

# Faith for Just Lending

## The Collateral Consequences of Payday Loan Debt

### Executive Summary

Faith for Just Lending, a coalition of diverse faith-based institutions, surveyed and conducted interviews with clergy and religious service providers who were in contact with payday and car title loan borrowers in order to understand:

- Do payday or car title loans generally help or hurt those who use them?
- What features and effects of payday and car title lending are most notable to clergy and service providers who help those with payday or car title debt?
- What are the effects of payday and car title loans on faith-based service providers and ministries? For example, do congregations, service providers, and ministries use charitable funds to pay off loans for borrowers?

### Key Findings

- Among clergy and service providers who know people who have utilized payday or car title loans, the vast majority (86%) identify a negative impact on the borrower.
- It is common for congregations and organizations to help pay off payday or car title debt. Nearly a third of clergy and service providers (35%) who know persons with payday or car title loans had provided money to help pay off or refinance payday or car title debt.

### Significant Themes

- Payday and car title loans frequently lead to a cycle of debt in which borrowers are unable to keep up with the loan and all their expenses without borrowing again.
- Loss of a major asset – a car, house or other key item – was consistently mentioned as a longer-term outcome of payday or car title lending.
- Clergy and lay leaders frequently spoke of borrowers on a fixed income who were vulnerable to high-cost loans and unable to escape the cycle of debt.
- The impact of payday and car title debt extends beyond financial harm to encompass family stress, anxiety, and even feelings of shame and loss of dignity.

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**For further information, please visit**  
[lendjustly.org](http://lendjustly.org)