



# Illinois Department of Financial and Professional Regulation

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## Division of Financial Institutions

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### Statement Regarding Use of Electronic Bank Statements to Verify Consumer Income

The Illinois Consumer Installment Loan Act ("CILA") prohibits a licensee from making a small consumer loan "if the total of all payments to be made in any month on the loan exceeds 22.5% of the consumer's gross monthly income, as demonstrated by official documentation of the income," such as a consumer's most recent pay stub. 205 ILCS 670/17.4. The Division of Financial Institutions ("DFI") may approve other official documentation that a CILA licensee may use to verify a consumer's gross monthly income. 38 Ill. Admin. Code §110.280.

Official documentation discloses the gross amount of income, as CILA requires. An electronic bank statement ("EBS") that documents a deposit of payroll income into a deposit account discloses the net income, which is the gross income minus deductions for taxes, garnishments, or other amounts that an employer withholds. Importantly, the net income documented in an EBS will always be less than the gross income documented in a pay stub. Therefore, if a licensee made a small consumer loan where the total of all payments to be made in any month did not exceed 22.5% of the consumer's net monthly income, the Licensee would be in compliance with §17.4, which includes a higher lending capacity based on gross monthly income.

For this reason and subject to the following conditions, DFI hereby authorizes a CILA licensee to use a consumer's EBS to comply with §17.4 if the total of all payments to be made in any month on the loan do not exceed 22.5% of the consumer's monthly net income identified in the consumer's EBS. This practice is limited to a direct deposit that is identified as payroll income from an employer. If the payroll check was not direct deposited, the EBS must include a copy of the payroll check in order to verify the source and date of the net income.

All other types of deposits documented in EBS are not official documentation of income under this guidance and cannot be counted as gross monthly income. The CILA licensee can obtain EBS when the consumer provides log-in credentials for on-line access to the deposit account, but it cannot use a printed or electronic copy of EBS provided by the consumer. DFI strictly prohibits any licensee from relying on any estimation of the consumer's gross income that is calculated from the net income documented in EBS.

If a deposit account has more than one owner, the description of the deposit must include the consumer's name or other personally identifiable information that identifies the deposit as belonging to the consumer and not the other account owner. If an EBS does not identify the deposit as belonging to the consumer and the account includes another account owner, EBS cannot satisfy the requirements of §17.4.

The licensee must enter the income documented in EBS into the certified database as required under 205 ILCS 670/17.5, and it must retain records of EBS for examination purposes.

The guidance provided in this statement is also applicable to a physical or electronic copy of a periodic monthly bank statement received directly from a consumer.

This guidance is provided as of October 2018 and may be modified at any time. This guidance is not meant to alter any current laws or rules to which licensees are still subject.