

February 6, 2025

Oral Testimony of Brent Adams, Senior Vice President of Policy & Advocacy, Woodstock Institute

RE: SB481, February 6, 2025, Oregon Senate Committee on Labor & Business hearing

Hello, Chair Taylor and members of the committee. I am the Senior Vice President of Policy & Advocacy at Woodstock Institute, a consumer financial protection nonprofit. Under a prior Governor, I was the head of the Illinois state regulatory agency. For your morning's serving of alphabet soup, the Illinois version of your DCBS is IDFPR. I was a lead author of the IL Predatory Loan Prevention Act of 2021, which established a statewide interest rate cap of 36% on most consumer loans.

EWA can be a safe and affordable financial product and is, on the whole, a positive contribution to the consumer finance ecosystem. In Illinois, this ecosystem includes pawn shops that charge 240% interest as well as predatory lenders that partner with out-of-state banks or sovereign tribes that charge 700% interest or more. We strenuously believe EWA should be evaluated in the context of the existing ecosystem.

Every EWA product we know of has a free option – meaning you can get cash for free.

Regardless of whether EWA is a loan, Woodstock’s position is *voluntary* fees are not interest, and thus, a product with only voluntary fees is fully compliant with our state’s 36% interest rate cap. Yes, over-reliance on the product can have negative ramifications on payday if you find your paycheck consumed by repaying your EWA provider along with your other bills. But this is true as to any form of spending that must be repaid – credit cards are the most obvious alternative to EWA. The vast majority of the time, using a credit card will be more expensive than EWA because credit cards, unlike EWA, charge interest and permit revolving debt that can literally live longer than you do.

I happen to be an EWA customer. The reality is that many consumers will have cash needs that exceed their available cash, and their affordable options are limited. EWA can act as one of these options. Thank you for your time and attention.