

Debt and Interest

Our culture considers credit (debt and interest) as necessary and normal. Few of us are able to live our lives without taking on some form of debt.

But the Bible has a very different approach. Rather than being something unremarkable, or even desirable, debt is seen as a last-ditch solution to poverty, and interest a form of injustice. How might Christians understand and apply these insights in a culture that doesn't see things the same way?



Thinking Biblically About...

Debt as a convenience

We go into debt for two reasons. One is that we have to: because there are things we need that we cannot otherwise afford. The other is that we *want* to. We are used to treating debt as a form of second income. Instead of

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otherwise have done, we are the first generation in history to treat debt as a convenience.

saving, we use debt as a way to bring forward future income to today. Despite the fact that this ends up costing us far more than it would

Capitalism prioritises the highest return for lenders above all else, and the market for loans is vast and complex. This reduces the relationship between borrower and lender to a programme on a computer. Banks don't really need to know their customers. They carry out background checks to ensure that they are likely to repay them. The more risky the loan, the higher the interest rate has to be to compensate the lender. That is as far as the relationship goes.

The Bible has a very different approach to debt and interest, and to the relationship between borrower and lender.

Q: Do you know how much debt you are in – and do you see it as a problem?

! Make minimum repayments on a credit card debt of £1,000 at a typical rate of 19.9% per year, and you could end up paying a total of £2,330 over almost 20 years.

What's the Problem?

Debt is a part of everyday life. Credit cards make buying now and paying later fast and simple. Overdrafts give us flexibility in our budgets. Buying a house would be impossible for most people without taking out a mortgage. Then there are the secured and unsecured bank loans, store cards, and payday loans that are marketed aggressively by the money-lending industry.











All of these forms of debt come at a cost: the interest rates attached to the loan. For mortgages that might be 3-5 percent a year. For payday loans it might be 30 percent a month. However high, though, we generally consider it a price worth paying at the time.

Debt and interest are built into our financial system and our society in a way that is taken for granted. Recent economic 'growth' has been built on borrowing. Household debt is at its highest ever level. Corporate debt is routinely used to fund takeovers and expansion. Government debt pays for the public services we otherwise could not afford. Debt maintains 'life as normal', and the interest payments on the loans are just the price of doing business.

WHAT DEBTS CAUSE THE MOST WORRY?

1,292 people polled were worried about the following debts...

"Debt and interest are built into our society in a way that is taken for granted."

 CREDIT AND STORE CARDS	32%
 OVERDRAFT	14%
 MORTGAGE REPAYMENTS	12%
 BANK LOANS	9%
 LOANS FROM FRIENDS/FAMILY	8%
 STUDENT LOANS	6%
 DEBT REPAYMENTS	5%
 HIGH-INTEREST SHORT-TERM LOANS	3%
 HIRE PURCHASE	3%
 OTHER	8%

Source: www.BainesandErnst.co.uk

What does the Bible Say?

We view debt and interest as a convenience or, at the very least, a necessary evil. The Bible sees debt as an absolute last resort for those in poverty, and interest as a form of serious injustice.

The Jubilee

The Jubilee Laws in Leviticus 25 are a collection of laws intended to strengthen Israelite relationships, society and identity by maintaining families' connections and roots to their local communities. Land could only be sold temporarily and every 50th year it was returned to the family who owned it. Debts were to be cancelled every seventh year. Loans were allowed, but their purpose was to help people in times of hardship – not to allow others to profit at their expense.

“Interest was seen as a tool by which the rich extracted money from the poor”



“If any of your fellow Israelites become poor and are unable to support themselves among you, help them as you would a foreigner and stranger, so they can continue to live among you. Do not take interest or any profit from them, but fear your God, so that they may continue to live among you. You must not lend them money at interest or sell them food at a profit.”

(Leviticus 25:35-37)

The land and debt laws meant that families were less likely to scatter in times of hardship to find work, and they would always have roots in the same place.

A lack of interest

The ban on interest applied to *all* Israelites in *all* circumstances. The only exception was lending to foreigners – possibly because they did not keep the same rules, so could have taken an interest-free loan from an Israelite and lent it out at interest to someone else.



‘Do not charge your brother interest, whether on money or food or anything else that may earn interest. You may charge a foreigner interest, but not a brother Israelite, so that the Lord your God may bless you in everything you put your hand to in the land you are entering to possess.’

(Deuteronomy 23:19-20)

Credit where it's due

Interest was seen as a tool by which the rich extracted money from the poor, keeping them in poverty (Proverbs 28:8). The ban on interest was part of a series of wider measures to minimise poverty, including the regular cancellation of debts.



‘At the end of every seven years you must cancel debts. This is how it is to be done: Every creditor shall cancel any loan they have made to a fellow Israelite. They shall not require payment from anyone among their own people, because the Lord's time for cancelling debts has been proclaimed. You may require payment from a foreigner, but you must cancel any debt your fellow Israelite owes you. However, there need be no poor people among you, for in the land the Lord your God is giving you to possess as your inheritance, he will richly bless

you, if only you fully obey the Lord your God and are careful to follow all these commands I am giving you today.

(Deuteronomy 15:1-5)

No one was to be enslaved by debt for more than seven years, and no extended family was to remain without land (the means of providing for themselves) for more than 50 years. Periodically, the financial system was reset to restore a degree of equality and the chance of future prosperity for all – a radical liberation from the oppression of debt.

“The ‘something-for-nothing’ principle of collecting interest is seen as an injustice.”

However, the Deuteronomy verses show that the ban on interest applied in all circumstances, not just lending to the poor. The principle was built into Israel’s financial system.

Debt and relationship

Lending today is a near-anonymous business, with credit checks and statistical models taking the place of genuine knowledge of a person’s financial situation. Higher interest rates reflect greater risk. If a debt cannot be repaid, the borrower may end up going bankrupt, meaning that they cannot be pursued for the debt.

Ownership and responsibility











The biblical principle is that ownership entails accountability to God and neighbour for what is done with any property (see Exodus 21:28-36 and 22:5, for example). Interest payments are not intrinsically connected to the use to which the money is put. There

need be no real relationship between the provider and user of funds. The ‘something-for-nothing’ principle of collecting interest is seen as an injustice.

Ownership therefore involves responsibilities as well as rights. For the borrower, that means the responsibility to repay debts. This was taken seriously in the Bible (Psalm 37:21). In the Old Testament, if a debt could not be repaid the borrower could be sold into bonded service for up to seven years. In the New Testament, debt is used as an analogy for sin – notably by Jesus in the Lord’s Prayer and in the Parable of the Unmerciful Servant (Matthew 18:21-35). If debts could have been cancelled as easily as they can be today, this analogy would have made no sense.

For the lender, responsibility means accepting a level of risk along with any return the money generates. In the Parable of the Talents, the wicked servant is a poor steward of the resources with which he has been entrusted. He avoids risk and responsibility by burying his talent in the ground through fear of his master, whom he describes as a ‘hard man, who harvests where you have not sown’. His master states that he should have put the money in the bank, which would have had the same effect but would at least have earned interest. The implication is that collecting interest, which is generally free of risk and largely unconnected to the ‘work’ that the money is really doing, is unjust: it is ‘harvesting where you have not sown’, something that a ‘hard man’ would do (see Matthew 25:14-30). Is it surprising that Jesus reinforces the Old Testament ban on interest?

Modern and biblical attitudes to personal debt and interest

	In the Bible	Today	
Why borrow?	<p>To avoid destitution in times of hardship. Reasons include:</p> <p> Loss of land (Leviticus 25)</p> <p> Famine and tax burden (Nehemiah 5:3-4)</p> <p> Bereavement and inherited debt (2 Kings 4:1)</p>	<p> To pay for essentials in times of financial stress</p> <p> A 'necessary evil' for large investments (e.g. a mortgage or starting a business)</p> <p> To supplement our current income to buy luxuries</p>	
	Why lend?	<p> A compassionate means of helping the poor</p> <p> To maintain a just and prosperous society</p>	<p> To profit from those in a position of need</p> <p> To increase personal wealth without taking responsibility</p>

Q: How seriously do you take your debts? Do we treat sin any more seriously?

Where do we go from here?

We see debt as entirely normal, and interest as the price of accessing a loan. The Bible sees debt as a form of enslavement and interest as a means of oppression and injustice. Debt was considered so serious and the burden to repay it so heavy that Jesus uses it as an image for sin in the New Testament.

Martin Luther said that there were three kinds of conversion: the conversion of the head, the conversion of the heart, and – last of all – the conversion of the wallet. As Jesus said in the Sermon on the Mount, 'Where

"Where your treasure is, there your heart will be also."

your treasure is, there your heart will be also.' (Matthew 6:21)

The challenge for Christians is to take a radically different approach to money, debt and interest than the one our culture takes for granted. When it comes to saving and borrowing, we generally make our decisions based on securing the best rates, without even questioning what debt is for. We also have to consider that lending money at interest – including to a bank through savings accounts and ISAs – may be considered 'reaping where you haven't sown' by the Bible.

No easy answers

For most of us, there aren't easy answers to these challenges – we need to keep our money somewhere, and banks offer the best solution (under the mattress isn't an option, since the Bible also warns against hoarding,

Q: Are there ways you are making 'something for nothing' at others' expense? Is there an alternative?

as in the Parable of the Rich Fool in Luke 12:16-21).

Wherever possible, our money should be 'put to work' (as the Parable of the Talents says), for a worthwhile purpose. Today, as in biblical times, financial poverty tends to go hand-in-hand with relational poverty: those who are poorest are also most marginalised, finding it hardest to access the support and opportunities that others take for granted. In the Old Testament, money couldn't be lent out for profit, and spare capital was therefore invested in families and communities. The Bible's teaching on debt meant that that money was lent to strengthen relationships and serve society, rather than a loan further impoverishing the borrower.

Money is all about justice

Dealing with debt as a Christian doesn't just mean reducing our personal debts and thinking carefully before borrowing. Wherever possible, money should be used to enrich our relationships and help others (Luke 16:9), not simply to create more money for the sake of it. The Bible doesn't forbid us from making a profit. It does warn against making unjust profits, and against prioritising money above all else.

For churches, there are challenges to give clear teaching on money and debt, and to provide debt counselling where necessary. Some churches also manage hardship funds and provide interest-free loans to those in need. They may also encourage savings through credit unions.

Lastly, we need to work to reform our financial system to enable better and more just relationships between the providers and users of capital – for example through lease-to-buy finance and other financial products that share risk and reward, rather than paying interest regardless of rising or falling prices.

Is it time we started thinking differently about Debt?



- We see debt as normal or even as a convenience, but it comes with hidden costs.
- The Bible states that debt and interest are a form of slavery that harms people and society.
- Instead, it says money should be used to serve society and strengthen relationships, not destroy them.

Thinking Biblically About... is a series of 2,000-word guides that unpack modern-day issues from a biblical perspective. The **TBA** series aims to give Christians a firm foundation for engaging with some of the most difficult questions of our times: money and debt, sex and marriage, how we spend our time, how we treat the environment and what the role of government is.

You can also read our **Long Distance Christian** series, a collection of 10,000-word booklets looking at key issues in more depth.

The Jubilee Centre is a Christian social reform organisation based in Cambridge, UK. We believe that the Bible's teaching applies to every area of modern life and has enduring relevance for Britain and the world in the 21st century. At the heart of this social vision is a concern for right relationships, expressed by Jesus in his summary of the Old Testament, *'Love the Lord with all your heart... and love your neighbour as yourself.'* (Matthew 22:37-40)

Find out more at www.jubilee-centre.org/debt-interest