center for Responsible Lending, only 2% of payday loans go to borrowers who can afford to pay off the loan the first time. This results in multiple loans in the same amount being taken out over the course of a year (an average of eight times) – each with a new 15% fee. On an average loan amount of $350, a borrower will quickly end up paying over $500 in fees in less than six months.

Reducing the APR is the best way to regulate Payday Loans.
The APR is a tool for consumers to indicate the risk level of different loan products based on all of the different factors impacting a loan – (1) The amount of the loan, (2) Any fees or interest, and (3) The length of the loan. By taking these factors into account, the APR enables consumers to compare loan products in a standardized way. The higher the APR – the higher the level of risk to the borrower that they will not be able to repay the loan. It is for these reasons that the Truth in Lending Act (TILA) requires APR disclosures for loans, and specifically for payday loans. _A 36% APR indicates a lower level of risk for payday loans, and increases the likelihood that borrowers can repay the loans given the loan terms._

Minimizing a loan's risk not only protects borrowers – It also helps lenders.
By increasing the likelihood that a borrower can repay a loan, a 36% APR cap also helps lenders by (1) Minimizing write-offs; (2) Avoiding bad loans; and (3) Reducing collection costs. Research conducted by the Federal Deposit Insurance Corporation (FDIC) found that small dollar loans – when regulated responsibly – can be a safe product, and small dollar lenders can safely and profitably lend to consumers at an APR of 36% or less.

American Savings Bank Tower (1001 Bishop St., Ste. 780) Honolulu, HI 96813 P: 808.521.7462
www.phocused-hawaii.org admin@phocused-hawaii.org

For small dollar loans, a 36% rate cap is high enough to generate an acceptable profit margin for lenders, but low enough to protect consumers from predatory practices.

There is a growing national trend to better regulate, or eliminate, payday loans. Across the country, there is a growing realization that payday loans are harmful to borrowers. As a result, *15 jurisdictions, including the District of Columbia, have either adopted a 36% APR cap or have eliminated payday loans entirely.* Furthermore, in 2006, Congress imposed a 36% APR cap on payday loans for military members on their families. If we recognize that a 36% APR cap is necessary to protect the military from payday loans, why do we not extend that same level of protection to local families?

The harm caused by payday loans is real.
Through the work of our PHOCUSED member agencies, we know that the harm caused by payday loans is very real. For example, we know of one individual who paid over $1,000 in less than a year on an initial $300 loan. We also have heard of individuals and families who are homeless, and unable to transition to housing because of the heavy debt they owe to predatory payday lenders. Unfortunately, the payday lenders causing harm are not doing anything illegal – they are following the law, but just because something is legal does not make it right. By capping the APR for payday loans at 36%, Hawaii can provide better protections for our consumers and keep them safe from predatory lending practices that otherwise drives families deeper and deeper into debt, and costs our state over $3 million in fees alone each year.

Once again, PHOCUSED strongly urges your support of this bill and requests the implementation of a 36% APR cap on payday loans in Hawaii to protect our vulnerable populations from predatory lending practices. If you have any questions, please do not hesitate to contact PHOCUSED at 521-7462 or by e-mail at admin@phocused-hawaii.org.

Aloha United Way

200 N. Vineyard Blvd., Suite 700
Honolulu, Hawaii 96817-3938
Telephone (808) 536-1951
Fax (808) 543-2222
Website: www.auw.org

Cover Sheet

Testifying Agency: Aloha United Way
Cindy Adams, President & CEO

House Committee on Finance
Representative Sylvia Luke, Chair
Representative Scott Y. Nishimoto, Vice Chair

Wednesday, April 8, 2015 at 2:00 P.M.

Conference Room 308

SB 737, SD1, HD1: Relating to Check Cashing - Testimony in Support

Aloha United Way

200 N. Vineyard Blvd., Suite 700
Honolulu, Hawaii 96817-3938
Telephone (808) 536-1951
Fax (808) 543-2222
Website: www.auw.org

April 6, 2015

To: Representative Sylvia Luke, Chair, Committee on Finance
Representative Scott Y. Nishimoto, Vice-Chair, Committee on Finance

Re: SB 737 SD 1 HD 1 Relating to Check Cashing – **SUPPORT**
Hearing: Wednesday, April 8, 2015; Room 308; 2:00 PM

Honorable Chairs & Committee Members:

Aloha United Way supports SB 737 SD 1 HD 1 which caps the fees charged for the deferred deposit of a personal check and imposes other requirements of businesses conducting any deferred deposit transaction.

Deferred deposit transactions, better known as payday loans, are harmful to consumers because the short term and high interest charges can quickly lead to owing far more than the original loan. Payday loans in Hawaii currently allow interest rates which could result in an Annual Percentage Rate (APR) of 460%. This rate provides lenders a usurious profit and can lead to serious financial repercussions for unsuspecting users. A maximum APR of 36% reduces this risk to borrowers while providing the lenders a reasonable profit.

Thank you for the opportunity to submit testimony. We urge your favorable consideration of SB 737 SD 1 HD 1.

Sincerely,

Cindy Adams
President & Chief Executive Officer

HAWAIIAN COMMUNITY ASSETS

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April 7, 2015

House Committee on Finance
Wednesday, April 8, 2015 at 2:00pm
Conference Room 308

SUPPORT with Amendments: SB737 – Relating to Check Cashing

Aloha e Chair and Committee Members:

I am submitting testimony in **STRONG SUPPORT** of SB737 – Relating to Check Cashing, legislation that will increase competition in the financial services marketplace to reduce the use of predatory payday loans, help retain wealth in our low-income families and communities, and stimulate our local, Hawaii economy in the wake of the Great Recession.

I am also requesting an amendment: to put back in the 36% cap that was identified in previous iterations of the bill. From my standpoint, 36% APR is still extremely high but a compromise down from the 459% APR most payday loan borrowers are subject to at this time.

I submit my testimony in my capacity as Executive Director of Hawaiian Community Assets (HCA), a statewide nonprofit 501c3 HUD-certified housing counseling agency that builds the capacity of low- and moderate-income communities to achieve and sustain economic self-sufficiency. Our business offers place-based youth and family financial education, housing counseling, and asset building programs to achieve our mission. HCA owns a nonprofit subsidiary, Hawaii Community Lending (HCL), which is a native community development financial institution that provides micro-loans to as a non-predatory payday loan alternative for low-income Hawaii residents. Founded in 2000, our organization serves 1,500 children and families annually through 24 remote site offices on all inhabited islands across the state. Since our inception we have assisted 1,492 low-income families secure or sustain permanent housing and helped our low-income communities access more than $142 million in capital through mortgage financing, match savings, and micro-loans.

Payday Lending Industry Experiences 214% Revenue Increase Since 1997. The United States Economic Census reported that the payday lending industry's annual revenue increased in 2012 by 14.5% from 2007 to $14 billion nationwide. The industry has increased its revenue by 214% from $6.5 billion in 1997. Based on national trends, Hawaii's payday lending industry increased their annual revenue to a projected $11.45 million in 2012. According to this timeline, the industry has made money off the backs of our low-income Hawaii families in the depths of the greatest economic recession since the Great Depression. I have attached both the National and State Industry Snapshots for your review.

Kerry Palombo, Director of North American Compliance for the payday lending industry, has made reference in previous testimony that SB 737 would reduce their gross revenue by 60% and put the payday lending industry out of business. Based on the evidence from the United States Economic Census data, I would have to respectfully disagree with Ms. Palombo's statement. According to the United States Economic Census data, jurisdictions that have implemented 36% APR caps on payday loans experienced a reduction in the number of open establishments, but payday lenders remained in business and in fact, in certain jurisdictions have experienced an overall revenue increase most likely due to diversification of product offerings. For instance, Money Centers of Hawaii has set in place a business model which provides 12 different types of alternative financial and telecommunication services to their customers for a fee.

Increase Competition within the Local Marketplace. In the event that payday lending storefronts would close, HCA believes our low-income families would still need access to capital – and find it. This perception is based off our 15-year history of providing financial services and products to our clientele. In fact, our low-income families would have access non-predatory payday lending alternatives for interest rates as low as 5% APR offered by local, Hawaii-based financial institutions. Additionally, most of these institutions supplement their payday loan alternatives with financial education to further build the financial well-being and economic self-sufficiency of our low-income families. A sample of these institutions are listed below with general product terms and service offerings. I encourage you to contact the Hawaii Credit Union League for a more comprehensive list of credit unions offering payday loan alternatives statewide.

	Credit Unions	**Community Development Financial Institutions**	**State Agencies**
Maximum Loan Amount	$5,000	$3,000	$7,500
Annual Percentage Rate	8%	7.5%	5%
Credit Score Requirements	Varies	No Credit Score Requirement	600 and above
Supplementary Services and Products	• Financial Education • Loans • Secured Credit Cards • Checking and Savings Accounts	• Financial Education • Match Savings Accounts	• Various services and financial assistance provided by partner nonprofits
Institutions	Maui Federal Credit Union, Kauai Government Employees Federal Credit Union, Hawaii First Federal Credit Union, Hawaii State Federal Credit Union, Valley Isle Federal Credit Union*	Hawaiian Community Assets and Hawaii Community Lending	Office of Hawaiian Affairs

**There are additional credit unions providing similar products that HCA was unable to confirm prior to the date of this testimony*.

SB 737 would help facilitate competition in the local financial marketplace and allow for our Hawaii-based credit unions, banks, and community development financial institutions to offer competitive products with a suite of additional, no-cost services.

One example, is the Kalaau family who Hawaii Community Lending assisted recently to pay off $1,600 in payday loans and were featured in a recent Civil Beat article: : http://www.civilbeat.com/2015/03/payday-lenders-hawaiis-outrageous-rates-prompt-reform-efforts/. When Mr. Kalaau came into our office, he and his wife were stuck in 5 payday loans paying as much as $88 in fees every 2 weeks for one product. HCA provided Mr. and Mrs. Kalaau financial counseling and a loan of $1,600 to pay off the payday loans. The Kalaau family will pay off the loan over 2 years which will result in our organization collecting $128 in loan interest versus an estimated $6,336 in fees they would have incurred by taking out 5 payday loans every 2 weeks with institutions like 1st Money Center. In the end, Mr. Kalaau will have no payday loan debt and Hawaii Community Lending will have loan capital to relend to other low-income Hawaii families.

The Kalaau family is just one example of what our local industry can provide to our low-income families. As a part of our role as a community development financial institution, Hawaii Community Lending stands by to assist our local financial institutions in building awareness and a more robust offering of non-predatory products. This includes developing a concerted marketing campaign and continuing our work with local banks to implement the FDIC's Small Dollar Loan pilot project here at home. Through the pilot, FDIC partnered with FDIC-insured banks across the nation to provide short-term loans at or below 36 percent APR to residents in their communities. The results suggested that participating banks were not only able to provide these loans in a timely and efficient manner, but that they were able to do so while protecting their bottom line via cross-selling of other financial products to their borrowers. For more information, the full report can be viewed at https://www.fdic.gov/bank/analytical/quarterly/2010_vol4_2/FDIC_Quarterly_Vol4No2_SmallDollar.pdf.

Retain $6 million in Wealth within Our Low-Income Hawaii Communities to Support Economic Recovery. Increased participation by our local, Hawaii-based credit unions, banks, and community development financial institutions will help create an environment in which short-term, small dollar loans are available in our communities without unnecessarily striping our low-income families of their hard earned money better spent at our local businesses and on local services.

In our 15-year history of providing HUD-certified financial education and housing counseling services, HCA has identified payday lending as an unnecessary and predatory barrier keeping our low-income Hawaii families from reaching their economic goals. According to the Center for Responsible Lending, only 2 percent of payday loans go to borrowers who can afford to pay off the loan the first time. Furthermore, four out of five payday borrowers either default or renew a payday loan over the course of a year, often placing them in a cycle of unsustainable debt. The Pew Charitable Trusts cites that a typical payday loan borrower takes out eight loans of $375 each per year, and spends $520 in interest.

In Hawaii, payday loans have proven to be accessed disproportionately by Native Hawaiians and Pacific Islanders. According the Federal Deposit Insurance Corporation's (FDIC) 2014 National Unbanked and Underbanked Survey, 34.2 percent of Native Hawaiians and Pacific Islanders in the United States are unbanked or underbanked, meaning they have a bank account but rely on access to alternative financial services such as payday loans for their day-today financial needs.

This helps provide a better picture of the individuals who are accessing predatory payday loans at interest rates as high as 459% APR. They are our families, who are low-income, lack access to the mainstream financial marketplace, and are disproportionately Native Hawaiian and Pacific Islanders.

If in fact SB 737 would reduce the Hawaii payday lending industry's annual revenue by 60%, the local marketplace for non-predatory payday lending alternatives would assist us in retaining $6 million for these families. The money would no doubt ripple through our communities, providing a multiplier effect as our low-income families spend their money on critical public services and local businesses instead of interest going to off-shore payday lending corporations. Overall, SB 737 would have a significant stimulus that will help our State with its economic recovery in the wake of the Great Recession.

Reverse Failed Economic Policies Hurting Our Economic Recovery. During the last legislative session, the Legislature carried forward a budget surplus of more than $800 million. Tax credit legislation, including bills to increase rental and food tax credits for low-income Hawaii families to align with inflation, was stalled even though they would have infused our communities with an economic stimulus that could help carry us out of the Great Recession. Instead, tax credits were offered to large, for-profit businesses with operations located off-shore.

My hope is that the Committee and their colleagues will choose to reverse this trend of economic policies presented by last year's Democratic Legislature and help dig our State out of the Great Recession by approving SB 737 as a tool to increase competition in the financial services marketplace to reduce the use of predatory payday loans, help retain wealth in our low-income communities, and stimulate our local, Hawaii economy in the wake of the Great Recession.

Mahalo for your time, leadership, and consideration in supporting SB737 – Relating to Check Cashing. Please feel free to contact me directly at 808.587.7653 or at jeff@hawaiiancommunity.net should you have any questions or need clarification.

Sincerely,

Jeff Gilbreath
Executive Director

Testimony of Hawaiʻi Appleseed Center for Law and Economic Justice
Supporting SB 737 Relating to Check Cashing
Senate Committee on Commerce & Consumer Protection
Scheduled for Hearing Friday, February 20, 2015, 9:00 am, Room 229

Hawaiʻi Appleseed Center for Law and Economic Justice is a nonprofit, 501(c)(3) law firm created to advocate on behalf of low income individuals and families in Hawaiʻi on civil legal issues of statewide importance. Our core mission is to help our clients gain access to the resources, services, and fair treatment that they need to realize their opportunities for self-achievement and economic security.

Thank you for an opportunity to testify in **strong support** of Senate Bill 737, which would place a per annum cap on the interest that a check casher can charge for a deferred deposit agreement. We respectfully request that the Committee **cap these loans at a 36% annual percentage rate**. As advocates for economic justice and low-income families and individuals throughout Hawaiʻi, we firmly support greater protections for our residents from predatory lending practices.

A 36% annual percentage rate (APR) cap is the only proven, meaningful way to protect borrowers from high-cost lending. The current fee cap of 15% amounts to a 459% APR that can trap desperate borrowers in a cycle of high interest loans. Hawaiʻi has the opportunity to end this exploitative interest rate by imposing a reasonable cap of 36% APR.

The APR takes into account the amount of the loan, any fees or interest, and the length of the loan. It allows borrowers to make an apples-to-apples comparison between lenders and loan options and assess their risk and ability to repay the loans. For these reasons, the federal Truth in Lending Act requires payday lenders to disclose **both** the fees as well as the equivalent APR. This law, passed in 1968, demonstrates the longstanding recognition of the APR as a consumer protection tool that helps put borrowers on a fair playing field with lenders. In 2000, the Federal Reserve Board formally clarified that this requirement does apply to payday lenders, reaffirming the importance the APR for consumers.

Sixteen jurisdictions have already taken action and implemented a 36% cap while still allowing affordable small loans. The federal government has also recognized the dangers of payday loans and imposed a 36% APR cap for loans made to active duty military members and their families.

We are mindful that payday lending is indicative of broader issues of financial insecurity facing low-income people, but these kinds of high interest loans only make a borrower's financial situation even more precarious. According to the Center for Responsible Lending, only 2 percent of borrowers can afford to pay off the loan the first time. As a result, four out of five payday loan borrowers either default or renew a payday loan over the course of a year. The average payday loan borrower remains in debt for more than six months. We recognize that residents, including low-income workers, may sometimes need small dollar loans. But there are a number of safe, regulated small dollar loans with interest rates far below payday loans. Small dollar lenders can indeed safely lend at an APR of 36% or less, according to recent research from FDIC.

Again, thank you for the opportunity to testify on this bill. We strongly encourage you to **support SB 737 and amend it to include a 36% APR cap** to provide greater protection for our low-income workers and others vulnerable to financial exploitation through lending.

Testimony in Support of SB 737, SD1, HD1 Relating to Check Cashing

TO: Representative Sylvia Luke, Chair, Representative Scott Nishimoto, Vice Chair, and Members, Committee on Finance

FROM: Trisha Kajimura, Social Policy Director

HEARING: House Committee on Finance
Wednesday, April 8, 2015 at 2:00 p.m. in Conf. Rm. 308

Thank you for the opportunity to provide **testimony in support of SB 737**, which places a cap on the interest a check casher (payday lender) can charge pursuant to a deferred deposit agreement. **Catholic Charities Hawai`i (CCH) supports an Annual Percentage Rate (APR) cap of 36% on payday loan fees.**

Catholic Charities Hawai`i is a tax exempt, non-profit agency that has been providing social services in Hawai`i for over 60 years. CCH has programs serving individuals, elders, children, developmentally disabled, homeless and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai`i. CCH's advocacy priority is reducing poverty in Hawaiʻi and this bill would help with that goal by making the interest rate cap on payday loans more manageable for consumers, thereby helping them to avoid a debt trap.

In 2006 the U.S. Department of Defense made it illegal to make loans with interest rates greater than 36% APR to active-duty service members and their families. Currently, 17 other states have adopted this policy and protected their consumers while allowing affordable small loans. At this rate of interest, borrowers are more likely to be able to pay back their loans without rolling them over into another loan and accruing more debt.

Clearly it is the poor who are using this type of financial product and in Hawaiʻi many people are struggling with the high cost of living. People living below the poverty line are especially hard hit in Hawaii, with the highest cost of shelter[1] in the country. A family of four in Hawaii pays 68% more for food than families on the mainland[2]. This population is frequently teetering at the brink of homelessness. Any change to their financial situation like a decrease in wages or increase in rent will tip them over into homelessness. It is in situations like those that they will use a payday loan to get by and it is critical that they are protected from unreasonable rates and fees that will accumulate to create a greater problem for them.

One of the primary problems with payday loans with fees higher than the equivalent of 36% APR is that only 2% of borrowers can afford to pay off their loan the first time.[3] Borrowers

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[1] Hawaii 2013 State Housing Profile, National Low Income Housing Coalition. http://nlihc.org/sites/default/files/SHP-HI.pdf.

[2] Based on the U.S. Department of Agriculture's Thrifty Food Plan, which is used as the basis for Supplemental Nutrition Assistance Program benefits. See http://www.cnpp.usda.gov/usdafoodplanscostoffood.htm.

[3] Uriah King and Leslie Parrish, Phanton Demand: Short-term Due Date Generates Need for Repeat Payday Loans, Accounting for 76% of Total Volume (Durham, NC: Center for Responsible Lending, 2009)

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Phone (808)527-4810 • trisha.kajimura@CatholicCharitiesHawaii.org

cannot pay back these loans when they are due and afford their regular living expenses. They are forced to borrow more money to pay off the loan that is due, accruing more and more debt and fees. A typical payday loan borrower takes out eight loans of $375 per year, and spends $520 in interest. [4]

Hawai‘i's credit unions and micro-lending programs have small loans that can help people who may otherwise borrow from payday lenders. There are social service non-profits focusing on asset building and financial empowerment that can also help people to better manage their finances. Hawai‘i's poor do not need to rely on payday loans. There are other products available that will not leave them stuck in a debt cycle.

The Pew Charitable Trust in 2012 released a report categorizing types of state law regarding payday loan regulation and usage rates. The categories they used were "restrictive," "hybrid," and "permissive." There are 14 states with "restrictive" category laws that have effectively eliminated the payday lending industry in those states. Hawai‘i's state law regarding payday lending places us in the "permissive" category, the least regulated with storefronts readily available to borrowers and products with extremely high fees. Together we can join the national movement to better regulate payday lending by passing SB 737.

Thank you for your support. We appreciate this opportunity to discuss one of the serious challenges faced by people living with low-incomes. Please contact me at (808)527-4810 or trisha.kajimura@catholiccharitieshawaii.org if you have any questions.

[4] Nick Bourke, Alex Horowitz, and Tara Roche, Payday Lending in America: Who Borrows, Where They Borrow, and Why. (Washington, D.C.: The Pew Charitable Trusts, 2012) http://www.pewstates.org/uploadedFiles/PCS_Assets/2012/Pew_Payday_Lending_Report.pdf

COMMUNITY ALLIANCE ON PRISONS
P.O. Box 37158, Honolulu, HI 96837-0158
Phone/E-Mail: (808) 927-1214 / kat.caphi@gmail.com

COMMITTEE ON FINANCE
Rep. Sylvia Luke, Chair
Rep. Scott Nishimoto, Vice Chair
Wednesday, April 8, 2015
2:00 p.m.
Room 308
SUPPORT for SB 737 – CAP FOR PAYDAY LOANS

Aloha Chair Luke, Vice Chair Nishimoto and Members of the Committee!

My name is Kat Brady and I am the Coordinator of Community Alliance on Prisons, a community initiative promoting smart justice policies for almost two decades. This testimony is respectfully offered on behalf of the 6000 Hawai`i individuals under the care and custody of the state, always mindful that there are approximately 1,400 Hawai`i individuals are serving their sentences abroad, thousands of miles away from their loved ones, their homes and, for the disproportionate number of incarcerated Native Hawaiians, far from their ancestral lands.

Community Alliance on Prisons supports SB 737. The clientele of these payday loan businesses are generally the most vulnerable people in our community – the economically-challenged, the elderly, those exiting incarceration, etc.

There is widespread support for a 36% cap in Hawai`i. The community is asking this committee and the legislature to cap the rate at 36% as the federal government has done for military families.

The website for The Center for Responsible Lending has this succinct message about the issue:
Twelve million Americans are trapped every year in a cycle of 400% interest payday loans. A 36% cap on annual interest springs the trap. - See more at:
http://www.responsiblelending.org/payday-lending/tools-resources/#sthash.T1OkTLw0.dpuf

In a September 2013 report, The Center for Responsible Lending wrote:
For small loans, the 36% rate has wide-spread and long-standing support. It is high enough to make up for the small dollar values on which the interest is accrued, but low enough to avoid predatory lending.[1]
(…)
Congress, three federal agencies and seventeen states have adopted rates of 36% or less as the benchmark for affordable small loans. The rate has gained widespread acceptance not only for its historical pedigree, but also because it results in payments for small loans that borrowers are likely to afford.

Community Alliance on Prisons urges the committee to pass the bill specifying a 36% cap. Mahalo for this opportunity to testify.

[1] T***he State of Lending in America & its Impact on U.S. Households***. The Center for Responsible Lending, Susanna Montezemolo, September 2013. www.responsiblelending.org

Faith Action for
FACE
Community Equity

FACE Hawaii

1352 Liliha Street, Room 2
Honolulu, HI 96817

Phone (808) 522-1304
www.facehawaii.org

To: FIN
From: Kim Harman, FACE Policy Director
Hearing: 2:00pm, Wednesday, April 8, Conference Room 308
Re: Testimony in Strong Support of SB737

Mahalo for hearing SB737 today.

Hawaii law allows Payday lenders to charge families 459% APR on 14-32 day loans. This high interest rate is the result of a loophole that was created in Hawaii law in 1999. Prior to 1999, Payday loans were not legal in Hawaii.

Payday loans are small, short-term loans, often secured with a post-dated check that come due on your next "payday", hence the name. According to the Center for Responsible Lending, Payday lending is a $46 billion industry nationwide and is growing in Hawaii, in large part due to Hawaii law allowing such high interest rates.

Seventeen states and the District of Columbia already cap their Payday interest rates at 36% or have made them illegal altogether. The Federal government has capped interest rates on Payday loans at 36% since 2006 for all military and their families.

The Department of Defense has found the 36% cap to be so successful in protecting military families from the Payday debt cycle that they are requesting authority from Congress to expand the 36% cap to cover other types of high interest loans such as car title loans.

But here in Hawaii our families are targeted by aggressive Payday marketing, charged $86 every paycheck for interest on a $500 loan and trapped in a debt cycle that is very hard to escape. Even successful financial literacy programs run by veteran community organizations like Catholic Charities and Hawaiian Community Assets struggle to figure out ways to get these families out of the Payday cycle.

Borrowers have made their way to the Capitol, telling their stories to legislators. Veronica, a young mother who was trapped in her Payday loan for 11 months, Napua whose son just joined the Army told the Chairs of the House Consumer Protection Committee her story of being ashamed that she fell for the "easy money" promised by a nearby Payday storefront.

The Hawaii Office of Consumer Protection has testified in favor of the 36% cap at every hearing so far this year. A broad coalition of clergy, advocates, environmentalists and more have joined forces to call for an end to these usurious interest rates that take advantage of our most vulnerable families.

One legislator on the Finance Committee asked me a few weeks ago, "If we tell the stores and the gas stations that they cannot inflate the price of water and gasoline when a tsunami warning is declared, why is it OK for Payday lenders to inflate the cost of credit when a family is in financial crisis?"

Most denominations in Hawaii are in full agreement that 400+% interest rates are usury and should not be allowed. Catholic, Methodist and Episcopal Bishops here in Hawaii and across the country have been particularly outspoken in support of a 36% cap on Payday loan annual interest rates.

Supporters of the 459% interest rate argue that it is unfair to call their fees and charges “interest”. The Truth in Lending Act as well as the Federal Trade Commission require that Payday lenders combine all these costs into an APR or annual percentage rate so that borrowers can compare the cost of credit from one storefront to another. In the US, we all must use APR for loans, no matter what an individual lender would prefer to call it.

Supporters of the 459% interest rate have also argued that Payday storefronts provide a service to the community and that without their loans, families will have nowhere to turn. But if families are still surviving in all the states that don’t allow any Payday loans, how can it be bad for Hawaii to protect families from 459% interest rates?

Two weeks ago, President Obama spoke out against predatory Payday loan practices at a press conference in Alabama. The national Consumer Financial Protection Bureau is holding hearings and doing all it can to curb abusive Payday practices, but the CFPB, like the US Military was never authorized by Congress to cap interest rates for the general public.

Capping interest rates is the number one reform that would help local families trapped in the Payday debt cycle and must be governed by each individual state legislature.

Please put the “36%” back in this bill and pass it today. It is a way to help so many Hawaii families with no cost burden to the state.

Community Health Outreach Work

677 Ala Moana Blvd., Suite 226
Honolulu, HI 96813
Phone (808) 853-3292 • Fax (808) 853-3274

TESTIMONY IN SUPPORT OF SB 737, SD1, HD 1 – Relating to Check Cashing

TO: Rep. Sylvia Luke, Chair and Rep. Scott Y. Nishimoto Vice Chair; Committee Fiance

FROM: Heather Lusk, Executive Director, CHOW Project

Hearing: Wednesday, April 8, 2015 2:00 PM Conference Room 308

Dear Chair Luke, Vice Chair Nishimoto, and Members of the Committee:

Thank you for the opportunity to testify in strong support of SB 737, SD1, HD 1 and to cap APR at 36% for payday loans. As a member of PHOCUSED and Partners in Care, we support the need for payday loan reform.

Payday loans are harmful

Payday loans are harmful not only because of high fees, but also because of their short due date and balloon payment structure. The 460% APR for a 14-day loan reflects this and indicates the near impossibility of repayment given these conditions. In fact, according to the Center for Responsible Lending, only 2% of payday loans go to borrowers who can afford to pay off the loan the first time. This results in multiple loans in the same amount being taken out over the course of a year (an average of eight times) – each with a new 15% fee. On an average loan amount of $350, a borrower will quickly end up paying over $500 in fees in less than six months.

Minimizing a loan's risk not only protects borrowers – It also helps lenders.

By increasing the likelihood that a borrower can repay a loan, a 36% APR cap also helps lenders by (1) Minimizing write-offs; (2) Avoiding bad loans; and (3) Reducing collection costs. Research conducted by the Federal Deposit Insurance Corporation (FDIC) found that small dollar loans – when regulated responsibly – can be a safe product, and small dollar lenders can safely and profitably lend to consumers at an APR of 36% or less. For small dollar loans, a 36% rate cap is high enough to generate an acceptable profit margin for lenders, but low enough to protect consumers from predatory practices.

There is a growing national trend to better regulate, or eliminate, payday loans.

Across the country, there is a growing realization that payday loans are harmful to borrowers. As a result, *15 jurisdictions, including the District of Columbia, have either adopted a 36% APR cap or have eliminated payday loans entirely.* Furthermore, in 2006, Congress imposed a 36% APR cap on payday loans for military members on their families. If we recognize that a 36% APR cap is necessary to protect the military from payday loans, why do we not extend that same level of protection to local families?

The Community Health Outreach Work (CHOW) Project is dedicated to serving individuals, families and communities adversely affected by drug use, especially people who inject drugs, through a participant-centered harm reduction approach. CHOW works to reduce drug-related harms such as but not limited to HIV, hepatitis B/C and overdose. CHOW supports the optimal health and well-being of people affected by drug use throughout the State of Hawaii. Most of CHOW's participants struggle economically and are reliant upon pay day loans to get from one paycheck to the next, and the high fees further push our participants into poverty.

Sincerely,

Heather Lusk
Executive Director
CHOW Project

TESTIMONY OF HARRY EAGAR, SOCIAL MEDIA DIRECTOR,

MAUI LOAN LLC, (50 N. Market St., Wailuku 96793; (808) 242-5555)

TO THE HOUSE COMMITTEE ON FINANCE

CONCERNING SB 737 HD1

April 6, 2015

My name is Harry Eagar and I am the social media director at Maui Loan LCC. Our company cashes checks, including postdated checks for people seeking small loans for short periods.

Part of my job involves asking customers why they chose us. To make clear, we do not run credit checks, nor do we require borrowers to tell us why they want the money. But many of them will talk story. My testimony is based in part on these interviews.

1. Our first loan is limited to $100. So we are talking about people who are just $100 away from not being able to pay an electric bill or buy diapers or food. They do not have lots of assets or options. Nor do they have time. They need money right away.
2. They are working people. We lend only against paychecks.
3. The first time a customer deals with us, it costs him $15. From his point of view, that is the cost of his education about payday lending. If he does not like the deal, after two weeks, he lets us deposit his check for $115 (principal and fee) and he never has to see us again. It follows that people who take out more than one paycheck loan, or who after establishing a good record for repayment are allowed to borrow more, must like our terms. If they can find better terms, then they should do their business elsewhere.
4. The Committee on Consumer Protection heard testimony from Faith Action for Community Equity in favor of reducing the paycheck loan fee (although they mischaracterized it as an APR interest). According to the testifier, they tried to help 32 of their clients find alternative, cheaper sources of small, short-term credit. But after 6 months, only 9 of the clients did so, even with professional help. That means that 70% of FACE clients were unable to obtain a better deal than the one allowed by HRS 480F at a payday lender. This matches my experience. Suggestions from anti-payday loan activists and so-called “advisers” that it would be better to borrow from a credit union, on a bank credit card or from friends and family are not practical for most of our customers.
5. We acknowledge problems in the payday loan business in other states. But Hawaii has a good regulatory system now, and those abuses do not occur here. Nor have the testifiers against the current system, such as Hawaii Appleseed, presented any local examples. Texas is among the places that have real problems in regulating payday loans, but you cannot correct the bad legislation in Texas. Worse yet are the Internet payday lenders, many of which are pure scams and identity thieves.

6. It is claimed that Hawaii can regulate Internet payday lenders, and I agree you should be able to, but the state is not doing it, and I see no interest in even trying to go after the unregulated.
7. Finally, the real effect of this bill – whether the sponsors intend it or not – will be to close local payday lenders down. By replacing the fee allowed in HRS 480F with an interest rate and capping it at 36% per annum, you will be saying to the businesses: Sure, give that man $100, and you are allowed to collect $1.50 (or maybe a little less) for the service. That's the cost of a newspaper. When expressed that way, it is clear that no one could possibly stay in business on those terms and, in fact, no one is Hawaii is making loans at 36% APR to military families as limited by the Military Lending Act. This bill would effectively ban local payday loans, and since it does nothing to provide a secure source of small, short-term credit, it would leave thousands of Hawaii people with no safe, identifiable, regulated and compliant place to turn.
   They will end up without credit, or, worse yet, in the hands of unscrupulous Internet payday "lenders." This prospect should frighten you; and I recommend carefully reading a report at Bankrate.com to learn how bad it can be:
   http://www.bankrate.com/brm/news/debt/debtcreditguide/payday-warning1.asp

April 2, 2015

Representative Sylvia J. Luke, Chair
Representative Scott Y. Nishimoto, Vice Chair
Committee on Finance
Hawaii State Legislature
Honolulu, HI 96813

Dear Chair Luke and members of the Committee on Finance,

SUBJECT: SB 737 SD1 HD1 – RELATING TO CHECK CASHING

My name is Richard Dan, and I have been making small loans to Hawaii's working families for nearly 40 years. I **support HCR 209**, and I **oppose in part SB 737 HD1**.

There have been serious misrepresentations and distortions and in the lobbying for SB 737. That is why HCR 209, which asks for a task force to get genuine information before the Legislature, is so important. With the impartial State Auditor overseeing a panel of all stakeholders, the Legislature will have a chance to act purposefully, instead of being imposed upon by tales based on things happening on the Mainland -- which I acknowledge are objectionable -- but which are not happening in the islands.

All this work, time and money spent by these organizations in support of changing the payday loan fee will only hurt the consumer.

You don't have to take my word for it. If you listen carefully to the people attacking the deferred deposit law, you will be shocked and appalled. To take just one example, in the March 23 hearing before Representative Woodson, Brandon Lee cited a report by the Pew Charitable Trusts saying there are alternatives to payday loans for working families. And the first alternative was "cut back on food." Outrageous.

There have not been any complaints to DCCA about payday loans. Mr. Steve Levins of the Office of Consumer Protection told Representative Woodson on March 23rd that even if there had been, the local lenders have been compliant. The key fact is: no complaints. And, yes, we have been compliant. Hawaii has a good law, HRS 480F.

I am opposed to SB 737 HD1 on several grounds:

1.) It interprets the fees in HRS 480F as an annual percentage rate. The House Commerce and Consumer Protection Committee (HSCR 448) concluded that treating the fee as an APR is inappropriate and asked your committee to carefully examine this. Even the proponents had to admit this: See the testimony of Trisha Kamisugi of Catholic Charities on March 23rd. (I quote: "Your (CPC) Committee notes that the use of an annual percentage rate (APR) as a measurement of interest in deferred deposits of checks is misleading. Therefore, your Committee respectfully requests that your Committee on Finance further examine this issue.")

Attaching an APR number to a fee is arbitrary. If I stay at a hotel for 5 days at a cost of $500.00 and am charged 4% GET, what is that as APR? The answer is 292%, but you do not think of asking, because it's a tax. The charge for a deferred deposit check is similar. It is not reasonable because a fee is a fee and a tax is a tax.

The deferred deposit law since its inception has recognized that the charge for these transactions is a fee, not an interest charge. Rep. Marcus Oshiro recognized this in his questioning on March 23rd when he tried to find out if there is an "interest charge" on top of the fee. There is not.

2.) I do support a 5-day waiting period before taking out a new loan to prevent consumer abuses who lead themselves into trouble.

3.) It would reduce the fee. This amount is left blank in HD1, but the goal is to match the 36% APR cap that the federal government imposed on payday loans to active duty military. This simply killed off payday loans to the military. In their arguments, the proponents said lenders like Maui Loan LLC could still operate successfully under a 36% cap, because the lenders to the military were doing this.

4.) An increase in the fine for violation to $5,000 is excessive and unjustifiable. The current fine of $500 is sufficiently deterrent, as shown by the fact that there are no complaints.

This is misinformation. No one I know of in Hawaii is making loans under the 36% cap. FACE, which is behind much of the bad information, testified to this incorrectly. Its Maui president, Tasha Kama, admitted to me (in a phone conversation) that no one was lending to the military. On March 23rd, Representative Woodson asked Mr. Levins if he had evidence that anyone was lending at 36% APR. He had to back down and admit it isn't happening.

Now that we have established that the backers of this bill are making misleading statements, I would like to describe to your committee what the payday check cashing arrangement looks like on the other side of the counter – to those who use the service.

The idea that my customers are lured into a debt trap or debt spiral is ridiculous. The most a payday customer can owe is $600. To say that payday customers are drowning in debt is like saying they are drowning in the kiddie pool. One horror story alleged that a payday borrower "lost his home." No actual evidence was presented, but if someone lost his home, it was not because of a $600 payday debt.

A payday advance is intended for someone who has few or no other sources of immediate cash, for a one-time outlay. Maybe his water heater burst and he needs hundreds of dollars for a replacement. This is not like the man who thinks, "I'd like a new car, if I can get a good loan rate, but if I can't maybe I can squeeze another 5,000 miles out of my Maui cruiser." With most of my customers, if they don't get money today, they and their families suffer today. People want to shut me down. Rev. Tasha Kama told me she was going to put me out of business. But listen to one of the other people who want to shut me down, Brandon Lee, testifying to Representative Woodson's committee on alternatives to payday loans identified by the Pew Charitable Trusts: 81% of payday borrowers can, and I quote, "cut back on food."

I couldn't have said better myself how stark the choices are for many of my customers. Making a payday loan is my risk on a working man or woman. I believe my customers are honest people in a terrible bind. So I offer them an advance on their pay –- that is legally described as an unsecured loan, but my security is their job and their word. Most of the time, not always, they pay me back.

Let's listen to what the opponents of payday loans say is a better alternative. Again, before Representative Woodson's committee, Jeff Gilbreath of Hawaii Community Lending, said a borrower could get a "micro-loan" at a lower cost from him. So I went to his website, and here is what it says: "HCA provides Credit Builder Micro-Loans through its community lending program – Hawai'i Community Lending - to assist individuals and families establish/improve credit and building savings for the future. The secured, low-interest fixed rate loans of up to $1,000 are available to individuals and families who have completed housing/financial education workshops and received individualized housing/credit counseling from HCA or an approved partner organization."

Did you get that? It's a secured loan, while the risks Maui Loan takes are unsecured, and you have to take a course first to get it. No hot showers for you for several weeks if your water heater all pau and you rely on Jeff Gilbreath for credit. The Pew study claimed that most people who are potential payday borrowers either didn't really need money – which is an insult to their personal integrity – or that most could find it somewhere else.

"Friends and family" is always mentioned. But get real. This is Hawaii, a low wage State. Many families are already living paycheck to paycheck. They cannot finance their sister's new water heater, even if they would if they could.

Again, at Representative Woodson's hearing, he asked about a claim (made to him in a conversation in his office) that 80% of payday borrowers could find alternative credit. Again, you don't have to listen to me. Better to listen to my opponents. Kim Harmon of Faith Action for Community Equity (FACE), who Woodson said had given him the 80% figure, corrected herself in open testimony. She said that among the people her group worked with on Maui, the figure was not nearly that high. She didn't say how low it was, but we know from statements made by FACE's Drew Astolfi on Civil Beat: instead of

80% positive, the experience was 70% negative: only 9 of 32 FACE clients found alternative credit, even after six months and even with professional help.

The Legislature has been told that payday lenders target vulnerable segments of the community. Internet payday lenders do that, but my business does not advertise at all. 100% of our business is from word of mouth.

One example of a vulnerable segment was brought up by Kat Brady of the Community Alliance on Prisoners who cited former inmates trying to transition back into society. That is certainly a vulnerable segment, and I am sorry not to be able to help them, but I don't lend to them. I lend to workers who have been on the job at least six months.

I know you read the papers and are aware that President Obama and the federal government are on the warpath against payday loans. But let me quote one of my opponents again. This is from the federal Consumer Financial Protection Bureau's "Data Point: Payday Lending" report: "Of borrowers who neither renewed nor defaulted during the year, 60% took out only one loan."

That means that most payday borrowers are using the facility in its best form. Of the minority, some are in such bad straits that they do not repay – in which case I take the loss, there is usually little chance of collection. Or they stretch out their repayment over a period of time, exactly the way that many people who use credit cards do. This is not the most efficient use of credit but it is how many people manage when banks and other credit providers are not interesting in helping them out.

Thank you for your thoughtful consideration of all these points and examples raised. If you have any questions, or if I can be of assistance with regard to this matter, please don't hesitate to call me at Tel: (808) 242-5555.

Sincerely,

Richard Dan

Richard Dan
Maui Loan Inc.

April 7, 2015

TO: Chair Sylvia Luke and Members of the House Committee on Finance

FROM: Cash in Advance, Inc.
(Kristin Green)

RE: **SB 737, HD1** - Relating to Check Cashing
Hearing Date: April 8, 2015
Time: 2:00 pm

My name is Kristin Green. I am the regional manager for Cash in Advance, Inc. ("CIA"). CIA has been doing business in the State of Hawaii since 1994. It currently has two (2) stores on Oahu.

CIA **opposes** SB 737, HD1 to the extent that it seeks to reduce the fee that can be charged for a deferred deposit transaction. CIA does not oppose the provisions of SB 737, HD1 requiring a licensed business to notify the DCCA that it conducts deferred deposit transactions, prohibiting a check cashier from entering into an agreement for a deferred deposit with a customer within five days immediately following the end of that customer's earlier agreement nor for increasing the fine for a wilful violation of Chapter 480F, Hawaii Revised Statutes.

In a deferred deposit transaction, a personal check is written to CIA for the amount of money which the customer is requesting up to the maximum amount permitted of $600. CIA would hold the check for the contracted period of time which is usually about two (2) weeks and then either negotiate the check or accept payment from the customer. The fee charged is included in the amount of the check or paid by the customer. No interest or other fees are charged.

CIA's typical customer is a working person with a checking account who needs a cash advance to carry him or her to the next pay day. Many customers are unable to qualify for a short term loan and do not have immediate access to funds from any other source. CIA has been providing this needed service to customers virtually without complaints since it began doing business in the State of Hawaii.

Providing funds on a short term basis obviously comes with some risk. In situations where a check is returned for insufficient funds and collection efforts are unsuccessful, the current fee of 15% allows for CIA and other deferred deposit transaction companies to absorb such a loss while still being able to provide this service.

CIA strongly believes that the current fee of 15% expressed as a flat fee is fair. A reduction in this fee whether expressed by a flat fee or an annual percentage rate would make it difficult for CIA or anyone else to stay in business.

Thank you for considering this testimony.

To: Representative Sylvia Luke, Chair
Representative Scott Y. Nishimoto, Vice Chair
House Committee on Finance

From: R. Craig Schafer, President,
Money Service Centers of Hawaii, Inc.

April 6, 2015

In opposition to SB737-SD1

Money Service Centers of Hawaii, Inc. is a locally owned and operated money service business headquartered in Kapaa, Kauai. We operate fee-based money service centers throughout the State under the trade name PayDayHawaii. Next month is our 15th anniversary in business.

We do not support the bills listed above because we believe the current fee structure under HRS480F is a fair price to consumers while allowing for a reasonable profit for check cashers.

It should be noted that the only comprehensive study of HRS480F was conducted by the Stare Auditor in 2005. The Auditor found few complaints and little evidence of harm. Before making a decision, which the Auditor stated would likely drive local companies out of business, we urge the Committee to either accept the conclusions of the Sunrise Analysis or request an updated study. Do not make a decision based on unsubstantiated anecdotal evidence and studies from other states which do not have the consumer protections already in place in HRS480F.

A deferred deposit transaction is a short-term credit product. It began decades ago as nothing more than a check casher holding a personal check for a few extra days and charging a higher fee for doing so. Interest never entered into the transaction. The fee charged is based on the inherent risk of holding a personal check that both parties know is not backed by funds deposited in the maker's bank. This practice went on long before check cashers became regulated under HRS480F in 2000.

Many consumer advocates talk about the short-term credit marketplace without fully understanding its dynamics. The fee structure was created based on the history of cashing postdated checks, the risk involved and the cost of doing business. It is very expensive to create, process and collect credit granted for only a few weeks. It is labor intensive. In addition, there is rent, utilities, taxes, insurance and the other normal expenses of a brick and mortar store. And we are dealing with a riskier borrower with a thin or non-existent credit file. We ask the committee to consider this before changing the current fee structure.

Proponents of the two bills site research conducted by the Federal Deposit Insurance Corporation (FDIC) to justify an Annual Percentage Rate (APR) cap. In 2008 the FDIC its Small-Dollar Loan Pilot Program to encourage banks to offer a small-dollar loan for a term under $2500 of 90 days or more at an APR not to exceed 36% including up-front fees and interest. The banks that participated in it said while they were able to deliver the product, they lost money and instead of using it as a revenue stream, used it as a loss leader to try to get customers in. In 2010 the FDIC published its conclusions concerning profitability:

"Program and product profitability calculations are not standardized and are not tracked through regulatory reporting. Profitability assessments can be highly subjective, depending on a bank's location, business model, product mix, cost and revenue allocation philosophies, and many other factors. Moreover, many of the banks in the pilot are community banks that indicated they either cannot or choose not to expend the resources to track profitability at the product and program level.

*Nevertheless, as a general guideline, pilot bankers indicated that costs related to launching and marketing small-dollar loan programs and originating and servicing small-dollar loans are similar to other loans. However, given the small size of SDLs and to a lesser extent NSDLs, the interest and fees generated are not always sufficient to achieve robust short-term profitability. Rather, most pilot bankers sought to generate long-term profitability through volume and by using small-dollar loans to cross-sell additional products."**

Hawaii law restricts deferred deposit transactions to 32 days or less. If this restriction was eliminated it would allow for the possibility of longer term transactions such as those promoted by the FDIC. As an example, a 180 day deferred deposit transaction at the maximum fee of 15% results in an APR of 35.79%. Other than the underlying deferred deposit check becoming stale, there is no reason why there should be any limit on the term.

The usual reason cited for an APR cap is to avoid the "cycle of debit". However repeat borrowing, not fees, is the true cause of the "cycle of debit. When a consumer borrows repeatedly they will spend hundreds of dollars over the course of a year. The excess use of short-term credit to solve long-term credit problems should rightly be discouraged. This is not the intent of the product and these consumers should be encouraged to seek other alternatives as we do on our website www.paydayhawaii.com on the "Be a Responsible Borrower" page.

Our website provides a wealth of information on using short-term credit as well as budgeting, saving, taxes and much more. With 15 years of experience meeting the needs of our clients, we understand their desire for financial advice written for real situations. We are proud of our website which offers original financial literacy content developed in-house by asking our customers to suggest subjects that interest them.

Ten years ago after careful and thorough research, the State Auditor said, *"We conclude there is little evidence that payday lenders have harmed Hawaii consumers."*** In 2005 check cashers opened their doors and their books to the Hawaii State Auditor. I urge each of you to take the time to read the Auditor's Sunrise Analysis: Check Cashing and Deferred Deposit Agreements in its entirety. You will see that the current bills being considered are not an accurate reflection of her conclusions.

Proponents of the two bills cite anecdotal evidence of low-income households who have fallen deep into debt due to predatory payday lending practices. The State Auditor said, *"We found little evidence that payday lenders are harming consumers in Hawai'i. Complaints have been* *few, and little information has surfaced about payday lenders encouraging repeated borrowing or engaging in coercive practices. Demand for payday loans is strong, and borrowers who have an immediate need for cash have few better alternatives."***

Fortunately, the well written HRS 480F allows only one deferred deposit transaction per consumer at a time so this does not happen often with responsible check cashers in this State. The State Auditor said, *"We found no evidence of harm relating to rollovers or of borrowers falling into a debt trap in Hawai'i. Chapter 480F, HRS, currently prohibits payday lenders from entering into another agreement when an earlier one is in effect or allowing the earlier agreement to be repaid, refinanced, or consolidated with the proceeds from the earlier loan."***

That fact is that store-front lenders receive very few complaints both here in Hawaii and nationally. The Consumer Financial Protection Bureau (CFPB) noted in their recent report: "*Of the 3,400 payday loan complaints submitted by consumers, approximately 2,140 (63%) were about problems consumers experienced after obtaining a payday loan online. Approximately 330 (10%) reported problems when obtaining a payday loan in person /at a store. For the remaining approximately 910 (27%) complaints, the consumer did not indicate how the loan was obtained."****

HRS480F is a well written law that avoids the pitfalls and issues that cause harm to consumers in other states and online. While there are some tweaks that might be made to the law, the fact is that Hawaii consumers have not been harmed under the status quo. Hawaii check casher's good record with the DCCA is evidence of that. Using my company as an example, in 15 years and hundreds of thousands of deferred deposit transaction, Money Service Centers of Hawaii, Inc. has received only one complaint.

I would to invite each of you to visit one of our offices, talk to our managers, staff and our clients just as the State Auditor did. You will find that Hawaii's responsible brick and mortar check cashers take the long view and cultivate a clientele that is sustainable, by building safeguards into their operation to avoid driving consumers into financial hardship. You will hear how our services, which are unavailable in most banks, help families in our community manage their finances in ways that meet their needs.

** A Template for Success: The FDIC's Small-Dollar Loan Pilot Program, FDIC Quarterly 2010, Volume 4, No. 2, Page 32.*

*** Sunrise Analysis: Check Cashing and Deferred Deposit Agreements (Payday Loans). A Report to the Governor and the Legislature of the State of Hawai`i, Report No. 05-11, December 2005.*

**** CONSUMER RESPONSE: A SNAPSHOT OF COMPLAINTS RECEIVED THROUGH JUNE 30, 2014*

Sincerely,

R. Craig Schafer

President. Money Service Centers of Hawaii, Inc.

To: Representative Sylvia Luke, Chair

Representative Scott Y. Nishimoto, Vice Chair

House Committee on Finance

From: Lorna Sordillia, Branch Manager, PayDayHawaii Hilo
Money Service Centers of Hawaii, Inc.

April 6, 2015

In opposition to SB737

To whom it may concern,

My name is Lorna Sordillia. I am a proud member of the check cashing industry. I have been employed with Money Service Centers of Hawaii Inc. dba PayDayHawaii for almost eleven years now. During my employment I have met many people, had many conversations and experienced many things not only as an employee and branch manager of our Hilo location but also as a consumer myself.

Over the years, payday lending laws have changed for the betterment of consumers and I applaud our law makers for I know they always carry out their duties with our best interest at heart. However, I feel it is my duty as a manager and consumer to share with all of you what I have learned and experienced as a frontline worker here at PayDayHawaii. I feel it is my duty to advocate on behalf of my colleagues and fellow consumers so that our law makers can continue to make informed decisions and pass laws for the betterment of all those concerned.

Check cashers, payday lenders, and money service business and such as PayDayHawaii are in fact a legitimate business. We provide consumers with many services to suit their needs including check cashing and short term lending services. Over the years, we've received harsh criticism from the public calling us "loan sharks" and "rip offs." I've also been told that businesses like ours put people in debt! As a manager and a consumer I disagree with such statements and believe it to be ludicrous! In fact, what is more absurd is these notions come from people who don't use our services. ***Payday lenders do NOT put people in debt at all! People put themselves in debt.*** It has been my experience that a lot of customers may go into debt or further into debt after using our services **NOT** because of "us" but because of their own choices to borrow money they cannot or do not intend to pay back.

To better understand my point of view, I must first share the reasons why I've experienced consumers need to seek out our short term lending services.

- **CONSUMERS** themselves are human, they do not budget their finances like they should and therefore have to seek out our services.
- **CONSUMERS** are unable to take out loans from their own financial institutions such as banks and credit unions and therefore have to seek out our services.
- **CONSUMERS** have a life to live and such as life that things happen (such as car breaking down) and consumers need more money than they make so they have a need to "borrow money."
- **CONSUMERS** are unable to "borrow" money from family and friends because 1) they too are in a similar financial situation and "borrow" money themselves and/or 2) "borrowing" from family and friends come with a higher burden (or fee) then consumers are willing to pay.

I have never gone out and solicited short term credit to consumers directly. In fact, we merely offer such services and it is the CONSUMER that seeks us out. *Some advocates make reference to limiting the interest rate a check casher is allowed to charge by way of a deferred deposit agreement to help limit the problem of borrowers being led into a debt trap from which they cannot escape.* **None** of the reasons listed above push blame to check cashers, money service businesses or payday lenders for consumer debt.

Ladies and Gentleman, Are we as check cashers, being held responsible for the choices and actions of consumers? Because we shouldn't! Our industry does not force consumers to take out payday loans, but in fact, just provide a service like any other business such as grocery stores, clothing retailers and entertainment venues. Many factors contribute to debt, but the number one reason is **CONSUMER CHOICE.** When a consumer purchases a car or a home, it is their choice to do so. When a consumer takes out a credit card with interest rates of up to 29% or more it is their choice to do so. It is also their choice to sign their agreement with the car dealership, bank, mortgage or credit card companies, after they are told what the fees for such service and purchase are. Moreover, it is their choice to finally make that purchase knowing and considering their financial situation, such as income, living expenses and personal spending habits. Again, I must protest that check cashers are not responsible for consumers' personal debt nor do we lead consumers into a debt trap.

Furthermore, I resent the accusations brought against check cashers insinuating that "we" put consumers in debt and/or "we" lead consumers into a debt trap. We all know that consumer debt will always exist in some way, shape or form unless we all wake up tomorrow as millionaires. I myself, have debt like so many others because I chose to go to college so I can get a degree for a better career. I chose to buy a car because my old one was falling apart. I chose to live in Hilo town where the rent is higher than the surrounding rural areas because my boyfriend works over nights and I feel safer staying home alone at night with my 5 year old son. Sometimes I have to forego things I need so I can fill my pantry and freezer with groceries so that my family and I could eat. All of these things were done by MY CHOICE and I hold no one else responsible. These are the choices that I have made for me and my family. I DO NOT and CANNOT blame the university, car dealership or grocery stores for my debt even though I utilized their services or purchased their products. In the same sense, consumers should hold themselves accountable for the choices they make that affect their finances. Moreover, check cashers should not be blamed for the choices of consumers. It is my hope that consumer advocates as well as all of you understand my point of view, as it is crucial when making a decision on this matter.

Additionally, I ask if the government holds itself accountable for the role it plays in the consumer "debt trap" that check cashers are being associated to? Through my experience both personally and professionally I have learned that there are many federal and state assistance out there for low income families & individuals but what about the middle class people such as myself and those consumers who seek out our lending services? We are the ones that make "too much" money to qualify for services such as food stamps & county housing. But yet, a lot of us Americans in the middle class don't make enough to "get by" or "get ahead" without seeking services like ours. I've met a lot of people personally that chose not to work because they can get welfare! I've heard parents tell their child(ren) "why work when you can collect?" I myself can't and don't have an attitude like this, nevertheless, I've witnessed families who have the mentality that the government encourages them not to work or work part time. Moreover, these are the same people who feel as if the more kids they have the more assistance they get! Many of you may disagree, but I do feel if our law makers are holding check cashers, money service businesses and payday lenders responsible for consumer debt, they too must also, acknowledge, accept and change their role in consumer debt as well.

I read an article in Pacific Business News in June of 2014 regarding a lawsuit between payday lenders and federal banking regulators concerning Operation Choke Point. *The lawsuit notes that "Payday lenders "are part of a lawful and legitimate industry that serves the critical short-term needs of millions of American consumers."* I must agree, support and advocate this very statement. We as a business and industry are law abiding. We disclose our fees to all consumers before they sign into any short term lending agreement. We also work with consumers with repayment options such as partial payments and payment plans when unexpected obstacles occur that hinder their ability to repay their loan as first agreed upon on their contract. I have offered payment options to our customers who have repeatedly taken out loans with no vision of payment without re-borrowing; who deny or disregard our suggestion. Moreover, there are consumers who take our suggestion for repayment options but still return to us for servicing after their "cooling off" or waiting period once their loans have been paid in full. We have also informed and suggested to customers the fees and effects of repeated borrowing. Nonetheless, my efforts and that of my company and business industry to serve the short term needs of consumers is not in vain nor is it for the sole purpose of company gain by means of profit for us and debt for the consumer.

We as a business and industry should not be scrutinized or penalized for the CONSUMER'S CHOICE for seeking and utilizing our services. If we are held liable for CONSUMER CHOICE then shouldn't every other business and service provider be held with the same regard? Are businesses such as Safeway, Macys, Chevron, Burger King, Coach and Verizon also being held liable for consumer debt? After all, prices with these companies could get alarmingly high, but consumers still choose to utilize their services and products. Will the government also, regulate the outrageous prices of gas, meals at a restaurant, prices of shoes, clothing or accessories such as purses or jewelry or the cost of a movie or theme park simply because of a CONSUMER'S IRRESPONSIBLE CHOICE to utilize the business' products or services? I believe that the current laws enforced in our industry are reasonable to both the consumer and industry for the services that are provided.

On the contrary, I believe that a decrease in fees will not only encourage consumers to continue to utilize payday lending services as it will then be "cheaper" to borrow money but it will also negatively impact the many legitimate businesses in our industry who will be unable to afford the day to day costs of operating a business such as ours. We as an industry and you as law makers cannot control the choices of consumers, we can and do however, educate consumers of the cost and consequence of their choices.

In closing, it is my hope that each of you will consider that it is not our intention or practice as a business in the check cashing industry to promote consumer borrowing in a negative way or with a negative impact. We are a positive solution to their short term needs.

Lorna Sordillia,

Branch Manager, PayDayHawaii Hilo

April 7, 2015

Honorable Sylvia Luke, Chair
House Committee on Finance
Hawaii State Capitol, Room 308
Honolulu, HI 96813

RE: SB 737 Related to Check Cashing

Dear Representative Luke:

My name is Shelley Crisp. I am the District Manager for 9 Money Mart® stores located in Hawaii. I have been employed by Money Mart for 7 years. I have lived and worked here in Hawaii for 4 years. I am submitting testimony on behalf of myself, my family, my employees and my customers here at Money Mart. I am asking this committee to oppose Senate Bill 737.

Many people misunderstand our business and our customers. I have seen and heard many times why customers use and need the services we offer; particularly the payday loan. Our customers are not poor or unemployed as many believe. They are working class citizens here on the islands: retail workers, hotel workers, retirees, and teachers to name a few. They come from all walks of life. At some point, we all get into a situation when we need a place to turn for additional cash for that unexpected bill or financial hardship. This could be a medical bill, a car problem, or lost hours at work when business is slow. Unfortunately, the bills remain the same.

A few weeks ago, I met a person who talked to me about our business. He explained that previously he looked down on our industry. He couldn't understand why anyone would take out a payday loan. He then found himself in a situation where he had nowhere to turn for the extra money he needed. This person researched his options and compared. A payday loan was his cheapest and easiest alternative. It was quick, simple, and convenient. Most importantly, it was a much cheaper alternative to what his bank was going to charge for an overdraft. The options online were even scarier when he discovered that many of the offers were not regulated. This story is typical of what I hear on a daily basis. There is a strong demand for payday loans on the islands. We are professional, well regulated with consumer protections, and a safe place for customers to go when they have short term financial needs. Our customers depend on us and I am proud that we can help them.

I have serious concerns not only for all our customers across the islands but also my employees who also see the need for us here on island. If the APR on our loan product is capped at 36%, Money Mart would not be able to keep our stores open. The people that would suffer are the people that need us most: our customers and our employees. My customers would still need money and would go to unsafe, unregulated alternatives on the internet. I strongly believe we offer an honest, open service to the residents of Hawaii. Hawaii already has a strong law with consumer protections in place.

I urge the committee to please oppose Senate Bill 737.

Sincerely,

Shelley Crisp
Senior District Manager

Progressive Democrats of Hawai‘i
http://pd-hawaii.com
1418 Mokuna Pl. Pl, Honolulu, HI 96816
email: info@pd-hawaii.com
tel: 808-542-9084

COMMITTEE ON FINANCE
Wednesday, April 8, 2015 2:00 pm

IN SUPPORT OF **SB737, SD1, HD1**, **RELATING TO CHECK CASHING**

Good afternoon, Chair Luke, Vice Nishimoto and Members of the Committee,

My name is Bart Dame and I am testifying on behalf of Progressive Democrats of Hawaii in support of SB737.

SB 737 would protect vulnerable consumers from what have traditionally been viewed in polite society as predatory practices from the payday loan industry. As a child, I learned about laws against usury as a means to protect people facing economic hardship. I believe the maximum allowable rate for interest was 12%. This was regarded as a fair and necessary regulation by society, allowing a reasonable profit for the lender, while protecting consumers. Loans play an important function in facilitating purchases and helping people pay their debts.

But there comes a point where high interest rates cause loans to become a source of debt, inflict more hardship than they relieve and become a means whereby unsavory businesses can exploit the unfortunate circumstances of people who have fallen on hard times.

The values of fairness which once governed aspects of the economy have been swept away by an ideology of greed, disguising itself as a virtuous application of “the free market.” In reality, it allows for rapacious practices, such as those in evidence in the testimony of the lead advocates in favor of this bill. The law of the jungle once dominated the US economy. The only protection offered to consumer was the cheap slogan, “Buyer Beware.” Those conditions held sway during the days of the Robber Barons in the late 19th century and the pre-Depression years of the 20th century. But with the rise of the Populist, Progressive and Labor movements in the late 19th Century, and the adoption of the New Deal policies under the leadership of Franklin Delano Roosevelt, the American people came to believe we DO have the right to use government to regulate the excesses of the marketplace. Unfortunately, too many politicians have rejected the ideas of FDR in favor of the old celebration of individual greed.

We believe the forces of capitalism provide a means for advancing innovation in products and services and can be a great boon for humankind. But it also requires conscious intervention to moderate its inherent tendencies toward greed and exploitation. That is what has developed in the payday loan industry and we strongly urge the forward-thinking legislators among you to adopt the approach adopted in some other states and recognize our collective responsibility to stop these usurious practices.

Please help working people escape from the spiraling trap of high payday lending fees. Limit what these unscrupulous companies can charge Hawaii's most vulnerable people.

Thank you for this opportunity to testify. Please pass SB737.

DOLLAR
FINANCIAL GROUP, INC.

1436 Lancaster Avenue, Suite 310
Berwyn, PA 10312
(610) 296 - 3400

April 7, 2015

Honorable Sylvia Luke, Chair
House Committee on Finance
Hawaii State Capitol, Room 308
Honolulu, HI 96813

RE: SB 737 Related to Check Cashing

Dear Representative Luke:

Thank you, Representative Luke, for the opportunity to submit testimony regarding the bill referenced above. We represent Dollar Financial Group, Inc. based in Berwyn, Pennsylvania. Through a subsidiary, we operate nine Money Mart® stores in the State of Hawaii, where we employ 35 state residents who are drawn from the neighborhoods we serve. These stores offer deferred deposit transactions that would be affected by Senate Bill 737. We <u>oppose</u> the rate-cap provisions of these bills because those provisions set a price ceiling well below our costs and would force us out of business.

Dollar Financial Group is also a board member company of Community Financial Services Association of America (CFSA). CFSA is the deferred deposit industry's national trade association, which represents more than half of storefront locations nationally. We are submitting testimony today on both our company's and CFSA's behalf.

CFSA promotes responsible industry practices through mandatory Best Practices for members. These Best Practices help our customers make sound and informed financial decisions. CFSA also supports state legislation that preserves working families' access to small–dollar, short-term credit, while ensuring them of substantive consumer protections. To that end, my company and other CFSA members have supported responsible legislation in the 32 states that regulate deferred deposit transactions, including Hawaii.

Dollar and CFSA oppose the rate-cap provisions of Senate Bill 737.

Background

As mentioned, we offer Hawaiians deferred deposit transactions, typically called payday loans. These loans provide a convenient, reasonably-priced, well-regulated option for meeting small, short-term financial needs.

Borrowers must have a steady income and personal checking account in order to be approved for an advance. They are typically middle-income, educated young families. They represent 19 million American households, who choose deferred deposit loans as a cheaper alternative to bounced-check or overdraft-protection fees and late-bill-payment penalties; they also find it more desirable than asking family for money or pledging collateral for a small-dollar loan. Deferred deposit loan customers are overwhelmingly satisfied with the service, a fact confirmed by state regulators who report very few complaints from their citizens who use our service. We count Hawaii among this group.

Our Interest in Senate Bill 737

Across the country CFSA members have demonstrated our commitment to working with policymakers to achieve state regulation that benefits consumers. We support balanced regulation that appropriately protects consumers and enables reputable payday lenders to operate profitably. Not only would the 36 percent rate cap referenced in this bill prohibit us from operating profitably, it would put payday lenders out of business completely. We oppose legislation that would put us out of business and leave our customers only with less-desirable, more risky credit alternatives.

The Cost of a Deferred Deposit Advance and Why APR Calculations are Misleading

Our business serves working families who frequently must choose between a deferred deposit advance and more costly or less desirable alternatives. Our customers generally look at the real dollar cost of their available credit options and make rational, informed decisions when choosing a payday loan.

By contrast, critics of our industry tend to disregard the true relative costs of short-term credit products. Overly-simplified APR comparisons in this context tend to be quite misleading. In Hawaii, the maximum fee allowed for a deferred deposit transaction is 15% of the face amount of the check. For a $100 advance, the maximum fee that may be charged is $17.65. The fee remains $17.65 whether the advance is paid back in 14 days, 30 days—or a year, for that matter. There is no accrual of interest. Current law caps the cost of our product in terms of fees, not interest, which makes sense because we charge a one-time fee for a loan. It makes no sense to express a limit on our fees in the context of an annual percentage rate.

The Impact of Restrictive APR Caps: De Facto Ban

Many critics have called for capping rates at 36% or a similar APR level, and some states have obliged. The result has been elimination of the deferred deposit advance product in those states. Payday lending DOES NOT EXIST in any state that regulates the service as an APR—the resulting fee does not work. That's because a 36% APR means a lender can only charge about $1.38 per $100 borrowed. For deferred deposit lenders in Hawaii, this equates to a 92.2% reduction in gross income—not profit or net income, but gross income—from which all expenses must be paid. Under existing law, gross income on a $100 transaction is $17.65. Under this proposal, it is $1.38. No business can survive a 92.2% decrease in gross income. It doesn't leave enough revenue to pay the light bill, much less employee payroll and benefits.

Despite what industry critics say, **a 36% annual rate cap is not a reform approach**, it is an outright ban. Unfortunately, that point has been proven in some states, most often with unintended consequences.

- In July 2007 a new law in Oregon capped payday loans at 36% APR plus an origination fee that yielded an effective APR of 154%. Within a year, 75% of the stores closed, and those that remained open offered check cashing and other services to survive. The press reported that 800 jobs had been lost and that state officials were concerned because Oregonians were beginning to use unregulated payday lenders on the Internet.[1] Four years later the Portland Business Journal was still reporting that, ". . . the laws, which capped interest rates at 36%, forced cash-hungry borrowers to turn to the shady world of Internet Payday loans. . . ."[2]

- In 2008 New Hampshire passed a 36% APR cap on payday and car title loans; and before the law even took effect, most of the payday lending stores had closed.[3] In 2011 a state

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[1] *"Middle-class squeeze leads to a rush at local pawnshop"*, *The Oregonian*, Sept. 27, 2008.
[2] *"Borrowers flock to online payday lenders," Portland Business Journal*, Feb. 11, 2011.
[3] *"Good riddance to pricey short-term loans", Concord Monitor*, Jan. 8, 2009.

representative estimated that 200 people had lost their jobs in the lending industry after the law passed. Another said that banning the loans hurt consumers.[4]

- Montana adopted a 36% APR cap by ballot initiative in 2010. A year later, in an editorial entitled "What were voters thinking?" the Daily Inter-Lake paper said, ". . . it didn't just cripple the payday lending industry in Montana; it flat-out killed it along with an estimated 800 jobs." The editorial went on to speculate there may have been a perception the rate cap would merely rein in payday lending, not kill it.[5]

These real-world examples are proof of the consequences of restrictive annual rate caps. Stores closed, employees lost their jobs and consumers were left to choose among more-expensive and less-desirable credit alternatives. As noted by a number of policymakers in these states, many payday lending customers turned to unregulated payday advance lenders operating below the radar screen and to offshore Internet payday lenders over which U.S. regulators have no control. Since these unregulated companies do not report to Hawaii's Department of Commerce and Consumer Affairs, your state would not be able to measure or regulate consumer use of these products.

Consumers Suffer Under Payday Loan Ban

Academic and third party research has consistently found that consumers have suffered in states where payday advances are no longer available, as evidenced by these few examples.

- A staff report from the Federal Reserve Bank of New York notes that consumers in Georgia and North Carolina *". . . bounced more checks, complained more about lenders and debt collectors, and have filed for Chapter 7 bankruptcy at a higher rate"* following the elimination of the payday lending industry in those two states.[6]

- Another study by Dartmouth College Professor Jonathan Zinman found that restricting access to payday loans "*caused deterioration in the overall financial condition of Oregon households*."[7]

- In the study *The Case Against New Restrictions on Payday Lending*, Prof. Todd J. Zywicki of George Mason University reports that "*[E]fforts by legislators to regulate the terms of small consumer loans (such as by imposing price caps on fees or limitations on*

[4] *"Bill would lift rate cap on title loans," Concord Monitor*, February 1, 2011.
[5] *"What were voters thinking?" Daily Inter Lake*, November 14, 2011.

[6] *"Payday Holiday: How Households Fare after Payday Credit Bans," by* Donald Morgan**,** Federal Reserve Bank of New York, November 2007.
[7] *"Restricting Consumer Credit Access: Household Survey Evidence on Effects Around the Oregon Rate Cap,"* by Dartmouth College Prof. Jonathan Zinman. October 2008.

repeated use "rollovers") almost invariably produce negative unintended consequences that vastly exceed any social benefits gained from the legislation."[8]

Closing

In closing, we would like to point out that Hawaii already has a consumer-friendly deferred deposit statute in place, with a cap on fees and the amount that may be borrowed, as well as a prohibition on rollovers. We support regulation that protects consumers and would like to work with this Committee on improvements it deems necessary in that regard. Most notably, we urge you to consider added enforcement provisions to ensure that consumers are protected from unscrupulous lenders that are not complying with the current law.

We respectfully submit that Senate Bill 737 in its current form—with any restrictive cap on the annual percentage rate—will not protect consumers. Instead, they would eliminate a regulated environment and take away their access to a much-needed credit option at a time when families are finding their access to traditional forms of credit limited or cut-off entirely. Furthermore, if this bill is enacted with a rate cap, Dollar Financial Group will be forced to close its nine Hawaii stores and terminate our 35 employees.

We urge you to reject Senate Bill 737.

Thank you for your consideration. At the Committee's request, I would be pleased to provide additional information or make myself available to answer any follow-up questions you may have.

Respectfully Submitted,

Kerry Palombo
Director of North American Compliance

Tony Irwin
Director of North American Government Relations

[8] *The Case Against New Restrictions on Payday Lending*, Prof. Todd Zywicki, George Mason University, July 2009.

HAWAI'I
AMERICANS FOR DEMOCRATIC ACTION

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April 7, 2015

Chair Luke and the Finance Committee

Re: SB 737 SD 1 HD 1 Relating to check Cashing
Testimony in Support
Hearing on April 8, 2015

Dear Rep. Luke and Committee Members:

Americans for Democratic Action is an organization devoted to the promotion of progressive public policies.

We support SB 737 as a step in the direction of limiting the abuse of lenders. The bill would cap the total amount of fees charged for the deferred deposit of a personal check. Without regulations, predatory lenders are making payday loans with exorbitant interest rates. This bill puts a high cap on those rates. A lower cap would seem more just; no cap at all seems insensitive to the low-income victims of usury.

Thank you for your consideration.

Sincerely,

John Bickel

HAWAII CHECK CASHING

April 7, 2015

To: Representative Sylvia Luke, Chair
Rep. Scott Y. Nishimoto, Vice Chair
House Committee on Finance

From: Hawaii Check Cashing (Doreen Rodrigues)

<u>In Opposition to HB737 HD1</u> <u>SUPPORT HCR209</u>

There have been serious misrepresentations and distortions in the lobbying for SB737. I would strongly urge you to pass HCR209 that asks for a task force to get genuine information before the Legislature. With the State Auditor overseeing a panel of all stakeholders, the Legislature will have a chance to act purposefully, instead of being imposed upon by tales based on situation's happening on the Mainland.

Please ask yourself if you really know what a payday loan is and how to qualify for one. It basically is a small, unsecured, short- term loan until payday. The consumer is usually middle class who have an established checking account and employment history. Being able to get a payday loan helps people get through a cash crunch without paying late fees or bouncing checks.

We currently do business following HRS 480F which allows $15 for a postdated $100 check. HRS 480F allows a $100 check to be cashed instantly for $10. The additional fee of $5 for a $100 postdated check is not unreasonable for the inherent risk of holding the check up to 32 days.

As noted in the committee report HSCR 448 228 HD1, "Your Committee notes that the use of an annual percentage rate (APR) as a measurement of interest in deferred deposits of checks is misleading. Therefore, your Committee respectfully requests that your Committee of Finance further examine the issue."

There are no present claims of abuse in Hawaii when it comes to payday loans. Problems will occur if the only alternative to a small loan $100-$600 is for the consumer to turn to unregulated Internet payday lenders.

I respectfully submit this testimony and thank you for your open-minded evaluation of these bills.

Sincerely,
Doreen Rodrigues, Hawaii Check Cashing

From:	mailinglist@capitol.hawaii.gov
Sent:	Tuesday, April 07, 2015 1:11 PM
To:	FINTestimony
Cc:	sales@arrsofhawaii.com
Subject:	Submitted testimony for SB737 on Apr 8, 2015 14:00PM

SB737
Submitted on: 4/7/2015
Testimony for FIN on Apr 8, 2015 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
David	Individual	Oppose	Yes

Comments: My testimony will be verbal.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From:	mailinglist@capitol.hawaii.gov
Sent:	Monday, April 06, 2015 6:17 PM
To:	FINTestimony
Cc:	shannonkona@gmail.com
Subject:	Submitted testimony for SB737 on Apr 8, 2015 14:00PM

SB737
Submitted on: 4/6/2015
Testimony for FIN on Apr 8, 2015 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Shannon Rudolph	Individual	Support	No

Comments: Support

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HOUSE COMMITTEE ON FINANCE
Wednesday, April 8, 2015 — 2:00 p.m. — Room 308

I Strongly Support SB 737 SD 1 HD 1, Relating to Check Cashing

Dear Chair Luke, Vice Chair Nishimoto, and Members of the Committee:

My name is Brandon Lee and **I strongly support SB 737 SD 1 HD 1**, which caps the total fees charged for a payday loan to an undetermined annual percentage rate.

Payday loans business model

At the current effective annual percentage rate of 459%, payday loans in itself are a tool to provide working capital to an individual. However, from an applicant's perspective, at such a high effective interest rate, it is one of the least cost effective financial instruments compared to other methods of procuring money.

Currently, the payday lending industry charges $17.65 per $100 loan, they make. Unfortunately, these fees can add up, particularly for those who use payday lending for recurring expenses. According to Pew Charitable Trust, 69% of payday loan users use it for recurring expenses. Below is an example of different scenarios (every 2 weeks which is the maximum amount of borrowing to monthly recurring expenses). The fees can quickly add up even though the payday lending industry will argue that each individual transaction may not feel overly costly. Furthermore, the example below can illustrate how effective a cap on payday loans can be in reducing fees for largely lower income to working middle class families that are living paycheck to paycheck and whom often have little financial literacy training.

Current System for Person that uses a Payday Lender every 2 weeks (69% of payday loans are used for recurring expenses)		
Week	Fee	Recurring Loan Outstanding
1	$ 17.65	$ 100.00
2		
3	$ 17.65	
4		
5	$ 17.65	
6		
7	$ 17.65	
8		
9	$ 17.65	
10		
11	$ 17.65	
12		
13	$ 17.65	
14		
15	$ 17.65	
16		
17	$ 17.65	
18		
19	$ 17.65	
20		
21	$ 17.65	
22		
23	$ 17.65	
24		
25	$ 17.65	
26		
27	$ 17.65	
28		
29	$ 17.65	
30		
31	$ 17.65	
32		
33	$ 17.65	
34		
35	$ 17.65	
36		
37	$ 17.65	
38		
39	$ 17.65	
40		
41	$ 17.65	
42		
43	$ 17.65	
44		
45	$ 17.65	
46		
47	$ 17.65	
48		
49	$ 17.65	
50		
51	$ 17.65	
52		
Total Fees:	**$ 458.90**	$ 100.00
APR:	**459%**	

Current System for Person that uses a Payday Lender every 2 weeks with 36% cap		
Week	Fee	Recurring Loan Outstanding
1	$ 1.38	$ 100.00
2		
3	$ 1.38	
4		
5	$ 1.38	
6		
7	$ 1.38	
8		
9	$ 1.38	
10		
11	$ 1.38	
12		
13	$ 1.38	
14		
15	$ 1.38	
16		
17	$ 1.38	
18		
19	$ 1.38	
20		
21	$ 1.38	
22		
23	$ 1.38	
24		
25	$ 1.38	
26		
27	$ 1.38	
28		
29	$ 1.38	
30		
31	$ 1.38	
32		
33	$ 1.38	
34		
35	$ 1.38	
36		
37	$ 1.38	
38		
39	$ 1.38	
40		
41	$ 1.38	
42		
43	$ 1.38	
44		
45	$ 1.38	
46		
47	$ 1.38	
48		
49	$ 1.38	
50		
51	$ 1.38	
52		
Total Fees:	**$ 35.88**	$ 100.00
APR:	**36%**	

Current System for Person that uses a Payday Lender every month (69% of payday loans are used for recurring expenses)		
Week	Fee	Recurring Loan Outstanding
1	$ 17.65	$ 100.00
2		
3		
4		
5		
6	$ 17.65	
7		
8		
9		
10	$ 17.65	
11		
12		
13		
14		
15	$ 17.65	
16		
17		
18		
19		
20	$ 17.65	
21		
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33		
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35	$ 17.65	
36		
37		
38		
39	$ 17.65	
40		
41		
42		
43	$ 17.65	
44		
45		
46		
47	$ 17.65	
48		
49		
50		
51	$ 17.65	
52		
Total Fees:	**$ 211.80**	$ 100.00
APR:	**212%**	

Current System for Person that uses a Payday Lender every month with 36% cap		
Week	Fee	Recurring Loan Outstanding
1	$ 1.38	$ 100.00
2		
3		
4		
5		
6	$ 1.38	
7		
8		
9		
10	$ 1.38	
11		
12		
13		
14		
15	$ 1.38	
16		
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34		
35	$ 1.38	
36		
37		
38		
39	$ 1.38	
40		
41		
42		
43	$ 1.38	
44		
45		
46		
47	$ 1.38	
48		
49		
50		
51	$ 1.38	
52		
Total Fees:	**$ 16.56**	$ 100.00
APR:	**17%**	

Payday loans, which are targeted found in lower income locations and are targeted at lower to middle income people, create a large barrier for asset building and wealth accumulation. This means that users of payday loans, who often live paycheck to paycheck, enter into a cycle where they are running at a budget deficit. The budget deficit means they cannot save for emergencies, afford homeownership, or effectively retire.

Here is an example of how someone can get trapped in the debt spiral:

Figure 1: A Two-Week Payday Loan Results in a Debt Trap, Even with No Fee

Cost of a Two-Week Payday Loan for a Borrower Earning $35,000/Year in Gross Income			
	$0 per $100 ("free" loan, 0% APR)	$15 per $100 (391% APR)	$20 per 100 (521% APR)
	Two-Week Income		
Before-tax income	$1,346	$1,346	$1,346
Income taxes paid	$1	$1	$1
After-tax income	$1,345	$1,345	$1,345
Social Security & pensions payments	$84	$84	$84
Net two-week income	$1,261	$1,261	$1,261
	Payday Loan Cost		
Payday loan fee	$0	$53	$70
Payment due on $350 (average-sized) payday loan	$350	$403	$420
Amount remaining to cover all expenses	$911	$859	$841
	Two-Week Essential Expenditures		
Food	$205	$205	$205
Housing	$516	$516	$516
Transportation (incl. insurance, gas, maintenance)	$246	$246	$246
Heath care	$106	$106	$106
Total essential two-week expenditures	$1,073	$1,073	$1,073
Money remaining in paycheck after paying payday loan (deficit)	($162)	($215)	($232)

Source: 2011 Consumer Expenditure Survey, Bureau of Labor Statistics, for households earning $30,000-$39,999 annually.

Figure 2: Repeat Borrowing Continues to Fuel Payday Lending

State	Time Period	% of loans to borrowers with 5+ loans/year	% of loans to borrowers with 7+ loans/year	% of loans to borrowers with 12+ loans/year
Florida	June 2010-May 2011	92%	85%	63%
Kentucky	Jan. 2011-Dec. 2011	93%	88%	70%
Oklahoma	Nov. 2010-Oct. 2011	91%	84%	61%
South Carolina	Jan. 2011-Dec. 2011	90%	82%	53%
Average		**91%**	**85%**	**62%**
Average from "Financial Quicksand" (published in 2006)		90%	not available	62%

Source: State regulator reports of annual payday loan activity reported by state-regulated databases.

It is important to note that all of the states that report data on loan frequency – Florida, Kentucky, Oklahoma, and South Carolina – have codified industry-touted "best practices" such as extended payment plans, rollover bans, and cooling-off periods that are typically only one or two days long – that purportedly ensure that borrowers are not caught in a debt trap.

According to the Center for Responsible Lending (http://www.responsiblelending.org/state-of-lending/reports/10-Payday-Loans.pdf), 37% of the payday borrowers experienced default in the first year of borrowing; within the first two years, 44% did. This finding is consistent with Skiba & Tobacman (2008b), who examined data from a large Texas-based payday lender and found a 54% default rate.

Furthermore, only 2% of payday loans go to borrowers who can afford to pay off the loan at the time of their first transaction, which means the industry has intentionally or unintentionally targeted those who should not be using payday lending.

For comparison sake, we can compare the required return rates for other industries that provide risk-based capital:

- Bank of Hawaiʻi savings account rate: **0.02%**
- Bank of Hawaiʻi loan: **4.50%**
- Annual return for the S&P 500 from 1871 to 2014 (risk-based but S&P 500 as an asset class has not completely defaulted): **9.11%** (http://www.moneychimp.com/features/market_cagr.htm)
- Average net profit for small businesses (default rate for small businesses – 50% after 5 years and about 66% after 10 years):
    - **14.56%** for wood products business
    - **26.95%** for medical equipment and suppliers
    - **53.94%** for computer and electronics products
    - **10.28%** for food processing

  http://smallbusiness.chron.com/average-profit-margin-small-business-23368.html):
- Private equity, which invest its funds into multiple companies and requires a few huge winners to make up for more losses. Therefore, the firm will analyze the individual company just as a payday lender analyzes individual loan applications. But, ultimately the overall portfolio requires some overall profit margin say in the **8 to 40% range**.
- The payday lending industry is effectively charging up to **459%** on payday loans.

What this means is that when payday lending institutions charge 459% to get to the gross margin (revenues minus cost of the loan but does not include capital expenditures or operations expenses), one (or some combination) of four things are occurring:

- Spending their high gross margin on capital expenditures, which means more brick and mortar storefronts. The largest brick and mortar payday lending institution in Hawaiʻi is PayDay Hawaii who built 10 stores in their 17 year history of operations. That is the equivalent of opening up a new store every 19 months. Money Mart is the second largest with 9 stores in Hawaiʻi. Money Mart is an international company with 1,500 stores and begun operations in 1979 (equivalent to opening up 3.5 stores every month worldwide).
- Have high operational costs such as labor costs, which can include salaries or

commissions. This implies payday lending institutions are run inefficiently or require a lot of people to sell risky financial products.

- Have high profit margins such that there is a tremendous transfer of wealth from local low to medium income individuals who may or may not be financially literate to these payday lending institutions selling a product with high fees.
- Have an extremely high default rate on payday loans, which necessitates a high APR into the triple digits to cover the loans that are not able to be paid back. This also leads into a virtuous cycle whereby high fees / APR lead to further defaults and therefore require even higher fees / APR to make up for those increased defaults. The problem is payday loans are supposed to be bank-like instruments that cover unique situations where cash is needed. This high default structure with APR's of up to 459% is most appropriate for penny stocks or gambling operations, not helping local residents pay for their utility bills.

Any of these scenarios above while allowed in a capitalistically society, should invite greater scrutiny by government regulators and the Legislature.

Payday loans should not be used for recurring expenditures

A key point with payday lending, is it should be used sparingly since it is an extremely expensive method to procure money. I can see the potential need for a one-time emergency situation, where a person cannot also access other financial institutions or sources of funds with a lower cost structure. However, according to the Pew Charitable Trust Foundation (http://www.pewtrusts.org/en/research-and-analysis/reports/2012/07/19/who-borrows-where-they-borrow-and-why for a study summary), finds:

- Survey respondents who have used payday loans cite:
  - 69% used it to cover a recurring expense, such as utilities, credit card bills, rent or mortgage payments, or food;
  - 16% dealt with an unexpected expense, such as a car repair or emergency medical expense
  - 8% for something special
  - 2% for other

According to the Center for Responsible Lending, 82% of payday loan volume is due to borrowers who directly renew or pay back a loan but then take out another within a month.

This means the majority of payday loan users are not using this financial instrument for an emergency appropriation. Some payday lending institutions market these loans for emergency use but some indicate they can be used to cover regular expenditures like monthly bills.

Given the existing regulatory structure in Hawai'i, whereby payday loans are restricted to

$600, fees are 15%, and a borrower is restricted to only one outstanding loan, the ideal customer for payday lending institutions is someone who frequently borrows (i.e. someone that needs to use the funds for recurring expenses). Therefore, it creates a tremendous incentive for these payday lenders to target the recurring expense applicant – the very market that payday lending should not be suited towards.

According to the Center for Responsive Lending, "most successive loans are originated shortly after a previous loan is paid back. Half of repeat loans were opened at the borrower's first opportunity, 87% within two weeks, and 94% within one month of the previous loan." So the tactic is working.

A challenge for this legislation is it would be difficult to restrict payday loans to only unexpected expenses. One would need to define what constitutes a one-time unexpected expense. Furthermore, abuse would be rampant, enforcement would be expensive from the government's side, and self-enforcement by the industry would be challenging. At some point, an additional provision could be added to restrict the number of pay day loans a person can make in a year or extending the loan period. This could prevent people from using payday loans for their bills and instead keep it locked for truly strategic emergency situations.

Several other states have sought to limit the payday lending debt trap through policies such as limiting the number of loans a borrower may take out in a year or extending the minimum loan term to up to six months. In Delaware and Washington State, for example, borrowers are limited to five and eight payday loans per year, respectively, which regulators enforce through the use of a statewide payday loan database.

Delaware's law went into effect in 2013, so no data are yet available. However, in Delaware, some national payday lenders have migrated to the state's installment lending statute (which allows for multiple payments, rather than the traditional single balloon payment) in order to continue to offer triple-digit annual percentage rate loans. If payday loans were the quick, emergency fix that they are marketed to be, then payday lenders should have been unaffected by the new law, which sought to curb the debt trap. That lenders are evading the law provides further evidence that long-term, repeat re-borrowing is at the core of the payday lending business model, as data from other states have consistently found.

Washington State, however, has strong underlying small loan laws that prevent similar evasion, and thus the state has been able to enforce and monitor its payday loan law. The law appears to have been successful in greatly lowering the level of payday lending debt trap and associated fees in the state, along with the number of borrowers: Between 2009 (before the law went into effect) and 2011 (the most recent year of data after the law took effect), the number of payday borrowers decreased by 43%. In addition, the annual loan dollar volume decreased by 76% or over $1 billion; the number of annual loans decreased by 74% or 2.4 million; and the number of payday stores decreased from 603 to 256. As a result, borrowers paid $136 million or 75% less in annual payday loan fees.

Multiple Payday Loans Loophole

On a similar note, one clarification that is not clear is what does the concept of one outstanding loan really mean? In HRS 480F-4 (d), the language reads:

"A check casher shall not enter into an agreement for deferred deposit with a customer during the period of time that an earlier agreement for a deferred deposit for the same customer is in effect. […] A deferred deposit transaction shall not be repaid, refinanced, or consolidated by or with the proceeds of another deferred deposit transaction."

<u>It is unclear whether a person can go to one payday lender obtain a $600 loan and then go to another payday lender and obtain another $600 loan, etc.</u> If payday loan users use their funds for recurring expenses, the concern is due to increased usage, more fees will accumulate. Similarly, if a person can take out payday loans from different institutions at the same time, this also invites further use of an expensive financial instrument. Many people do use multiple payday loans from multiple institutions.

On page 4 of the 2005 State of Hawaiʻi's Auditor's report (http://files.hawaii.gov/auditor/Reports/2005/05-11.pdf), a recommendation is to "institute a mandatory registration program for all payday lenders with DCCA". While DCCA, had concerns about asking businesses to disclose the nature of their business, the Auditor noted that this information would still benefit the public.

Given a lack of a database about payday lenders, I would find it very difficult to believe that there is any comprehensive enforcement of people using multiple payday loans by either the government or the industry. I would further doubt these payday lenders who are competing with each other would share in a master database, what loans they have outstanding and to whom, so there can be clarification that an applicant does not have another payday loan with another institution.

Who uses payday loans?

In the 2012 Pew study, it also identified the type of person who has higher odds of taking out a payday loan:

- Someone without a four-year college degree
- Home renters
- African Americans
- Earners below $40,000 annually
- Someone separated or divorced

The report also notes that home ownership is a greater predictor of payday lending usage than income. This further notes how those without assets are using payday lending to further hurt their ability to build wealth, which is critical to making someone economically self-sufficient.

The people being targeted by the payday lending institutions are those with the least ability to comprehend how they affect them. Often, the industry puts their locations in lower educational and socio-economic geographies.

Financial literacy education

An argument by the industry in its testimony notes that people are the ones requesting payday loans and that the industry should not be faulted for offering a product demanded by some in the public. While true, this argument is misleading.

Both proponents and the industry for this bill, discuss an undertone for a tremendous need of financial literacy education at all levels: K-12, college, and as adults. This should be a priority for the Legislature as personal finance affects almost every part of your life. Financial education as a child can help someone to better know how to manage their money, which would reduce the usage of payday loans. Payday loans can be sold to some because they do not fully comprehend the nominal dollar cost over time from continued usage of payday loans. Currently, the industry is required by law to provide fee information but only for that payday transaction. It is up to the applicant to figure out the cumulative impact of what all the fees over time for multiple loans can add up to. Most people are not equipped to be able to do this.

To the industry's credit, they do provide personal finance advice to the applicants. This often includes different options for those in specific financial situations, often with an option of going through their services. By providing advice, they can build credibility as well as signal to a potential client they their company is looking to help consumers. However, it is a double-edged sword because a payday lending operation that is seen as helpful by providing general financial education is more likely to be able to direct and advertise viewers to their payday loans.

Fear that payday lending institutions will leave with 36% cap

If a 36% cap is enacted, the payday lending industry claims that they will go out of business and deprive the public of the products they offer.

According to Pew, "when presented with a hypothetical situation in which payday loans were unavailable, storefront borrowers would utilize a variety of other options. 81% of those who have used a storefront payday loan would cut back on expenses such as food and clothing. Majorities also would delay paying bills, borrow from family or friends, or sell or pawn possessions. The options selected the most often are those that do not involve a financial institution. 44% report they would take a loan from a bank or credit union, and even fewer would use a credit card (37%) or borrow from an employer (17%). Furthermore, in states where there are no stores, just 5% of would-be borrowers would choose to borrow payday loans online or from alternative sources such as employers or banks, while 95 choose not to use them."

In its testimony, the industry notes that customers would then move to the unregulated internet payday lenders or be stuck and suffer without the ability to survive financially. Yet, the above data indicates there is a disconnect whereby customers who are used to storefronts will actually reduce their own expenses first. Then, they think they will go to other financial institutions such as a bank or credit union, which offer much lower rates. Then, the states without payday lending brick and mortar stores (which is a more accurate reflection of what people will actually do when they do not have a storefront option), indicated a far fewer percent of people would even attempt to procure payday loans. This means that a large reason for payday loan usage is due to the fact that they exist, are conveniently visible within local communities, and are advertised in different media platforms. Payday loans are a product that for the most part, people do not need but are swayed into getting, whether through purposeful nefarious marketing or subtle genuine persuasion with a naïve understanding of its effects. Either way, the result is a product that keeps Hawaiʻi's most vulnerable citizens trapped in a further debt cycle.

Lastly, PayDay Hawaii offers multiple other financial instruments (listed below) in addition to payday lending. It is doubtful they and others will collapse outright and jeopardize their entire operations. What is likely to occur is they will lose some clientele for a financially profitable product that many people did not need, understand, and kept many Hawaiʻi residents trapped in further debt.

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More

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More

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Money orders are only 59 cents at PayDayHawaii.

More

Prepaid Debit

Apply for a debit card - It's like having a virtual bank account.

More

Billpay

Setup Billpay and never worry about paying bills late.

More

Just Talk

Receive calls from jail or prison on your cell phone.

More

Hele

Make any spot your wireless hotspot.

More

Rising Call

Rising Call provides pinless calling made easy.

More

Vigo

Send Money around the corner or around the world.

More

Respectfully,

Brandon Lee
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Sent:	Tuesday, April 07, 2015 8:46 AM
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Cc:	drodrigues2001@yahoo.com
Subject:	Submitted testimony for SB737 on Apr 8, 2015 14:00PM

SB737
Submitted on: 4/7/2015
Testimony for FIN on Apr 8, 2015 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Darlene Rodrigues	Individual	Support	No

Comments: I strongly support this measure and urge the committee to pass it. Those in poverty who use Payday Lending services deserve consumer protection!

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Sent:	Tuesday, April 07, 2015 9:01 AM
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SB737

Submitted on: 4/7/2015

Testimony for FIN on Apr 8, 2015 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
E. Ileina Funakoshi	Individual	Support	No

Comments: FINANCE COMMITTEE CHAIR SYLVIA LUKE VICE CHAIR SCOTT NISHIMOTO DEAR CHAIR LUKE, VICE CHAIR NISHIMOTO, AND COMMITTEE MEMBERS: PLEASE HELP THE STRUGGLING FAMILIES OF OUR STATE BY APPROVING SB737, SD1, HD1 WHICH WILL CAP THE PAY DAY LOANS AT 36% AS THE US GOVERNMENT HAS DONE FOR THE MILITARY. WITH THE COST OF HOUSING AND FOOD BEING SO EXTREMELY HIGH IN HAWAI`I, WE NEED TO HELP OUR YOUNG FAMILIES TO BE ABLE TO PAY OFF THEIR DEBTS, BUT WITHOUT THIS CAP, THEY WILL CONTINUE TO PAY ON THE INTEREST ONLY. THANK YOU FOR YOUR CONSIDERATION AND THE OPPORT UNITY TO SUBMIT MY TESTIMONY. MAHALO AND ALOHA E. ILEINA FUNAKOSHI

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SB737
Submitted on: 4/6/2015
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Submitted By	Organization	Testifier Position	Present at Hearing
Mary Lacques	Individual	Support	No

Comments:

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Submitted By	Organization	Testifier Position	Present at Hearing
Kim Murphy	Individual	Support	No

Comments:

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From:	mailinglist@capitol.hawaii.gov
Sent:	Tuesday, April 07, 2015 9:55 AM
To:	FINTestimony
Cc:	jaycox@hawaii.edu
Subject:	Submitted testimony for SB737 on Apr 8, 2015 14:00PM

SB737
Submitted on: 4/7/2015
Testimony for FIN on Apr 8, 2015 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Kathy Jaycox	Individual	Support	No

Comments: The poorest among us are those who are hurt by usurious interest rates. Please cap the rate at 36 percent.

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From:	mailinglist@capitol.hawaii.gov
Sent:	Tuesday, April 07, 2015 9:01 AM
To:	FINTestimony
Cc:	jwilhoite@familyprogramshi.org
Subject:	Submitted testimony for SB737 on Apr 8, 2015 14:00PM

SB737
Submitted on: 4/7/2015
Testimony for FIN on Apr 8, 2015 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Judith	Individual	Support	No

Comments: Aloha e Representatives, To be sure, it is only the poorest in the situation where they feel they have no choice but to become involved in a loan where they are charged the outrageous interest rates on payday loans. Please keep in mind that predatory lending practices hurt not only the adults desperate enough to take these loans, but they also hurt the family's children. These families are often at brink of homelessness. If they do become homeless, we have more children sleeping in cars and under bridges. This is unconscionable. By supporting this bill, we can prevent some families from making that fall. Please support SB737. Thank you!

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From:	mailinglist@capitol.hawaii.gov
Sent:	Tuesday, April 07, 2015 1:04 PM
To:	FINTestimony
Cc:	patriciablair@msn.com
Subject:	Submitted testimony for SB737 on Apr 8, 2015 14:00PM

SB737
Submitted on: 4/7/2015
Testimony for FIN on Apr 8, 2015 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Patricia Blair	Individual	Support	No

Comments: Gouging citizens is not the Legislators role. Protecting citizens from financial gouging is your role.

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From:	mailinglist@capitol.hawaii.gov
Sent:	Tuesday, April 07, 2015 2:51 PM
To:	FINTestimony
Cc:	wao-hsl@WeAreOne.cc
Subject:	Submitted testimony for SB737 on Apr 8, 2015 14:00PM

SB737
Submitted on: 4/7/2015
Testimony for FIN on Apr 8, 2015 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Joseph Kohn MD	Individual	Support	No

Comments: Please hold a hearing and pass SB737s 36% interest rate cap on Payday loans. www.WeAreOne.cc

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 07, 2015 2:51 PM
To: FINTestimony
Cc: leotele.face@gmail.com
Subject: Submitted testimony for SB737 on Apr 8, 2015 14:00PM

SB737
Submitted on: 4/7/2015
Testimony for FIN on Apr 8, 2015 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Renee Leotele Togafau	Individual	Support	No

Comments: Under the Military Lending Act, payday loans are capped at 36%. Hawai'i families deserve the same protections afforded to service members and I believe that SB737 has the ability to do that. Many families get trapped in payday lending debt cycles and with the current rates of 459%, families struggle to get out of debt. I support the intent of SB737 and urge the committee to cap payday loan rates at 36%.

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LATE

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 07, 2015 4:06 PM
To: FINTestimony
Cc: gladys.baisa@mauicounty.us
Subject: Submitted testimony for SB737 on Apr 8, 2015 14:00PM

SB737
Submitted on: 4/7/2015
Testimony for FIN on Apr 8, 2015 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Gladys Coelho Baisa	Individual	Support	No

Comments: I'm in SUPPORT of SB737 SD!,HD1, RELATING TO CHECK CASHING. The clientele of these payday loan businesses are generally the most vulnerable people in our community-the economically-challenged, the elderly and those exiting incarceration. There is a widespread support for a 36% cap in Hawai'i. The community is asking this committee and legislature to cap the rate at 36% as the federal government has done for the military families. Please listen to our families and support this bill.

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LATE

Aloha Hawaii Legislators,

I am submitting my testimony OPPOSING Senate Bill 737 to set a limit or cap on the total fees charged for payday loans. Please consider why I am against the bill. I am a single mother. My son attends public school in Honolulu and I have had one or two jobs most of his life. I also was the caregiver for my father. I don't gamble. I don't use drugs. I don't spend money foolishly. I am trying to survive as a single, female head of household in Hawaii.

Why am I against the Senate bill?

Many times I have needed an extra money to pay a medical bill, utility bill, parking fees, or other necessity BEFORE my next payday. My son has had a chronic health condition and many times the expenses were out-of-pocket. The physician's office would not accept post-dated checks. When I wrote a check with insufficient funds to pay for my son's treatment it caused a domino effect in my checking account. The overdraft fees charged to my checking account for the doctor visit exceeded the amount I would have paid in fees for a payday loan. These types of situations are unforeseen. I live from paycheck to paycheck and when there is an emergency or an ongoing chronic issue that taps my resources I am thankful that payday loans are available for people like me. My credit is not good because my credit cards are always at the limit. Payday loans have been a life preserver for me and my family in a sea of unknown situations.

Please understand that payday loans are very beneficial for gap groups in the population like me. If the fees are capped the payday loan companies cannot do business here in Hawaii. These types of businesses do not collect interest rates at the same rate as a longer term loan or credit company – you cannot compare payday loan fee structures to other types of loans. You can only compare them against each other, i.e.; similar short-term loan companies that do not require equity. There are some payday loan companies that do charge bloated fees and they allow a longer payback period. That is not always the case. Consumers must do the research for themselves. The fees are clearly posted at every window at the payday store I go to when I need help. I don't use payday loans every pay period.

What about those who say Payday loans are evil and the companies are operated by scammers?

If people who are in debt and assign blame on the payday loan companies, shame on them. Shame for overuse, shame for not researching the company, shame for not taking responsibility to know the fees. Not all businesses are the same. Restaurants, clothing, stores, gas stations, retail, and payday loan businesses vary. I checked out many stores on Oahu and online BEFORE applying for a payday loan. The store I go to has the fees clearly posted and reviews the payback amount and payback date clearly and asks me if I understand. The consumer must take responsibility for knowing the fees – especially when the information is given multiple times at every transaction.

My greatest fear is if I am in a situation and there is not a payday loan available for me in Hawaii I could potentially end up homeless.

Please do not take away my life preserver. I don't know when I might need it again.

Mahalo,

Eleni Davis
3410 Leahi Ave. #106, Honolulu, HI 96815

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 07, 2015 5:07 PM
To: FINTestimony
Cc: pgellatly@mac.com
Subject: Submitted testimony for SB737 on Apr 8, 2015 14:00PM

SB737
Submitted on: 4/7/2015
Testimony for FIN on Apr 8, 2015 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Peter Gellatly	Individual	Support	No

Comments: Although preying on the poor may be a universal pastime, let's get rid of it here. Mahalo!

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AARP Real Possibilities

LATE

April 8, 2015

House Committee on Finance
Representative Sylvia Luke, Chair

Re: **SB 737, SD 1, HD 1, Relating to Check Cashing**

Chair Luke, Vice Chair Nishimoto and members of the committee:

Introduction

AARP is a membership organization of people fifty and over with nearly 150,000 members in Hawaii alone. AARP advocates for issues that matter to Hawaii families, including the high cost of long-term care; access to affordable, quality health care for all generations; providing the tools needed to save for retirement; and serving as a reliable information source on issues critical to people over the age of fifty.

AARP Hawaii supports SB 737, SD 1, HD 1 Relating to Check Cashing, but asks that the 36% cap included in the original version of the bill be restored.

Repaying a "payday loan" typically consumes a third of the borrower's paycheck. As a result, many borrowers borrow again, incurring new fees, and some get trapped in a cycle of debt.[1] And according to a March 2014 report from the Consumer Financial Protection Bureau (CFPB)[2], over 80% of payday loans are rolled over or followed by another loan within 14 days, and the majority of borrowers and government benefit recipients.

Quoting a CFPB report, the New York Times has reported that "[o]ne could readily conclude that the business model of the payday industry depends on people becoming stuck in these loans for the long term."[3]

[1] March 1, 2014 AARP Bulletin, "Advocates Aim to Cap Interest Rates at 36%," citing a report by the Pew Charitable Trust. http://states.aarp.org/la-2/

[2] CPFB Data Point: Payday Lending, March 2014. http://files.consumerfinance.gov/f/201403_cfpb_report_payday-lending.pdf#sthash.nG9dRopb.dpuf

[3] "How Payday Lender Prey Upon the Poor," April 18, 20014. http://www.nytimes.com/2014/04/20/magazine/how-payday-lenders-prey-upon-the-poor-and-the-courts-dont-help.html

The Senate Committee on Commerce and Consumer Protection found that the existing fee cap in Hawaii currently amounts to an annual percentage rate of 465%, which can trap borrowers in a cycle of high interest loans.[4] This can be catastrophic, especially for a senior who may be living on a fixed income and relying almost exclusively on social security benefits.

The intent of this bill is to limit the problem of borrowers being led into a debt trap from which they cannot escape. The solution proposed in the original version of this bill is to limit the total amount of fees charged for the deferred deposit of a personal check to an annual percentage rate of 36%.

This 36% cap included in the original version of this bill has become something of a model. The Consumer Federation of America has noted that 18 states have capped payday loan interest rates at 36% or banned them completely. In addition, through the Military Lending Act of 2006 the federal government capped the maximum allowable interest rate for payday lenders to charge military families at this same 36%. Indeed, the Department of Defense recently issued a proposal to expand the types of credit products that are covered by the 36% rate cap.[5]

We believe that the cap of 36% is a reasonable solution. It has been implemented in other jurisdictions, and has been used by the federal government to protect our service members. It should be used to protect Hawaii residents as well.

We support this bill and respectfully request the committee to pass it with the 36% cap.

[4] Stand. Com. Rep. No. 579, Re: SB 737, SD 1, http://www.capitol.hawaii.gov/session2015/CommReports/SB737_SD1_SSCR579_.htm

[5] "CFPB Release Statement on Department of Defense Proposal to Amend Military Lending Act Rule," September 26, 2014, http://www.consumerfinance.gov/newsroom/cfpb-releases-statement-on-department-of-defense-proposal-to-amend-military-lending-act-rule/

This is LATE testimony for the FINANCE COMMITTEE in SUPPORT of SB737
For the hearing at 2:00 P.M. on April 8, 2015
In room #308 at the State Capitol

LATE

Dear Chair Luke and all of the Finance Committee,

I am a former Payday borrower, now I am working with FACE to lower the interest rate on these loans for all families. I will NEVER take another Payday loan, but I want to help other families avoid the trouble I had. I am a hardworking and smart person, but I fell for the idea of "easy money". Just because someone falls for the advertising for these loans should not mean that they get stuck in a debt trap that haunts their families for months and months.

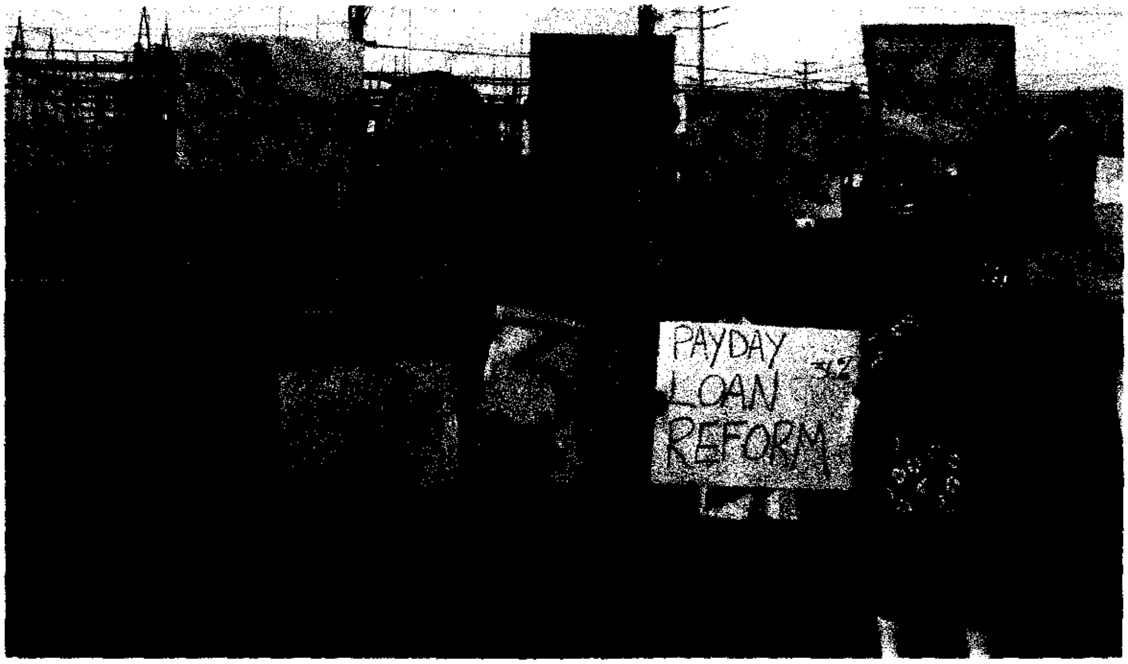
I helped start this petition last week and collected 212 signatures IN SUPPORT OF A 36% CAP on interest rates on these loans. The petition reads:

Please help protect Hawaii families from 450+% interest rates on Payday loans. The US Military capped interest rates on Payday loans for all Military families back in 2006 and it has helped families be more financially stable. Now all families deserve the same protections. This vote needs to be scheduled ASAP to get a hearing this session!

Thanks for accepting this late.

Napua Amina
Kihei, Maui
808-298-9536

PS: Here is a photo of a bunch of us signwaving to show our support for the 36% cap. We are even wearing caps that say 36%!



loimata fotu
HONOLULY, HI 96817
Apr 8, 2015

John Mueller
Waikoloa, HI 96738
Apr 7, 2015

Hardworking Hawaii families are stuck in a horrific debt cycle through Payday loans. 18 states have already capped the interest rate on these loans at 36% or less or made them illegal altogether. Our local families deserve protections from the Payday industry loan industry.

Maggie Connor
Waikoloa, HI 96738
Apr 7, 2015

Loren Wilken
Kailua-Kona, HI 96740
Apr 7, 2015

Karen Ginoza
Honolulu, HI 96817
Apr 7, 2015

Carolynn Griffith
Honolulu, HI 96825
Apr 7, 2015

Douglas Sorge
Lihue, HI 96766
Apr 7, 2015

Rev Alan Mark
Honolulu, HI 96821
Apr 7, 2015

Ending Payday loans is a NO-BRAINER. These are USURY run amok. Please pass this bill. Thank you...

Peggy Jayne
Makawao, HI 96768
Apr 7, 2015

Susan Neblett
Hilo, HI 96720
Apr 7, 2015

Michael Fischer
KAPOLEI, HI 96707-4939

Apr 7, 2015

Daryl Matthews
Kaneohe, HI 96744
Apr 7, 2015

Kim Harman
Makawao, HI 96768
Apr 6, 2015

Terence Travis
Ewa Beach, HI 96706
Apr 6, 2015

Gail Marcus
Kailua, HI 96734
Apr 6, 2015

Ellen Desruisseaux
Honolulu, HI 96822
Apr 5, 2015

Martha anderson
Sutherland, OR 97479
Apr 5, 2015

Darlene Rodrigues
Mililani, HI 96789
Apr 5, 2015

Laura Epstein
Honolulu, HI 96814
Apr 4, 2015

Kehaulani
Kahului, HI 96733
Apr 4, 2015

Raymond Catania
Lihue, HI 96766
Apr 4, 2015

I support s cap on interest rates

Raynae
Hauula, HI 96727
Apr 4, 2015

Anna Stirr
Honolulu, HI 96822
Apr 4, 2015

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steve van aller
las vegas, NV 89148
Apr 4, 2015

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francyne lew
lahaina, HI 96761
Apr 4, 2015

Sarah Sangster
Lahaina, HI 96761
Apr 4, 2015

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bruce stoner
haiku, HI 96708
Apr 4, 2015

Donna Devick
Mililani, HI 96789
Apr 4, 2015

Julie Mitchell
Kurtistown, HI 96760
Apr 4, 2015

Bill Cunningham
Kaneohe, HI 96744
Apr 4, 2015

Ayesha Nibbe
Honolulu, HI 96814
Apr 4, 2015

Mary Morgan Evans
Honolulu, HI 96822
Apr 4, 2015

Kathy Moss
kekaha, HI 96752
Apr 4, 2015

James Logue
Pearl City, HI 96782
Apr 3, 2015

Jesse Akagi
Lihue, HI 96766
Apr 3, 2015

Rosemary Craven
Ewa Beach, HI 96706
Apr 3, 2015

I think 36% is still too high, but it is a good start. I would like to see 20-25% and a raise in the minimum wage today. Mahalo Drew!

John Fitzpatrick
Kihei, HI 96753
Apr 3, 2015

Stop these predatory practices.

Ruth Robison
Hilo, HI 96720
Apr 3, 2015

James Long
Naalehu, HI 96772
Apr 3, 2015

Richard Rodrigues
HONOLULU, HI 96813
Apr 3, 2015

Douglas G Kreider
Kaneohe, HI 96744
Apr 3, 2015

I'm with my fiance in Seattle while she is in school. I want my home to be a more fair place to come back to.

Shantee Brown
seattle, WA 98122
Apr 3, 2015

Please pass this bill. You can end the needless of many who could get stuck with difficult and sometimes impossible loan repayments. Mahalo Nui

Gary Colton
Kihei, HI 96753
Apr 3, 2015

Tia
Wahiawa, HI 96786

Apr 3, 2015

Linda Namauu Pavao
Hilo, HI 96721
Apr 3, 2015

Mary Matayoshi
Honolulu, HI 96816
Apr 3, 2015

Peter M Reimer
Mountain View, HI 96771
Apr 3, 2015

Luana Keakealani
Kamuela, HI 96743
Apr 3, 2015

Benjamin-Jaymz :Hu'bbard
pahoa, HI 96778
Apr 3, 2015

Sandra L Stokes
Kurtistown, HI 96760
Apr 3, 2015

Lyndon Kahuhu
Waipahu, HI 96797
Apr 3, 2015

ErnestJepson
Kihei, HI 96753
Apr 3, 2015

Reign in these predatory companies. Not only are they taking advantage of poor people, they are funneling money out of Hawaii which harms everyone.

Johann Lall
Kihei, HI 96753
Apr 3, 2015

Julia Horn
Captain Cook, HI 96704
Apr 3, 2015

it is imperative that Payday loan's be held to the same standards as other lending institutions. We must recognize the distructive nature of taking advantage of those who are vulnerable negatively impacts the health of the entire community.

Lisa Darcy
Kahului, HI 96732
Apr 3, 2015

Bruce Young
Kilauea, HI 96754
Apr 3, 2015

Deva Smith-Gunter
Wailuku, HI 96793
Apr 3, 2015

STOP HIGH INTEREST RATES ON HAWAII ALL FAMILIES!!! HOW DARE YOU!!! THIS IS THEIR LAND ... NOT ONLY STOLE IT, NOW YOU HAVE THE NERVE TO CHARGE THEM!!

Julie Johnston
Kapolei, HI 96707
Apr 3, 2015

Jim Browne
Pahoa, HI 96778
Apr 3, 2015

Maureen Fagan
Kailua-Kona, HI 96745
Apr 3, 2015

Corby Hettler
lahaina, HI 96761
Apr 3, 2015

Hob Osterlund
Princeville, HI 96722
Apr 3, 2015

John Harter
Anahola, HI 96703
Apr 3, 2015

Jill Friedman
Hanapepe, HI 96716
Apr 3, 2015

Danielle Ciccone
Hilo, HI 96721
Apr 3, 2015

Michael Golojuch Jr
Kapolei, HI 96707
Apr 3, 2015

William Peterson
Kapaa, HI 96746
Apr 3, 2015

Enough already! Get these loan sharks out of business!

Ann Freed
Mililani, HI 96789
Apr 3, 2015

Alejandra Morales
Kailua, HI 96734
Apr 3, 2015

Karen Chun
Paia, HI 95779
Apr 3, 2015

Gerald Chang
Honolulu, HI 96826
Apr 3, 2015

James Mateo
Ewa Beach, HI 96706
Apr 3, 2015

Peter Mateo
Ewa Beach, HI 96706
Apr 3, 2015

We must end the reality that the poor pay the most for everything.

David Sansone
Hakalau, HI, HI 96710
Apr 3, 2015

Bruce Ellinwood
Kaneohe, HI 96744
Apr 3, 2015

Please stop this abuse!

Gillian Engledow
Kihei, HI 96753
Apr 3, 2015

Valerie N Roberts
Kahuku, HI 96731
Apr 3, 2015

Neil Frazer
Kailua, HI 96734
Apr 3, 2015

Joanna Stallsmith
Honolulu, HI 96821
Apr 3, 2015

Support capping % charges for payday type loans. Protect citizens who need the most support. Mahalo.

Margaret Primacio
Kahuku, HI 96731
Apr 3, 2015

Shahrazad Ahmed-Phillips
Keaau, HI 96749-9306
Apr 3, 2015

Robert Miyake-Stoner
Aiea, HI 96701
Apr 3, 2015

Charles Luce
Pahoa, HI 96778
Apr 3, 2015

Ka'i Andrade
kapaau, HI 96755
Apr 3, 2015

Christina Mavricakis
Kailua Kona, HI 96740
Apr 3, 2015

Kendra Hunter
Haiku, HI 96708
Apr 3, 2015

regina b. dooley
waipahu, HI 96797
Apr 3, 2015

BARBARA Howell
Kapolei, HI 96707
Apr 3, 2015

Michael Holwell
Kihei, HI 96753
Apr 3, 2015

Chelsea Baldado
hilo, HI 96720
Apr 3, 2015

When did loan sharking become legal?

Christine Queen
Kapa'a, HI 96746
Apr 3, 2015

Andrea Anixt
Ka'a'awa, HI 96730
Apr 3, 2015

Karen Gilmore
Kula, HI 96790
Apr 2, 2015

PLEASE MAKE A MOVE TOWARD FAIRNESS BY ENDING PREDATORY LENDING.

Dale Evans
Waimanalo, HI 96795
Apr 2, 2015

Kainoa Arensdorf
Keaau, HI 96779
Apr 2, 2015

Hawaii deserve a whole lot better. .

Napua Amina
Kihei, HI 96753
Apr 2, 2015

J Rosa
Honolulu, HI 96822

Apr 2, 2015

Fred Bonnet
Kaneohe, HI 96744
Apr 2, 2015

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david bohn
Wahiawa, HI 96786
Apr 2, 2015

Patricia Koge
Mililani, HI 96789
Apr 2, 2015

Patrick Zukemura
Honolulu, HI 96826
Apr 2, 2015

Zena M. Toy
KEALAKEKUA, HI 96750
Apr 2, 2015

Kate Wescott
Honolulu, HI 96815
Apr 2, 2015

Bruce Cohen
Pahoa, HI 96778
Apr 2, 2015

Rev. Stanley Bain
Kailua, HI 96734
Apr 2, 2015

Thelma Akita-Kealoha
Kahului, HI 96732
Apr 2, 2015

THIRTY-SIX PERCENT hardly seems like a hardship profit. I wonder what ever happened to anti-usury protections. They probably went the way of anti-monopoly laws. Please pass this legislation.

Mary A. Wilkowski, Esq.
Honolulu, HI 96813
Apr 2, 2015

ROBERT J. NERGER
NA'ALEHU, HI 96772
Apr 2, 2015

Rachel Glanstein
Honolulu, HI 96837
Apr 2, 2015

Gouging the most valnerable just because they can. Way to go America.

Ben Shafer
Hau'ula, HI 96717
Apr 2, 2015

Valerie Weiss
Kapaa, HI 96746
Apr 2, 2015

Linda Sola
Makawao, HI 96768
Apr 2, 2015

36% is a great START for capping outrageous loans, but the interest rate needs to get people out of the debt cycle.

Renae Kibler
Wailuku, HI 96793
Apr 2, 2015

"payday" loans are usury, pure and simple. and horrible.

Stephen Canham
Kaneohe, HI 96744-3624
Apr 2, 2015

Join other states in protecting the financially challenged.

Mr Gary Passon
Kihei, HI 96753
Apr 2, 2015

Robert Fernandez
HONOLULU, HI 96825
Apr 2, 2015

Julia McGovern
Waimea, HI 96796
Apr 2, 2015

Please respect the dignity of lower-income families by giving them this much-needed support.

Debra deLuis
Lihue, HI 96766
Apr 2, 2015

Susan Kay Anderson
Keaau, HI 96749
Apr 2, 2015

Maria Georgina
Wailuku, HI 96793
Apr 2, 2015

Noelani Bouchard
Pahoa, HI 96778
Apr 2, 2015

Please support this bill and help Hawaii families get out of the cycle of debt. If 36% is good for our military families, shouldn't it be good for our local families? Please support this bill and the cap on payday loans.
Peace, Terry

Terrence Watanabe
Kihei, HI 96753
Apr 2, 2015

We need prevent the taking advantage of the less fortunate.

John
Makawao, HI 96768
Apr 2, 2015

Lorenn Walker
WAIALUA, HI 96791
Apr 2, 2015

Karen Gray
Haiku, HI 96708
Apr 2, 2015

---

leialoha kalua
Crawfordsville, IN 47933
Apr 2, 2015

---

lauren achitoff
kaaawa, HI 96730
Apr 2, 2015

Merrill Gonzalez
Berwyn, IL 60402
Apr 2, 2015

Please help the hard working people of Hawaii's financial security.

Stephanie Kowalski
Makawao, HI 96768
Apr 2, 2015

Stuart Karlan
Kihei, HI 96753
Apr 2, 2015

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36 percent is still too high, but it is better than 450 percent!

Sally Raisbeck
Wailuku, HI 96793
Apr 2, 2015

Thomas Tizard
Kailua, HI 96734
Apr 2, 2015

Jerzy chodak
Pepeekeo, HI 96783
Apr 2, 2015

Joshua Araki-Kwee
Hilo, HI 96720
Apr 2, 2015

Robert Prosser
Honolulu, HI 96814
Apr 2, 2015

Michael Kalinowski
Pahoa, HI 96778
Apr 2, 2015

Please pass SB737's 36% interest rate cap on Payday loans.

Sandra Aki
Wailuku, HI 96793
Apr 2, 2015

Steven Heselton
Pahoa, HI 96778

Apr 2, 2015

Denise Hennig
Lanai City, HI 96763
Apr 2, 2015

Joy Wall
Keauhou, HI 96739
Apr 2, 2015

Barbara J. Service
Honolulu, HI 96816
Apr 2, 2015

Stop predatory lending and make it illegal.

Alex Oshiro
Honolulu, HI 96814-4820
Apr 2, 2015

Bonnie McAfee-Torco
Honolulu, HI 96828
Apr 2, 2015

Julia Steele
Honolulu, HI 96822
Apr 2, 2015

Lynn E Robinson-Onderko
Ewa Beach, HI 96706
Apr 2, 2015

Eric Jon Voorhies
Kapaa, HI 96746
Apr 2, 2015

Hannah Israel
Captain Cook, HI 96704
Apr 2, 2015

There is nothing just about preying on poor and financially unstable people.

Vid Raatior
Hilo, HI 96720
Apr 2, 2015

Shay Chan Hodges
Haiku, HI 96708
Apr 2, 2015

Please protect all our families from exorbitant Payday loan rates.

Mark Shaw
Kihei, HI 96753
Apr 2, 2015

Jon Davidann
Kailua, HI 96734
Apr 2, 2015

Sheryl P. Gardner
Mililani, HI 96789-1878
Apr 2, 2015

Gary Okabayashi
Honolulu, HI 96815
Apr 2, 2015

Lenny Zimmerman
Honolulu, HI 96815
Apr 2, 2015

Scott Hamilton
Kapa'a, HI 96746-2068
Apr 2, 2015

Steve Laycock
Waianae, HI 96792
Apr 2, 2015

Mary Weir
Kailua, HI 96734
Apr 2, 2015

Usurers should not be allowed to take advantage of the disadvantaged.

Yujen Hsia
Honolulu, HI 96814
Apr 2, 2015

Payday lending used to be called predatory lending!

Nancy Aleck
Honolulu, HI 96839
Apr 1, 2015

Barbara
Honolulu, HI 96822

Apr 1, 2015

Rae leong
Kaneohe, HI 96744
Apr 1, 2015

Mike Hasselle
Honolulu, HI 96825
Apr 1, 2015

Chris Peterson
Honolulu, HI 96816
Apr 1, 2015

Marilyn Bernhardt
Kamuela, HI 96743
Apr 1, 2015

36% is also way too high. Think about 10% maximum. The poor and rural people get hit hardest. Many areas have no banks nearby. Put yourself in their place and think - NOT in the money lenders ' place who feed off our communities!

S McCoy
Kealakekua, HI 96750
Apr 1, 2015

As a member of the clergy, I object the highest interest rates charged in payday loans. In Matthew 25, I am called to take care of my least brothers and sisters and these loans targeted to these least folks. As one ohana, we need to do better for our own.

Stan Franco
Haiku, HI 96708
Apr 1, 2015

Barry James
Kaneohe, HI 96744
Apr 1, 2015

Carolyn Nakasato
Pearl City, HI 96782
Apr 1, 2015

Just do the right thing and cap payday lending interest!

Catherine Graham
Honolulu, HI 96817
Apr 1, 2015

Randy Ching
Honolulu, HI 96814
Apr 1, 2015

Theotis
Honolulu, HI 96826
Apr 1, 2015

Ron Whitmore
Hilo, HI 96720
Apr 1, 2015

Ruthie Bernaert
Honokaa, HI 96727
Apr 1, 2015

We need to cap these payday loans which exploit people of limited means. Please pass SB737 and do the right thing. Noel Kent Professor UHManoa

Noel Kent
Honolulu, HI 96822
Apr 1, 2015

L Cummings
Lahaina, HI 96761
Apr 1, 2015

Sarah Afong
Kapolei, HI 96708
Apr 1, 2015

Mary True
Pepeekeo, HI 96783
Apr 1, 2015

Richard Weil
Waialua, HI 96791
Apr 1, 2015

Olinda Aiwohi
Wailuku, HI 96793
Apr 1, 2015

Randall Imada
Honolulu, HI 96813
Apr 1, 2015

Uma Veloo
Honolulu, HI 96814
Apr 1, 2015

Cathleen Vinhasa
Honaunau, HI 96726-0275
Apr 1, 2015

Tasha Kama
Wailuku, HI 96793
Apr 1, 2015

Eric Burkhardt
Honokaa, HI 96727
Apr 1, 2015

Taking usurious advantage of our most disadvantaged citizens is abhorrent!

Darin Padula
Honolulu, HI 96825
Apr 1, 2015

Michael McCarron
Honolulu, HI 96816
Apr 1, 2015

Javier Mendez
Honolulu, HI 96817
Apr 1, 2015

Please limit the usury and predatory practices of these companies

Nancy McPherson
Aiea, HI 96701
Apr 1, 2015

STOP THE USURY.

Pete Wilson
Pahoa, HI 96778
Apr 1, 2015

Do not allow outrageous finance charges to continue. Protect our families.

Pat Dixon
Kaneohe, HI 96744
Apr 1, 2015

Patricia Blair
Kailua, HI 96734
Apr 1, 2015

Lilinoe Smith
Kalaheo, HI 96741
Apr 1, 2015

Jeff Gilbreath
Honolulu, HI 96817
Apr 1, 2015

Richard Mindar
Honolulu, HI 96815
Apr 1, 2015

Steven Look
Honolulu, HI 96826
Apr 1, 2015

Karen McWilliams
Kailua, HI 96734
Apr 1, 2015

Lesley Patton
Kapaau, HI 96755
Apr 1, 2015

Dwayne Munar
Waianae, HI 96792
Apr 1, 2015

Aloha, I have a friend who has been a longtime victim of payday loans. He is constantly re-upping these, paying yet more interest. These are legalized loan-sharking operations, pure and simple, preying on the un- or under-educated people in our community. These need to be regulated, or better, put out of business. Thank you for listening.

Alexander Simpson
Honolulu, HI 96816
Apr 1, 2015

michell Kauhane
Kapolei, HI 96706
Apr 1, 2015

Only vampires suck more blood. Let's drive a stake thru the heart of such greed. Pass this bill, give poor people a break

mark sheehan
Haiku, HI 96708
Apr 1, 2015

W.K. A.
Waipahu, HI 96797-5619
Apr 1, 2015

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let's end the abusive and exploitative Practice of usury!

Alfred Arensdorf
Wailuku, HI 96793
Apr 1, 2015

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james heermans
Honolulu, HI 96814
Apr 1, 2015

Marjorie Watanabe
Honolulu, HI 96825
Apr 1, 2015

Juliana Kailihiwa
Captain cook, HI 96704
Apr 1, 2015

Jonathan Boyne
Honolulu, HI 96822
Apr 1, 2015

Lynda Barry
Wailuku, HI 96793
Apr 1, 2015

Gail Gonzalez
Michigan City, IN 46360-5243
Apr 1, 2015

Shaun Campbell
Honolulu, HI 96815
Apr 1, 2015

Payday loans are a scourge! Cap 'em!

Terri Erwin
Wailuku, HI 96793
Apr 1, 2015

Drew Astolfi
Makawao, HI 96768
Apr 1, 2015

SB737

LATE

While on the surface it may appear to be a noble gesture to limit payday loans to 36% I would liken it to legislators rolling out a law for car manufacturers to not be able to sell car for more than $1,000. While you may make the rule, the car business will not continue under that rule and car manufacturers would cease to supply their products. AND THOSE IN NEED WILL NOT HAVE ACCESS
TERMS 36% AND PAYDAY LOANS ARE NOT
36% ~~ASKING FOR A 36% PAYDAY LOAN RATE~~ INTERCHANGABL
- ASKING FOR LOANS

The same applies with payday loans. The payday loan product will not exist under a 36% rule. Hundreds of local jobs will be lost. Not only will they be lost, they will be exported to other states who will supply the same product ~~that~~ A PRODUCT will continue to be in demand. Some of the major suppliers of online payday loans are the various Indian tribes on the mainland. Please see the attached web page of one such Indian tribe leader advertising their 700% APR payday loan. This legislation before us today, will indeed result in extinguishing our local payday lenders and, instead, payday loan clients will be forced to deal with companies that are out of reach of Hawaii regulators while Hawaii residents will be out of local jobs.

I have a family member who was just approved for a Discover Credit card at 22% "APR". What this means is a $600 balance will cost her $132 over a year's time. Keep in mind that her approval was based on a full credit underwriting process and 7 days to get the card into her hand and, that 22% isn't based on a cash advance rate which was considerably higher.

THIS YEAR

If she needed a payday loan, that same $600 loan would cost her $90. $42 less than her full qualifying credit card over a year's time. These payday loans were not designed to be a continual, frequent, or ongoing loan and maybe that's were the focus of all this needs to be. Address the very few problematic frequent abusers of this product out of the thousands of residents who utilize this product responsibly. I'm not aware of any complaints on file ~~in this State from any of this industry's customers with respect to the rates being charged.~~ Same with the YELP pages that are freely open to consumers. Nothing there ~~either.~~ Nothing on the Better Business bureau site either. WITH RESPECT TO RATES

I've attached another article where people are discussing the profit margin on an over the counter soda. In the article, the writer states...... TAKE CHAU E

"Next, take your sell price and subtract your per soda cost to realize gross profit. If you sell the 20 oz soda for $1.25 then you make $1.03 in gross profit and your attributable NA/BEV cost for the soda is $0.22 / $1.25 = 17.6% (18% to 20% is very common for Soda) "

In this context, the "product" is soda costs .22 cents ~~and~~ the final sale price is $1.25 and they claim, and through the markup, the profit margin is 17.6%.

22 cents into the product - $1.50 is the end result. If we were to put the APR "calculation" on this what do you think it would be? ~~In this scenario, and compared to the payday 15% fee markup strategy, the soda works out to be 14.666%.~~ Where's the soda outrage? Aren't people buying sodas weekly? THAT APR then? Why is the rule any different ~~just~~ because the "product" is money instead of soda or a multitude of so many other products?

That's why this term of 400+% APR is a wrong benchmark for a payday loan product. It too, is an in and out short term counter transaction, and while soda vendors consider it okay for their customers to buy a soda per week, payday lenders do NOT operate that way. 400%+ APR's are predicated on that loan being paid and borrowed all throughout the year and that's just not how it works. ~~NOT~~ MAJORICALLY

I DEAL WITH PEOPLE DAY IN & DAY OUT WHO OWE MONEY

I ~~work at a local collection agency~~. ~~We collect~~ all kinds of debts. Delinquent rents, auto loans, medical bills, and in that mix THERE ARE ~~we have some~~ payday loan accounts. Throughout my years of experience I've heard about every reason as to why someone has not paid or will not pay bill and one thing I will tell you today, is that some people will offer any kind of excuse in an effort to not have to pay a bill and, in all my years of DEALING WITH PEOPLE IN DEBT ~~collecting, or being involved in the collection of a payday loans~~ I have never heard anyone attempt to grasp at straws to say "I'm not paying ~~that~~ PAYDAY LOAN because the rate was just too high". The payday loan clients appreciate the type of product they were given. WHEN THEY WERE IN NEED FOR IT

On that note, TO ~~???~~ THERE ARE MERCHANTS ~~I have clients~~ that markup their product 300% from their cost and then, on top of that, offer long term financing at 30+% financing but, somehow, payday loan entities are who we've chosen this legislative session, to be the bad guy with their $90,15% fee .

I'm here today because I have exposure to those who have the need for the payday loan product. I'm in their world day in and day out. They've used these loans to pay their rent, to have their cars repaired so they can keep their job, and even to be able to put groceries on the table on a week that their spouse simply wasn't able to go into their part time job for a few days due to illness, leaving them shy on cash flow because of that instance.

I've read the comments of others and it reminds me of the phrase "Let them eat cake" as if all people will have access to lower rates just because payday loans will be regulated. When they close, the truth will be evident. These same customers can't go to banks for lower rates or they would have in the first place. They can't go to relatives for help or they would have in the first place. They can't GET cake.

The existence of payday lenders didn't create the need for payday lenders. It was the other way around. The need created the viability of the industry. Banks and relatives wouldn't or couldn't help these payday loan clients and, now, legislation is before us closing out their last solution while not offering any viable alternatives. Just the sound of doors and jobs shutting down or being exported off island.

When I speak about who the payday clients are and the needs of those clients, consider the following;
What's the APR on a $150 late fee for rent when the rent is short?
What's the APR for the $950 an eviction attorney charges?
What's the APR on a forfeited security deposit?
What's the APR for the lost job when an employee can't get to their job because they have no "extra" money for last minute car repair?

Are they suddenly going to have stable employment and great credit to pursue other options?

GENTLEMAN MENTIONED MAN OUT OF JUST JAIL - JUST WHERE

Puts that $90 fee into perspective.

Point is, there are far worse consequences being avoided because of the services payday loan companies offer and the expeditious manner in which they offer it.

People keep beating on this 400+% figure and making comments about how people get "dug in" taking months to get out of debt. IF this is the case, this is not due to the majority of payday lenders in this room. It IS due to those who do not follow the law and they are allowed, by the State, to continue to do business in this fashion because the State does nothing to enforce the protection laws that are already on the books to protect individuals from this very thing. I see the ~~collection~~ ~~notes~~ ACCT NOTES HISTORY → MOST OF THE from ~~our~~ payday lenders and they're NOT re-amortizing new loans or adding additional fees that would cause a deeper debt hole. Payment arrangements are made on the original balance. Let me say that again. Payment arrangements are being made on the original balance. So, to close and penalize the majority of lenders who ARE doing business correctly because the State is not doing their job, isn't quite just and now the State resorts to penalizing all for **their** inaction on the few.

THE OPPOSITION CAN ONLY PRESENT A HANDFUL OF STORIES IN CONTRAST TO THE THOUSANDS HAPPY

THOUSANDS OK CUSTOMER PER -

So, again, as valiant as this regulation may appear ~~on~~ the surface, there are real world consequences to a customer base, a customer base that ~~isn't~~ even registering complaints with our State regulatory agencies. If these facilities close, what their clients won't be able to afford, is your "help" in doing so. Don't shut doors on them. Don't export even more Hawaii jobs off the island.

THAT I CAN FIND

Instead, focus on the enforcing the current laws with respect to the frequency issue which, in actuality, is what is responsible for fueling the APR issue. One or two of these emergency loans in a year's time, is not turning these people's lives upside down. In many instances, these loans are preventing lives from being turned upside down.

-Dave Ketzenberger

17 OTHER STATES

48 OTHER STATES