



# **2015 Payday Lending Report**

The Washington State Department of Financial Institutions

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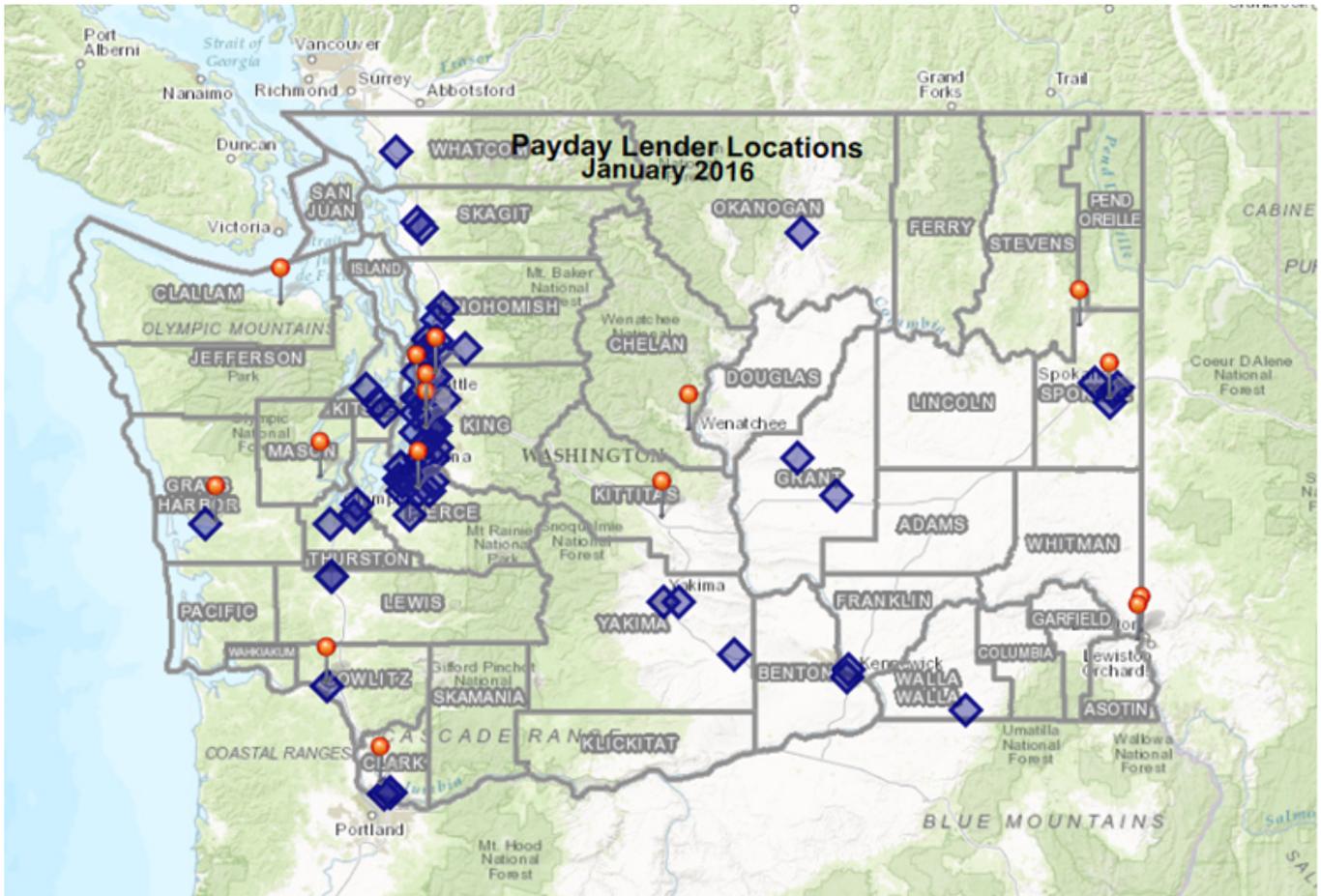
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## PAYDAY LENDER LOCATIONS MAP



Map only represents in-state payday lending locations.  
Orange pins represent headquarter locations, blue diamonds represent branches.

The Department of Financial Institutions (DFI) created this report as an educational tool for policy makers and other interested parties. The statistics presented represent data reported to DFI from payday lending licensees for calendar year 2015 as well as data gathered from the state payday loan reporting system.

The legislature passed Washington’s first payday lending law in 1995 under the Check Cashers & Sellers Act (RCW 31.45). DFI regulates payday lenders that do business in Washington State by licensing all locations, examining the licensees regularly, investigating complaints and bringing enforcement actions when appropriate.

### WHAT IS A PAYDAY LOAN?

A payday loan is a small, short-term, high interest loan. The consumer must either provide the lender direct access to their checking account or write a post-dated check for the loan amount plus a fee.

### WHAT IS ALLOWED IN WASHINGTON STATE?

Loan Terms and Conditions	Example
<p><b>Minimum Loan Term:</b> a due date on or after the date of the borrower’s next pay date. If a borrower’s next pay date is within seven days of taking out the loan, a licensee must set the due date of a small loan on or after the borrower’s second pay date.</p>	<p>A loan for \$500 + \$75 fee = \$575</p>
<p><b>Maximum Loan Term:</b> 45 days</p>	<p>A loan for \$700 + \$95 fee = \$795</p>
<p><b>Maximum Loan Amount:</b> \$700, or 30% of gross monthly income of the borrower, whichever is lower</p>	
<p><b>Maximum Fee:</b> 15% on the first \$500, and 10% on the amount greater than \$500</p>	

### BORROWERS’ RIGHTS TO INSTALLMENT PLANS

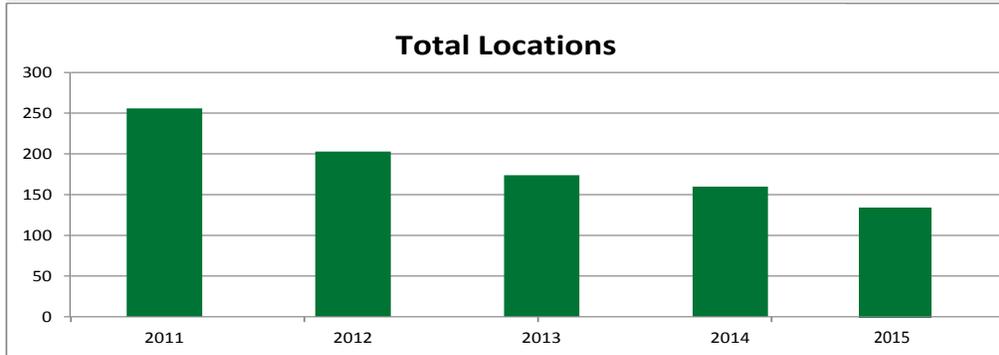
Borrowers are entitled to an installment loan at any time prior to default. Borrowers do not have to pay a fee for the installment plan and have from 90 to 180 days (depending on the original loan amount) to repay the loan in a series of installments.

The statistics presented on pages 5-9 represent data on all payday lending licensees for calendar year 2015.

### NUMBER OF LICENSED PAYDAY LENDERS

The number of payday lending locations decreased 13% from year-end 2014 to year-end 2015. Overall, the number of payday lending locations has decreased 81% since its height in 2006.

	2011	2012	2013	2014	2015
Companies	68	52	46	39	29
Branches	188	151	128	121	110
Total Locations	256	203	174	160	139



### PAYDAY LOAN HISTORICAL DATA

Year	Small Loans Made	Total Amount of Small Loans
2011	855,829	\$326,673,119
2012	909,570	\$342,989,751
2013	871,801	\$331,430,078
2014	819,755	\$319,290,707
2015	776,824	\$300,903,558

### TOTAL PAYDAY LOANS MADE (MEASURED IN MILLIONS OF DOLLARS)



When measured in dollars, payday lending is a \$301 million industry in Washington.

### PAYDAY LOAN ANALYSIS

Washington State Payday Lending Industry	2015
Volume of Payday Loans	\$300,903,558
Number of Payday Loans	776,824
Average Payday Loan Amount*	\$387.35

\*The average payday loan in 2015 was \$387.35, compared to \$389.50 in 2014.

### PAYDAY LOAN FEE ANALYSIS

Washington State Payday Lending Industry	2015
Total Payday Loan Fees	\$43,053,504
Number of Payday Loans	776,824
Average Payday Loan Fee*	\$55.42

### PAYDAY LOAN TERM ANALYSIS

Washington State Payday Lending Industry	Average Term
Average Payday Loan Term for 2015-Agreement date to initial due date	22.63 Days
Average Payday Loan Term for 2015 - Agreement date to final close date (including loans which went into installment plans)	38.60 Days

### BORROWER INCOME

Washington State Payday Lending Industry	Average Monthly Income*
WA Average Customer Income for 2015	\$3,046.33 **

\*Monthly income for customers is based on the most recent update to customer income in the Veritec database during 2015 and does not necessarily reflect monthly income at the time transactions were opened.

\*\*The average monthly income in 2015 was \$3,046.33, compared to \$3,036 in 2014.

### BORROWER AGES

Age Category	% of Customers	% of Transactions
18-24	11.6%	10.0%
25-34	25.6%	23.6%
35-44	21.7%	21.5%
45-54	19.4%	20.3%
55-64	14.2%	15.7%
65 or over	7.5%	8.8%
Total	100%	100%

The average age of customers conducting transactions during the period was 41.9 years.

## WASHINGTON STATE PAYDAY LENDING INDUSTRY

### BORROWING LIMITS

Beginning January 1, 2010, borrowers are limited to eight loans in any twelve-month period from all lenders. This limit is enforced by an external electronic database to which all licensees are required to report all small loans.

Washington State Payday Lending Industry	2015
Number of Unique Customers	214,099
Number of Customers that Reached 8-Loan Limit*	56,986
Percentage of borrowers that reached their maximum number of loans	26.62%

\*Not all customers that reached the 8-loan limit received all loans during the 2015 calendar year, as the limit is over a rolling twelve month period where the limit may have been hit at any time during 2015 when the eighth allowed loan was taken out.

### INSTALLMENT PLAN USAGE

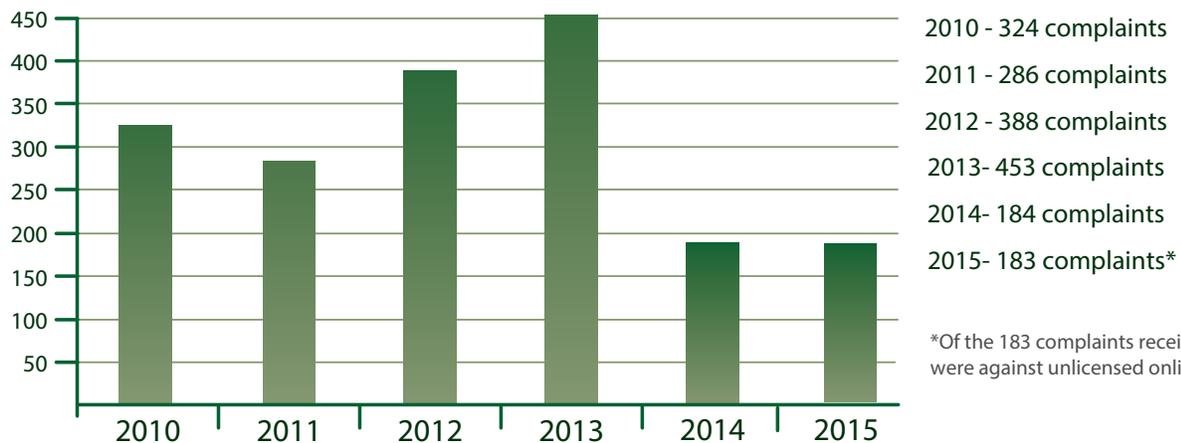
Beginning January 1, 2010, borrowers are entitled to an installment loan at any time prior to default. Borrowers do not have to pay a fee for the installment plan and have from 90 to 180 days (depending on the original loan amount) to repay the loan in a series of installments.

Washington State Payday Lending Industry	2015
Number of Small Loans Made	776,824
Number of Small Loans Converted to Installment Plan	95,899
Percentage of Small Loans that were Converted to an Installment Plan	12.35%

### CONSUMER COMPLAINT SUMMARY

DFI Investigates complaints from consumers about payday lenders.

DFI received the following number of complaints against all payday lenders in Washington State.



\*Of the 183 complaints received in 2015, 67 were against unlicensed online payday lenders

Note: Some online complaints may be tracked under the Consumer Loan Act and are not reflected in these numbers

The tables on this page capture loan frequency data as the number of loans each individual borrowed during the calendar year 2015.

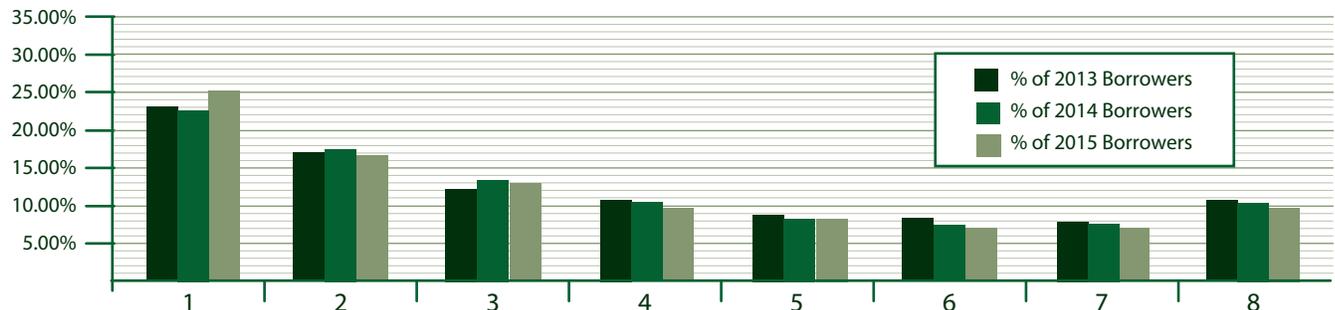
## BORROWER LOAN FREQUENCY

Annual Loan Frequency	Total Borrowers	% Total Borrowers	Total Number of Loans	% of Total Loans
1 Loan	54,732	25.56%	54,732	7.05%
2 Loans	36,966	17.27%	73,932	9.52%
3 Loans	27,845	13.01%	83,535	10.75%
4 Loans	21,787	10.18%	87,148	11.22%
5 Loans	18,440	8.61%	92,200	11.87%
6 Loans	16,460	7.69%	98,760	12.71%
7 Loans	16,456	7.69%	115,192	14.83%
8 Loans*	21,413	10.00%	171,325	22.05%
<b>TOTAL</b>	<b>214,099</b>	<b>100.00%</b>	<b>776,824</b>	<b>100.00%</b>

\*Note, this data is limited solely to loans taken out during the 2015 calendar year, which differs from the 56,986 borrowers reported on page 7 that took out an eighth loan over a rolling twelve month basis at some point during 2015.

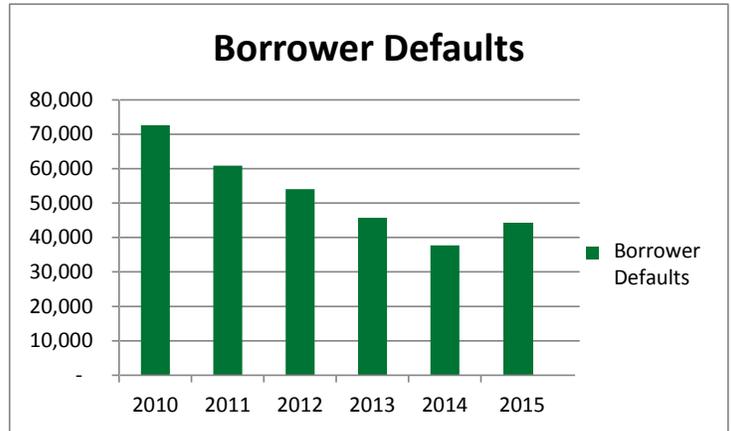
## BORROWING FREQUENCY COMPARISON

No. of Loans:	1	2	3	4	5	6	7	8
2013 Percent of Total Borrowers	22.97%	17.00%	13.37%	10.68%	9.09%	8.16%	8.02%	10.70%
2014 Percent of Total Borrowers	22.85%	17.79%	13.85%	10.60%	8.93%	7.85%	7.90%	10.22%
2015 Percent of Total Borrowers	22.56%	17.27%	13.01%	10.18%	8.61%	7.69%	7.69%	10.00%



### BORROWER DEFAULT INFORMATION

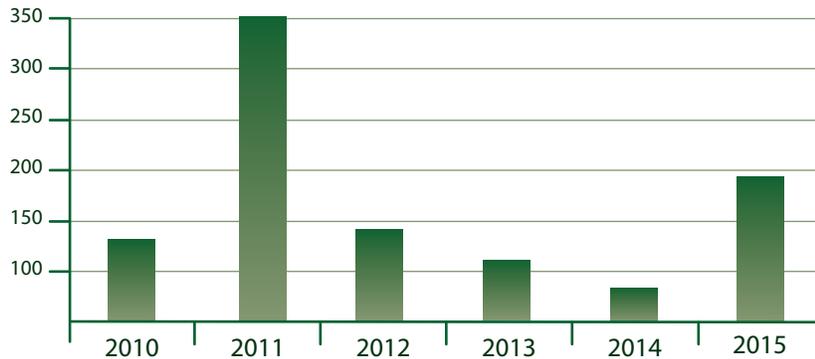
Report Period	# Borrowers with a Default
2010	72,563
2011	60,863
2012	54,031
2013	45,756
2014	37,703
2015	45,679
2010-2015 Total	316,595



### MILITARY BORROWERS

On October 1, 2007, a 36 percent annual percentage rate cap took effect for all loans made to military borrowers. This cap was mandated by the Talent-Nelson Amendment of the John Warner National Defense Authorization Act of 2007. Due to this cap, the majority of the payday lenders in Washington State have ceased lending to military borrowers.

Number of Military Borrowers



- 2010: 131 Military Borrowers
- 2011: 353 Military Borrowers
- 2012: 143 Military Borrowers
- 2013: 115 Military Borrowers
- 2014: 63 Military Borrowers
- 2015: 192 Military Borrowers



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