

February 4, 2020

The Honorable Jelena McWilliams
Chairman
Federal Deposit Insurance Corporation
1776 F Street, NW
Washington, DC 20006
Submitted electronically via email to comments@fdic.gov

Re: Comments on FDIC Notice of Proposed Rulemaking, Federal Interest Rate Authority, 12 CFR Part 331, RIN-3064-AF21

Dear Chairman McWilliams:

As people of faith concerned about the dignity and worth of all God's children, we write to urge you to withdraw your proposed rule on "federal interest rates." The proposal could further open the gates of economic predation that the communities and families we serve attempt to fight off daily.

Many states in this nation have strong consumer protections that work well to fight against usury and economic exploitation by predatory actors such as payday and car title lenders. What this country needs at the federal level is more protection, not less, to provide a level of security for those who are still left unprotected and vulnerable.

Your proposal threatens existing protections by encouraging predatory lenders to partner with those banks willing to join in the immoral practice of luring hardworking people into cycles of high-cost debt through back door business schemes. This debt trap puts them in a worse position than when they walked in the door.

Specifically, the rule risks eviscerating the impact and effect of all existing state-based interest rate caps which currently provide some protection to vulnerable borrowers and communities. In addition, and possibly even more insidious, the proposal would embolden non-bank lenders to partner with out-of-state banks, that do not have to comply with state interest rate limits, to offer loans well over 100% APR without any accountability to those states or protections against borrower exploitation. Banks such as Republic Bank & Trust and Finwise Bank are already engaging in these corrupt partnerships often called "rent-a-bank." We will not stand by and support adding more bad actors to this corrupt business practice.

The FDIC should take immediate action to stop rent-a-bank schemes rather than proposing new rules to allow wolves in sheep's clothing to move deeper into our communities through these immoral practices.

Scripture states in Proverbs 22:22 "do not rob the poor because they are poor." Predatory lenders do just that. They have built a malicious machine that is not designed to provide a benefit for the communities they claim to serve, but rather extract the wealth these communities work so hard to build and maintain. Thereby, they rob families and vulnerable communities of their very dignity, making it more difficult to care for their basic needs, provide for their children, and build futures with financial stability and prosperity.

Existing state rate caps of 36% APR and below allow for responsible products to thrive and flourish in the marketplace. They also serve as a bulwark against predator actors.

We strongly oppose your proposed rule, and urge you instead to respect the authority and responsibility of states to enact strong consumer protections without providing a back door for predatory lenders to subvert existing state rate caps. American families deserve better and God requires more.

Sincerely,

The Faith and Credit Roundtable

National organizations:

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