

## **IN-CAA and IWF Applaud Payday Rate Cap Bill**

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Ed Gerardot, Director of Indiana Community Action Association, and Jessica Fraser, Director of Indiana Institute for Working Families issued the following statement in support of [SB 325](#):

“We are incredibly grateful to Senator Walker for authoring SB 325, which would cap interest and fees on payday loans at 36% APR. Currently, these loans can reach as high as 391% APR and are typically made to low-income borrowers who become mired in a cycle of debt that is difficult to escape. The typical payday borrower takes 8-10 loans a year and ultimately pays more in fees than he or she originally borrowed.

Community action agencies have a rich history of service to and advocacy alongside low-income families. Indiana’s 22 community action agencies, which serve all 92 counties in Indiana, have witnessed the damaging effects of these loans and have made addressing the problem at a policy level a top priority this legislative session.

The Institute for Working Families, a program of IN-CAA, thoroughly researched other states’ approaches to resolving the debt trap. Based on this research, we feel a 36% rate cap on small loans is the best possible policy solution, as it continues to allow access to credit but does not incentivize predatory lending. We look forward to sharing our findings with the Indiana General Assembly this session.”

More information on our rationale for supporting a 36% rate cap can be found [here](#).

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