Editorial: Unfair lenders should be stopped

It would suit us fine if payday lenders could be dusted with roach powder and made to disappear. Alas, they are still around, preying on the least among us with exorbitant interest rates and sickeningly effective come-ons. Thanks to an army of effective lobbyists in Austin, they have lived to exploit the poor another day, despite the best efforts of vocal opponents, including the Chronicle.

But maybe there's hope, as Chronicle columnist Patricia Kilday Hart reported recently ("Local governments slam payday lenders' cycle of debt," Page B1, June 22). That hope takes the form of successful efforts to persuade city councils across Texas to protect their residents against these open-ended loans with sky-high compound interest rates.

What a concept!

The Texas Fair Lending Alliance, a group of payday loan opponents, has wired around Austin and persuaded the city councils in Dallas and Austin to pass ordinances protecting against these practitioners of usurious lending. A council committee in San Antonio has agreed to look at the issue.

As Hart rightly asks, can Houston be far behind?

We certainly hope not. The state's largest city is home to whole ZIP codes of potential victims of payday lenders. Houston City Council should give this a look promptly.

The case for doing this particular right thing is compelling. Although Mayor Annise Parker has made an admirable effort at making banking services more widely available to the city's poor, as long as there is the lure of money readily available to make budgets work till the next payday, these lenders will have easy pickings.

Their job is made much easier by the appalling level of financial illiteracy across all income classes. Fixing that is the long-term solution. But for now a good dusting of roach powder will suffice. If the Legislature won't do it, City Council should.