

AFSA President: Rate Caps Lead to Civil Rights Losses, Not Consumer Protection Victories

Bill Himpler, President & CEO of the American Financial Services Association (AFSA) today testified before the Senate Banking, Housing, and Urban Affairs Committee in a hearing entitled “Protecting Americans from Debt by Extending the Military’s 36% Interest Rate Cap to Everyone.”

In his testimony Himpler detailed the important role that traditional installment lenders play in their communities, offering responsible small dollar credit to hardworking Americans. He also warned of the disastrous effect a 36% rate cap would have on Americans’ ability to manage their own financial lives.

“When someone who is underbanked or has less than perfect credit is turned down or does not have access to a needed loan, it is not a consumer-protection victory. It is a civil rights loss,” said Himpler in his testimony. “All consumers deserve access to safe and reliable credit.”

Himpler highlighted recent studies that confirm that millions of Americans would be cut off from reliable small dollar credit should a national rate cap be imposed, and the growing consensus that rate caps harm consumers, particularly those with subprime credit.

“Nearly one in three Americans do not have a prime or excellent credit score. Fifty-three million adults have thin or no credit files,” Himpler told the committee. “When reputable small-dollar lenders cannot serve underbanked or subprime consumers, the consumers are left to turn to unregulated or illegal predatory lenders.”

You may read AFSA’s oral testimony [here](#); the written testimony with additional data points can be reviewed [here](#).

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Based in Washington, D.C., the American Financial Services Association (AFSA) is the national trade association for consumer credit, committed to protecting access to credit and consumer choice. Its 450 members include traditional installment lenders, vehicle finance companies, consumer and commercial finance companies, mortgage lenders and servicers, payment card issuers, industrial banks and industry suppliers. For more information, visit www.afsaonline.org.

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