



Time to Circle the Wagons!

WE NEED COORDINATED ACTION TO FIGHT IMPENDING LEGISLATION

BY BILL SELLERY

There's never a lack of issues in Washington for FiSCA – some good, others perhaps somewhat more of a challenge, but all are important to your business. This Congress is certainly no exception – in fact, more and more issues seem to be appearing nearly every day with

major implications affecting the way you may be able to do business. All are serious bills with the very real possibility of enactment. So stay tuned for more information in this column – you will see the breadth and scope of issues Congress may consider this year as they address a multitude of issues impacting Financial Service Centers.

First, let's look at the good news. The "MSB Bill" from last year (actually the *Money Services Business Act of 2007*) is poised to be reintroduced very soon by a group of bipartisan Congressional supporters determined to see it enacted into law this year. You may recall that the bill passed the House Financial Services Committee, and then the full U.S. House by unanimous voice vote last year, before being stalled in the Senate last fall in the face of the major banking and financial crisis. The bill would address the "bank discontinuance" issue; that is the wholesale termination of MSB accounts by banks responding to unclear guidance from regulators. The bill will establish a mechanism to allow MSBs to self-certify their compliance with Bank Secrecy Act/Anti-Money Laundering (BSA/AML) requirements relieving banks from being the *de facto* regulators of MSBs, forming the appropriate framework for banks to re-enter the MSB marketplace.

The MSB Coalition, the major group of MSBs originally formed through the support of FiSCA, will be actively seeking support for the new bill. Please help when called upon.

In the "more of a challenge" category, powerful members of Congress have introduced several bills directed at eliminating, or at least severely restricting, payday loans.

First is HR 1214, *The Payday Loan Reform Act of 2009*, introduced by Representative Luis Guterrez (D-IL), Chairman of the House Financial Institutions Subcommittee. As of this writing, the bill has 13 co-sponsors, with more likely to be added. The bill purports to strengthen consumer protection measures by capping payday loan fees at \$15 per \$100, banning rollovers, requiring extended repayment plans, and enhancing warnings and disclosures provided to consumers. Hearings are likely to be held soon, with legislative action at the subcommittee and full committee levels expected shortly thereafter.

In the Senate, S. 500, the *Protecting Consumers From Unreasonable Credit Rates Act of 2009*, was introduced by Senator Richard Durbin (D-IL). The bill would establish a national usury rate for consumer credit transactions by instituting a 36-percent cap for all types of consumer credit – including payday loans. A



Washington representative Bill Sellery and General Counsel Gerald Goldman met with Speaker of the House Nancy Pelosi and had an opportunity to discuss FiSCA issues with her.

36-percent cap would eliminate the current payday product from the marketplace. Senator Durbin is one of the most powerful Senators in the Senate. As Majority Whip, the number two position in Senate leadership, he virtually controls all action on the Senate floor. Senator Durbin will be working with a coalition of major consumer groups whose goal is to eliminate payday lending through a national usury cap.

And if you think the Durbin bill may have an impact, consider that Senator Bernie Sanders (I-VT) introduced S. 582 (along with Senator Durbin), the *Interest Rate Reduction Act* establishing a 15-percent APR cap on any extension of credit, inclusive of all finance charges.

Fortunately, the Coalition for Financial Choice (CFC), supported by many FiSCA members, is organized to address these important issues in a coordinated and effective manner. In fact, the CFC has undertaken an important new initiative to help bring to bear the most important voice in the debate of short-term, small dollar loans – that of our consumers themselves. For more details, see the article on page 4. We strongly urge all members of FiSCA supporting the CFC effort to support this vital project to bring our customer's views to Congress. Please go to the CFC website, www.coalitionforfinancialchoice.org or the FiSCA website, www.fisca.org and help your customers participate.

Stay tuned to your e-mail, as we expect to be updating you soon on these and other activities taking place in Washington. We will be calling on you to act, and that action will be more important than ever. ■

Bill Sellery is President, Sellery Associates, Inc., Washington representative for FiSCA.