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Statement of Bishop Joseph N. Latino Payday Lending Reform

Payday Lending Reform is an ethical and moral issue that the State of Mississippi desperately needs to address. Payday lending businesses currently exist in practically every community in our State. These businesses operate outside the Small Loan Act and often charge exorbitant amounts of interest to those who borrow from them at times exceeding 500% annually.

As most of their clients are poor, these businesses entrap individuals in a vicious cycle of borrowing and indebtedness. We recognize the need for poor people to have an opportunity to borrow small amounts of money to make ends meet, but we should not allow lending businesses to prey on those living in poverty.

Therefore, we ask the legislature to undertake payday lending reform. We ask the legislature to enact a new law that will place a reasonable cap on the amount of interest these lending businesses can charge their clients.

As the poorest State in the nation, we should not permit these businesses to operate in Mississippi without a defined cap on the interest rates they charge. We are asking for that cap not to exceed 36%.

We call upon the banking industry and other business, government and community leaders to offer creative alternatives to these payday lending businesses so that the poor will have healthier opportunities to improve their lives.