TELL THE GENERAL ASSEMBLY TO BAN 400% ANNUALIZED INTEREST IN KENTUCKY

We, the undersigned, urge the General Assembly to limit interest on payday loans to 36%.

Current law allows payday loan lenders to charge 15% every two weeks for a loan of $500 or less.

Payday lenders think that because these loans are supposed to be short term, they should not have to follow the 36% rate which applies to other small loans. This might be a valid argument if the payday loan were a one-time occurrence. In fact, only 1% of payday loans go to one-time borrowers. The average borrower takes out 10 loans per year and owes the payday lender for 207 days per year. (Figures taken from the Kentucky Department of Financial Institutions.)

The industry's business plan depends on repeat borrowers. The interest and fees which Kentucky families pay to payday lenders could be better spent on rent, utilities, groceries, and medical care. Social Service agencies and churches will tell you that many families need assistance because they are trapped in payday loans. We believe that high-cost payday loans hurt our communities, fly in the face of justice, and drain the Kentucky economy.

We strongly urge the General Assembly to require payday lenders to follow the 36% interest rate that applies to all other small loans in the Commonwealth.