

RESPONSIBLE LENDING

What does the Bible say?

If you lend money to my people, to the poor among you, you shall not deal with them as a creditor; you shall not exact interest from them. If you take your neighbor's cloak in pawn, you shall restore it before the sun goes down. **(Exodus 22:25-26)**



Do not rob the poor because they are poor, or crush the afflicted at the gate. **(Proverbs 22:22)**

Let us stop this taking of interest. Restore to them, this very day, their fields, their vineyards, their olive orchards, and their houses, and the interest on money, grain, wine, and oil that you have been exacting from them. **(Nehemiah 5:10-11)**

If you lend to those from whom you hope to receive, what credit is that to you? Even sinners lend to sinners, to receive as much again. But love your enemies, do good, and lend, expecting nothing in return. Your reward will be great, and you will be children of the Most High. **(Luke 6:34-35)**

What does The United Methodist Church say?

In the General Rules, John Wesley warned Methodists against doing harm by greedy or self-indulgent behaviors, including “the giving or taking things on usury,” and “borrowing without a probability of paying; or taking up goods without a probability of paying for them.” **(2016 Book of Discipline, ¶104)**

Financial institutions serve a vital role in society. They must guard, however, against abusive and deceptive lending practices that take advantage of the neediest among us for the gain of the richest. **(Social Principles ¶163.J)**

Today's global economy is premised on credit involving individuals, businesses, and institutions that exchange goods and services with the promise of future payment. This credit market has enhanced efficiency and brought many consumer benefits. These markets have also given rise to abusive and predatory practices, however, that challenge the conscience of Christians. **(2016 Book of Resolutions, #4064, “A Call for Faithful Lending Practices”)**

We call our congregations to investigate the current situations in their communities, states, and nations. We call our congregations to demand that our systems be regulated in a way that does not profit the rich at the expense of the poor, that benefits both parties involved in the transaction, and that has integrity in that it is characterized by honesty, disclosure, equal access, and equal power to begin or end the transaction. **(2016 Book of Resolutions, #4064, “A Call for Faithful Lending Practices”)**



CHURCH & SOCIETY

The United Methodist Church

Living **FAITH** Seeking **JUSTICE** Pursuing **PEACE**

ECONOMIC JUSTICE

RESPONSIBLE LENDING

What do the facts say?

- Worldwide 2 billion adults are “unbanked” i.e. lack access to a financial account or institution.¹
- In Sub-Saharan Africa, 12 percent of adults have mobile money accounts, six times the global average. For nearly one-half of those individuals (45%), the mobile accounts are the primary or sole mechanism for personal finance.²
- In the United States, the average payday loan carries an annual percentage rate (APR) of 391%.³
- 12 million US residents use payday loans each year and spend an average of \$520 in fees on loans averaging \$375 – often in cycles of repeated borrowing.⁴
- The average payday borrower takes out 9 loans a year. Repeat borrowing accounts for three-fourths of overall payday loan volume and \$3.5 billion in fees each year.⁵



1, 2 World Bank, 3, 4, 5 Center for Responsible Lending

What do you say?

Take **ACTION** for justice...

Learn more about credit issues in your community including the challenges of access and predatory practices as well as opportunities for micro-lending.

Connect with financial literacy initiatives and share with your congregation and conference the principles for responsible lending adopted by General Conference.

Support efforts to provide low-interest microloans to individuals in under-resourced communities. Learn more about the United Methodist Microfinance Connection at umcmicrofinance.org.

Advocate for just policies to require transparency and limit usurious interest rates and fees. In the United States, connect to current campaigns through the Center for Responsible Lending (responsiblelending.org/faith).



For more information contact:
John Hill • jhill@umcjustice.org

www.umcjustice.org

General Board of Church and Society

100 Maryland Ave, NE Washington, DC 20002

© 2016 General Board of Church and Society of
The United Methodist Church