



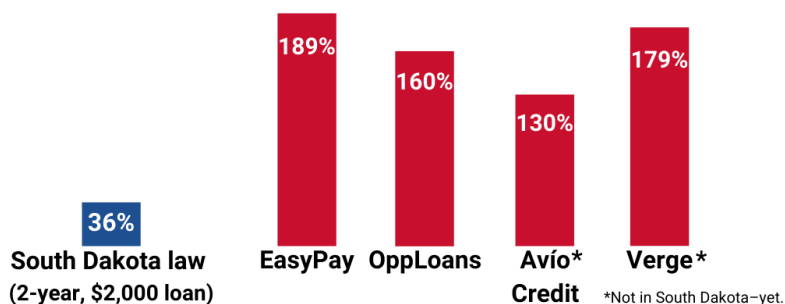
South Dakota law limits interest rates to protect its residents from predatory lending. In 2016, [three-quarters of South Dakota voters](#) approved a ballot measure creating a **36%** interest rate cap. South Dakotans spoke loudly in opposition to predatory loans

But high-cost online lenders are evading South Dakota law by laundering their loans through rogue, out-of-state banks, which are not subject to state rate caps. In a “rent-a-bank” scheme, a loan program is designed and run by a nonbank lender that charges and collects interest and makes the bulk of the profits. But a bank’s name is on the paperwork, and the lender claims it is a “bank loan” exempt from state law. Predatory rent-a-bank lending hurts consumers, [disabled veterans](#), and [small business owners](#) who can lose their homes to **121% APR** loans.

These installment lenders are now using rent-a-bank schemes to evade South Dakota law:

- [EasyPay](#) offers high-cost credit through businesses across the country that sell auto repairs, furniture, home appliances, pets, wheels, and tires, among other items. EasyPay’s website does not disclose its rates, but examples from consumers in some states include \$1,500 loans at **189% APR**, funneled through [Transportation Alliance Bank, Inc. dba TAB Bank \(Utah\)](#).
- [OppLoans](#) (aka OppFi) makes \$400 to \$4,000 loans at **160% APR** through FinWise Bank, First Electronic Bank of Utah, or CC Bank.
- Elevate appears to offer its Elastic line of credit in South Dakota. Effective APRs [can exceed 100%](#).

South Dakota Maximum APR & Rent-a-Bank Loan Rates



In addition, [CURO](#), which operates the [Speedy Cash](#) and [Rapid Cash](#) payday lenders, has been piloting rent-a-bank loans that may expand to South Dakota through Stride Bank of Oklahoma. [Avio Credit](#) offers loans up to **130% APR** and [Verge Credit](#) was charging up to **179% APR** but recently stopped accepting applications. CURO has [told investors](#) that the Stride Bank program “will help us expand geographically, online and in some states where we — where we don’t operate right now.”

The legality of rent-a-bank schemes is [questionable](#). But in 2020, the national bank regulator, the Office of the Comptroller of the Currency, approved a “[fake lender](#)” rule that would overturn 200 years of case law allowing courts to follow the money to prevent usury evasions. A second set of OCC and FDIC rules preempting state rate caps on assigned loans also help [protect high-cost loans](#) laundered through banks. Both rules have been [challenged](#).

To preserve South Dakota’s authority to stop predatory lending, we must:

- **Overturn recent FDIC and OCC rules** that protect “rent-a-bank” schemes.
- **Stop banks from helping high-cost nonbank lenders evade state law.**
- **Enact a [national 36% interest rate cap](#)** covering all lenders, including banks, and allow states to set lower limits.