

August 2016

Dear Partners in Ministry,

South Dakota Faith in Public Life Board of Directors(www.sdfaithinpubliclife.org) has prepared a position statement on Payday Lending, included with this mailing. The hope we have after crafting this statement on “A Moral Response to Payday Lending” is that faith communities across South Dakota will examine this issue and explore their response in light of their faith.

We are providing this resource, and a list of additional resource sites, to you as a faith leader to engage a discussion in your faith community on this issue as it effects South Dakotans in the fall of 2016. Our encouragement is for you to bring the issues involved to the fore in your communities in order to educate and inform, in order to raise awareness and understanding, and in order to proclaim and act for justice for those trapped in cycles of debt.

We are challenged as faith communities to speak on issues that face us. In this instance, we are also challenged to consider what our communities can offer to people in times of financial need that goes beyond our historical efforts. Some of the resources cited here lift up what has been done by faith groups in other areas of our country to offer assistance that ‘stands in the gap’ where payday lenders have become a common alternative.

South Dakota Faith in Public Life commends these resources to you as starting points, grains of inspiration, or ready blueprints for discussion and possible action in your faith community. We trust that you know the best ways to foster the discussion in your setting: sermons; adult forums; newsletters; inserts; or others. Though we did not create these resources, we found them to have merit in the discussion of issues around payday lending that we believe are core to understanding the industry, the circumstances of people who are utilizing this kind of loan, and forming a response from a faith perspective.

Thank you,



Rev. Bill Tesch, Chair

South Dakota Faith in Public Life Board of Directors

Rev. Bill Tesch (ELCA)
Rev. Dr. Valerie Putnam (PC USA)
Fr. Charles Cimpl (RC)
Rev. Dr. Marcia Moret Sietstra (UCC)
Rev. Christina Swenson O'Hara (TEC)
Rev. Cindy Hoy (UCC)
Rev. Bob Ruedebusch (UMC)
Rev. Andrea DeGroot-Nesdahl (ELCA)
Sister Mary Thomas (RC)

Dr. Philip Thompson (ABC)
Rev. Kathryn Timpany (UCC)
Dr. Hesham Elgouhari (MCC)
Rev. Dr. Karen Soli (ELCA)
Jennifer Dreiske (URJ)
Rev. Laura McMurry Hoffman (ABC)
Rev. Janice Palmer (PC USA)
Dr. Mohammad Zeeshan Qamar (MCC)
Dr. David Aronson (URJ)

RESOURCES

WHAT'S WRONG WITH PAYDAY LOANS?

"A Moral Response to Payday Lending," South Dakota Faith in Public Life, <http://sdfaithinpubliclife.org/payday-lending-2015/>.

"Responsible Lending is an Economic and Moral Issue," The Center for American Progress, <https://www.americanprogress.org/issues/economy/report/2015/06/09/114562/responsible-credit-is-an-economic-and-moral-issue/>.

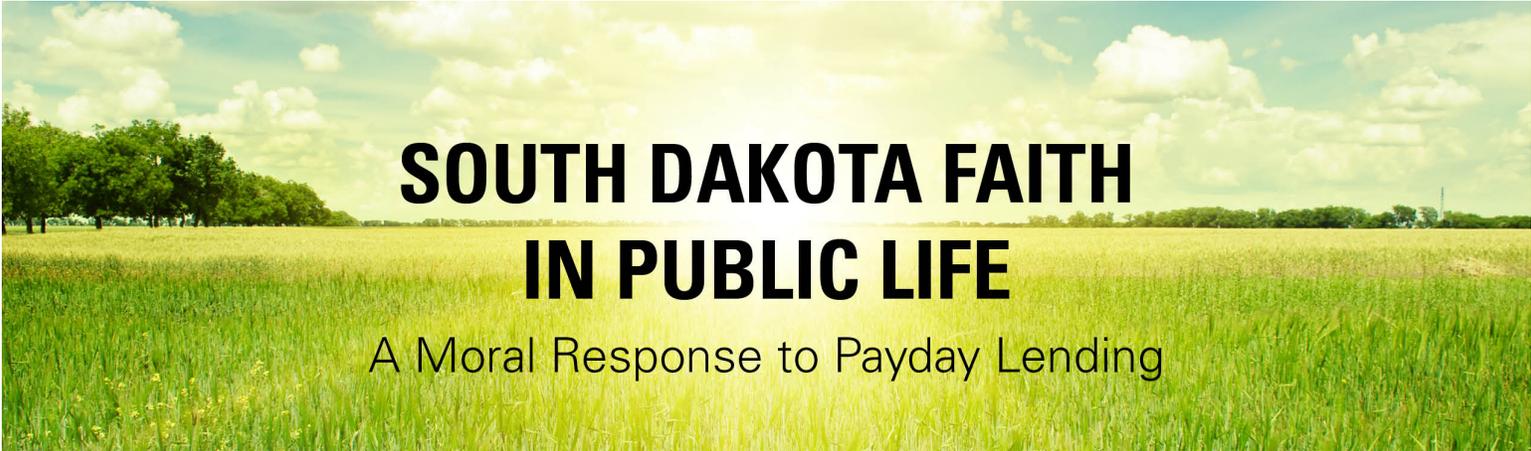
CONGREGATIONAL STUDY

"Modern Day Usury, The Payday Loan Trap: A Discussion Guide for Churches," prepared by the Center for Responsible Lending, <http://www.responsiblelending.org/allies/faith-and-credit/Modern-Day-Usury-The-Payday-Loan-Trap.pdf>.

ALTERNATIVES TO PAY DAY LOANS

"Churches step in with alternative to high interest, small-dollar lending industry," www.washingtonpost.com/news/get-there/wp/2015/01/09/churches-step-in-with-alternative-to-high-interest-small-dollar-lending-industry. See also www.exoduslending.org/.

"Think there's no good alternative to payday loans? Think again," https://www.washingtonpost.com/news/in-theory/wp/2016/06/29/think-theres-no-good-alternative-to-payday-loans-think-again/?tid=a_inl.



SOUTH DAKOTA FAITH IN PUBLIC LIFE

A Moral Response to Payday Lending

Responsible lending is a moral issue. All of our sacred texts—Jewish, Christian and Muslim—speak out against excessive interest and financial arrangements that take advantage of the poor for the benefit of lenders. We are called to love our neighbors and keep them from harm. Those who have more are called to greater responsibility for those who struggle for life’s basic necessities.

We are called to reject hurtful practices that exploit the poor. Payday loan borrowers are often low- or moderate-income earners, and while they generally have bank accounts, many have a limited ability to use credit because of low earnings or a weak credit history.

Pay day loans have high fees and short repayment periods that are often beyond the borrowers’ capacity to repay, so borrowers have to take out a second loan to pay off the first, effectively locking them into a cycle of debt that routinely carries over 400% annual interest. This “churning” of existing borrowers’ loans every two weeks accounts for three-fourths of all payday loan volume.

Loans with triple-digit interest fees and short-term repayment periods that routinely trap vulnerable borrowers in a spiral of loss are unacceptable. Religious communities and their leaders have a special responsibility to bring these hurtful practices to light.

We need to educate our faith communities about the dangers of payday loans and work for improved public policies that give neighbors a hand up rather than a millstone of debt.

We encourage faith groups to help develop alternative lending programs and to advocate for federal regulation of payday loans to cap interest rates, to require that lenders consider a borrower’s ability to repay and to require longer repayment periods. Lawmakers need to be challenged to develop alternative lending sources, either through enhanced incentives for existing banks and credit unions or by other creative means.

In November, please vote *yes* on the ballot initiative that says lenders may not charge over 36% interest. Do not be misled by a constitutional amendment designed by Pay Day lenders that calls for an 18% cap *but has no binding force on lenders*.

Vote YES on the real 36% cap found in Initiative Measure #21.

Vote NO on the fake 18% cap found in Constitutional Amendment U.

You may want to take this with you to the polls because the ballot may be confusing.

Members of the Board of Directors South Dakota Faith in Public Life

Rev. Bill Tesch (ELCA)
Rev. Dr. Valerie Putnam (PC USA)
Fr. Charles Cimpl (RC)
Rev. Dr. Marcia Moret Sietstra (UCC)
Rev. Christina Swenson O’Hara (TEC)
Rev. Cindy Hoy (UCC)
Sister Mary Thomas (RC)
Rev. Andrea DeGroot-Nesdahl (ELCA)
Dr. Philip Thompson (ABC)
Jennifer Dreiske (URJ)
Rev. Kathryn Timpany (UCC)
Dr. Hesham Elgouhari (MCCSD)
Rev. Dr. Karen Soli (ELCA)
Rev. Bob Ruedebusch (UMC)
Rev. Laura McMurry Hoffman (ABC)
Rev. Janice Palmer (PC USA)
Dr. Mohammad Zeeshan Qamar (MCCSD)
Dr. David Aronson (URJ)