

Let's just set the record straight

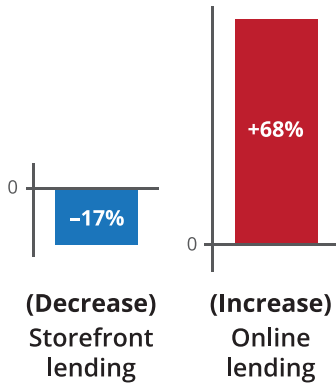
Some truth about regulation in the short-term lending industry

FIRST: Passing a restrictive ordinance against the payday-lending industry **does not reduce demand** for short-term lending.

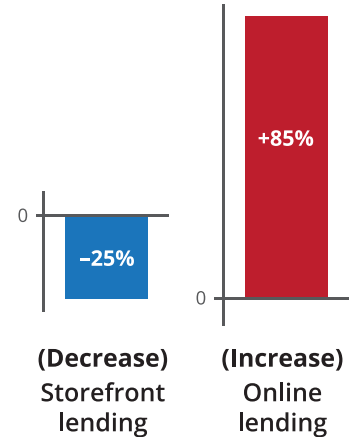
Research conducted by Non-Prime 101 found that even when physical storefronts were shut down in Dallas and Austin, demand for online loans still shot up, dramatically in some cases.

Effects on payday lending after ordinance passed in Austin, TX (duration: one year)

All of Texas

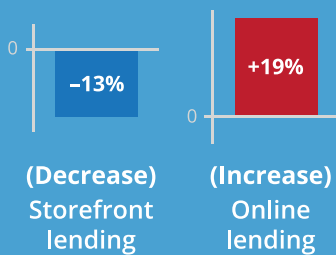


Only Austin

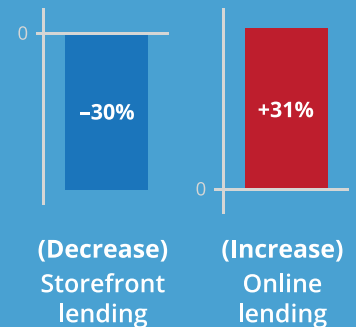


Effects on payday lending after ordinance passed in Dallas, TX (duration: one year)

All of Texas



Only Dallas



An analysis of loan data collected by the Texas Office of the Consumer Credit Commissioner shows **municipal ordinances do not decrease the demand for short-term lending.**

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SECOND: When a city passes an ordinance restricting payday lending, it eliminates local jobs and oversight of the industry, interferes with free-market principles, and puts the city at risk for litigation challenging the ordinance

Cities do not have the expertise, or the resources, to effectively enforce the ordinance. City staff cannot perform "on-site bank exams" like state and federal regulators do.

4
YEARS

In over four years since the passage of the Dallas ordinance (June 2011), no city is effectively enforcing the ordinance.

No Credit Access Business (CABs) has been fined for violations (likely because the cities are afraid of litigation).

With no legal precedence and the inability to effectively enforce these ordinances, the municipality opens itself up to potential lawsuits that could cost hundreds of thousands of taxpayer dollars.

THIRD: Passing restrictive short-term lending ordinances can actually raise consumer costs.

When local payday lending stores close, borrowers in these restricted areas might go to Internet Lenders where rates are consistently higher and the risk of identity theft is enhanced.

Or borrowers are forced to drive to a city without these restrictions to get the loan they need – thus paying a "gas tax" in addition to the price of their loan.

Because of disruptions in the marketplace, rates at local stores actually increase. (OCC data reports)