



To: House Committee on Insurance and Financial Services

From: John Rabenold, Check 'n Go

Date: April 18, 2024

Re: Reasons to Oppose House Bill 5290 & Senate Bill 632

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The House would be wise to defeat anti-consumer HB 5290 and SB 632. While masquerading as a consumer protection measure, this bill would virtually eliminate state-regulated short-term loans for Michigan residents and disregard the needs of our customers, who like and value our product.

I will make a few key points for you to consider:

- Again, there is no doubt that this legislation will force deferred presentment lenders out of business in the state.
- These are short term, small dollar loans that carry no interest, only a fee based on the size of the loan.
- Comparing our loans fees to a regular loan APR cost is a dubious comparison at best.
- Consumers are smart and use deferred presentment during financial distress or when it makes financial sense to do so.
- Consumers are satisfied with deferred presentment lenders.
- Regulations have caused the marketplace to shrink but the demand is at an all-time high for short term loans.
- CEDAM's "drain" argument ignores the simple facts of how any businesses operates.

Proponents of the bill make arguments that knowingly use phony math about what they characterize as extreme "Annual Percentage Rate" provisions for these loans. As you must know, these short-term loans include a fee, but by law, all of these loans -- with terms from no less than 13 days and no more than 31 days -- have an interest rate of 0%. Using an ANNUAL percentage rate makes 0% interest over 13 days look like a significant number, which is entirely dishonest. APR makes sense for revolving and long-term credit solutions, such as credit cards and mortgages. But even national banks and credit unions oppose a 36 percent rate cap because of the consequences for consumers' access to credit.

In reality, these loans cost consumers about 13% of what they borrow or \$65 on a \$500 loan. No APR is charged and there are no fees or interest that accrue. Consumers understand the cost before they borrow, and it is often cheaper than other options available to them.

Some comparisons are revealing. Your average credit union charges a \$35 fee for non-sufficient funds. Studies show that the average NSF event is for three days and an average amount of \$26. Calculating the APR for that \$35 fee would make it look like credit unions are charging an Annual Percentage Rate of 16,378%. Would that be fair? Further, we welcome competition in the marketplace. But the fact remains that few credit unions in Michigan offer



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April 18, 2024

Michigan State House of Representatives  
Committee on Insurance and Financial Services

Dear Representatives:

We have carefully considered the provisions of House Bill 5290 & Senate Bill 632, and we would like to give you 19 specific reasons to oppose this ill-considered legislation: the 19 EZ Money employees who will lose their jobs when their nine stores close if this bill is passed.

Make no mistake: imposing this phony rate "cap" on an interest rate that is already 0% will end our ability to provide small, short-term loans to consumers. This phony cap will mean that it will be impossible to pay employees, rent, marketing expenses, and regulatory compliance costs, plus cover the cost of never repaid loans, so our company will simply be forced to end our operations in your state.

Our consumers are pleased with our short-term loans; they come to us primarily because they can't find a financial solution elsewhere. Legislating our company out of business will leave our customers with few options; they will likely borrow funds from lenders subject to no state regulations.

On behalf of our thousands of customers and all of our employees, I urge you to oppose House Bill 5290 & Senate Bill 632.

Sincerely,

Greg Wittmeier, Chief Operating Officer  
MM Finance, LLC

## Deferred Presentment Loan Cost

Cost of Credit in Dollars							Cost of Credit as APR						
Days/\$\$\$	\$100	\$200	\$300	\$400	\$500	\$600	Days/\$\$\$	\$100	\$200	\$300	\$400	\$500	\$600
1 to 12	Loans with terms less than 13 days are prohibited						1 to 12	Loans with terms less than 13 days are prohibited					
13	\$15	\$29	\$42	\$54	\$65	\$76	13	421%	407%	393%	379%	365%	356%
14	\$15	\$29	\$42	\$54	\$65	\$76	14	391%	378%	365%	352%	339%	330%
15	\$15	\$29	\$42	\$54	\$65	\$76	15	365%	353%	341%	329%	316%	308%
16	\$15	\$29	\$42	\$54	\$65	\$76	16	342%	331%	319%	308%	297%	289%
17	\$15	\$29	\$42	\$54	\$65	\$76	17	322%	311%	301%	290%	279%	272%
18	\$15	\$29	\$42	\$54	\$65	\$76	18	304%	294%	284%	274%	264%	257%
19	\$15	\$29	\$42	\$54	\$65	\$76	19	288%	279%	269%	259%	250%	243%
20	\$15	\$29	\$42	\$54	\$65	\$76	20	274%	265%	256%	246%	237%	231%
21	\$15	\$29	\$42	\$54	\$65	\$76	21	261%	252%	243%	235%	226%	220%
22	\$15	\$29	\$42	\$54	\$65	\$76	22	249%	241%	232%	224%	216%	210%
23	\$15	\$29	\$42	\$54	\$65	\$76	23	238%	230%	222%	214%	206%	201%
24	\$15	\$29	\$42	\$54	\$65	\$76	24	228%	221%	213%	205%	198%	193%
25	\$15	\$29	\$42	\$54	\$65	\$76	25	219%	212%	204%	197%	190%	185%
26	\$15	\$29	\$42	\$54	\$65	\$76	26	211%	204%	197%	190%	183%	178%
27	\$15	\$29	\$42	\$54	\$65	\$76	27	203%	196%	189%	183%	176%	171%
28	\$15	\$29	\$42	\$54	\$65	\$76	28	196%	189%	183%	176%	169%	165%
29	\$15	\$29	\$42	\$54	\$65	\$76	29	189%	183%	176%	170%	164%	159%
30	\$15	\$29	\$42	\$54	\$65	\$76	30	183%	176%	170%	164%	158%	154%
31	\$15	\$29	\$42	\$54	\$65	\$76	31	177%	171%	165%	159%	153%	149%
32+	Loans with terms greater than 31 days are prohibited						32+	Loans with terms greater than 31 days are prohibited					



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES  
LANSING

ANITA G. FOX  
DIRECTOR

February 6, 2024

**Via Email Only:**  
[patrickdavidmeyers@gmail.com](mailto:patrickdavidmeyers@gmail.com)

Patrick Meyers  
105 Lake Ridge Drive  
Mason, MI 48854

RE: Freedom of Information Act Request #19734

Dear Mr. Meyers:

Pursuant to Section 5(1) of the Freedom of Information Act, MCL 15.235(1), the Department of Insurance and Financial Services (DIFS) received your electronically transmitted FOIA request on January 17, 2024 requesting the following:

- Total consumer complaints filed with your department in regards to deferred presentment licensees (payday lenders) as well as credit union from 2017 to today by year. Digital report is preferred
- As part of a previous request, I currently have these stats for deferred presentment complaints (2023 was through May)

Your request is granted, please see the updated table below.

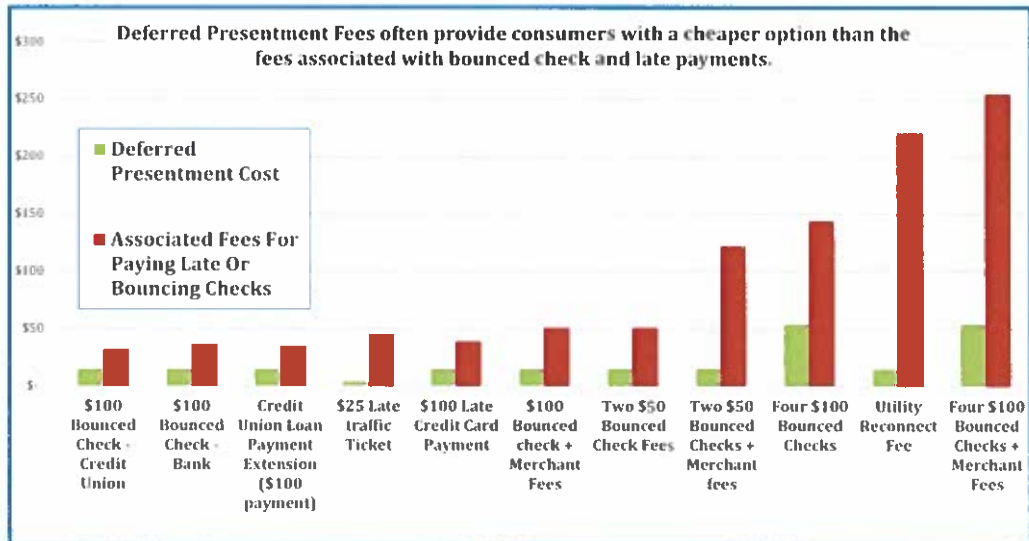
Year	Total CU	Total DP
2024	26	1
2023	450	16
2022	406	18
2021	379	5
2020	277	28
2019	286	29
2018	271	23
2017	244	21

Sincerely,

William Peattie,  
FOIA Coordinator

# Why Your Constituents Choose Deferred Presentment Services

Comparing the costs of consumer choices



**NOTE – Most of the items in red would also come with a hit to the consumers credit score as well.**

\*Lake Trust Credit Union, PNC Bank, Ann Arbor Parking Department, Chase, and Consumers Energy were used as examples