



2013 PAYDAY LENDING REPORT

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THE DEPARTMENT OF FINANCIAL INSTITUTIONS
2013 PAYDAY LENDING REPORT

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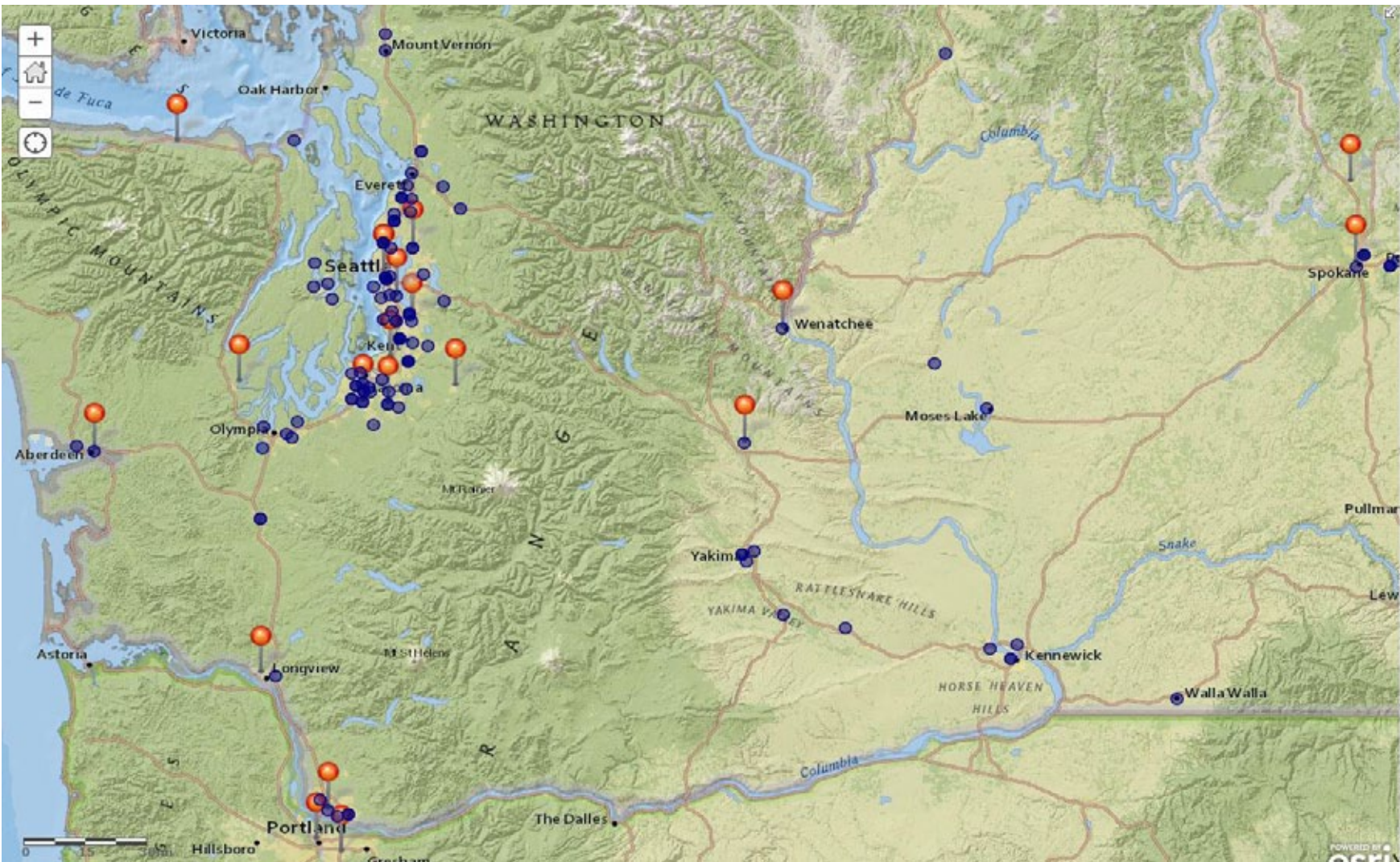
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Payday Lender Locations

Current as of August 11, 2014

Payday Lenders in Washington



Note: There are businesses holding a Washington license located in other states.

[View Interactive Map](#)

Legend

Main Office Locations

Branch Office Locations

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 2013 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, 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?		Example:
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.	
Maximum Loan Amount:	\$700, or 30% of the gross monthly income of the borrower, whichever is lower.	
Maximum Fee:	15% on the first \$500 10% the amount greater than \$500.	A loan for \$500 + \$75 fee = \$575 A loan for \$700 + \$95 fee = \$795

BORROWERS RIGHT TO INSTALLMENT PLANS

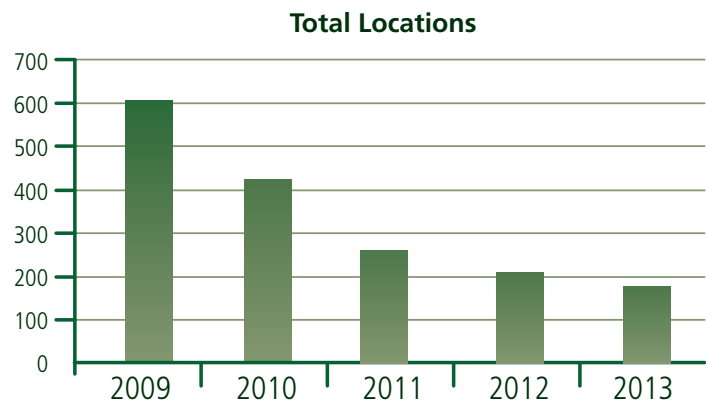
Borrowers are entitled to an installment loan at any time prior to default. Borrowers do not have to pay a fee for the installment plan and have from 90 to 180 days (depending on the original loan amount) to repay the loan in a series of installments.

NUMBER OF LICENSED PAYDAY LENDERS

Washington State Payday Lending Industry

The number of payday lending locations has decreased almost 77% since its height in 2006.

	2006	2007	2008	2009	2010	2011	2012	2013
Companies	130	138	133	109	85	68	52	46
Branches	612	591	584	494	339	188	151	128
Total Locations	742	729	717	603	424	256	203	174



PAYDAY LOAN HISTORICAL DATA

Year	Small Loans Made	Total Amount of Small Loans
2006	3,503,721	\$1,330,738,136
2007	3,265,621	\$1,291,212,797
2008	3,196,712	\$1,310,540,280
2009	3,244,024	\$1,336,028,845
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

Total Payday Loans Made *(measured in millions of dollars)*



When measured in dollars, payday lending is a \$300-plus million industry.

2013 PAYDAY LOAN ANALYSIS

Washington State Payday Lending Industry	2013
Volume of Payday Loans	\$331,430,078
Number of Payday Loans	871,801
Average Payday Loan Amount	\$380.17

The average payday loan in 2013 was ~\$380, compared to ~\$377 in 2012.

2013 PAYDAY LOAN FEE ANALYSIS

Washington State Payday Lending Industry	2013
Total Payday Loan Fees	\$47,502,224
Number of Payday Loans	871,801
Average Payday Loan Fee	\$54.49

The average payday loan fee in 2013 was ~\$54.49, compared to ~\$54 in 2012.

2013 BORROWER INCOME

Washington State Payday Lending Industry	Average Monthly Income*
WA Average Customer Income for 2013	\$2,934

The average monthly income in 2013 was \$2,934, compared to \$2,859 in 2012.

* Monthly income for customers is based on the most recent update to customer income in the Veritec database during 2013 and does not necessarily reflect monthly income at the time transactions were opened.

2013 BORROWER AGES

Age Category	% of Customers	% of Transactions
18-24	13.9%	11.9%
25-34	25.3%	23.4%
35-44	22.1%	22.2%
45-54	19.9%	21.2%
55-64	13.0%	14.5%
65 or older	5.8%	6.8%
Total	100%	100%

The average age of customers conducting transactions during the period was 42.9 years

2013 BORROWER LOAN LIMITS

Beginning Jan. 1, 2010, borrowers were 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	2013
Number of Unique Customers	231,868
Number of Customers that Reached 8-Loan Limit	68,736
Percentage of Borrowers that Took out the Maximum Number of Loans	29.64%

2013 INSTALLMENT PLAN USAGE

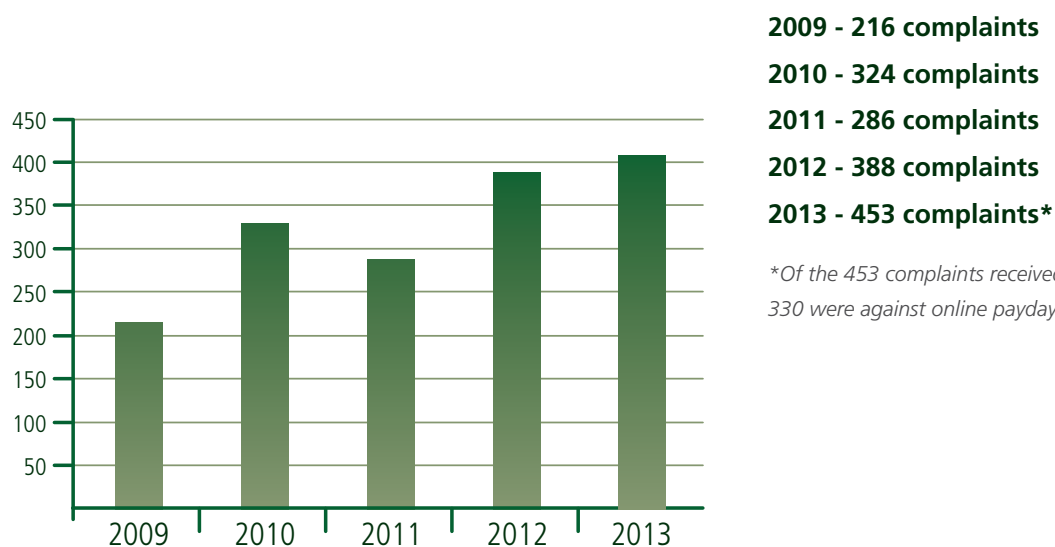
Beginning Jan. 1, 2010, borrowers are entitled to an installment loan at any time prior to default. Borrowers do not have to pay a fee for the installment plan and have from 90 to 180 days (depending on the original loan amount) to repay the loan in a series of installments.

Washington State Payday Lending Industry	2013
Number of Small Loans Made	871,801
Number of Small Loans Converted to Installment Plan	108,807
Percentage of Small Loans that were converted to an installment plan	12.40%

2013 CONSUMER COMPLAINT SUMMARY

DFI Investigates complaints from consumers about payday lenders.

DFI received the following number of complaints against all payday lenders doing business in Washington State.



2009 - 216 complaints

2010 - 324 complaints

2011 - 286 complaints

2012 - 388 complaints

2013 - 453 complaints*

**Of the 453 complaints received in 2013, 330 were against online payday lenders*

The tables on this page capture loan frequency data according to the number of loans each individual borrowed during the calendar year 2013.

BORROWER LOAN FREQUENCY 2013

Annual Loan Frequency	Total Borrowers	% Total Borrowers	Total Number of Loans	% of Total Loans
1 Time	53,265	22.97%	53,265	6.11%
2 Times	39,417	17.00%	78,834	9.04%
3 Times	31,010	13.37%	93,030	10.67%
4 Times	24,761	10.68%	99,044	11.36%
5 Times	21,088	9.09%	105,440	12.09%
6 Times	18,927	8.16%	113,562	13.03%
7 Times	18,586	8.02%	130,102	14.92%
8 Times	24,814	10.70%	198,524	22.77%
TOTAL	231,868	100.00%	871,801	100.00%

BORROWING FREQUENCY COMPARISON

(Sampling of the state's payday lending statistics in 2012 and 2013)

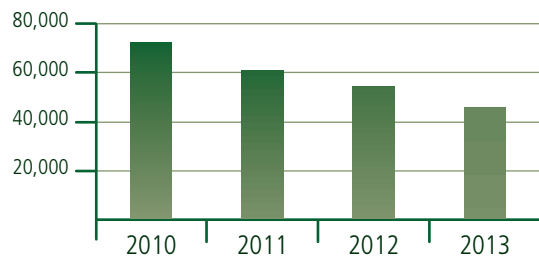
No. of Loans:	1	2	3	4	5	6	7	8
2012 Percent of Total Borrowers	25.11%	17.03%	13.21%	10.95%	8.97%	7.50%	7.42%	9.80%
2013 Percent of Total Borrowers	22.97%	17.00%	13.37%	10.68%	9.09%	8.16%	8.02%	10.70%



DEFAULT INFORMATION

Report Period *	# Borrowers with a Default
2010	72,563
2011	60,863
2012	54,031
2013	45,756
2010 through 2013 Total	233,213

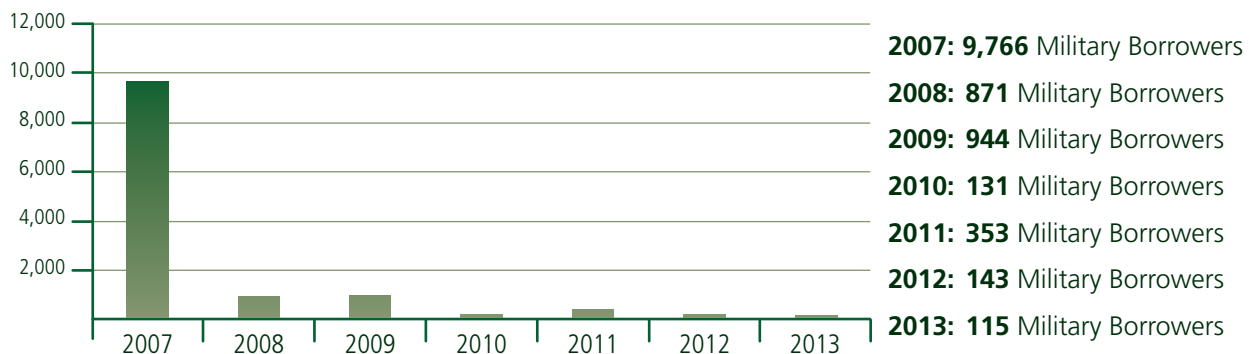
Borrower Defaults



MILITARY BORROWERS

On Oct. 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





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