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<http://reason.com/archives/2010/11/04/montana-wants-money-for-nothin>

Research by Jonathan Zinman quoted in Reason magazine

On Tuesday, Montana voted overwhelmingly to cap interest rates for payday loans at 36 percent annually. Similar caps passed in the last election cycle in Ohio and Arizona, limiting the amount companies can charge when making small loans to customers. The ballot results make Montana the 18th state to institute such caps.

In a December 2008 working paper, Dartmouth economist Jonathan Zinman concluded that former payday customers in Oregon ended up using less desirable alternatives such as overdrafts and utility shutdowns, and that “restricting access caused deterioration in the overall financial condition of the Oregon households.” In summary, “restricting access to expensive credit harms consumers.”

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