

# KATV - Channel 7

## Study Shows One Third of Payday Lenders Unregulated

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Opponents of payday lending say more than a third of the payday lenders operating in Arkansas are not being regulated.

The Arkansas Against Abusive Payday Lending released a study Wednesday on how closely the state's payday lenders are watched. The group is a coalition of groups that include AARP and the AFL-CIO. It seeks to end the practice of payday loans.

The group says 66% of the state's 239 payday lenders are licensed and regulated by the Arkansas State Board of Collection Agencies and 34% are licensed and unregulated.

Through a payday loan in Arkansas, a customer writing a check for \$400, for example, typically would receive \$350. The lender would keep the check for about two weeks without cashing it and, thereby, allowing the customer time to buy back the check.

The \$50 charge on the \$350 loan for 14 days equates to 371% interest, well above Arkansas' usury limit of 17%.

The group says it hopes the state Supreme Court will overturn a Pulaski County judge's ruling that the law allowing payday lenders does not violate Arkansas' constitution.

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