OPINION

The Columbus Dispatch
Kelly Lecker, Interim Editor
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Ohio national model for payday loan reform

Your Turn
Nate Coffman
Guest columnist

A little more than three years following the passage of bipartisan payday loan reform, the Ohio Fairness in Lending Act , Ohio consumers have widespread access to safer, more affordable small-dollar loans, according to a recent Ohio Department of Commerce report.

The landmark legislation has resulted in millions of dollars back in the pockets of consumers each year while preserving access to credit, just as Ohio lawmakers and advocates for reform – of which I was one – intended.

In 2020, the first full year of data reporting after the new law, lenders extended $99.7 million in credit through a quarter million loans.

Prior to reform, Ohio had the worst payday loans in the nation, with interest rates of 600% as common practice. Now the state has some of the strongest consumer protections and lowest prices in the country. Ohio's law is pointed to as a national model, and bipartisan lawmakers in Virginia and Hawaii have already followed Ohio's lead.

According to the Ohio commerce report, the average loan made under Ohio's short-term loan act is $403. Before reform, it cost over $600 in fees to borrow $400. After reform, the average loan costs $112.

The success of the law has been hailed by lawmakers, coalition leaders and members of the business community from across the state. It has effectively put an end to the payday lending debt trap.

Despite plenty of kicking and screaming from the payday lending industry, who said the sky would fall if these reforms were enacted, Ohio policymakers did the right thing for both borrowers and businesses.

The facts show that we succeeded in striking a balance between making credit safer while accommodating law-abiding lenders. Workers and families can keep hundreds of their hard-earned dollars in their pockets, instead of having that money siphoned out of their local community's economy.

I want to thank Ohio Rep. Kyle Koehler, R-Springfield, and retired Rep. Mike Ashford, who championed reform, as well as all of my fellow coalition members.

This reform effort would not have come about without all of their hard work and determination facing off against a very well-heeled payday lending industry intent on avoiding any semblance of common-sense regulation and oversight.

Ohioans can be proud of this bipartisan law that is working as intended and has become a model of how to provide safer and more affordable credit while protecting consumers from predatory lending practices.

Nate Coffman is executive director of the Ohio CDC Association in Columbus and a leader of Ohioans for Payday Loan Reform.