



Committee on Domestic Justice and Human Development

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November 13, 2013

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

On behalf of the United States Conference of Catholic Bishops, I encourage you to act with your authority to protect consumers and families living in or near poverty from predatory financial products, especially payday loans.

The economy continues to fail in producing sufficient decent work, as the modest recovery of recent years has been dominated by the creation of low-wage and part-time jobs, leading to painful and enduring financial insecurity for millions of American families. This calls for compassion, solidarity, and a strengthened commitment to the common good. Yet across the country, some unscrupulous lenders use payday lending in order to take advantage of working people struggling to meet basic human needs.

Payday loans are marketed as short-term financial relief for unexpected, discrete expenses. Recent research, however, suggests the overwhelming majority of payday loan consumers rely on them to meet recurring, basic needs. Additionally, as the Bureau found last year, many of the loans are structured in such a way as to make repayment very difficult, initiating a cycle of deeper indebtedness that adds to borrowers' financial stress, rather than relieving it.

The *Catechism of the Catholic Church* equates exploiting economic hardship with theft: "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). Payday lending seems to meet these criteria, to the extent that it preys on the financial hardship of poor and vulnerable consumers, exploits their lack of understanding, and increases economic insecurity.

Lenders and financial institutions that extend responsible, ethical credit provide a valuable service to households and the economy as a whole. Poor and vulnerable working people deserve loan options that they can repay in a timely manner and that advance their long-term financial security, rather than consign them to a cycle of debt.

Thank you for all you do to protect consumers and for your attention to my concerns.

Sincerely,

Most Reverend Stephen E. Blaire
Chairman
Committee on Domestic Justice and Human
Development