Usury

HOT TOPICS
• Report: A Larger and Longer Debt Trap?: Analysis of States' APR Caps for a $10,000 Five-Year Installment Loan, Oct. 2018 Press Release
• Predatory Installment Lending in 2017: States Battle to Restrain High-Cost Loans, Aug. 2017
• Comments to OCC on special purpose national bank charters, Jan. 17, 2017: NCLC comments. Short coalition comments.
• Report: Installment Loans: Will States Protect Borrowers from a New Wave of Predatory Lending?, July 2015
• Report: Why 36%? The History, Use, and Purpose of the 36% Interest Rate Cap, April 2013 | Issue Brief and Press Release

Usury laws prohibit lenders from charging borrowers excessively high rates of interest on loans. These laws have ancient origins, as usury prohibitions have been part of every major religious tradition. In the United States, every colony adopted a usury statute based on the English model. This trend continued after independence, with state usury laws protecting consumers from abusive lending until the last quarter of the twentieth century. During this period, preemption wiped out usury laws for most banks. In recent years, many states have started restoring protections against high cost lending to the extent permitted by preemption principles. For instance, some states have established caps on the interest rates that finance companies– which are not banks– can charge for small dollar loans, such as payday and auto-title products.

Policy Analysis

Policy Briefs, Fact Sheets, Reports & Press Releases

- Fact Sheet: State Rate Caps for $500 and $2,000 Loans, February 2020 (1-pager)
- Report: Predatory Installment Lending in the States: 2020, February 2020
- Report: A Larger and Longer Debt Trap?: Analysis of States' APR Caps for a $10,000 Five-Year Installment Loan, Oct. 18, 2018 Press Release
- Press Release: U.S. House Votes to Weaken State Limits on High-Cost Loans, Feb. 14, 2018
- Predatory Installment Lending in 2017: States Battle to Restrain High-Cost Loans, Aug. 2017

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Letters

- Letter opposing H.R. 3299 (McHenry)/S. 1624 (Warner), Protecting Consumers' Access to Credit Act of 2017, which reverses the Madden decision, Sept. 11, 2017

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