

# GOD AND THE MONEYLENDERS

*Faith and the battle against  
exploitative lending*

*Edited by Angus Ritchie and David Barclay*



THE CENTRE FOR  
**THEOLOGY  
& COMMUNITY**



Based in the east end of London, our mission is to equip churches to engage with their communities. We support congregations from a wide range of denominations – helping them to care for their neighbours, to work for social justice and to share their faith. We do this by developing their theological understanding and their capacity to act. We also seek to share good practice, and to give voice to the experience of inner-city churches in wider public debate.

The Centre grows out of the involvement of local churches in broad-based community organising. This practice continues to be an important influence on our work. For more information, please visit [theology-centre.org](http://theology-centre.org)

### THEOLOGY FOR THE LOCAL CHURCH

This is one of a series of pamphlets the Centre is producing, helping local churches reflect on their mission, and linking such reflection to practical action. Other pamphlets in this series are as follows:

*Just Church: Local congregations transforming their neighbourhoods*

### RESEARCH FOR THE LOCAL CHURCH

The Centre is also producing a series of pamphlets which present research findings about the contexts within which the church operates and about how the church is responding to those. Our aim is to inform churches' reflection on their mission – what it is and how it should be done.

Pamphlets in this series are as follows:

*Taking Back the Streets: Citizens' responses to the 2011 riots*

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# FOREWORD

ADRIAN NEWMAN

I am happy to lay myself open to the charge that the Church is always on about money. I will unashamedly talk about money in church because when I read the Bible I find that it is always on about money. Money, after all, has always been an instrument of power. The more you have, the more powerful you are; the less you have, the less powerful you are. So it is little wonder that the Bible, which has so much to say about the use and abuse of power, has so much to say about money and how we handle it, both as individuals and as a society.

This collection of essays provides an inspiring account of churches taking their faith seriously: drawing alongside people impoverished by the economic crisis and exploited by payday lenders. It shows the Biblical principles, and the Christ-like compassion, which are spurring so many to action.

Here in east London, my area of ministry includes the towers of Canary Wharf and some of the poorest estates in England. It includes vibrant and growing churches, and one of the largest mosques in Europe. *God and the Moneylenders* speaks very powerfully to these different contexts. It reminds us that our true flourishing is to be found *together*, in a common life which is founded on more than the pursuit of each individual's narrow material gain. And it shows how local Christians are joining hands with their Muslim brothers and sisters in the struggle for a more just economic order; a struggle which is gaining

interest and support from people of all faiths and none.

Archbishop Justin's recent remarks – on the importance of credit unions, and the need to 'out-compete' exploitative lenders like Wonga – have put this issue even more firmly on the map. They have rightly placed the Church at the heart of this struggle for a more just and generous financial system. This is a God-given moment for the Church to think carefully about a theology of money and to propose practical and appropriate ways to inhabit the fiscal landscape.

It was the great theologian and pastor Helmut Thielicke who said, "Our cheque books have more to do with Heaven and Hell than our hymn books". I welcome this collection because, like the Scriptures, it is firmly rooted in the realities of people's economic lives. In particular, I welcome the very practical proposals it makes for action – as it sets out the ways churches can join hands with their neighbours to support the credit union movement, promote the wider growth of ethical and mutual banking, and challenge those engaged in modern-day usury.

My prayer is that this collection of essays will help us to be more faithful and effective signs of God's Kingdom, and followers of Christ the Servant King – who came to preach "good news to the poor" and freedom to all who are oppressed.

*Rt Revd Adrian Newman  
Bishop of Stepney  
Feast of Christ the King, 2013*

# INTRODUCTION

ANGUS RITCHIE AND DAVID BARCLAY

Christianity is a religion of the “word made flesh.” It tells us that in Christ, God “moved into the neighbourhood” (John 1.14, *The Message* translation) and shared the experience of our daily lives.

For Christians, therefore, ‘spirituality’ is expressed in the very practical, material ways we treat one another. It is expressed in both our personal and our economic relationships. As the Letter of James puts it:

*What good is it, my brothers and sisters, if someone claims to have faith but has no deeds? Can such faith save them? Suppose a brother or a sister is without clothes and daily food. If one of you says to them, “Go in peace; keep warm and well fed,” but does nothing about their physical needs, what good is it? In the same way, faith by itself, if it is not accompanied by action, is dead. (James 2.14-17)*

Our conviction that *faith* is deeply *practical* – that it has implications for every aspect of our material lives – is one which we share with Muslims and with Jews. All of our Scriptures offer their readers quite specific teaching as to how they should embody God’s faithfulness and generosity in their daily interactions and financial exchanges.

It is this conviction which leads us to be concerned about the state of our financial system, and in particular the exploitative practices of payday lenders. And yet this teaching addresses issues of concern to every citizen. You don’t need to be religious to be worried by the yawning gap between rich and poor and the predatory tactics being used by payday lenders to target and trap those in greatest need. You don’t have to go to a church or mosque to worry about the way our economic systems are reshaping the patterns of our common life; generating a rise in wealth without a corresponding rise in well-being.

In *The Rock*, T.S. Eliot poses the question  
*When the Stranger says: "What is the meaning of this city?  
Do you huddle close together because you love each other?"  
What will you answer? "We all dwell together  
To make money from each other"? or "This is a community"?*

*Oh my soul, be prepared for the coming of the Stranger.  
Be prepared for him who knows how to ask questions.<sup>1</sup>*

In our current economic turmoil, the 'Stranger's' question echoes with an even greater intensity. As Ann Morisy observes, people are "bothered and bewildered" by the instability of financial systems which they can neither comprehend nor control.<sup>2</sup> The production of wealth seems ever more detached from the building of a healthy common life – of a city which is truly a "community."

In a supposedly secular society, it is striking that our debates on these deeper issues – on the meaning and direction of our common life – are constantly drawn back to religious language. As is argued later in this collection, the language and the institutions of faith have played a crucial role in discussion of the financial crisis and its aftermath. In the last year, this has become even more evident: the words and deeds of Pope Francis have struck a chord with people far beyond the Church's walls, and Archbishop Justin has been at the heart of the debate about capping the cost of credit and supporting credit unions.

This collection has been written for people who are inspired by that debate, and now want to take practical and effective action. It is structured into three sections: Seeing (where we present evidence of the impact of exploitative lending on the poorest), Reflecting (where we bring this experience into dialogue with the Scriptures) and Acting (where we describe practical initiatives in which local churches can get involved).

The decision to begin this collection with a 'Seeing' section, and with an essay which presents the experiences of the poorest in their own voice, reflects our theological convictions. Christian theology must begin with their perspective, for it must begin with the person and practice of Jesus Christ, the Word made flesh. Too often in our theological

discussions, Christians focus entirely on what Jesus and his disciples taught, without noticing this extraordinary fact about who and where they actually were. How the world looks depends on where you are standing, and Jesus stood with – not merely for – the poorest of his age. Where he stood is part of what he reveals.

This issue, about the vantage-point from which theology is done, is one which the new Pope has been addressing with characteristic energy and force. In a recent sermon, Francis warned against the "gentrification of the heart" that comes when wealthier Christians are detached from the experience of their poorest brothers and sisters.<sup>3</sup> In his words, theology is not something we can "discuss calmly over tea."<sup>4</sup> Rather, it must emerge from, and speak into, this context of struggle and injustice. That is why this collection begins with testimony and moves from there towards a call to concrete action.

In the first essay, therefore, David Barclay draws on the work he has been doing in inner-city London and beyond, listening to people affected by payday lending and helping them to organise for a more just financial system. As well as sharing some of their stories, Barclay presents quantitative research which shows such testimonies to be representative of a far wider group of people.

The question begged by Barclay's work is why this should be an issue for people of faith in particular. The second section of this booklet addresses this, offering theological reflections on the issue. Angus Ritchie's essay with Muhammad Abdul Bari explores the central role of faith in responding to economic injustice. As well as discussing the theological motivations for action on these issues – on which Christians and Muslims can work together while remaining faithful to their distinctive beliefs and convictions – we describe the practical impact of such action. In particular, we highlight the practice of community organising, one in which churches and mosques are deeply involved. We argue that the work of Citizens UK is playing a vital role in drawing together the contribution of faith groups to the wider struggle for a more just economic order.

It is important that people of faith recognise that action for justice is a theological imperative, not simply a piece of political activism or social work. As Pope Francis stressed in his very first sermon, the Church

<sup>1</sup> T S Eliot, Chorus from *The Rock*, quoted in Angus Ritchie, Caitlin Burbridge and Andy Walton, *Just Church: Local congregations transforming their communities*, (Contextual Theology Centre, 2013), p.8

<sup>2</sup> Ann Morisy, *Bothered and Bewildered: Enacting Hope in Troubled Times* (Continuum, 2009)

<sup>3</sup> Pope Francis, Homily during Mass in St Peter's Square, 12 May 2013

<sup>4</sup> Ibid.

is not called to be a 'secular NGO'. Its action flows from the mission entrusted to it by Christ. Luke Bretherton's contribution demonstrates that the issue of exploitative lending and economic justice stands at the very heart of the story of salvation – from the exodus of the Hebrew slaves in Egypt, through Jesus' earthly ministry and his sacrificial death upon the cross, and on to the practice of the Church born that first Pentecost. His extended essay leaves us in no doubt as to the Scriptural imperative to action. Its implications are drawn out in the 'principles for a faithful financial system' which follow.

The first two sections of this booklet therefore leave us with a challenge: how are we to respond to this call to action in ways that are realistic, faithful and effective? The final trio of essays map out some practical answers. Selina Stone and Tom Chigbo describe the work being done by churches involved in Citizens UK. Their essay explains how Christians are working with people of other faiths and none to campaign for a cap on the total cost of credit, and in particular how churches in Lambeth are taking action together on exploitative lending in their area. They show how Christians, Muslims and secular campaigners have been drawn together in a broad-based campaign which seeks to build a truly common life – turning their city into a genuine "community."

As Justin Welby has reminded us, however, legislation is only one part of the response. While he has helped to change the legal framework for payday lending, the Archbishop has also highlighted a range of other actions being taken by local churches. These include supporting and counselling people already snared by loan sharks, and promoting ethical alternatives. In the final two essays, Tom Sefton, Bethany Eckley and Philip Krinks offer two complementary proposals which will help churches in their work for a more responsible and mutual lending system. They show how a combination of traditional credit unions and new forms of social enterprise can help the poorest access the finance they need at a cost which is more bearable – and they indicate ways in which local congregations can contribute to this process.

This collection has a very particular focus, but of course exploitative lending does not occur in isolation. The measures set out in this booklet can only ever be one part of the transformation that is needed. That is true even in purely economic terms: a holistic solution to exploitative lending needs to look at incomes as well as the costs of borrowing. As

David Barclay observes, the Living Wage can achieve what even the best credit arrangements cannot, for loans cannot address an ongoing gap between households' earnings and the money they require to meet their basic needs, and to participate fully in the life of their community. Not surprisingly, this too is a campaign which has deep roots in Christian social teaching, and one instigated by the same broad-based alliance of religious and civic groups.

For Christians, as for all people of faith, economic issues are only ever one part of the solution. As we have seen, the Torah, Qu'ran and New Testament each root the question of how money is earned and shared in their wider visions; visions of a common life lived faithfully and generously under God.

The Church's engagement in economic issues must always keep this wider vision in sight. Otherwise we do indeed become a secular NGO. In doing so, we lose the most distinctive and powerful offering that Christians can bring to the world around them – the Good News of God's love, revealed in Jesus Christ, and its power to transform lives and communities which are weighed down by sin and by injustice. We are custodians of the Scriptural vision of a "new Jerusalem" where debts are forgiven, and true community is known. And it is that vision which we believe will renew the common life of our earthly cities. In the words of one of the prayers of the Church:

*You are the hope of the nations,  
the builder of the city that is to come.  
Your love made visible in Jesus Christ  
brings home the lost, restores the sinner  
and gives dignity to the despised.  
In his face your light shines out,  
flooding lives with goodness and truth,  
gathering into one in your Kingdom  
a divided and broken humanity.<sup>5</sup>*

<sup>5</sup> Eucharistic Preface from All Saints' Day to the eve of Advent Sunday, Common Worship: Services and Prayers for the Church of England



# SEEING



## INTRODUCTION

Payday lending is both everywhere and nowhere. Its adverts are splashed across our buses, football strips and TV screens. However, the experiences of those taking out payday loans are rarely explored in more than sound bites. As a society our attitudes to money mirror the supposed Victorian attitude to sex – fascinated yet prudish, unwilling to explore with honesty people’s everyday experiences.

One of the features of the Bible’s description of God is His ability to listen and understand the depths of human experience. In the Book of Exodus, when the Israelites were suffering as a result of debt slavery in Egypt, it is said that “The sons of Israel, groaning in their slavery, cried out for help and from the depths of their slavery their cry came up to God. God heard their groaning...God looked down upon the sons of Israel, and he knew...” (Exodus 2.23-25).

If the Church is to bear faithful witness to God today it needs

to listen patiently to the everyday experiences and sufferings of its members and their neighbours - even when taboo subjects such as money are involved. The first section of this collection seeks to do just that.

In his essay, David Barclay shares his experiences of helping churches to engage with issues of credit and debt through ‘Money Talks’ - facilitated conversations which focus on people’s experiences of financial institutions in general and payday lending in particular. Their testimonies help us to build up a picture of the realities behind some of the headline-grabbing statistics about payday lending in the UK - and in particular why people take out payday loans, what happens when they can’t pay them back and the knock-on effects of such debt to individuals and communities. As Barclay shows, these testimonies are not exceptions to the rule but instead illustrative of a wider body of empirical research.

# 1. PAYDAY LENDING AND THE EXPERIENCE OF BORROWERS

DAVID BARCLAY

Not surprisingly, Britain's poorest communities have suffered most since the financial crash of 2008. Throughout that period, the Centre for Theology & Community (CTC) has been working with churches to help them understand the impact of the crisis on their members and neighbours. In 2011, CTC developed a new tool to get churches to go deeper into this issue in their local neighbourhoods. This is the 'Money Talk' – a facilitated conversation, held either after the Sunday service, or midweek in a community centre, opening up discussion of people's experiences of money and financial institutions.

So far more than eighty Money Talks have been held; the majority in inner-city London, but others in areas ranging from Sevenoaks to St Albans to County Durham. Some have gone hand-in-hand with a Bible study course which reminds Christians how central these issues are to our scriptures (this is a theme which is developed later in Luke Bretherton's essay).<sup>6</sup> As CTC's Faith in Public Life Officer, it has been my privilege to be present at many of these events. Perhaps unsurprisingly, one of the most consistent themes has been the problem of payday lending. From these many local conversations, and the testimonies which have been shared, we have been able to build up a picture of the whole process of taking out and paying back a payday loan, and the impact it can have on individuals and their families. Of course, stories taken out of context can be used to prove almost any point - so I have interspersed the testimonies with statistics from the most rigorous research available. As they make clear, behind each narrative presented here are many untold stories of exploitation and distress.

## Why do people take out payday loans?

A payday loan is a short-term, unsecured personal loan. Originally designed to help people make up a shortfall before their next pay day, they have grown enormously since the financial crisis in 2008 -

over one million payday loans are now taken out every month. To have an informed public debate on payday lending, we need to understand why they are taken out in the first place. From our experience the two themes that emerge most amongst the wide variety of answers are **pressure** and **haste**.

Fundamentally, many people take out payday loans because the pressure of their situation makes them feel like they have no other choice. The lethal combination of stagnant wages and rising living costs is putting a huge amount of strain on household budgets, and as a result when small or large emergencies occur more and more people are turning to payday lending as a way of releasing the pressure, however temporarily.

*I think the first time my car, my car's engine knocked and I mean, I have kids with my wife and everything, it was the only car we had and at that time we needed to fix it. And we didn't have savings because I mean, our financial situation was that bad!*

*[ I took out the loans] just so I could get the food shopping and stuff like that, just so I could survive for ... I think it was about three weeks,*

## RESEARCH FINDINGS:

- A poll of payday customers by Which? found that almost 40% of respondents had taken out their loan to pay for essentials such as food and fuel, and nearly a quarter had used it to pay off existing credit.<sup>a</sup>

- A recent Christians Against Poverty survey was even more stark on this topic, finding that 78% of respondents had at some point taken out a payday loan to afford food whilst 52% had taken one to pay off an electricity or gas bill.<sup>b</sup>

a: <http://www.independent.co.uk/money/loans-credit/special-report-the-dark-side-of-credit--a-million-new-payday-loans-every-month-8680018.html>  
b: <https://capuk.org/downloads/press/paydaylendingPDF.pdf>

<sup>6</sup> CTC and the Church Urban Fund launched the "Seeing Change" course in 2012, which combines the Money Talk and a four-week Bible study course. It is online at <http://theology-centre.org/sharing/courses-and-resources>



*until I had some extra money coming in, because ...[I] just didn't have any!*

Of course, for some the pressure to take out loans is as much social as it is economic. What this reveals is the moral grey area that the decision to take out a payday loan often represents. Undoubtedly some payday loans are taken out to support fundamentally unsustainable lifestyles, a fact which is perhaps unsurprising given our culture's relentless fixation on consumption. The unfortunate result of this is that people who take out payday loans for any reason often feel a sense of shame and culpability, and therefore find it hard to talk about the situation they have ended up in.

*'If you don't come out during Friday and Saturday nights ... to the latest clubs or the latest gigs in the West End ... the people I run with anyway, you'd be seen as not being a part of the clique. You know, you're being broke is not a good image.'*

Perhaps a part of the antidote to this is to recognise that regardless of social class or status we all come under some form of pressure to use credit, and none of us are perfect in our financial management. This point was forced home by a lady at a Money Talk in Hackney, East London, who told the story of a son of a friend who had recently moved out of his parents' house and started a job as an investment banker. Unfortunately he miscalculated how much his first month's costs would be, and took out a payday loan to make up the difference, before getting in trouble with the excessive repayments and needing his parents to bail him out.

Bankers are not the only unlikely payday customers. People from every ethnic and religious group can get into trouble, even those from communities which are firmly opposed to lending and borrowing at interest (interest-bearing loans are clearly contrary to Islamic teaching, and are also preached against in a number of Pentecostal churches). Research at the University of East London identified student borrowers who were black African, white British, Asian and dual heritage, and who were atheist, Christian and Muslim.

Alongside pressure to borrow, these many different groups were often attracted to payday loans by the speed and ease with which they can be obtained. When the London Mutual Credit Union started their

own 'CUOK' payday loan product at just 26.8% APR they told customers that they could have the money for free via the BACS system which would take three working days, or they could pay an extra £11 fee to have the cash instantly transferred to their account. Despite this extra expense, a staggering 86% of customers chose this method of transfer, showing that for them speed was of the essence (for a customer taking out a £400 loan for a month, this more than doubles the total cost of the loan.)

The rapid turnaround time which payday lenders offer goes along with a disturbing lack of checks prior to the loan's approval. The stories below are typical of the many we have heard about people being given loans without proper assessments or checks.

*'I contacted [short term loan company], that's the one I saw on TV and I phoned them up and they told me to do it over the internet. And within 10 minutes they gave me £1,100... Not much really, I lied! <Laughs> I said, they wanted to know my occupation, I said I was a property surveyor, they wanted to know how much I*

## RESEARCH FINDINGS:

- **Citizens Advice Bureau (CAB) studied customer feedback on 2000 payday loans from 113 payday lenders. They found that 87% didn't ask the borrower to provide documents proving they could repay the loan.<sup>a</sup>**

- **In their Compliance Review of the payday sector, the Office for Fair Trading (OFT) concluded that "right across the sector we have seen evidence of poor affordability assessments". They also found that 30 of the 50 websites of top payday lenders emphasised speed and simplicity over cost.<sup>b</sup>**

a:[http://www.citizensadvice.org.uk/index/pressoffice/press\\_index/press\\_20130528.htm](http://www.citizensadvice.org.uk/index/pressoffice/press_index/press_20130528.htm)  
b:[http://www.offt.gov.uk/shared\\_offt/Credit/oft1481.pdf](http://www.offt.gov.uk/shared_offt/Credit/oft1481.pdf)

*earned in a month, I said that I earned £3,300 a month. I told them completely the opposite of my situation, I said I had no dependents and they just accepted it.'*

*'Because it was quick and easy, they said on the thing you can get an instant decision, so I thought well I don't have to go into a store and speak to somebody and perhaps if I go into the store they'll scrutinise my information and realise actually I don't have the money to pay it back. So I thought if I can try and get through the credit scoring system that way without going in, then I'm going to try it.'*

### *What is it like to take out a payday loan?*

Given the combination of pressure and haste which characterise the decision to take out a payday loan, it is perhaps unsurprising that the first thing that most people experience after getting the loan is relief.

*'It was a massive relief.....to hear [that the loan application was successful], because that meant I had enough to see me through..... Basically I had nothing. I had a couple of large bills come in that took the lion's share of my student loan.....so I just I just found myself in a bit of financial dire straits, so that £50 that I took out meant I was able to get some food and maybe have an extra £10 just in case of some kind [of] emergency happened.'*

This sense of relief rarely lasts long, however. The next experience people have is usually worry about making the repayment – not surprising given that interest rates can reach as high as 12,000%.

*'Obviously yeah, you get stressed out because you... as I said the interest gets charged daily, which in a way is to your advantage, if you can help to raise the money to pay back on time. But every day you're thinking, 'Oh that's another £7, that's another £7 here, I don't want this thing to get to another month when I have to pay so much money, I just want to pay it back.'*

Another key experience is shame. Many borrowers conceal their inability to repay their loans for as long as possible, and often only turn to potential sources of help once their debt problem has become

## RESEARCH FINDINGS:

- **Around a third of payday loans are repaid late or not at all, often causing debt to spiral out of control.<sup>a</sup>**
- **More than a third of Citizens Advice Bureau (CAB) payday cases involve the abuse of continuous payment authorities, the mechanism by which lenders take money directly from borrowers' bank accounts.<sup>b</sup>**
- **38 of the 50 lenders inspected by the Office for Fair Trading (OFT) failed to comply with at least one of the complaint handling rules of the Financial Ombudsman Service.<sup>c</sup>**

a:[http://www.offt.gov.uk/shared\\_offt/Credit/oft1481.pdf](http://www.offt.gov.uk/shared_offt/Credit/oft1481.pdf)

b:[http://www.citizensadvice.org.uk/index/pressoffice/press\\_index/press\\_office-20130805.htm](http://www.citizensadvice.org.uk/index/pressoffice/press_index/press_office-20130805.htm)

c:[http://www.offt.gov.uk/shared\\_offt/Credit/oft1481.pdf](http://www.offt.gov.uk/shared_offt/Credit/oft1481.pdf)

overbearing.

Once borrowers miss a repayment, a whole new set of problems starts. One tactic which payday lenders have adopted is called 'rolling over' and involves simply extending the term of someone's loan when they have failed to make a repayment, often with an added charge. Of course this very rarely changes the fundamentally unaffordable nature of the loan, and usually compounds the borrower's problems, leading to a spiral of debt. StepChange debt advice charity recently advised a client with severe mental and physical health problems. Despite the client's only income coming from employment and support allowance and disability living allowance, he was able to take out eight loans with five separate companies. These loans have been rolled over multiple times, adding significantly to the debt. For example, one company has rolled over the debt each fortnight for a year, at a cost of £10 per rollover.

This story illustrates another fundamental flaw in the payday

industry, the selling of multiple loans by different companies. This problem was well illustrated by the story of a young man in Nottingham which came to the attention of a church there. He grew up in care before getting his own place which quickly needed repairs. When he took out a £100 payday loan to pay for these he found he couldn't meet the repayments, and so he simply took out another loan to pay off the first. In the end he found himself with nearly 30 loans and £7000 in debt.

*'It's made us feel quite worthless and made us feel sad and depressed. You've got yourself into this situation and obviously you can't cope so what's the point, like, being here?'*

### *The impact of payday lending*

The impact of these stories on the individuals involved is all too predictable. The experiences of watching debts mount up, missing repayments and finding money missing from your account can often trigger or exacerbate stress-related illnesses and even lead to depression and suicide.

*'You felt within yourself, look I'll try and pay off when I can or pay off as much as I can when I can, but when they set a certain rate that you have to pay in that month or if you want to defer it they give you an extra charge which is so... ugh. And like I said, all of it is quite distressing and it just got me down to a point where I just felt like I just wanted to wring somebody's neck, it was that hard.'*

Alongside the pressure and stress of meeting repayment deadlines, payday loan companies are particularly ruthless at pressuring clients – both in collecting existing debts and offering more loans. One young woman told us that she had had to buy a new phone because her old one was constantly buzzing with calls and texts from payday lenders, many of whom she had never even borrowed from.

If the impact of payday lending on individuals is often quite obvious, the effects on relationships are often more hidden but are just as serious. Debt is rarely just an individual problem, and when one member of a family takes on a payday loan it is often others who end up paying at least some of the costs. This was the case for Grace, who told

## RESEARCH FINDINGS:

- **The mental health charity Mind has found that one in four people with mental health issues are in need of debt advice.<sup>a</sup>**

- **12% of CAB payday loan cases involve harassment whereby lenders pester people with phone calls and text messages rather than accept affordable repayment offers.<sup>b</sup>**

a:<http://www.mind.org.uk/media/273468/still-in-the-red.pdf>

b:[http://www.citizensadvice.org.uk/index/pressoffice/press\\_index/press\\_office-20130805.htm](http://www.citizensadvice.org.uk/index/pressoffice/press_index/press_office-20130805.htm)

others during a Money Talk that she gave money to her granddaughter fairly regularly, which was supposed to be for driving lessons but often instead went on supporting her mother and siblings. Recently this granddaughter borrowed £3000 from Wonga. She told Grace that she needed her signature but that she wouldn't be involved, but then when she couldn't pay the money back Grace had to bail her out. *"I told her she won't be doing any more Wonga-ing"* Grace said ruefully.

Finally, payday lending impacts on the whole of economically deprived communities by monopolising high streets and crowding out local businesses. One extreme example of this is Walthamstow, home of the campaigning MP Stella Creasy, where the high street contains eighteen payday lenders alongside numerous bookmakers and pawnshops. Whilst a number of local authorities have now banned payday adverts from public billboards and bus shelters, they have so far found themselves powerless to prevent new shops from opening up due to the fact that payday lenders fall into the same category as banks and credit unions in national planning regulations.

So the experience of borrowing a payday loan can be a damaging and depressing one right throughout the process. Often lured in by the combination of few checks, fast decisions and desperate circumstances,

borrowers then regularly find themselves trapped in a downward spiral of missed payments and escalating charges. Before long the stress and strain seeps outwards to family members and other close contacts, and ultimately across the whole community as the cycle of credit dependency creates the demand needed to dominate the high street. They might come with cuddly TV characters and slick technology, but underneath the surface of payday lending lies an often dark reality.

*Some of the stories in this article come from an unpublished paper by Timothy Hall and Alice Sampson from the University of East London. Names have been changed.*

# REFLECTING



## INTRODUCTION

Christians are called both to listen to their neighbours and to God - through Scripture and the living tradition of the Church. If our action is not rooted in God's vision and plan then it will instead be rooted in our own partial and flawed perspective. If we really want to help our brothers and sisters in need, we need to combine the testimony offered in the first section with theological reflection to ensure our action is both faithful and effective.

That's the purpose of this section. In the first essay Angus Ritchie

and Muhammad Abdul Bari reflect on the way in which Christians have been working with people of other faiths on this issue and why their common action has made such an impact in a supposedly secular age. Then, in the central essay of this collection, theologian Luke Bretherton explores the foundational themes of debt and credit in Scripture, how the Christian tradition on usury has developed over the centuries and what it might mean for us to apply it today. Finally, we offer some core Christian principles for a 'faithful' financial sector which can allow us to judge its moral and social value as well as its capacity for making profits.

## 2. ACTING TOGETHER FOR ECONOMIC JUSTICE

ANGUS RITCHIE AND MUHAMMAD ABDUL BARI

*Ever since the financial crisis of 2008, people of faith have been working together to respond to its effects and the structural flaws it revealed. In this essay, Angus Ritchie and Muhammad Abdul Bari reflect on the experiences of these engagements and what they can teach us about the role of faith in engaging with the ongoing political debate about the shape of our financial institutions.*

It is now just over five years since Lehman Brothers filed for bankruptcy. That event triggered a wider financial crash which has affected economies and households around the world. It is now estimated that it will be at least 2018 before disposable incomes recover to pre-crash levels.

The scale and speed of the crash left politicians and commentators hopelessly out of their depth, unable to placate an increasingly bewildered and anxious public. Words written by Maurice Glasman in 2009 still ring true today:

*The financial crash of autumn 2008 has yet to be fully appreciated. The mobilisation of resources [to bail out the banks] was unprecedented; indeed the transfer of assets is the greatest redistribution from poor to rich since the Norman Conquest, when the common and freehold lands of England were transferred to the ownership of William the Conqueror. And yet it was received into a strange political silence, as if it were an administrative error that needed correcting, rather than a systematic crisis of a financial model within which greed, fantasy and recklessness had combined in lethal combination.<sup>7</sup>*

Four years on, widespread dissatisfaction with the *status quo* has not led on to a compelling political vision of a better future. This political silence on such a fundamental issue is very dangerous. At the heart of any democratic society there must be an opportunity for ordinary citizens to discern and promote a truly *common good*. That is to say, we must be able to shape our future together. But the bewildering

complexity of our financial systems, and the forces which are unleashed when they malfunction, leave ordinary citizens feeling fearful and powerless.

In such a bleak landscape, where might ordinary citizens turn to find hope? How might we begin to imagine and to build a positive future together?

It is striking that the voices which offer hope and of vision are still so often religious ones. When people look for a space to ask deeper, more fundamental questions about where their society is going – and how to build a more just and stable economic system – they still turn to the leaders, the books and the buildings of faith.

In this essay, we will look at three examples of this phenomenon, and consider their implications for the work of Christians and Muslims in the public sphere. They suggest firstly that different faith traditions can have something both distinctive and constructive to add to public debate, and secondly that working together across faith divides has been and is an effective way to make positive change for the common good.

### *2009: Citizens UK challenge exploitative lending*

Ten months after the Lehman bankruptcy, Citizens UK offered the first significant grassroots response to the crisis. (Citizens UK is the national community organising movement, and its founding members include the east London churches and mosques with which we both work.) A delegation of which we were members delivered the holy texts of Judaism, Christianity and Islam to the chairman of RBS – one of the banks the UK government had just bailed out. This symbolic action carried with it a serious message: that the banking system needed to pay attention to the wisdom contained within these books if it was once again to serve the common good. In particular, as ordinary taxpayers had bailed out the banks (to the tune of almost one trillion pounds<sup>8</sup>), we wanted an end to exploitative lending through a cap of 20% on the total cost of credit, and we called on the government to invest 1% of the bailout funds in the local and mutual banking sector.

As journalists acknowledged, faith was adding a unique and vital voice to the economic debate:

<sup>7</sup> Essay in Angus Ritchie (ed.), *Crunch Time: A Call to Action* (Contextual Theology Centre, 2009), 88–9

<sup>8</sup> *Ibid.*, 88.



*It is telling that the lead voices in this new effort are from mosques, inner-city churches and synagogues. The politicians have been left looking flummoxed by the financial crisis, apparently desperate for normal business to resume as soon as possible. It has been left to the Pope to offer the most comprehensive critique of our devastated economic landscape, in his latest encyclical.<sup>9</sup>*

In that encyclical, Pope Benedict XVI attacked the way our financial systems had been cut loose from any vision of the common good:

“**LIKE THE LIVING WAGE, THE CALL OF CHURCHES AND MOSQUES FOR A CAP ON THE COST OF CREDIT WAS INITIALLY DISMISSED AS UNREALISTIC AND IMPRACTICAL**

*The conviction that the economy must be autonomous, that it must be shielded from “influences” of a moral character, has led man to abuse the economic process in a thoroughly destructive way. In the long term, these convictions have led to economic, social and political systems that trample upon personal and social freedom, and are therefore unable to deliver the justice that they promise. (Caritas in veritate, 34)*

*Grave imbalances are produced when economic action, conceived merely as an engine for wealth creation, is detached*

*from political action, conceived as a means for pursuing justice through redistribution. (ibid, 36)*

Italy’s Muslim association welcomed the Pope’s intervention. Responding to the encyclical, it’s Vice-President Imam Yayha Pallavancini said that:

*Islamic ethics, from its origins, develops the common principles of the Abrahamic civilisation as a whole aimed at providing ‘joint satisfaction in material and spiritual needs’. For example, the Islamic ban on loans with interest (ribâ) also existed in ancient Christianity. As early as the 4th and 5th centuries, the Fathers of the Church, both Greeks and Latins, ardently opposed it based on both the Old*

*Testament and the Gospel.<sup>10</sup>*

He went on to observe that “the West has wished to forget the economic principles present in religions, basically considering them to be, in modern times, a heritage of archaic thought.” This is an area where Muslim practice has something to teach Christians. Indeed, their growing relationship with Muslims here in east London has helped Christians to engage more deeply with Biblical teachings on economic issues, and to take to heart their very concrete and practical injunctions on the way money is lent and borrowed.<sup>11</sup>

Like the Living Wage, the call of churches and mosques for a cap on the cost of credit was initially dismissed as unrealistic and impractical. And now, just like the Living Wage, the witness of these local congregations – drawing on the testimony of local people and the moral vision of their faiths – is beginning to reshape the wider economic discourse.

### *2011: Occupy LSX at St Paul’s Cathedral*

The coverage generated by the actions taken in 2009 was generally positive. The next time religion and economics were in the headlines, it was a rather less happy experience. On 15 October 2011, Occupy LSX set up its camp outside St Paul’s Cathedral. Its arrival led to a painful debate within the church, and the ultimate resignation of the cathedral’s Dean. This is not the place for a detailed analysis of the rights and wrongs of those events. However, it is frustrating that the argument about the camp’s location distracted attention from the more fundamental concerns (concerns shared by both camp and church) about the growing inequalities between rich and poor, and the dysfunctions of our economic system.

Nonetheless, there are positive lessons to be drawn from these events. As Archbishop Rowan Williams observed, our allegedly secular society again turned to a *religious* building and to *religious* language to discuss these vital issues. Questions about Biblical teaching on usury and about Jesus’ attitude to wealth played a striking role in the rhetoric of the Occupy camp. One of the most powerful images of the protest was of a banner placed outside St Paul’s asking ‘What would Jesus do?’ It

<sup>9</sup> Jonathan Freedland, ‘Heard the one about a rabbi, an imam and a priest who walk into a bank?’ in The Guardian, 22 July 2009

<sup>10</sup> Contribution to Italian Ecumenical Day of Christian-Islamic Dialogue, October 2009

<sup>11</sup> Angus Ritchie, Caitlin Burbridge & Andy Walton, Just Church: Local congregations transforming their communities (Contextual Theology Centre, 2013), pp.20-1.

was a question being posed, not just to the Chapter of the Cathedral, but to our whole society.

As the media focused on the controversies around the camp, the congregations in Citizens UK continued to take action – listening to their members, and engaging with the wider community to hear more local people’s experiences, and build a wider alliance for change. As Selina Stone and Tom Chigbo’s later essay indicates, this action is now bearing fruit. ‘Just Money’ (the alliance’s campaign against exploitative lending) continues to gain momentum. Like Citizens UK’s Living Wage Campaign, it involves both patience and determination. Both of these campaigns are rooted in the testimony and action of tens of thousands of ordinary people, across some of England’s poorest neighbourhoods. Both campaigns go far beyond gesture politics or protest. They harness the energy and moral vision of our religious institutions, and enable them to work together to discern and to promote a truly common good.

Such a practice is mandated by Islamic and Christian teaching alike. For example, the Qu’ran urges its readers to

*Co-operate in righteousness and piety, but do not cooperate in sin and aggression. (Surah Al Maidah 5.2)*

The worldwide Anglican Communion has issued this statement on engagement with people of other faiths, and the basis for common action:

*It is not for us to set limits to the work of God, for the energy of the Holy Spirit cannot be confined. ‘The tree is known by its fruits’ (Matthew 12.33) and ‘the fruit of the Spirit is love, joy, peace, patience, kindness, generosity, faithfulness, gentleness and self-control.’ (Galatians 5.22f) When we meet these qualities in our encounter with people of other faiths, we must engage joyfully with the Spirit’s work in their lives and in their communities.<sup>12</sup>*

One of the reasons that Christianity and Islam are able to co-operate is that both recognise the need for a change in the human heart as well as in our outward conditions. This is yet another reason why faith has been such a powerful voice in the economic debate – because it recognises the connection between personal and social transformation, and the need for both structural changes and individual conversion:

*Indeed, Allah will not change the condition of a people until they*

*change what is in themselves. (Surah Ar Ra’d 13.11)*

This same combination – of the transformation of the individual heart and of action to transform an unjust social order – stands at the heart of the Christian Gospel. The Epistle of James expresses this very clearly, with a call both to personal faith and to practical action:

*Come near to God and he will come near to you. Wash your hands, you sinners, and purify your hearts, you double-minded... Humble yourselves before the Lord, and he will lift you up. (James 4.8-10)*

### *2013: New Pope and Archbishop speak out on economic issues, while Islamic finance grows*

This year has seen the appointment of new leaders for two worldwide churches – the Roman Catholic and Anglican Communions. Pope Francis and Archbishop Justin Welby are ‘both/and’ Christians, who emphasise the personal *and* the social dimensions of the faith.<sup>13</sup> Each has spoken out forcefully on issues of economic justice. Once again, they seem to be voicing something which is absent from the secular political debate, and which resonates with citizens of all faiths and of none.

Pope Francis’ words and deeds provide a powerful rationale for the work Christians and Muslims are doing in Citizens UK. His behaviour speaks of a confident and yet humble engagement with other faiths. We saw this most strikingly in his unprecedented decision to wash the feet of a Muslim woman as part of the Maundy Thursday liturgy. His visit to Lampedusa (the Italian island which is one of the nearest gateways to Europe for Africans fleeing poverty and conflict) challenged the treatment of refugees and migrants by the world’s wealthiest nations. He has repeatedly demanded that we pay more attention to the voices of the poorest – so that social action is not simply a condescending attempt to speak for those in greatest need, but begins by engaging with what they have to say. This insight stands at the heart of community organising, with its ‘iron rule’ that we do not do for others what they can do for themselves. It is action by the poorest, and not simply for them, which has led to the extraordinary success of the Living Wage Campaign, and which is at the heart of the Citizens UK’s campaign against exploitative lending.

<sup>12</sup> Generous Love: The truth of the Gospel and the call to dialogue (Anglican Consultative Council, 2008), p.2

<sup>13</sup> Angus Ritchie, ‘Both/And Christianity’, Theos Team Blog, 29 July 2013

The new Archbishop of Canterbury brings a weight of business experience which has won him a serious hearing from economic commentators. This is an exciting and important turn of events. As Imam Pallavincini observed, engagement between faith and economics is “not about ‘turning back’ to some anachronistic and ideal restoration, but [considering] the real contribution that a religious sensibility can offer in fields such as the economy.”<sup>14</sup> The Archbishop’s recent interventions on exploitative lending, and his call for an expanded mutual banking sector, are part of that very ‘real contribution’.

“  
**OUR ENGAGEMENT  
 WITH BROTHERS  
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 HELPS US TO BECOME  
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 PRACTICE**

While Christian leaders are making waves, Islamic finance is quietly growing across the globe and particularly in the UK. Based on the unacceptability of interest in Islam a number of interest-free Islamic banks (more correctly ‘Sharia compliant finance’) were established as private or semi-private commercial institutions in some Muslim countries since the late 20<sup>th</sup> century.<sup>15</sup> Britain is the first country outside of the Muslim world that has accommodated Islamic banking,

doing so now for over a decade. Islamic finance has been growing 50% faster than traditional banking and global Islamic investments are set to grow to £1.3 trillion by 2014. Prime Minister David Cameron announced at the recent World Islamic Economic Forum (WIEF) in London his Government’s plan to issue a £200m Sukuk (a form of bond that complies with Islamic financial law).<sup>16</sup> This will indeed power Britain’s economy with a possibility of direct benefit to a significant section of disadvantaged British people.<sup>17</sup>

Of course Christians and Muslims have some very significant areas of theological disagreement – and these lead on to practical differences on economics, as on some other issues. In this essay, we do not wish to deny or minimise these differences. But we believe that in the midst of such differences, it is possible to act together in ways that benefit us all. Such action does not dilute our religious identity – rather, in many cases, our engagement with brothers and sisters of another religion helps us to become more authentic and faithful in our own religious practice.

It is these distinctive voices which have blended together to power community organising in the UK. Religious groups, including Muslims and Christians, have been part and parcel of the broad movement initiated some time ago by The East London Communities Organisation (TELCO) and London Citizens in alleviating poverty from ordinary people’s life, be it through the Living Wage or Just Money campaigns. These two initiatives have now become national pointers for politicians to discuss the hardships faced by people on the lowest rungs of our society.

The events of the last five years reveal that our society urgently needs a ‘religious sensibility’ in fields such as economics. Christians and Muslims must continue to work together to ensure that this vision of a more just social order becomes a practical reality – a reality shaped by the voices and experience of the poorest citizens, as well as the richest and most powerful.

14 Contribution to Italian Ecumenical Day of Christian-Islamic Dialogue, October 2009

15 ...whereas Allah has permitted trading and forbidden usury... Surah Al-Baqarah 2:275

16 <http://www.politics.co.uk/comment-analysis/2013/10/30/comment-islamic-finance-is-powering-britain-s-economy>

17 Ibid.

### 3. 'NEITHER A BORROWER NOR A LENDER BE'?<sup>18</sup>

LUKE BRETHERTON

*In this essay Luke Bretherton looks at the Scriptural teaching on the subject of money and lending, explores how this inheritance has been applied by the Church through the centuries and unpacks its relevance for our context today. In doing so, he offers us a contemporary application of the Biblical injunctions against usury, and an account of what positive and faithful lending must involve.*

#### *Scripture, usury and the call for responsible lending*

The Bible has a great deal to say about the power of money. In particular, it is quite specific about how we should treat debt and lending. A primary narrative template for understanding salvation is given in the book of Exodus, in which the central dramatic act of the story is liberation from debt slavery in Egypt. The Canonical structure of Genesis and Exodus in the ordering of Scripture makes this point. The book of Genesis closes with the story of Joseph. At the end of this story, although saved from famine, the Israelites, along with everyone else in Egypt, are reduced to debt slavery.<sup>19</sup> This is a 'voluntary' process entered into in order to receive the grain from Pharaoh's stores that the people had given to Pharaoh for safe keeping in the first place.<sup>20</sup> After several rounds of expropriation the people finally come before Joseph and say: 'There is nothing left in the sight of my lord but our bodies and our lands...Buy us and our land in exchange for food. We with our land will

<sup>18</sup> Shakespeare, Hamlet, Act 1 scene 3. An earlier version of this essay appeared in CTC's essay collection *Crunch Time: A Call to Action*. A more fully developed and academic version of this piece entitled "'Love your enemies": Usury, citizenship & the friend-enemy distinction,' in *Modern Theology* 27:3 (2011) can be downloaded from <http://duke.academia.edu/LukeBretherton>.

<sup>19</sup> Francis Watson, *Text, Church and World: Biblical Interpretation in Theological Perspective* (Edinburgh: T & T Clark), pp. 68-70. As Watson points out, what was an emergency measure, a state of exception, becomes a permanent ordinance that indentures the people while wrapping itself in the cloak of humanitarian concern.

<sup>20</sup> It is worth noting that, as Odd Langholm points out, the question of what constitutes compulsion and the issue of whether a voluntary act was really done under duress is central to the definitions of and debate around usury. Odd Langholm, *The Legacy of Scholasticism in Economic Thought: Antecedents of Choice and Power* (Cambridge: Cambridge University Press, 1998).

<sup>21</sup> Gregory Chirichigno, *Debt-Slavery in Israel and Ancient near East* (Sheffield: Sheffield Academic Press, 1993); Isaac Mendelsohn, *Slavery in the Ancient near East: A Comparative Study of Slavery in Babylonia, Assyria, Syria and Palestine from the Middle of the Third Millennium to the End of the First Millennium* (New York: Oxford University Press, 1949).

<sup>22</sup> *Tight Fists or Open Hands? Wealth and Poverty in Old Testament Law* (Grand Rapids, MI: Eerdmans, 2009), p. 140.

become slaves to Pharaoh.' (Gen 47.18-19) The first chapter of Exodus opens with a new Pharaoh who takes advantage of the Israelites debt slavery to exploit them. So the Israelites were not prisoners of war or chattel slaves, they were debt slaves undertaking corvée labour on behalf of the ruling elite.<sup>21</sup> It is this condition that the Israelites are redeemed from. As David Baker notes, the verb 'go' in ancient Hebrew is used for both the Exodus and for the seventh-year release of debt slaves.<sup>22</sup> The linkage between liberation from Egypt and debt slavery is made explicit in Leviticus 25.35-46. In this text the prohibitions against usury and limits placed on debt slavery through the institution of jubilee are grounded in the relationship established between God and the people through the act of liberation from Egypt.

In the Gospels, Exodus is one of the key framing narratives that shape the presentation of Jesus' life, death and resurrection. And the notion of redemption or Jesus paying with his life in order to liberate humans from our debt of sin is a *leitmotif* in the New Testament (Mark 10.45; Romans 6.21-23; Colossians 3.5-6). Indeed, the declaration of Jubilee – that is, the release from debt slavery – forms the basis of how Luke frames Jesus' announcement of his purpose and mission:

*The Spirit of the Lord is upon me, because he has anointed me to bring good news to the poor. He has sent me to proclaim release to the captives and recovery of sight to the blind, to let the oppressed go free, to proclaim the year of the Lord's favour.*<sup>23</sup> (Luke 4.18-19)

And what Luke then depicts in Act 2 as a direct fruit of the outpouring of the Holy Spirit is the enactment of the Jubilee community where no one has debts because "All who believed were together and had all things in common; they would sell their possessions and goods and distribute the proceeds to all, as any had need". (Acts 2.44-45)

So at heart of the story of salvation we find the power of money and liberation from debt is a central concern. The admonition that we cannot serve both God and Mammon (Matt 6.19-24) it is not a trivial matter: the central drama of salvation history is an act of liberation from debt slavery.<sup>24</sup> To put the pursuit of money before the welfare of

<sup>23</sup> For an extended reading of this text as a declaration of Jubilee see John Howard Yoder, *The Politics of Jesus*, 2nd edn (Grand Rapids, MA: Eerdmans, 1994), pp. 60-75. Yoder includes the Lord's Prayer as a call for the proper practice of Jubilee with its use of the word *aphiemi* in the statement: 'remit us our debts as we ourselves have also remitted them to our debtors.' *Ibid.*, p. 62.

<sup>24</sup> This is developed in a number of theologies of atonement. For example, Ambrose's De Tobia constitutes a complex allegory of sin and salvation that uses freedom from debt-slavery and the practice of usury as its central motif.

<sup>25</sup> David Mealand, *Poverty and Expectation in the Gospels* (London: SPCK, 1980), pp. 46-53.

people, and use money to re-enslave and exploit people, especially the poor and vulnerable, is to turn your back on God's salvation and deny in practice the revelation given in Scripture of who God is. Whereas to use money to serve the common good, and in particular to relieve the poor, is a mark of salvation. Here the parables of Dives and Lazarus (Luke 16.19-31) and of the Rich Fool (Luke 12.16-20) are instructive. In these parables the wealthy who hoard their riches, using them for their own aggrandisement and benefit instead of giving and lending to others in need, are condemned as not only foolish but damned.<sup>25</sup>

This brings us to the specific biblical teaching on when and how we should lend each other money. Indicative of the direct teaching on lending money is the following from Exodus 22.25:

*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.*

Not lending at interest is directly equated with righteousness, as is set out in Psalm 15:

*O Lord, who may abide in your tent? Who may dwell on your holy hill? Those who walk blamelessly, and do what is right, and speak the truth from their heart; ...who stand by their oath even to their hurt; who do not lend money at interest, and do not take a bribe against the innocent.*

Whether these stand as condemnations of interest per se, or more specifically excessive or extortionate interest is a matter of dispute. The Hebrew word used in Exodus and Psalm 15 is *neiek*, which is probably derived from the proto-semitic root of *ntk* or *nsk* meaning 'bite'.<sup>26</sup> In the Old Testament at least usury can be used as a synonym for charging any kind of interest and is condemned as immoral in relation to those subject to covenantal obligations.

In the law given to the Israelites, central to the faithful witness of the People of God is that they do not make each other debt slaves and exploit each other in pursuit of money. Neither land (the basis of the covenant) nor the people (who were saved to serve God) are to be exploited for personal profit. Rather they are to be good neighbours to each other and good stewards of the land. The proper ordering of

lending and borrowing directly effects the right ordering of communal relations. This is because the proper relationship between the land and the people is at stake. The land and fellow Israelites were non-fungible goods given by God as gifts for the flourishing of all. Possession of land did not entitle the holder to exclusive use. Human ownership and use of created goods was limited because God is the ultimate owner: humans are simply stewards of what they have received from God.<sup>27</sup> To convert land or people into fungible goods of no greater value than anything else is not only to instrumentalise them for one's own benefit, and so place one's own welfare above the good of all, but to usurp God's title. In modern parlance we call such a process 'commodification': the treating of that which is not for sale as a commodity to be bought and sold. The extensive manumission laws of Exodus, Deuteronomy and Leviticus relate to debt slavery and are measures to keep in check such a process of commodification of land and people.<sup>28</sup> For example, in Leviticus, the Israelite who cannot pay back his loan cannot be made a debt-slave but remains free, and instead becomes a hireling of the creditor until he can amortize his debt.<sup>29</sup>

Treatment of the poor is a touchstone that marks whether relations of faithful, mutual responsibility that encompass the whole people are adhered to or not. The turning of people and land into property capable of being traded within a monetary economy is a direct threat to the proper ordering of economic, social and political relations and the concrete ability of all the people to participate in the covenantal order as those of equal value. The key issue at stake here is not usury per se (as will be seen, there is no absolute prohibition on usury in Scripture) but the nature of the relationship between the lender and the borrower as fellow members of the people of God. Both land and people belonged to God and were not to be expropriated for personal gain or monetized as commodities to be bought and sold. The Jubilee legislation served as a limit that disrupts any justification to permanently expropriate land through debt.<sup>30</sup> The land was to be used to provide the means of life, not converted through exploitation or monopolisation into a means

<sup>26</sup> Samuel Loewenstamm 'neshek and ma/tarbit,' *Journal of Biblical Literature* 88:1 (1969), 78-80; Baker, *Tight Fists or Open Hands?* p. 260. There is some dispute over what kind of interest *neiek* represented and how it differed from *tarbit*. On this see Jacob Milgrom, *Leviticus 23-27* (New York: Doubleday, 2000), pp. 2209-2210.

<sup>27</sup> Albino Barrera, *God and the Evil of Scarcity: Moral Foundations of Economic Agency* (University of Notre Dame Press, 2005), p. 54.

<sup>28</sup> Chirichigno, *Debt-Slavery in Israel and Ancient Near East*, p. 142.

<sup>29</sup> Milgrom, *Leviticus 23-27*, pp. 2204-2228.

<sup>30</sup> Walter Houston, 'What's Just About the Jubilee? Ideological and Ethical Reflections on Leviticus 25,' *Studies in Christian Ethics* 14:1 (2001), 34-47. On the debate surrounding the interpretation and dating of the Jubilee legislation see Baker, *Tight Fists or Open Hands?* pp. 166-173.



for either the death or the enslavement of one's neighbour. As Albino Barrera puts it:

*YHWH as landowner affords sanctuary and provides sustenance to all sojourners who have been welcomed to reside in God's domain. Naturally by extension, guest and tenants who have been received to dwell on the land are expected to mutually respect each other and treat one another justly, if only because they are each equally under the landowner's charge as his guests and tenants.*<sup>31</sup>

Legislation concerning the lending of money frames it as a good thing to do as a response to someone in need.<sup>32</sup> But on no account should another's misfortune be turned into an opportunity for personal gain. In Nehemiah we are given a picture where the rich and powerful Israelites have become like Pharaoh and are exploiting a famine to make others debt slaves (Neh 5.3-5). Nehemiah calls the 'nobles and officials' to

repentance and in particular to stop charging interest on what they are lending and make restitution (Neh 5.10). The text is a depiction of what judgment, repentance and a return to faithfulness involves. In the New Testament, the story of Jesus' encounter with Zacchaeus, a tax collector and probable moneylender, directly echoes Nehemiah. The sign of Zacchaeus' repentance and that he really changed his ways is that he pays back 'four times' the money he extorted (Luke 19).

As can be seen, central to the faithful witness of the People of God

<sup>31</sup> Barrera, *God and the Evil of Scarcity*, p. 67.

<sup>32</sup> Lev 25:35-38; Deut 15:1-11. On the provisions for mandatory lending see Barrera, *God and the Evil of Scarcity*, pp. 97-99.

<sup>33</sup> It is often asserted that the New Testament contains no judgement as to the morality of usury. However, such a claim is rendered implausible if the New Testament teachings on the proper use of money are located within a broader understanding of the significance of debt and debt slavery in salvation history. Such an understanding makes explicit the continuity between Old and New Testaments concerning the judgment against usury. This kind of assertion also fails to reckon with the contextual background to the parables and teaching that explicitly mention usury. For example, Joseph Fitzmyer draws out how the prohibition against usury forms the key dramatic background to the parable of the dishonest manager in Luke 16:1-13 and is consistent with Old Testament teachings. Joseph Fitzmyer, *Essays on the Semitic Background of the New Testament* (Grand Rapids, MI: Eerdmans, 1997) pp. 161-180.

in both Old and New Testaments is that they do not actively make each other debt slaves and exploit each other in pursuit of money.<sup>33</sup> However, there is no absolute condemnation of usury in Scripture. While neither the misfortune of the poor and landless is to be exploited for personal gain, nor the lending of money or goods to one's kin to be treated as an occasion for profit, usury is licit when it comes to 'foreigners' (Deut 15:3, 23:20; Lev 25:39-54). The distinction between the prohibition of usury in relation to those subject to the laws of Israel and its licitness when it comes to foreigners has long troubled Christian interpreters. A common way of reconciling the seeming contradiction is through some kind of contextualisation that thereby relativises the distinction. The suggestion is that because Israel was a peasant economy most loans were distress or consumption loans rather than loans for investment. By contrast, loans to foreigners were commercial loans relating to trade. However, this solely economic explanation is too reductive. Calvin, who is often associated with the economic contextualisation of the usury prohibitions in Scripture, is in fact closer to the mark when he states:

*Looking at the political law, no wonder God permitted his people to exact fenory [excessive charging of interest] from foreigners: because otherwise mutual reciprocity would not have obtained, without which one side must needs be injured. God commands his people not to practise fenory, and therefore by this law lays the obligation on the Jews alone, not on foreign peoples. Therefore, in order that analogous conditions may prevail, he concedes the same liberty to his people that the Gentiles were arrogating to themselves, because precisely this moderation is tolerable, where the position of both parties is the same and equal.*<sup>34</sup>

Calvin brings to the fore the issue of power and how the equal and fraternal relations of mutuality that were possible in relations between the Israelites could not be expected between the Israelites and foreigners due to the asymmetry of power.

The Deuteronomic double standard on usury suggests that unlike in relation to murder or lying there is no absolute moral prohibition

<sup>35</sup> From Calvin's 1575 letter to Claude de Sachin. Quoted from translation by André Biéler, *Calvin's Economic and Social Thought*, trans., James Greig (Geneva: WCC Publications, 2005), p. 404. In his commentary on Psalm 15 Calvin repeats this observation and goes on to compare the usurer to a bloodsucker and murderer. *Ibid.*, p. 413.

<sup>36</sup> Derrida points to the ambiguity in the word drug/pharmakon in his study of Plato's *Phaedrus*. He notes how the term pharmakon – meaning a drug – can signify both a remedy and/or a poison. A pharmakon can be – alternately or simultaneously – beneficent and maleficent. Jacques Derrida, *Dissemination*, trans. Barbara Johnson (London: Athlone Press, 1981), p. 70.



against charging interest. Although, as Calvin perceived:

*Usury has almost always these two inseparable accompaniments, viz. tyrannical cruelty and the art of deception. Elsewhere, the Holy Spirit, in praising the saintly, God-fearing man who has abstained from usury, likewise shows that it is very unusual to see a worthy man who is at the same time a usurer.*<sup>35</sup>

One analogy for usury that helps us understand the ambiguity of Scripture in relation to usury is to compare it to a drug. Like a drug such as heroin, usury is both a poison and a remedy simultaneously.<sup>36</sup> Its ambiguity and double-edged nature, rendered explicit in the Deuteronomic double standard, is what makes the treatment of usury such a contested and confusing field of endeavour. To offer credit at interest is to serve an essential need in the monetary economy. As the history of capitalism suggests, profiting from interest-based credit and the levels of exchange it facilitates is a potent driver in the creation of monetary wealth, technical innovation and the provision of welfare. The effect of usury is to draw people into relationship with each other who ordinarily might have nothing in common or who are deeply suspicious of each other and have no shared life. At a concrete level, one fruit of modern economic globalisation is just such an increase in trade between enemies. However, as well as enabling exchange, credit also gives enormous power to the creditor - in some cases a power to rival that of a king or an emperor - and its effects can be hugely destructive on social and political relations. The immiserating impact of debt repayments, whether on a personal level or among developing countries, are instances of this destruction. Myriad personal testimonies recount how the burden of debt leads to family breakdown, depression and in some cases suicide. Such is the destructive power of usury that Ambrose sees it as a form of warfare that was nevertheless lawful in relation to an enemy. As he puts it: “wherever there is the right of war, there is also the right of usury”.<sup>37</sup>

## RESPONSES TO SCRIPTURE

So Scripture has much to say about responsible lending and sees how we

<sup>37</sup> Ambrose, *De Tobia: A Commentary, with an Introduction and Translation*, trans. Lois Miles Zucker (Washington, D. C.: Catholic University of America, 1933), p. 67 (15, 51).

<sup>38</sup> Numerous other church councils continued with the condemnation. Notably, the Second Lateran Council

treat each other through lending and borrowing as a key mark of faithful witness. This may seem surprising to us, but the prohibition against usury was consistently upheld by the Church as a vital sign of faithful witness right up to the modern period. Such was its importance that the prohibition of usury and the proper treatment of the poor in money matters was a central concern of the church councils. Incorporated into deciding matters of belief and practice were condemnations of usury. For example, the Council of Nicea (AD 325), from which we derive the Nicene Creed, has a direct condemnation of usury (canon 17) by clergy.<sup>38</sup> This was then extended to lay people at the Council of Clichy (AD 626). And the prohibition of usury was part of Canon law from around 1140 onwards.

### a) Patristic

For the earliest theologians charging interest on a loan to someone in need was incompatible with Christian love. For example, Augustine held that we meet Christ in the poor man and should respond as Christ responds to our poverty with generosity and love and not as an opportunity for profit. For Ambrose, loaning a poor person money in their hour of need and then charging interest on the loan is like offering medicine that turns out to be poison. As Ambrose puts it, the poor man ‘begs for liberty, and you impose slavery.’ For all the Patristic writers, money, like all property, was given not for private enrichment but to be used in such a way as to benefit the common good, of which alleviating poverty was a central part. Even where limited interest was allowed by civil law, John Chrysostom encouraged those who heard his sermons to go beyond the law and act according to the order of love established by Christ.<sup>39</sup>

### b) Scholastic

The medieval Scholastic theologians continued and developed the Patristic reflections on lending money. Aquinas and others were not against profit per se (as is sometimes asserted) but ‘filthy lucre’: that

<sup>39</sup> For an extended discussion of Patristic teachings on usury see Robert Malony, ‘The Teaching of the Fathers on Usury: an Historical Study on the Development of Christian Thinking,’ *Vigiliae Christianae*, 27 (1973), 241-265.

is, unlawful and unjust profit. Specifically in relation to the lending of money, there were wide-ranging and quite complex discussions about different kinds of loan and when interest could or could not be charged. Much of this was in response to the development of banking and trade from the twelfth century onwards. There emerged up to the Reformation a growing consensus that distinguished legitimate interest and usury. Legitimate interest related broadly speaking to questions of i) *indemnity* (where a payment was delayed, a charge was incurred as a form of compensation, analogous to a modern credit card arrangement); ii) risk (where there was a danger of losing one's capital a charge could be made as a form of insurance against loss); iii) what was called *lucrum cessans* (interest could be charged where greater profit could have been earned with the money using it for something else, so the interest was a form of recompense); and iv) *remuneration* (a charge could be made for the work in managing a loan).<sup>40</sup> Usury became the illegitimate and/or excessive charging of interest on a loan. Another specific terms for this was 'fenory' (from the Latin *foenus*) or in English 'ocker' (from the German wocker). Trading agreements and loan contracts where both parties were expected to gain were one thing; lending at usury, where only the usurer could profit, was quite another. Even where a charge was deemed licit, the ideal for many Scholastic theologians was that such a charge be measured or moderate. For example, the Fourth Lateran Council (1215) condemned those who were 'heavy and excessive' in what they charged. As one Elizabethan memorandum from the Public Records Office puts it: "Usury and trewe interest be thinges as contrary as falsehood is to truth."<sup>41</sup> Although, as with distinguishing truth from lies, it was not always clear-cut in practice!

For many of the Scholastics charging interest on a loan was unnatural or against natural law because it went against the true end or use of money, which was as a medium of exchange. Unlike a cow or a fruit tree, left on its own money could not grow or bear fruit; rather it was sterile. As the parable of the talents makes clear, if one puts a bag of gold in the ground it will not grow but will stay the same. Likewise, give a bag of gold to someone and, unlike a house, an ipod or a pig, which is affected or changed by time and use, they can give exactly the

same thing back. Thus to seek interest was to make money an end in itself rather than a means to an end and this was to make money act against its own nature (this was an argument originally put forward by Aristotle).

Beyond acting unnaturally, the excessive or illegitimate charging of interest was a mortal sin that led directly to hell. For example, Dante puts the usurer below the blasphemer and sodomite in the third ring of the seventh circle of hell (*Inferno* canto 17). Anselm saw usury as stealing from God because if money was sterile then what was really being sold was not money but time and this did not belong to humans but to God and could not be turned into a commodity because God had given time freely to everyone. So serious a sin was usury that the known usurer, like the heretic, could not be buried in sacred ground and the priest who did so was to be de-frocked. As with Zacchaeus, the only way to demonstrate real repentance was to make restitution of ill-gotten gains.

Anselm is particularly interesting because he developed one of the most important theologies of salvation: that of the substitutionary atonement in his work *Curs Deus Homo*. The forgiveness of debts without a charge is the central image of his theology of salvation. Contrary to many readings of his theology, salvation was not a kind of accounting process where Christ's life was counted as an equivalent exchange for human sin. Instead of Christ's death marking a demand of divine retribution or satisfaction it represents a divine act of grace that refused to hold our debt of sin against us.<sup>42</sup> So again, release from debts and not demanding like for like continued to be a profound analogy for the gift of salvation.

### c) Reformers

Eric Kerridge argues: 'The Reformation made no real or substantial change to fundamental Christian teaching about usury, not to any of the Christian attitudes to it, remedies for it, or laws against it.'<sup>43</sup> However, there is a somewhat heated discussion between scholars on whether such an argument is right. The key point of contention is whether there

<sup>40</sup> Jacques Le Goff, *Your Money or Your Life: Economy and Religion in the Middle Ages*, trans. Patricia Ranum (New York: Zone Books, 1990), pp. 73-74.

<sup>41</sup> Quoted from Eric Kerridge, *Usury, Interest and the Reformation* (Aldershot: Ashgate, 2002), p.5.

<sup>42</sup> On this see Daniel Bell, 'Forgiveness and the End of Economy,' *Studies in Christian Ethics* 20.3 (2007), 325-344.

<sup>43</sup> Kerridge, *Usury, Interest and the Reformation*, p. 23.

is an intrinsic relationship between Protestantism and Capitalism – a debate that need not concern us here. What can be said is that Luther, Zwingli, Calvin and the other Reformers all condemned biting usury or fenory. What the Reformers, and Calvin in particular, were responding to was the need to distinguish between commercial agreements freely entered into between equals (where there is in effect a symmetry of power) and loans made to the poor in times of emergency or great need (where there is an asymmetry of power). In the latter case, consent may have been given, but it could hardly be said to be given freely. Here the Reformers were directly echoing Scholastic concerns which themselves drew on Aristotle. The key analogy in these discussions was that of a ship's captain who has to throw his cargo overboard in a storm in order to save his life and his ship. While an act of free will, it could hardly be said to be voluntary in any straightforward sense. At best such action was forced by need and involved a 'mixed will.' Likewise, the one who agrees to pay interest by dint of necessity or at a time of distress acts under duress.<sup>44</sup> In such cases, lending at interest was an act of coercion and unjust.<sup>45</sup>

Distinguishing between commercial loans and usury was vital in contexts such as Geneva, Zurich and then Amsterdam and London where banking was crucial to the economic survival of Protestantism itself. The Reformers were not always that successful in making this distinction. However, they were clear that, as Calvin puts it: "Usuries [i.e. the charging of interest in general and not fenory or biting usury] are not nowadays unlawful, unless and in so far as repugnant to equity and brotherly association."<sup>46</sup> While Calvin does struggle to harmonise the different Scriptural texts when commenting upon them, the following comments can be taken as indicative of his advice in practice:

*I would never advise any man to put his money out to interest, if he can employ it any ways else. Yet when a man's whole estate doth lie in ready money, he may well contract with such and such persons, that upon such and such terms it may be lawful for him to receive benefit and profit thereby. But he must be very careful, that you do not let*

<sup>44</sup> Langholm, *The Legacy of Scholasticism in Economic Thought*, pp. 62-76. As Langholm notes, the issue of compulsion was not restricted to the debate over usury but was central to discussions of the just price and the justice of market exchanges. *Ibid.*, pp. 77-99.

<sup>45</sup> This of course begs the question as to whether the acceptance of a consumption loan can ever not be based on some form of coercion.

<sup>46</sup> Quoted from Kerridge, *Usury, Interest and the Reformation*, p. 32.

<sup>47</sup> *Ibid.*, p. 34.

<sup>48</sup> *Ibid.*, p. 41.

*loose the reins to demand, and take excessive gains, as is the custom and practice of too, too many, nor should he grieve all grinds the face of that poor man with whom he has contracted, nor endamage the publick interest by his own private benefit. Wherefore upon the whole, I dare not approve of any interest, till I do first know how, and upon what terms, articles and conditions, and with what persons you do transact herein.*<sup>47</sup>

Such was his concern that he supported the introduction of a cap on interest rates in Geneva as did Bullinger in Zurich and for Luther anything beyond 20% was 'overmuch.'<sup>48</sup>

## APPLYING THE CHRISTIAN TRADITION TODAY

This paper began with a quotation from Shakespeare's *Hamlet* and asked the question whether we should 'neither a borrower nor a lender be'? The rest of the quote, often cited out of context, advocates absolute independence and not risking the vulnerability and tensions involved in borrowing: "This above all: to thine own self be true." This is not the Christian way. To be a lender and borrower are good things. To be a lender and a borrower is to be situated within economic relations of inter-dependence, cooperation and mutual responsibility that reflect the God-given pattern of life set out in Scripture. To lend and borrow is to be drawn into real relationships that demand we have to negotiate a common life in which my flourishing is dependent on the flourishing of others. They are real relationships because, in a sinful world, they make explicit issues of power, risk and conflicts of interest that have to be addressed if we are to be real neighbours rather than a crowd of competitive individuals with no real connection or common life. Of course, and herein lies the irony we discovered in the recent economic crisis, the idea that we can be a crowd of competitive individuals is a utopian fantasy that does not connect with the reality of financial transactions where relations of interdependence and mutual responsibility are inherent in the action of borrowing and lending. If one part of the body suffers, or if only the interests of the few are attended to, eventually all suffer as the system collapses. Maintaining

economic relations so they reflect the reality of inter-dependence and mutual responsibility requires limits to ensure that the vulnerabilities involved in being a lender or a borrower do not become occasions for exploitation, oppression and abuse. But it seems many of our politicians and business leaders are still keen on putting their faith in a fantasy rather than reality. The proposals for a cap on the cost of credit are an attempt to deal with the world as it is rather than a utopian one.

While clear in their condemnation of usury and consistent with Scripture the Patristic, Scholastic and Reformation writers were not naïve. Aquinas speaks for most in the Christian tradition when he says:

*Human laws allow some sins to go unpunished on account of the condition of imperfect men, wherefore much that is useful would be prevented should all sins be punished particularly by specific penalties. Therefore human law tolerates some usuries, not because considering them to be in accordance with justice, but lest many people's useful activities be interfered with.<sup>49</sup>*

The questions confronting the church, past and present, is how to prevent unjust and extortionate interest rates, encourage responsible lending, and as Christians, point to a deeper reality and truer foundation for human life, one based on loving kindness and generosity not maximisation of profit and the private pursuit of selfish interests. It is to these questions that the proposals of Archbishop Justin Welby and his critique of Wonga address themselves. Whether one agrees with them or not the questions they are addressing are ones central to the very fabric of what Christians confess and how we are called on in Scripture to live out that confession.

49 Aquinas, *Summa Theologica*, qu. 78, 1.3.

## 4. FIVE PRINCIPLES FOR A FAITHFUL FINANCIAL SYSTEM

ANGUS RITCHIE

### 1. Stewardship

Christian thought about economics begins with the recognition that “the earth is the Lord’s and all that is in it” (Psalm 24.1). None of us are the ultimate owners of the world around us. This truth is foundational for all truly Christian economics.

It is this insight that led Pope Benedict XIV to entitle his encyclical *Caritas in veritate* (love in truth). Authentic love must be founded on the *truth* about our dependence on God: “Without truth, without trust and love for what is true, there is no social conscience and responsibility, and social action ends up serving private interests and the logic of power, resulting in social fragmentation, especially in a globalised society at difficult times like the present.” (*Caritas in veritate*, 4)

Wealth, like all the blessings of our material world, is to be welcomed as a gift from God. To do good works, financial resources are often necessary - but never sufficient. It is only the inordinate love of money which is “at the root of all kinds of evil” (1 Timothy 6.10). Wealth becomes an idol when it distracts us from the giver of all good things, leads us to value those who possess it more than others (James 2.1-9) and distracts us from the building of human friendships and relationships which reflect the life and love of God.

Christians and others in the financial system who recognise this will be open to the hard questions about the long-term and environmental impact of their decisions. If wealth and financial institutions are to be stewarded then they need to be considered at least partly as a gift we will give to future generations. We are learning the hard way that short-term profit maximising can lead to the crushing of opportunities for young people, and we are still a long way away from an economic system which doesn’t put unsustainable pressure on our natural environment.

50 D. Stephen Long, *Divine Economy: Theology and the Market*, 269

## 2. Love

Christians believe that “everything has its origin in God’s love, everything is shaped by it; everything is directed towards it. Love is God’s greatest gift to humanity. It is his promise and our hope.” (*Caritas in veritate*, 2) The purpose of our stewardship is to enable human beings to grow in love of God and neighbour. Love is “the principle not only of micro-relationships (with friends, with family members or within small groups) but also of macro-relationships (social, economic and political ones).” (*Ibid.*)

The theologian Stephen Long gives us a set of questions to ask of all our interactions with other people:

*Is charity furthered? Do our exchanges point us to our true source? Do [they] fit the mission Christ has entrusted to us? Do [they] allow us to participate in God’s holiness and God’s perfections? All Christian churches, orders and vocations cannot be faithful if they fail to ask and answer this question: How do our daily exchanges promote that charity which is a participation in the life of God?*<sup>50</sup>

For the Christian, our economic interactions – like all our daily exchanges – need to fulfill the Great Commandment to love of God and neighbour (Matthew 22.37-39; Mark 12.30-31). Therefore, loans need to be “good news” to both borrower and the creditor: expressing our solidarity as members of a common humanity.

This demands forms of banking and financial products which are of genuine and long-term benefit to the borrower – not ones which meet their immediate desire or need by deferring and then magnifying the gap between income and expenditure. The Financial Conduct Authority (FCA) which now regulates payday lending has taken a welcome step in this direction by instructing lenders that they must not refinance products unless “the firm reasonably believes it is in the customer’s best interest to do so.”<sup>51</sup>

## 3. Mutuality

The divine love is a *mutual* love. Mutuality is at the heart of God’s Triune life, and Jesus calls his followers to a community which reflects

that sharing of power and responsibility (Matthew 23.9; John 15.15). Luke Bretherton’s essay indicated the implications this has for our financial systems. “To be a lender and a borrower is to be situated within economic relations of inter-dependence, cooperation and mutual responsibility that reflect the God given pattern of life set out in Scripture. To lend and borrow is to be drawn into real relationships that demand we have to negotiate a common life in which my flourishing is dependent on the flourishing of others.”

This requires a financial system in which lenders *and* borrowers take responsibility for their actions, and where poorer communities have an active role in developing solutions, and a voice in decision-making. This is just one of the reasons why credit unions are a much-needed part of the UK’s landscape of financial institutions – their co-operative model gives ordinary people a chance to help themselves and each other rather than being forced to rely on the ‘charity’ or ‘benefaction’ of those richer than them.

As well as institutions with structures which are literally mutual (like credit unions and cooperatives), Christians are called to work in other types of institutions with structures oriented to values of mutuality, liberation, empowerment and the common good. (Philip Krinks’ essay in this collection explores such a model of Christian social enterprise.)

## 4. Mercy

Justice is a minimal requirement of Christian ethics, but not its fulfilment. The love of God “transcends justice and completes it in the logic of giving and forgiving.” (*Caritas in veritate*, 6) This has profound implications for our social and economic relationships. “The earthly city is promoted not merely by relationships of rights and duties, but to an even greater and more fundamental extent by relationships of gratuitousness, mercy and communion.” (*Ibid.*)

Christians seek to build an economic system which encourages generosity (1 John 3.16–18; Luke 12.33–34) and discourages inappropriate dependency on others (Proverbs 20.4; 1 Timothy 5.7–10). However, Christians are conscious that every human being is indebted to God in ways we are unable to repay. We are people whose greatest debt has been forgiven, and who thus are called to show mercy to those

<sup>50</sup> <http://www.fca.org.uk/static/documents/consultation-papers/cp13-10.pdf>

who are in our debt, economically or morally (Matthew 6.12; Colossians 3.13). There is therefore a need for our financial systems to find a way of both encourage responsibility on the part of borrowers and also showing mercy to those trapped in a spiral of indebtedness which is impossible to repay. Following this principle might lead to more financial products which are designed to consolidate unsustainable debts, and the linking of loans to money management courses (as CitySave credit union in Birmingham are considering doing) to provide people with a realistic route out of indebtedness and financial crisis.

### *5. Holistic: towards a common good*

Christians cannot consider the issue of exploitative lending in isolation. A Christian response to exploitative lending must be integrated into a wider analysis of social injustice – the structural sin which deprives individuals of their dignity, their capacity to develop as God intends them to, and their ability to discern and promote a truly common good.

The growing gap many households face between income and outgoings and the reasons for it must also be addressed. ‘Money management’ and ‘ethical banking’ must complement - and not displace energy from - a wider discussion of how wealth is generated and shared in our society. Only then can our earthly cities reflect the true communion which lies at the heart of God. This is why consideration of a possible cap on the total cost of credit must go hand in hand with action to support the Living Wage and to ensure that the social security system gives individuals and families dignity and the means to grow and develop to their God-given potential.



# ACTING



## INTRODUCTION

The essays in the previous sections have highlighted the particular injustices inherent in the current practices of many payday lenders, explored the vital contribution faith communities have made to the fight against exploitative lending, and set out some Christian principles for 'faithful lending'. In this final section, we offer some suggestions for practical action which Christians can take. As each essay makes clear, these suggestions grow out of the work Christians and churches are already doing.

In the first contribution, Selina Stone and Tom Chigbo describe the 'Just Money' campaign being run by Citizens UK. They show how it has become a vehicle for churches in Lambeth - and indeed across the

country - to work together with other religious and civic institutions to achieve better regulation of the payday lending industry. Their essay demonstrates how local churches' listening and reflection can lead on to radical and effective action for justice at both a local and national level.

In the second essay Philip Krinks describes the work he is engaged in, developing new forms of short-term credit provision in response to the experiences of the borrowers in greatest need and the theological imperatives outlined above. Finally, Tom Sefton and Bethany Eckley explore the work that churches can do to support existing alternatives, and in particular credit unions. Their contribution is an invitation for all involved in local churches to take the simple first steps towards a positive solution to exploitative lending.

## 5. THE JUST MONEY CAMPAIGN

SELINA STONE AND TOM CHIGBO

*The Just Money Campaign builds on the actions taken by Citizens UK in the immediate aftermath of the financial crash of 2008 which were described above by Angus Ritchie and Muhammad Abdul Bari. In this essay two of the community organisers involved in the current campaign describe its existing activities and its potential for further growth and impact.*

Since 1989 Citizens UK has built strong, independent civil society alliances to take action for the common good. The strongest of these is London Citizens, which brings together over 230 faith, education and civic institutions. By 2008, the alliance was leading a vigorous Living Wage campaign, driven in part by the teachings and traditions of member churches. However, the global financial crisis and subsequent recession placed even greater pressure on the incomes of our members. Alongside stories of working poverty and parents juggling multiple jobs to make ends meet came testimonies of unsecured loans and crippling debt. Meanwhile academics within our membership researched the dynamics and impact of the City of London, financial regulation and ‘organised money’ on communities.

As Angus Ritchie and Muhammad Abdul Bari’s piece explained, our response was to call for a cap on the cost of credit and the re-capitalisation of community finance. But London Citizens also saw its duty in making sure that its own communities were resilient to the grim economic realities. Between 2009 and 2012, the alliance ran a pioneering peer-to-peer financial literacy project called ‘Money Mentors’. This saw volunteers from across our membership trained in key skills relating to credit, debt, budgeting and university finance. These Money Mentors received an ASDAN qualification and were equipped with the tools to spread these skills through peer-to-peer teaching and networks within their own communities. In total over 4000 people were trained, helping to buffer thousands more from the worst winds of the economic storm.

However, as the recession took hold, many communities experienced a sudden proliferation of payday loan shops. As local shops went out

## THE JUST MONEY CAMPAIGN IN BIRMINGHAM

SAIDUL HAQUE SAEED, CITIZENS UK BIRMINGHAM  
COMMUNITY ORGANISER

In April 2013, 210 leaders from 32 civil society institutions launched a Summer Listening Campaign in Birmingham to listen to the testimonies and stories of their people. One of the institutions was Aspire & Succeed, a community organisation established by young Muslim leaders from a poor inner-city area called Lozells. They held face to face conversations with people visiting the organisation’s free weekly advice surgery and spent time with members of a congregation at a local Mosque.

They heard many powerful stories on the effects of debt, and particularly how bad experience with benefit agencies could drive people to exploitative lenders. Abdul, an unemployed father of 3 children shared how due to a 12-week wait in receiving any job seekers’ allowance payments forced him to resort to loan sharks and payday lenders to meet essential bills. For him his family’s hardships were exacerbated by the costs of school holidays and spending for Eid.

In October, Citizens UK Birmingham leaders voted ‘Money & Debt’ as a priority social justice area for the organisation. Public action to hold the DWP accountable for unacceptable benefit delays and joining forces with the Just Money campaign to tackle high-interest lending were agreed as specific asks by the alliance, and a strategy day has been planned to help take these actions forward.

of business, many high streets in deprived communities went into decline, leaving empty units. Meanwhile benefit cuts and unemployment squeezed household budgets further. Taking advantage of these conditions, high street lenders such as Speedy Cash and the Money Shop quickly opened stores in many of our high streets.

When London Citizens members in East London gathered in autumn 2012, the stories of families trapped in spirals of debt were disturbing, as David Barclay’s earlier article testified to. In Lambeth,

member institutions and particularly churches were keen to hold their own Money Talks. Members of St John the Evangelist Church, Angell Town and St John's Angell Town Primary School weaved these discussions into the rhythm of school and parish life.

Martin Clark, the Head Teacher allowed parents meet in the school hall at 9am, after dropping their children off for lessons. The Revd Dr Rosemarie Mallett encouraged conversations during the sermon slot and after mass. House of Faith Church, West Norwood and Churches Together in Brixton & Stockwell also held their own conversations, allowing us to bring together the testimonies of people from a variety of denominations. As well as learning about the experiences of their congregations, leaders compared UK regulation of payday lenders with that of other countries. We learned that Britain had one of the weakest systems of regulation and was one of the only developed economies that placed no caps on the cost of credit.

Our research had made clear the impact of usury on households, but also presented us with ideas for specific issues we could take action

## WHAT IS COMMUNITY ORGANISING?

**Community Organising is the practice of building relationships within and between institutions in order to build the power necessary to act on issues of common interest. It began with the work of Saul Alinsky in the USA and has now been present in the UK since the late 1980's through the work of Neil Jameson who founded Citizens UK. The Centre for Theology & Community employs church-based community organisers to work on various issues across many congregations throughout London. CTC and Citizens UK work in partnership to run the Just Money Campaign.**

on. One of the most successful payday lenders operating in the borough is The Money Shop. Their bright yellow shop fronts and advertising campaigns featuring TV presenter and antiques expert David Dickinson had made them a household name. With stores in Brixton, Stockwell, West Norwood, Camberwell, Peckham and Denmark Hill, The Money Shop is perhaps the most high profile payday lender in South London. The company also operates in Canada, under the name MoneyMart, where stricter regulations on the lending sector ensures that they don't rollover loans or offer them to people who already have them from other companies. If similar rules could be adopted in the UK, then that would represent a significant victory for our members.

Leaders from Lambeth joined those from Bethnal Green, East Ham and Nottingham (the location of The Money Shop headquarters) to take action. On 1st July, which also happens to be Canada day, teams at each location planned visits to Money Shop stores armed with Canadian flags, maple syrup and Mountie costumes. Our aim was to secure a meeting with The Money Shop's senior executives, as well as educating the public of the differences between their UK and Canadian operations. On hearing about our action, The Money Shop agreed to a meeting, so the focus of the action was broadened to cover all payday lenders in our neighbourhoods. In Lambeth, members of six different organisations (including five churches) participated in the action, with some visiting payday lenders and others speaking to shoppers in Brixton.

Our meeting with The Money Shop took place later that month. Whilst they were largely unwilling to change their practices (confirming our view that action is needed by the Government and the new regulator the Financial Conduct Authority), we were able to identify some areas where we could work together, such as signposting people to credit unions if they needed longer-term loans.

While negotiations continue at a national level, the Lambeth teams continue to take local action. Our member churches have been promoting credit union membership to their congregations. A delegation of London Citizens members met with Lib Peck, Leader of Lambeth Council to secure her support for our campaign. The council has banned payday loan advertising on all its advertising hoardings and computer terminals in public buildings. In the lead up to Christmas, as payday loan advertisements proliferate, we have launched a petition in

order to secure a Full Council debate on the issue and to get Lambeth Council to call on Transport for London to ban such adverts from bus shelters and tube stations. Corpus Christi Catholic Church, Brixton have set the ball rolling by collecting over 300 signatures on a single Sunday. This campaign has given our member churches an effective way to listen to and cater for their congregations, in the spirit of Christian teaching, leading to positive and exciting local action.

## CASE STUDY:

### *A church-based community organiser's experience of working on the Just Money campaign*

Upon arrival in Lambeth I spent the first two weeks conducting research that would allow me to gain an understanding of the financial situations in Brixton and Streatham. Over recent years, these two areas in the Borough have become increasingly occupied by payday lenders. My brief was to create maps that depicted the various financial services in the areas which included amongst other things; banks, pawnbrokers, loans companies and money transfer services. On visiting these companies, I was able to speak to some members of staff and managers about the services they offered, their eligibility criteria and their perspectives on other service providers. Some of the companies were reluctant to give information but others were forthcoming. The most revealing episode was the occasion when a cashier informed me very excitedly that he was able to have the cash in my hand in 'ten minutes flat'. He was willing to let me log on to internet banking on his computer in order to print off a 60 day bank statement and my bank card was significant enough to pass as official ID in the absence of a driver's licence. As I left the shop I was overwhelmed by the pressure I had felt to go through with the loan and also the concern that if I had been a customer who had been desperate, I would have most certainly agreed and would have most certainly not read the small print.

I was also fortunate enough to speak with some members of the community as I walked around the area. I remember listening to the story of a Somali shop keeper named Ibrahim who explained the worry

he was feeling about the young men in his community. While the older members of the community were aware that charging interest is 'haram' (forbidden) in Islam, some of the young people were not adhering to this law. He explained that some of the young men were getting into debt by taking out the easily accessible payday loans and then going straight into the betting shops next door in an attempt to make some quick money. As a result they were finding themselves in spirals of debt, often with families, women and children suffering the consequences. I could see the worry and concern on his face; not only for these young men who were gambling, but for the values that were being lost by the next generation. If I had come to Lambeth with any sense of uncertainty, the research and these conversations were all I needed to convince me that this was a matter that needed to be addressed with both urgency and efficacy.

### *Building relationships and identifying leaders*

When I first listened to Rosemarie I was certain that the work would go ahead with full support. The vicar at St John's, Angell Town was full of energy and passion from our very first meeting. My priority was building relationships with the congregation using the tried and tested method of what organisers refer to as 'one-to-ones'. These are meetings that allowed the church member and myself to understand one another on more than just a surface level. We discussed our families, the defining moments in our lives, our passions and our motivations. My goal as the organiser in these conversations was to discover what we refer to as the 'self-interest' of the person, as it is on the basis of shared interests that we work together. These were and still are the highlight of my work as an organiser. As a lover of people, it is a privilege to meet new individuals and to share something real about who we are, even before we get down to business. This was especially important for me coming into a new city and new church; but the same level of importance applies to leaders who may have been in their church for years. Often, we can function together for years without really knowing who we are working next to.



As well as identifying self-interest my aim was also to identify leaders who may potentially get involved with the campaign and with community organising more broadly. In my one-to-ones I have heard stories that have resonated with various Citizens UK campaigns such as living wage and social care. I have also heard personal testimonies of financial issues and noted interest in dealing with payday loans and the fight for economic justice. The leaders I have discovered are not necessarily those who are most vocal, but those who have good relationships with the congregation. The lady who welcomes people at the door of the church can often have more understanding and also influence when it comes to the life of the church and its members. These leaders, those who have a following, are the people who I hope to encourage onto training with Citizens UK as it is through training that the leader becomes the organiser.

While building relationships and getting to know the people of St John's, it has also been essential for me to connect with the leaders of other institutions within Lambeth. As is common for many, if not all organisers, my focus is split between working with my institution and with the borough. The focus of my work is not the campaign but the relationships and this is a fundamental point; campaigns come and go but relationships have the ability to endure if nurtured well. If relationships are the foundation of organising, then it is essential for me to seek out those in other churches, mosques, schools and community groups who have an interest in our work. In this way each institution, and in turn the borough, will be strengthened.

## 6. A SOCIAL ENTERPRISE PERSPECTIVE

### PHILIP KRINKS

*Archbishop Justin Welby's commitment to 'compete Wonga out of existence' indicates that there are ways of challenging unjust lending through supporting alternatives as well as campaigning for regulation. In this essay the ordinand and former management consultant Philip Krinks explores the short-term credit market from a business perspective and outlines his vision for a Christian social enterprise which would offer the financially vulnerable and marginalised a fair and affordable alternative to exploitative lenders.*

As the essays either side of this one show, the churches in Britain have already identified the importance of improving regulation of payday lenders and of supporting the continued expansion of credit unions. I want to suggest that another practical response can be considered, to supplement and reinforce these: the creation of a new Christian social enterprise operating on a national scale. This essay will explain why such an intervention is appropriate, what it could provide and how it could be established.

### *Problems with the supply of credit*

Problems in the short-term credit market have several causes. What is not often seen is that they result partly from the underlying economics of payday lending, and then from effects this has on the way credit is supplied.

When we speak of payday loans, we typically mean loans which have five characteristics: they are for relatively small amounts (e.g. £100-500); to fairly high risk borrowers (e.g. young adults on below average incomes); over a short term (e.g. 3-28 days); requested at short notice (e.g. on the day); to all comers (i.e. little or no need for past relationship to lender).

Most such payday loans are offered by a small number of for-profit groups working through branches and the internet, and it is their activity which is the primary focus of current public discussion and concern. Similar products are also offered by doorstep lenders, who continue to work house-to-house via agents, and of course by unlicensed informal lenders of varying levels of salubrity.

This definition of payday loans clarifies the basic supply-side economics: the lender's balance of revenue and costs. Compared with other lending activities, loans of this type have the potential to be unprofitable for the lender at a typical interest rate. This is because the sum of interest chargeable on each loan at any normal interest rate is very small: the loan being a small amount, and borrowed for a very short time. The operating costs in a lending business, on the other hand, are largely fixed. Furthermore, the loan default rate is high, with attendant follow-up costs, and write-offs are often in double digit percentage points. This is a basic reason that the costs to the payday borrower are so high: since the lender's balance of revenue and costs is unprofitable at any usual interest rate, the rate charged needs to be relatively high compared to other credit products.

This is a problem in itself, but this initial problem also snowballs through a series of effects it has on the structure of supply of credit. An immediate effect of the high rates is that no-one will borrow in this way if they have an alternative source of credit. Those on middle or higher incomes typically do have an alternative: to borrow larger amounts, over a longer term, or secured on some asset. These are the types of finance familiar to people on middle and upper incomes, and commonly offered by banks and other mainstream finance companies: credit cards, personal loans, secured loans (for example to buy vehicles) and mortgages. All of those offer preferable economics to the lender, so draw in more credit supply, and for both those reasons offer better rates for the borrower.

Since middle income borrowers do not borrow on a payday basis, and lower income borrowers do not have the alternatives, a gulf opens up between the two products. That is reinforced by a gulf between two groups of lenders. Mainstream lenders are faced with the reputational and other issues of charging the high APRs required to make profits and following up on the relatively high number of defaulting loans. Thus, they have generally chosen to have little involvement in short-term credit products. This means that payday loans are offered by specialist lenders, which have the understanding, business model, culture and mind-set required to provide lower income borrowers with short-term credit profitably. It is aspects of this model, culture and mind-set which are currently, and rightly, being criticised.

### *Roles which a new social enterprise might play*

This supply structure among, and gulf between, for-profit lenders makes it essential for ethical suppliers of credit to enter the market. However, it has proved difficult for ethical suppliers to offer short-term credit in a financially sustainable way to lower income customers. Credit unions, discussed in the next paper, offer important services, yet historically have been limited in their ability to make short-term loans by their low interest rate cap. Other providers also exist, generally offering a combination of financial advice, debt restructuring and medium-term cash loans. Examples of providers playing a valuable role include Moneyline expanding from East Lancashire, Fair Finance in East London and Scotcash in Glasgow.

The supply structure also provides a reason why the provision of financial coaching, counselling and education is crucial. Those considering such short-term borrowing, from any lender, but especially from the for-profit lenders, need these opportunities. They need to understand their situation, the reasons for it, the choices they have and the consequences of making these choices, as clearly as possible. Christian and other charities are doing important work in this area.

A new Christian social enterprise could set itself the mission of going further than existing alternatives, whilst still respecting and reinforcing them. It could offer an integrated set of three services. Firstly, a national not-for-profit short and medium term lending service. Secondly, signposting for lower income adults to long-term solutions to credit dependency: especially to active membership in the credit union sector and to financial coaching, counselling and education. Thirdly, for the churches on-going prayerful reflection on, and experience in, the world of personal finance.

The logic for Christians to engage with the issue of payday borrowing does not need restating: it has already emerged in the previous papers. The logic for the social enterprise style of engagement suggested here, building on an important recent article by Francis Davis, is two-fold.<sup>52</sup> It is partly that this engagement would be effective, with a direct impact on payday borrowing, by reducing its cost and extent. And it is also that, by creating structures which are distinct from but connected to the credit union movement, it would expand the coalition of those working against exploitative lending and so help to realise a gospel vision of love, liberation and empowerment. By offering these services on a not-for-profit basis,

<sup>52</sup> <http://www.conservativehome.com/platform/2013/07/it-is-not-surprising-that-archbishop-justin-welby-believes-that-the-terms-of-the-high-margin-high-risk-pay-day-loan-sector-c.html>



it could open up new options for low income adults, protect them from exploitative lenders and point them onwards to other beneficial services and habits.

The logic for integrating this set of activities in a single enterprise is similar to the rationale for supporting credit union expansion: that there is a need for supply-side interventions, to expand access to lower cost sources of credit, but this supply needs to be linked to demand-side working on saving and money management.

### *Establishing such an enterprise*

Some work has begun to define what would be needed to realise this vision of establishing a new Christian social enterprise. There are at least three requirements. The most important requirement is passionate people: those committed to serve the needs of lower income adults and to work with them and their contexts - and not only as one might ideally wish those contexts to be, but as they are and as what they can feasibly become. The second is financial resources, in the forms both of philanthropic support and social investment and finance. The third is partnerships: with organisations which already provide ethical loans, payments and banking services, including banks and credit unions; with technology and enterprise development companies; and with organisations which already provide financial coaching, counselling and education.

For those who commit to it, realising this vision will be a large undertaking. Not unrelatedly, the scale of the opportunity to free lower income adults in the UK from exploitative lending and engage them in relationships of genuine love and mutuality is also large.

Such a transformation, and the liberation and empowerment it promises, might appear limited to the financial sphere of people's lives. In reality, as the testimonies in the 'Seeing' section show, they would unlock energy and potential much more broadly. The suggestion offered here, in humility, is that setting up a new social enterprise to offer these services in an integrated way would be, like the responses which Christians are already making, an act of love. It would be an act of practical love, and appropriate to those following the one who came not to be served, but to serve.

53 <http://www.dwp.gov.uk/docs/credit-union-feasibility-study-report.pdf>

## **THE STORY OF ST THOMAS' CHURCH, EAST LONDON**

### **REVD WILLIAM TAYLOR**

In the past we haven't really liked to talk about money at St Thomas', apart from occasionally asking people for more of it. This meant a number of things. It meant that we didn't know quite how many of our families were suffering from debt problems including payday loan repayments and compounded penalty fees as well as zero-hours contracts, sub Living Wage employment, exorbitant fuel charges and threatening calls from privately contracted bailiff firms regarding unpaid bills.

Talking together brought mutual recognition and opened the door to relationships of greater trust and power. This was facilitated, in part, by the programme of Money Talks. As we continued to share testimony we also began to see how our stories were reflected in the wider community and mirrored, too, in the pages of the bible. But what could we actually do as a motley crew in a small parish in a poor area of Hackney with only limited resources?

We were fortunate to have within our church community a gifted community organiser who helped us do three things. First, he helped us deepen those conversations around the power of mutual aid and the importance of 'tethered capital'. Then he brokered contact with the local credit union, the London Community Credit Union (LCCU) and encouraged parishioners to train as volunteers to staff a weekly pop-up clinic in our community room. Finally, he has helped us see how St Thomas' Church itself can be an anchor institution for the wider community.

In practical terms this means that we now have a small team that goes door-knocking across the local estates and streets of the parish. It also means that we are looking for ways to constitute this emerging network as 'Clapton Commons', an alliance of civil society associations all within walking distance of the church door. But the main change that's taken place? Now we love to talk about money.

## 7. SUPPORTING CREDIT UNIONS

TOM SEFTON AND BETHANY ECKLEY

*In the recent debates about payday lending much of the public's attention - and the churches' action - has focussed on the role of credit unions in providing an ethical alternative. In this article Tom Sefton and Bethany Eckley explain why and how churches can offer practical support to credit unions, boosting this vital source of affordable finance.*

### *Why support credit unions?*

Alongside working for better regulation of payday lending, it is vital to also ensure that there are credible alternatives to payday loans and other exploitative forms of lending. At the moment, around seven million people on low incomes are inadequately served by the major high street banks and so struggle to access affordable credit and other financial services. This represents a substantial gap in the market and one that credit unions can help to fill.

According to a recent feasibility study for the government, credit unions offer the best long-term solution to the problem of payday lending.<sup>53</sup> While they do not generally offer a direct substitute for payday loans (though some now provide low-cost, short-term credit), they make it possible for people to save and borrow responsibly, whatever their income, thus reducing their potential need for payday loans.

That is why the Department for Work and Pensions (DWP) is investing in the credit union sector, making funds available to help it grow, modernise and become financially sustainable. Around one million people are currently credit union members, and the DWP aims to increase this to two million within five years. To make that achievable, credit unions need to become more professional, better known and easier to access. They also need to attract a broader range of members, including people on middle and higher incomes who can save and borrow larger amounts, helping to balance out the smaller, riskier loans.

This is a task in which the Church can and should step up to help. As

<sup>54</sup> Archbishop of Canterbury, Leaflet for Church Leaders, 2013

## THE CHURCH CREDIT CHAMPIONS NETWORK

DAVID BARCLAY

The task of supporting credit unions raises a strategic challenge about how to match the varied resources and capacities of local churches with the multiple different needs of credit unions across the country in a way that doesn't duplicate or waste energy and resources. The Centre for Theology & Community has been inspired by the vision of the Archbishop of Canterbury and the example of churches like St Thomas' to think about how best to meet this challenge.

Our response is the Church Credit Champions Network, a project which helps churches of all denominations to engage on the issue of credit and debt in their community and then trains and supports them to improve access to affordable credit in the most effective way in their context. This can involve churches working together to set up pop-up branches of their local credit union, providing skilled volunteers for board positions or persuading local businesses to set up payroll deduction savings schemes for their employees.

The Network was launched in April 2014 and covers London and Liverpool, with plans for a wider rollout in due course. We are working with the Church Urban Fund and its national Together Network to develop and support the project.

*For more information on the Church Credit Champions Network and how your church could get involved email [davidb@theology-centre.org](mailto:davidb@theology-centre.org)*

the Archbishop of Canterbury has said:

*Our faith in Christ calls us to love the poor and vulnerable with our actions. That is why the Church must be actively involved in supporting the development of real lending alternatives, such as credit unions. This is not an optional activity, but a fundamental part of our witness and service to all God's people.<sup>54</sup>*

## What are credit unions?

Credit unions are not-for-profit, financial cooperatives. They offer similar services to banks but, unlike banks, they are owned and controlled by their members - the people who use them - and run for their benefit. Volunteer directors are elected from the membership and any profits are shared between members. This mutual structure ensures that the emphasis is always on providing the best long-term service for members, rather than maximising the short-term profits for shareholders.

Another unique feature of credit unions, in contrast to banks, is that all members are required to share a 'common bond'. This may be the fact that they all live in the same geographic area or work for the same employer, or a combination of both. These common bonds help to ensure that credit unions take a more ethical, relational approach to banking, since their members have an interest in pursuing practices that are good for the community as a whole.

Credit unions have a number of clear aims and values, including:

- Encouraging members to save, as well as borrow.
- Offering loans at fair and reasonable interest rates, taking into account what people can afford to repay.
- Training and empowering members to make informed choices about their finances.
- Using members' savings efficiently and for the mutual benefit of members and the local community.

Credit unions are authorised and regulated by the Financial Conduct Authority and all savings invested are protected up to a total value of £85,000 per member.

## What can churches do to support credit unions?

The Church is well-placed to make a powerful and effective contribution to the transformation of our financial system by encouraging the growth of the credit union sector. The Church of England alone has a physical presence in 16,000 communities and 1.7 million regular attendees. Combine this with a large pool of motivated and skilled volunteers, established local networks and concern for social justice rooted in the Christian faith and you get a powerful force for change.

Many credit unions already receive support from local churches, and several were formed with church links at their heart. Here are five suggestions of how churches can support their local credit union.

**FIND YOUR LOCAL CREDIT UNION:** Over 90% of the British population is able to join a credit union because of where they live, so the chances are that there is at least one covering your parish. If you haven't already discovered one near you, take a look at **www.findyourcreditunion.co.uk**.

**RAISE AWARENESS:** Only 13% of people on low incomes know about the services credit unions provide but, on learning more, 60% of this group say they could benefit. Within the Church, only around one in five clergy are aware of a credit union covering their parish.

If they are to thrive, credit unions need a broad range of members, so as not to be seen as the 'poor man's bank'. You can help by making your congregation and the wider community aware of their local credit unions, and explaining the important practical and theological reasons for supporting them. Credit unions are particularly keen to encourage more payroll saving, so think about how you could use the church's networks in the local community to get the word around to local employers.

**JOIN YOUR LOCAL CREDIT UNION:** Everyone can benefit from credit union membership. For those on middle and higher incomes, their local, ethical focus can make them an attractive investment for at least part of their savings and the returns can often exceed what is available on the high street. In addition, many credit unions will match bank rates for larger loans and Experian has identified them as the best in the UK market for loans up to £2,000.

For those who are on lower incomes or struggling financially, credit unions provide a much cheaper, more sustainable alternative to payday loan companies, doorstep lenders and other sources of credit. Since most credit unions can now accept corporate members, you could also ask your PCC to consider investing some of the church's money in your local one.

**MAKE YOUR CHURCH PREMISES AVAILABLE:** Most of the larger credit unions have their own branches, but many use a network of community buildings - libraries, schools, community centres and churches - as access or collection points. If there is no existing access point in your neighbourhood, think about offering your church premises. Ideally, this would be linked to a café or other church-based activities that attract a regular flow of visitors.

**OFFER VOLUNTEERS AND SKILLS:** Members of your congregation may have professional skills - in IT, marketing and communications, fundraising, volunteer management, as well as banking and finance - that could be very useful to the credit union. Becoming an elected director can also help to strengthen the governance of credit unions, something that is vital if the sector is going to compete effectively with commercial financial service providers

So whatever your church's situation and resources, you could enlist in the Archbishop's 'war on Wonga' and join the growing number of Christian communities supporting their local credit union.

*This article has been adapted from a paper written for the Church Urban Fund. The additional testimonies by Revd William Taylor and David Barclay have been added for this collection. For further information about credit unions and church resources, go to [www.churchofengland.org/creditunions](http://www.churchofengland.org/creditunions)*

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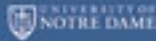
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# Contending Modernities



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