March 11, 2016

Representative Debbie Wasserman Schultz

Chair

Democratic National Committee

430 S. Capitol Street, SE

Washington, DC 20003

Dear Representative Debbie Wasserman Schultz:

As people of faith we are extremely concerned that the leadership of the Democratic National Committee, notably you as chair of the DNC, is working to derail efforts to rein in the worst abuses of payday lending.

The Consumer Financial Protection Bureau’s critical work to give families a fighting chance against predatory lending is at the core of the Democratic Party’s stated commitment to fighting poverty and leveling the economic playing field for all Americans.

The Bible expressly forbids excessive interest and warns us not to “exploit the poor because they are poor.” (Proverbs 22:22) With its average 400 percent interest rate, payday lending is the very definition of exploitation. As for exploiting the poor, that is the very business model of payday lending. Payday lenders make their profit by giving bad loans. A bad loan is one that a borrower cannot pay off on time and still cover basic necessities like rent and food – unless they take out another loan, and then another. Each loan comes with an astronomical interest rate that eats an ever-bigger hole in the borrower’s budget. We call this the debt trap. It is intentional. It is not moral. It should not be legal.

Nationally, the average payday borrower has nine transactions a year and 75 percent of payday loan fees come from borrowers with 10 or more loans per year, meaning that payday lenders prey upon the same people who are stuck in a cycle of debt.

The impacts of these duplicitous dealings mean families lose homes, cars and jobs. Their credit ratings are destroyed forever and with them, their financial futures. But the damage is not limited to individuals. Payday lenders prey on the most vulnerable communities, setting up shop in low-income communities and communities of color and drain the wealth out of the neighborhoods that need it most.

This is happening in Florida. Payday lenders tout the state’s regulatory structure of so-called “best practices.” In reality, Florida law has not reined in triple-digit interest or stopped the debt trap. The data shows the payday debt trap is lethal to the financial lives of thousands of Florida’s most vulnerable consumers.

These are the people that you represent, as well as millions of others represented by the party as a whole.

We urge you as the chair of the DNC and all in the Democratic Party to publicly renounce abusive payday lending and to support the CFPB’s efforts to craft a strong rule that will protect vulnerable Americans of all faiths and in all states.

Sincerely,

Dr. Willie Gable

Co-Chair, Faith & Credit Roundtable