

**SB 218**  
**March 24, 2021**  
**Senate Financial Institutions and Insurance Hearing:**  
**Payday Loan Reform**

Hello. I am Rev. Dr. Annie Ricker, and I serve as the pastor of Berryton United Methodist Church in Berryton, KS. Berryton is a member of Topeka JUMP, and I also serve on the Board of Topeka JUMP. JUMP is a coalition of 28 faith communities across Shawnee County who work together to find solutions to matters of injustice. We are also partnering with Kansans for Payday Loan Reform. We brought partners together across this state to form a coalition that would fight for justice for those who rely on small dollar loans.

There are devastatingly few regulations on the payday loan industry in Kansas. Lenders charge up to 391% -- **391%** -- interest on small dollar loans, which can turn a \$300 loan into a \$750 obligation almost overnight. Payment plans are rarely available for these loans. Consumers are required to pay back the full amount of the loan by their next paycheck. And if they are unable, a new loan -- with new fees -- is taken out. As fees and interest pile up, individuals find themselves trapped in a cycle of debt that is almost impossible to escape.

I am someone who once had to rely on a small dollar loan. I am someone who turned to a payday loan company.

*Shortly after relocating to Hays, KS to serve as a pastor there, I had an unexpected vehicle repair bill that I couldn't afford. Despite being employed full-time, I couldn't get a standard loan because I didn't have a long enough banking history or residency in the community. A Payday Lender was my only option. I borrowed \$750, but by the time I had repaid the loan, I had paid back roughly \$3000. Emergency loans like this are often a vital lifeline for people in times of need, but the way they are allowed to operate now, they cripple individuals and families for months or even years.*

Scripture labels this type of exploitative lending as "usury." It masquerades as a helping hand to people in a moment of desperation, but there can be little doubt about who *really* benefits from these types of loans. And Scripture is clear about the morality of this type of exploitation of our neighbors in their hour of need. The book of Proverbs alone condemns such mistreatment of the poor over 20 times, but this morning, I want to share just a couple of these verses. Proverbs 22:16 declares, "Whoever oppresses the poor to increase his own wealth, or gives to the rich, will only come to poverty." And Proverbs 21:13 cautions, "Whoever closes his ear to the cry of the poor will himself call out and not be answered."

My fellow clergy and I represent the many people in our faith communities, and we know that these loans cripple individuals, but we also know that this type of predatory lending is destructive for our community as a whole. Today, we are speaking for all the Kansans who

have been exploited by these loans. And we are depending on our legislators, to see that justice is done here. God's moral imperative is clear. In the words of Proverbs 31, "Open your mouth for the mute, for the rights of all who are destitute. Open your mouth, judge righteously, defend the rights of the poor and needy."