



NEWS FROM SCDCA

SOUTH CAROLINA DEPARTMENT OF CONSUMER AFFAIRS

Carri Grube Lybarker, Administrator

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SCDCA Offers Comments on Proposed Federal Small Loan Rule

COLUMBIA, S.C. – On Friday October 7, the South Carolina Department of Consumer Affairs (SCDCA) submitted formal comments on the Consumer Financial Protection Bureau’s (CFPB) Proposed Payday, Vehicle, Title and Certain High Cost Installment Loan Rule.

The proposed rule would apply to credit products such as payday loans, title loans, deposit advance products and more. The ultimate intent is to protect consumers from falling into debt traps. “We recognize that effective consumer protection requires state and federal regulation to work in harmony,” said Carri Grube Lybarker, administrator. “SCDCA values the opportunity to comment on the Small Dollar Loan Rule and hopes the CFPB values our perspective as a state regulator with over forty years’ experience in enforcing consumer protections laws.”

SCDCA’s comments include the following:

- Preemption. SCDCA urged the CFPB to timely identify and inform states of state law provisions preempted by the rule to avoid a convoluted patchwork of requirements that could inhibit administration and enforcement, and the overall goal of consumer protection.
- Enforcement. This proposed rule provides for a system to track loans, but it is unclear on what access states would have as well as how the information will be safeguarded. SCDCA also expressed concerns on the complicated parameters that would define lenders and their consequential requirements.
- Impact on the marketplace. While SCDCA supports the rule’s intent to protect consumers from falling into debt traps, the potential that certain small loan providers would simply adjust business models or take advantage of language nuances to circumvent the rule’s requirements remains a concern.

To view SCDCA’s comments in their entirety, [click here](#). SCDCA also supported submission of comments by the National Association of Consumer Credit Administrators, an organization established in 1935 and comprised of over 50 consumer credit regulators including SCDCA. For more information on the Proposed Rule, visit the [CFPB’s website](#).

About SCDCA

The South Carolina Department of Consumer Affairs aims to protect consumers from inequities in the marketplace through advocacy, complaint mediation, enforcement and education. To file a complaint or get information on consumer issues, visit www.consumer.sc.gov or call toll-free, 1-800-922-1594.

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