Many families in Austin live close to the financial edge. When you live month-to-month, even the smallest financial hit a sick child, an accident, an unexpected spike in rent can be devastating. Everyone needs help at one time or another.

When we do, we hope and expect that lenders will charge a fair interest rate on reasonable terms — not ones that take advantage of families' financial troubles.

Unfortunately, evidence suggests that a number of payday and auto title lenders in Austin might be doing just that to folks in need of short-term loans.

While payday lenders in Austin and elsewhere across the state say they provide solutions to those facing short-term crises, under the current system they appear to benefit more from consumers' financial failures than from their successes.

Payday lenders routinely charge up to 500 percent interest on short-term loans, and tack on additional processing fees, from people who have no place else to go for help. There is something deeply and morally wrong about that.

The extreme interest rates charged by payday and auto title lenders create a painful cycle of dependence that traps financially vulnerable families.

The structure of these loans and the high rates have been proven to pull families into financial distress.

In 2010, our Catholic Charities agencies throughout the state provided more than $1 million in financial assistance to clients who are trapped in the payday-lending cycle of debt. This compels me to speak out on their behalf.

In the last legislative session, I joined with other faith leaders, consumer advocates and concerned legislators to close the loopholes that let payday lenders charge outrageous annual rates of up to 800 percent and add on excessive fees.
We had data, social service providers, other religious leaders and consumer groups on our side. We built a bipartisan coalition of legislators to file and support bills that would provide some protection for borrowers. We gathered thousands of postcards from concerned citizens supporting reforms. We negotiated in good faith and spent hours educating legislators on the impacts of these loans in our community. I testified in a Texas Senate hearing.

However, this powerful lending industry hired dozens of lobbyists and spent millions to try and defeat our efforts.

In the end, several committed state legislators fought to pass bills that provided a minimal improvement in the state data collection and disclosure information provided to borrowers.

The cost of these loans continues to remain unchecked, with no state limit on the fees charged.

The Austin City Council now has the opportunity to intervene.

Its members have already shown their care and concern for consumers through the passage and enforcement of the payday and auto title transaction ordinance. But this is not enough.

On Thursday, the Austin City Council will vote on a further measure — a zoning ordinance that has already passed in several other cities in Texas. The ordinance will prevent predatory loan businesses from locating on major highways, in strip malls or within 1,000 feet of each other.

These measures will hinder the proliferation of businesses offering quick and easy cash that creates a painful cycle of debt for consumers.

In the biblical teachings of our faith tradition, we have many warnings about usury and financial exploitation. Catholic social teaching demands respect for people's dignity, preferential concern for the poor and vulnerable, and the pursuit of the common good. Because of these principles, I strongly support this zoning ordinance.

It is time to offer families protection from this abuse. I encourage the City Council to pass this ordinance as an opportunity to protect Austinites from the predatory practices of these payday and auto title loan businesses.

Vásquez is bishop of the Catholic Diocese of Austin.

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