



April 14, 2026

**Subject: SEIU 1199NE Position in Support of S-2206 – Rent-a-Bank Predatory Lending Reform**

Dear Chairman Britto and Honorable Members of the Senate Committee on Commerce:

On behalf of SEIU 1199NE, representing approximately 7,500 healthcare, home care, and child care workers across Rhode Island, we write in support of S-2206.

The workers we represent are on the front lines of caring for Rhode Islanders every day, but too many are struggling to make ends meet themselves. When unexpected expenses arise—car repairs, medical bills, or rent increases—some turn to online lenders as a last resort. What they often encounter are not fair loans, but predatory schemes designed to trap them in cycles of debt.

Rhode Island has long recognized the dangers of high-interest lending and has established interest rate caps—generally between 21% and 36% APR—to protect consumers. Local banks and credit unions follow these rules. However, some online lenders evade these protections through “rent-a-bank” arrangements with out-of-state financial institutions, allowing them to charge interest rates as high as 100% to 200% APR.

The impact of this is not abstract—it is devastating and very real. A Rhode Island borrower taking out a \$3,000 loan over 12 months at a lawful 24% APR would pay just over \$400 in interest. Under a rent-a-bank scheme charging 160% APR, that same borrower would pay more than \$3,100 in interest—more than the original loan itself.

Because these loans are structured so that early payments go primarily toward interest, borrowers can spend months making payments and still owe most of the original principal. By that point, lenders have often already recouped their costs, reducing any incentive to ensure that loans are sustainable or that borrowers succeed in repayment. This is not responsible lending—it is debt extraction.

For workers already facing rising costs of housing, healthcare, and child care, these practices can quickly spiral into financial crisis. We have members who are forced to choose between paying

down high-interest debt and covering basic necessities. That is not a choice anyone should have to make.

S-2206 takes a straightforward and necessary step to close this loophole. By establishing strong true lender standards and preventing out-of-state banks from exporting higher interest rates into Rhode Island, this legislation ensures that the consumer protections already on the books actually mean something in practice. It creates a level playing field where all lenders must follow the same rules and where Rhode Islanders are not targeted for exploitation simply because of where a lender is headquartered.

This is about fairness, accountability, and protecting working people from abusive financial practices. Rhode Island set these interest rate caps for a reason. S-2206 ensures they are enforced.

We urge the Committee to support S-2206.

Thank you for your consideration.

Respectfully,

A handwritten signature in black ink that reads "Alex Moore". The signature is written in a cursive, flowing style.

Alex Moore

Political Director

SEIU 1199NE

[amoore@seiu1199ne.org](mailto:amoore@seiu1199ne.org)

678-910-3378