



Neighborhood Economic Development Advocacy Project

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PRESS STATEMENT

DATE: April 29, 2010

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NEDAP Statement on JPMorgan Chase's Leaving the Tax Refund Anticipation Loan Business

Beginning of the End for Abusive RALs?

JPMorgan Chase informed NEDAP and its allies across the country this week that it will no longer make tax refund anticipation loans (RALs), effective immediately. Chase, along with HSBC, has been the last remaining large bank engaged in RALs lending.

“This announcement by Chase strikes a huge blow to the RALs business nationally,” said Josh Zinner, Co-Director of NEDAP.

Chase has been supplying refund anticipation loans for more than 13,000 independent tax preparers, and made as many as 1.5 million RALs in 2008. NEDAP and allies had been engaged in a sustained campaign to pressure Chase to leave the RALs business.

NEDAP had urged Chase to cease making RALs, since the bank entered the business. According to a [report](#) NEDAP issued in January 2010, RALs siphoned \$54.7 million from the pockets of low income New Yorkers in just one year. NEDAP found that RALs were overwhelmingly concentrated in New York City's low- and moderate-income neighborhoods of color, with the South Bronx, Central and East Harlem, and Central and Northeast Brooklyn the hardest hit. NEDAP's report includes [maps](#) that show the percentage of tax returns with a RAL, and fees paid, by zip code.

Banks make RALs, which carry annual percentage rates 50% and 500%, through tax preparers, who serve as their brokers. The banks reap sizeable profits by taking a large bite out of low income workers' tax refunds and earned income tax credits. Chase's exit from the market greatly shrinks the pool of money that will be available for RALs loans. NEDAP calls on HSBC to leave the market immediately, and calls on federal regulators to eliminate this abusive loan product.

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