

Traditional Personal Consumer Loans are Being Protected in North Carolina

This week, members of North Carolina's licensed and regulated small dollar installment loan offices met to discuss how best to protect borrowers' access to responsible small dollar installment loans and how to ensure its continued availability.

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With consumers facing uncertain economic times, it is vital that households have access to safe, responsible, and disciplined personal credit.

This week, members of North Carolina's licensed and regulated small dollar installment loan offices met to discuss how best to protect borrowers' access to responsible small dollar installment loans and how to ensure its continued availability.

"North Carolina's personal installment loans have always provided the safe and affordable loan option for consumers and we feel that it is critical to work towards protecting their access to that credit," said William Braxton, current president of the state-based lenders' association. "Not only is it important to consumers, it is also very important to our state's economy."

During this past year, a joint legislative study commission of the NC Assembly heard from industry members about challenges in meeting small dollar credit demands while operating under the current statute—which has not been revised since 1983.

The joint legislative committee then directed that the North Carolina Commissioner of Banks take an in depth look into the industry to speak to both consumer protections and business profitability. This review and recommendation is to be forwarded to the new legislature this month.

"There has been a recognition that costs have risen significantly since 1983, yet there has been no adjustments to the blended rates that were set at that time," said Royce Everett, President of Time Financing, one of the North Carolina's larger, state based, family owned lending companies. "I can't imagine any business that can operate effectively today with 1983 prices."

For the past five years, North Carolina has seen a steady decline in traditional consumer finance offices, which has reduced the overall availability of small dollar personal loans in this state. Experts have attributed this decline to the high operating expenses associated with consumer finance offices and the 1983 pricing schedule.

"North Carolina's small dollar installment loans provide a disciplined option for consumers faced with financial needs. Serious consideration needs to be given to this issue," said William Braxton.

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Traditional Personal Loans

“Small Personal Loans are the Economic Heartbeat of America,”