

Usury

- I. usury: The fact or practice of lending money at interest; esp. in later use, the practice of charging, taking, or contracting to receive, excessive or illegal rates of interest for money on loan.
- II. There are three basic reasons for usury:
 - A. The Reason of Time-Preference.
 1. A man forfeits the use of his money for a period of time during which it is unavailable for expenditure or investment for profit.
 2. Since present goods are more valuable to men than future goods, men discount future goods.
 3. Interest is the discount between future goods and more highly valued present goods.
 - B. The Reason of Risk.
 1. The lender may not get his money back.
 2. Interest is the lender's incentive and his compensation for that risk.
 3. Honest and able borrowers reduce the risk factor and thus reduce the interest rate.
 - C. The Reason of Inflation.
 1. A lender will want to be paid back in money that will purchase as many goods in the future as when the money was lent.
 2. Inflation causes the purchasing power of the money to diminish.
 3. The lender will want enough extra money in return to compensate for the expected decline in the value of the currency.
- III. Consider verses dealing with usury.
 - A. **EXO 22:25.**
 1. Do not lend to the poor on usury.
 2. The lending was not only to be to poor who could repay. c/w **LUK 6:34-35.**
 3. Such pure lending to the genuinely poor was essentially an unbound loan that God would honor. **PRO 19:17.**
 - B. **DEU 15:7-8 c/w LEV 25:35-37.**
 1. This is a loan to the poor.
 2. The loan was to be sufficient to satisfy *need*. c/w **1JO 3:17.**
 3. The loan was to satisfy the true needs of the body, not the lusts of the flesh. **JAM 2:15-16; MAT 6:31-32; 1TI 6:8; LUK 10:30-37.**
 - C. **DEU 23:19-20.**
 1. This prohibits lending upon usury to a brother but allows it to a stranger.
 - a. Thus, not all usury was prohibited.
 - b. Such a law accorded with Israel's dealings with other nations. **DEU 15:6.**
 - c. Such a law might have encouraged a Jew to not loan to a needy brother since those funds could gain usury by foreign loans but this was offset by **LEV 25:35**, "...thou SHALT relieve him..."
 2. Since they were forbidden to *oppress* a stranger (**EXO 22:21**), this usury that could be imposed upon a stranger could not be onerous or exploitative.
 3. Jesus' teaching showed the proper application of this text: usury *may* be exacted of a stranger but was not mandatory nor sometimes even proper. **LUK 10:30-37.**
 - D. **NEH 5:1-10.**
 1. Those who complained to Nehemiah were obviously poor: they were in jeopardy of losing their land and children to usury when circumstances and taxes were already strapping them.
 2. Loans on usury to such were what the law forbade. Commerce which with intent

makes the poor fail is wicked. **AMO 8:4-6.**

- E. **PSA 15:5.**
 - 1. If this prohibits all usury, then it contradicts the law.
 - 2. God is not double-minded, condemning here what He permitted in **DEU 23:20.**
- F. **PRO 28:8.**
 - 1. Consider the contrast. Increasing by usury is set in contrast to gathering for him that will pity the poor.
 - 2. Treatment of the poor is the issue in this passage.
- G. **ISA 24:2.**
 - 1. This passage says nothing of the ethics of usury.
 - 2. If this passage condemns usury, it condemns all commerce.
- H. **JER 15:10.**
 - 1. Jeremiah had neither loaned nor borrowed on usury; therefore, no one had that reason to curse him (but such is often the lot of an unpopular reprover).
 - 2. Otherwise, this passage says nothing about the circumstances wherein usury may or may not be charged.
 - 3. “Neither a borrower nor a lender be,
For loan oft loses both self and friend,
And borrowing dulls the edge of husbandry.”
(Polonius to his son Haertes, *Hamlet, Act I, Scene 3*)
- I. **EZE 18:8, 13, 17.**
 - 1. Not receiving usury follows taking one’s hand off the poor.
 - 2. Treatment of the poor is the issue with regard to usury in this chapter.
- J. **EZE 22:12.**
 - 1. Greedy gain is associated with this usury.
 - 2. Just increase is normal and part of God’s honor. **PRO 3:9.**
- K. **MAT 25:27; LUK 19:23.**
 - 1. Jesus taught that usury and banks have their place.
 - 2. Both parables also show that trade is an alternative to bank interest.
- L. **LUK 6:34-35.**
 - 1. Our loans to the poor are to be made without usury and with no expectation to receive back even the principal. Repayment is solely according to the will of the receiver.
 - 2. These are not loans for business purposes.

IV. Conclusions.

- A. If it is always wrong under all circumstances to charge usury to a brother, then it is always wrong to make a profit of him.
 - 1. *Increase* as well as usury is specified in the law.
 - 2. Improperly applied, this would forbid a Christian businessman from hiring a brother since there would be no sense in hiring him if his labors did not produce a net gain (increase) for the businessman over and above what he pays a brother for his labor.
- B. It is not wrong to charge usury to a brother if the loan is for business other than necessity.
 - 1. If the brother is desperately poor and the loan is for need, **LUK 6:34-35** applies.
 - 2. Lenders should exercise discretion. **PSA 112:5.**

V. Additional considerations.

- A. If Biblical law respecting usury was followed, the poor would not be forced into the usury market (which drives interest rates up due to the increased risk to the lender).
- B. **ROM 13:8** does not absolutely forbid all debt.
 - 1. debt: That which is owed or due; anything (as money, goods, or service) which one

- person is under obligation to pay or render to another.
2. owe: To have to pay. To be under obligation to pay or repay (money or the like); to be indebted in, or to the amount of; to be under obligation to render (obedience, honour, allegiance, etc.).
 3. due: That is owing or payable, as an enforceable obligation or debt.
 4. If all debt is absolutely forbidden, then we could never hire anyone to do work because to do so is to incur a debt.
LEV 19:13; DEU 24:14-15; JOB 7:2; ROM 4:4.
 - a. Until the value of the labor is recompensed to the laborer, the employer is in debt to the laborer.
 - b. An employer could pay the laborer in advance for his work but then the laborer would be in debt to the employer until he performs his according labor.
 4. If all debt is absolutely forbidden, then we could not write a check to a retailer for a product we take home and put to use.
 - a. Until that check clears, the retailer has not been compensated; we still owe him. This is deemed a mutually acceptable arrangement.
 - b. Ironically, “paying” a retailer for his product with a credit card immediately compensates him for his product and we can immediately (or even previously) transfer funds from our bank account to the credit card company to cover our “debt” to it. We “owe” for less time than if we pay the retailer with a check. A debit card immediately transfers funds to the retailer from *our own* funds, not those of a credit card company.
 - c. Similar observations could be made about payment of utilities (which have been used for weeks before payment is rendered), medical or legal services, etc.
 - (1) Statements of account may be days or weeks in arriving.
 - (2) Statements often have declarations such as “due by...” or “due upon receipt,” etc. Such declarations imply that their provider has not yet considered you in default and did not expect you to pay until the *due time*.
 - (3) Again, this is a mutually acceptable arrangement which streamlines business operations and fosters trust in both parties. The user tends to trust the provider who gives him a “grace period” before making the obligation due, and the provider trusts that the user will pay him at a future demand. Users who abuse this arrangement by not *rendering to all their dues* (**ROM 13:7**) violate Paul’s order, break trust with the provider, and become known as risks to businesses.
 - d. Cash is still an option but has its own set of risks (loss, robbery). Sin (which itself is a debt) has made owing preferable to the risks of paying cash.
 5. Scripture allows borrowing. **EXO 22:14-15; 2KI 4:3; ACT 28:30.**
 - a. Have you ever borrowed a tool, machine, etc. from someone?
 - b. Would you be offended if your neighbor charged you a reasonable fee to offset the wear, tear and depreciation on his lawnmower even though you had returned it full of fuel?
 - c. NOTE: lending is NOT the same as a charitable gift, and charity that is forced by another’s will is NOT charity but extortion.
 6. The context of **ROM 13:8** is that of paying *due* tribute, custom, fear and honor. **ROM 13:7.**
 - a. The violation occurs when *due* payments are not made.

PSA 37:21; PRO 3:27-28; 1TH 4:6.

- b. It is also a violation when one assumes debts without the ability to pay them (**PRO 22:26-27**). Distinguish between:
 - (1) promising to pay back an *unsecured* loan when you know you don't have the funds or perhaps even the intent to pay.
 - (2) promising to pay back a *secured* loan (e.g. home mortgage) where you don't now have the funds to pay it off but the lender agrees to take security of your property and receive that property as an alternative to your payments if you default on the loan.
- C. It is superior to be the lender rather than the borrower. **PRO 22:7; DEU 15:5-6; 28:43-44.**
- D. The Christian is to seek freedom. **1CO 7:21.**
- E. If one is in arrears with his creditors, he should:
 - 1. be humble and cooperative with his creditors and strive to work out a payment plan with them. **MAT 18:23-27.**
 - 2. be willing to sell possessions to pay off the debt. **2KI 4:1-7.**
- F. We do well to reduce risk in business ventures. **PRO 13:23; 14:8, 15; LUK 14:28-33.**
 - 1. If you use a credit card,
 - a. use it as if it were a debit card: deem the dollars as already gone.
 - b. use it only if you have available liquid assets to cover the purchase without jeopardizing other necessary expenses.
 - c. pay it off promptly, no later than the statement due date.
 - d. treat it like fire: a friendly servant but a ruthless master.
 - e. beware of its ability to change your mental attitude about thrift.
 - 2. Avoid paying usury (interest) wherever possible.