



# **2016 Payday Lending Report**

The Washington State Department of Financial Institutions

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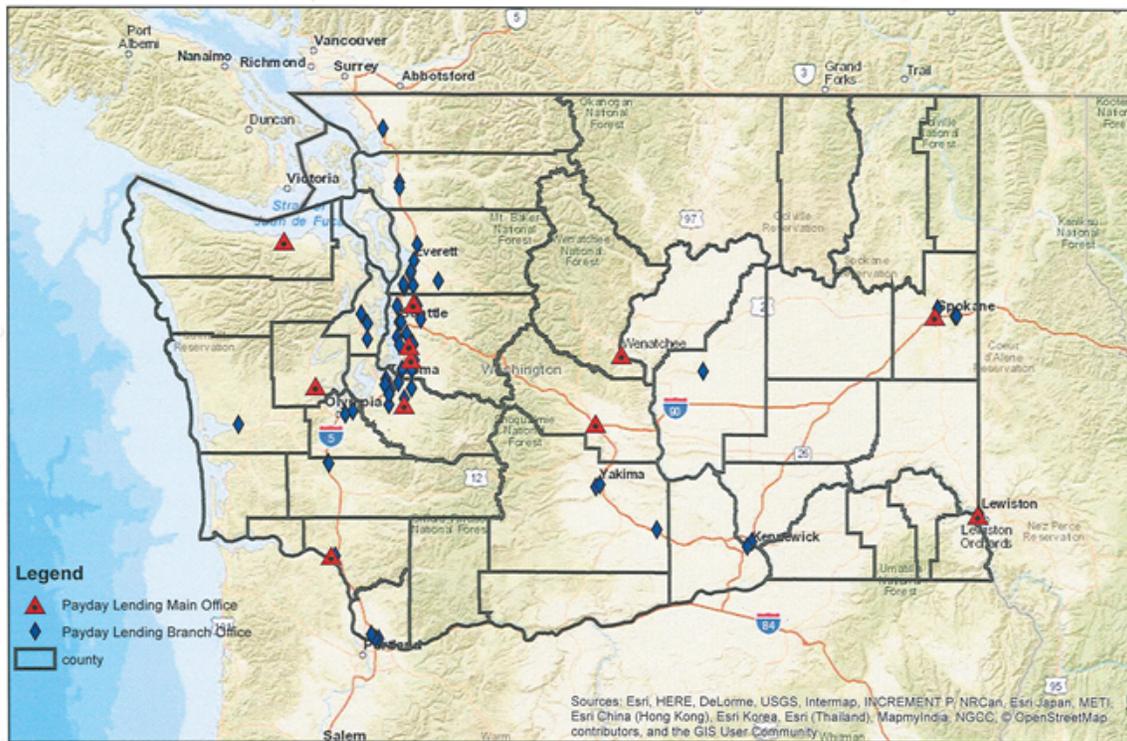
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# WASHINGTON PAYDAY LENDER LOCATIONS MAP

Department of Financial Institutions  
Payday Lender Locations  
April 2017



*(In-state licensed locations only)*

Red triangles 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 2016 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 repaid</p>
<p><b>Maximum Loan Term:</b> 45 days, unless the term of the loan is extended by agreement of both the borrower and the licensee and no additional fee or interest is charged</p>	<p>A loan for \$700 + \$95 fee = \$795 repaid</p>
<p><b>Maximum Loan Amount:</b> \$700, or thirty percent of gross monthly income of the borrower, whichever is lower</p>	
<p><b>Maximum Fee:</b> 15% on the first \$500 10% on the amount greater than \$500</p>	

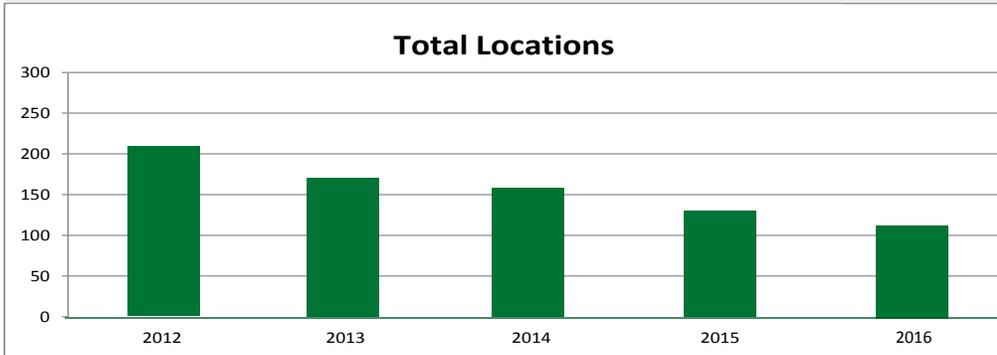
### BORROWERS’ RIGHT TO INSTALLMENT PLANS

Borrowers are entitled to an installment plan 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.

### NUMBER OF LICENSED PAYDAY LENDERS

The number of payday lending locations decreased 18.7% from year-end 2015 to year-end 2016. Overall, the number of payday lending locations has decreased 84.8% since its height in 2006.

	2012	2013	2014	2015	2016
Companies	52	46	39	29	26
Branches	151	128	121	110	87
Total Locations	203	174	160	139	113

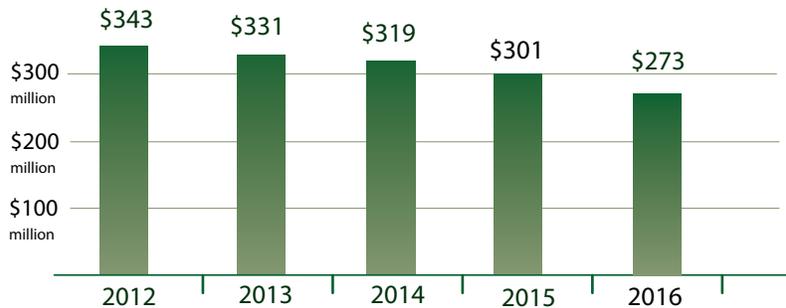


### PAYDAY LOAN HISTORICAL DATA

Year	Small Loans Made	Total Amount of Small Loans
2012	909,570	\$342,989,751
2013	871,801	\$331,430,078
2014	819,755	\$319,290,707
2015	776,824	\$300,903,558
2016	710,163	\$273,746,893

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

The dollar volume of payday loans made decreased 9% from 2015 to 2016. Overall, the annual dollar volume of payday loans in Washington has decreased 80% from its peak in 2005.



Payday lending is a \$273.7 million industry in Washington.

PAYDAY LOAN ANALYSIS

Washington State Payday Lending Industry	2016
Volume of Payday Loans	\$273,746,893
Number of Payday Loans	710,163
Average Payday Loan Amount	\$385.47

The average payday loan in 2016 was \$385, compared to \$387 in 2015.

PAYDAY LOAN FEE ANALYSIS

Washington State Payday Lending Industry	2016
Total Payday Loan Fees	\$39,017,108
Number of Payday Loans	710,163
Average Payday Loan Fee	\$54.94

The average payday loan fee in 2016 was \$54.94, compared to \$55.42 in 2015.

PAYDAY LOAN TERM ANALYSIS

Washington State Payday Lending Industry	Average Term
Average Payday Loan Term for 2016- Agreement date to initial due date	22.3 Days
Average Payday Loan Term for 2016- Agreement date to final close date (including loans which went into installment plans)	38.9 Days

BORROWER INCOME

Washington State Payday Lending Industry	Average Monthly Income*
Average Customer Income for 2016	\$3,121.80

The average monthly income in 2016 was \$3,122, compared to \$3,046 in 2015.

\*Monthly income for customers is based on the most recent update to customer income in the Veritec database during 2016 and does not necessarily reflect monthly income at the time transactions were opened.

BORROWER AGES

Age Category	% of Customers	% of Transactions
18-24	11.0%	9.6%
25-34	26.1%	24.3%
35-44	21.7%	21.4%
45-54	18.9%	19.8%
55-64	14.4%	15.9%
65 or over	7.8%	9.1%
Total	100%	100%

The average age of customers conducting transactions during the period was 42 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	2016
Number of Unique Customers	196,117
Number of Customers that Reached 8-Loan Limit*	52,876
Percentage of borrowers that reached their maximum number of loans	<b>26.96%</b>

\*Not all customers that reached the 8-loan limit received all loans during the 2016 calendar year, as the limit is over a rolling twelve month period where the limit may have been hit at any time during 2016 when the eighth allowed loan was taken out.

### INSTALLMENT PLAN USAGE

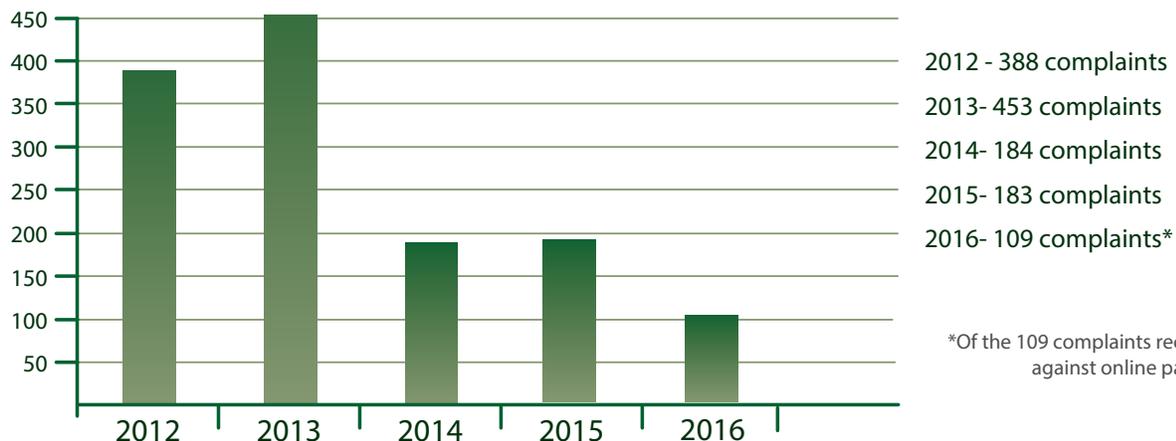
Beginning January 1, 2010, borrowers are entitled to an installment loan at any time prior to default. Borrowers do not have to pay a fee for the installment plan and have from 90 to 180 days (depending on the original loan amount) to repay the loan in a series of installments.

Washington State Payday Lending Industry	2016
Number of Small Loans Made	710,163
Number of Small Loans Converted into an Installment Plan	95,138
Percentage of Small Loans that were Converted to an Installment Plan	<b>13.40%</b>

### 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 109 complaints received in 2016, 31 were against 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 2016.

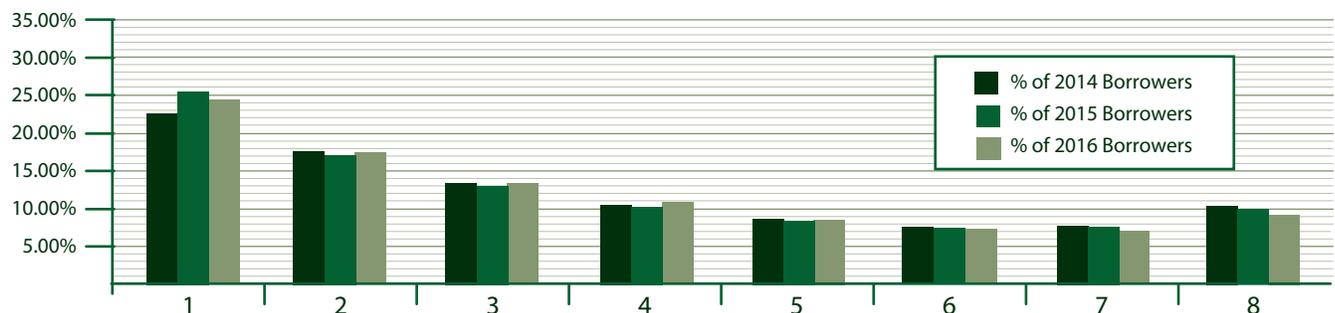
## BORROWER LOAN FREQUENCY

Annual Loan Frequency	Total Borrowers	% Total Borrowers	Total Number of Loans	% of Total Loans
1 Loan	48,074	24.51%	48,074	6.58%
2 Loans	34,710	17.70%	69,420	9.50%
3 Loans	26,605	13.57%	79,815	10.93%
4 Loans	21,060	10.74%	84,240	11.53%
5 Loans	17,438	8.89%	87,190	11.93%
6 Loans	15,054	7.68%	90,324	12.36%
7 Loans	14,311	7.30%	100,177	13.71%
8 Loans*	18,865	9.62%	171,325	23.45%
<b>TOTAL</b>	<b>196,117</b>	<b>100.00%</b>	<b>730,565</b>	<b>100.00%</b>

\*Note, this data is limited solely to loans taken out during the 2016 calendar year, which differs from the 52,876 borrowers reported on page 7 that took out an eighth loan over a rolling twelve month basis at some point during 2016.

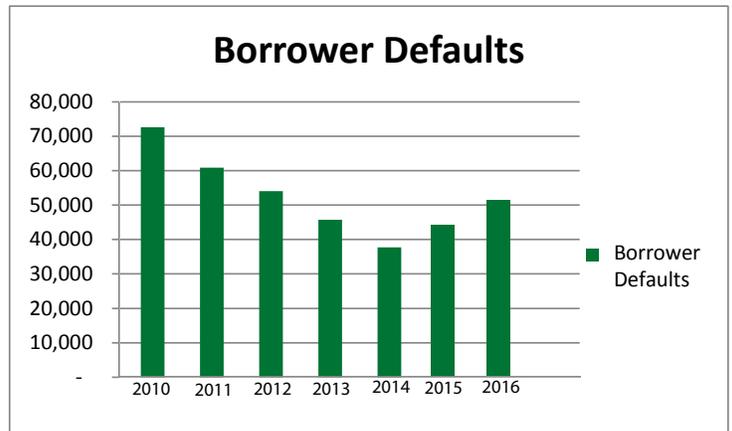
## BORROWING FREQUENCY COMPARISON

No. of Loans:	1	2	3	4	5	6	7	8
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%
2016 Percent of Total Borrowers	24.51%	17.70%	13.57%	10.74%	8.89%	7.68%	7.30%	9.62%



### BORROWER DEFAULT INFORMATION

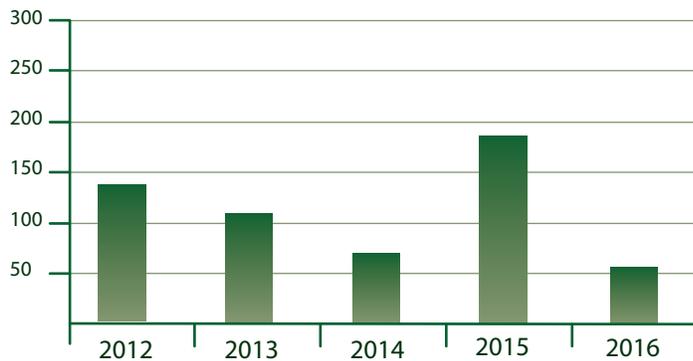
Report Period	# Borrowers with a Default
2010	72,563
2011	60,863
2012	54,031
2013	45,756
2014	37,703
2015	45,679
2016	51,792
2010-2016 Total	368,387



### 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, some payday lenders in Washington State have ceased lending to military borrowers.

Number of Military Borrowers



Military Borrowers	
2012	143
2013	115
2014	63
2015	192
2016	53



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