



## Consumer Federation of America

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### **IN A VICTORY FOR CONSUMERS, REGIONS BANK, WELLS FARGO AND US BANK END BANK PAYDAY LENDING**

#### *CFA Calls on Fifth Third Bank to Discontinue Deposit Advance Product*

In a positive step forward for consumers, three of the largest providers of bank payday loans announced that they would no longer offer high-cost loans to their checking account customers.

Recent findings from a [report](#) issued by the Consumer Financial Protection Bureau found that bank payday loans, commonly referred to as deposit advance products, had many of the same terms and conditions as payday loans offered through storefronts or online. A [CFA analysis](#) of one deposit advance program found consumers were charged the equivalent of 391 percent APR for a deposit advance loan and that the bank did not consider the borrowers income and expenses when extending credit.

“The Consumer Federation of America applauds the elimination of these products, which harm consumers through high rates and an insufficient consideration of borrowers’ ability to repay without additional borrowing. This is a very positive step for consumers,” said Tom Feltner, director of financial services.

In November the [Federal Deposit Insurance Corporation](#) and the [Office of the Comptroller of the Currency](#) issued final guidance on deposit advance products offered by the banks under their supervision. The guidance put in place strong consumer protections designed to reduce repeat borrowing and ensure that banks consider a borrower’s ability to repay the loan in full and on time before extending additional credit. The Federal Reserve, which regulated Regions Bank and a fourth bank payday lender, Fifth Third Bank, [expressed concern](#) about the consumer protection implications of deposit advance products but did not join the FDIC and OCC final guidance. In a [recent story](#), an official at Fifth Third Bank announced that it planned to continue to offer deposit advance products going forward.

“With three of the largest bank payday lenders out of the business, we encourage Fifth Third to move quickly and discontinue the Early Access loan, a product that is clearly flawed and puts consumers’ financial security at risk,” said Feltner.

Additional materials:

[CFA Applauds the FDIC and the OCC for Actions to Reduce Risks Associated with Bank Payday Loans, 11/21/2013](#)

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[Comments on Wells Fargo CRA Exam: Payday Lending Problems](#)

*CFA is a non-profit association of nearly 300 consumer groups that was established in 1968 to advance the consumer interest through research, advocacy, and education.*