



Indiana Catholic Conference

SB 245 Long term small loans

The practice of Payday lending tends to trap persons in debt and charge exorbitant interest and fees which requires the borrower to pay much more than what is reasonable.

The majority of loans are to cover everyday expenses. (7/10) Although employed borrowers' pay is not enough to make ends meet; so, desperate, they seek out resources to provide for needs. Hence they end up extending and rolling the debt and stay in debt for months because paycheck is not enough for living expenses plus high interest and fees.

Taking advantage of the financial distress of vulnerable people and communities has a long history. Unscrupulous and exploitative banking has existed from the usury condemned in the Bible to the redlining of minority and poor neighborhoods the '60s and '70s.

The Catholic Church teaches that it is the State's purpose and duty to protect and facilitate the common good. The weakest members of society should be helped to defend themselves against usury. Laws and policies must protect them from additional burdens. "All economic life should be shaped by moral principles. Economic choices and institutions must be judged by how they protect or undermine human life and dignity of the human person, support the family, and serve the common good" (US bishops a Catholic Framework for Economic Life)

The Catechism of the Catholic Church points out that exploiting people living in poverty is unjust: "Even if it does not contradict the provisions of civil law, any form of unjustly taking and keeping the property of others is against the seventh commandment: thus, deliberate retention of goods lent or of objects lost; business fraud; paying unjust wages; forcing up prices by taking advantage of the ignorance or hardship of another." (no. 2409)

We appeal to your conscience and understanding of what is just and right. Taking advantage of someone and exploiting them is wrong. Although it may be legal, it does not remove ones' obligation to do what is just. Extending the payday lending practice does not benefit the person, and it is contrary to providing for the common good, to help persons and our society flourish.

ICC opposes SB 245 and asks that it be defeated.

January 2017