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The Walking Debt: Surviving An Outbreak Of Predatory Lending

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by

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DEDICATION

To my family, for an unending amount of support throughout not only during this thesis, but throughout my entire life. I would also like to thank the many voices of encouragement that carried me through this thesis.

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ABSTRACT

The Walking Debt provides first-hand accounts of predatory finance and financial literacy. This thesis displays how low- and middle-income earners afford their cost of living in times of stagnant wages and rising costs, through face-to-face interviews with payday loan recipients. Payday loans are short-term, high interest loans whose clients typically "rollover" to afford the cost of credit and their cost of living. Although these loans are not new, they came to thrive following a series of neoliberal reforms beginning in the 1970s that ultimately undermined the Community Reinvestment Act (CRA) of 1977. Due to the nature of neoliberalism, responsibility for financial well-being has fallen upon the individual, through a reduction in forms of social welfare policies and economic regulation. In effect, people who struggle to afford their cost of living increasingly rely on credit to make ends meet. Through interviewing payday loan clients, I find that although these loans are predatory they can be used strategically, including: cash-on-hand, convenience, non-reporting nature, and near guaranteed approval. An important contribution this work makes is displaying a degree of richness that is typically not associated with predatory finance. Displaying the complexity of clients for predatory finance displays the breadth of discontent from neoliberal policy reforms that led to the rise of payday loans. I couple these perspectives with different forms of financial literacy to display provide an understanding of what low- and middle-income earners are taught to avoid debt traps like payday loans. I present perspectives of different community financial experts including financial journalists and financial ministry instructors. Financial ministry is a form of financial literacy that incorporates Christian values and is

often one of the only forms of financial literacy open and free to members of the public. Financial ministry is often held in Evangelical churches, which since the 1970s have come to embrace the ideology of prosperity gospel. Prosperity gospel incorporates a form of cultural hybridity that blends trending secular elements with traditional Christian values. I find that financial instruction through these services is premised on a shared set of values with neoliberalism, including their shared focus on the individual.

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CHAPTER 1

PAYDAY LOANS: TILL DEBT DO US PART

Payday loans and other sources of credit serve as financial bridges meeting today's needs on tomorrow's time (Hudson 1996; Pew 2012; Williams 2011). For many, these sources of credit become a necessary financial resource (Han 2011; Hudson 1996), with 68% of loans covering expected expenses and 16% of loans covering unexpected expenses (Pew 2012). Payday loans are becoming more commonplace as mainstream credit options have become less available to low- and middle-income earners (Han 2011; Servan 2017). This thesis provides insight into how payday loans serve as a temporary component of recipients' financial repertoires to assist them in affording the costs generated through their standard of living.

I present payday loans as a strategic tool used by people who cannot afford their standard of living solely through wages and mainstream credit sources. In using payday loans, I argue recipients are a part of the "underbanked" class, which Lisa Servan defines as people who "have bank accounts but continue to rely on alternative financial services [e.g. payday loans, pawn shops, check cashers, etc.]" to fulfill their credit needs (Servan 2017, xvii). Through this study of payday loans, I find a degree of richness and complexity that is absent from discussion on victims of predatory finance.

1.1) Placing Predatory Practice

To learn more about how predatory credit helps people maintain their standard of living, I present a structural, political-economy oriented analysis of the rise of payday lenders, followed by interviews from a payday loan manager, former payday loan clients, financial journalists, and financial literacy through church based financial ministry services. This thesis positions payday loans as one of the many tools at the disposal of people whose wages are insufficient to maintain their standard of living. Furthermore, I position financial ministry as a knowledge producing institution that influences their subjects' financial decision-making process. I find that although financial ministry does address the needs of those who use payday loans, they incorporate a logic similar to neoliberal ideology, which positions the individual as beings solely responsible for their economic positioning.

A focus on debt emerges from my larger interest in the discontents of capitalism. I position debt alongside oppressive structural ideologies such as sexism and racism because of their mutual incorporation of hierarchy, control, and exploitation. I personally have never been in debt and I realize that is a very privileged place to occupy in late-capitalist societies. I credit my lack of debt to my father who immigrated from Iran in 1974 at 16 years old with two older siblings. Despite being Jewish, my father being raised in a Muslim majority country where credit is abstained from in daily life (Esposito 1999) shaped his financial practices. Through him I am afforded a credit-free lifestyle, and I acknowledge this is a privileged position to occupy.

My work is set in Columbia, Sc. The Metropolitan Statistical Area (MSA) population of Columbia is 810,574 residents whose median household income is $51,369, which is slightly below the national median household income of $55,775 (DataUSA 2018). Columbia, South Carolina a prime city for study of payday loans because of its below average income and home to one of the largest military bases in the United States (Fort Jackson). For payday lenders, South Carolina is a profitable home, it has "more pay day lenders per capita than any other state" (City Council 2009, 13). In Columbia, like many other cities (Hudson 1996; Williams 2011), payday loans and other Consumer Finance Lenders (CFLs) typically operate in minority and low-income neighborhoods, close to military bases, and areas densely populated with shopping centers (as noted by the author).

1.2) Methods

This project began as an effort to understand how people afford their standard of living when their earnings and wealth are insufficient. Upon beginning fieldwork this project took a turn to incorporate the perspective of "community financial experts" which includes both community financial instructors and local financial journalists. I combine interviews from multiple perspectives on payday loans with a political-economic analysis of these loans to provide a more contextual, holistic understanding of what they mean and how they are understood by those who make use of them in Columbia, SC. In all, I conducted eight face-to-face interviews with no recording device. I took fieldnotes in a notebook (except for Victor and Austin, for purposes of discretion and spontaneity of interview, respectively) at the time of interview and transcribed within two hours onto a computer. All names in this project have been anonymized, except for the financial journalists who explicitly requested their full names be used.

Initial fieldwork efforts to learn about payday loans proved ineffective. I began my fieldwork hanging fliers on street poles and church bulletin boards. I chose churches that were close to payday loan storefronts, and street-poles that were either in near proximity to payday loan stores or in areas with high foot traffic, such as bus stops. I had no responses, despite advertising a chance to win $100 for participation. I believe the stigma attached to payday loans affected my ability to meet payday loan clients through non-personal connections. Shame, the underlying stigma associated with payday loans, emerges because these loans are associated with those in poverty and financially irresponsible persons (Hudson 1996; Servan 2017). Thus, admitting to using a payday loan risks being identified as poor and irresponsible. I believe that only some people who have paid off their loans have overcome the shame associated with payday loans to openly admit to using these loans. I discuss this at length in chapter three.

Despite initial failures, I recruited research participants by word-of-mouth. In the early phases of this project I told anyone and everyone about payday loans and their predatory nature, and through doing this I was able to meet people who made use of payday loans. Because of this recruitment method I do believe there is a self-selection bias. I find that people who have paid off their loans and overcome the situation that led to their use of payday loans are the same people who opted to speak with me about their payday loan use.

In addition to first-hand perspectives of payday loan clients, I provide ethnographic accounts of different forms of financial literacy. I seek out financial literacy because of the way neoliberal reforms have placed responsibility for well-being on the individual. The effects of neoliberal policy reforms position financial literacy as the backbone for any form of fiscal responsibility (Harvey 2011; Williams 2011). Thus, I seek out institutions that contribute to the local knowledge base of financial literacy to understand how people in Columbia, SC are taught to avoid predatory forms of finance. For this portion of my research on I met both financial journalists and financial ministry instructors. These perspectives gave me insight into instruction given to the public about credit, debt, and maintaining their standard of living. Furthermore, upon interviewing two financial ministry instructors at two different churches, I began researching Prosperity Gospel, which I discuss at length in chapter four.

I present payday loans as a byproduct of neoliberal economic reforms, which partitioned the credit market to create a realm of high-risk, high-profit credit like payday lenders and other CFLs. This analysis is rooted in both anthropology and political-economy to provide an understanding of how economic policies affect the daily life of affected persons. I utilize an interdisciplinary approach to gain a more holistic understanding of payday loans.

1.3) Research Outlook

Debt as a tool to maintain social obligations, such as forms of familial care, or maintaining appearances in times of hardship, is a central theme throughout this thesis. This thesis contributes to the small yet growing field of cultural understandings of predatory finance. Authors such as Mike Hudson, Lisa Servan, and anthropologist Clara Han have all contributed to understandings of payday loans from social perspectives. Theorists such as Louis Althusser, Pierre Bourdieu, and Beverly Skeggs shape my analytical framework guiding the relationship between economic structures, cultural practice, and class identity.

Additionally, debt theorists such as Maurizio Lazzarato, David Graeber, Jason Hickel, and David Harvey influence the way I position debt as an economic force whose repercussions materialize not just through economic practice but also interpersonal relationships. Combining debt theory with theories of social practice lends insight into how debt affects not just individual practice, but also the behaviors of structures like the State and its regulatory institutions. This thesis contributes to the field of economic anthropology by providing multiple perspectives and understandings of how payday loans function as economic tools within capitalist economies.

Face-to-face interviews show the real conditions faced by those who struggle to have their needs met through wages and mainstream credit. The people I met did not want to use payday loans, but they did because the alternatives, such as not being able to provide for one's family, appeared worse. Members of the public use payday loans because they are readily available and widely known, despite their predatory reputation. I present forms of financial literacy available to the public to find ways to resist their success through visibility and availability. I present payday loans as a byproduct of structural inequalities and the larger discontents of capitalism.

This thesis differs from existing accounts of payday lenders and predatory finance because I display how payday loans are a strategic tool in people's financial repertoire. Traditional conceptions of payday loans position them as a predatory service forced onto people for survival. Clara Han's work on payday loans in Chile presents these loans as a tool to ensure forms of care in the home. Despite Han premising her work on payday loans, these loans functions like any other loan for her research participants—to afford what wages cannot otherwise afford. I present payday loans as a tool to navigate the credit market. In one way, they can be a double-edged blade for its user. Lack of comprehensive federal regulation for payday lenders allows predatory fees, but also protects the consumer's credit report by abstaining from reporting loans. Payday loans are used where other forms of credit cannot be used by granting access to cash. For some, cash means being able to make minimum payments on existing credit accounts and still be able to have cash when non-cash money is inadequate. Additionally, unlike other accounts of payday loan recipients (Han 2011; Hudson 1996; Servan 2017), I find a degree of richness and complexity that is often not brought up in discussions on payday loans. Han's work on payday loans takes place in "working-class neighborhoods", while mine finds that people who earn upwards of $80,000 a year may need payday loans.

Chapter two contains a brief history of the rise of payday loans. This chapter will concern itself not just with payday loans, but also policy changes that produced profitable conditions for payday lender success. Chapter three contains first-hand perspectives of payday loan use. Here, I will display how payday loans are a strategic tool. Despite their predatory nature, loans use prevents perceived worse alternatives. Chapter four provides financial literacy available to the public through two different churches. This chapter concerns itself with structures of ideology members of the public subject themselves to (Althusser 1970), and the echoes of neoliberalism found in prosperity gospel. Finally, chapter five provides concluding remarks, outlines for future work, and reflections on different approaches for future work.

CHAPTER 2

NEOLIBERAL GHOULS: THE MARKET CITIZEN

Payday loans are by no means a new phenomenon. They date back to before the 1920s when "salary lenders" began offering short term loans for wage earners (Servan 2017, 64). In 1977 the Community Reinvestment Act (CRA) sought to ensure fair and equal access to credit opportunities from FDIC insured institutions for all members of a community, regardless of economic and demographic composure (Hudson 1996; Servan 2017). The CRA ensured minorities, women, and low-income persons could access credit in a responsible and safe manner (Hudson 1996; Williams 2011). However, a series of neoliberal reforms from the late 1970s onwards undermined the CRA, allowing payday lenders to thrive (Williams 2011).

The modern iteration of payday lenders began to flourish in the United States during the mid-1980s (Hudson 1996). The rhetoric of neoliberalism promises "free" markets and that offer everyone "a fair chance" by reducing government regulation of capitalist enterprise (Harvey 2011; Lazzarato 2011); in practice, however, these reforms exacerbate dispositions of power that are rooted in economic worth— an inherent feature of capitalism (Han 2011; Harvey 2011).

Throughout the 1980s-90s, US policymakers came to favor the high-risk, high-profit practices. At this time, influential economists like Milton Friedman convinced policymakers to liberalize the financial market to relieve the US economy of "double-digit inflation, double-digit interest rates, and double-digit unemployment" (Barker, forthcoming 10). Efforts to liberalize markets signal that neoliberal policies "favor the integrity of the financial system and the solvency of financial institutions over the well-being of the population or environmental quality" (Harvey 2011, 71). In 1999, the Gramm-Leach-Bliley Act permitted banks to "move assets into affiliates that are not required to comply with the Community Reinvestment Act's" credit servicing requirements (Williams 2011, 2). Effectively, this allows larger FDIC regulated consumer banks to invest in non-FDIC regulated payday lenders.

Undermining of the CRA throughout the 1980s-90s, led to a split in the consumer credit market, establishing CFLs as alternatives to mainstream sources of credit like credit cards and bank loans (Williams 2011). CFLs are comprised of industries like payday lenders, pawn shops, title loans, rent-to-own, etc.; this industry targets those whose credit needs are unmet through the mainstream credit market (Hudson 1996; Williams 2011). CFLs have far less regulation than FDIC insured institutions, which allows for new business models to emerge that do not have to comply with FDIC regulatory standards, such as the CRA (Williams 2011).

Differences between payday lenders and mainstream sources of credit include a lack of credit check, higher costs, deceptive advertising, extended hours of operation, clustered storefront operations, and a preference for high client volume (fee-based models) as opposed to high client balances (Servan 2017). Factors that led to the expansion of CFLs include the closure of consumer banks, decreased governmental investments in financial education and consumer protection organizations, increased banking fees, and Wall-Street investment in CFLs (Hudson 1996).

CFLs reached unprecedented profits following neoliberal policy reforms that increased their client volume (Williams 2011). Following the 2009 Credit Card Accountability Responsibility and Disclosure (CARD) Act, many middle- and low-income earners came to rely on payday loans to fill the role that credit cards formerly served. Although the CARD act provided some regulations to consumers, such as having the right to information on changes to terms of an account (CARD Act 2009), it had its discontents. Those deemed "high-risk" saw their available line of credit cut to half or one-third of their 2005 levels (Servan 2017, 73). With credit card balances much closer to their limits than prior to effects of the CARD Act, new clients came to payday lenders to fulfill their credit needs.

Neoliberal restructuring of the credit market removes many regulations that were formerly in place to protect the average consumer (Lazzarato 2011). These reforms create new markets through policy measures that splinter existing markets into more profitable, tiered markets (Harvey 2011). Targeted populations, African Americans, Latinx and others find their credit needs increasingly met through high-priced alternatives such as payday lenders (Williams 2011).

Such changes create a banking and credit system that best serves the interest of its wealthiest clients at the expense of its poorest (Lazzarato 2011; Williams 2011). Moral justifications for these reforms emerge through the principle of personal responsibility, individualism, and "free" markets, which position the individual as solely responsible for their socio-economic status (Graeber 2011; Harvey 2011). These moral justifications provided backing for the repeal of the CRA, positioning government regulation as an impediment towards "free" markets and a force that presupposes the will of the individual (Williams 2011).

2.1) Nightmare on Debt Street

Free-market ideology conceptualizes people's needs and wants as varying on an individual basis and best met through market participation. David Harvey states "neoliberalism values market exchange as an ethic in itself, capable of acting as a guide to all human action, and substituting for all previously held ethical beliefs, it emphasizes the significance of contractual relations in the marketplace" (Harvey 2011, 3). For some, needs can be met through informal systems such as family-based savings networks (Servan 2017); however, for many consumer credit becomes their only means of survival. In short, this model results in the "financialization of everything" as all aspects of life afforded through credit (Harvey 2011, 33).

Capitalism, a system that promotes accumulation as the goal of an economy, promotes a tight relationship between economic success and perceived social status (Althusser 1970; Harvey 2011). This entails a system of values that marks wealth as the ultimate source of virtue (Bourdieu 1977). Problematically, this structurally positions debtors as people lacking virtue, producing a sense of shame among those whose wages are insufficient to afford their standard of living (Graeber 2011).

So called "market-based regulation" undermines the role of social welfare provisions (Hickel 2016, 145). As a result of cutbacks on social welfare provisions, personal debts steadily rose throughout the 1980s. Credit became an "ethical" alternative (Williams 2011). These reforms premised on the illusion of freedom, effectively reduced the financial freedom of many middle- and low-income earners because of growing levels of household debt.

I will use the term, market citizen, as shorthand for an abstract individual whose needs and wants can be wholly met in “free” markets. They are rational economic agents of mainstream economic theory. However, rationality is defined in a very narrow way and most human beings are far more complex. The abstract market citizen paradigm, in conjunction with particular ideas about human freedom and dignity, justify reducing social welfare provisions (e.g. public housing projects, education funding, affordable healthcare).

Privatization and regulatory reforms expanded the creditor-debtor relationship to record levels. Although neoliberal rhetoric promotes ideals such as “everyone an owner, everyone an entrepreneur”, the reality has proven the opposite and precariousness has prevailed (Lazzarato 2011, 93). Privatization shifts the burden of meeting one’s needs away from the state and instead onto the individual consumer (Roberts 2013). Increases in cost of living, stagnant wages, and cutbacks in spending on social reproduction by the state, result in the use of credit to pay for daily needs—medication, groceries, gasoline (Roberts 2013).

Neoliberal ideology assumes that all participants in market systems have the same opportunities and initial positions; thus, difference emerges solely from performance and not from socio-economic conditions (Harvey 2011; Roberts 2013). In effect, this de-contextualizes real people by treating them as market citizens with normative needs, not people with varying needs that emerge from different historical and social legacies (Bourdieu 1977; Roberts 2013). Here is where the victims of structural inequalities take blame. The ethic of personal responsibility allows for inherently predatory policies to receive a moral pass, positioning them as a neutral component of market behavior, while economically exploited people are blamed for perceived "illogical" actions (Harvey 2011). They are punished for being poor (Barker, forthcoming).

2.2) Debt for Daily Life

Neoliberal reforms have only intensified the accumulation of capital by reducing the social provisions of the state, allowing for wealth to increasingly concentrate among economic elites (Standing 2011). These reforms, were premised on the rhetoric of equal opportunity for all (Harvey 2011), however they fail to acknowledge that pre-existing differences in social, cultural, and symbolic capital affect access to- and positioning within economic structures (Bourdieu 1977; Hickel & Khan 2012). These reforms "reduce wages to a minimum, cut social services so that the welfare state is made to serve its new 'beneficiaries'—businesses and the rich—and privatizing everything" through ethical justifications of freedom and human dignity (Lazzarato 2011, 10).

People's needs emerge from their social context, reflecting both the specific cultural taste and economic conditions that are endemic to specific groups of people (Althusser 1970; Bourdieu 1984; Skeggs 1997). Socially-determined needs include forms of household labor, clothing, education, social and recreational activities. As people face economic decline and stagnant wages, their needs do not change. Rather, their ability to afford them does (Lazzarato 2011). Thus, credit becomes a tool to bridge the gap between income and the cost of their standard of living.

> Neoliberal economic growth creates ever greater disparities in income and power by impoverishing workers, public assistance beneficiaries, and a

> portion of the middle class, while simultaneously aiming to make them rich through a mechanism best exemplified by subprime credit . . . With declines in wages and the destruction of the Welfare State, credit is the only solution if everyone is to get rich (Lazzarato 2011, 111).

Through this reiterative process, credit becomes a naturalized component of ideological conceptions of economic practice in the United States (Bourdieu 1977; Roberts 2013). Ideologies surrounding the role of credit shape how people morally conceive their use of credit within their financial repertoire.

Louis Althusser argues ideology serves as an "imaginary relationship" between people. Ideology functions in a double manner: 1) it affects how individuals and groups come to view the world and 2) through this shift in worldview, it affects the way individuals and social groups interact with their relations of production. Specific components of particular ideologies emerge from both economic class and geographic region, reflecting the values of governing economic elites. For example, Islam positions interest bearing credit as being sinful (Esposito 1999). As a result, in many Muslim majority societies consumer credit is not as widely available as it is in the U.S. and does not play as large of a role in maintaining a person's standard of living (Schottmann 2014). The reason for variance in ideologies is because social elites propagate values that produce favorable social and economic conditions for themselves through different institutions of ideology (churches, education systems, political parties, media institutions, etc.).

Pierre Bourdieu argues that ideology materializes through embodied practice or one's habitus. A person's habitus, or behavioral repertoire, is affected by and affects their ideological worldview (Bourdieu 1977). Institutions of ideology come to shape how people engage in social practice by either encouraging or discouraging certain behaviors. For example, a person who views debt as morally acceptable may include the use of credit in their daily life, while a person who views debt as immoral may abstain from including the use of credit in their daily life. Bourdieu argues that a person's habitus is both determined by and determines access to social structures. Thus, those subjected to similar social structures will have a similar set of perceived acceptable behaviors.

To create the ideological conditions of neoliberal capitalism, structures of ideology, such as schools, religious organizations, and political parties, must promote a core ideology. A core ideology is one that encourages people to submit "to the rules of the established order" (Althusser 1970, 89). For capitalist societies core ideology preaches willing engagement in economic exploitation. Ideology reifies exploitative and consumption-oriented practices by labeling them virtuous. This valuation leads to production and consumption labelled as the ultimate ethical behavior in capitalist societies (Hickel and Khan 2012). To understand how institutions of ideology affect ideological conceptions of their subjects, I provide a brief history a shift in a shared sense of the morality of debt in the United States in the post-WWII era.

Beginning in the 1960s, the consumer finance industry began an active campaign to shift American moral conceptions of debt. The naturalization of credit eased its adoption into American economic practice by allowing for the accumulation of debt to be a morally acceptable behavior (Clapovitz 1968). Representatives of the consumer finance industry sponsored various educational programs, both for schools and members of the Protestant clergy, encouraging the use of credit to afford costs of living (Hudson

1996). Credit cards and other common forms of consumer credit became morally acceptable ways to afford one's standard of living (Williams 2011). The consumer finance industry reasoned that debt is morally and legally acceptable so long as it is "payable" (Barker, forthcoming; Graeber 2011).

Casting debt as morally acceptable is a necessary precursor for debt to serve as a moral alternative to state sponsored programs. Lazzarato posits that "neoliberalism has, since its emergence, been founded on a logic of debt" (Lazzarato 2011, 25)— a logic that pits "labor" against "work on the self," encouraging more time devoted to wage earning activities to repay debts (33). As debtors devote more hours at work to compensate for their wage-rate stagnation, the master-slave power dynamic is reborn. Debt is a tool that controls how one manages their time. The logic of debt is one that siphons autonomy from those in debt into the hands of not only the creditors, but the capitalist class that engages in the exploitation of labor. In this sense "debt constitutes the most deterritorialized and the most general power relation through which the neoliberal power bloc institutes its class struggle" (89). Regardless of occupation or income, debt is a tax on one's time.

2.3) From Debt 'til Dawn: Credit Vampires

Payday loans are attractive because they require only a stable income and checking account with no credit check and do not report to credit bureaus (Digangi 2016). Because of the way payday loans function, they are classified as CFLs as opposed to banks— CFLs do not underwrite their loans and are not regulated by the Federal government (Servan 2017; Williams 2011). CFLs are known to have high fees and interest rates, operate in minority and lower-income neighborhoods (Hudson 1996), have convenient hours (Servan 2017), and do not report to credit bureaus (Servan 2017; Williams 2011).

The dangers of payday loans come in their recurring nature (Hudson 1996; Digangi 2016; Servan 2017): loans are due in full on the next payday, causing many to take out additional loans to make ends meet (Pew 2012). Debt for survival becomes common practice for people stuck in payday loan cycles; once entrenched in debt, cost of credit further decreases a debtor's ability to afford their cost of living (Han 2011; Hudson 1996; Williams 2011).

Payday loans serve the 5.5% of the U.S. population whose needs are unmet through the mainstream credit market (Servan 2017; Pew 2012). Although payday loans are marketed as "short-term" (two weeks per loan period), the average payday loan takes nearly five months to resolve (Pew 2012, 2). According to a 2012 Pew Research Center poll, once a payday loan is paid off, the interest incurred is nearly 200% in that time period. The study finds, "a borrower takes out eight loans of $375 each per year and spends $520 on interest" (4). These loans become costlier the longer people use them.

As stated above, payday lenders deceive their clients by advertising a simple fee, which if the user exceeds the loan period, functions much like a compound interest rate (Hudson 1996; Williams 2011). Through a series of loan periods (for payday loans there are up to 26 loan periods per year), the fees from each loan period drives up the cost of credit due to the accumulation of new interest on the total remaining balance of the previous loan. After a few loan periods, the accumulated interest outgrows the initial principle. For example, if a $500 payday loan taken out for a $100 fee for a two-week loan period, the loan recipient will need to pay back $600 in 14 days. After five loan periods the cost of credit exceeds its principle—this is where advertising a simple fee, but effectively functioning on compound interest becomes predatory.

A $500 loan with $100 in fees for a 14-day loan has an effective 20% simple interest rate, but a much higher annual percentage rate (APR). This loan has an effective APR of 521% (APR interest calculated as: interest percentage/loan length *days in year)— and a 20% simple interest rate is low for payday loans (Digangi 2016; Pew 2012). Although Payday lenders must disclose the APR to clients prior to taking out a loan, according to the Truth in Lending Act of 1968, they assume the loan is met in the 14 day period (H.R. 321; Williams 2011). Knowing the APR is useful because most other forms of credit advertise their rates in terms of APR (credit cards, car loans, mortgages, etc.) and allows a more transparent comparison between sources of credit. However, APR may not be as important to the clients of payday lenders as other aspects such as convenience or lack of credit reporting.

From 2001 to 2011 the payday loan industry grew from $10-48 billion (Servan 2017). Payday lenders justify their high interest rates because they "do little to no underwriting (meaning they take on financial responsibility themselves" (Servan 2017, 79). Thus, lenders seek to recover the principle on their loans as quickly as possible, which occurs through fees, which as discussed above, effectively compounds interest. Lenders take a two-fold approach to ensuring a low default rate. First, when taking out a payday loan, clients give the lender a signed post-dated check for the entire loan, plus fees, or gets permission to electronically debit the client's bank account (Williams 2011). This allows lenders to recover their loan, plus the accrued interest, if after a series of rollovers, the client is unable to pay. Second, payday lenders target middle- and low-income earners, people whose jobs used to afford one's cost of living at full-time employment (Servan 2017). These people become ideal targets because they are "people who intend to pay their bills but at the end of the month cannot quite manage" resulting in long-term use of short-term, high-cost credit (Williams 2011, 35).

2.4) Conclusion

Since the 1970s, neoliberal reforms have proved effective at de-regulating the credit market. Neoliberal credit reforms, like the 2009 CARD Act partitioned the credit market to allow space for predatory forms of finance. This is where payday loans enter the financial repertoire of millions of affected persons. Payday loan success can be attributed to the partitions made in the credit market that increase their client volume (Servan 2017). I present payday lenders as products of an environment characterized by wage stagnation, restricted mainstream credit, and cutbacks on in spending on social reproduction by the state. In the following chapter I present first-hand accounts of people who have made use of payday loans. These perspectives reveal the lived discontents between neoliberal rhetoric and daily life in neoliberal societies.

CHAPTER 3

VAMPIRE'S KISS: SHORT-TERM LOANS WITH LONG-TERM BITES

Regardless of education, dependents, income, or job stability, payday loans are an option whose likelihood of use grows every day for middle- and low-income earners (Hudson 1996; Pew 2012; Williams 2011). For many, credit needs are not fully met through the mainstream credit market; thus, payday loans emerge to fill that gap. People I met that used payday loans were able to maintain their standard of living during periods of "stability" without payday loans but were not in times of "instability".

The greatest cause of payday loans is the difficulty middle- and low- income earners have in maintaining their standard of living (Han 2011; Pew 2012; Servan 2017). Costs for a standard of living increases as social services decrease. This, combined with stagnate wages increases demand for consumer credit to afford one's cost of living (Lazzarato 2011). For many, this means a trade-off occurs between one's financial freedom, or being free of the creditor-debtor relationship, and one's standard of living (Graeber 2011; Lazzarato 2011).

In this chapter I use Lisa Servan's notion of the underbanked to reveal common class affinities among payday loan recipients (Servan 2017). This identity conception builds on Beverly Skegg's (1997) understanding of class identity emerging not just through historical legacies, but also access to social institutions. This approach to understanding class is rooted in an analysis of structural positioning (Bourdieu 1977), as opposed to former understandings of class that were rooted in display of possessions and behavior (Weber 1920). I employ a structural understanding of class here because neoliberal reforms blur class distinctions (Harvey 2011). Skegg's approach clarifies the obscuring effects of neoliberalism on class identity by defining it through access to institutions, as opposed to display of possession and behavior, which vary according to ideological worldviews.

3.1) Situating Predatory Practice

My work is set in South Carolina. It has the most payday lenders per capita (City Council 2009). In 2009, Columbia City Council issued a zoning ordinance aimed at curbing the expansion of payday lenders. Following this ordinance, payday loan offices must operate in buildings that are 30,000sq.ft. or larger and locations must be at least 3,000 feet apart in distance. This zoning ordinance seeks to break up the practice of "clustering". Clustering is the practice of payday loan offices operating close together, oftentimes in the same retail center or within walking distance of each different storefront (City Council 2009). Payday lenders cluster because it centralizes access to credit for their clients.

The effectiveness of clustering emerges when clients fail to qualify for a loan in one store. Following rejection, they can seek approval at another store that is located within walking distance. Clustering aids in the circumvention of 'cool off periods', which is required time between loans (Beam 2009). In the state of South Carolina, a client must wait two days between loans from a single store; however, they can take out a loan from a competing payday lender during that 'cool off period' (Consumer Federation of America 2017). Thus, when a loan is paid off at one store, instead of waiting two days between loans, a client can go to a close by competitor to take out a loan—the cycle of debt never rests. The ordinance passed a 5-1 vote in city council. Clustering is no longer allowed, but existing clusters are unaffected (Beam 2010).

Steve Benjamin, the mayor of Columbia since 2010, was a member of the Board of Directors for Advance America (one of the largest payday loan companies in the country) up until he won his mayoral election (Beam 2010). Since his inauguration, no new legislation has targeted payday lenders. The city of Columbia, though it does not overtly encourage payday lending, has done very little to protect those who fall victim to these debt cycles. Throughout the United States, 14 states have taken measures to restrict or ban the use of payday loans (Servan 2017).

Looking at the situation nationally, twelve million Americans took out a payday loan in 2016 (Digangi 2016). Thus, it is integral to understand that payday loans do serve a vital role in the economic practice for members of the underbanked. If payday loans are to be outlawed, as they have been in fourteen states, many would find themselves with one less tool to help afford their cost of living (Pew 2012; Servan 2017). On average, people who use payday loans earn less than $40,000/year, rent their housing, and have either a high school degree or some college experience (Digangi 2016); they are structurally vulnerable to market instability (Pew 2012; Servan 2017).

The Pew Research Center identifies six groups that are most likely to make use of payday loans: white women between the ages of 25 and 44; those without a four-year college degree; home renters; African Americans; those whose income is below $40,000/year; and those separated or divorced (Pew 2012, 4). The Pew study also finds that most people, 68% of respondents, take out payday loans to afford daily living expenses. This undermines the common perception that payday loans typically help afford “emergency expenses”, which only occurs in 16% of those who take out payday loans (5). This is a concerning finding. Pew’s findings of payday loans regularly helping people “make ends meet” displays firsthand that wealth inequality is a cause of social turmoil through the generated costs of debt traps like payday loans. These people are financially disenfranchised; they are employed, typically full-time (49% “full-time” workers and 13% “part-time” workers), and still unable to afford their daily lives (35).

3.2) Nights of the Living Debt

Micah, a payday loan store manager agreed to speak with me on the condition of anonymity (which is why I use a gender-neutral name and they/them pronouns). Perhaps because of the negative perception of payday loans, they recorded me on their phone while I spoke to them. They told me that despite the stigma of payday loans being only for “poor people,” payday loans are for “everyone. We get lawyers, nurses, doctors, and people you would expect, like food industry workers. Just because they [lawyers and doctors presumably] make more money, we still get them because we are a convenience to everyone.” By convenience they meant “you receive cash on the spot with no credit check and we’re open late.” For many people this convenience is crucial because of what payday loans are used to afford. Loans help people afford “monthly bills, like car payments, light bills, repair work, things that gotta get paid on time,” with the average loan around $400, “and more than half of them come back for another.”

As I looked around the store, I noticed the sterile white walls were with posters that that advertised the company’s services and fees. These were very minimalist in design, a small chart with a $15 per $50 chart displaying what to expect to pay in fees for each loan taken out— I did not see the APR listed on these posters. I asked Micah what they usually tell clients before taking out a loan. They said "people usually know what they need to know before they come in here, so we don't really have to tell them much about the loans. People know what they are." Micah acknowledged payday loans have a bad reputation. They pointed out that the people who take out these loans know that but use them because it's the best option available to them.

From Micah's perspective, payday loans and the diverse set of clients they encounter are a normal everyday part of economic practice—yet few people who have not personally been involved with payday loans know about them (Hudson 1996; Servan 2017). At that, Micah is open about the wide income range of their clients, which helps break the stereotype of payday loans being associated with exclusively lower-income persons. I thanked Micha for their time as they disabled the security lock on the main door to let me out.

Loan 1: Education and Family

Victor, an architect in his late 40s, lives in a suburb of Columbia where I met him through his daughter Vanessa. Vanessa is a close friend of mine who invited me to her family's house for dinner. Recently, Victor had recently received a diagnosis of high blood pressure, and Vanessa wanted me to introduce some healthier eating options to her family. Victor and I discussed a wide variety of topics before discussing his use of payday loans. I credit these other discussions with creating a comfortable enough environment for Victor to discuss his use of payday loans. Victor's use of payday loans stretched from March 2014 to July 2016 when his wife Rosa was not working because she enrolled in a two-and-a-half year nursing program.

After dinner, Victor invited me to continue our discussion in his living room, to talk about going back to school himself. Despite believing he is a better architect than anyone on his team, Victor believes anti-Mexican racism prevents him from getting a promotion without an advanced degree. Victor's only concern with enrolling in school is being able to provide for his family. Before Rosa went back to school, Victor described his family as "lower-middle class, or maybe even lower-class. We were not poor but didn't have nice things." With Rosa in school, Victor was the sole provider for his family of six. Despite earning $50,000 a year as an architect for the state government, he resorted to payday loan use during this period.

Victor looked around to make sure the room was empty, and then told me he was only able to survive by using payday loans. He made it clear that he does not want any of his family to know— "I was just trying to make sure things were the way they are supposed to be." He recalls approaching the counter and presenting "your two most recent paystubs and fill out the initial screening paperwork. At first, I was cautious in reading the terms of the loan; I had heard how dangerous they were." Nevertheless, they were the only way he perceived affording his family's standard of living. "A loan would be paid off in six to eight weeks, but I would need another loan within the month just to keep things going."

Victor recalled that no matter which store he visited (having used three different companies), they all felt the same. The walls were a "sterile white" and lighting reminiscent of a "hospital basement." The employees were welcoming but cold. He said it was obvious that employees need to make their clients feel welcome, but only enough to take out a loan. If there is one phrase to describe the feeling of taking out a payday loan, it is a sense of powerlessness, according to him. Victor recalls that he always felt "small and weak" walking into the payday loan store front, but he felt that sacrificing his pride "was a no brainer" when it came to his family's well-being.

Victor was aware of the danger of payday loans, but he opted against an alternative such as a second job because he "wanted to spend time with [his] family." Victor maintained the use of payday loans to allow his family to continue a "business as usual" mentality while Rosa was in school. He cares about the life his family leads. Victor takes pride in providing for them and seeing them "be able to do the things they want to do. I don't want to have to say no to my kids." His conundrum of using predatory forms of debt to provide forms of care is one known by many (Han 2011).

"During the good times," Victor afforded extra expenses through his two credit cards, signing up for a third shortly after Rosa began school. As Victor's credit card balance grew, he turned to payday loans to have cash on hand in ways that stayed off "the books". "Having cash meant I could give my kids money for whatever they needed." Primarily Victor wants to guarantee stability for his family. And according to him, cash creates stability.

Victor's use of payday loans presents them as a tool to fill an essential gap. Despite the known predatory nature of payday loans, Victor opted for their use, preferring a cycle of debt to a reduction in standard of living for his family. He made this decision to "make the best" out of a situation that he believes could have been much worse.

The hardest part about taking out a loan according to Victor was not financial, despite “never [going] out, not for food, not for movies, not to baseball games, nothing.” Instead, it was keeping his payday loans a secret. He never really concerned himself with his family running out of money, because he knew how to manage his money well. Victor always wanted to have appearances in order, which meant that when his children needed money, he needed to have at least enough for them. Since Rosa completed her schooling and got a job as a nurse, raising their household income, Victor has broken his payday loan cycle.

Loan 2: Divorce and Discipline

Austin was dispatched to my home as an air-conditioning repair technician. After chatting about our families and growing up in the same small town, I told him about my work on payday loans, to which he responded, “I know about those bastards.” Austin knew about them because he used them in the past. Austin used payday loans “from the middle of 2015 to beginning of 2017,” taking out ten to twelve loans in total. Austin made it clear that he wanted to remain anonymous to make sure nobody knew he used payday loans. He literally looked over his shoulder to make sure nobody was around before telling me about his experience with payday loans.

Austin’s use of payday loans displays how credit is a strategic tool. As the balance on Austin’s credit cards rose, he quickly grew uncomfortable. Austin turned to payday loans because “they wouldn’t touch my credit score.” His use of payday loans was not a permanent solution but did “buy” him some time.

Austin was working as a manager for a large HVAC company, making around $80,000 a year when he needed a payday loan. Austin attributes initial blame for needing a payday loan on when he and his wife separated before their divorce in late 2015. "I wasn't comfortable with my wife and son leaving the house" he recalls. "I moved out, but the problem was I paid for everything they needed to stay in that house." In moving out, Austin maintained expenses for two households, causing him to financially overextend himself.

"It was the beginning of my divorce, and I didn't really know how to handle it. During that time, I don't think I had a single homecooked meal. I spent so much money going out." In going through his divorce Austin did not want to "tarnish [his] image", to do this, he had his wife and son remain in their family home while he moved into a rental unit. "I didn't want to be seen like I couldn't handle things. It was probably only two months before I took out my first loan…I had a real spending problem." Despite the personal turmoil Austin may have experienced, maintaining appearances was of the utmost importance to him.

Austin felt that "taking out payday loans became the only way I could make it seem like my life wasn't falling apart. I knew people would find out about my divorce, but I didn't want it to seem like I couldn't handle it." To Austin, a loan was "degrading because it made you feel like you need training wheels to balance your budget." He blamed himself. Austin was adamant that he "could have done it differently. I shouldn't have been spending like that. That house broke me." Here, Austin strategically used payday loans to be able to afford other forms of credit that he already had access to and reported onto his credit score. For Austin, the price of a payday loan was worth the benefits of keeping debt off his credit report.

Although I cannot confirm with Austin, he never mentioned whether his wife was working at the time or not of their initial divorce proceedings. If this were the case, Austin may not have wanted to make his wife and son leave their home because his son was in a good school district, with cheaper housing risking worse schools (as noted by the author).

I understand Austin's concerns as greater concern faced by many citizens of capitalist societies: class aspirations and identity (Bourdieu 1977; Bourgois 2002; Skeggs 1997). Class distinctions form along perceived affinities through a display of similar possessions and behaviors (Weber 1920). These distinctions affect the maintenance of a standard of living through how one defines the needs and wants of their livelihood and the institutions that one can access (Bourdieu 1977; Skeggs 1997). Perusal and display of these goods is not irresponsible, but a form of ethical practice that emerges out of specific socio-economic contexts (Bourdieu 1984). In this sense, Austin acted in a "rational" way to display his class aspirations despite his perceived economic "irrationality".

For people like Austin and Victor, a standard of living is something worth taking pride in, which is why they were willing to go into debt to maintain to afford their cost of living, as opposed to reduce their standard of living. Payday loans functioned as a tool to aid them in their ability to provide for their families. For middle- and low-income earners like them, wages usually afford their standard of living in times of economic stability; however, there are times when wages are insufficient and access to credit impacts a person's ability to make ends meet (Graeber 2011; Lazzarato 2011).

Austin admits that the final divorce decree "was the wake-up call I needed. It was only after it was done that I realized what had happened." Once Austin finalized his divorce, he began to share living expenses with his ex-wife. He still had a spending problem. Austin realizes that although his divorce spurred his spending problem, it was his coping mechanism that kept him from permanently breaking his loan cycle. He developed a “drinking problem.” Austin somberly told me that “if you can’t control what you put in your body, how can you control what you do with your body. I don’t want to say I was weak, but during those times, there were certainly things that made me weak.”

Austin entered and completed a faith-based recovery program where he gained “the self-control to maintain a budget.” He finished his recovery program in early 2017 and ended his use of payday loans shortly after that. For Austin, the stress of maintaining two costs of living on a single income proved both financially and emotionally overwhelming. As our conversation ended, Austin asked for me to “make sure nobody back home finds out [about his use of payday loans]. I’m considering running for mayor sometime and wouldn’t want it to hurt my prospects”; this was clearly a joke, because the town he came from has no incorporated government.

Loan 3: Rent in a Rut

Maria introduced me to her cousin Lauren, who used payday loans to avoid homelessness. We met at a coffee shop to talk about her experience with payday loans, which she eagerly shared. Lauren’s use of payday loans was the shortest of all those I met. She took out her first loan in October 2016 and paid off her last loan that December.

Lauren’s loan afforded her “regular bills like rent, electricity, and a car payment.” She was working as a bank teller making $13.50 an hour, almost double minimum wage. She realized this wasn’t the best income but acknowledged that she had been in worse positions. “I had been in the hospital and missed work. I didn’t really have any other options." At twenty-seven she needed a payday loan. Lauren was pregnant with her second child and had just separated from her husband. She was dangerously vulnerable.

Her husband, despite being financially "well-off," refused to help her since they were living apart. When Lauren asked him for help before taking out the payday loan she recalled him saying "I'm not sleeping with you, I don't owe you a thing." She didn't have a credit card; her last resort was a payday loan. This loan kept her from "homelessness and losing [her] car."

Lauren took out her loan at the "Advance America shop in West Columbia, the one near Walmart." She lived close and "they were open late, so it was an easy choice." Customer service and convenient locations are often a top priority within the payday loan industry (Servan 2017). This helps payday lenders overcome their predatory reputation. Through friendly service, payday lenders present loans as manageable and encourage their clients to take out their maximum allowed amount (Hudson 1996; Servan 2017).

Lauren's initial loan was for $550, it was the maximum amount allowed. She recalled, "if I could have taken out a bigger loan, I would have. I realize it would have been irresponsible, but I was stressed. I probably would have spent it on shit I wouldn't have needed but wanted— I wanted to feel better. I knew I was going to rollover. She [the payday loan teller] told me I wouldn't have to worry about my first payment for two weeks. She told me that I could pay off most of it this payment and it would be paid off by the second payment period. She told me that if I fall behind, I can space out my payment over four pay periods, which made it seem easy because I could have extra time if something unexpected came up."

Even though Lauren was "skeptical and aware," the payday loan workers "make it seem as easy as possible. I came in asking questions, wanting to know the difference between a title loan and a payday loan. I paid off a title loan in the first period, but it left a bad taste in my mouth. I wanted to ask how much the loan was really going to cost me. Working in banking, I wanted to know the real cost[i]." She said that "the lady at the office was really nice to me, but it was just so they could get my business. It's funny, the people who work there are so nice, but that business is meaner and more dangerous than anything I've ever dealt with."

Lauren explained, "there was a little map with a fee schedule listed per $50 taken out. It was about $12.50 in interest per $50 [for a 14-day loan period]. There was no service charge in setting up the loan, just a fee based on how large the loan was." I did the math, her loan had an APR of 651%; I pointed this out to Lauren and she could not believe it. Lauren did not realize how high the APR was. This is common practice among payday lenders: advertise a fee, which is effectively simple interest, and if the loan is rolled over, effectively functions as compound interest (Hudson 1996; Servan 2017; Williams 2011). Deception becomes a key tool in payday loan business models. For Lauren, a "little map with fees" made the loan seem more manageable and less predatory.

Breaking debt cycles can be exceptionally difficult, especially for those who suffer from wage precarity. Lauren recalls that she "was able to pay [her payday loan] off and not continue the cycle, which is a plus. But I think for a lot of people they can't stop that cycle, so it's a bad decision, unless it's for dire situations like losing your house," which is exactly why Lauren took out her loan. She credits her relatively 'short-term' use of payday loans as a lesson she learned from having previously taken out a title loan.

Loan 4: Depression and Spirituality

I met Rodney, a financial ministry instructor at Brookland Baptist Church, to have a discussion on financial literacy. To my surprise, Rodney himself had made use of payday loans. Chapter four will entail a deeper discussion of financial ministry services; however, for now I will focus on Rodney's personal experience with payday loans.

One of the things that Rodney is adamant about is that "debt can happen to anyone, despite education or income." Rodney recalls "years ago, when I was going through a divorce." With his credit maxed out after having already taken out a small loan with his credit union, payday loans were his only accessible source of credit. Before taking out his first loan, Rodney "didn't really think much about them." But that changed quickly. Rodney recalls, "Back then, when payday came around, I would spend my entire lunch break driving to and from loan shops. I had four different spots: two on Broad River, and two in West Columbia. When I did this, I knew I would do it again; I would pay off one loan, only to go take out another. It went on for a long time, partly because I didn't have the pride to admit that I was struggling to survive."

Rodney earned around $50,000 a year working as an accountant for the state government. He noted the irony. Rodney "holds a B.S. in Accounting and Finance" and "understand[s] how money works." However, during his divorce he found himself "unable to distinguish need from want. I thought I needed to go out to lunch five days a week. I didn't want that brown bag." Rodney now realizes that he "was depressed, really depressed" which severed his "spiritual connection to God and life." As he became more involved in his church, he was able to overcome the emotional trauma of his divorce through spirituality. Rodney credits this for providing him with the motivation to engage in forms of household labor like preparing a lunch or doing his own laundry, which led to him cutting back on his expenses.

Rodney said that he didn't find his way out of debt until he enrolled in a financial ministry course at his church-- the same course that he now heads. The course Rodney took, and now instructs, "gave [him] back his connection to spirituality, allowing [him] to see [his] 'true needs,'" and break his payday loan cycle.

Rodney's use of payday loans shows that regardless of how much money one makes or how well they understand finance, people can still struggle to afford their needs and wants. He believes that only by getting out of debt, and seeing all of his options, was he able to manage his talents in a way that aligned him with his spirituality. Rodney, similarly to Austin, said he experienced a cocktail of negative emotions, ranging from anger and depression, to self-doubt, all of which affected his ability to live out his daily life, both professionally and personally. He feels that "debt is slavery. It taxes people emotionally and physically; when people are in debt, they're demotivated."

3.3) Community Conceptions of Payday Loans

I met Marc Rapport, a financial journalist for the Credit Union Times, at an event hosted through the local synagogue my family attends. Marc overheard me talking with a friend of my parents about my work on payday loans and immediately wanted to learn more. He offered to introduce me to a colleague of his, Jim Duplessis, who is a financial journalist for multiple local publications including *The State* and *The Times and*

Democrat. I met both Marc and Jim at a local coffee shop and had a follow up meeting with Marc at his office in a shared workspace.

Although Marc currently writes about credit unions, he is "well versed in payday loans." Marc believes payday loan use stems from "uneven income that generate stress. This affects the financial decision-making process of people who fall on hard times, which may lead them to using payday loans." It's in these "hard times" that Marc believes most people make their financial mistakes. "Not only do they have to worry about unexpected expenses, but also unexpected incomes. It becomes so stressful to find the best option, sometimes you just want the easiest option." He goes on to say "it's important to remember that people who use payday loans are some of the most money savvy people. Knowing that, you'll find lots of interesting things about how they manage their money, more than just how they use loans."

Marc's biggest concern is America's shrinking middle-class. What leads to this, according to Marc, is an "adoption of Republican Policy in the everyday life of Americans. We come to blame those with nothing for being irresponsible—I feel like George Orwell would have something to say about that. I'm a capitalist, but we have got to get back to caring for one another—we have no balance. We have to be realistic and help each other; it's the billionaire bastards and their whores in congress that don't want to help us, and it's not sustainable." This reflects a concern over the neoliberal ethos that positions individuals as being responsible for their social position despite the structural effects of policy reforms (Harvey 2011).

Jim believes most people who use payday loans "often have their back against the wall. They are people whose ability to make decisions are hindered, through things such as depression and stress." Oftentimes, they "encounter emergency expenses, or think they have more financial power than they actually do." Payday loan use, and other forms of predatory credit are never ideal options, but for many who find themselves in need, they are the only solution perceived to be accessible.

Jim argues that credit unions can help break payday loan use. Credit unions offer short term loans that "can't exceed 36% APR" and are meant to "help those with uneven incomes get by. A lot of people who fell into the credit trap of short term loans years ago are still recovering. They are now using credit builder loans provided by credit unions, which look very similar to payday loans, but affect your credit score. And since these people are really good at paying on time, they usually do get their credit score high enough to get the kind of credit they need—credit cards, long-term loans, hell even lower interest rates on car loans." Marc adds, "they are typically limited to only six rollovers", as opposed to payday lenders that have no rollover cap in South Carolina.

3.4) Positioning, Prestige, & Pride

Payday loan use is only one of the many ways people manage precarity through institutional access. People that use payday loans are socio-economically diverse. According to the Pew Research Center's 2012 poll: 58% of payday loan recipients are renters (Austin, Lauren, and Rodney); 33% are married (Victor); 25% are separated or divorced (Austin, Laruen, and Rodney); 49% are full-time employed (Victor, Austin, and Rodney). Not only are payday loan recipients demographically diverse but they are diverse across income range as well. Payday loans are used by: 9% of people who earn below $15,000; 8% of people who earn between $25-$30,000 (Lauren); 8% of people who earn between $30-40,000; 5% of people who earn between $40-50,000 (Victor and

Rodney); 4% of people who earn between $50-75,000; 3% of people who earn between $75-100,000 (Austin); and 1% of people who earn above $100,000. Although Pew does reveal who is likely to use payday loans, it does not explain payday loans use when have other credit options, like credit cards are available.

Clara Han's work on payday loans in Chile displays how debt can serve as a tool to achieve social necessities such as providing care for family members (Han 2011). Han displays how "Sra. Flora's [her primary research participant] eaten nerves tell us about lived tensions between caring for kin and the demands of economic precariousness" (Han 2011, 8), a lesson that both Victor and Austin display through their experience with payday loans. Taking out payday loans for them was emotionally painful because of the stigma associated with them, which I discuss immediately below. However, they perceived payday loans as a necessary tool to provide for their families.

Victor, Austin, and Rodney made use of mainstream forms of credit for as long as they could before they took out a payday loan. At that, Lauren expressed in a regrettable tone that she did not have access to any other forms of credit. For those who use payday loans, the stigma does not emerge from not being able to afford their standard of living solely through their wages, but from relying on payday loans as opposed to more ideologically acceptable forms of credit, such as credit cards.

The use of credit to maintain a standard of living becomes not only socially acceptable, but also a perceived solution to income inequality and economic instability (Hudson 1996; Lazzarato 2011). However, I argue dominant capitalist ideology encourages certain forms of credit, while others are stigmatized—the difference is rooted in structural positioning and class association (Graeber 2011). Social conceptions of credit encourage forms of credit that are associated with middle- and upper-class persons, such as credit cards and home mortgages, while they discourage with shame forms of credit that are associated with lower-income persons such as payday loans and pawnshops, (Hudson 1996; Williams 2011).

Despite perceived justified reasons for payday loans, there is a sense of guilt. Although this relationship can be explained through Friedrich Nietzsche's argument that the "major moral principle 'guilt' [schuld] derived its origin from the very materialistic ideal 'debt' [schulden]" (Nietzsche, 1994 4), I find a paradox in the relationship between debt and pride. Although debt often entails guilt or shame, people can use debt to maintain their pride, something typically negatively affected by guilt or shame. Both Victor, Austin, and Rodney expressed vast amounts of shame in discussing their use of payday loans, despite using payday loans to maintain their standards of living, something they all take pride in. Shame often discourages people from sharing their story, which perpetuates negative stigma. This stigma prevents people from sharing their experience with payday lenders, which only helps perpetuate the stigma of shame and guilt—a cycle of shame, guilt, and silence.

Similarly, Philippe Bourgois's work on crack dealers in New York City found that the underlying motivation to sell crack for his two primary research participants is that they sought respect and pride in their community (Bourgois 2002). Although selling crack is heavily stigmatized, the underlying motivation for crack-dealing is socially acceptable— providing for one's family and being treated with dignity and respect. Bourgois' participants sold crack because they could not attain these things in the "mainstream" economy. Likewise, Lauren found herself with no options in the mainstream credit market when she needed a loan. Her only option was a socially stigmatized form of credit. Lauren had no choice but to make use of a payday loan because otherwise she would have been evicted from her home, something far more worse than predatory credit and its associated stigma.

A defining characteristic of capitalist market economies is the exclusive relationship between economic status, social prestige, and happiness. Capitalist ideology promotes the notion that happiness is best achieved through market exchange with the purchasing of goods, specifically forms of symbolic capital (Weber 1909; Bourdieu 1977; Harvey 2011). Symbolic capital are forms of cultural capital (objects and embodied behaviors) with social prestige, assigned via group legitimation processes. Prestige, a product of ideology, is determined through the way subjects understand the world around them (Althusser 1970; Bourdieu 1977). Prestige is displayed differently depending on historical time, geography, ethnicity, race, and class.

The ideology of capitalist societies encourages a form of victim blaming where socially disenfranchised peoples face blame for structurally unequal positioning, while a moral pass is extended to those who benefit or create such inequalities (Barker, forthcoming; Bourdieu 1977). An example is blaming people who use payday loans for not having adequate resources to break cycles of debt, as opposed to blaming the consumer finance industry that profits from these debt cycles. Austin displays this through an emphasis on how he should have maintained a budget to avoid payday loans, and credits maintaining a budget as how he was able to overcome payday loans. He assumes responsibility for his disenfranchised positioning that prevents him from realizing the structural conditions that lead to debt traps like payday loans.

Class identities form on perceived similarities of economic and social behaviors and aspirations (Bourdieu 1977; Skeggs 1997). Skeggs uses Bourdieu's notion of social positioning as an understanding of access to different social institutions but expands it to be a doubly defined place; it is defined through both historical legacies as well as the range of available opportunities one faces (Skeggs 1997, 57). Despite the differences in occupation, standards and costs of living, Victor, Austin, and Lauren all used to payday loans to meet their credit needs. These people become who Servan refers to as "the underbanked" (Servan 2017, Xiii). I argue that the identities of the underbanked reflects the effects of neoliberal reforms, replacing traditional conceptions of class (i.e. lower-class, working-class, middle-class, and upper-class) in favor of one that reflects the complexities of social lives in late-stage capitalism.

Those who fall into the realm of the underbanked see an assault on their social positioning through disadvantageous economic conditions (Han 2011; Servan 2017; Skeggs 1997). Despite overt differences between people like Victor, Austin, Lauren, and Rodney (occupation, standard of living, need for loan, etc.), covert commonalities emerge, such as credit access and precariously afforded standards of living. In this sense, the underbanked are not a class that are easily stratified and recognized, but instead are organized based on economic institutional access (Ortner 2006; Servan 2017; Skeggs 1997). Becoming a member of the underbanked is not permanent, but instead reflects the active elements of, income, wealth, identity, and class. Despite income that qualifies them to be labelled "upper-middle class," people like Austin can become a member of the "underbanked class" when credit needs are not wholly met through the mainstream credit market.

Defining positioning through access to institutions like payday loans reveals that class is a product of more than just income and a standard of living (Bourdieu 1977). It is also the relationship among income, access to social institutions, and the ability to maintain a standard of living (Skeggs 1997). David Graeber argues that a loan's terms reflect the difference in social positioning between creditors and debtors (Graeber 2011). The higher cost of credit, the greater the difference between creditor and debtor in terms of social positioning. Lauren's fees are a telling example of how difference in social positioning affects cost of credit. An APR of around 650% is usurious in the mainstream credit market. However, I argue this high cost for credit is structurally supported because the underbanked are in a marginalized social positioning.

3.5) Conclusion

For Victor, Austin, Lauren, Rodney, and millions of others, the cost of daily life has risen at a rate to outpace any form of wage growth. Like Han (2011), I found that people made use of payday loans to afford care and survival in times of economic shortcomings. However, unlike Han and others that have studied payday loans, I found that people use payday loans for strategic reasons. Victor used payday loans when he specifically needed cash, and both Victor and Austin took used them to avoid credit reporting. These instances, and many more, display the varying strategies incorporated into people's habitus (Bourdieu 1977).

Costs to prompt use of payday loans vary on a case-by-case basis as demonstrated above. Although the Pew Research Center gives insight into statistical likelihood of payday loan use, it does not explain why people take out payday loans. Pew identifies "expected expenses" as comprising 68% of expenses covered by payday loans (Pew

2012, 2) but fails to explain need for predatory credit to afford expected expenses. Underlying themes emerge that can explain payday loan use— social instability that translates into economic costs. I find that affected persons insert payday loans into their financial repertoire to meet the financial needs generated through these social changes.

The financial journalists I spoke to gain insight into what members of the media know and instruct about payday loans. Jim's observation that people use payday loans when they "have their backs against the wall" is true, especially among people like Lauren who were facing an eviction. And Marc is correct in saying that people who use payday lenders are often financially "savvy"—as displayed above, there are various ways that payday loans are incorporated into economic strategy.

However, Marc's perception that people who use payday loans have little money is only partly true. People who use payday loans are socioeconomically diverse, as displayed through both Pew's 2012 study and my findings. Jim too misperceived who uses payday loans. He understood payday loans as being used primarily to afford "emergency expenses", however the Pew Research Center finds that only 16% of clients use payday loans to cover emergency expenses. Lauren was the only person I met who was in an "emergency" situation.

Although quantitative studies reveal economic diversity among payday loan recipients (Pew 2012; Digangi 2016), they are still associated primarily with lower-income persons (Williams 2011; Servan 2017). I argue this misperception of who uses payday loans is rooted in the sense of shame and guilt associated with payday loans. I find that people who perceive themselves to be middle-class (Victor, Austin, and Rodney) hide their use of payday loans to avoid stigma. This perpetuates the negative stigma of payday loans associated with lower-income or financially irresponsible persons, by preventing public discussion. I believe that displaying the "complexity" of clients among payday lenders will help better contextualize the cause for payday loans, which is structurally rooted in income inequality.

The people I met who used payday loans opted to do so because they appear as the best form of strategy at the time. Austin took out a payday loan because he needed credit but didn't want his credit score to affected by high balances. Victor used a payday loan for not only its non-reporting nature, but to have enough cashflow to pay his bills and give money to his children. Lauren used her loan to avoid eviction from her apartment. And Rodney took out his loans to avoid raising his credit card balances any further. In effect, payday loans are a tool. Despite the known costs associated with payday loans, the perceived outcome of using these loans is preferred to not using these loans.

Payday loans are predatory and often despised by those who make use of them—yet millions of people still use them. I believe people use payday loans because they need help making ends meet and strategically perceive them as the best option for them to afford their cost of living. Payday lenders are very visible and available. To learn about ways to prevent need for these loans, I present financial literacy intended to help members of the public break debt cycles in chapter four.

CHAPTER 4

DAWN OF THE (UN)DEBTED: FINANCIAL MINISTRY AND BREAKING THE DEBT TRAP

To complement perspectives of users of payday loans I provide ethnographic accounts of financial ministry services and financial education available to members of the public. I think financial literacy is important to study because of the trend in repeal of consumer protections, as discussed in chapter 2; it is one of the few tools at the disposal for consumers to navigate daily economic practice. I chose financial ministry services because they are one of the few free and openly available financial literacy programs for members of the public. Although I initially intended to learn more about payday loans through the perspective of financial educators, I learned that little attention is paid to predatory forms of finance in these financial ministry programs. Rodney's personal experience serves as an exception, with him even admitting that he knew very little about payday lenders before he found himself needing to make use of one.

Financial ministry services began trending in the United States in the 1970s to "help church members negotiate a theological dilemma of great political significance: how to live a Christian life in the ungodly economic world" (Zaloom 2016, 325). Financial ministry not only serves members of the host church, but also functions as an outreach tool to attract non-members who are "coping with financial difficulties" and looking for help (325).

Despite a general decline in church attendance throughout the United States and other late-capitalist societies, evangelical protestant churches have resisted this trend. These churches utilize 'new-wave' forms of worship that entail chic aesthetics and live music and other performative elements (Bowler & Reagan 2014). These churches have a strong presence throughout the Columbia, SC area (as noted by the author). The values propagated in evangelical churches materialize through their members embodied practices (Bourdieu 1977; Elisha 2008; Zaloom 2016). I present financial ministry services to gain insight into what instruction members of the public receive about the use of credit to maintain standards of living.

4.1) Financial Ministry: Debt Alive

Below, I present information from two different church financial ministry programs. I begin with a discussion with Rodney who heads Brookland Baptist Church's financial ministry service, followed by an analysis of the course material provided for members of the service. I follow this with a discussion of Newspring Church's financial counselling program and Financial Learning Experience (LFE). Both of these churches identify as evangelical protestant churches; however, they have notable differences in both demographics and ideology. I conclude this chapter with a discussion on the ideological values of Prosperity Gospel, the underlying ideological construct that guides many evangelical protestant churches through the intersection of faith and finance.

Through these ethnographic engagements I find personal responsibility as an underlying theme throughout both congregations' financial ministry programs. Personal responsibility reflects the values promoted within protestant evangelical churches throughout the United States (Bowler & Reagan 2014; Elisha 2008; Weber 1905). This approach to financial literacy focuses itself on the household budget. The budget serves as a double marker of its maker's economic and spiritual practice (Zaloom 2016). This approach fails to critique or educate on the effects of neoliberal reforms and increases in cost of living through a structural context. Although literacy in these courses promotes an abstention from consumerist impulses, focusing on individual as opposed to collective financial strategies structurally reproduces capitalist behaviors.

Ministry 1: Empowered Debt

It was a rainy and dreary Saturday morning when I met Rodney at the public library. He reserved a private room prior to arrival and arrived with a briefcase and large binder. Rodney describes Brookland Baptist Church as Columbia's "largest Black church, with over 6,000 members." This church serves what Rodney described as some of the most successful people in the community, as well as some of the poorest. As discussed in chapter three, Rodney had made use of payday loans while undergoing a divorce and he uses this experience to help his students avoid use of predatory finance.

The goal of Brookland Baptist's financial ministry service "is to prevent individuals from being taken advantage of in desperate times through preventative maintenance." Rodney posits that students of his program learn "how to manage all of Gods resources: time, money, and stewardship." Rodney's passion for helping others shows as he explains the interconnectivity between finance and spirituality. Rodney believes spirituality is hindered in times of financial hardship because more time and is dedicated to acquiring money than a connection with God.

The financial literacy program at Brookland Baptist aims to serve "as the educational component of the credit union." Brookland Baptist operates a fully functioning and federally insured credit union. This has become more common among evangelical churches since the early 1990s (Hudson 1996). Brookland Federal Credit Union is open to all members of Brookland Baptist and its seven affiliated congregations and requires a $10 minimum balance to maintain an open account. Rodney estimates that "at least 10,000" people qualify to be a member through its wide network of affiliation and low balance requirement. Rodney wants to see more responsible lenders in communities to reduce payday loan use. He uses Brookland Federal Credit Union as a model example.

To avoid payday loans, Rodney teaches how to "manage your money and seek non-profit help. People should be able to avoid using payday loans. Whenever people come to me asking for help and are considering a payday loan, the first thing I tell them is to never even consider taking one out. I am very open with people about my experience because I want to make sure people understand just how dangerous they can be. People should know about non-profits to help people pay their monthly bills." Rodney premises his advice with an acknowledgement that sometimes wages are not enough to maintain daily life. Needing help is not bad, but payday loans are. He believes there "is no reason payday lenders should exist. If [state legislatures] really cared about their constituents, they wouldn't allow for payday lenders to operate in our community."

Rodney also believes "financial literacy must start before adulthood, preferably middle school, but ideally even earlier. Some schools offer financial literacy as an elective. I think it should be a mandate. Our culture of spending has got to change." According to him, "the best way to stay out of debt is by first identifying what is causing someone to spend more money than they have". He finds that people overspend typically because they are either stressed, depressed, or both and so spend money to try to feel better. When stressed, people revert to the "I want it now, I deserve it now, why should I wait" mentality, according to Rodney. He calls it "the microwave era." In reality, "the impulse to spend only makes things worse, once you start you keep going until you can't no more."

Rodney's concerns reach outside the financial realm as well. He criticizes the class system saying "we need to go back to the village mentality. Being labelled is a trap that prevents opportunity of interaction." The class system teaches us to "value ourselves through many ways, typically through money. We no longer have that spiritual connection." He also believes that "schools should take up uniforms to avoid class discrimination in school and teach kids not to need material goods to fit in." As our conversation came to an end, I asked Rodney if I could attend a financial ministry course, but there were no lessons scheduled at the time. However, Rodney lent me the instructor's guide to the course.

Brookland Baptist's financial ministry service uses the Life Group Manual Company's "Do Well: The Crown Biblical Financial study" as instructional material. "Do Well" provides information on both getting out of debt and maintaining a debt-free lifestyle. Those who are in debt are instructed to: 1) "pray", 2) "sell what you are not using", 3) "decide which debts to pay off first", 4) "pay debts with the Snowball Strategy" (paying down the smallest account first and working up to the largest account), 5) "consider earning additional income", 6) "control the use of plastic" (credit cards), 7) "be content with what you have", 8) "consider a radical lifestyle change (downsize living expenses, get rid of a car, move in with family/get roommates)", and 9) "do not give up!" (Burkett 2017, 17).

This text reads skeptically of consumerism by positioning efforts to increase consumption as deceitful. A passage in this guidebook states, "financial tension results from believing the gospel according to Madison Avenue: Buy now and pay later with easy monthly payments. We all know that nothing about those monthly payments is easy. Advertisers fail to tell us the whole truth. They leave out one little word: debt (Burkett 2017, 27)." Furthering their critique of debt, the instruction guide encourages readers to consider "the other costs of debt. Debt often increases stress, which contributes to mental, physical, and emotional fatigue. It can stifle creativity and harm relationships. Many people raise their lifestyle through debt, only to discover that its burden then controls their lifestyle" (42). To resist these consumerist impulses, the guidebook encourages subjects to use cash as often as possible. Preference for cash emerges because subjects can only spend as much cash as they have—debt is not an option.

To maintain a debt-free lifestyle, "Do Well" encourages students to establish an emergency savings fund of $1000 and consistently add to that account. After debts are paid down, students should establish a second savings fund to accommodate any future planned expenses (Burkett 2017). The Life Group is explicit in warning readers to not use their savings account to pay off debts, but instead maintain a savings account to avoid the need to go into debt. This advice undermines the role credit can play in daily practice. With two savings accounts, credit should rarely be considered.

Ministry 2: Needs and Wants

A few days later, I met with Ryan from Newspring Church. Newspring is an evangelical Southern Baptist Church with fourteen locations throughout South Carolina. Newspring is the second fastest growing and fourth largest Southern Baptist Church in the United States (Chandler 2013). As I arrived at Newspring, housed in a former K-Mart, Ryan greeted me at the front door. Ryan had a warm sense of enthusiasm and immediately took me to the counseling center. After passing through two hallways that require ID scans to enter, we were in the counseling area where six small rooms were set up.

Ryan took a moment to prepare himself after we entered the counseling room. He sorted through his notes and took a deep breath. Ryan began by stating that everything he teaches comes from a "real world approach." Personal finance is not his trade, but his "passion"— he currently manages an auto-repair shop. Ryan positions himself and his wife as being "good stewards" by serving as financial counselors in their spare time. He emphasizes the need for people to realize that "finance is everything," which is why he is so passionate about helping others. Newspring's counselling session is "tailor suited to the individual" and Ryan seeks to "meet each person where they are at. An important part of this is to see one's heart, beliefs, and where they are at financially" before giving advice. Ryan is hawkish in preventing debt among those he counsels because he believes the "modern day slave is not in chains but in debt." He learned this first-hand having grown up in "Pelion, a town known for two things: poverty and peanuts."

Ryan posits financial education as the key to avoid "debt traps like payday loans or pawn shops." He believes "the economy isn't stable anymore. We can use credit to make or save money…but it takes a part-time job to manage that", which is why he counsels people away from credit altogether. "The first step to building discipline is to make a budget. Heck, my wife and I make four budgets a year. That way we can plan for everything." Our "spending culture", according to Ryan, means people are not "going to get out of debt. You gotta either make more money or decrease your lifestyle—adjust your spending. It's always that people then look for ways to make more money. They never want to cut back." He believes nobody "needs credit to survive. We need it because we aren't patient with our wants"— an assumption premised on the ascetic values of Protestant Christianity (Weber 1905). Ryan premises his critique about credit on the notion that wages solely afford cost of living. This approach fails to consider people like Lauren who could not afford necessities like rent without payday loans.

"Try to live a life within their means" or seek out help from places like Newspring is Ryan's best advice to those struggling to make ends meet. Newspring, like many other congregations, allocates funds to help both members and non-members pay their monthly bills. "We offer assistance for those who need help maintaining their four walls, which are electricity, food, gas, and rent / mortgage. Anything outside of that is considered a luxury." Understanding what one "needs to pay for, instead of what [one] wants to pay for" would, according to Ryan, "eliminate most of the debt we find ourselves in today." Ryan's understanding of why people are in debt focuses on notions of self-discipline as opposed to structural discontents implemented through reforms like the CARD Act. When it comes to debt, Ryan feels that "like Einstein said, interest is the eighth wonder of the world. It can make you rich, or it can rip you off."

Ryan's biggest concern is that the community is not being taught "the effects of debt in the home. When one goes into public schools, finance is not taught. Where are they supposed to learn?" Most of Ryan's counselees have no experience with finance "until they apply for financial aid." He points out that when someone takes out any kind of loan, "be it a student loan, credit card, or even payday loan, people aren't instructed on how to pay back that loan." To avoid payday loans (and most other forms of credit), he advises to "immediately establish an emergency fund between $500-$1000." According to Ryan, "everyone should have their own safety net." He explains that this will help prevent being taken advantage of through predatory credit like payday loans, since those loans are never any larger than the amount saved.

In addition to creating a safety net for emergency expenses, Ryan believes people need a "firmer and narrower" definition of emergencies. He provides an example of "rich problems." According to Ryan, an example of rich problems is "need[ing] luxury items like a new cell phone or making a payment on a car they shouldn't be driving." Rich problems entail two fundamental problems with the way the people he counsels define their needs. They are: 1) things that are not necessary for survival. And 2) they are problems that come from "people wanting to be rich, but not knowing how. People want to duplicate what their parents have without working for it." To him, "it is not like we're being bombed or don't have clean water. So in the grand scheme of things, we're all rich."

Ryan places a lot of blame on the lack of self-discipline on banks. He points out that "banks often occupy the largest buildings in cities. People think they need money to be successful. But them wanting money is what makes banks successful in the first place." Ryan is adamant that to cut back on spending, only "use cash. Not having cash makes it really easy to spend money, and the banks know this. [Financial institutions] know that when you have cash in your pocket, you have an emotional connection to it, knowing how hard it was to earn that money. But with debit cards, or now cell phones, spending money doesn't make you feel anything except instant gratification." As our conversation ended, he invited me to attend Newspring's "Financial Learning Experience (FLE)" scheduled the week after our meeting— I gladly accepted his invitation.

Ministry 3: I Was Broke, Now I'm Not: A Night with Joe Sangl

Newspring Church's FLE is open to the public. However, I assume a majority of attendees were members of Newspring since most cars had Newspring car magnets. As I approached the main entrance, I signed in on an iPad and was offered a complementary meal. After politely declining my meal, I made my way through a crowded and noisy foyer to enter the auditorium.

I sat in the back of the auditorium finding a workbook in my chair to accompany tonight's lesson. Looking around, the auditorium struck me more as a warehouse-based music venue than place of worship— I was in unfamiliar territory to say the least. From black exposed rafters, fog machines filled the room while upbeat Christian rock pulsed through floor to ceiling audio monitors. The blacked-out stage, lined with red neon lights and three large monitors displayed Newspring Church's chic neon green and black logo. The room slowly filled. About 500-600 people were in attendance. Most attendees were white, young, and arrived in what appeared to be cisgender heterosexual couples. There were only a handful of people of color or people that appeared to be over 35.

As I flipped through the provided workbook, the music faded with a voice coming over the sound-system asking attendees to take their seat with a five-minute countdown appearing on the visual monitors. As the countdown came to an end, a pastor came on stage to greet the audience, informing us that between all Newspring Church's "campuses," 4,300 people had checked in to tonight's event. This was my first time ever experiencing a 'multi-campus' Church.

The pastor informed us that Joe Sangl, would lead tonight's FLE and has a "wonderful history serving God and his community." Sangl hosts "over 100 events a year, reaching 50,000 people." He told us that tonight is the most important course they offer, because "money is everything. You can't live a good life, a life that God intends for you to live, if you don't have your finances in order." He then told us "God wants for you to gain financial independence. Financial independence will allow for you to use your time and talents in the best possible way for God. Now isn't that awesome?!" In closing he said he hopes to see all the attendees become "financially independent and be able to fulfill God's will"—I understood this as an implication that devoting one's resources to paying down debts interferes with their ability to devote resources to the church. After the pastor stepped off stage, another voice came over the sound system. The lesson was about to start.

The three visual monitors displayed Joe Sangl in front of a nearly identical crowd to mine. Sangl's lesson was live-broadcasted from Newspring's main campus in Anderson, South Carolina. He began by telling the audience about tonight's lesson: "I Was Broke, Now I'm Not (IWBNIN) was founded in 2006" when Sangl was a self-proclaimed "founding member of Newspring Church" who wanted to share his keys to economic success with those who shared similar values. After telling a “humorous” story about how he is his mother’s “only daughter” (being responsible for traditionally feminized forms of household labor like cleaning and cooking), Sangl promised everyone that followers of his advice “will be debt free, except for a mortgage, in at most three years.” He admits that before making money “in the corporate world,” he was a “spender, not a saver,” but assures the audience that if he can save money, anybody can.

The first lesson, “there is power in working together,” concerns itself with household budgets. Sangl assures the audience that “the bible does not speak of debt as a sin or something wrong, but the bible does speak in very cautious terms about it. The best way to remain cautious is to have the constant counsel of a spouse. This creates the reason for you to plan your finances.” He believes people should “have fun managing their money, together.” Sangl’s advice for counsel through spouse reflects his own ideological conceptions of the role of marriage— it is about utility. Sangl places emphasis on the heteronormative conception of marriage, which is a key component of the reproduction of conditions of production under the capitalist order (Althusser 1970; Weber 1905)

Sangl emphasizes the importance of being debt free because “debt and greed are like slavery. And people only go into debt because of their greed”, further underlining the need to disconnect one from secular material desires and commitments to free up resources for devotion to the church. He continues to say, “debt takes parents away from their kids. It ruins the family. It ruins marriages.” For a marriage, it is important to “not be infatuated with the moment, because moments don’t last when you’re in debt.” When couples are out of debt “moments last, and there are more of them” according to Sangl.

The keys to financial independence, according to Sangl, “are all found in the Bible.” Sangl tells us “the bible is the greatest money book ever. Did you know there is more in the Bible about money than love or power?” To gain financial independence, Sangl argues it is important for people to “get their oxen in order,” citing Proverbs 14:4: “where there are no oxen, the manger is empty, but from the strength of an ox an abundant harvest.” Today’s oxen, according to Sangl, are stocks, mutual funds, and rental properties. He says holders of these “no longer work and can serve the lord.” To afford oxen, Sangl encourages people to take get a second job, find a cheaper car, or rent out a spare room.

Sangl’s advice is premised on the assumption that those in debt have ‘luxuries’ they can do without and have the financial stability for investment funds. After doing a simple budget in the workbook, Sangl assigns “homework” to the audience. He asks for a list of all monthly expenses listed in order of importance. Sangl then challenges the audience to cut out “anything and everything that isn’t important, or at least cut back.” Throughout the event, Sangl encourages readers to purchase his books that are listed in the workbook; he assures his books will make sure “you know everything you need to know.” As the lesson came to an end, Sangl lead a prayer with the audience reciting it with him; this prayer was not listed in the workbook and having never been to a Christian church sans weddings and funerals, I did not know what prayer was being recited.

4.2) The Evil Debt: Prosperity Gospel

Evangelical churches often see their membership spanning well over 1,000 members (Bowler & Reagan 2014; Elisha 2008). Many evangelical churches embrace the ideology of prosperity gospel—both Brookland Baptist and Newspring have embraced these values. Prosperity gospel originated in the 1950s among primarily white American populations, spreading to people of color the from late 1970s onwards. Daily economic behavior becomes central to the followers of prosperity gospel; followers serve as "God's money managers" who must use their own money to facilitate God's will (Zaloom 2016, 329). Prosperity gospel is a "transdenominational doctrine that emphasizes that God grants material prosperity, good health, or relief from sickness to those who have enough faith" (Schiemann & Jung 2012, 738). God directly intervenes in daily life (Bowler & Reagan 2014; Zaloom 2016).

Evangelical churches encourage a form of verbal confession that is colloquially referred to as "Name It and Claim It" culture, where congregants verbally proclaim what they are financially struggling with in hope of God's help (Bowler & Reagan 2014). Sangl displays this through ways he gets his audience to interact in the lesson. He asks the audience questions often, and they respond. Phrasing for questions position themselves to help guide the audience's understanding of debt and finance. Examples include "how can God help you get out of debt?" and "how has debt affected your ability to serve God?". By doing this, subjects of prosperity gospel enter a state of quasi-financial agency, where they recognize God as an active force in their financial practice. This is a form of "soft prosperity" that attributes fortune to God's will and misfortune to individual responsibility (Bowler & Reagan 2014, 190). Here, ideology influences practice.

Many evangelical congregations utilize contemporary trends to help them appeal to a young and lower-income audience (Schiemann & Jung 2013; Zaloom 2016). They engage in a form of "reflexive pragmatism", such as music-based worship and social media outreach, blending traditional values with contemporary practice (Bowler & Reagan 2014, 187). Newspring Church displays this through their recently launched phone-based application that delivers church sermons to 7,000 members weekly. And Brookland Baptist Church broadcasts sermons online. Ironically, these churches find success in breaking from tradition; the more cutting-edge they are, the larger their congregation base.

Prosperity gospel embraces ideological values that appeal to those who are most alienated from traditional protestant Christian churches—young and lower-income persons (Bowler & Reagan 2014; Zaloom 2016). Prosperity gospel promotes values of financial stewardship, which places value on using one's wealth to further the message of Christ (Zaloom 2016). People like Rodney display how the values of prosperity gospel affects embodied practice. As discussed in chapter three, Rodney found himself overspending and reliant on payday loans until he became a more active member of Brookland Baptist. Going to church not only helped him overcome dependence on payday loans, but also inspired engagement in forms of financial stewardship by leading the financial ministry service at Brookland Baptist.

A "moderate relationship to things" is a central theme of prosperity gospel, "advocating neither poverty nor prosperity," but seeking to facilitate a strong spiritual relationship between subjects and God through financial practice (Zaloom 2016, 329). To do this, subjects are instructed "to be in the world, but not of it." Rodney embraces these values when he criticizes consumerist culture and the current class system in the United States. This is also displayed through both Ryan and Sangl, who both advocate for people in debt to minimize their lifestyle and to embrace their spirituality over secular wants. In both cases, financial ministry recognizes the necessity of meeting secular needs, but they seek to minimize material consumption in favor of spiritual stewardship.

Prosperity gospel promotes a form of "soft prosperity" that is a "more roundabout way that faith return[s] blessings" (Bowler & Reagan 2014, 190)— wealth as a function of spirituality. To do this, prosperity gospel utilizes budgets as an "interface" that upholds a boundary between the spiritual and secular world, placing moral valuation on economic practice (Zaloom 2016, 326). Budgets, in financial ministry programs, serve as a double marker of the counselee. Firstly, a budget marks how well one can manage themselves in the secular marketplace. Secondly, whether one maintains their budget or not becomes a function of their spiritual relationship (Zaloom 2016, 325).

Budgets are important because financial stewardship, a key value to prosperity gospel, requires subjects to be free of financial commitments to "economic institutions" like creditors (Zaloom 2016, 329). Through the prosperity gospel Ryan advocates for a debt free lifestyle for this exact reason. However, remaining debt free does not mean skepticism of the market. Just as Ryan refers to interest as "the eighth wonder of the world," Sangl advocates for his students to invest in stocks, mutual funds, and rental properties to maximize their financial stewardship. In giving this advice Sangl and Ryan are not resisting the logic of neoliberal markets, but encouraging their subjects to improve their social positioning to become rentiers as opposed to renters.

The approach to finance taken by Ryan and Joe Sangl does not acknowledge the realities of fluctuating incomes and costs. Ryan states credit is for people who are "impatient with their wants." He positions debtors as being irresponsible rather than structurally disenfranchised because of neoliberal economic policies. Through an emphasis on individual responsibility, the logic of neoliberalism remains unchallenged in the prosperity gospel.

Churches that adhere to the prosperity gospel take traditional Christian beliefs and apply them to the modern secular world— living according to the tenets of the prosperity gospel "returns the divine touch to the invisible hand" (Zaloom 2016, 326) as it enters the realm of personal finance. Evangelical churches establish a financial ministry service for this express reason (Elisha 2008; Zaloom 2016). This belief positions God's will as a mediator of socio-economic functions.

Tithes become an intersectional place where people display ideology through economic practice. Newspring Church's website states "money is not something we earn but are given by God" as a justification for collecting tithes (newspring.cc), even from the poorest of members. Evangelical churches position tithing as a return-on-investment that will bring economic prosperity to those who give (Zaloom 2016). Prosperity gospel churches ensure members pay their tithes by incorporating tithes into the household budget taught in financial ministry services (Elisha 2008). Enforcing compulsory tithing fails to consider problems with wage stability or fluctuating costs, which cause many people to need credit.

Financial ministry services seek to "counter the sway of economic institutions" like banks and credit card companies that encourage consumptive patterns built on credit (Zaloom 2016, 329). However, although abstention from excess consumption is encouraged, it still promotes the ethic of individualism a core principle of neoliberalism (Harvey 2011; Lazzarato 2011). This is a concern of ideology. The realm of ideology is comprised of both orthodoxic and heterodoxic values (Bourdieu 1977) that materialize through the behavior of people that are subjected to various structures of ideology like churches or neoliberal finance instructions (Althusser 1970). An example can be seen in the way Crown Financial Ministries espouses an anti-consumerist approach to becoming debt free but abstains from encouraging collectivist efforts to resist the need for credit.

4.3) Conclusion

Prosperity gospel positions itself as a force to “counter the sway of economic institutions” is problematic. Financial ministry seeks to empower their subjects both spiritually and economically. These services are free and typically open to the public. Although principals taught in financial ministry courses do help resist consumerist impulses, they do not serve as an effective tool to resist capitalism. Embracing doctrines of individual responsibility undermines legitimate efforts for structural change because individualism is a necessary premise of neoliberalism. This emphasis reinforces the same tenants of neoliberalism that posits individual participation in the market as the most virtuous behavior (Harvey 2011). My findings reveal the household budget and personal savings accounts are positioned as tools to resist the need for credit. This advice could prove useful in some cases for preventing payday loan use, however it fails to address the structural cause payday loan success.

Despite my ideological concerns with these churches, they are useful to the public. They provide charity services that can help people afford their cost of living and are often the only free financial literacy courses available to the public. At that, budgeting is important and a useful skill to aid in managing money and avoiding debt traps like payday loans. Both congregations position debt as something to be avoided if possible; they do not speak of debt as a sin but do address it in a skeptical manner.

Congregations often provide bill payment services for this exact reason. The ideological values of prosperity gospel are rooted in freeing its subjects from economic commitments to secular institutions like banks to allow for more resource devotion to be committed to faith-based activities (Bowler & Reagan 2014). Charity facilitates this shift in commitments.

Financial literacy programs are most effective at targeting people who have money but do not "properly" manage their money; this proved to benefit people like Austin and Rodney who attribute financial discipline as their way to break payday loan cycles. Additionally, for people like Lauren, these congregations offer bill payment services, which would have prevented her from taking out a payday loan to pay her rent. Prosperity gospel promotes an approach to economic practice that embraces individualism while also abstaining from consumerism. This approach to finance places great emphasis on personal responsibility in times of hardship but then attributes success to faith and spirituality. Financial ministry does not cure structural financial problems. Instead it advocates for a new approach to personal finance that embraces the ethic of personal responsibility and commitment to spirituality through financial stewardship.

To return to Marc, he is skeptical on the effectiveness of financial education preventing payday loan use. He argues that "financial literacy is a big thing nowadays. You can't balance a checkbook or manage dividends if you have nothing to start with." Marc went on to say that "it's really easy to say people who use payday loans are bad with money, but they just don't have enough money. In fact, I bet that people who use payday loans are better with money than either of us— it's incredible that they survive on so little." This consideration was never voiced among the financial literacy programs I surveyed, which reveals a disconnect between how people who instruct in community finance perceive economic conditions and the lived experiences outside of cthat view.

CHAPTER 5

LIFE AFTER DEBT: CONCLUDING REMARKS

Payday loans are one of many tools used in everyday life to help people afford cost of living when wages and mainstream credit options are insufficient. I attribute neoliberal policy reforms to recent payday loan success. These reforms increased risky investment practices and allowed for consumer-oriented banks to move assets into non-FDIC regulated institutions (Williams 2011). Furthermore, the CARD Act of 2009 restricted access to the credit market for those deemed “risky” (Servan 2017). According to Williams (2011) these reforms led to a split in the consumer credit market that gave payday lenders access to record client volume and record profits. I display the lived discontents of these reforms through face-to-face interviews focusing on predatory lending practices.

In this thesis I present interviews focusing on payday loans from the perspective of the diverse types of people who were affected by payday loans. This project is meant to display the richness and complexity of those who use payday loans, as opposed to former misperceptions of users being solely lower-income (Hudson 1996; Servan 2017). Although the Pew Research Center does display this through its data, what it does not display is why people opt to use payday loans when other credit options are available. I find a variety of reasons for payday loan use including convenient hours and locations, no credit check, and cash-on-hand. Payday loans prove to be another tool in the financial repertoire of capitalist subjects who must employ different strategies to afford their cost of living.

To understand community knowledge about payday loans, I present perspectives of financial journalists and financial instructors on payday loans. Initially, I wanted these perspectives to focus solely on payday loans; however, that was not always what happened. The financial journalists knew a lot about payday loans, but typically within the context of credit unions. They construct a dichotomy of credit by positioning payday loans against credit unions, respectively labelling one predatory and the other responsible. Although this dichotomy typically holds true, I do believe it is misleading and fails to acknowledge a grey area that payday loans can occupy. For example, both Victor and Austin used payday loans to avoid credit reporting. For them, paying more for credit was better than receiving cash through institutions like credit unions because they report to credit bureaus.

I find a difference in the understanding of payday loans from financial ministry instructors, as well. Rodney is empathetic towards people who consider payday loans, having relied on them at one point in his own life. Ryan feels otherwise. Ryan positions need for credit as a lack of patience; he fails to consider the varying needs of diverse types of people. To resist debt traps like payday loans, both financial ministry courses advocate for a combination of actions. They encourage household budgets, reducing monthly costs to a minimum, and seeking out help from non-profits like their church. This advice is useful to many who are struggling; however, my concern is that it does not address the cause of people's need for such loans.

However, similarities between Rodney and Ryan do exist. The individual market actor is the central premise for both instructors, which displays the incorporation of neoliberal market logic into financial ministry ideology. Hickel & Khan (2012) refer to this as the crisis of critique in capitalism. Or as Althusser (1970) puts it, efforts to resist the discontents of capitalism are coopted by the values of capitalism through enforcement of a core ideology. For neoliberalism, the ethic of the individual is one component of core ideology.

This thesis adds to the field of economic anthropology that focuses on both predatory finance and financial literacy in the United States. I use Han (2011) and Roberts (2013) to articulate of the relationship between payday loans and social reproduction. I show that people use payday loans as a strategic tool to navigate their available credit options. Additionally, my work on prosperity gospel churches displays the way the logic of neoliberalism has inserted itself into these financial literacy programs. This is important because it displays the far-reaching nature of capitalism and neoliberal ideology, although this relationship between capitalism and Christianity is not new (Weber 1905), I find the relationship maintains itself in the modern, neoliberal context. In this way, I position prosperity gospel as a spiritual reification of the values that underline neoliberalism— the ethic of the individual as being solely responsible for their social position.

5.1) Future Work

In future research, I would like to learn more about alternatives to capitalist forms of finance. There are two approaches I would like to take. The first is Islamic finance. Islam forbids the use of interest on loans, instead utilizing profit sharing schemes to better share risk between creditors and debtors (Esposito 1999). Following the 2008 housing crisis, Malaysia, having successfully resisted structural adjustment programs imposed by the IMF, proved to be one of the few states whose financial sector grew, despite a worldwide recession (Rudnyckj 2014; Schottmann 2014); this success was attributed to its financial sectors adherence to Islamic tenants. My interest in Islamic finance stems partly from my undergraduate background in Islamic Studies and my interest in undermining forces of capitalism. A second potential field of interest is collectivist approaches at undermining capitalist finance. This would be to study informal savings networks like those mentioned in Han (2011) and Servan (2017), or community building efforts by groups like the Black Panthers, which involves members of the community pooling resources for one another's use.

I would also like to incorporate different theoretical approaches to analyzing social practice. I believe an inclusion of Foucault's notion of subject formation would have profoundly enhanced my discussion of financial ministry by linking debt theory and social theory. Furthermore, I have recently discovered the Actor-Network-Theory through social geographers like Timothy Mitchell and Tania Li. From my understanding, this approach to social theory seeks to build on Bourdieu's notion of Practice Theory by incorporating objects and resources into social networks. This approach would have allowed me to better conceptualize payday loans as a social force, as opposed to a social tool. Finally, a nuanced gender analysis would have enhanced understandings of identity construction through standards of living and symbolic capital. This discussion would not only have better contextualized why people need payday loans, but also the difficulties in applying advice from financial ministry services to real life.

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[i] Indicates total monetary cost for loan period