

Neighborhood Development Team

**Christopher Moeller**<sup>1</sup>, Phillip Mitchell<sup>2</sup>, and Abigail Parham<sup>3</sup>

<sup>1</sup>IU McKinney School of Law, Public, IUPUI; <sup>2</sup>IU School of Social Work, IUPUI; <sup>3</sup>IU School of Public and Environmental Affairs, IUPUI

The Neighborhood Development Team worked to address the public problem of payday loans in Central Indiana. The economic disadvantaged in Indianapolis commonly utilize payday loans. Payday loans average \$300-\$400 at 390% interest. An average payday loan customer will take out nine loans in a given year. Research stated that borrowers generate 90% of the payday lending business with five or more loans per year the problem is that borrowers have an issue repaying loans within a limited period due to these high interest rates and are in need of another loan to pay back the original loan. .

Our model provides the same loans as the payday loans but at a much smaller, 36%, interest rate for a longer duration, thirty days instead of fourteen days. Our loans will also contribute to the borrower's credit score. The greater goal is economic empowerment.

**Mentors:** John Clark, IU School of Public and Environmental Affairs, IUPUI; Richard Ward, Anthropology, IU School of Liberal Arts, IUPUI; and Karen White, Office of the Vice Chancellor for Research, IUPUI