



## FINANCIAL SERVICE CENTERS OF NEW YORK, INC.

*A Trade Association*

April 25, 2013

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Dear Editor:

Opponents of the Short-Term Financial Services Loan Act, especially Commissioner Jonathan Mintz, are mischaracterizing the interest rate permitted under this legislation. In fact, the bill keeps these unsecured, small dollar loans within the state's statutory usury APR of 25%. Even if fees commonly associated with similar loan products are included, the total cost is significantly below those of Internet payday loans.

It is undisputed that there is a significant and growing demand for small dollar credit in New York State. Banks and other financial institutions have repeatedly demonstrated that they have no interest in making such loans. This legislation would address that need by allowing the state's licensed check cashing industry to expand its product offerings to include small dollar installment loans.

The bill also protects consumers from predatory high cost loans offered over the Internet by unregulated, out-of-state lenders. In fact, this legislation would make New York one of the only states to protect their citizens from an unending cycle of debt.

Failing to take any action means New Yorkers have no alternative to predatory Internet payday loans. For Commissioner Mintz to keep his head in the sand and pretend that Internet loans aren't taking advantage of New York consumers is absurd. Simply saying "no" is not sound public policy and does not address the need in the marketplace. The Short-Term Financial Services Loan Act does.

Respectfully,

Ira Krell  
President, FSCNY