

The Unintended Consequences of Interest Rate Caps in Texas

Government price controls on credit will harm, not help, hard-working Texans

Eliminates \$2.2 billion in credit access to hard-working Texans

FACT: Every state that has imposed interest rate caps has seen a sharp decrease in access to credit for millions of Americans with a financial emergency. Nearly \$2.2 billion in short-term credit will be eliminated when a government price control is deployed.



Forces Texans into more expensive borrowing options

Over
1,000%
APR

Without legitimate borrowing options, millions of Texans will be forced to more expensive alternatives such as **bank overdrafts (over 1,000% APR)**, **utility shut-off fees (over 1,000% APR)**, **unregulated overseas and tribal lenders**, and **criminal elements**.

Creates a market for unscrupulous lenders

FACT: Upon passing onerous regulations and rate caps in Ohio, nearly all **legitimate short-term lenders shut down operations**. Ohio immediately saw a **spike in citizen complaints from out-of-state, overseas, and unlicensed lenders**.



Higher bankruptcies, overdrafts, and consumer complaints



FACT: The Federal Reserve Bank of New York reported when Georgia and North Carolina banned short-term lending, households **bounced more checks and filed for Ch. 7 bankruptcy much more often** than states without restrictions.