

## [Isn't this absolutely wonderful about payday loans?](#) [1]

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Although the loans are marketed as a quick, flexible way to get cash for items like home improvements and holidays, almost four out of five people who turned to Christians Against Poverty (Cap) with problem debts, including payday loans, said they had used them for food. Half said they had paid gas and electricity bills with them, while a third had borrowed to meet rent or mortgage costs.

[Payday loans](#) [3] are indeed an expensive way of getting small amounts of money very quickly. But they're also the only way of getting small amounts of money quickly. It's that second which is the point that has to be kept in mind.

Think through the alternative possible sources of money. You're out of cash for whatever reason and you've got to feed yourself and the family tonight. You're out of luck with friends and family and who else is there? The government of course: you could try applying for some benefit or other. Perhaps you wouldn't have starved to death in the six weeks it will take them to process a claim. The banks won't even think of lending someone £50 to tide them over. And even if they would it costs more to arrange an overdraft with a bank than it does to try Wonga.

So, we now find that we've got entirely private sector and profit seeking companies setting up to meet a real social need. For there really are people who need to be able to feed the kids on money borrowed for a few days or a week or two. And we find that those who do indeed borrow money from these companies do so to feed the kids, not to blow it on a holiday.

Isn't this excellent? Social need met by unplanned and uncoordinated market action? Or have I misunderstood the point that Christians Against Poverty are trying to make somehow?

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