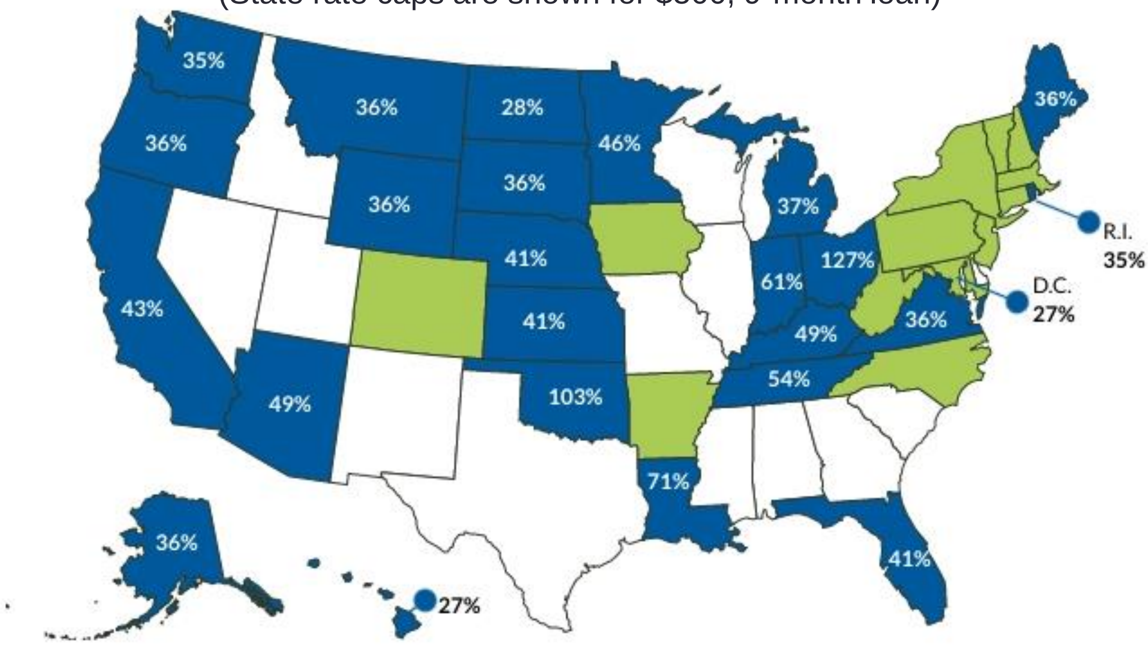
NCLC National Consumer Law Center

STOP PAYDAY LENDERS' RENT-A-BANK SCHEMES!

Payday lenders are starting to make **usurious loans up to 160% in states where those rates are illegal** by using banks, which are not subject to state rate caps, as a fig leaf**.** Banks have little to do with the loans, which they immediately sell. Bank regulators shut down these schemes in the early 2000s, but two state-chartered banks, FinWise Bank and Republic Bank and Trust, both regulated by the FDIC, are again helping payday lenders evade the law in 28 states & DC.

OppLoans + FinWise Bank = 160% APR

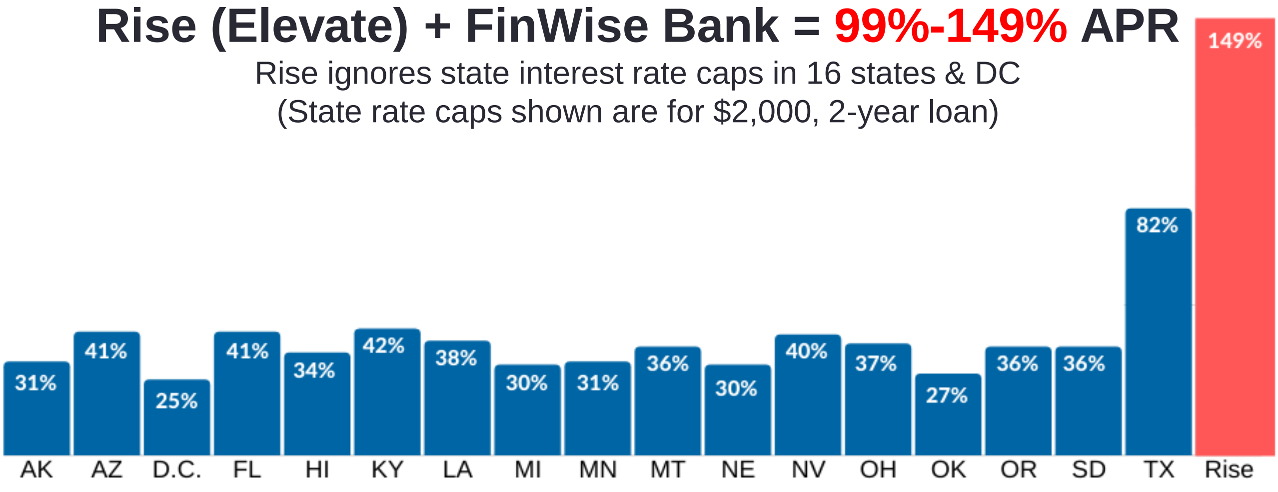
OppLoans ignores the interest rate cap laws of 24 states & DC
(State rate caps are shown for $500, 9-month loan)



- **OppLoans uses a rent-a-bank scheme in 24 states & DC to evade state rate caps.**
- States that allow Opploans' 160% APR loans
- OppLoans does not lend in these states, which have a history of enforcing rate caps.

Rise (Elevate) + FinWise Bank = 99%-149% APR

Rise ignores state interest rate caps in 16 states & DC
(State rate caps shown are for $2,000, 2-year loan)



Elastic (Elevate) + Republic Bank & Trust = 109%

Elastic uses a rent-a-bank scheme to offer lines of credit at rates above those allowed in many states. Elastic does not disclose an APR to consumers, but its SEC filing gives an example of a $2,500 advance with an effective **APR of 109%.** Actual APRs vary depending on the amount advanced and repayment schedule. The Elastic line of credit is offered in 14 states and DC where rate caps are far lower for lines of credit.

Maximum APR (with fees) for $2,000 advance repaid over 2 years			
Alaska	31%	Minnesota	36%
Arizona	41%	Montana	36%
Arkansas	17%	Nebraska	30%
D.C.	25%	Nevada	42%
Florida	34%	Oregon	36%
Kentucky	35%	South Dakota	31%
Louisiana	39%	Texas	28%
Maryland	33%		

Coming soon to California

Speedy Cash (Curo), NetCredit (Enova), and Rise (Elevate) have announced plans to their investors to **use rent-a-bank schemes to evade a new California law** going into effect on January 1, 2020 that will ban their current loans above $2,500 that go up to 135%-191% APR.

Federal and state legislators, regulators of both banks and payday lenders, and enforcement agencies must all do their part to stop payday lenders from evading state interest rate caps through rent-a-bank schemes.

December 2019