Could Church ‘Jubilee Funds’ Replace Payday Loan Business?

Some churches are offering loans to members as an alternative to high-interest payday loans, the *Washington Post* reports.

It’s called the Jubilee Assistance Fund.

According to their website, the JAF allows local churches to establish accounts at the Virginia United Methodist Credit Union and offer short-term loans to people who would otherwise not qualify. The *Post* reports that in it’s 7 1/2 years of operation, JAF it has helped parishioners of the United Methodist Church secure 14 loans—from $500 to $8,800.

Bill Cheeks of ABBA Associates tells the Post payday lenders need “to do a better job helping consumers, so you don’t get them into the cycle of debt.”

“This is what the church should do,” Rodney Hunter, pastor at Wesley Memorial United Methodist Church in Richmond, tells the post. “There’s a moral piece, I think, the church should care for the least in society. This is what I think the biblical mandate is.”

The Virginia Credit Union isn’t the only one partnering with churches, though. The Church of England has been given permission to launch their own credit union as a response to payday lenders, the *Financial Time* reports.

The Churches’ Mutual Credit Union President Canon Antony MacRow-Wood tells the *Times* he believes the launch “will help the credit union sector grow” so that in 10 years’ time “there will not be a need for the payday lending sector.”

Most churches are in agreement that the payday loan companies only enable the cycles of debt and poverty.

“The Bible speaks strongly against unjust lending and taking advantage of the poor,” Leith Anderson, National Association of Evangelicals president, tells the *Desert News*. “We were stunned to learn that short-term, high interest loans with annual interest and fees may exceed 300 percent in some states.”

To combat this, the NAE asked “churches, charities and employers to help with gifts or loans in times of personal crisis, offer financial literacy classes and model the virtues of disciplined saving, delayed gratification and investment for future needs.”

Should churches offer programs to compete with payday loan services? Sound off!