



## **ERLC supports the Veterans and Consumers Fair Credit Act**

**The ERLC opposes unjust lending practices that exploit the vulnerable, are predicated on consumer loss, and trap families in cycles of debt.** Payday lending serves as a significant contributing factor to the economic struggle for many Americans. The practice of providing short-term cash loans at unreasonably high interest rates forces families and individuals to make financial decisions that are often impossible to recover from. Southern Baptists are opposed to predatory lending practices that target financially unstable persons. Any lending practice that intentionally uses and exposes vulnerable individuals is unacceptable and should be strictly regulated by government protections.

**The average annual interest rate<sup>1</sup> on payday loans in the United States is 391 percent.** This high-cost lending often traps families in cycles of debt that leave already impoverished families with crippling debts. The payday lending industry exploits individuals with financially desperate situations. The industry's business model is predicated on borrower failure and specifically targets vulnerable people.

**The Military Lending Act prohibits loans exceeding an annual interest rate of 36 percent to active duty military members.** These consumer protections will serve to ensure just lending practices in the United States. The Veterans and Consumers Fair Credit Act (VCFCA) would extend the Military Lending Act protections to all Americans, including veterans and military families.

**The VCFCA would provide a federal annual interest rate cap of 36 percent to all Americans.** Currently, 19 states and the District of Columbia have implemented interest rate protections to prohibit predatory lenders from exploiting vulnerable Americans. The VCFCA would not preempt any existing state protections and would extend the Military Lending Act to all Americans nationwide.

**Payday lending is an unjust business practice that takes advantage of consumers and traps them in cycles of debt.** A just government has a responsibility to prohibit predatory lending behaviors and to protect the "weak, poor, and vulnerable"<sup>2</sup> under its authority. **The ERLC urges Congress to swiftly pass the Veterans and Consumers Fair Credit Act**

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<sup>1</sup> [https://www.pewtrusts.org/-/media/assets/2016/06/payday\\_loan\\_facts\\_and\\_the\\_cfpbs\\_impact.pdf](https://www.pewtrusts.org/-/media/assets/2016/06/payday_loan_facts_and_the_cfpbs_impact.pdf)

<sup>2</sup> <https://www.sbc.net/resource-library/resolutions/on-predatory-payday-lending/>