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Google Paves Way for Fairer Lending

AUSTIN, Texas — Today, search engine giant Google announced it will ban ads for payday loans and other predatory lending products. Texas Appleseed applauds this step, which will help people avoid harmful and deceptive financial products as well as help protect their sensitive financial information. In the majority of cases, payday loans compound rather than alleviate borrowers' financial situations. In Texas, payday and auto title loan businesses collected nearly \$6 billion in fees from borrowers from 2012 until 2015, and 1 in 7 auto title borrowers' vehicles were repossessed.

As more states have regulated payday loans, payday loan businesses do increasing amounts of business online. Revenue for online payday lenders more than doubled from 2006 until 2015, from \$1.5 billion to \$4 billion. In Texas, where 35 cities have regulated payday and auto title loans through city ordinances, some payday loan businesses have tried to push borrowers online as a way to evade these regulations.

Google's new policy means it will not accept search ads that send people either directly or indirectly to payday lenders. As a result of this change, when people type in searches such as "I need money for rent" or "I need money for funeral expenses," they will no longer see ads for these small-dollar, high-interest payday loans.

"Google's move will help prevent payday lenders from gaming the system and harming consumers by targeting consumers with predatory products as well as using lead generators that sell consumers' sensitive information, often without that consumer's knowledge," noted Brett Merfish, staff attorney at Texas Appleseed, a public interest justice center. "This new policy will help ensure fair loan products are highlighted for consumers in need."

In addition to the financial havoc caused by payday and auto title lenders, lead generators create business for payday and auto title lenders by gathering customer information, often through online searches, and selling it to lenders. Many lead generator sites appear to be online payday and auto title lenders, asking customers to enter their private financial data in application-like forms. Often, it is not clear to potential borrowers that they are giving this information to a lead generator. Lead generators then sell this information to various lenders, meaning even if a borrower decides not to

get a loan, other companies can contact the borrower and use the borrower's information in other ways.

"It's an important step forward for Texas borrowers that ads for predatory products won't appear alongside search results when they are seeking help. Google's move, given its size and influence, is huge, and we hope it sets an example other companies will follow," added Merfish.

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