

2023

Payday

Lending Report



The Washington State Department of Financial Institutions

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Washington Payday Lender Locations Maps

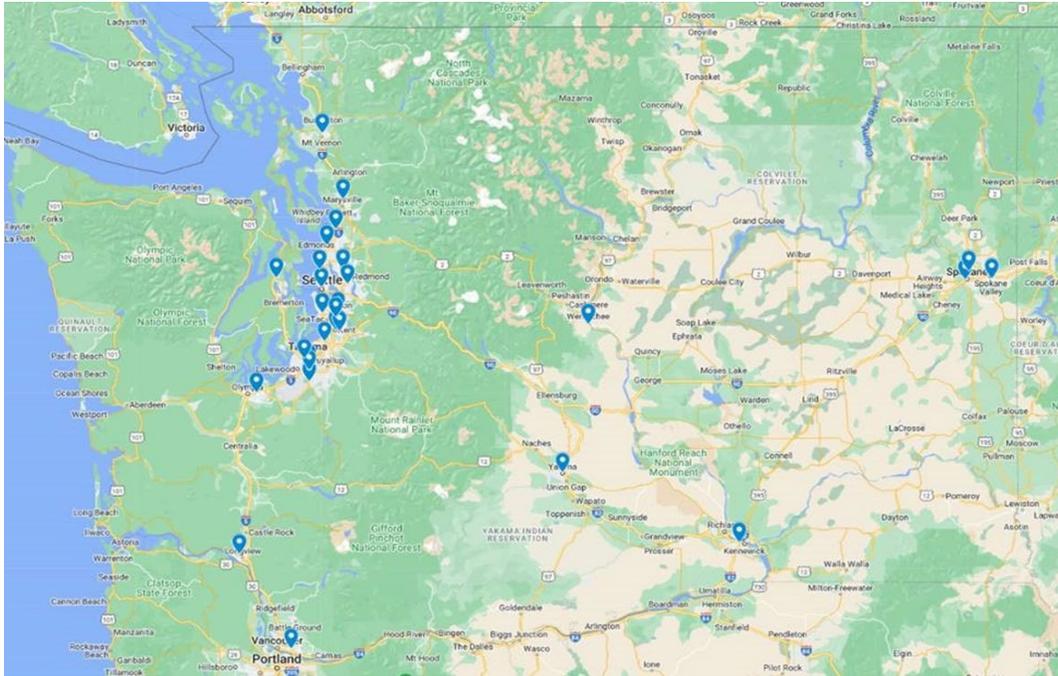


Figure 1: In-state licensed locations

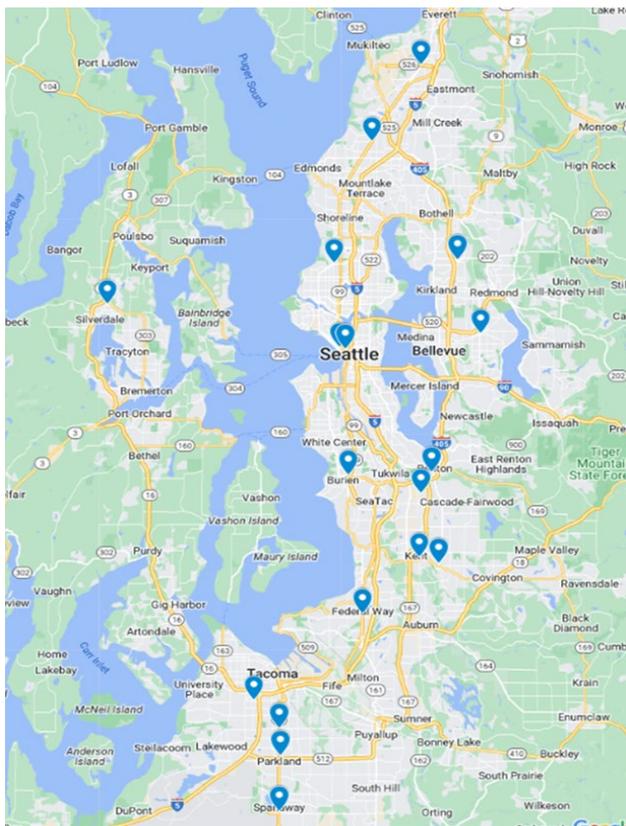


Figure 2: Puget Sound licensed locations

Washington State Payday Lending Industry

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 2023 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 typically 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?

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.

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.

Maximum Loan Amount: \$700 or 30 percent of the gross monthly income of the borrower, whichever is lower.

Maximum Fee: 15% on the first \$500
10% on the amount greater than \$500

Example:

A loan for \$500 + \$75 fee = \$575 repaid

A loan for \$700 + \$95 fee = \$795 repaid

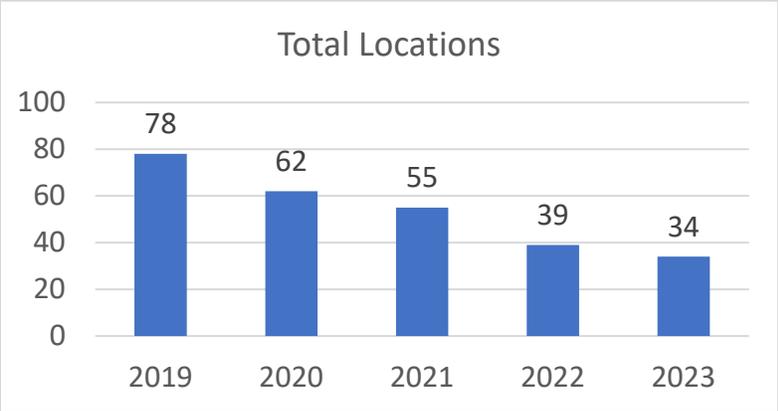
Borrower's rights to installment plans

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 12% from year-end 2022 to year-end 2023. Overall, the number of payday lending locations has decreased 96% since its height in 2006.

	2019	2020	2021	2022	2023
Companies	22	20	16	12	11
Branches	56	42	39	27	23
Total Locations	78	62	55	39	34

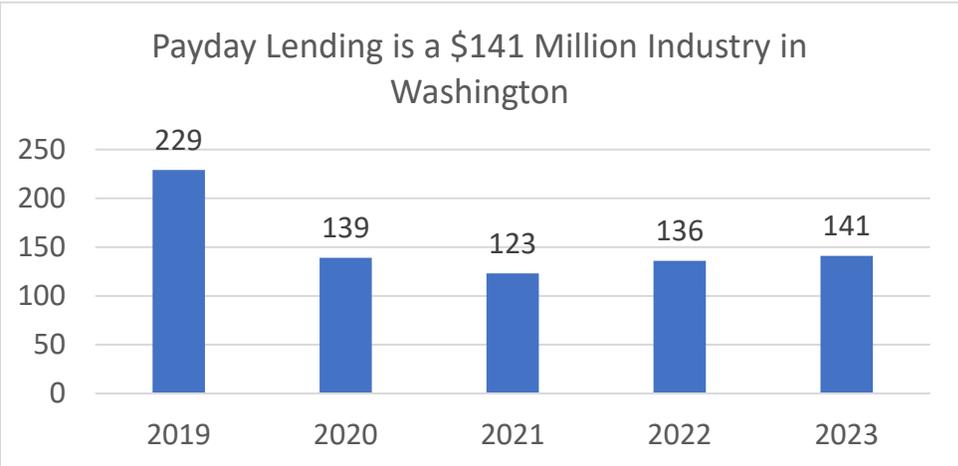


Payday Loan Historical Data

	2019	2020	2021	2022	2023
Small Loans Made	577,280	343,355	288,748	300,750	298,571
Amount	\$ 229,993,042	\$ 139,133,264	\$ 123,374,194	\$ 136,186,885	\$ 141,821,891

Total Payday Loans Made (measured in millions of dollars)

The dollar volume of payday loans made increased 4% from 2022 to 2023. Overall, the annual dollar volume of payday loans in Washington has decreased 90% from its peak in 2005.



2023 Payday Loan Amount Analysis

The average Payday loan in 2023 was \$475.00 compared to \$452.00 in 2022.

Washington State Payday Lending Industry	2023
Volume of Payday Loans	\$ 141,821,891
Number of Payday Loans	298,571
Average Payday Loan Amount	\$ 475.00

2023 Payday Loan Fee Analysis

The average Payday loan fee in 2023 was \$ 60.74 compared to \$ 58.10 in 2022.

Washington State Payday Lending Industry	2023
Total Payday Loan Fees	\$ 18,136,073
Number of Payday Loans	298,571
Average Payday Loan Fee	\$ 60.74

2023 Payday Loan Term Analysis

The average initial loan term in 2023 was 39 days, compared to 30 days in 2022.

Washington State Payday Lending Industry	Average Term
Average Payday Loan Term – agreement date to initial due date	39.0 Days
Average Payday Loan Term – agreement date to final close date (including loans which went into installment plans)	49.8 Days

2023 Borrower Income

The average monthly income in 2023 was \$ 4,574.00 compared to \$ 4,225.00 in 2022.

(* Monthly income for customers is based on the most recent update to customer income in the Veritec database during 2023 and does not necessarily reflect monthly income at the time transactions were opened.)

Washington State Payday Lending Industry	Average Monthly Income *
Average Customer Income	\$ 4,574.00

2023 Borrower Ages

The average age of customers conducting transactions during the period was 42.6 years of age.

Age Category	% of Customers	% of Transactions
18-24	8.8%	7.2%
25-34	27.2%	25.6%
35-44	23.7%	23.7%
45-54	17.6%	18.2%
55-64	13.7%	15%
65 or over	9.1%	10.3%
Total	100%	100%

Borrower Loan Limits

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. (* Not all customers that reached the 8-loan limit received all loans during the 2023 calendar year, as the limit is over a rolling twelve-month period where the limit may have been hit at any time during 2023 when the eighth allowed loan was taken out.)

Washington State Payday Lending Industry	2023
Number of unique borrowers	94,663
Number of borrowers that reached 8-loan limit *	13,661
Percentage of borrowers that reached their maximum number of loans	14.4%

Installment Plan Usage

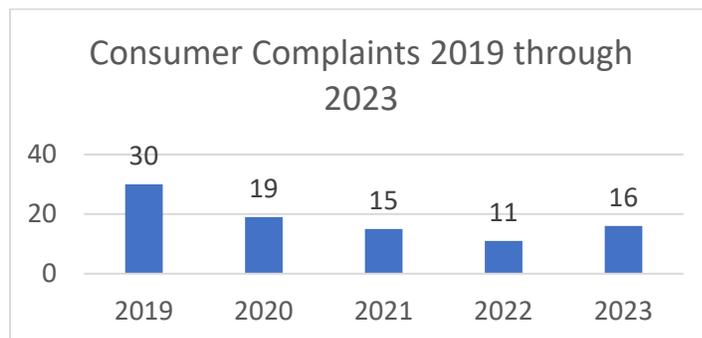
Borrowers are entitled to an installment loan at any time prior to default. Borrowers do not have to pay a fee for the installment plan and have from 90 to 180 days (depending on the original loan amount) to repay the loan in a series of installments.

Washington State Payday Lending Industry	2023
Number of small loans made	298,571
Number of small loans converted to installment plan	18,245
Percentage of small loans that were converted to an installment plan	6.1%

Consumer Complaint Summary

DFI investigates complaints from consumers about payday lenders. DFI received the following number of complaints against payday lenders in Washington State. Of the 16 complaints received in 2023, 13 were against online payday lenders. Of the 13 complaints related to online payday lenders, two of the complaints were against a licensed online lender. Some online complaints may be tracked under the Consumer Loan Act and are not reflected in these numbers.

Year of Complaint	# of Complaints
2019	30
2020	19
2021	15
2022	11
2023	16



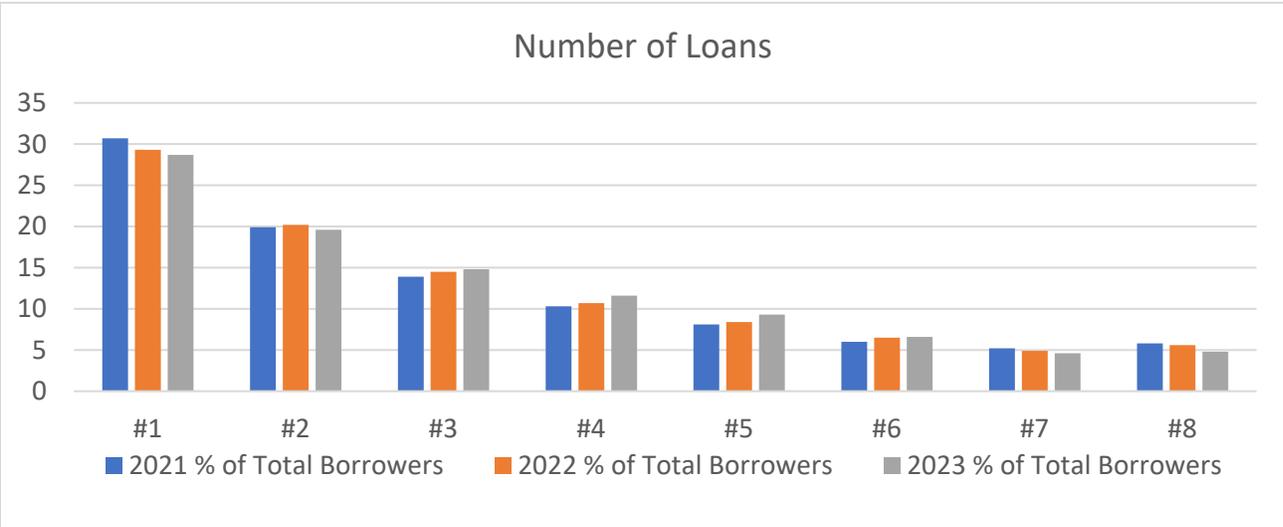
Borrower Loan Frequency 2023

The tables below capture loan frequency data according to the number of loans each individual borrowed during the calendar year. (* Note, this data is limited solely to loans taken out during the 2023 calendar year, which differs from the 13,661 borrowers reported on page 7 that took out an eighth loan over a rolling twelve-month basis at some point during 2023.)

Annual Loan Frequency	Total Borrowers	% Total of Borrowers	Total Number of Loans	% of Total Loans
1 Time	27,136	28.7%	27,136	9.1%
2 Times	18,576	19.6%	37,152	12.4%
3 Times	14,026	14.8%	42,078	14.1%
4 Times	10,996	11.6%	43,984	14.7%
5 Times	8,761	9.3%	43,805	14.7%
6 Times	6,292	6.6%	37,752	12.6%
7 Times	4,344	4.6%	30,408	10.2%
8 Times *	4,532	4.8%	36,256	12.1%
TOTAL	94,663	100%	298,571	100%

Borrower Loan Frequency Comparison from 2021 through 2023

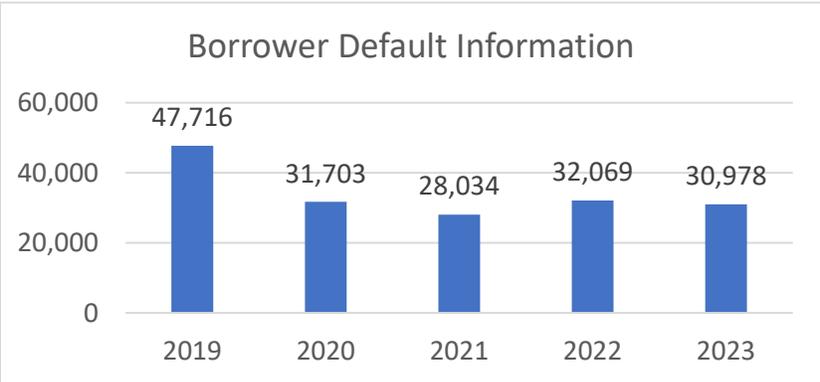
Number of Loans	1	2	3	4	5	6	7	8
2021 % of Total Borrowers	30.7%	19.9%	13.9%	10.3%	8.1%	6.0%	5.2%	5.8%
2022 % of Total Borrowers	29.3%	20.2%	14.5%	10.7%	8.4%	6.5%	4.9%	5.6%
2023 % of Total Borrowers	28.7%	19.6%	14.8%	11.6%	9.3%	6.6%	4.6%	4.8%



Borrower Default Information

"Default" means the borrower's failure to repay the small loan in compliance with the terms contained in the small loan agreement or note or failure to pay any installment plan payment on an installment plan within 10 days after the date upon which the installment was scheduled to be paid.

Report Period	# Borrowers with a Default
2019	47,716
2020	31,703
2021	28,034
2022	32,069
2023	30,978
2019 through 2023 Total	170,500



Military Borrowers

Federal law* caps the annual percentage rate at 36 percent for all loans made to military borrowers. Due to this cap, most payday lenders in Washington State ceased lending to military borrowers. (** Talent-Nelson Amendment of the John Warner National Defense Authorization Act of 2007 - Public Law 109-364, codified at 10 U.S.C. 987)

Military Borrowers	
2021	0
2022	0
2023	1