

HOW DFPR'S DIVISION OF FINANCIAL INSTITUTIONS PROTECTS CONSUMERS

The Illinois Department of Financial and Professional Regulation's (IDFPR) **Division of Financial Institutions (DFI)** has a number of key responsibilities including the following:

- ⇒ **LICENSING** — Financial institutions operating in Illinois must be licensed or chartered in accordance with various laws. DFI pursues unlicensed entities to protect consumers against fraud, theft and other abuses.
- ⇒ **APPLICATION REVIEW**— DFI reviews license applications and renewals to ensure all licensing or chartering requirements are met by lenders, depository institutions, creditors and other licensees.
- ⇒ **EXAMINATIONS**— DFI examines financial institutions as mandated by law, along with incorporating additional exams when warranted to ensure operations are financially sound and functioning as required.
- ⇒ **EDUCATION**— DFI works to educate consumers, build financial literacy and support consumer awareness by participating in seminars and other educational forums.
- ⇒ **INVESTIGATIONS**— DFI investigates complaints against financial institutions operating in Illinois.
- ⇒ **DISCIPLINARY ACTIONS**— DFI will take action against financial institutions that violate the law or fail to meet business license requirements, including: suspension, corrective action plans, or revocation.
- ⇒ **LEGISLATION**— DFI sponsors legislation that it believes will better protect and safeguard consumers. DFI works with the Governor, legislators and numerous stakeholders to collaborate on proposals.

THE CONSUMER CREDIT SECTION REGULATES THE FOLLOWING:

DFI's **Consumer Credit** section regulates a variety of lenders, creditors and debt servicers:

- **Consumer Installment Lenders** issue loans up to \$40,000, repaid in agreed upon installments. Regulated by the **Consumer Installment Loan Act (CILA)**.
- **Payday Lenders** make loans to consumers typically secured by borrowers' future paychecks. Regulated by the **Payday Loan Reform Act (PLRA)**.
- **Sales Finance Licensees** purchase or make loans secured by retail installment contracts or retail charge agreements. Regulated by the **Sales Finance Agency Act (SFA)**.
- **Licensed Money Transmitters** transmit money for a fee, or sell, issue or exchange payment instruments (including U.S. and foreign currency). Regulated by the **Transmitters of Money Act (TOMA)**.
- **Debt Management Licensees** plan and manage a debtor's financial affairs for a fee, to satisfy outstanding debt obligations. Regulated by the **Debt Management Service Act (DMSA)**.
- **Debt Settlement Licensees** counsel or assist consumers in obtaining a settlement of unsecured debt in an amount less than the outstanding balance. Regulated by the **Debt Settlement Consumer Protection Act (DSCPA)**.
- **Safety Deposit Licensees** provide safety deposit boxes, safes, or vaults. Regulated by the **Safe Deposit Box License Act (SDBLA)**.
- **Development Credit Corporation Licensees** issue loans to small businesses often unable to obtain financing through conventional sources. Regulated by the **Development Credit Corporation Act (DCCA)**.

Bruce Rauner
Governor

Bryan A. Schneider
Secretary

Illinois Department of Financial & Professional Regulation (IDFPR)

Division of Financial Institutions (DFI)
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Consumer Credit Section

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www.idfpr.com/DFI/CCD/ccd_main.asp

Consumer Credit FAQs

Q: What are the duties and responsibilities of the Consumer Credit Section?

A: The Consumer Credit Section regulates a variety of financial institutions by reviewing license applications submitted, as well as examining, investigating complaints and disciplining these companies when warranted.

Q: What are the organizations the Consumer Credit section regulates?

A: Payday loan companies, consumer installment lenders (that issue loans up to \$40,000); sales finance agencies; money transmitters; debt management companies; debt settlement companies; safety deposit box companies and development credit companies.

Q: Where can I look up the businesses regulated by the Consumer Credit section?

A: Go to DFPR's website at: www.idfpr.com/dfi/LicenseeSearch/fmSearchLicensees.asp

Money Transmitters

Q: What is a Money Transmitter?

A: Money Transmitters (MTs) send money on behalf of a customer, charging a transaction fee that generally increases based on the amount of money sent. MTs also facilitate electronic bill payments and provide stored value cards. Western Union and MoneyGram are two of the larger known money transmitters licensed in Illinois. To verify whether a location is authorized to transmit money, visit: <http://www.idfpr.com/dfi/TOMASearch/TOMASearch.asp>

Q: What are the requirements to be a money transmitter?

A: To commercially transmit money in Illinois or to a resident of Illinois, you must first obtain a license from DFPR, as well as adhere to the requirements of the "Transmitters of Money Act".

Debt Management

Q: What is a Debt Management Company?

A: Debt Managers collect funds from their customers and manage the repayment of their debt in accordance with an established schedule of repayment.

Consumer Credit FAQs, Continued

Q: How much can Debt Managers charge?

A: An initial counseling fee, not exceeding \$50 and monthly fees of no greater than \$50/month.

Q: What is a Debt management company supposed to do with the money I provide them with to pay bills?

A: Debt managers must remit funds initially received within 30 days, and thereafter within 15 days unless payment requires that the funds be held for a longer period.

Payday Loans:

Q: What is a payday loan?

A: A Payday loan is a high interest, short duration loan intended to allow consumers to meet short term financial needs.

Q: What types of payday loans are there?

A: There are two types: (1) conventional payday loans that must be repaid within 120 days and (2) Installment payday loans that mature between 112 and 180 days.

Q: How much am I allowed to borrow?

A: The amount borrowed is based on your most recent monthly income. For payday loans, the maximum allowable debt service is the lower of 25% of your gross monthly income or \$1,000. For installment payday loans, the maximum allowable debt service is the lower of 22.5% of your gross monthly income or \$1,000.

Consumer Installment Loans:

Q: What is the maximum amount that can be borrowed?

A: Per the Consumer Installment Act the largest loan a lender can make is \$40,000.

Q: If I have a title loan and I miss a payment can they repossess my car?

A: Yes. When entering into a title loan you authorize the lender to repossess the vehicle if you are late.

Q: How much interest can be charged on Consumer Installment loans?

A: This depends on the type of loan. For example, a title loan has an APR in excess of 36%; a small consumer loan (a loan up to \$4,000) has an APR limited to no more than 99%; a traditional consumer installment loan is limited to an APR of no more than 36%.

DFPR WORKS TO SAFEGUARD CONSUMERS

- ◆ **PROTECTING AGAINST FINANCIAL EXPLOITATION— DFPR is joining the Department on Aging (DoA) to implement measures that will protect elder individuals from financial exploitation and abuse. Offenders can include strangers posing as utility personnel to rob homes, scammers pushing phony products and services; family members strong-arming elders in handing over funds with threats of harm, or the withholding of basic care. All seek to exploit seniors who may be facing diminishing health, or fears common to those who are aging. DFI is working to educate licensees about the emerging problem of elder exploitation and to take added steps to protect seniors with whom they come into contact.**

- ◆ **PROTECTING OUR MILITARY FROM PREDATORY PAYDAY LENDING— DFPR sponsored payday loan rule changes to better safeguard military personnel and their families from payday loans with excessive interest rates and fees. DFPR supports new federal requirements that impose strict limits on fees that can be charged soldiers and all other personnel that serve in the military, the national guard and their families.**

NO DUTY TO REPAY— Payday Loans and Consumer Installment Loans

- ◆ Before you enter into any agreement check to see whether the lender is licensed in the State of Illinois visit <https://www.idfpr.com> to access the state's database of licensed lenders. If the lender is not on that list, it does not have the legal authority to make a loan to an Illinois customer. In a law passed last year, it became a felony to offer an Illinois resident a payday or consumer loan without obtaining a license from IDFPR.
- ◆ The same law also protects you, the borrower by making any loans made to Illinois consumers without the appropriate license, null and void. That means the lender cannot sue you to collect principal, interest or any fees associated with that loan.