



Cleveland Clergy Coalition

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Baptist Ministers Conference - President Rev. Dr. Leonard T. King
Baptist Pastors Council - President Rev. Dr. Herbert Gator
Mt. Pleasant Ministerial Alliance - President Rev. Dr. Larry L. Harris
Cleveland Clergy Alliance - President Rev. Dr. Lorenzo Norris
East Cleveland Concerned Pastors - President Pastor Anthony Smalls
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Good Afternoon,

My name is Pastor Aaron Phillips, I am the Senior Pastor of the Sure House Baptist Church and I am the Executive Director of the Cleveland Clergy Coalition which is a coalition of many of the African-American Ministers Organizations in Greater Cleveland. We have brought various Presidents and Leaders of those organizations, fellow Pastors, congregants, and community members with us this afternoon to demonstrate our support for the Consumer Lending Industry. In addition, we have with us the longest living Pastor and advocate in our Community Rev. Dr. E. Theophilus Caviness, Senior Pastor of Greater Abyssinia Baptist Church and President of SCLC (Southern Christian Leadership Conference) which was organized by Rev. Dr. Martin Luther King. We are here this afternoon in support of our community and our need for access to credit.

A recent study showed that the average income for a Cleveland resident is \$34,000.00 dollars a year. I also have read that an average family in America does not have enough resources to deal with a \$500.00 dollar emergency--something that often comes up when you are among the working and middle-class incomes in our society.

We believe and practice every day in supporting the least, the lost, and the left outs. Not everyone has a family to turn to in a financial emergency, and families often can't help much. People come to our churches for help on a regular basis, but sadly our churches do not have the resources to meet much of their needs, though we all pitch in to help when we can.

Too often in our community, family members, friends, and our churches do not have enough resources to help people in a financial crisis. One thing that is always available is the street loan sharks, which we all know are not the safest means to receive the financial help. There is a real need in the African-American and urban communities for more legal credit opportunities for working families. My experience has been that most banks won't serve us, and banks don't make small loans to people who need it. Neither do credit unions. The one group that has been willing to make loans in our community is payday lenders. They will provide credit to people who need it. Therefore, I am glad that payday lenders are willing to lend money in our community.

Do I like it that payday lenders are the only ones in our community today? Of course not. I want there to be competition. I want banks and credit unions to take root in our community and make loans. I want them to compete for our business. **That's what's wrong with HB 123.**

Do something about the absence of banks and credit unions serving our community and we will have better credit opportunities. Do something about the lack of good-paying jobs in our community, and we will have better credit. If increasing access to credit is the plan, we can support that. But cutting off the one legal credit option we have today in our community does not help us one bit.

I know the people pushing the bill say rates are too high. The answer to that is for someone to come into our community and charge less. I guarantee you they will put the higher cost lenders out of business.

People in my community need to watch every penny to get by. They will find out who charges the least and gives the best deal and they will go there. But you know what? You don't need a law to let people charge less. You don't need a law to allow someone to offer a better deal. And no one is offering one—even though they would put payday lenders out of business.

Why is that? I learned supply and demand in the fifth grade. I know that if the demand is there, businesses will provide the supply. They will, unless they can't make a profit. If no one is competing with payday lenders even though there is plenty of need and plenty of room to undercut the payday lenders' prices, it has to be because no one thinks they can make a profit at a lower price. This bill doesn't do anything to fix that problem. Just like I learned in fifth grade, no one is going to stay in business if they can't make a profit. No matter what law you write.

You can write a law saying a bar of gold costs five dollars, but that doesn't mean anyone will sell you a bar of gold. Same thing goes here. HB 123 tells a payday lender the most they can charge for a loan, but it doesn't mean that the payday lender will keep offering loans in our community. I am from Aurora, Colorado and still have lots of friends there. I can tell you this is exactly what happened. After Colorado changed its law, poor people lost access to the credit they did have before. We can't afford for you to do that to us in Cleveland, Ohio.

You want to help us? Do something to bring more credit to our community, create an environment where there is more competition for our business, not less, and better prices will follow. Bring us better options, and we will put high priced lenders out of business all by ourselves. But in the meantime, don't take away the only legal option we do have today.

Many in our community make use of the credit provided by payday lenders. Whether it is a single mother in between paychecks or a married couple whose engine went out on their five -year old used car, payday lending has been there to help them.

Traditional Credit are usually not an option for many of us. We are constantly denied credit from banks, credit union, and other financial institutions. If Consumer Lending is taken from us we will not have any alternative for access to credit. And this bill doesn't do a thing about the lack of options except make the situation worse.

The Cleveland Clergy Coalition Sponsors Financial Literacy Programs on a regular basis to assist people who have taken out consumer loans. We are teaching people how to use these loans in a responsible way and to make good financial decisions.

We stand here to respectfully request that this bill does **NOT** pass because it does nothing to bring more credit or better credit to our communities, and it will cost us the one legal credit source we have today.

Therefore, we urge you to not now or ever pass this bill or anything like it that would further jeopardize our access to credit resources.

Thank You

Rev. Dr. Aaron L. Phillips,
Senior Pastor Sure House Baptist Church
Executive Director Cleveland Clergy Coalition

Empowering the community through the Lord and Savior, Jesus Christ!