

Felix Salmon, who's one of the better bloggers on financial issues, issued this reaction to the Huff Post investigative article. Thought you'd like it.

Chart of the Day: Payday Lenders' Lobbying Expenditures [2 comments](#)

by: Felix Salmon March 02, 2010 | about: [AEA](#) / [CSH](#) / [DLLR](#) / [EZPW](#) / [QCCO](#)

A picture tells, in [this case](#), 2,833 words:

The meat of the story, though, from Keith Epstein of the Huffington Post Investigative Fund, is well worth reading: It shows an astonishingly effective lobbying organization which has persuaded lawmakers around the country that payday lenders are both popular in their local communities and not particularly profitable.

One of the biggest payday-lender lobbyists calls itself the Community Financial Services Association; it increased its spending by 74 percent over the past year, to \$2.56 million. That helps pay for people like Steven Schlein, who goes around saying things like “Who’s going to make that kind of credit available to working people besides us?”. (Answer: banks, community development credit unions, non-profit lenders, etc. And if “that kind of credit” is being extended at 650% APRs, then maybe it shouldn’t be made available at all.)

The efforts are if anything even more intense at the state level:

In Wisconsin alone, efforts to establish an interest rate ceiling of 36 percent mobilized at least 27 registered lobbyists against it.

But right now, with consumer financial protection front and center in Washington, all attention is on federal regulations. And it seems that the payday lobbyists are doing a spectacularly good job: Rep. Luis Gutierrez (D-Ill.), chairman of the subcommittee with authority over consumer credit issues, had once advocated extending to all Americans an effective ban on payday lending for military personnel that Congress passed in 2006. By last year he had scaled back, urging an amendment that would have limited to six the number of loans a borrower could receive in a year.

Gutierrez’ less-restrictive amendment died when Democrats including Rep. Alcee Hastings (D-Fla.), threatened to vote against the entire consumer protection act if the payday provision was included. It also faced opposition from Rep. Joe Baca (D-Calif.), who countered Gutierrez with an amendment the industry regarded as favorable because it had the potential to open payday lending to new markets. Baca said in a statement last year that while “fly by night lenders” should be banned, he wanted to “ensure that students, blue collar workers, teachers, police officers and others have access to legitimate payday advance loans if needed.”

The fact is that teachers and police officers with steady and reliable paychecks should never need access to payday loans: There are always sensible credit products available which can provide them more money at a lower cost. But the payday lenders are much better than most financial institutions at providing *convenience*: They’re open late, they don’t go through arduous know-your-customer routines, and they’re not intimidating in the way that many banks and credit unions can be. If sensible lawmakers curtail the [predatory excesses](#) of the payday lending industry, that will help improve the financial health of millions of Americans. But it’s looking increasingly like that’s not going to happen.