



2017 Payday Lending Report

The Washington State Department of Financial Institutions

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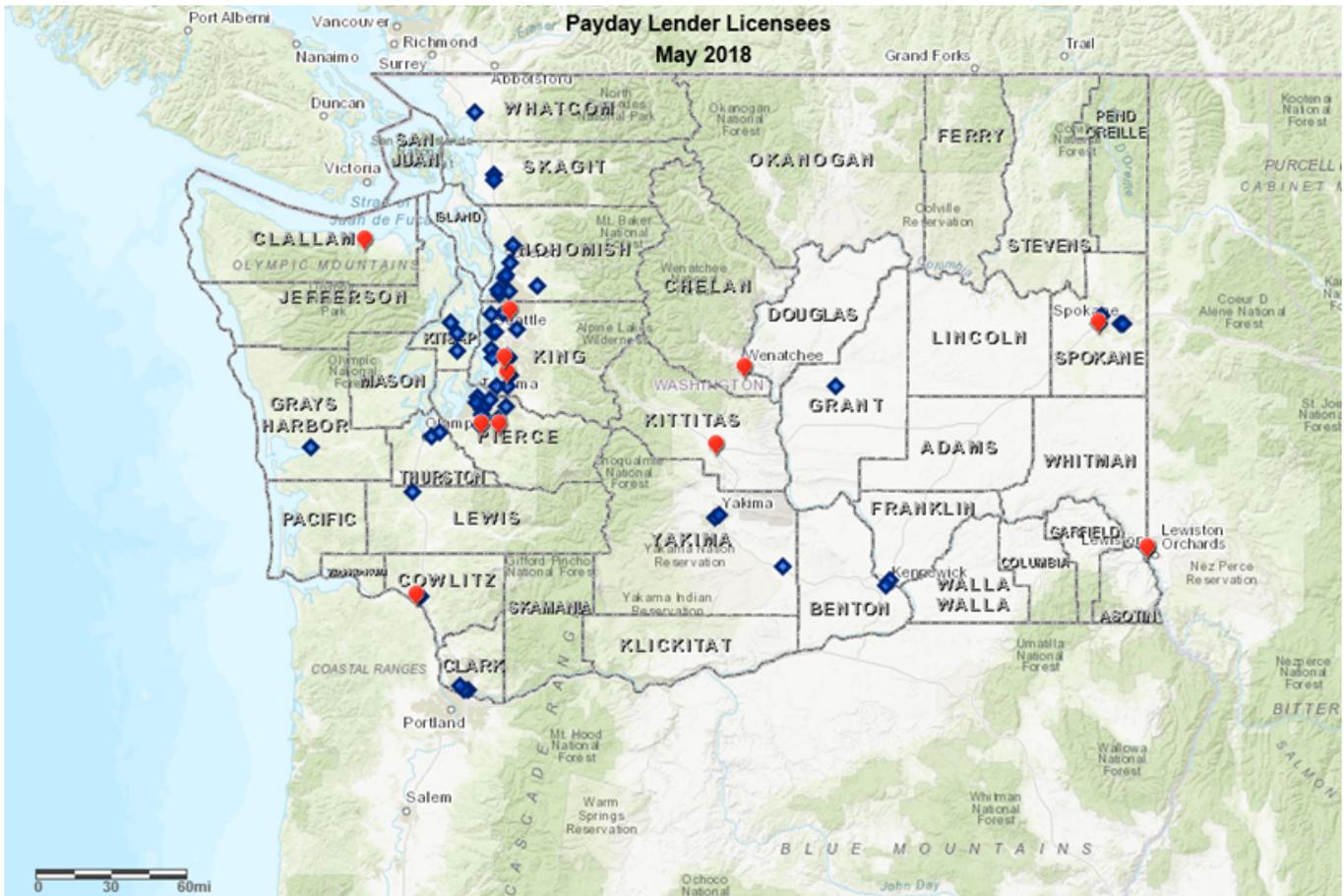
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THE DEPARTMENT OF FINANCIAL INSTITUTIONS 2017 PAY DAY LENDING REPORT

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WASHINGTON PAYDAY LENDER LOCATIONS MAP



(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 2017 as well as data gathered from the state payday loan reporting system.

The legislature passed Washington’s first payday lending laws 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 amount, short-term 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 based on the original loan amount.

WHAT IS ALLOWED IN WASHINGTON STATE?

Loan Terms and Conditions	Example
<p>Minimum Loan Term: 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>Maximum Loan Term: 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>Maximum Loan Amount: \$700, or thirty percent of gross monthly income of the borrower, whichever is lower</p>	
<p>Maximum Fee: 15% on the first \$500 10% on the amount greater than \$500</p>	

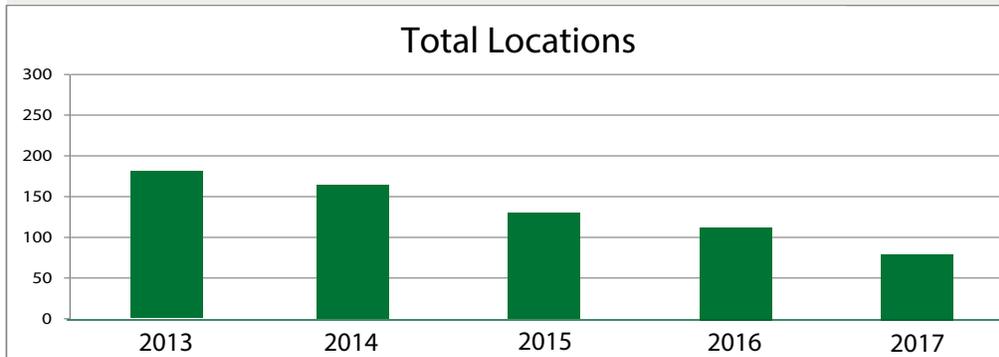
BORROWERS’ RIGHT TO INSTALLMENT PLANS

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 23.9% from year-end 2016 to year-end 2017. Overall, the number of payday lending locations has decreased 88.4% since its height in 2006.

	2013	2014	2015	2016	2017
Companies	46	39	29	26	28
Branches	128	121	110	87	58
Total Locations	174	160	139	113	86

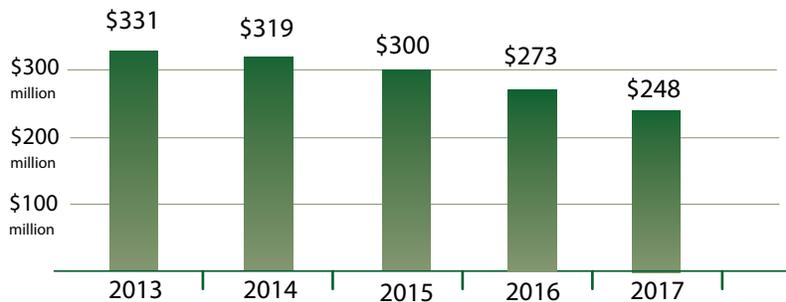


PAYDAY LOAN HISTORICAL DATA

Year	Small Loans Made	Total Amount of Small Loans
2013	871,801	\$331,430,078
2014	819,755	\$319,290,707
2015	776,824	\$300,903,558
2016	710,163	\$273,746,893
2017	633,882	\$248,772,165

TOTAL PAYDAY LOANS MADE (MEASURED IN MILLIONS OF DOLLARS)

The dollar volume of payday loans made decreased 9% from 2016 to 2017. Overall, the annual dollar volume of payday loans in Washington has decreased 82% from its peak in 2005.



Payday lending is a \$248.8 million industry in Washington.

PAYDAY LOAN ANALYSIS

Washington State Payday Lending	2017
Volume of Payday Loans	\$248,772,165
Number of Payday Loans	633,882
Average Payday Loan Amount	\$392.46

The average payday loan in 2017 was \$392, compared to \$385 in 2016.

PAYDAY LOAN FEE ANALYSIS

Washington State Payday Lending Industry	2017
Total Payday Loan Fees	\$35,386,988
Number of Payday Loans	633,882
Average Payday Loan Fee	\$55.83

The average payday loan fee in 2017 was \$55.83, compared to \$54.94 in 2016.

PAYDAY LOAN TERM ANALYSIS

Washington State Payday Lending Industry	Average Term
Average Payday Loan Term for 2017- Agreement date to initial due date	21.5 Days
Average Payday Loan Term for 2017- Agreement date to final close date (including loans which went into installment plans)	41.2 Days

The average *initial loan term* in 2017 was 21.5 days, compared to 22.3 days in 2016.

BORROWER INCOME

Washington State Payday Lending Industry	Average Monthly Income*
Average Customer Income for 2017	\$3,256.85

The average monthly income in 2017 was \$3,256, compared to \$3,122 in 2016.

*Monthly income for customers is based on the most recent update to customer income in the Veritec database during 2017 and does not necessarily reflect monthly income at the time transactions were opened.

BORROWER AGES

Age Category	% of Customers	% of Transactions
18-24	12.2%	10.7%
25-34	26.0%	24.4%
35-44	21.6%	21.5%
45-54	18.7%	19.3%
55-64	14.1%	15.6%
65 or over	7.4%	8.6%
Total	100%	100%

The average age of customers conducting transactions during the period was 41.5 years.

WASHINGTON STATE PAYDAY LENDING INDUSTRY

BORROWER LOAN 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	2017
Number of Unique Customers	180,688
Number of Customers that Reached 8-Loan Limit*	44,495
Percentage of borrowers that reached their maximum number of loans	24.63%

*Not all customers that reached the 8-loan limit received all loans during the 2017 calendar year, as the limit is over a rolling twelve month period where the limit may have been hit at any time during 2017 when the eighth allowed loan was taken out.

INSTALLMENT PLAN USAGE

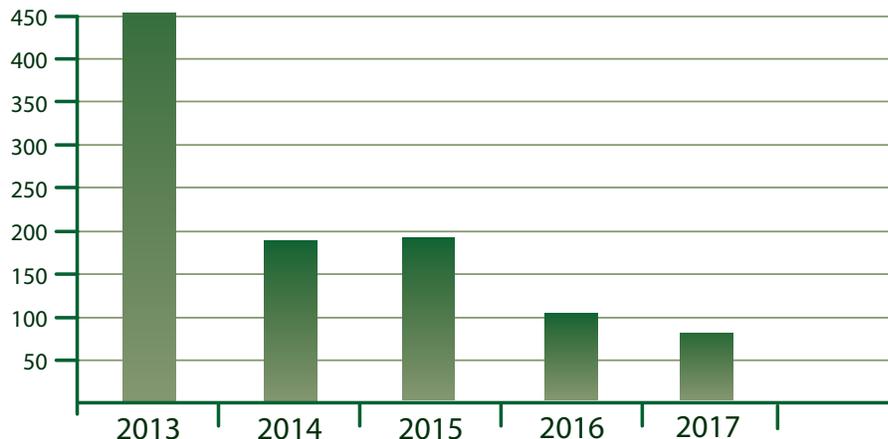
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Washington State Payday Lending Industry	2017
Number of Small Loans Made	633,882
Number of Small Loans Converted into an Installment Plan	102,294
Percentage of Small Loans that were Converted to an Installment Plan	16.14%

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.



2013- 453 complaints
 2014- 184 complaints
 2015- 183 complaints
 2016- 109 complaints
 2017- 64 complaints*

*Of the 64 complaints received in 2017, 31 were against online payday lenders.

* Of the 31 complaints related to online payday lenders, 3 of the complaints were against licensed online 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 2017

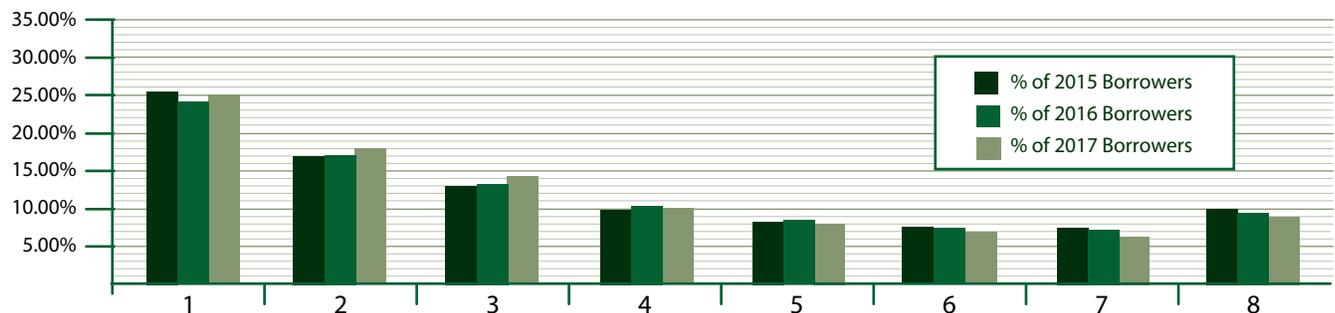
BORROWER LOAN FREQUENCY

Annual Loan Frequency	Total Borrowers	% Total Borrowers	Total Number of Loans	% of Total Loans
1 Loan	45,730	25.31%	45,730	7.21%
2 Loans	34,239	18.95%	68,478	10.80%
3 Loans	25,600	14.17%	76,800	12.12%
4 Loans	18,721	10.36%	74,884	11.81%
5 Loans	15,173	8.40%	75,865	11.97%
6 Loans	12,743	7.05%	76,458	12.06%
7 Loans	12,202	6.75%	85,414	13.47%
8 Loans*	16,280	9.01%	130,253	20.55%
TOTAL	180,688	100.00%	633,882	100.00%

*Note, this data is limited solely to loans taken out during the 2017 calendar year, which differs from the 44,495 borrowers reported on page 7 that took out an eighth loan over a rolling twelve month basis at some point during 2017.

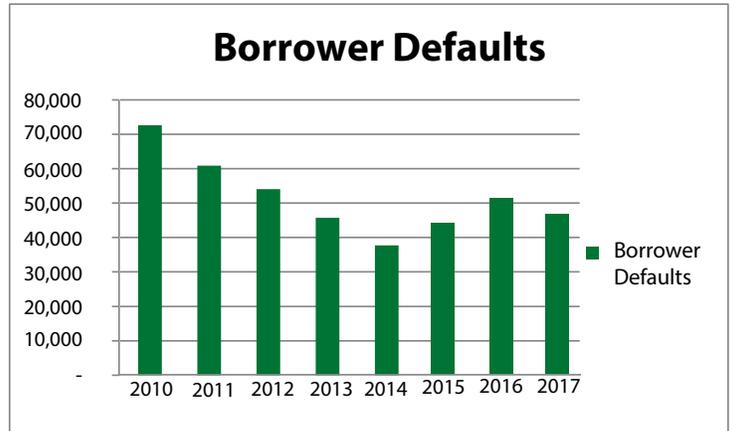
BORROWING FREQUENCY COMPARISON

No. of Loans:	1	2	3	4	5	6	7	8
2015 Percent of Total Borrowers	25.56%	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%
2017 Percent of Total Borrowers	25.31%	18.95%	14.17%	10.36%	8.40%	7.05%	6.75%	9.01%



BORROWER DEFAULT INFORMATION

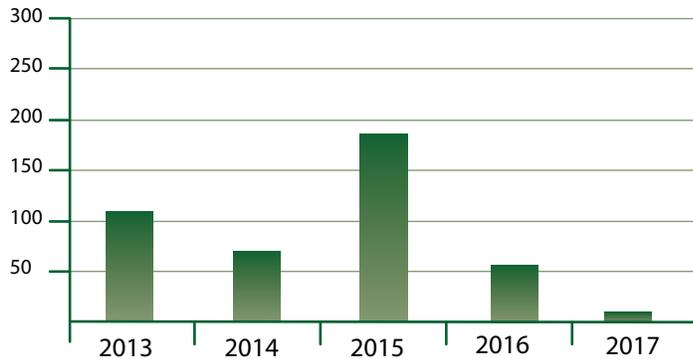
Report Period	# Borrowers with a Default
2010	72,563
2011	60,863
2012	54,031
2013	45,756
2014	37,703
2015	45,679
2016	51,792
2017	48,816
2010-2017 Total	417,203



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 (Public Law 109-364, codified at 10 U.S.C. 987). Due to this cap, some payday lenders in Washington State have ceased lending to military borrowers.

Number of Military Borrowers



Military Borrowers	
2013	115
2014	63
2015	192
2016	53
2017	14



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