



2010 Payday Lending Report

Table of Contents

Payday Loan Historical Data	1
<i>What is a Payday Loan?</i>	1
<i>Payment Plans and Installment Plans</i>	1
<i>Number of Licensed Payday Lenders</i>	1
Washington State Payday Lending Industry	2
<i>Payday Loan Historical Data</i>	2
<i>Installment Plan Usage</i>	3
<i>Consumer Complaint Summary</i>	4
<i>Borrower Frequency</i>	5
<i>Loan Frequency</i>	6
<i>Military Borrowers</i>	7

Washington State Payday Lending Industry

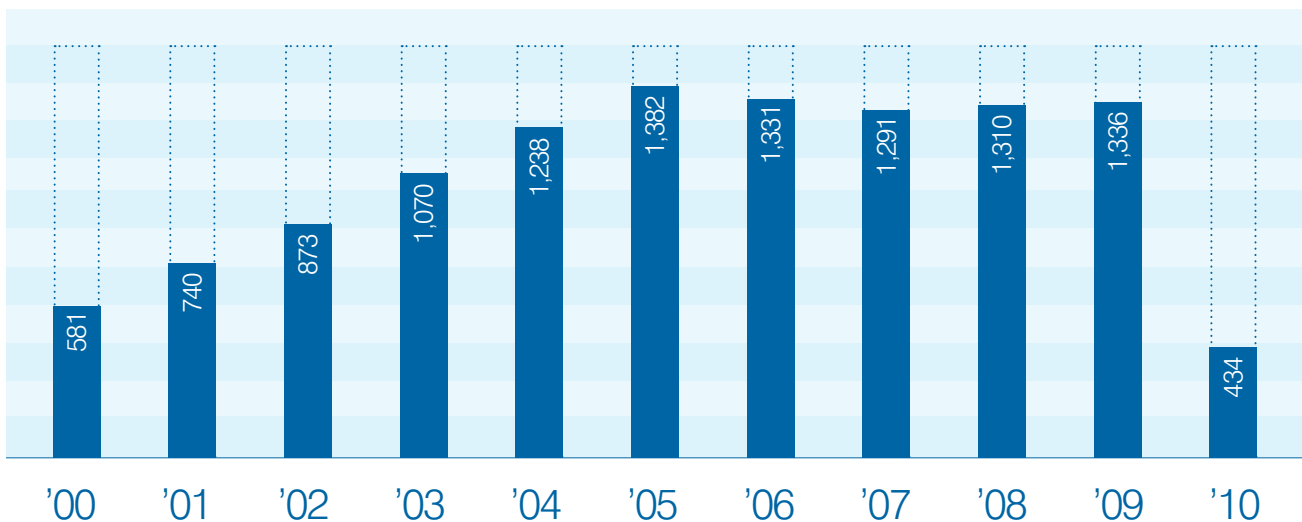
Payday Loan Historical Data

Washington State Payday Lending Industry

	2000	2001	2002	2003	2004	2005
Small Loans Made	1,832,782	2,186,333	2,337,359	2,983,477	3,297,012	3,595,873
Total Amount of Small Loans	\$580,535,734	\$739,540,654	\$873,339,989	\$1,069,695,069	\$1,238,488,278	\$1,382,132,283
<i>continued...</i>						
	2006	2007	2008	2009	2010	
Small Loans Made	3,503,721	3,265,621	3,196,712	3,244,024	1,093,776	
Total Amount of Small Loans	\$1,330,738,135. ⁶⁸	\$1,291,212,797. ⁰⁰	\$1,310,540,280. ⁴⁰	\$1,336,028,845. ⁰¹	\$434,111,743. ⁰⁰	

Total Payday Loans Made (measured in millions of dollars)

Washington State Payday Lending Industry



When measured in dollars, payday lending is a \$434 million industry.

2010 Payday Loan Analysis

Washington State Payday Lending Industry

Washington State Payday Lending Industry	2010
Volume of Payday Loans	\$434,111,743. ⁰⁰
Number of Payday Loans	1,093,776
Average Payday Loan Amount	\$396. ⁸⁹

The average payday loan was \$397 in 2010, compared to \$412 in 2009.

Washington State Payday Lending Industry *continued*

2010 Payday Loan Fee Analysis

Washington State Payday Lending Industry

Washington State Payday Lending Industry	2010
Total Payday Loan Fees	\$61,292,704. ⁰⁰
Number of Payday Loans	1,093,776
Average Payday Loan Fee	\$56.04

The average payday loan fee in 2010 was \$56, compared to \$57 in 2009.

Borrower Frequency

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	2010
Number of Unique Customers	280,587
Number of Customers that Reached 8-Loan Limit	43,930
Percentage of Borrowers that Took out the Maximum Number of Loans	15.66%

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	2010
Number of Small Loans Made	1,093,776
Number of Small Loans Converted to Installment Plan	146,065
Percentage of small loans converted to an installment plan	13.35%

Washington State Payday Lending Industry	Average Monthly Income *
WA Average Customer Income for 2010	\$2,745. ⁸⁴

* Monthly income for customers is based on the most recent update to customer income in the Veritec database in or before 2010.

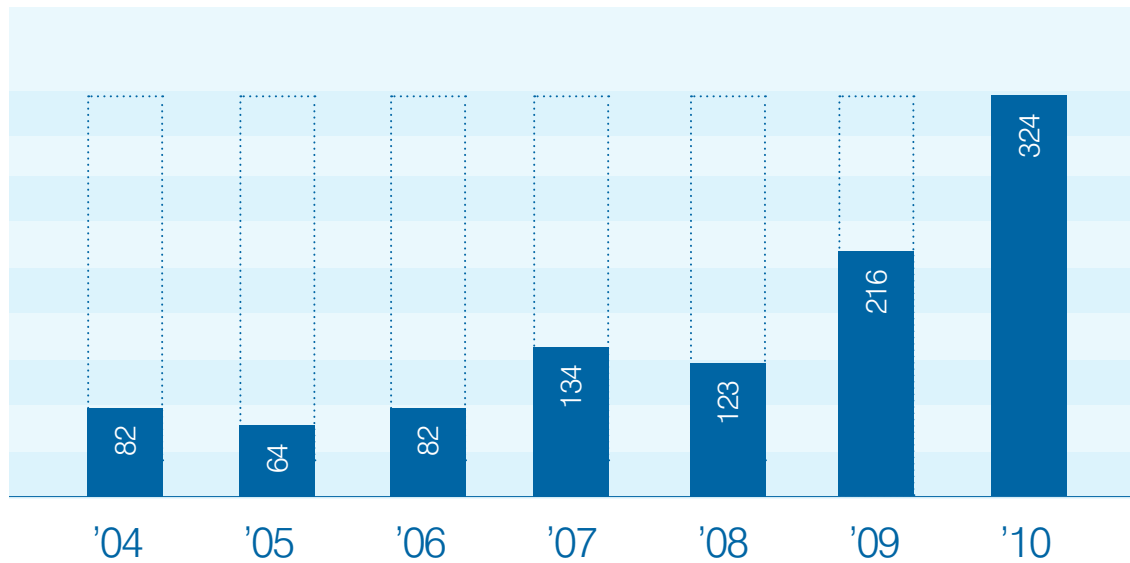
Washington State Payday Lending Industry	# Customers
Customers with a Transaction that went into Default in 2010	75,754
Customers who Started an Installment Plan in 2010	93,601

Washington State Payday Lending Industry *continued*

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.

Total Number of Complaints



2004	82 <i>complaints</i>
2005	64 <i>complaints</i>
2006	82 <i>complaints</i>
2007	134 <i>complaints</i>
2008	123 <i>complaints</i>
2009	216 <i>complaints</i>
2010	324 <i>complaints</i>

Of the 324 complaints received in 2010, 162 were against online payday lenders.

Washington State Payday Lending Industry *continued*

Borrower Frequency

The Department collected additional required statistics from eight licensees with more than \$10 million in loans. In addition, seven licensees provided this data voluntarily. The information featured on pages 05–06 represents responses from these 15 companies, which make up 88% of the loans (*measured by dollar volume*). These companies range in size from \$118,408–\$213,206,923 in annual loan volume.

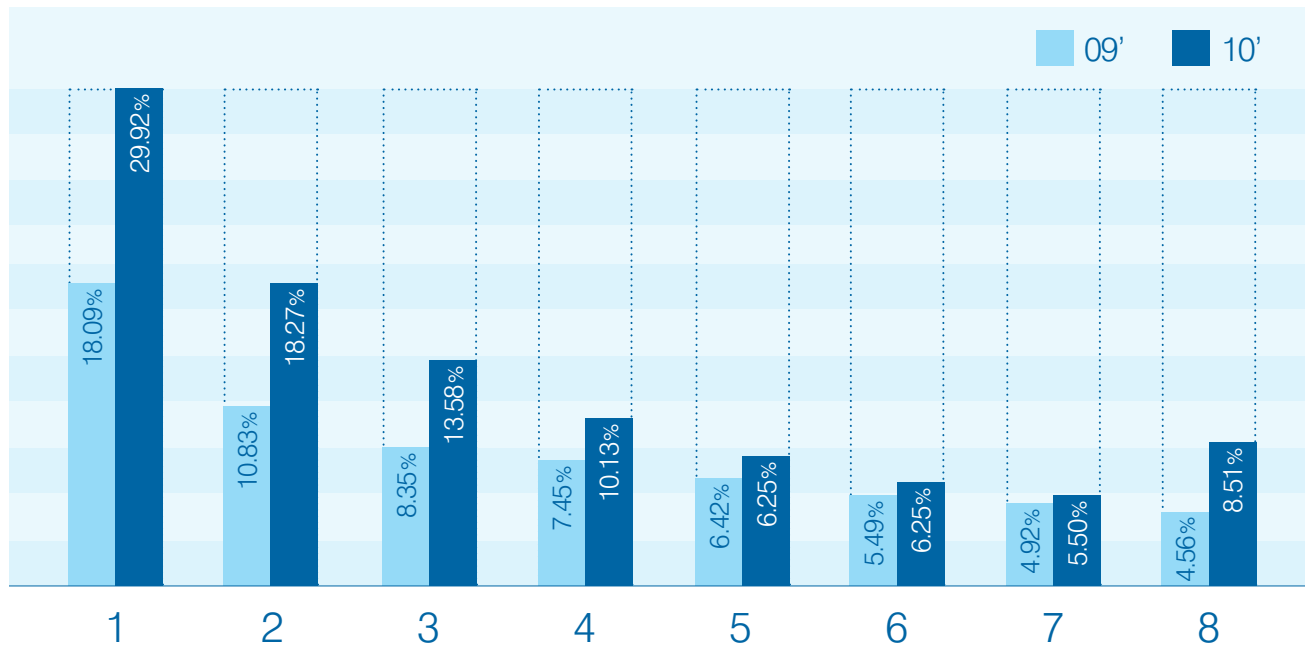
Payday Loan Analysis of 15 Companies (88% of the state's payday lending market)	
Volume of Payday Loans	\$380,434,367
Number of Payday Loans	950,236
Average Payday Loan Amount	\$400. ³⁶

Average Length of Payday Loans (88% of the state's payday lending market)	
1–7 days	0.04%
8–14 days	10.98%
15–21 days	11.38%
22–31 days	18.01%
32+	59.59%

The average length of a payday loan in 2010 among the 15 companies was 28.6 days; a significant increase from the 2009 average length of 19.6 days.

Washington State Payday Lending Industry *continued*

Number of Loans



The tables on this page capture loan frequency data as the number of loans each individual borrowed during the year. For example, 52,224 borrowers entered into loan transactions with a lender two times in 2010 for a total of 104,448 loans in this category (52,224 x 2 = 104,448).

Loan Frequency 2010

(88% of the state's payday lending market)

Annual Loan Frequency	Total Borrowers	% Total Borrowers	Total # of Loans	% of Total Loans
1 Time	85,542	29.92%	85,542	9.04%
2 Times	52,224	18.27%	104,448	11.04%
3 Times	38,831	13.58%	116,493	12.31%
4 Times	28,970	10.13%	115,880	12.25%
5 Times	22,389	7.83%	111,945	11.83%
6 Times	17,869	6.25%	107,214	11.33%
7 Times	15,715	5.50%	110,005	11.63%
8 Times	24,325	8.51%	194,600	20.57%
Total	285,865	100.00%	946,127	100.00%

Washington State Payday Lending Industry *continued*

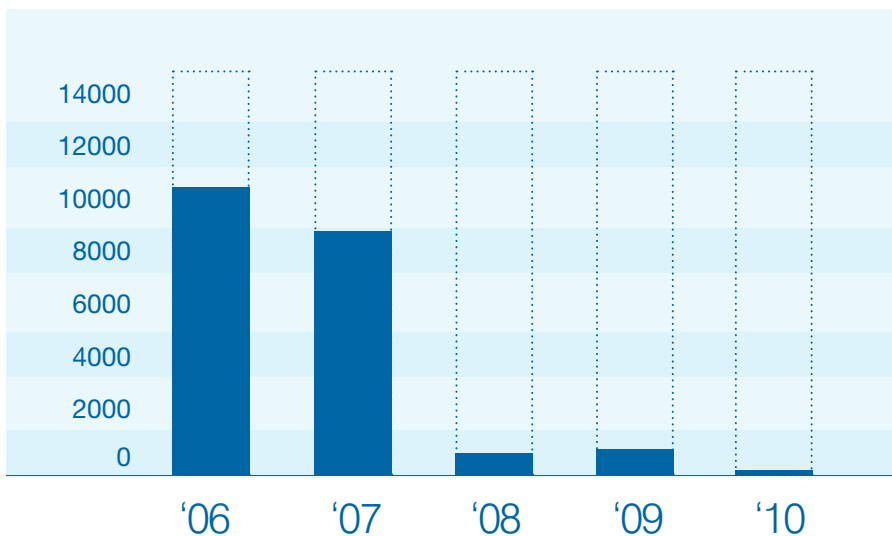
07

Annual Loan Frequency	Military Borrowers	% Military Borrowers	Number of Loans to Military Borrowers	% of Loans to Military Borrowers
1 Time	52	39.69%	52	12.41%
2 Times	17	12.98%	34	8.11%
3 Times	16	12.21%	48	11.46%
4 Times	9	6.87%	36	8.59%
5 Times	9	6.87%	45	10.74%
6 Times	5	3.82%	30	7.16%
7 Times	10	7.63%	70	16.71%
8 Times	13	9.92%	104	24.82%
Total	131	100.00%	419	100.00%

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 Payday Lending Report

The Washington State Department of Financial Institutions

P.O. Box 41200 :: Olympia, WA 98504-1200

877.RING DFI :: 360.902.8700 :: www.dfi.wa.gov :: 360.586.5068 fax

En Español: 1.888.976.4422