1/20/2019

Re: Request for Information on Small-Dollar Lending RIN 3064-ZA04

Mr. Feldman,

I am not altogether inclined to assist the Federal Government at this time, being that it is actively trying to force me out of business, but I am compelled to share two points that apparently the CFPB does not understand or maybe care to understand. The FDIC can surmise the answers to the rest of its questions based on the following:

1) Banking institutions have no real incentive to create a short-term loan product because they already have such a product- “overdraft.” Overdraft fees are higher than typical payday loan fees, but often service the customer in the exact same way a payday loan services a customer. It is not in the interest of banks to circumvent this product with another. The large banks have long been upset that payday lending cuts into their overdraft revenue, but they fail to see that we are the ones that actually keep those accounts open. Once a financial institution starts stacking thirty-five-dollar fees on top of negative two-dollar transactions, they quickly un-bank the customer by actions of their own doing.

2) Our customers will not benefit from short or long amortized loans. Our customers do not want long or short amortized loans. Our customers do not want credit cards. Our customers explicitly want payday loans because it is the only product that suits their needs, while simultaneously leaving them in control. I am not going to elucidate why a payday loan is the only product that works for these customers because research conducted by viable institutions (e.g. The Federal Reserve of New York) has already demonstrated that payday loans are a bigger help than they are a hindrance to these consumers.

The Federal Government is attempting to “fix” something that quite frankly is not broken. I assert that the customer is not the entity that the Federal Government is actually concerned with. I surmise the maxim objective is to pull billions of dollars off of the street and consolidate those transactions into the banking system. However, everyone is missing the big picture- It is not near as much money as everyone thinks it is. All of that cash referenced in transactional data, going back and forth across payday loan counters, is the same money. That money originates from the lender’s bank, ends up in the borrower’s bank, comes back out of the borrower’s bank and then back to the lender’s bank. In some cases that money floats between multiple lenders but it all ends up back in someone’s bank. This movement of cash, however, allows payday lenders to help keep bank accounts open, customers’ lights on, and food in their children’s bellies.

After reading the previously submitted comments I must respond to some of the points made: Yes, payday loans are way too risky for most financial institutions because a large percentage of payday loans are never repaid. I lose more in actual dollars annually than the credit union around the corner loses in a decade. Agencies need to stop pretending the “ability to repay” rules have anything to do with benefiting the customer. We do not wish to lose money so we analyze a customer's bank account, we talk to them about their needs, and we try to find a solution. However, do you know what happens to the majority of customers that do not repay? Nothing. Those that do not repay receive free money and I hope it helps. The ones that do repay their loans help subsidize those that do not: that is a real community. The fees are higher than conventional loans because the typical loss is so great but take notice: fees in this industry have not risen in decades and in most cases have decreased. Payday lenders are the only ones that understand our customers' needs and know how to provide the services they desire responsibly. I cannot speak for large public companies but I can speak for "mom and pop" entities like myself where the origins of this business lie.

Finally, I urge all government entities and representatives to refrain from referring to lenders such as myself as "predatory." How can a transaction with terms as clear as "I give you one-hundred dollars and you give me $120 back," be predatory? There is nothing deceptive about our practices and our single-sided one-page agreement is only as long as it is as to abide by state guidelines. Without the need for compliance, our agreement would not read more than three or four sentences. Contrast that product with a forty-plus page mortgage that consumers rarely read or understand and tell me which one is "predatory." The use of this term over the past decade has caused me great mental anguish as it vilifies my family and me for helping people that large banks will not.

Cordially,

[redacted]

Jeremy Rollins
Discount Cash Advance