May 15, 2019

Comment Intake
Bureau of Consumer Financial Protection
1700 G Street NW
Washington, DC 20552


Dear Sir or Madam:

The Community Bankers Association of Illinois (“CBAI” or “Association”), which proudly represents 312 Illinois community banks, appreciates the opportunity to provide our observations and recommendations regarding the Consumer Financial Protection Bureau (“CFPB” or “Bureau”) Notice of Proposed Rulemaking regarding payday, vehicle title, and certain high-cost installment loans (“Payday Lending”). CBAI acknowledges the CFPB is proposing to rescind certain provisions of the regulation promulgated by the Bureau in November 2017 (“Final Payday Lending Rule”) governing the above-referenced loans.

CBAI is dedicated to exclusively representing the interests of Illinois community banks and thrifts through effective advocacy, outstanding education, and high quality products. CBAI’s members hold more than $70 billion in assets, operate 860 locations statewide, and lend to consumers, small businesses, and agriculture. For more information, please visit www.cbai.com.
CBAI and its member community bankers were actively engaged in the original, long, unnecessary and distressing Payday Lending rulemaking process which culminated in the submission of the Association’s comment letter on October 5, 2016, and Bureau’s 2017 Final Payday Lending Rule. The reason for our concern and effort to aggressively respond to this rulemaking was that the proposed regulations, while designed to curb the excesses of payday lenders, inappropriately included and would have harmed community banks. The Association’s comment letter correctly framed the issue and made an appropriate recommendation when it stated:

“CBAI appreciates the Bureau’s challenge to try to simultaneously reign in the offensive practices of predatory and abusive lenders, help consumers avoid debt traps, not drive consumer to completely unregulated and unlicensed shadow lenders, and encourage responsible lenders like community banks to expand their small-dollar consumer lending efforts or at least not discourage them from continuing to meet the needs which they are currently satisfying. Unfortunately, given our analysis of the Proposal, it is apparent that while the Bureau will be significantly restricting payday/vehicle title lenders it will also be threatening community bank efforts to meet and expand their consumer small-dollar lending. Once again, the bad behavior of others is impacting community banks. The combined result of the Proposal will be damaging to consumers, community banks, the financial system and our economy. **CBAI encourages the Bureau to modify the Proposal to more accurately target those that abuse consumers, broadly exempt responsible lenders like community banks so they can continue to meet the small-dollar credit needs that they currently satisfy, and provide meaningful encouragement to community banks to expand their small-dollar consumer lending.**”

Despite the Bureau’s statement that it recognized the importance of community banks in small-dollar consumer lending, and that it had addressed the concerns of community banks, they should have never been included the Payday Lending rulemaking process. Additionally, the Final Payday Lending Rule fell short of what was required to encourage community bankers to begin, continue or expand small-dollar consumer lending.
In the Association’s comment letter, and on a number of occasions prior to and since then through the formal rulemaking process, CBAI has encouraged the Bureau to broadly exempt community banks from its rulemaking. These legitimate requests are based on Section 1022(b)(3)(a) of the Dodd-Frank Act which states, “The Bureau, by rule, may conditionally or unconditionally exempt any class of covered persons, service providers, or consumer financial products or services” from their rulemaking.” It is clearly the intent of Congress for the Bureau to have and use this authority to exempt community banks from its rulemaking. While some modest exemptions/thresholds have been granted by the Bureau in the past, including several in the Final Payday Lending Rule, the exemptions have been too narrowly focused, and threshold volumes set too low. **CBAI again urges the Bureau to expand the use of this statutory exemption authority which will allow community banks to better serve their customers and communities in a fair and responsible manner.**

Thank you for considering our observations and recommendations on this important issue. If you have any questions or require any additional information, please contact me at davids@cbai.com or (847) 909-8341.

Sincerely,

/s/

David G. Schroeder
Senior Vice President
Federal Governmental Relations