



# **2018 Payday Lending Report**

**The Washington State Department of Financial Institutions**

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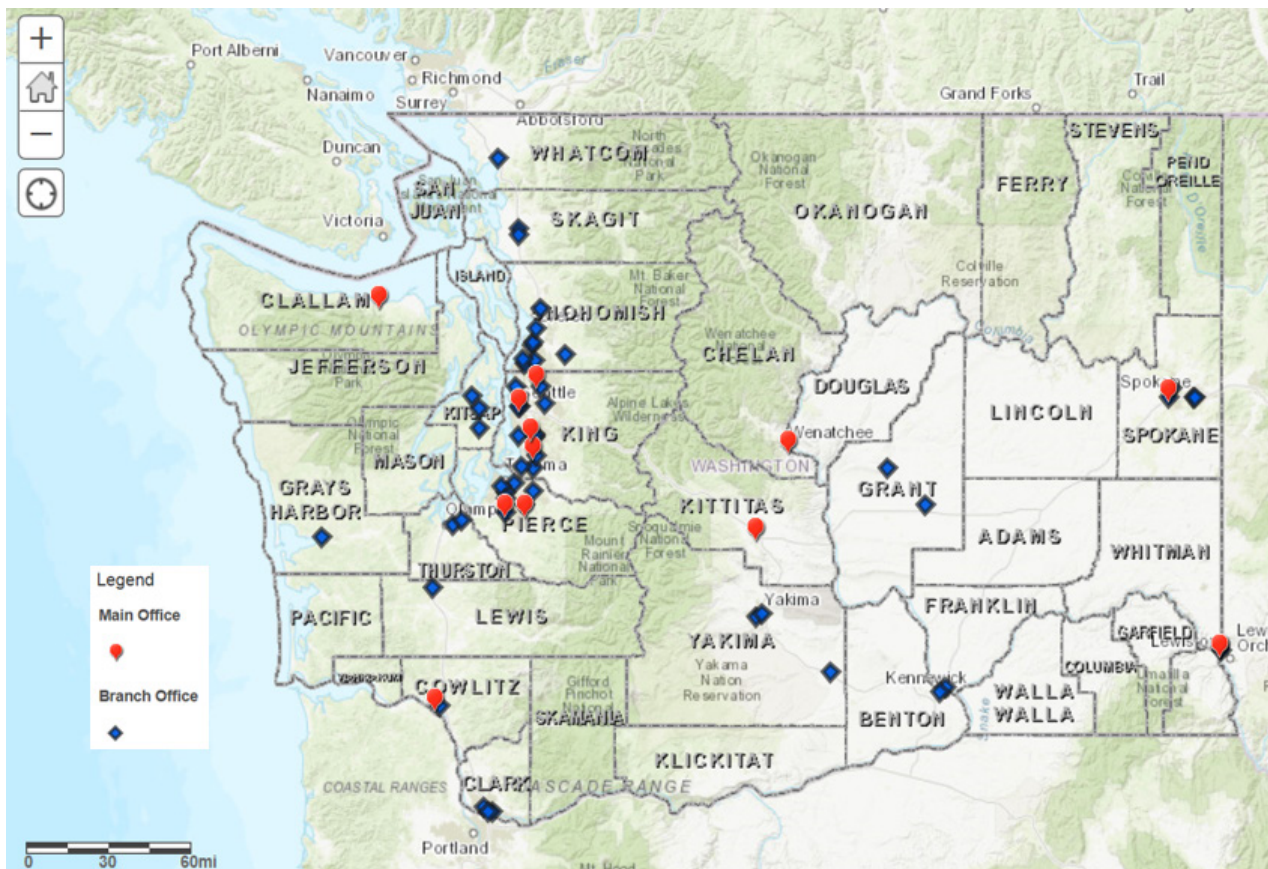
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### WASHINGTON PAYDAY LENDER LOCATIONS MAP



*(In state licensed locations only)*

[Red markers 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 2018 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?**

**Loan Terms and Conditions**

*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 thirty percent of 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

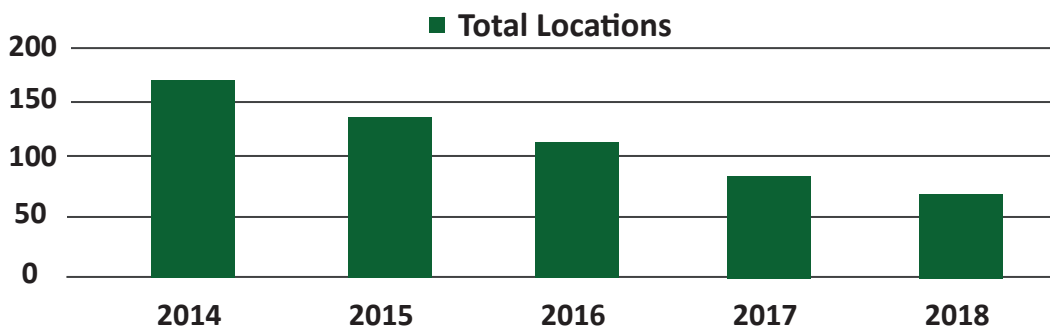
**BORROWERS RIGHTS TO INSTALLMENT PLANS**

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 8.1% from year-end 2017 to year-end 2018. Overall, the number of payday lending locations has decreased 89.4% since its height in 2006.

	2014	2015	2016	2017	2018
Companies	39	29	26	28	23
Branches	121	110	87	58	56
Total Locations	160	139	113	86	79

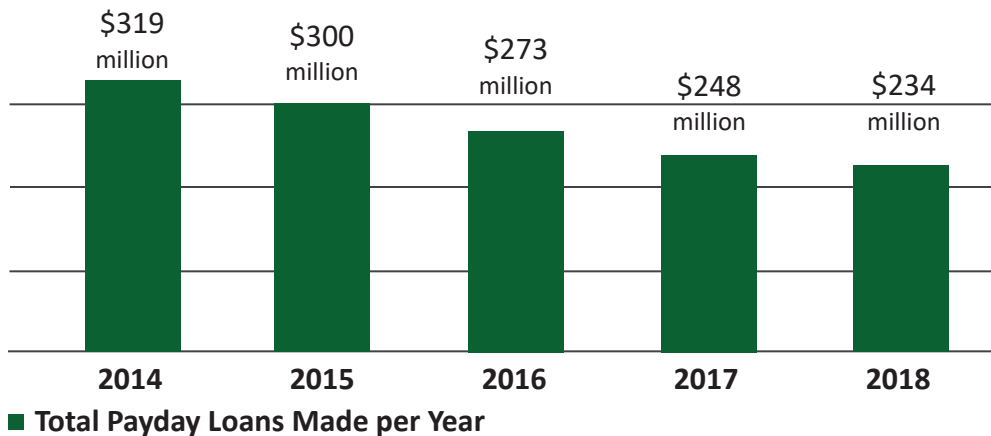


**PAYDAY LOAN HISTORICAL DATA**

	2014	2015	2016	2017	2018
Small Loans Made	819,755	776,824	710,163	633,882	585,212
Total Amount of Small Loans	\$319,290,707	\$300,903,558	\$273,746,893	\$248,772,165	\$234,490,252

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

The dollar volume of payday loans made decreased 5.7% from 2017 to 2018. Overall, the annual dollar volume of payday loans in Washington has decreased 83% from its peak in 2005.



Payday lending is a \$234.5 million industry in Washington.

**PAYDAY LOAN ANALYSIS**

Washington State Payday Lending Industry	2018
Volume of Payday Loans	\$234,490,252
Number of Payday Loans	585,212
Average Payday Loan Amount	\$400.69

The average payday loan in 2018 was \$400, compared to \$392 in 2017.

**PAYDAY LOAN FEE ANALYSIS**

Washington State Payday Lending Industry	2018
Total Payday Loan Fees	\$33,469,928
Number of Payday Loans	585,212
Average Payday Loan Fee	\$57.19

The average payday loan fee in 2018 was \$57.19, compared to \$55.83 in 2017.

**PAYDAY LOAN TERM ANALYSIS**

Washington State Payday Lending Industry	Average Term
Average Payday Loan Term- Agreement date to initial due date	21.4 Days
Average Payday Loan Term- Agreement date to final close date (including loans which went into installment plans)	47.6 Days

The average *initial loan term* in 2018 was 21.4 days, compared to 21.5 days in 2017.

**BORROWER INCOME**

Washington State Payday Lending Industry	Average Monthly Income*
Average Customer Income	\$3,356.65

The average monthly income in 2018 was \$3,356, compared to \$3,256 in 2017.

\* Monthly income for customers is based on the most recent update to customer income in the Veritec database during 2018 and does not necessarily reflect monthly income at the time transactions were opened.

**BORROWER AGES**

Age Category	% Of Customers	% Of Transactions
18-24	12.0%	10.6%
25-34	26.4%	24.6%
35-44	21.5%	21.3%
45-54	18.0%	18.8%
55-64	14.2%	15.6%
65 or over	7.9%	9.2%
<b>Total</b>	<b>100%</b>	<b>100%</b>

The average age of customers conducting transactions during the period was 41.7 years.

### BORROWER LOAN LIMITS

Beginning January 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	2018
Number of Unique Customers	171,158
Number of Customers that Reached 8-Loan Limit*	38,884
Percentage of Borrowers that Reached their Maximum Number of Loans	22.72%

\* Not all customers that reached the 8-loan limit received all loans during the 2018 calendar year, as the limit is over a rolling twelve month period where the limit may have been hit at any time during 2018 when the eighth allowed loan was taken out.

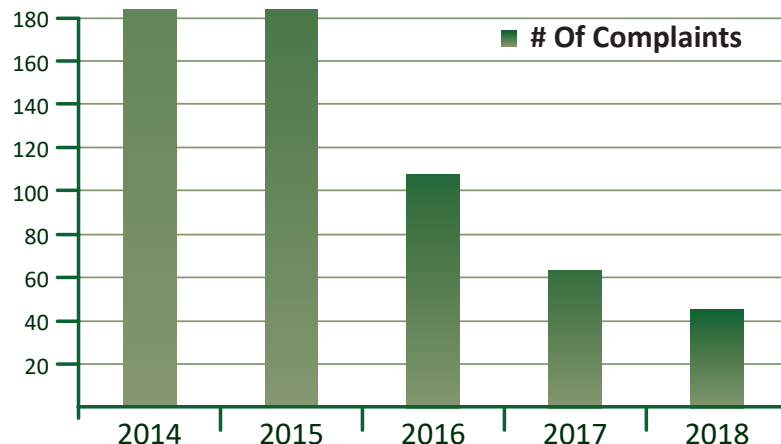
### INSTALLMENT PLAN USAGE

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	2018
Number of Small Loans Made	585,212
Number of Small Loans Converted into an Installment Plan	99,674
Percentage of Small Loans that were Converted to an Installment Plan	17.03%

### 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.



- 2014 - 184 complaints
- 2015 - 183 complaints
- 2016 - 109 complaints
- 2017- 64 complaints
- 2018- 44 complaints

Of the 44 complaints received in 2018, 28 were against online payday lenders\*

\*Of the 28 complaints related to online payday lenders, 5 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 calendar year 2018.

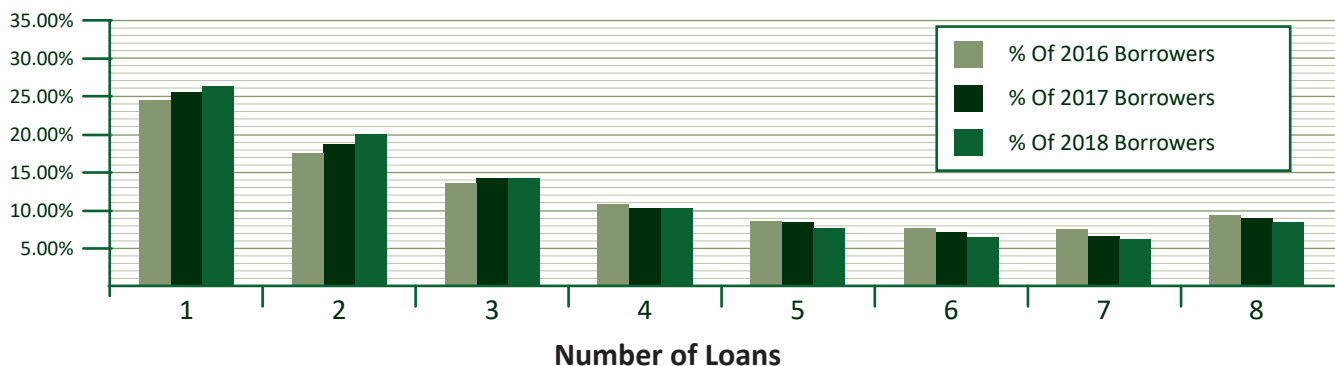
**BORROWER LOAN FREQUENCY**

Annual Loan Frequency	Total Borrowers	% Total Borrowers	Total Number of Loans	% Of Total Loans
1 Loan	45,418	26.4%	45,418	7.8%
2 Loans	34,556	20.1%	69,112	11.8%
3 Loans	24,298	14.1%	72,894	12.5%
4 Loans	17,336	10.1%	66,344	11.8%
5 Loans	13,563	7.9%	67,815	11.6%
6 Loans	11,187	6.5%	67,122	11.5%
7 Loans	10,495	6.1%	73,465	12.6%
8 Loans	15,005	8.7%	120,042	20.5%
<b>TOTAL</b>	<b>171,858</b>	<b>100%</b>	<b>585,212</b>	<b>100%</b>

\* Note, this data is limited solely to loans taken out during the 2018 calendar year, which differs from the 38,884 borrowers reported on page 7 that took out an eighth loan over a rolling twelve month basis at some point during 2018.

**BORROWING FREQUENCY COMPARISON**

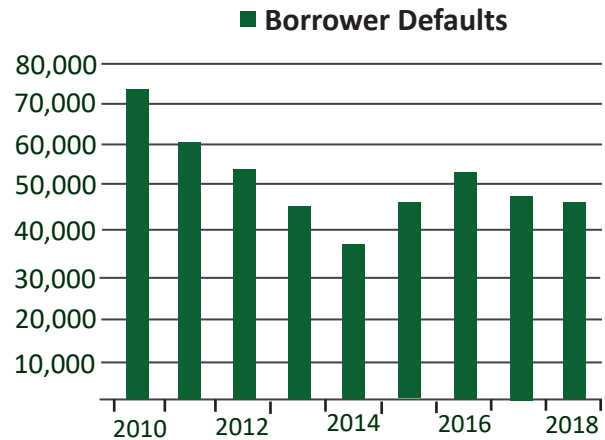
No. Of Loans	1	2	3	4	5	6	7	8
2016 percent of Total Borrowers	24.51%	17.70%	13.57%	10.74%	8.89%	7.68%	7.30%	9.62%
2017 percent of Total Borrowers	25.31%	18.95%	14.17%	10.36%	8.40%	7.05%	6.75%	9.01%
2018 percent of Total Borrowers	26.43%	20.11%	14.14%	10.09%	7.89%	6.51%	6.11%	8.73%





**BORROWER DEFAULT INFORMATION**

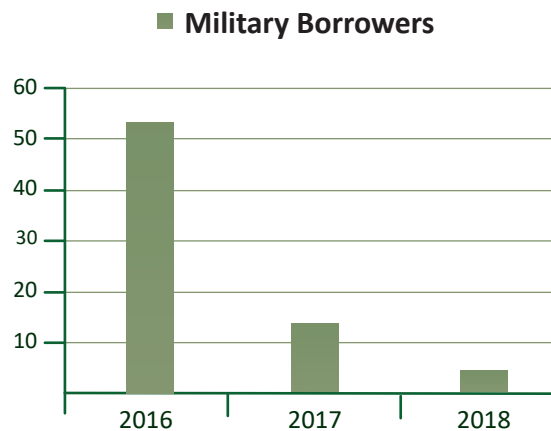
Report Period	# Borrowers with a Default
2010	72,563
2011	60,863
2012	54,031
2013	45,756
2014	37,703
2015	45,679
2016	51,792
2017	48,816
2018	47,656
<b>2010-2018 Total</b>	<b>464,859</b>



**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 (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.

Military Borrowers	
2016	53
2017	14
2018	5





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