Statement from Online Lenders Alliance CEO Mary Jackson on California Governor Newsom's Signing of Installment Loan Interest Rate Cap Bill

Online Lenders Alliance CEO Mary Jackson: "This reckless rate cap will hurt the very Californians the bill's supporters allegedly want to protect."

ARLINGTON, Va. (PRWEB) October 11, 2019 -- Following the signing into law yesterday of AB539, legislation that limits the interest rates on installment loans in the state of California, Online Lenders Alliance CEO Mary Jackson issued the following statement:

"With the stroke of a pen, California has created uncertainty and hardships for those in the state who need credit access the most, who are facing unexpected emergencies, or who are looking to consolidate more costly debt with an installment loan. Numerous unbiased economic studies, including those by The World Bank and the Federal Reserve, collectively agree that rate caps such as the one just enacted lead to negative unintended consequences.

"In practice, this reckless rate cap will hurt the very Californians the bill's supporters allegedly want to protect. It will restrict access to safe and trustworthy credit products, forcing lenders to deny credit to those in need. Moreover, this legislation also funnels borrowers to a handful of politically-connected lenders that pack loans with costly add-on products that most borrowers don't want or need. These add-on products, devised to make an end run around rate caps, lead to more costly loans where the true cost of credit is obscured.

"Sadly, Californians are now at risk of experiencing higher fees on loans, decreased price transparency, a reduction in the number of available lenders and competition in the marketplace, and being forced into overdraft and late fees. With this law, California has picked winners and losers — and California’s consumers have lost.”

About the Online Lenders Alliance
The Online Lenders Alliance (OLA) is the center for lending, technology, and innovation representing the growing online lending industry. OLA members abide by a list of Best Practices and a Code of Conduct to ensure that customers are fully informed and fairly treated. OLA member companies are among the most innovative financial technology companies committed to the highest standards of conduct, dedicated to ensuring the best possible experience for their customers, and fully compliant with federal law.
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