Payday Lending Rules

CFPB recently issued its long-awaited re-write of its payday lending rule. The headline in the newly proposed regulation is that this rewrite would eliminate the original requirement that lenders employ an “ability to repay” test. This test verifies borrower income and debt before a payday loan is made. CFPB asserts the “ability to repay” requirement would have limited consumer access to the product. CFPB also pushed back the effective date to November 2020.

The reaction by consumer groups and Congressional Democrats was immediate with the strongest response from Chairwoman Maxine Waters, who called for the newly proposed rule to be rescinded less than 2 hours after it was issued. CFPB asked DCUC to provide comment on this issue as Director Kraninger is interested in hearing multiple points of view on CFPB issues.

STANCE

DCUC thanks the CFPB for allowing us to provide comments. As part of who we are, DCUC does not support any regulation that enables predatory lenders to make these types of loans and force military members to fall into deeper financial trouble. As such, DCUC will continue to work with the NCUA on its Payday Alternative Loan program in making this a better alternative to unscrupulous lenders outside the gate. We appreciate CFPB’s support for our efforts.

TALKING POINTS

- Defense Credit Unions are member-owned financial institutions serving our Nation’s military by providing safe financial products and services, providing robust financial education, and understanding our members’ needs.

- Defense Credit Unions DO NOT engage in predatory lending behaviors and work very hard to PROTECT our military against such behaviors.

- Defense Credit Unions have a strong reputation of extending safe credit in a full and fair manner for all members, including those who need financial assistance. This is who we are!

30 SECOND PITCH

"As part of our heritage and the trust we have earned, Defense Credit Unions will continue to support legislation and regulations that prevent predatory lenders from making risky loans to our members. We appreciate CFPB’s support and will continue to work with the NCUA on its Payday Alternative Loan program."