



Lutheran Advocacy Ministry in Pa
Evangelical Lutheran Church in America
God's work. Our hands.



June 7, 2018

Pennsylvania House Commerce Committee
Capitol Building
Harrisburg, PA 17120

Re: Opposition to HB 2429 authorizing predatory payday lending in Pennsylvania

Dear Committee Chairmen and Members:

Pennsylvania has one of the strongest laws in the country to guard against predatory lending, with a cap on fees and interest that has kept high-cost payday lenders at bay. Our law saves residents more than \$272 million each year in fees that would otherwise be drained if payday lenders were allowed to operate here.

This year, as in several years past, payday lenders are pushing a new scheme that would let them get around our consumer protections. This time it is the "CSO" scheme, which would let them to charge a broker fee that is not calculated under the interest rate. This fee would legalize loans with effective annual interest rates (APR) over 300%. Payday lenders use the CSO scheme in Ohio and Texas to evade interest rate caps in those states. In both states, customers are routinely caught in long-term debt traps – more than 80% of loans are taken out within two weeks of a previous loan being repaid. In Texas, Check-N-Go uses the scheme to make loans carrying APR's over 660%!

As leaders within the faith community, we remain united in our opposition to predatory payday lending and believe that our state's current laws fairly protect borrowers and our economy from harmful financial practices.

Payday lending is modern-day usury. Schemes like these are wolves in sheep's clothing. They exploit people facing financial emergency, enriching the lender while failing to offer a sustainable solution to the person in need. All major religious traditions share a deep opposition to usury. For example, the Christian and Jewish scriptures counsel specific care when lending to those who are poor. "Do not rob the poor because they are poor," Proverbs 22:22

Beyond the moral case, the devastating impact that legalizing predatory payday loans will have on the communities and congregants we serve is abundantly clear. In communities with payday loan storefronts, churches and social services report strains on local food pantries and charitable emergency relief services. Rather than offering a bridge to financial security, payday loans actually make financial problems worse, leading to increased food stamp usage, delinquency on other bills and obligations, and eventually bankruptcy.

High-cost payday lending is far from a financial solution for households but rather the cause of greater financial problems.

We need to be providing pathways out of poverty and dependency for our most vulnerable families, not sinking them further into debt. Today, Pennsylvania's laws are considered among the strongest in the country to protect against this type of abusive lending. We ask that Pennsylvania legislators remain steadfast in upholding, not weakening, our current laws in order to keep our communities free from predatory lending practices.

We urge you to oppose HB 2429, “An act regulating credit services.”

Sincerely,

Tracey DePasquale
Director
Lutheran Advocacy Ministry in Pa.
900 S. Arlington Ave., Suite 251B
Harrisburg, PA 17109

The Rev. Dai Morgan
Director
United Methodist Advocacy in Pennsylvania
7704 Westmoreland Avenue.
Pittsburgh, PA 15218

The Rev. Sandra L. Strauss
Director of Advocacy and Ecumenical Outreach
Pennsylvania Council of Churches
900 S. Arlington Avenue, Suite 211A
Harrisburg, PA 17109-5024

Richard Williams
Director
UUPLAN
Unitarian Universalist Pennsylvania Legislative
Advocacy Network
Harrisburg, PA 17036

Al Bannon
President
The Society of St Vincent De Paul
Diocesan Council of Pittsburgh
1501 Reedsdale Street, Suite 3003
Pittsburgh, PA 15233

Pat Walsh
President
The Society of St Vincent De Paul
Archdiocesan Council of Philadelphia
3004 Keenwood Rd.
East Norriton PA 19403

Ed Markiewicz
President
The Society of St Vincent De Paul
Diocesan Council of Greensburg
163 Old Route 217
Derry, PA 15627