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HavePurpose.com

March 10, 2025

Chairman Joseph Solomon, Jr.
Committee on Corporations
Rhode Island House of Representatives
82 Smith Street
Providence, RI 02903

RE: House Bill 5042 – OPPOSE

Dear Chairman Solomon:

On behalf of Purpose Financial, a leading provider of regulated consumer credit which operates 8 Advance America storefronts in Rhode Island, I am writing to voice opposition to House Bill 5042. This bill would deny Rhode Islanders' access to the regulated, short-term, small-dollar credit on which they occasionally rely. It would also result in the closure of all Advance America's storefronts in the state.

Many hard-working families in Rhode Island and across the country struggle to make ends meet and live paycheck to paycheck. According to data from the Federal Reserve, four in 10 Americans do not have \$400 to cover an unexpected expense without selling something or borrowing money. **House Bill 5042 would do nothing to address Rhode Islanders' financial needs; instead, it would eliminate a regulated credit option.**

Purpose Financial strongly believes that a regulated small-dollar lending market is in the best interest of consumers, balancing access to credit with critical protections. Nearly every aspect of our business is regulated at the state and federal levels, and we operate in strict compliance with all applicable laws. Rhode Island's existing deferred deposit lending statute features a number of effective guard rails while ensuring consumers can borrow when they need help the most. Unfortunately, House Bill 5042 would force Rhode Islanders to seek costlier, less regulated credit options.

In today's credit market, regulated lenders like Advance America provide consumers with critical access to credit when other financial institutions do not fully serve them. While some bank, credit union and non-profit programs in Rhode Island are touted as "alternatives" to payday loans, these options are not broadly available and involve a variety of restrictions and confusing fee structures. They provide another choice for consumers, but they cannot be considered a legitimate replacement for widely accessible, regulated deferred deposit loans.

Rhode Islanders' need for credit does not disappear once regulated short term loans are eliminated. Without access to loans from licensed lenders, they must suffer the consequences of unmet financial obligations or resort to more expensive or less regulated options, such as expensive overdraft programs, utility reconnection fees, or even bankruptcy.



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Borrowers in Rhode Island appreciate regulated deferred deposit loans for their simplicity, cost-competitiveness and transparency. As you consider this legislation, Purpose Financial is committed to working with you to identify ways to help meet Rhode Islanders' financial needs and preserve their access to regulated credit options. Taking away this regulated option will not address Rhode Islanders' need for credit or ease the challenges they face.

I appreciate your consideration of these concerns and would be happy to provide any additional information you may need regarding the Rhode Island deferred presentment product.

Sincerely,

A handwritten signature in black ink, appearing to read 'Julie Townsend', with a stylized flourish at the end.

Julie Townsend
Vice President, Government Affairs