

OC 13-123



May 6, 2013

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Chairman Ben Bernanke
Federal Reserve
20th and C Streets, NW
Washington, DC 20551

Director Richard Cordray
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

OFFICE OF THE CHAIRMAN

Comptroller Thomas Curry
Office of the Comptroller of the Currency
400 7th Street, SW
Washington, DC 20024

Chairman Martin Gruenberg
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

A Balanced Practical View from the Asian Community on Bank Payday Loans

Dear Chairman Bernanke, Comptroller Curry, Chairman Gruenberg and Director Cordray,

The National Asian American Coalition is not an opponent of the concept of payday loans for emergencies when all other credit options are unavailable. That is why, for example, our organization supports the nuanced State of California Senate Bill 515 that seeks to reform payday lending by (1) extending the loan terms; (2) prohibiting lenders from making more than four loans to any consumer in a twelve-month period; (3) requiring safe underwriting; and (4) requiring a repayment process if a borrower is unable to meet their requirements at the end of the loan period.

All of our grassroots experience, including our serving 9,000 homeowners in distress, has led to the conclusion that there is insufficient credit among the regulated financial institutions within the regulatory process for low- to moderate-income families. For example, at a meeting in San Diego in 2012 to oppose payday lending, 90 percent of the people affected by payday lending stated that they did not like the terms, but they needed payday lending since traditional credit was unavailable.

Crackdown on Deposit Advance Loans (Bank Payday Loans)

Our organization is in agreement with the decision of the OCC and the FDIC, as well as the pending decision of the CFPB, to attempt to regulate bank payday loans. However, given a choice between bank payday loans and unregulated and often predatory payday loans, we would prefer bank regulated payday loans. However, bank terms must be changed. Some of the changes could occur through the regulatory process, others through competition and transparency necessary to create competitive advantages for banks that truly protect low- to moderate-income consumers in distress. (For example, the equivalent of an FDIC-insured label.)



Although we will be filing formal comments, we strongly urge that the four regulatory bodies, including the Federal Reserve, create an early opportunity for the banking industry, the regulators and key consumer groups to discuss bank payday loan terms that will both protect the public and avoid drying up needed credit from a regulated and generally responsible industry.¹

We thank you for considering the perspective of 20 million Asian Americans, including a growing number of Southeast Asian Americans dependent on some type of payday lending or alternative credit.

Most sincerely,

A handwritten signature in black ink that reads "Faith Bautista". The signature is written in a cursive style.

Faith Bautista
President and CEO

Cc: Federal Reserve Vice Chair Janet Yellen
Federal Reserve Governor Sarah Bloom-Raskin

¹ We are also aware that there is a debate within the Federal Reserve that has not yet been resolved regarding the direction of bank payday loans.