Ohioans *for* Payday Loan Reform

New Poll Shows Ohioans Overwhelmingly Support Reforms for Payday Loans

95% of those polled favor reforms that cap interest rates as proposed in recently introduced legislation

March 29, 2017 – A newly released poll commissioned by the The Pew Charitable Trusts shows that Ohio residents have an overwhelmingly negative view of the payday loan industry and strongly favor proposed reforms. A $300 payday loan costs a borrower $680 in fees over five months, because lenders in Ohio charge an average annual percentage rate of 591 percent.

Among other results, the poll, done by WPA Opinion Research, shows that:

- 62% of Ohioans polled have an unfavorable impression of payday lenders.
- 78% said they favor more regulations for the industry in Ohio, which has the highest borrowing rates in the nation for the short- term loans.
- 95% said they believe the annual interest rate on payday loans in Ohio should be capped at rates lower than what is now charged, while 80% said they would support legislation that caps the interest rate on payday loans at 28% plus an allowable monthly fee of up to $20.

A bipartisan bill – HB123 – was recently introduced in the Ohio House of Representatives by Rep. Michael Ashford (D-Toledo) and Rep. Kyle Koehler (R-Springfield). The bill calls for capping interest rates on payday loans at 28% plus monthly fees of 5% on the first $400 loaned, or $20 maximum.

“This poll reinforces the strong belief that Ohioans who use these short term loan products are being harmed by an industry that charges borrowing costs that are obscenely high and unwarranted,” said Rep. Koehler. “The Ohio Legislature needs to pass our recently introduced legislation that would result in much fairer costs for Ohioans who choose to use these products in the future.”

The poll shows that negative views of the payday loan industry in Ohio cuts across party lines, with the following unfavorable ratings:

- Democrats, 72%
- Republicans, 62%
- Independents, 59%

In 2008 the Ohio Legislature voted to cap payday loan annual percentage rates at 28 percent. The payday loan industry mounted a $20 million campaign to pass a statewide ballot referendum overturning the legislation. The payday loan industry outspent reform proponents by a margin of 38-1, but Ohio voters easily upheld the new law that limited fees and costs the payday lenders could charge. Nearly two thirds of Ohioans who cast ballots voted to uphold the reforms.

Rebuffed at the ballot, the payday loan industry then found loopholes in the new law that allow them to ignore it, despite the strong mandate from Ohio voters. That's why another piece of legislation that eliminates the loopholes has now been introduced.

"The time has come to enact fair reforms on the payday loan industry in Ohio," said Rep. Ashford. "Having the highest interest rates in the nation is not a good distinction for Ohio. All we are seeking is fairness and affordability, so that working families who use these financial products are no longer taken advantage of by these outrageous fees and interest rates."

HB123 has now been referred to the House Government Accountability & Oversight Committee.

Joel Potts, Executive Director of the Ohio Jobs and Family Services Directors' Association, said the poll results highlight the problems with payday lending in Ohio as it currently exists. "In the job and family service system, we see firsthand the struggles of those trapped in the payday loan system. For too long, we have turned our backs on the excessive fees being imposed on the working families who are struggling to make ends meet. We need reform, and House Bill 123 will accomplish that, ensuring credit continues to be available to those in need and leaving more money in the pockets of the wage earner so that they can afford to pay for other necessities."

A summary of the poll can be viewed here: http://www.wparesearch.com/ohiopaydaylending/

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