

Penalized: The unfair burdens of banking

by [Roger Kruger](#) in the [December 14, 2010](#) issue



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Mr. George lived in a single-room unit in a government-subsidized high-rise apartment building across from the church I served in Little Rock, Arkansas. When he attended worship services, he came in his wheelchair with a volunteer who assisted him in crossing the street and rolled him up the ramp into the side entrance.

My visits with him in his home were not always pleasant. The odors of dirty laundry, stale tobacco and stagnant air greeted me whenever I entered his apartment. He usually had a smile on his face, but it seemed forced, more like a grimace, and he spoke in a gruff voice, slurring his words. A ruddy complexion made him appear angry. So when he called, complaining that he was about to be evicted because the bank had stolen all of his money, I went to see him—but I wasn't looking forward to the meeting.

As I looked over his bank statement I immediately saw problems. Though his purchases were relatively minor, the statement showed an overdraft amount of more than \$300. I soon discovered that part of the problem was an automatic monthly bank draft for a life insurance policy, which he admitted having signed up for in response to an advertisement he saw in the newspaper. Because he never wrote a check, he forgot to deduct that amount from his monthly balance. Nonetheless, there would have been enough in the account to cover all of the remaining checks, with the exception of one larger draft written at the end of month. The bank processed this check before several smaller ones, tipping the balance and generating a series of overdraft charges. This seemed unjust. It also seemed possible that it was simply a confusion related to computer processing. I agreed to go with him to the bank to see if we could get the overdraft charges dropped.

I wheeled him the couple of blocks from his stuffy one-room apartment into the marble-floored, overly cooled and spacious bank lobby and was struck by the contrast between the two worlds. It was soon clear that though bank employees had not previously met Mr. George in person, they were familiar with his gruff voice and angry complaints from his phone calls. He received none of the cheerful greetings and helpful responses I typically receive from bank employees. The account executive we met with was unsympathetic. I argued that if checks had been processed by date, a much smaller overdraft amount would have been incurred, but my words fell on deaf ears.

"That's standard practice," she said. "The larger checks are usually the most important ones," she reasoned, discounting the benefit that procedure might have for the bank. In the end, after much pleading, the bank agreed to waive half of the overdraft penalties. I apologized to Mr. George for not being able to do more. He understood, he said. He hadn't expected that I could.

I left that encounter with a clearer understanding of the slippery slope of indebtedness. Banks and other financial institutions can be heartless. The word *credit* derives from a term meaning "to believe." Banks often deal cruelly with those whose "believability" is deemed unsatisfactory—much as the church in the past dealt with those whose beliefs it deemed heretical. When one fails, for whatever reason, to meet a financial obligation, the slide into serious problems accelerates. I developed a greater sympathy for those in financial difficulty and became more fastidious about balancing my own checkbooks and paying off credit card balances.

My picture of the financial world was bifurcated. I imagined that there was a "normal" world where most lived, one in which people incurred debts, paid them off and were treated with compassion, reason and respect. Then there was the other world, the dark back alleys where predators preyed on helpless individuals whose foolishness or ignorance had allowed them to fall into a debt they couldn't repay. I had hoped that government regulators could limit the damage done by predators, while people of faith could on occasion provide support and advocacy. But given the current economic crisis, I realized that dividing the world this way was inadequate.

The eye-opener for me was the passage of the Credit Card Act in 2009. The bill prohibited raising interest rates on existing balances and charging interest on balances that had already been paid. In response, credit card issuers began to look for other ways to raise fees that would enable them to "adequately compensate for their risk." Was this motivated by greed on their part? This might be a partial explanation, but it seemed plausible that their concern was also legitimate, which could mean only one thing: the service they provide for customers like me was subsidized by the penalties they extracted from others.

I enjoy the use of my credit cards. It lessens the necessity of carrying a lot of cash. I receive a monthly statement of my expenditures, and because I pay off my balance each month I receive these benefits free. In fact, I actually earn a small amount of interest each month from my purchases. But now I understand that these "free services" are being made possible by excessive fees and penalties imposed on individuals like Mr. George. I imagined myself his advocate; in reality, I was complicit in his victimization.

It is curious that in a culture that celebrates individualism—individual accomplishments, individual rights, individual spirituality—our financial institutions are the ones returning us to a sense of our interconnectedness. When one peels away the layers of blame associated with credit card practices, one arrives eventually at collective guilt. To some degree we are all responsible for the excessive fees imposed on those who accumulate a large credit card debt.

In a similar fashion, the recent economic crisis was caused in large part by the creation of new forms of collective risk. Mortgage securities were invented, which minimized risk by spreading it broadly. Individual mortgages were sliced and diced, repackaged with a multitude of others and resold to investors. Risk spread so broadly appeared minimal. The possibility of greater profits at lower risks was

enticing and worked like a drug. But when risk became so broadly spread, it eventually undermined the entire system. Many who had no knowledge that they were sharing in the risks taken by Wall Street traders suddenly found that they had a larger stake in the outcomes than they realized.

The economic crisis may have done some good in reawakening us to our collective responsibilities. Congregations in general have fallen on hard times. There are many reasons for this, but surely one of the most significant is that collective responsibility has fallen out of fashion. In the area of faith, there had been a movement toward "spiritual" and away from "religious." Ironically, the word *religion* derives from the Latin *religio*, which means "to bind," with implications of being bound to other members of a group, while spirituality emphasizes freedom and the individual. For those intent upon the pursuit of individual spiritual experiences, congregations became irrelevant.

A bifurcated world works well for someone interested only in "me and God" and the pursuit of a personal morality. If I believe I am not directly involved in the decisions that systems and institutions make, I can be absolved both from the consequences of those decisions and from the responsibility to seek change.

Involvement in congregational life, however, develops an awareness of our interrelatedness and interdependence. Through my participation, I am exposed to truths I would otherwise avoid. The corporate prayers of worship, the public confession and absolution, the doctrine of original sin, the oft-repeated prayer recited in unison that begins with the word "Our"—all are reminders of our interconnectedness, our collective risk sharing and guilt, our collective redemption and the opportunities to unite in service.

Congregations have their problems, but as the recent financial crisis has once again revealed, we are more connected to one another than we thought. Within congregations, we have the opportunity to learn from others, to join with others in searching for solutions and to practice sacrificial living that benefits community. I am rediscovering the value of being "religious," of renewing a commitment that binds me to others as well as to God.