

Interest Group's Scare Tactics Don't Tell the Full Story

Pawn transactions aren't predatory, says Industry Association

SPRINGFIELD, ILLINOIS, UNITED STATES, November 30, 2022 /EINPresswire.com/ -- Most consumers have never done business in a pawn shop. That's why measures that could shut

them down have not made many headlines. Currently, both houses of the Illinois General Assembly are exploring bills that require pawn shops to put a cap on service charges (HB5840 / SB 4241).

“

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Representative Anthony DeLuca

“Our industry is comprised of over 200 local business owners, many of whom have been a part of their communities for decades. And they're hearing from customers who are worried about what they'll do if their pawnshop goes away,” says Kelly Swisher, President of the

Illinois Pawnbrokers Association. “These measures would shut down pawnshops and shut out Illinois consumers,” he adds.

Over 560,000 pawns were written in Illinois in 2020, many to consumers with nowhere else to turn. The average pawn is less than \$150 nationwide and helps with unexpected expenses and necessities, particularly when times are hard. While some lawmakers have been labeling pawns as predatory, Representative Anthony DeLuca (D) 80th District says this has not been his experience “I have had reputable pawn shops in my district for years. I have never had any complaints about them being predatory in any way.”

The pawnbrokers argue that pawn transactions should be considered differently from alternative lenders like payday loans and title loans, and also from big bank loans because nothing else is like a pawn. They point out that pawns are non-recourse, meaning that a pawn transaction doesn't perpetuate the debt cycle because it never has to be repaid. Pawns never impact a consumer's credit score or bank account, and the transaction is governed by over a dozen federal plus state and local laws.

“For many consumers, pawns are an essential lifeline for unexpected expenses. Imagining a world without pawnshops is easy unless you're one of the Illinoisans who count on pawn transactions as a financial safety net for their families,” says Kelly Swisher.

For some, imagining a world without pawnshops is easy; for others, it is a very real fear of being left with nowhere to turn.

Kelly Swisher

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