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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE RESOLUTION

No. 458 Session of  
2014

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INTRODUCED BY CORMAN, WHITE, GREENLEAF, DINNIMAN, ERICKSON AND  
SCARNATI, OCTOBER 3, 2014

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REFERRED TO BANKING AND INSURANCE, OCTOBER 3, 2014

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A RESOLUTION

1 Directing the Legislative Budget and Finance Committee, in  
2 collaboration with other State departments and agencies, to  
3 study consumer access to and the regulatory structure of  
4 short-term consumer credit.

5 WHEREAS, Access to both long-term and short-term credit at  
6 fair and affordable terms enables Pennsylvanians to purchase  
7 goods and services, establish a strong credit rating and achieve  
8 long-term financial stability; and

9 WHEREAS, Short-term credit is defined as either a loan or the  
10 deferral of payment in exchange for fees, interest or other  
11 considerations with a term of 12 months or less, and either  
12 unsecured or secured with collateral or by a personal checking  
13 account; and

14 WHEREAS, There exists on the market a wide variety of short-  
15 term credit products designed to serve various segments of the  
16 consumer market, including installment loans, title loans, auto  
17 equity loans, payday loans, consumer discount company loans and  
18 revolving loan accounts, overdraft protection loans, fees for  
19 late or deferred payments and credit card cash advances; and

1       WHEREAS, The General Assembly finds that a comprehensive  
2 review of the availability and regulation of short-term consumer  
3 credit products being offered to and utilized by Pennsylvania  
4 consumers will assist in the development and review of statutes  
5 and regulations relating to short-term credit; therefore be it

6       RESOLVED, That the Senate direct the Legislative Budget and  
7 Finance Committee to study consumer access to and the regulation  
8 of short-term consumer credit in Pennsylvania, including  
9 interest rates and fees, utilization, consumer protections,  
10 conditions, length of loans and other factors relating to short-  
11 term consumer credit; and be it further

12       RESOLVED, That the Legislative Budget and Finance Committee  
13 consult individuals involved in the delivery of short-term  
14 consumer credit products, consumers who utilize such products,  
15 local consumer credit counseling organizations, a Statewide  
16 consumer credit association and State government agencies  
17 responsible for oversight and regulation of the banking  
18 industry; and be it further

19       RESOLVED, That the Legislative Budget and Finance Committee,  
20 at a minimum, study the following:

21           (1) The number of individuals utilizing short-term  
22 credit products in this Commonwealth;

23           (2) The number and types of entities providing short-  
24 term credit products to Pennsylvania consumers, including:  
25 State-chartered depository institutions; Federally chartered  
26 depository institutions; credit unions; Pennsylvania non-  
27 depository consumer finance companies; non-depository  
28 consumer discount companies in neighboring states; online  
29 lenders, including domestic, American tribal and  
30 international entities; and any other industry or entity, in-

1 State or out-of-State, extending credit to Pennsylvanians;

2 (3) The regulatory structure for short-term credit  
3 products being offered in Pennsylvania, including the  
4 interest rate and fees being charged for such products; the  
5 applicable State exemptions which allow such products to be  
6 offered with an Annual Percentage Rate in excess of the  
7 statutory cap; the applicable Federal laws and regulations  
8 which allow providers of short-term credit to offer such  
9 products in Pennsylvania; whether Federal laws and  
10 regulations exempt providers from regulation under  
11 Pennsylvania law; and any consumer protections and other  
12 conditions placed upon short-term credit products offered in  
13 Pennsylvania, as applicable;

14 (4) A state-by-state comparison identifying the number  
15 of providers and consumers of short-term credit in each  
16 state, including applicable rates, consumer protections and  
17 other conditions of the states' laws regulating short-term  
18 credit products;

19 (5) The number of "unbanked" and "underbanked" households  
20 in Pennsylvania, as defined by the Federal Deposit Insurance  
21 Corporation;

22 (6) The number of complaints filed against providers of  
23 short-term credit products with the Department of Banking and  
24 Securities and the Office of Attorney General Bureau of  
25 Consumer Protection, with the number of complaints being  
26 itemized into categories;

27 (7) The geographic location of federally chartered and  
28 State-chartered depository institutions and the percentage of  
29 Pennsylvanians who are customers or members of these  
30 institutions; and be it further

1       RESOLVED, That the committee prepare a report to the General  
2 Assembly that includes a comprehensive analysis of the short-  
3 term credit products being offered in Pennsylvania that meet the  
4 definition of short-term credit; availability of short-term  
5 lending; consumer education available and recommendations  
6 regarding the regulation of short-term credit products in  
7 Pennsylvania; and be it further

8       RESOLVED, That the committee report on the effectiveness of  
9 consumer education efforts with regard to consumer credit and  
10 provide recommendations on additional consumer education  
11 programs; and be it further

12       RESOLVED, That the committee report its findings, analysis  
13 and recommended regulatory changes to the General Assembly by  
14 March 31, 2015.