CRL
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Buried in Debt:

High-Cost Credit Products Harm Working Coloradans

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About The Center for Responsible Lending (CRL)

The Center for Responsible Lending (CRL) is a non-partisan, nonprofit research and policy advocacy organization working to promote financial fairness and economic opportunity for all, end predatory lending, and close the racial wealth gap. CRL's expertise gives it trusted insight to evaluate the impact of financial products and policies on the wealth and economic stability of families, including people of color, women, rural, military, low-wage, low-wealth, and early-career workers and communities. CRL is an affiliate of Self-Help, one of the nation's largest nonprofit community development financial institutions. We work in partnership with national and local consumer, faith, and civil rights organizations.

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Executive Summary

In recent decades, Colorado has taken strong steps to protect consumers from unsafe, predatory loans. Following the low point of authorizing triple-digit payday loans in 2000, subsequent reforms have established crucial protections on unsecured consumer loans. In 2018, voters passed a ballot initiative to limit nearly all such loans to 36% APR or less, and in 2023, the legislature passed a law to prevent out-of-state banks from evading these limits.[1] Nearly every year, however, a subset of the credit industry argues to the Colorado legislature that this decades-long movement toward greater protections has harmed consumers. The core of their argument is that Colorado's interest rate ceilings leave a subset of subprime borrowers without adequate access to credit. The prescription, according to these lenders, is to raise allowable interest rates, which they argue will allow them to make riskier loans and deliver credit products to more subprime borrowers.

This report tests that assertion by using a mixed methods analysis to study low-to-moderate income (LMI) Coloradans' financial circumstances and access to credit products under *existing* law. Among the sources cited in this report are an analysis of the checking account transactions of Coloradans from SaverLife, a nonprofit financial technology company that works to create prosperity for LMI families; an analysis of 3,372 bankruptcy cases from Colorado's courts; a review of the most recent data released by the Colorado Attorney General's Office about lending in the state; long-form interviews with five Colorado consumers; and two focus groups with six Colorado financial coaches and counselors.

Together, they paint a picture that contradicts the industry narrative. In recent years, Coloradans (like all Americans) have experienced sharp increases in the cost of living, creating for many a struggle to afford housing, transportation, and other basic needs. Many Coloradans have turned to credit products to attempt to fill a growing gap between income and expenses, and it is clear that the LMI borrowers studied in this report have numerous credit options available to them for this purpose. Yet the costliest of these credit products have not improved their financial circumstances and in many cases have drained their savings and trapped them in cycles of debt. While this finding is perhaps unsurprising, it does contradict claims commonly made by lenders that seek to target these borrowers with more (and more expensive) credit. As these borrowers' experiences illustrate, credit products are generally a poor fit for closing a structural gap between income and expenses. Higher-cost credit products would push debt-burdened borrowers further behind.

Many Coloradans Struggle with Increasing Costs and Income Insufficiency

Increasing costs have hit LMI Coloradans hard in recent years. The biggest source of inflationary pressure is, of course, housing costs. According to Harvard Joint Center for Housing Studies' tabulations of American Community Survey data, 51.1% of all renters in Colorado are cost-burdened, meaning that they spend 30% or more of their gross income on housing. For renter households with income less than $45,000, over 80% of them are cost-burdened. Moreover, 26.2% of all Colorado renters are severely cost-burdened, meaning they spend more than 50% of their income on housing. Households that expend too much of their income on housing are "burdened" in the sense that they often have too little money left over to cover other necessary expenses. It bears mentioning that cost burdens measured using gross income are expressed conservatively; the amount of gross income remaining for non-housing expenses may be further reduced by taxes.

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Financial coaches and borrowers interviewed for this report confirmed this experience. Claudia, a homeownership counselor working in Central Colorado, has seen her clients' rents rise by $1,500 since 2020. She reports that the average price of a home in her area is now out of reach for the clients she counsels.

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LMI Coloradans also struggle with increased food costs. The USDA finds that, nationwide, the cost of food increased nearly 25% between 2020 and 2024.[2] According to the Urban Institute, increases in food costs have driven increases in credit card usage and delinquencies; in August 2024 in Colorado, they find that 4.6% of Coloradans were at least 60 days past due on their credit card bills, a 40.8% increase from 2022 levels.[3] Interviewees confirmed this, describing expensive, and increasing, food costs (in addition to housing and transportation costs). As one interviewed borrower named Calvin put it: "[t]he last few years have been really tough because of increases in costs of living."[4]

Because wage growth has not kept pace, LMI Coloradans face a persistent, and growing, gap between income and expenses. Bell Policy Center, a Colorado nonprofit organization with a mission of ensuring economic mobility for every Coloradan, reports that real wages have dropped for earners at both the median and mean wage.[5] The Colorado Center on Law and Policy calculated a Self-Sufficiency Standard to measure the gap between income and necessary expenses for Colorado families. They found that, in 2022, the Self-Sufficiency Standard for a single adult with one preschooler ranges from earning $21.10 to $42.56 per hour depending on the county, or 243% to 491% of the federal poverty guidelines.[6] Indeed, this report found that the Self-Sufficiency Standard for a family of four in Colorado has increased 5.9% per year on average from 2001 to 2022.

Consistent with these reports, interviewees we spoke with reported that their wages from their jobs were insufficient for these basic needs, and that maintaining a job during the COVID-19 pandemic and after has been very challenging. An interviewee named Carrie graduated from college just before the pandemic lockdown and got her first job—but was laid off shortly after. "It was a little hard, y'know," she said. "I was just starting out, and then, all of a sudden, not having anything and not being able to get anything."

Overall, for LMI families, the picture is bleak. The National Financial Capability study assesses the financial capability of a nationally representative sample of U.S. adults using state-by-state survey data. In 2024, this study found that 68.8% of Coloradans with household incomes under $50,000 reported that their spending was about equal to or more than their income, and 69.8% reported that it is very or somewhat difficult for them to cover expenses and pay bills in a typical month.[7] For Coloradans with household income between $50,000 and $100,000, 60.7% reported that their spending was about equal to or more than their income, and 47.2% reported at least some difficulty in paying bills in a typical month. In short, as interviewee Kenneth shared, "Colorado is expensive."

Coloradans Turn to Myriad Credit Products to Attempt to Close the Gap

LMI Coloradans use a variety of credit products, but having access to credit does not necessarily improve their financial circumstances.

Faced with an unsustainable situation of not making enough to get by, some LMI Coloradans have turned to credit options to attempt to close the gap. Recent research reports from the Colorado Center on Law and Policy and the Bell Policy Center found that high-interest loans and credit card debt are prevalent among financially struggling Coloradan families, with repayments consuming a significant share of household income and preventing households from saving or building wealth.[8] The sources discussed in our report confirm this picture: LMI Coloradans use a variety of credit products, but having access to credit does not necessarily improve their financial circumstances.

Colorado consumers, including LMI consumers, already have many credit options available to them from licensed lenders. In January 2025, the Colorado Attorney General's Office released aggregate lending data from 2022 and 2023 from lenders that make two categories of loans: standard supervised loans (which are permitted to carry either a flat interest rate of 21% APR or a tiered rate)[9] and alternative charge loans (a class of loans of no more than $1,000). Some payday lenders began offering alternative charge loans after Coloradans overwhelmingly voted in 2018 to limit rates on predatory payday loans at 36% APR. Data from the Attorney General's office concerning loans made in 2022 and 2023 show that average all-in APRs, including any fees charged for these loans, varied by loan size from about 80% to more than 165%. A bill that took effect on January 1, 2024 strengthened consumer protections for these loans, including reducing allowable APRs by increasing the minimum loan length from 90 days to six months and lowering the maximum note interest rate and allowable monthly fee amount.[10]

In 2022, supervised lenders made 23,429 unsecured loans totaling over $201.4 million in principal. In 2023, the number of loans increased to 25,560, while the overall principal volume fell slightly, to $193.1 million.[11] Alternative charge loans numbered 236,870 in 2022, with a total volume of $159.7 million; they decreased slightly in 2023 to 221,045 loans with a total volume of $154.1 million. Of these loans, 16.4% and 17.9% in 2022 and 2023, respectively, were refinanced. For both years, the median loan refinance was made between three and four months before the loan's maturity.[12]

Further, data from the Attorney General's office demonstrate significant lending activity to subprime borrowers specifically in 2022 and 2023 (the most recent years with available data). The chart below shows the number of loans from larger lenders originated in the first quarter of each year, broken down into credit score.[13] Subprime borrowers (borrowers with credit scores under 660) hold more than half the loans. These figures demonstrate that credit-challenged Coloradans *do not struggle in particular to acquire credit*.

Figure 1: 2022–2023 Colorado Uniform Consumer Credit Code Annual Report

Credit Score	2023	2022
a. Credit Score Below 580	5,916	5,412
b. Credit Score Between 580–619	8,795	11,894
c. Credit Score Between 620–659	13,119	20,864
d. Credit Score 660 or Above	24,920	37,969
e. No Credit Score	2[14]	879
f. Credit Score Unknown	3,130	2,709

30. Number of consumers to whom a consumer loan was originated by credit score. Question #31 in 2022.

Our research accords with this overall picture. In both interviews and bank account transactions data, we find that people often obtained credit from multiple lenders. SaverLife conducted a survey of their members in 2024 and found that 39% of SaverLife members nationwide used four or more credit products, suggesting that many use multiple sources of credit at the same time.[15] The most widely used credit products among SaverLife members were credit cards (used by 78% of members) and auto loans (59%). Personal loans and newer credit products such as cash advance, payday loan apps (branded as "earned wage access" or "EWA"), and buy-now-pay-later were also common. On average, SaverLife members used 3.24 credit products, as many live on low-to-moderate incomes and experience financial challenges.

Many Colorado borrowers stack multiple credit products concurrently.

Consistent with the findings of this SaverLife survey at the national level, many Colorado borrowers stack multiple credit products concurrently. The borrowers we studied obtained credit from many (in some cases, six or more) sources. None of the borrowers we studied were unable to obtain credit, and they all described their experiences with a range of credit products. Jason took out multiple app-based payday loans at once; Kenneth juggled multiple subprime credit cards and multiple payday loan apps; Carrie had an installment loan and a balance on a subprime credit card; Calvin carried an installment loan, subprime credit card balance, and multiple payday loan apps at the same time;[16] and Kathleen had multiple installment loans and multiple payday loan apps, as well as carrying balances on multiple subprime credit cards, all at the same time.

The experiences of these borrowers, and the SaverLife bank account transaction data, contradict any narrative that credit is out of reach for LMI Coloradans. To the contrary, the sources studied for this report paint a picture of LMI Coloradans juggling multiple credit products at the same time.

Using Credit Products Increased Borrowing and Debt, Reduced Financial Stability

How has this exposure to and use of many different credit products affected LMI Coloradans? The data and stories we collected indicate that many fall further and further behind, with additional borrowing and more and more of their income going to paying down debt obligations. This is not surprising, given that credit products are not a long-term solution to the structural gap between income and expenses that LMI Coloradans are experiencing.

According to data from the National Financial Capability Study from 2024, 45.3% of Coloradans with household income less than $50,000 and 40.0% of those with household income between $50,000 and $100,000 state that they have "too much debt right now."[17] Enrique, a focus group financial counselor based in the rural counties southwest of Denver, shared that many of his clients struggle with debt: "One of the most common issues is just dealing with debt; consumer debt particularly… credit card debts, student loan debt."

Other counselors concurred that their clients are facing unmanageable debt loads: debts from car loans, student loans, credit cards, and personal loans.

Borrowers with large debt loads are more likely to fall behind, and this is particularly true of LMI borrowers. Indeed, those with subprime credit scores are disproportionately more likely to experience delinquency on their loans, and the gap in delinquency rates between prime and subprime borrowers widened as the severity of delinquency increased. According to the most recent data from the Colorado Attorney General, for borrowers who received unsecured supervised loans from large lenders in the first quarter of 2023, 13.5% of those with credit scores below 660 were either past due on their loans or had their loans charged off. Even among borrowers with credit scores of 660 or above, 10% were past due or charged off. Moreover, subprime borrowers were **30% more likely** than prime borrowers to have a debt 1–59 days past due, and they were **41% more likely** than prime borrowers to have a debt 60 or more days past due or charged off. These discrepancies indicate that loans currently offered do not always help borrowers, and this is especially true of borrowers with subprime credit scores.

Figure 2: 2022–2023 Colorado Uniform Consumer Credit Code Annual Report

2023 Status	Credit Score Below 580	Credit Score Between 580–619	Credit Score Between 620–659	Credit Score 660 or Above	No Credit Score	Credit Score Unknown
a. Paid Off	104	228	272	473	0	360
b. Current	328	726	1,161	2,250	0	208
c. 1–29 Days Past Due	26	49	62	90	0	9
d. 30–59 Days Past Due	15	17	27	50	0	2
e. 60 or More Days Past Due	37	45	70	74	0	28
f. Charged Off	28	25	39	87	0	15

49. For unsecured supervised loans originated in Quarter One (January 1st to March 31st), how many were in each status as of December 31st, by credit score at time of origination.

2022 Status	Credit Score Below 580	Credit Score Between 580–619	Credit Score Between 620–659	Credit Score 660 or Above	No Credit Score	Credit Score Unknown
a. Paid Off	126	205	364	496	0	395
b. Current	303	588	843	1,325	0	211
c. 1–29 Days Past Due	29	33	52	59	0	11
d. 30–59 Days Past Due	9	23	19	22	0	8
e. 60 or More Days Past Due	28	30	55	76	0	13
f. Charged Off	14	29	37	50	0	25

In 2023, the Financial Health Network (FHN) published a report commissioned by the Colorado Attorney General; this report analyzed supervisory information including (and in addition to) data released regularly by the Attorney General's office. Their findings accord: FHN found high delinquencies among subprime and deep subprime borrowers, 14.4% of whom were behind on their repayment on unsecured loans at the beginning of 2021. FHN also found a high number of late fees collected per borrower on supervised loans with APRs above 12% originated in the first quarter of 2021, ranging from 0.30 for near prime to 0.87 for deep subprime. FHN found **high delinquencies among unsecured loan borrowers on their *other* forms of credit,** with about 20% of near prime borrowers and more than 40% of deep subprime borrowers reporting delinquencies on other credit. Finally, FHN found that 25% of secured loans and 20% of unsecured loans originated in the first quarter of 2021 were refinanced by the end of the year, a fact that the study authors stated "may suggest that refinancing was a response to financial distress." [18]

FHN found high delinquencies among unsecured loan borrowers on their other forms of credit, with about 20% of near prime borrowers and more than 40% of deep subprime borrowers reporting delinquencies on other credit.

For subprime borrowers who get behind on their payments, further damage to their credit scores can disqualify them from more affordable forms of borrowing in the future. In other words, these loans do not always lead to improved financial wellness, and the consequences of not being able to make loan payments every month fall disproportionately on borrowers whose credit scores are already in the subprime category.

One reason why subprime borrowers are at greater risk of falling behind is that they pay comparatively more for credit than prime borrowers yet are likely to have less disposable income. In some of the worst cases, borrowers pay just as much to access credit as the amount they borrow. For example, interviewee Carrie described her experience with an $8,000 loan from Upgrade, where the repayment was set at $300 each month for 48 months, for a total repayment of **nearly $15,000** (that is, the interest cost on the loan nearly equaled the amount borrowed). Interest costs and fees can add up quickly. Interviewee Calvin stated that the APRs on his multiple cards ranged from 25–30%, and he estimates that he spent $500 or $1,000 in fees and interest over a short period. Having more credit provided him a "cushion," but he eventually maxed out each source of credit and struggled to repay the debt. Each time he missed a scheduled payment, the subsequent minimum payment increased dramatically.

The experience of one SaverLife user, Aileen, demonstrates how high-cost credit can overwhelm financially struggling borrowers. For most of 2022 and all of 2023, she made monthly payments to Upgrade and OneMain for $196.14 and $224.32 respectively. She worked for several different staffing agencies, and her monthly income varied highly, from $0 in a few months to $4,958.39 in the highest month. Her monthly income was $2,028.33 on average, which means that **monthly payments for these two personal installment loans made up more than 20% of her average monthly income.** She paid off the Upgrade loan in February 2024 but was still making payments on the OneMain loan as of March 2025.

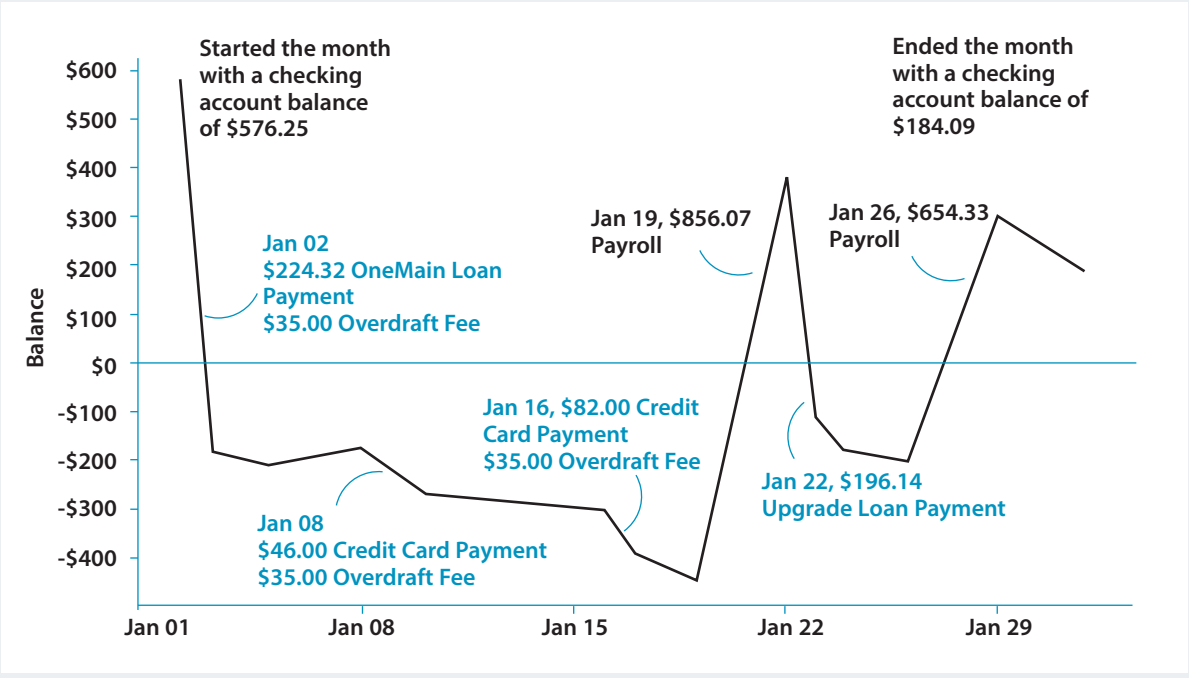
In April 2024, Aileen took out another installment loan from Three Sticks Lending, a tribal lender that lends at even higher interest rates (specific APR not disclosed on its website). She also had two credit cards from Synchrony Bank and Credit First, for which she made minimum monthly payments (the outstanding credit card balance is not available in the checking account transactions data). In addition to having substantial consumer debt, she was also rent-burdened, paying $1,145 monthly in rent. Her financial resources were

further strained by bank fees. Aileen incurred 17 overdrafts from 2022 to 2024, including two overdrafts due to OneMain loan payments, one overdraft due to an Upgrade loan payment, two overdrafts due to Synchrony credit card payments, two overdrafts due to Credit First credit card payments, and one overdraft due to a rent payment. Each overdraft cost her $35, adding up to $595 total in overdraft fees.

Like many borrowers, Aileen used many credit products, and repayment put significant strain on her limited income. *More* expensive credit would not help borrowers like Aileen.

The chart below shows Aileen's checking account balance in the month of January 2024, and it demonstrates how Aileen's debt burdens trapped her in a permanent state of financial strain. She started the month with $576.25 in her checking account and ended the month with only $184.09. Her account balance was negative for more days than not, leading to multiple overdraft fees, some of which were directly triggered by loan repayments. In January 2024, Aileen earned $1,510.40 and **spent more than a third of her take-home pay to service different sources of debt** that included personal loans from OneMain and Upgrade and two credit cards. Like many borrowers, Aileen used many credit products, and repayment put significant strain on her limited income. *More* expensive credit would not help borrowers like Aileen.

Figure 3: A Borrower's January 2024 Checking Account Balance History



At its worst, expensive credit can drive borrowers into personal bankruptcy, and we found many instances of high-cost, subprime lenders in Colorado bankruptcy filings. For this report, we examined all chapter 7 and chapter 13 bankruptcy filings by consumers in Colorado that were closed in calendar year 2023. This included 2,883 chapter 7 filings and 489 chapter 13 filings, for a total of 3,372 cases. The average bankruptcy case lists more than **20 creditors.**

Many of the same high-cost lenders that surfaced in interviews and transactions data are listed as creditors in these bankruptcy cases, including providers of personal installment loans and subprime credit cards. The bankruptcy filings capture the sheer amount of lending currently happening in Colorado, even to struggling borrowers, and the ways in which debt can overwhelm these borrowers. Among Colorado consumer bankruptcy filings, 349 cases (10.3%) listed OneMain as a creditor.

Strikingly, this high volume of lending to subprime borrowers is happening under current usury limits, which high-cost lenders have sought to weaken.

Strikingly, this high volume of lending to subprime borrowers is happening under current usury limits, which high-cost lenders have sought to weaken. Loans of the sort made by OneMain are exactly the type for which such lenders have repeatedly urged legislators to raise allowable rates. Yet, as noted, **over one in 10 bankruptcy filings list OneMain as a creditor.** Indeed, OneMain was among the most commonly listed creditors in bankruptcy cases, only surpassed by major banks and credit card companies, debt collectors, the IRS, and Colorado Department of Revenue. This demonstrates OneMain already tolerates a significant amount of risk in its loan portfolio *at current rates.* Even though OneMain's interest rates comply with existing Colorado rate caps, a sizable proportion of Coloradans who filed for consumer bankruptcy did so after obtaining a OneMain loan. There is no reason why *raising* rates on those loans would lead to a better outcome for the borrower. On the contrary, the prevalence of OneMain loans in bankruptcy filings suggests that making such loans more expensive is likely to result in more undesirable outcomes like bankruptcy for more borrowers.

Unanimously, all six counselors in our focus groups rejected the idea that loans of $10,000 or larger at 36% APR would be helpful to their clients.

We asked financial counselors extremely familiar with the experiences of low-to-moderate income Coloradans about the appropriateness for their clients of loans made at the state's current 21% APR limit on interest on $10,000 loans. Each of the counselors noted that 21% on loans as large as that would be difficult for some LMI borrowers to manage. We then discussed proposals made in recent years in the Colorado legislature to increase rate caps and specifically asked the counselors if they believed the availability of loans between $10,000 and $30,000 at 36% APR could benefit their clients. Claudia's response reflected the sense of the group: "No! I would say run away right now. Don't even look at it." Unanimously, all six counselors in our focus groups rejected the idea that loans of $10,000 or larger at 36% APR would be helpful to their clients, calling it "ridiculous" and "detrimental."

Payday Loan Apps Operate in Violation of State Law

Payday loan apps, marketed as "earned wage access" or "EWA" products, are unlicensed, unlawful, costly short-term loans. Despite their non-compliance with state law, app-based payday lenders currently operate

openly in Colorado and have recently sought an exemption from the state's credit laws.[19] One of the principal claims by app-based payday lenders is that these payday loan apps substitute for other high-cost forms of credit and therefore improve borrowers' financial circumstances.[20] The data do not support this claim. Across all our data sources, app-based payday loans like those offered by EarnIn, Dave, or Brigit emerged as concerning products marked by repeated use. CRL has conducted prior research that demonstrates how payday loan apps trap users in a cycle of expensive reborrowing. Based on SaverLife transactions data, CRL found that nearly one in four Colorado payday loan app users took out **25 or more** advances per year. Moreover, of the Colorado app-based payday loan borrowers who experienced an overdraft, 83% experienced **increased** overdrafts after their first payday loan app advance.[21]

The data considered for this paper are in accordance with this picture. Interviewee Carrie reported borrowing $700–800 per paycheck between various EWA loans: "this was basically my whole paycheck." Kenneth estimated that he had paid fees "in the thousands" to these companies over a few years of use. Kenneth reported using EarnIn every week: "Once I started, I needed to keep doing it."

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Gregory, a 65-year-old SaverLife user in the Denver area, borrowed from app-based payday lender EarnIn multiple times every month. From November 2022 to March 2024, he borrowed $1,858.82 from EarnIn per month on average, which was half of his average monthly income of $3,695.23. In the most extreme month of January 2024, he took out 24 advances and cumulatively borrowed $2,400. Of this amount, he borrowed $800 in the last week of the month, after receiving a payroll deposit on January 24. Because EarnIn limits individual advances to a small fraction of the much higher limit *per pay period,* borrowers are often forced to take out multiple advances and pay multiple fees. Gregory is no exception, paying $51 in fees over 17 transactions in his highest month (December 2022).

Notably, for Gregory, repeated borrowing from EarnIn did not substitute for other credit products. He made installment loan payments of $93.84 every two weeks for at least 16 months to high-cost lender Check Into Cash. Between December 2022 and February 2023, he also incurred 12 insufficient funds fees, including two due to EarnIn transfers and two due to Check Into Cash payments. In addition, from April 2023 to November 2024, he incurred 30 overdraft fees. Each insufficient funds fee or overdraft fee cost $34, adding up to $1,428 in bank fees over the course of two years. Finally, he also paid $134.96 monthly for 12 months to lease-to-own lender Progressive Leasing, used buy-now-pay-later lender AfterPay for more than 20 purchases, and used credit cards from Synchrony Bank and First Premier Bank, a subprime specialist issuer known for expensive fees and high interest rates.

More Expensive Credit Is Not the Answer for Low-to-Moderate-Income Coloradans

Policymakers frequently wonder, rightly, what they can do to address the problems of the state's most vulnerable residents. Often, lenders attempt to answer that question by urging the legislature to raise interest rate limits or permit a new form of credit product, arguing that the loosening of regulations will allow them to reach a cohort of borrowers previously excluded from the market. The data studied in this paper make clear, however, that Coloradans with low-to-moderate incomes already have access to a variety of credit options, from subprime credit cards to installment loans and more. Despite the plethora of options, no one would claim that the financial well-being of marginalized Coloradans is improving. To the contrary, the evidence discussed in this paper paints a clear picture that life is only becoming more difficult for the state's most vulnerable residents.

In fact, our research shows that use of these existing credit products can exacerbate rather than alleviate the financial insecurity of those living on low-to-moderate incomes. For some borrowers, taking multiple personal loans from different lenders means a substantial part of their income goes toward monthly installment payments, on top of credit card payments, rent, and other living expenses. Other borrowers are trapped in a cycle of debt because of payday loan (EWA) apps, where automatic repayments on payday necessitate immediate reborrowing week after week. It is not uncommon for borrowers to simultaneously borrow from multiple payday loan apps, often paying subscription fees, expedite fees, and fees disguised as "tips" each time. In some cases, unaffordable personal loans and payday loan apps lead borrowers to turn to even more costly credit options. These credit products can aggravate borrowers' liquidity challenges when automatic payments trigger overdraft fees or insufficient funds fees.

Colorado legislators should hold the line against efforts to undermine recent consumer protections by maintaining the state's current interest rate limits and continuing to close loopholes.

What, then, should policymakers do? It is clear that the answer is not to allow additional, more expensive credit products onto the market. Given the options Coloradans already have, increasing the interest rates for already high-cost loan products would only worsen the problem. The data here demonstrate that making credit more expensive and having debt-burdened people take on more debt (especially more expensive debt) is not only not a solution but will in fact make matters worse. Instead, Colorado legislators should hold the line against efforts to undermine recent consumer protections by maintaining the state's current interest rate limits and continuing to close loopholes in those protections that online lenders and out-of-state banks exploit.

Conclusion

In Colorado, as in other parts of the United States, rising costs and lagging wages have squeezed the already tight budgets of low-to-moderate income families. Increasingly, these families face the problem of earning too little to cover the cost of basic necessities. They often take on debt to fill the gap, deepening the hole in the family budget. The answer to these families' financial struggles is not to take on more debt or to gain access to even more expensive debt. On the contrary, such measures would make matters worse. Policymakers should resist pressure to weaken the state's usury limits or to create new exemptions from the state's consumer credit laws.

Endnotes

1 In November 2025, the Tenth Circuit Court of Appeals reversed a lower court decision that had prevented Colorado from enforcing that law against out-of-state lenders. See *Nat'l Ass'n of Indus. Bankers v. Weiser,* 2025 WL 3140623 (10th Cir. Nov. 10, 2025).

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4 Borrower names from CRL interviews, SaverLife data, and bankruptcy data have been changed to aliases.

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8 Bills to Pay: How Debt Affects Colorado's Low-Income Households. Colorado Center on Law and Policy & The Bell Policy Center (June 2025). Accessible at https://copolicy.org/resource/bills-to-pay-debt-report/

9 The tiers permitted under Colorado law are 36% APR on the portion of the loan between $0 and $1,000; 21% on the portion between $1,000 and $3,000; and 15% for the portions of the loan above $3,000.

10 Colorado House Bill 23-1229, Amending Terms Consumer Lending Laws. Signed into law June 2023, effective January 2024. https://leg.colorado.gov/sites/default/files/2023a_1229_signed.pdf.

11 2022–2023 Colorado Uniform Consumer Credit Code Annual Report. Appendix F. (2025). Accessible at https://coag.gov/app/uploads/2024/12/2022-2023-Appendix-F-Publication-Draft-Accessibility.pdf.

12 2022–2023 Colorado Uniform Consumer Credit Code Annual Report. Appendix C. (2025). Accessible at https://coag.gov/app/uploads/2024/12/2022-2023-Appendix-C-Publication-Draft-Accessibility.pdf.

13 Colorado law requires only larger lenders to provide this supplemental information.

14 The extreme drop in the number of loans made to borrowers without a credit score in 2023 likely results from more lenders reporting borrowers without a credit score as having an "unknown" credit score (a category that saw an increase in 2023). In any case, the analysis in this paper considers only borrowers with known credit scores.

15 SaverLife. *Fintech for Good.* (November 2024). Accessible at https://static1.squarespace.com/static/5fb2ed3e535af708d0c84149/t/675a6352bdd0f17be34d1ef9/1733976916610/SaverLife_Fintech+for+Good+Report+1.pdf.

16 EWA loans are small, short-term loans through a smartphone app that are typically repaid on the consumers' next payday On average, they carry triple-digit APRs akin to traditional payday loans. See generally CRL, Payday Loan Apps (Sep. 21, 2025), available at https://www.responsiblelending.org/research-publication/payday-loan-apps

17 Author's tabulation of 2024 National Financial Capability Study state-by-state survey data downloaded from https://finrafoundation.org/nfcs-data-and-downloads.

18 Financial Health Network. *The Availability of Safe and Affordable Credit From Non Depositories in Colorado: A Report to the Colorado Attorney General.* (2023). Accessible at https://coag.gov/app/uploads/2023/01/Consumer-lending-study-Jan.-2023.pdf.

19 Brian Eason, Colorado Sun. Colorado Democrats split over payday borrowing services as consumer groups raise concerns (Feb. 26, 2025).
Available at https://coloradosun.com/2025/02/26/colorado-democrats-earned-wage-access-payday-lending-services-bill/

20 *See generally* CRL, *A Loan Shark in Your Pocket: The Perils of Earned Wage Advance* (Oct. 2024). *Available at* https://www.responsiblelending.org/research-publication/loan-shark-your-pocket-perils-earned-wage-advance

21 CRL, Colorado EWA data snapshot (Oct. 2024). Available at https://www.responsiblelending.org/sites/default/files/uploads/files/ewa-states-co-oct2024.pdf

www.responsiblelending.org

The Center for Responsible Lending (CRL) is a non-partisan, nonprofit research and policy advocacy organization working to promote financial fairness and economic opportunity for all, end predatory lending, and close the racial wealth gap. CRL's expertise gives it trusted insight to evaluate the impact of financial products and policies on the wealth and economic stability of families of color, rural, women, military, low-wage, low-wealth, and early-career workers and communities. CRL is an affiliate of Self-Help, one of the nation's largest nonprofit community development financial institutions. We work in partnership with national and local consumer, faith, and civil rights organizations.

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