

Faith for Just Lending

a call to end predatory payday lending

January 10, 2020

United States House of Representatives
Committee on Financial Services
Washington, DC 20515

Dear Representative,

Each year, many households face financial crises. Over the last several decades, high-cost lending to those in need has increased significantly. Nearly 16,000 payday and car title loan stores operate nationwide. Taking advantage of loopholes and a weakening of traditional usury laws, many of these lenders now offer loans at 300% APR and higher. Far too often, the result is families trapped in a cycle of debt with even less ability to pay the bills, keep food on the table, save for the next emergency, or provide for their children.

Scripture condemns usury and teaches us to respect the God-given dignity of each person and to love our neighbors rather than exploiting their financial vulnerability. Thus, just lending is a matter of Biblical morality and religious concern. Fairness and dignity are values that should be respected in all human relationships including business and financial relationships.

We urge churches, lenders, individuals and government to each do their part to teach stewardship, offer responsible products, use credit wisely, encourage just lending and put an end to predatory loans. We call for an end to the exploitation of households and families through the payday debt trap.

We call upon Congress to prohibit usury and predatory or deceptive lending practices and write to ask for your support of the Veterans and Consumers Fair Credit Act, bipartisan legislation led by Congressmen Jesús “Chuy” García (D-IL) and Glenn Grothman (R-WI). By establishing an interest rate cap of 36%, this bill is an important step toward preventing harm caused by predatory lending practices.

This rate cap has a proven track record. The Military Lending Act prohibits lenders from charging military servicemembers and their families more than 36% APR. This limit was proposed by the Defense Department after finding that high-interest loans were devastating troops’ finances and harming force readiness. It was enacted with strong bipartisan support in 2006.

Currently, 16 states and the District of Columbia cap small dollar loan rates at 36% or lower. Their residents, around 100 million Americans, use various methods to address budgetary shortfalls – such as utility payment plans and credit cards – without the exorbitant cost or harm of high-interest credit. Strong interest rate caps are also popular across party lines. Voters in Arizona, Colorado, Montana, Ohio, and South Dakota have overwhelmingly approved them by ballot initiative.

The Veterans and Consumers Fair Credit Act would extend the Military Lending Act’s strong and successful interest rate cap to all Americans. It would not affect state rate caps that are lower and provide even greater consumer protection.

Collectively our organizations and denominations represent millions of Christians across the country. Our churches and charities are actively engaged in efforts to end poverty, alleviate suffering and promote opportunities for all people to flourish. We respectfully ask for your support of the Veterans and Consumers Fair Credit Act. Congress can and must end modern-day usury.

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Sincerely,

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Southern Baptist Ethics & Religious Liberty Commission
United States Conference of Catholic Bishops, Committee on Domestic Justice and Human Development
National Association of Evangelicals
National Latino Evangelical Coalition
National Baptist Convention, USA, Inc.
Catholic Charities USA
Faith in Action (Formerly PICO National Network)
Cooperative Baptist Fellowship
Ecumenical Poverty Initiative
Center for Public Justice
The Episcopal Church



cc:

The Honorable Nancy Pelosi
The Honorable Steny Hoyer
The Honorable Kevin McCarthy