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**New study tells inside story of how local communities use ordinances to say ‘enough’ to payday lenders**

Jan. 24, 2017— An 18-month study of community approaches to controlling payday lending practices concludes there are 10 lessons for those interested in positively affecting local ordinances, according to researchers from the University of Utah and University of New Mexico.

In “The Power of Community Action: Anti-Payday Loan Ordinances in Three Metropolitan Areas,” researchers Robert N. Mayer and Nathalie Martin document how local communities positively organize to control payday lending in their jurisdictions and thereby create important legal change.

Mayer is a professor of family and consumer studies at the University of Utah and Martin is a professor at the University of New Mexico School of Law.

“We hope this study will galvanize local communities and show them how they can make a difference in changing the law and society as a whole,” Martin said.

Payday loans, which are borrowed against future paychecks and can carry interest rates of 400 percent or more, often strip wealth from society’s most economically vulnerable individuals and communities. These loan outlets now outnumber all McDonald’s, Burger King, Starbucks and Walgreens stores combined. In states where legislative controls are weak — and in the absence of federal regulations — some local governments have stepped forward to address the problems caused by high-cost, predatory payday loans.

The researchers traveled to three regions — Silicon Valley in Northern California; Greater Metropolitan Dallas in Texas; and Greater Salt Lake City in Utah — to see how local entities have produced numerous ordinances aimed at halting the spread of payday lending. The locations were chosen for their diverse demographic, cultural, political and legal characteristics.

The study draws heavily from in-depth interviews the authors conducted with community leaders, including local government officials and members of religious, non-profit and media organizations who spearheaded successful ordinance campaigns — examples of what Mayer and Martin describe as the New Fair Lending Movement.

“The Power of Community Action” provides detailed examples for communities seeking to pass ordinances curbing payday lending, including information on forming coalitions; identifying local government champions; addressing arguments raised by the payday loan industry; and empowering borrowers to share their personal stories.

Silicon Valley Community Foundation (SVCF), the world’s largest community foundation, funded the study. As part of SVCF’s commitment to advancing innovative philanthropic solutions to challenging problems, it has educated the public and helped interested community groups develop strategies to fight payday lending abuses.

The study has been published as a technical report. The full report can be found [here](http://fcs.utah.edu/publications-eb.php). Below is a brief summary of the report’s primary lessons for community engagement on payday lending.

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**From “The Power of Community Action”: 10 Lessons**

“The Power of Community Action: Anti-Payday Loan Ordinances in Three Metropolitan Areas,” an 18-month study of community approaches to controlling payday lending practices by researchers Robert N. Mayer and Nathalie Martin, offers 10 lessons for others interested in pursuing ordinances. A brief summary of the lessons follows:

**• Lesson 1:** Form a strong, broad-based coalition and develop rules for its operation.

**• Lesson 2:** Move beyond abstractions like “500 percent interest” or “debt traps” and gather stories from actual borrowers about the effects of these loans on their lives. Seek the help of social service providers who are part of your coalition in gathering these stories and empowering borrowers to share them at public hearings.

**• Lesson 3:**Seek financial support for campaigns if you can, but never assume that ample financial resources are necessary for a successful campaign.

**• Lesson 4:** Involve faith leaders in a meaningful and ongoing way early in any campaign.

**• Lesson 5:** Cultivate strong working relationships with the press and create a detailed strategy for working effectively and consistently with members of local media.

**• Lesson 6:** Identify and cultivate a member of the city council (or county board of supervisors) who will serve as your campaign’s inside champion. In some instances, more than one potential champion may be necessary when sensitive politics or rivalries make the choice of a single champion problematic.

**• Lesson 7:** Identify and schedule meetings with city decision-makers well in advance of any key votes. Be prepared in these meetings to present strong arguments in favor of any ordinance. These arguments will depend on local politics. Under some conditions, the negative impact on borrowers will be most persuasive; in others, the impact of payday lending on local economies, crime, blight and the general image of a particular city will the city will be most effective.

**• Lesson 8:**Carefully prepare to respond to industry arguments, especially the argument that there are no alternatives to payday loans. Develop a concrete list of payday alternatives that can be shared with members of the public as well as policy makers early in any campaign.

**• Lesson 9:** Once one ordinance passes, help other municipalities pass similar ordinances in other cities.

**• Lesson 10:**Use the power of your coalition to press for further state and federal payday loan reform in partnership with the many organizations across the country that are seeking to curb payday lending and other forms of high-cost lending.

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