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The Effects of APR Caps and Consumer Protections on Revolving Loans

Evidence from the 2015 Military Lending Act Expansion

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To protect consumers from predatory lending, state and federal governments have imposed restrictions on interest rates and fees associated with credit products. Historically, these policies have focused on capping annual percentage rates (APRs)[1] on closed-end loans, such as payday and auto title loans, because these products have carried the highest interest rates. For example, in 2006, Congress passed the Military Lending Act (MLA) (DCCA 2016) to protect active-duty military members and their families from high-cost credit products. Among other policies, the MLA limited APRs on payday loans and other closed-end loans to 36 percent.

In 2015, the Department of Defense significantly expanded the MLA's coverage[2] to include most open-end or revolving credit products, such as credit cards and overdraft lines of credit. Motivated by the MLA expansion, Congress has discussed extending similar consumer protections to both closed- and open-end credit products available to the general population.[3] While evidence supporting the benefits of APR caps (Desi and Elliehausen 2017) on closed-end products (Zinman 2010) is mixed, research examining the effects of APR caps on open-end or revolving forms of credit is virtually nonexistent.[4] This brief offers unique insights into whether cost restrictions and other consumer protections on revolving credit products have benefited military families and informs policy discussions about whether similar policies should be extended to the general population.[5]

Using 2013–21 data from one of the major credit bureaus, we examine the effects of the 2015 expansion of the Military Lending Act on the credit health of military service members and their families. Specifically, we assess whether the 2015 expansion of the policy affected credit card ownership, credit limits, delinquency rates, and credit scores of residents of military communities with subprime credit scores (Vantage scores of 600 or lower). We focus on borrowers with subprime credit scores because these individuals are most likely to use credit products with higher APRs and would therefore be most affected by the provisions of the expanded MLA.

We find that the 2015 expansion of the MLA had no significant effects on credit card ownership or credit limits for military community members with subprime credit scores six years after the policy was announced. In other words, the 36 percent cap on revolving credit and the other provisions of the expanded MLA did not prevent military borrowers with subprime credit scores from accessing such types of credit. On the other hand, the MLA expansion also did not decrease delinquency and collections rates among borrowers with subprime credit scores, suggesting that the MLA did not affect borrowers' ability to meet their credit obligations. We also do not find evidence that the MLA expansion had an impact on credit scores of borrowers with subprime credit. However, we do find suggestive evidence that the policy had a negative effect on consumers with *deep subprime* credit scores (Vantage scores lower than 500) through reduced access to credit.

BOX 1

Key Findings

- The 2015 MLA expansion had no significant effects on credit card ownership or credit limits for military community members with subprime credit scores.
- The policy expansion did not decrease delinquency and collections rates among borrowers with subprime credit scores, nor did the policy have an impact on credit scores.
- Consumers with deep subprime credit scores may have had less access to credit after the MLA expansion.

To better understand these results, we use complementary credit bureau data from February 2022, the latest year available, to assess average APRs on revolving loans held by military community members with subprime credit scores. We find that very few consumers with subprime credit scores had revolving loans with APRs around 36 percent, suggesting that lenders did not respond to the MLA expansion by setting rates at or slightly less than 36 percent. Although we cannot determine average APRs in our dataset before the MLA expansion went into effect, data from the Federal Reserve[6] show that average interest rates on credit cards were historically lower than 36 percent and have increased over time. This additional evidence suggests that the expansion of the MLA did not affect borrowers' credit and debt outcomes partially because average APRs on revolving credit products were already lower than 36 percent before the policy was implemented.

Our findings suggest that the 2015 Military Lending Act expansion did not lead to better credit and debt outcomes for service members most likely to be affected by this policy. For the most vulnerable service members—those with deep subprime credit scores—the policy may have had negative effects by limiting their access to credit. We therefore conclude that extending the consumer protections of the expanded MLA, including the 36 percent APR cap, to revolving credit products available to all borrowers would not be an effective way of improving the credit health of most Americans.

The Military Lending Act

Enacted in 2006, the Military Lending Act (MLA) (DCCA 2016) was implemented by the Department of Defense to protect active-duty military members and their spouses, children, and other dependents from unfair lending practices. One of the most important components of the law was to limit APRs on payday loans and other closed-end products to 36 percent.[7] Supporters of the MLA advocated for the policy given high levels of financial distress (Wang and Pullman 2019) reported by military families and a history of abusive and predatory lending (DOD 2006) in these communities. Because access to affordable credit is an essential component of one's financial life—providing relief in times of need and helping people build wealth (Birkenmaier and Tyuse 2008)—proponents of the MLA hoped the law would improve the overall financial well-being of service members and their families.

In July 2015, the Military Lending Act was expanded (DCCA 2016) to cover a wider range of credit products including credit cards, deposit advance products, and overdraft lines of credit. In addition to extending a 36 percent APR cap to revolving forms of credit, the policy also modified the required disclosures that creditors provide to borrowers; made changes to safe harbor provisions available to creditors; altered prohibitions on rolling over, renewing, or refinancing consumer credit; and implemented changes related to enforcement mechanisms for MLA violations. Creditors were required to comply with most provisions of the policy by October 3, 2016, but credit card providers had until October 3, 2017, to comply with the new rules.

Research on the effects of the original 2006 Military Lending Act shows mixed results. Carter and Skimmyhorn (2017) found no substantial improvement of credit health and labor market outcomes among active-duty members after the MLA's implementation in 2006. In fact, they observed that access to payday loans before the MLA was implemented reduced the probability of an involuntary separation and improved credit outcomes among some groups. On the other hand, Galperin and Mauricio (2016) found that military borrowers substituted short-term costly credit with less expensive credit card borrowing after the MLA implementation. Virtually all previous literature on the MLA has focused on its initial passage in 2006. To the best of our knowledge, this is the first study to assess the impact of the 2015 policy expansion on borrowers' credit and debt outcomes.

BOX 2

Data and Methods

The primary data source for this study is the Urban Institute's longitudinal credit bureau dataset from August 2013 to August 2021. These data consist of a random 2 percent sample of all consumers from a major credit bureau (about 5.5 million adults), updated annually. The credit bureau data contain information on consumer credit profiles, including credit scores and the amount of debt and delinquencies related to credit cards, auto loans, mortgages, and foreclosures. The dataset also includes consumers' zip codes and ages. To keep the sample representative at the national level, the consumer panel is refreshed at each data pull.

We used ZIP Code Tabulation Area (ZCTA) from the American Community Survey (ACS) to identify communities where more than 50 percent of the employed population are active-duty members of the US armed forces, which likely reflects the presence of a military base. (In the remainder of this brief, we refer to these communities as "military communities.") Using the 2011–15 5-year ACS, we identified 146 military zip codes and estimated that about 30 percent of all active-duty military members in the US live in those zip codes. We hypothesized that residents of these zip codes are more likely to be active-duty service members or members of a military family than residents in other zip codes and are therefore more likely to be affected by the MLA expansion.

Next, we identified consumers within this sample who have subprime credit scores (Vantage Scores of 600 or lower) who lived in one of the 146 military zip codes in August 2015. We then tracked these consumers from 2013 to 2021 to examine how their credit and debt outcomes evolved before and after the expansion of the Military Lending Act.

We used an event-study research design, which assumes that those affected by the MLA expansion and the comparison group would have similar credit outcomes in the absence of the MLA expansion. Using this methodology, we compared credit outcomes of military community members with a similar group of individuals not living in military communities for each year before and after the MLA was expanded. This approach allows us to identify the effects of the MLA expansion on credit outcomes for military members for each year of the study period, capturing both short- and long-term policy effects.

To address socioeconomic differences between service members and the general population, we used propensity score matching to construct a comparison group of individuals in nonmilitary communities who are similar to military community members with subprime credit scores. We considered age, credit score, and credit limit, as well as whether individuals have a credit card, debt in collections, and revolving debt in delinquency in 2015. We also matched on characteristics of residence zip code using ACS data, including the share of Black or Hispanic residents and the share of residents who have health insurance. Lastly, we matched on their region of residence—the Midwest, Northeast, South, and West.

Using 3:1 nearest-neighbor matching, we identified 1,932 people in the treatment group (i.e., "military community members") and 1,340 people in the comparison group (i.e., "nonmilitary community members") weighted to equal the 1,932 in the treatment group. After matching, no meaningful differences existed between the treatment and comparison groups (i.e., all effect sizes are less than 0.2). With the matched treatment and comparison groups, we then tracked consumers' credit outcomes from 2013 to 2021. In summary, we compare differences in credit and debt outcomes between military community members with subprime credit scores and a similar group of people living in nonmilitary communities before and after the 2015 MLA expansion to assess the effects of the policy.

Impact of the MLA Expansion on Borrowers' Credit and Debt Outcomes

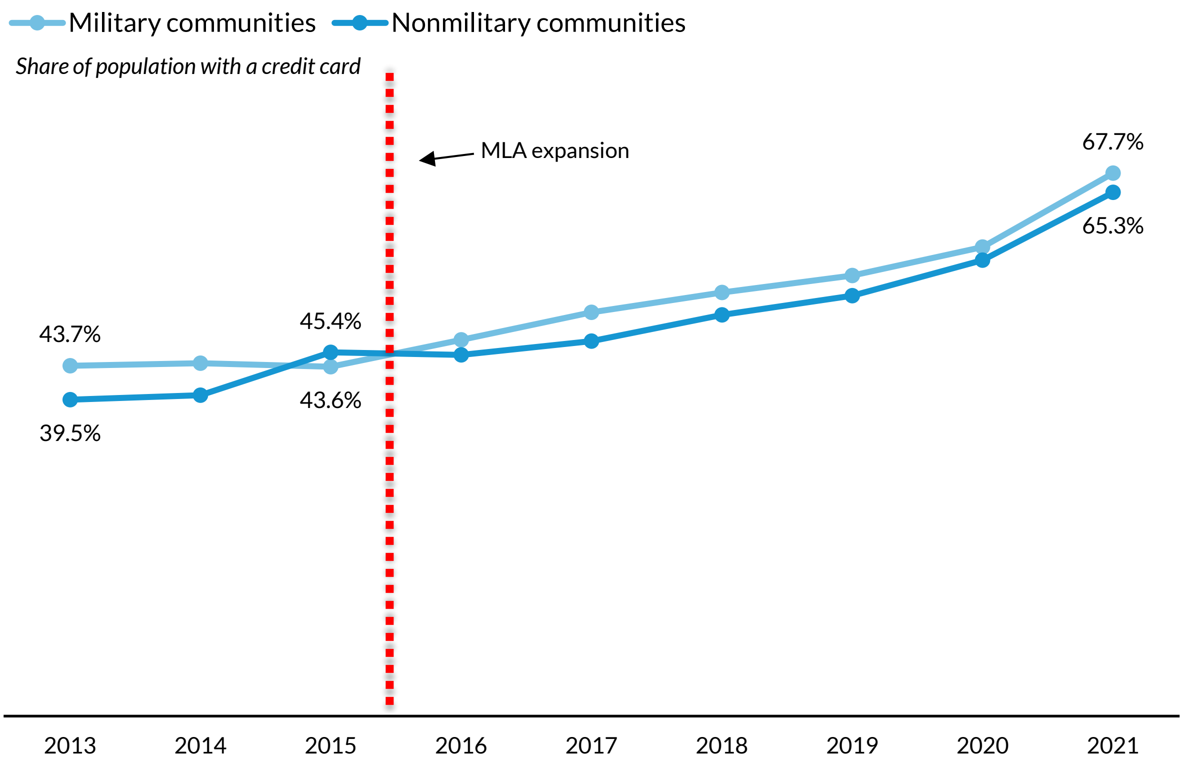
1. Credit Card Ownership and Credit Limits

First, we consider the impact of the MLA expansion on credit card ownership rates and credit limits among borrowers with subprime credit scores. Applying a 36 percent APR cap to revolving forms of credit could hypothetically prevent some consumers from accessing such types of credit products. Some lenders could find consumers with low credit scores too risky to lend to at rates below 36 percent, which could lead to lower rates of credit card ownership and lower credit limits among borrowers with subprime credit scores.

Before 2016, military community members with subprime credit scores were just as likely as their counterparts in nonmilitary communities to have a credit card (figure 1). Forty-four percent of individuals in this group had a credit card in 2015, compared with 45 percent of people in nonmilitary communities, a difference that is not statistically significant at the 5 percent level.[8] In the following years, consumers in both groups saw their credit card ownership rates increase, likely as their credit scores increased with age. By 2021, 68 percent of military community members with subprime credit scores had a credit card, compared with 65 percent of similar consumers in nonmilitary communities, a difference that is not statistically significant at the 5 percent level. These parallel trends suggest that the extension of the MLA's consumer protections to revolving credit products did not meaningfully affect credit card ownership rates among military community members with subprime credit scores.

FIGURE 1

The MLA Expansion Had No Effect on Likelihood of Having a Credit Card among Consumers with Subprime Credit Scores



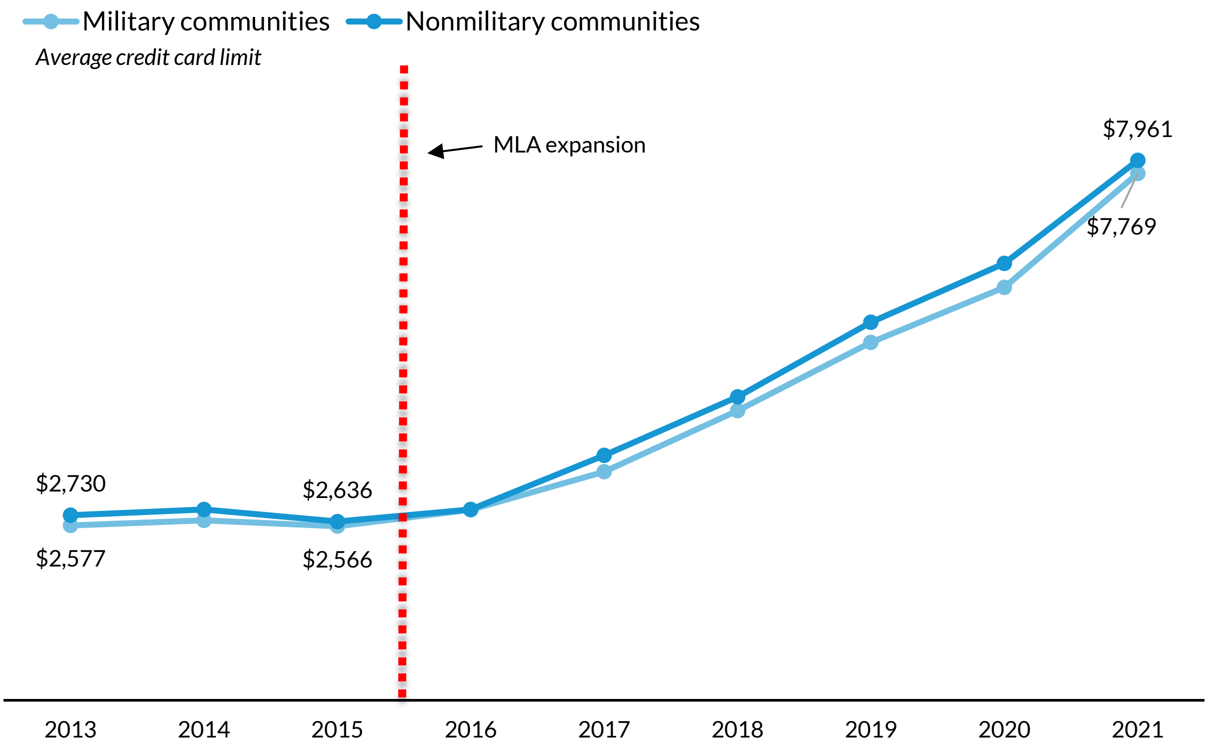
Source: Urban Institute credit bureau data.

Notes: Military communities include residents of zip codes where more than 50 percent of the employed population were active-duty members of the US armed forces in 2015. Nonmilitary communities are defined based on propensity score matching on 2015 characteristics. Consumers with subprime credit scores have Vantage scores of 600 or lower. See data and methods for additional details.

We also investigate whether the MLA expansion had an impact on credit card limits among borrowers with subprime credit scores (figure 2). Before 2016, military community members with subprime credit scores had similar credit limits as those in nonmilitary communities ($2,566 and $2,636 in 2015, respectively). In the following years, consumers in both groups experienced an increase in their credit card limits. In 2021, the average credit card limit for cardholders with subprime credit scores in military communities was $7,769, compared with $7,961 for cardholders in the comparison group. The gap between the two groups did not statistically change after the MLA expansion, suggesting that the policy did not have an effect on credit limits of military community members with subprime credit scores.

FIGURE 2

The MLA Expansion Had No Effect on Average Credit Card Limits among Borrowers with Subprime Credit Scores



Source: Urban Institute credit bureau data.

Notes: Military communities include residents of zip codes where more than 50 percent of the employed population were active-duty members of the US armed forces in 2015. Nonmilitary communities are defined based on propensity score matching on 2015 characteristics. The sample is restricted to credit card holders. Consumers with subprime credit scores have Vantage scores of 600 or lower. See data and methods for additional details.

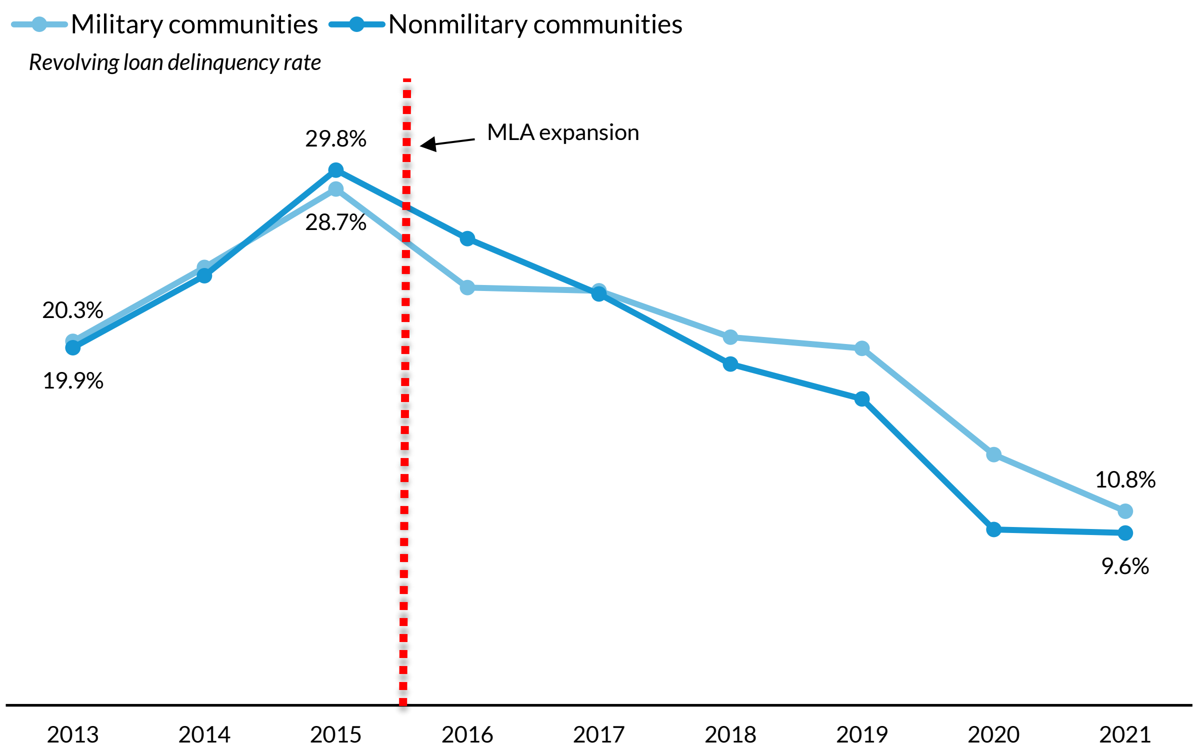
2. Delinquency and Collections

Next, we investigate whether the MLA expansion affected borrowers' ability to pay their bills on time, examining delinquency rates on revolving loans and collection rates on all forms of credit products. We consider these outcomes because capping APRs on revolving loans could theoretically reduce the costs of borrowing, increasing the likelihood that borrowers could keep up with their debt obligations.

In 2015, revolving loan holders[9] with subprime credit scores in military communities were slightly less likely to have a delinquency on their credit records than their counterparts in nonmilitary communities (29 percent versus 30 percent, respectively) (figure 3); however, this difference was not statistically significant at the 5 percent level. In 2021, this trend reversed: loan holders in military communities were slightly more likely to have a delinquency on their credit records than those in nonmilitary communities (11 percent versus 10 percent, respectively); this difference also was not statistically significant. The lack of statistical difference in trends between the two groups suggests that the 2015 MLA expansion did not affect delinquency rates on revolving loans among military community members with subprime credit scores.

FIGURE 3

The MLA Expansion Had No Effect on Revolving Loan Delinquencies among Borrowers with Subprime Credit Scores

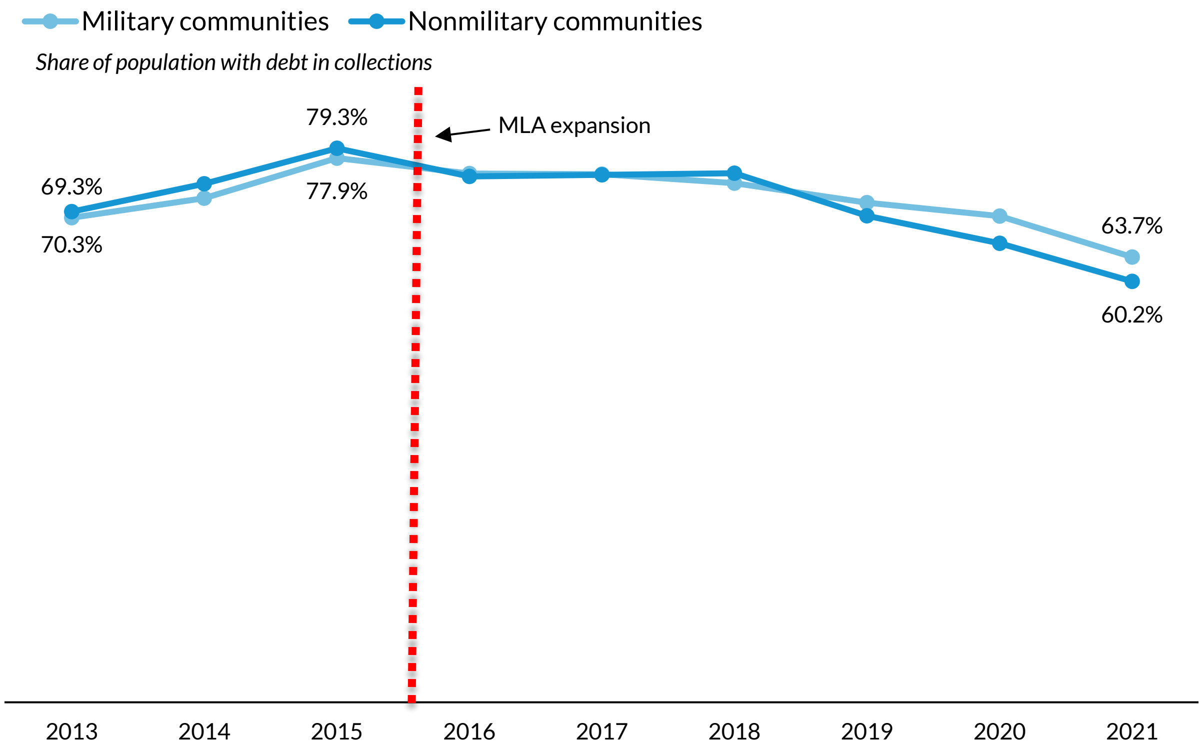


Source: Urban Institute credit bureau data.
Notes: Military communities include residents of zip codes where more than 50 percent of the employed population were active-duty members of the US armed forces in 2015. Nonmilitary communities are defined based on propensity score matching on 2015 characteristics. The sample is restricted to credit card holders with subprime credit score in 2015. Consumers with subprime credit scores have Vantage scores of 600 or lower. See data and methods for additional details.

We also investigate the effects of the MLA expansion on the likelihood of having credit obligations sent to collections. If the MLA expansion provided financial relief to military community members with subprime credit scores, one might expect to see a decrease in bills sent to collections. However, we do not find evidence that the MLA expansion decreased the likelihood of collections for military community members with subprime credit scores (figure 4). The share of borrowers with debt in collections went from 78 percent versus 79 percent in 2015 to 64 percent versus 60 percent in 2021. The change in the gap between the two groups is not statistically significant at the 5 percent level, suggesting that the MLA expansion did not have an impact on collection rates among members of military communities with subprime credit scores.

FIGURE 4

The MLA Expansion Had No Effect on Collections Rates among Borrowers with Subprime Credit Scores



Source: Urban Institute credit bureau data.
Notes: Military communities include residents of zip codes where more than 50 percent of the employed population were active-duty members of the US armed forces in 2015. Nonmilitary communities are defined based on propensity score matching on 2015 characteristics. The sample is restricted to credit card holders. Consumers with subprime credit scores have Vantage scores of 600 or lower. See data and methods for additional details.

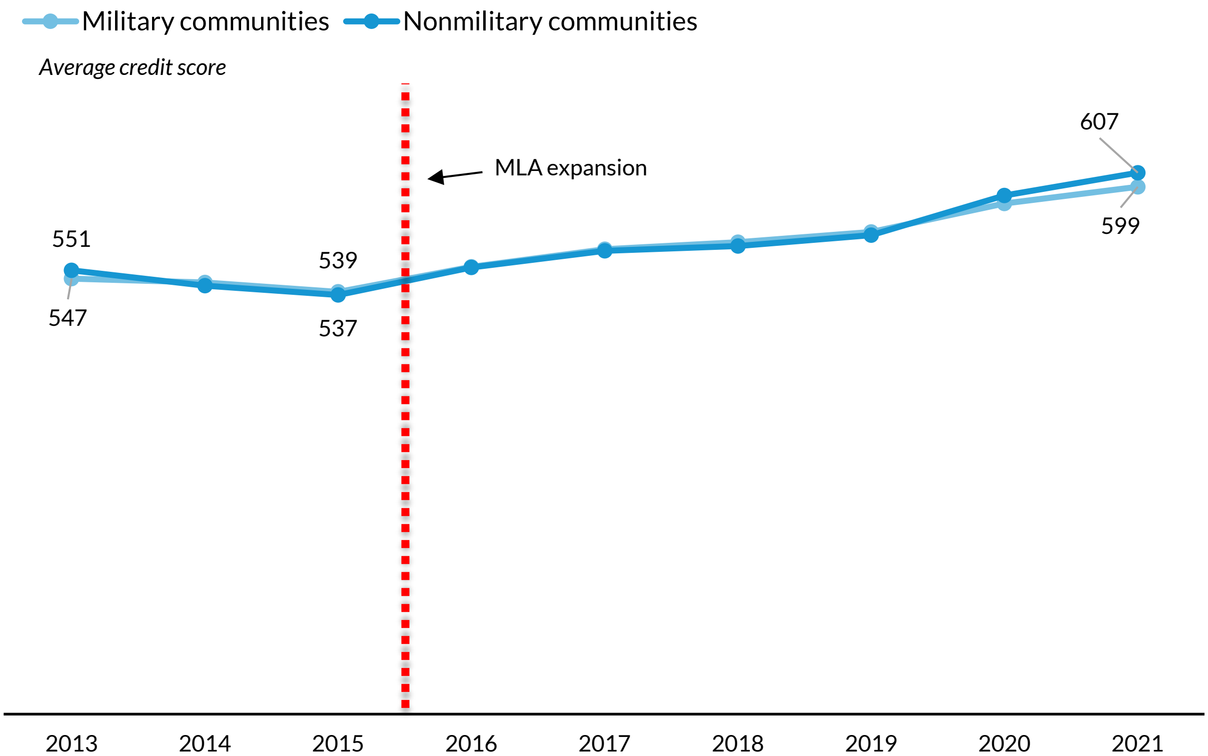
3. Credit Scores

Finally, we investigate the effects of the MLA expansion on average credit scores among consumers with subprime credit scores. Credit scores are an important metric to consider because they are a composite measure that sheds light on multiple aspects of a borrower's experience with credit, reflecting an individual's past credit history as well as their ability to access credit at affordable rates in the future.

In the years before the MLA expansion, military community members had virtually the same average credit scores as those in nonmilitary communities (figure 5). In August 2015, the average credit score among military community members with subprime credit scores was 539, compared with 537 among nonmilitary community members. After 2015, credit scores improved among both groups, likely caused by borrowers' greater experience with and exposure to credit products, associated with age. Both groups experienced virtually the same trajectory in credit scores over the next six years. This result suggests that the provisions of the MLA expansion did not measurably affect the credit health of those living in military communities.

FIGURE 5

The MLA Expansion had No Effect on Credit Scores of Borrowers with Subprime Credit Scores



Source: Urban Institute credit bureau data.

Notes: Military communities include residents of zip codes where more than 50 percent of the employed population were active-duty members of the US armed forces in 2015. Nonmilitary communities are defined based on propensity score matching on 2015 characteristics. The sample is restricted to credit card holders. Consumers with subprime credit scores have Vantage scores of 600 or lower. See data and methods for additional details.

Subgroup Analysis: Consumers with Deep Subprime Credit

To understand whether the MLA expansion affected different populations equally, we repeated the analysis described above for select subgroups of consumers. Among other groups,[10] we consider the effects of the 2015 MLA expansion on military community members who had deep subprime credit scores (Vantage scores lower than 500) in 2015. We compared their outcomes with those of consumers with deep subprime credit scores in nonmilitary communities with similar ages and credit histories.

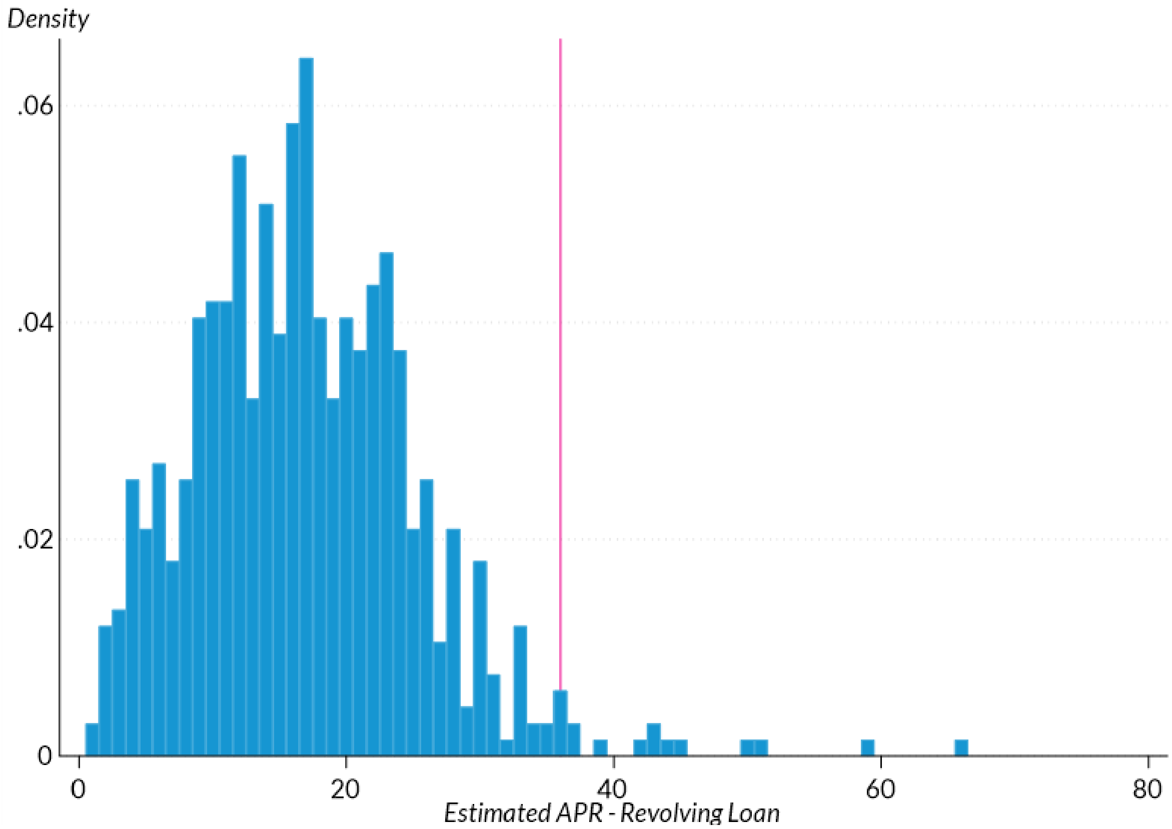
Comparing changes in the outcomes between these two groups, we fail to find evidence that the MLA expansion had a positive impact on the credit health of consumers with deep subprime credit scores (table A.1). In fact, we find suggestive evidence[11] that this group lost access to credit after the MLA expansion. Military community members with deep subprime credit scores were 7 percentage points less likely than those in nonmilitary communities to have a credit card after the MLA expansion. These consumers also had a credit card limit that was $1,422 less than those in nonmilitary communities. We do not find any evidence that the MLA expansion had an impact on the delinquency rates or credit scores of consumers with deep subprime credit scores.

Average APR Caps on Revolving Credit Products

To better understand these results, we turn to a secondary data source with estimated APRs[12] from the credit dataset from February 2022, the latest year for which these data are available. Analyzing these data, we find that very few military community members with subprime credit scores have revolving loans with APRs near the 36 percent cap (figure 6). In fact, the average APR of revolving loans among this population is 17 percent. We do not see evidence of loans with APRs right around 36 percent, suggesting that loan providers did not respond to the MLA expansion by setting rates at or slightly less than the cap threshold. Although we cannot determine average APRs before the expanded MLA went into effect from our dataset, data from the Federal Reserve[13] show that average interest rates on credit cards were historically lower than 36 percent and have increased over time. These results imply that the new policy likely had no effect on borrowers' credit and debt outcomes, partly because average APRs on revolving credit products were already lower than 36 percent.

FIGURE 6

APRs of Revolving Loans Held by Military Community Members with Subprime Credit Scores Are Mostly Far from the 36 Percent Cap



Source: February 2022 Urban Institute credit bureau data.
Notes: Military communities include residents of zip codes where more than 50 percent of the employed population were active-duty members of the US armed forces in 2015. Consumers with subprime credit scores have Vantage scores of 600 or lower. The red vertical line represents 36 percent.

We also find that very few consumers with subprime credit scores in *nonmilitary* communities had a subprime loan with an APR above 36 percent APR in 2022. The average APR on revolving loans held by these consumers was 22 percent, and only 3 percent of this population had a revolving loan with an APR above 36 percent.[14] For the overall population, average APRs were even lower: the average APR on revolving loans was 14.8 percent, and less than 1 percent of consumers had a revolving loan with an APR more than 36 percent. This result is consistent with data from the Federal Reserve[15] showing that the average APR on all credit cards was 15 percent in Q2 2022 and data from the Consumer Financial Protection Bureau (2021) showing that even for deep subprime consumers, the average APR on a credit card was lower than 25 percent in 2020. These data suggest that extending a 36 percent APR cap to revolving loans available to all borrowers would not be binding and would therefore be unlikely to affect credit and debt outcomes for most people in the United States.

Conclusion

Using unique credit bureau data from 2013 to 2021, we find no evidence that the 2015 expansion of the Military Lending Act improved credit and debt outcomes for military community members with subprime credit scores, the group most likely to be affected by this policy change. Specifically, we find that the policy had no effects on credit card ownership rates and credit card limits among borrowers with subprime credit scores, suggesting that a 36 percent APR cap did not prevent borrowers from accessing credit. We also do not find evidence that the policy decreased delinquency and collections rates among borrowers with subprime credit scores, nor did the policy have an impact on these consumers' credit scores. Using a smaller sample, we do however find suggestive evidence that consumers with deep subprime credit scores had less access to credit after the MLA was extended in 2015.

Collectively, our research suggests that the 2015 MLA expansion had negligible effects on the credit health of most service members and their families. However, for the most vulnerable consumers, the policy may have had negative effects by reducing their access to credit. These findings introduce empirical evidence on the effectiveness of a consumer protection policy designed to improve the financial well-being of military members, many of whom report high levels of financial distress.

These findings also have broader implications beyond military communities. For years, state and federal policymakers have debated effective ways to improve financial outcomes for consumers. In recent decades, dozens of states have passed price caps on various forms of credit, and Congress is currently considering passing the Veterans and Consumers Fair Credit Act[16] to extend the provisions of the Military Lending Act to all consumers. Our research informs these discussions by suggesting that extending some of the provisions of the Military Lending Act, particularly the 36 percent APR cap on revolving credit products, would be unlikely to improve credit and debt outcomes for the majority of borrowers. In fact, a nationwide extension of this policy might have detrimental effects on the most vulnerable consumers by limiting their access to credit in times of need. Because there are high costs associated with regulatory enforcement—as well as political capital spent to pass legislation—efforts to enact and enforce such a policy could divert time and resources from more effective strategies to improve credit outcomes for consumers.

Our research does not assess the effects of other consumer protections in the MLA, particularly those that apply to open-end forms of credit, on borrowers' credit health. However, given the mixed evidence base on APR caps, more research is warranted to better understand how and when price caps may be effective. Such research could focus on understanding the conditions under which price caps affect credit and debt outcomes, examining the right thresholds for such caps, and understanding the effects of price caps on distinct subgroups of consumers, especially the most vulnerable. Price caps in other markets, such as rent controls or prescription drug price ceilings, are typically adjusted based on the state of the economy, an approach that could be considered here as well.

Further research could also assess the impact of alternative regulatory approaches to improve borrowing outcomes. For example, research from Colorado shows that a new law requiring that loans be paid back in affordable installments (Urahn et al. 2013) over a six-month period, rather than in a single lump sum, can lead to better outcomes for consumers. Other research suggests that carefully designed disclosures (Bertrand and Morse 2011) on the cumulative costs of loans can reduce some of the negative consequences of borrowing high-cost credit.

Both regulators and financial service providers need a better understanding of the factors that drive successful loan performance, more insight into effective business models, and further insight into emerging technologies that can support innovative lending products and practices (McKernan, Ratcliffe, and Quakenbush 2015). Such research would allow financial institutions (McKernan, Ratcliffe, and Quakenbush 2015), employers (Hahn et al. 2020), and fintech companies (Bogle et al. 2020) to introduce safe and affordable credit products that would improve consumers' financial well-being. We hope that future research identifies further policy mechanisms and business strategies to improve credit and debt outcomes for all consumers, especially the most vulnerable.

Appendix

TABLE A.1

The MLA Expansion's Effect on Credit and Debt Outcomes of Deep Subprime Consumers

Dependent variable	Credit card limit	Owns a credit card	Revolving loan delinquency	Has debt in collections	Credit score
Military x post-2015	-1,422.06*	-0.07*	0.004	0.03	-6.22
	(841.30)	(0.04)	(0.05)	(0.03)	(6.81)
Observations	4,128	4,128	1,780	4,128	4,128
Mean outcome, control group in 2015	1,442	0.451	0.662	0.882	455.8

Source: Urban Institute credit bureau data.

Notes: The sample includes deep subprime military community members in 2015 and their comparison group. The military group includes residents of zip codes where more than 50 percent of the employed population are active-duty members of the US armed forces in 2015. The control group is defined based on propensity score matching on 2015 characteristics. Deep subprime consumers have Vantage scores lower than 500. All models include an indicator for living in a military community in 2015 and year-fixed effects. The variable *Military x post-2015* identifies residents of military communities (our treatment group) in the data after 2015. Coefficients from a linear regression are reported in the table with standard errors in parentheses. Standard errors are clustered at the zip code level.

Notes

1 Annual Percentage Rate (APR) is the annual rate charged for a loan. APRs are calculated by multiplying the interest rate per payment period by the number of payment periods in a year.

2 Patience Singleton and Janet V. Norcom, "Final Rule: Military Lending Act," Financial Institution Letter 37-2015 to FDIC-supervised institutions, September 8, 2015, https://www.fdic.gov/news/financial-institution-letters/2015/fil15037.pdf.

[3] Veterans and Consumers Fair Credit Act, S. 2508, 117th Cong., 1st Sess. (2021–22), https://www.congress.gov/bill/117th-congress/senate-bill/2508/text.

[4] "Open-end" or "revolving" credit products allow account holders to borrow money repeatedly up to a set dollar limit while repaying a portion of the current balance in regular installments. Credit cards are the most common form of revolving credit. The two terms are synonymous; we use the latter throughout the remainder of this brief.

[5] This publication synthesizes insights from an unpublished technical working paper: "The Effects of Price Caps on Open-End Loans: Evidence from the 2015 Expansion of the Military Lending Act."

[6] "Federal Reserve Statistical Release: Consumer Credit – G.19," Board of Governors of the Federal Reserve System, December 7, 2022, https://www.federalreserve.gov/releases/g19/current/.

[7] The initial protections of the Military Lending Act only applied to "narrowly defined payday loans, motor vehicle title loans, and tax refund anticipation loans with particular terms." For these transactions, the MLA limits "the amount a creditor may charge, including interest, fees, and charges imposed for credit insurance, debt cancellation and suspension, and other credit-related ancillary products sold in connection with the transaction" (DCCA 2016).

[8] Even though credit card providers were required to comply with the APR limitation in 2017, we chose 2015 as our baseline year of analysis because companies might have started adjusting their credit policies when the MLA expansion was announced in 2015.

[9] Revolving loans include all types of revolving trades, including secured versus unsecured trades. Credit cards are the most common type of revolving account.

[10] We also investigated the effects of the MLA expansion on young consumers (ages 18 to 24) and those who lived in the South and the West in 2015. We failed to find evidence that the MLA expansion had a positive impact on credit health outcomes for any of these groups.

[11] We interpret the results of this analysis as suggestive because of the smaller sample size: consumers with deep subprime credit scores represent only about 4 percent of all consumers who lived in military communities in 2015.

[12] While credit bureaus do not have access to APR information for specific loans, they are able to estimate APRs based on payment history, loan terms, and changes in debt amounts. For this analysis, we focus on estimated APR for the revolving loan with the highest balance for each consumer in February 2022, the latest year for which these data are available.

[13] "Federal Reserve Statistical Release: Consumer Credit – G.19," Board of Governors of the Federal Reserve System.

[14] A potential explanation for the lower APRs observed among military community members with subprime credit scores is that these consumers have higher average credit scores than nonmilitary community members with subprime credit scores (544 versus 538, respectively).

[15] "Federal Reserve Statistical Release: Consumer Credit – G.19," Board of Governors of the Federal Reserve System.

[16] Veterans and Consumers Fair Credit Act, S. 2508, 117th Cong., 1st Sess. (2021–22), https://www.congress.gov/bill/117th-congress/senate-bill/2508/text.

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