



# **2014 Payday Lending Report**

The Washington State Department of Financial Institutions

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

360.902.8700 / En Español: 1.888.976.4422

[www.dfi.wa.gov](http://www.dfi.wa.gov)

## TABLE OF CONTENTS

### THE DEPARTMENT OF FINANCIAL INSTITUTIONS 2014 PAY DAY LENDING REPORT

Payday Lender Locations Map.....	3
What is a Payday Loan?.....	4
What is Allowed?.....	4
Borrower Right to Installment Plan.....	4
Number of Licensed Payday Lenders.....	5
Payday Loan Historical Data.....	5
Total Payday Loans Made Chart.....	5
Average Payday Loan Amount.....	6
Average Payday Loan Fee Amount.....	6
Average Payday Loan Term.....	6
Borrower Income.....	6
Borrower Ages.....	6
Borrower Loan Limits.....	7
Installment Plan Usage.....	7
Consumer Complaint Summary.....	7
Borrower Frequency Table.....	8
Borrower Frequency Comparison.....	8
Borrower Default Information.....	9
Military Borrowers.....	9

## PAYDAY LENDER LOCATIONS MAP

Map only represents in-state payday lending locations  
OSBOHFQJOTSFTQSFTFOUIFBERVBSUFSPDBUJPOTCMVFEJBNPOETSFQSFTFOUCSBODIFT

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 2014 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, 10% above \$500</p>	

### BORROWERS’ RIGHTS TO INSTALLMENT PLANS

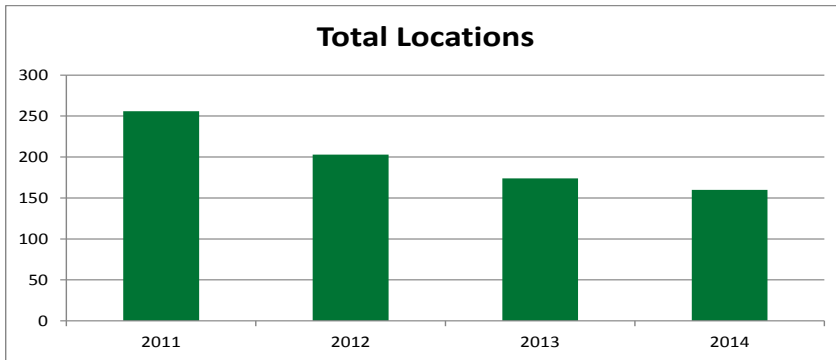
Borrowers are entitled to an installment loan at any time prior to default. Borrowers do not have to pay a fee for the installment plan and have from 90 to 180 days (depending on the original loan amount) to repay the loan in a series of installments.

The statistics presented on pages 5-9 represent data on all payday lending licensees for calendar year 2014.

### NUMBER OF LICENSED PAYDAY LENDERS

The number of payday lending locations decreased 8% from year-end 2013 to year-end 2014. Overall, the number of payday lending locations has decreased 78% since its height in 2006.

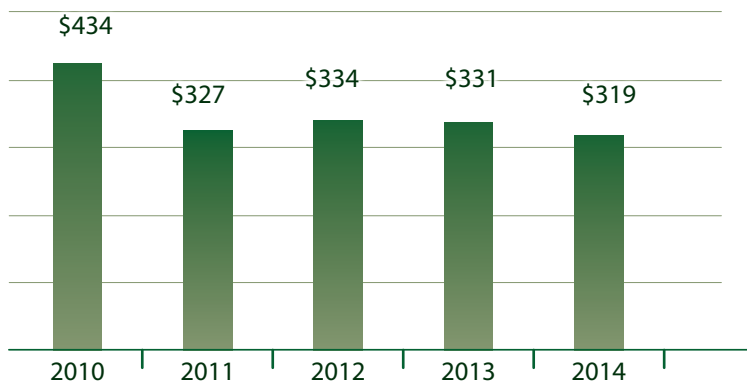
	2011	2012	2013	2014
Companies	68	52	46	39
Branches	188	151	128	121
Total Locations	256	203	174	160



### PAYDAY LOAN HISTORICAL DATA

Year	Small Loans Made	Total Amount of Small Loans
2010	1,093,776	\$434,111,743
2011	855,829	\$326,673,119
2012	909,570	\$342,989,751
2013	871,801	\$331,430,078
2014	819,755	\$319,290,707

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



When measured in dollars, payday lending is a \$319 million industry.

## AVERAGE PAYDAY LOAN ANALYSIS

Washington State Payday Lending Industry	2014
Volume of Payday Loans	\$319,290,707
Number of Payday Loans	819,755
Average Payday Loan Amount*	\$389.50

\*The average payday loan in 2014 was \$389.50, compared to \$380 in 2013.

## PAYDAY LOAN FEE AMOUNT

Washington State Payday Lending Industry	2014
Total Payday Loan Fees	\$45,714,139
Number of Payday Loans	819,755
Average Payday Loan Fee*	\$55.77

\*The average payday loan fee in 2014 was \$55.77, compared to \$54.50 in 2013.

## PAYDAY LOAN TERM ANALYSIS

Washington State Payday Lending Industry	Average Term
Average Payday Loan Term for 2014 - agreement date to initial due date	22.28 Days
Average Payday Loan Term for 2014 - agreement date to final close date (including loans which went into installment plans)	41.27 Days

## BORROWER INCOME

WA Average Customer Income for 2014      \$3,035.81\*

\* Monthly income for customers is based on the most recent update to customer income in the Veritec database during 2014 and does not necessarily reflect monthly income at the time transactions were opened. The average monthly income in 2014 was \$3,036, compared to \$2,934 in 2013.

Age Category*	% of Customers	% of Transactions
18-24	12.8%	11.1%
25-34	25.4%	23.4%
35-44	22.0%	22.0%
45-54	19.7%	20.9%
55-64	13.6%	15.0%
65 or over	6.5%	7.6%
Total	100%	100%

\*The average age of customers conducting transactions during the period was 41.3years

## 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 a statewide database to which all licensees are required to report all small loans.

Washington State Payday Lending Industry	2014
Number of Unique Customers	220,838
Number of Customers that Reached 8-Loan Limit*	61,100
Percentage of Borrowers that Took out the Maximum Number of Loans	27.67%

\* Not all customers that reached the 8-loan limit received all loans during the 2014 calendar year, as the limit is over a rolling twelve month period where the limit may have been hit at any time during 2014 when the eighth allowed loan was taken out.

### INSTALLMENT PLAN USAGE

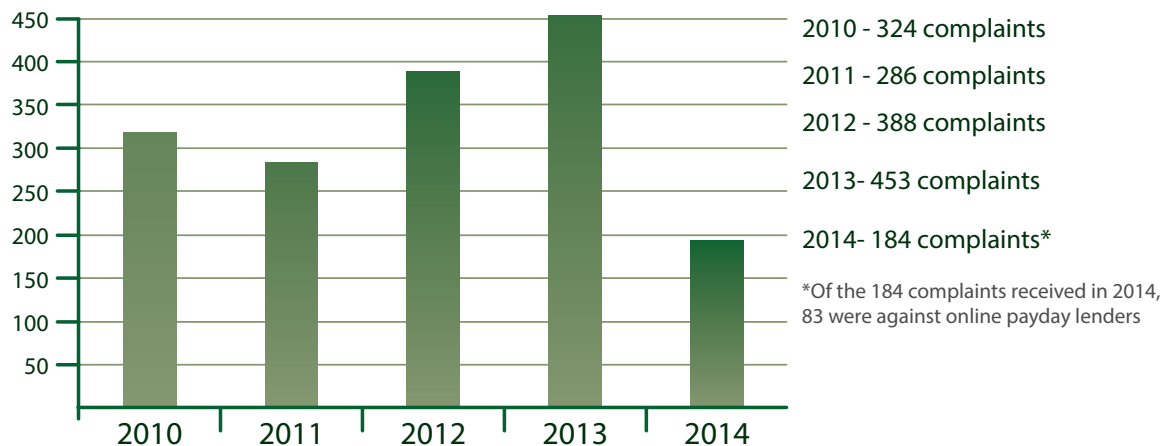
Beginning January 1, 2010, borrowers are entitled to an installment loan at any time prior to default. Borrowers do not have to pay a fee for the installment plan and have from 90 to 180 days (depending on the original loan amount) to repay the loan in a series of installments.

Washington State Payday Lending Industry	2014
Number of Small Loans Made	819,755
Number of Small Loans Converted to Installment Plan	113,146
Percentage of Small Loans that were converted to an installment plan	13.80%

### 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.



The tables on this page capture loan frequency data as the number of loans each individual borrowed during the calendar year 2014.

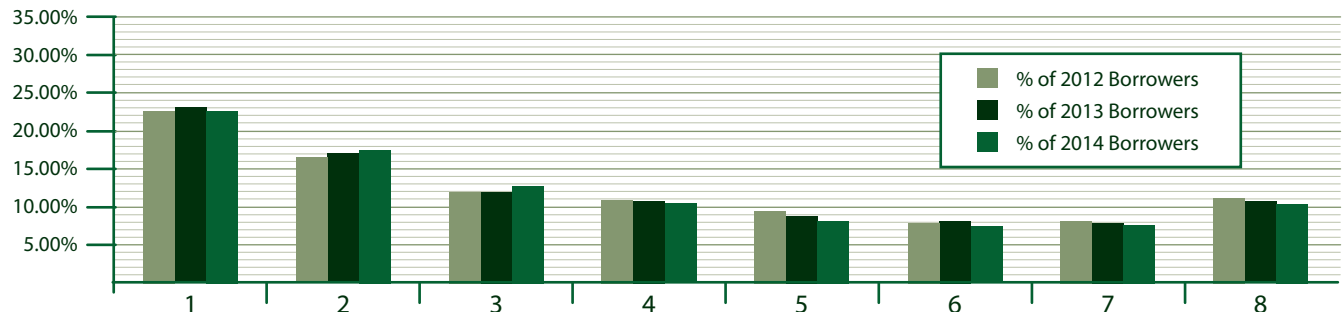
## BORROWER LOAN FREQUENCY

Annual Loan Frequency	Total Borrowers	% Total Borrowers	Total Number of Loans	% of Total Loans
1 Time	50,462	22.85%	50,462	6.02%
2 Times	39,292	17.79%	78,584	9.38%
3 Times	30,596	13.85%	91,788	10.96%
4 Times	23,410	10.60%	93,640	11.18%
5 Times	19,724	8.93%	98,620	11.77%
6 Times	17,329	7.85%	103,974	12.41%
7 Times	17,446	7.90%	122,122	14.58%
8 Times*	22,579	10.22%	198,524	23.70%
<b>TOTAL</b>	<b>220,838</b>	<b>100.00%</b>	<b>837,714</b>	<b>100.00%</b>

\* Note, this data is limited solely to loans taken out during the 2014 calendar year, which differs from the 61,100 borrowers reported on page 7 that took out an eighth loan over a rolling twelve month basis at some point during 2014.

## BORROWING FREQUENCY COMPARISON

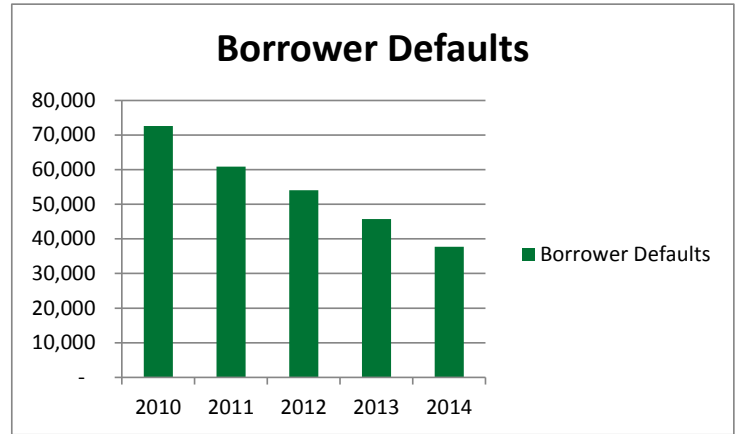
No. of Loans:	1	2	3	4	5	6	7	8
2012 Percent of Total Borrowers	21.85%	16.51%	13.35%	11.04%	9.33%	8.10%	8.33%	11.48%
2013 Percent of Total Borrowers	22.97%	17.00%	13.37%	10.68%	9.09%	8.16%	8.02%	10.70%
2014 Percent of Total Borrowers	22.85%	17.79%	13.85%	10.60%	8.93%	7.85%	7.90%	10.22%





### BORROWER DEFAULT INFORMATION

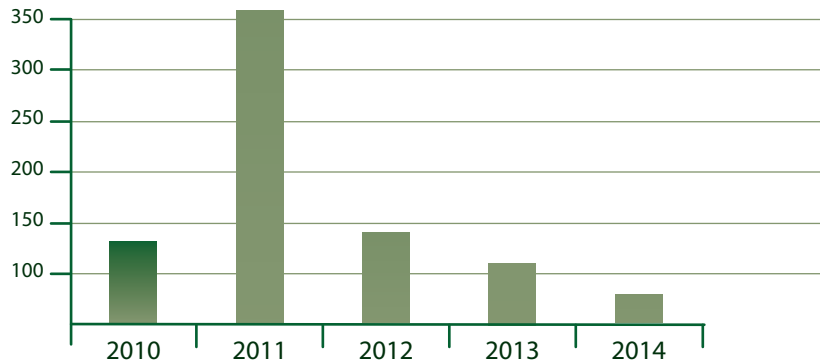
Report Period	# Borrowers with a Default
2010	72,563
2011	60,863
2012	54,031
2013	45,756
2014	37,703
<b>2010-2014 Total</b>	<b>270,916</b>



### 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



The Washington State Department  
of Financial Institutions

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

360.902.8700 (phone)

[www.dfi.wa.gov](http://www.dfi.wa.gov)

360.586.5068 (fax)

En Español: 1.888.976.4422