

Testimony of Ken Whittaker  
Ending Debt Traps in the Payday and Small Dollar Credit Industry  
4.30.19

Madam Chairwoman Waters, Ranking Member McHenry, Chairman Meeks, Ranking Member Tipton, and Members of the Committee:

It's an honor to be here today. My name is Ken Whittaker. I'm from Detroit, Michigan. I'm a hard-working husband and a father of six brilliant young adults. Five of them are college students and one is a Navy seaman. I'm also a former payday loan borrower.

Years ago, I was working in IT for the University of Michigan, when I withdrew the money from my paycheck and proceeded to lose the cash out of my pocket, which I noticed when I was buying a hot dog for my son.

Unfortunately, I took out a payday loan of about \$700. That turned out to be a very big mistake that truly altered the course of my life.

I found I could not afford to pay off the first loan without taking out another one. Thus, began a cycle of debt, which lasted over a year.

Soon I was paying \$600 per month in fees and interest. I eventually closed my bank account to stop payments from being drawn out and leaving me without cash for my family's rent, groceries and other essential bills.

This led to debt collections and a judgment. My tax refund was garnished, making things that much more difficult for my family. All told, that \$700 loan ended up costing me \$7,000.

I spoke out about my experience at the time the Consumer Financial Protection Bureau was developing the rule that would require lenders to make loans based on their customers' ability to afford and repay them. To me, that requirement only makes sense, and it's how all lending should be done. Having been through the experience myself, I know how devastating payday lending can be. It is quite disturbing to me that the current leadership of the CFPB is threatening to repeal that rule.

I strongly support keeping the 2017 CFPB rule. I also support the proposal to cap annual interest rates at 36% to stop predatory lenders from trapping customers in high-cost loans that can ruin their financial lives.

Since that day I bought my son a hot dog, we have worked to make things better. Coming full circle, he is here in DC today, fighting by my side for fairness and justice.

Please support strong reform of predatory payday and car title lending, for people like me. We work hard to support our families and make our finances stable, and this kind of lending only makes it harder. Thank you for allowing me to share my story today.