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## **My opinion Jim Kiser: Let's get rid of payday lenders**

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After a forum on payday lenders Wednesday night, I told the organizers they should be pleased with the turnout of 75 people or so. In retrospect, I was wrong. There should have been 1,000 people there.

I am convinced payday lenders and their siblings, the auto-title-loan and check-cashing companies, are doing great harm to our community.

But with few exceptions, they escape public outrage because they primarily target the poor and minorities, one at a time.

It is much the same as in the 19th century, when buffalo hunters used to shoot animal after animal while the remainder of the herd grazed placidly nearby.

I know I am at risk of appearing fixated, writing again about payday lenders. But there's no point in being a columnist if I can't try to alert readers to the weaknesses in the levee that protects Tucson residents from devastating floods of economic predation.

That comparison to New Orleans' lack of preparation for Hurricane Katrina is intentional: Most of us have sat by complacently as the economic predators moved in. Maybe part of the reason for my outrage is that I am a late convert - I wasn't aware of the destructiveness of the payday industry until a report caught my attention a few months ago.

Of course, the industry presents itself as doing a public service by providing financial help to people nobody else will help. And it encourages people to believe that its high fees are fair compensation for incurring high rates of default by borrowers. In Arizona, those fees typically are the equivalent of an interest rate in excess of 400 percent per year.

Historically, there is some truth to the first claim. Banks and credit unions have been reluctant to provide loans to the poor who live paycheck to paycheck, with no margin for emergencies. Fortunately, that is changing as some credit unions begin to realize they can afford to offer help.

As for the risks these companies claim to bear - the best evidence is that they are perpetuating a self-serving fiction.

Other states have found the default rate to be no higher on payday loans than on credit-card borrowing, according to Jean Ann Fox, director of consumer protection for the Consumer Federation of America. That is a rate of about 1 or 2 percent, Fox told forum participants. She said payday lending is "an extremely lucrative industry" that cannot justify its high interest rates.

The most obvious solution is for everybody to become more financially literate. But to make financial literacy the only solution is to indirectly blame the poor for being victimized by predators.

Another solution is being considered by South Tucson, Pima County and the city of Tucson. That is to restrict the proliferation of the lenders through zoning. Linda Hilton, director of the Coalition of Religious Communities in West Valley City, Utah, said restrictive zoning has helped in her community.

But the ultimate solution lies with the Legislature, which is not an encouraging thought. The legislatures in 35 states, including Arizona, have exempted payday lenders from usury laws. Of course, that encourages their proliferation.

But the Legislature can be induced to change and to take action - if enough people, or the right people - will make clear to their legislators that they want these companies to be stopped from preying on Arizona's citizens.

The CEOs of every large company in Arizona, plus business associations like the chambers of commerce, should instruct their lobbyists to work to rein in these extortionate interest rates that trap and devastate the state's less-fortunate residents. Were that to happen, the predators would be stopped.

In the meantime, write or call your legislators. Tell them you no longer are willing to go complacently about your daily business while financial buffalo hunters victimize our fellow citizens, one by one.

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