



# **2022 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 2022 PAYDAY LENDING REPORT**

Payday Lender Locations Map ..... 3

What is a Payday Loan? ..... 4

What is Allowed?..... 4

Borrowers’ 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 Age ..... 6

Borrower Loan Limits ..... 7

Installment Plan Usage ..... 7

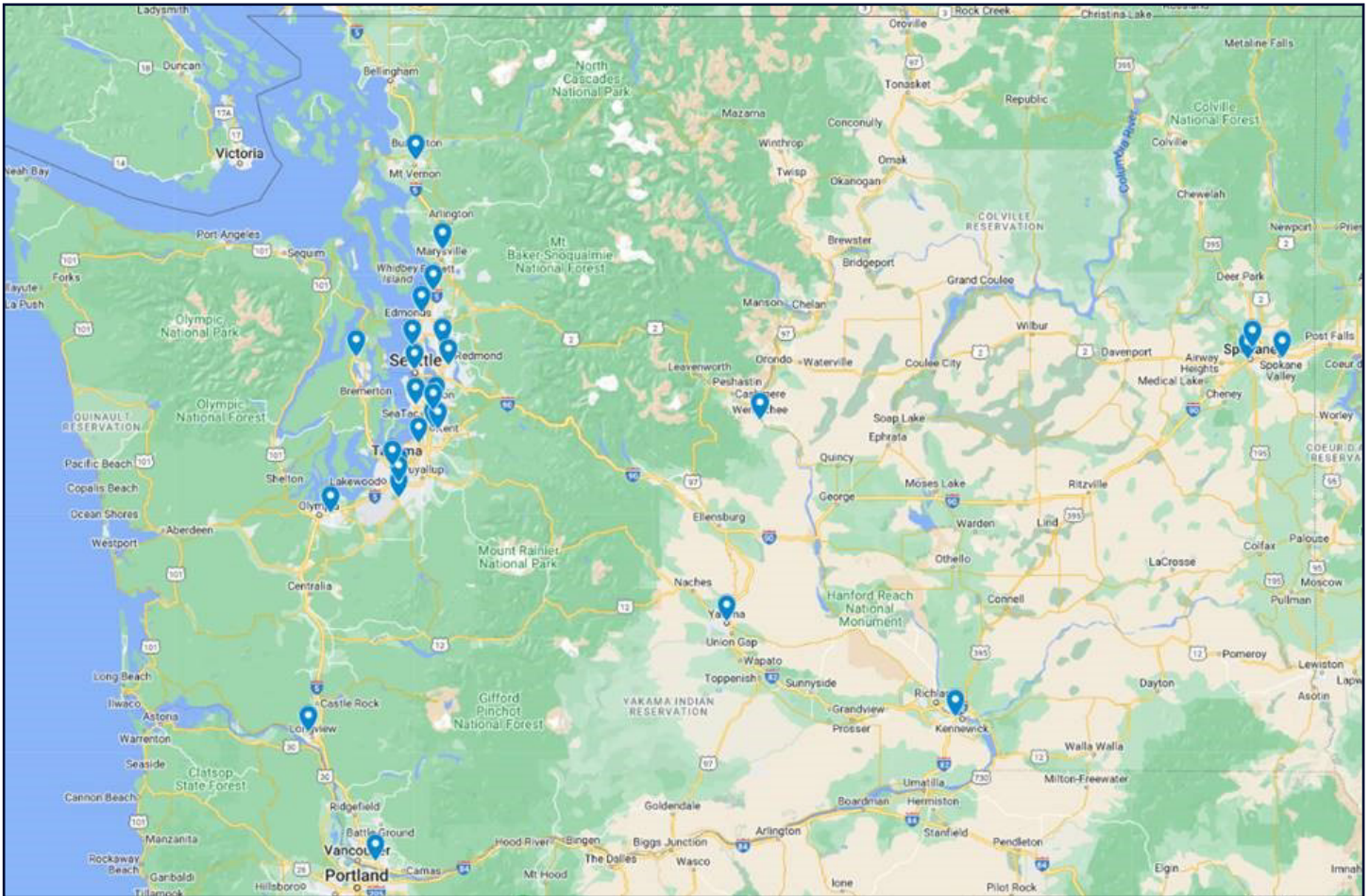
Consumer Complaint Summary ..... 7

Borrower Frequency Table ..... 8

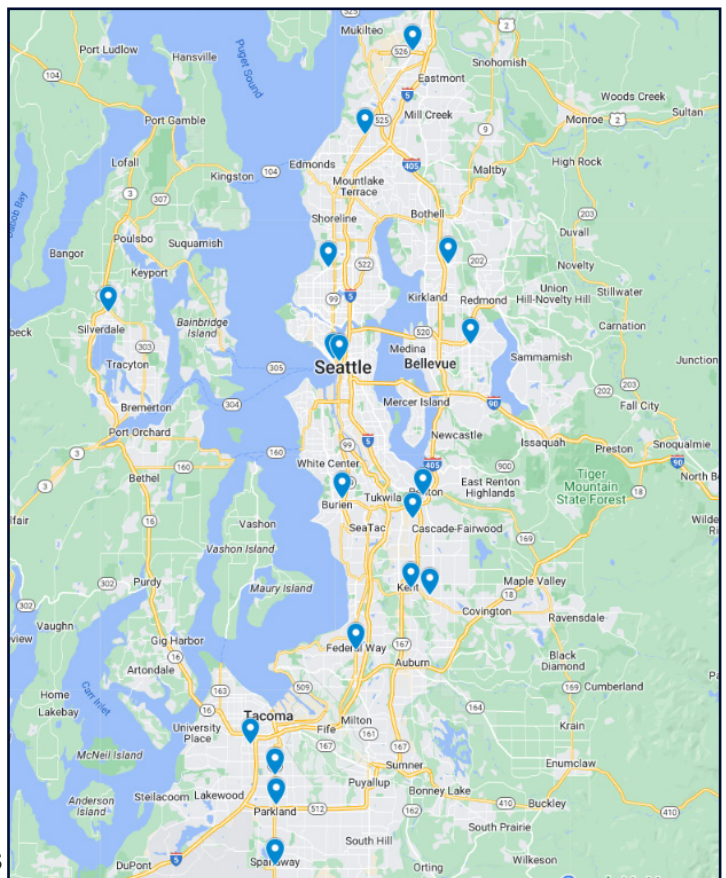
Borrower Frequency Comparison ..... 8

Borrower Default Information..... 9

Military Borrowers..... 9



Above: In-state locations only



At right: Puget Sound licensed 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 2022 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	Example
<p><i>Minimum Loan Term:</i> 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 repaid</p>
<p><i>Maximum Loan Term:</i> 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</p>	<p>A loan for \$700 + \$95 fee = \$795 repaid</p>
<p><i>Maximum Loan Amount:</i> \$700, or thirty percent of gross monthly income of the borrower, whichever is lower</p>	
<p><i>Maximum Fee:</i> 15% on the first \$500 10% on the amount greater than \$500</p>	

**BORROWER RIGHTS TO INSTALLMENT PLANS**

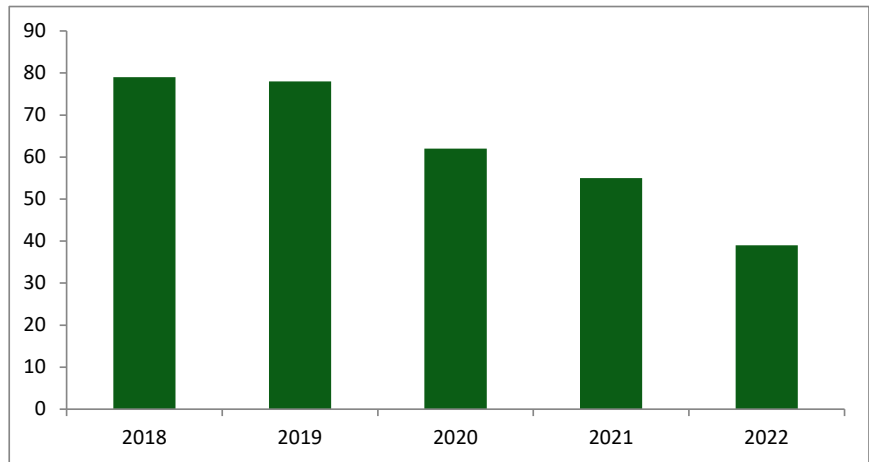
Borrowers are entitled to an installment plan at any time prior to default. Borrowers do not have to pay a fee for the installment plan and have from 90 to 180 days (depending on the original loan amount) to repay the loan in a series of installments.

**NUMBER OF LICENSED PAYDAY LENDERS**

The number of payday lending locations decreased 29% from year-end 2021 to year-end 2022. Overall, the number of payday lending locations has decreased 96% since its height in 2006.

	2018	2019	2020	2021	2022
Companies	23	22	20	16	12
Branches	56	56	42	39	27
Total Locations	79	78	62	55	39

■ Total Locations



**PAYDAY LOAN HISTORICAL DATA**

	2018	2019	2020	2021	2022
Small Loans Made	585,212	577,280	343,355	288,748	300,750
Total Amount of Small Loans	\$234,490,252	\$229,993,042	\$139,133,264	\$123,374,194	\$136,186,885

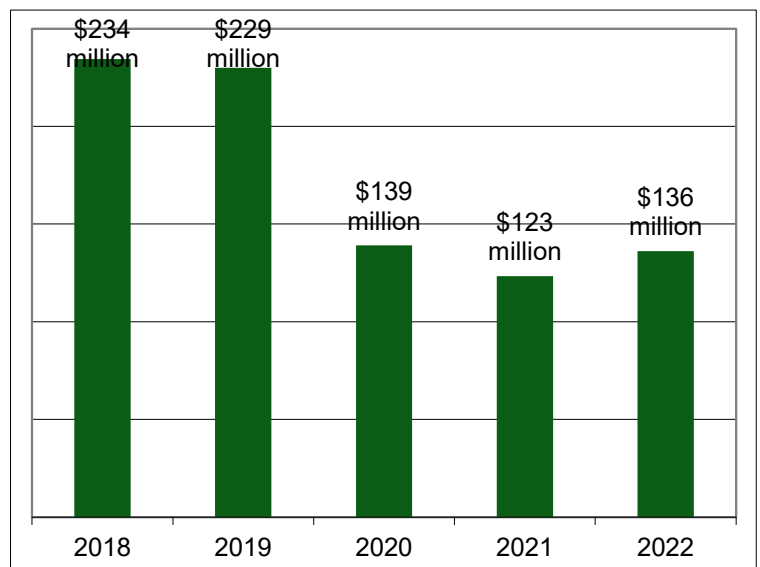
**TOTAL PAYDAY LOANS MADE**

(MEASURED IN MILLIONS OF DOLLARS)

The dollar volume of payday loans made increased 10.4% from 2021 to 2022. Overall, the annual dollar volume of payday loans in Washington has decreased 90% from its peak in 2005.

Payday lending is a \$136 million industry in Washington.

■ Total Payday Loans Made per Year



**PAYDAY LOAN ANALYSIS**

Washington State Payday Lending Industry	2022
Volume of Payday Loans	\$136,186,885
Number of Payday Loans	300,750
Average Payday Loan Amount	\$452.82

The average payday loan in 2022 was \$452, compared to \$427 in 2021.

**PAYDAY LOAN FEE ANALYSIS**

Washington State Payday Lending Industry	2022
Total Payday Loan Fees	\$17,472,145
Number of Payday Loans	300,750
Average Payday Loan Fee	\$58.10

The average payday loan fee in 2022 was \$58.10, compared to \$55.03 in 2021.

**PAYDAY LOAN TERM ANALYSIS**

Washington State Payday Lending Industry	Average Term
Average Payday Loan Term- Agreement date to initial due date	30.5 Days
Average Payday Loan Term- Agreement date to final close date (including loans which went into installment plans)	44.5 Days

The average initial loan term in 2022 was 30.5 days, compared to 24 days in 2021.

**BORROWER INCOME**

Washington State Payday Lending Industry	Average Monthly Income*
Average Customer Income	\$4,225

The average monthly income in 2022 was \$4,225, compared to \$3,896 in 2021.

\* Monthly income for customers is based on the most recent update to customer income in the Veritec database during 2021 and does not necessarily reflect monthly income at the time transactions were opened.

**BORROWER AGES**

Age Category	% Of Customers	% Of Transactions
18-24	10.1%	8.5%
25-34	28.2%	26.3%
35-44	23.0%	22.7%
45-54	16.7%	17.5%
55-64	13.4%	15.0%
65 or over	8.7%	10.1%
<b>Total</b>	<b>100%</b>	<b>100%</b>

The average age of customers conducting transactions during the period was 41.9 years.

### 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.

Washington State Payday Lending Industry	2022
Number of Unique Borrowers	95,397
Number of Borrowers that Reached 8-Loan Limit*	15,760
Percentage of Borrowers that Reached their Maximum Number of Loans	16.5%

\* Not all customers that reached the 8-loan limit received all loans during the 2022 calendar year, as the limit is over a rolling twelve month period where the limit may have been hit at any time during 2022 when the eighth allowed loan was taken out.

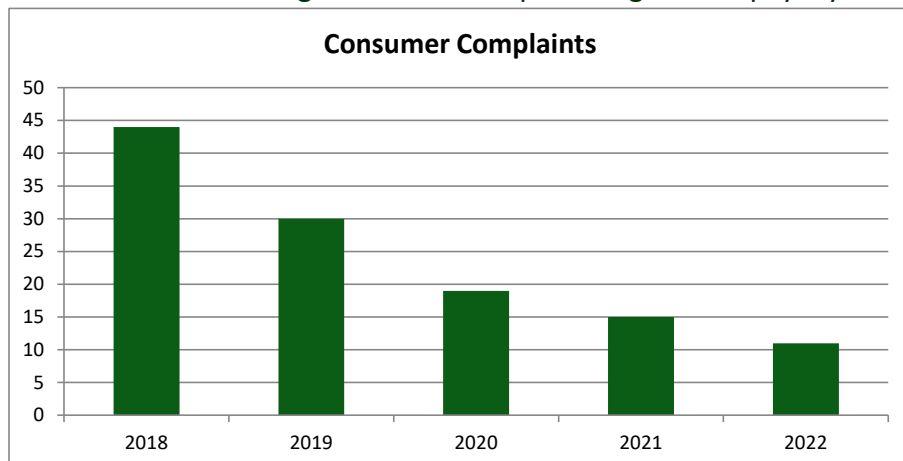
### INSTALLMENT PLAN USAGE

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	2022
Number of Small Loans Made	300,750
Number of Small Loans Converted into an Installment Plan	34,138
Percentage of Small Loans that were Converted to an Installment Plan	11.4%

### 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.



- 2018 - 44 Complaints
- 2019 - 30 Complaints
- 2020 - 19 Complaints
- 2021 - 15 Complaints
- 2022 - 11 Complaints

Of the 11 complaints received in 2022, 7 were against online payday lenders\*

\* Of the 7 complaints related to online payday lenders, one of the complaints was against a licensed online lender. 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 2022.

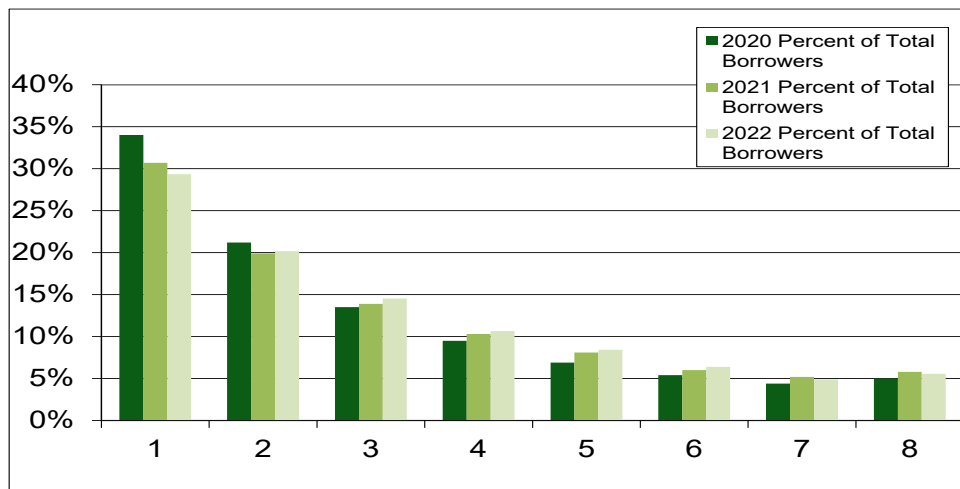
**BORROWER LOAN FREQUENCY**

Annual Loan Frequency	Total Borrowers	% Total Borrowers	Total Number of Loans	% Of Total Loans
1 Loan	27,993	29.3%	27,993	9.3%
2 Loans	19,245	20.2%	38,490	12.8%
3 Loans	13,872	14.5%	41,616	13.8%
4 Loans	10,164	10.7%	40,656	13.5%
5 Loans	8,038	8.4%	40,190	13.4%
6 Loans	6,102	6.4%	36,612	12.2%
7 Loans	4,672	4.9%	32,704	10.9%
8 Loans*	5,311	5.6%	42,489	14.1%
<b>TOTAL</b>	<b>95,397</b>	<b>100.00%</b>	<b>300,750</b>	<b>100.00%</b>

\* Note, this data is limited solely to loans taken out during the 2022 calendar year, which differs from the 15,760 borrowers reported on page 7 that took out an eighth loan over a rolling twelve month basis at some point during 2022.

**BORROWING FREQUENCY COMPARISON**

No. Of Loans	1	2	3	4	5	6	7	8
2020 percent of Total Borrowers	34.0%	21.2%	13.5%	9.5%	6.9%	5.4%	4.4%	5.0%
2021 percent of Total Borrowers	30.7%	19.9%	13.9%	10.3%	8.1%	6.0%	5.2%	5.8%
2022 percent of Total Borrowers	29.3%	20.2%	14.5%	10.7%	8.4%	6.4%	4.9%	5.6%

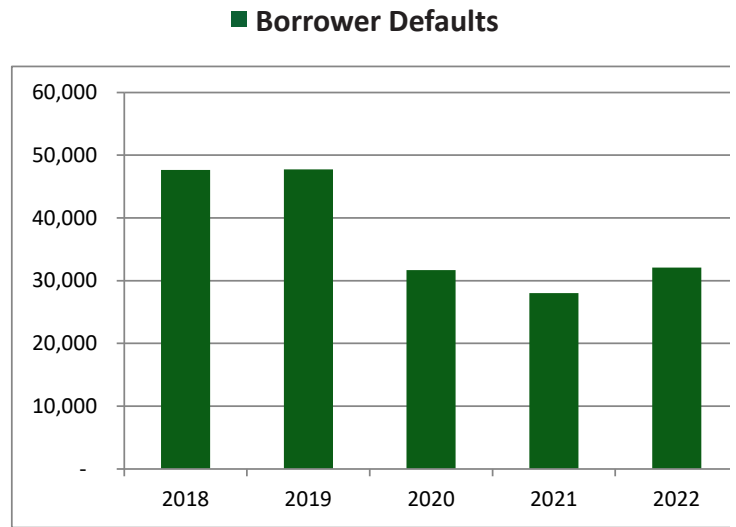




**BORROWER DEFAULT INFORMATION**

“Default” is the borrower’s failure to repay the small loan in compliance with the terms contained in the agreement or failure to pay an installment plan payment within ten days after the due date.\*

Report Period	# Borrowers with a Default
2018	47,656
2019	47,716
2020	31,703
2021	28,034
2022	32,069
2018 through 2022 Total	187,178

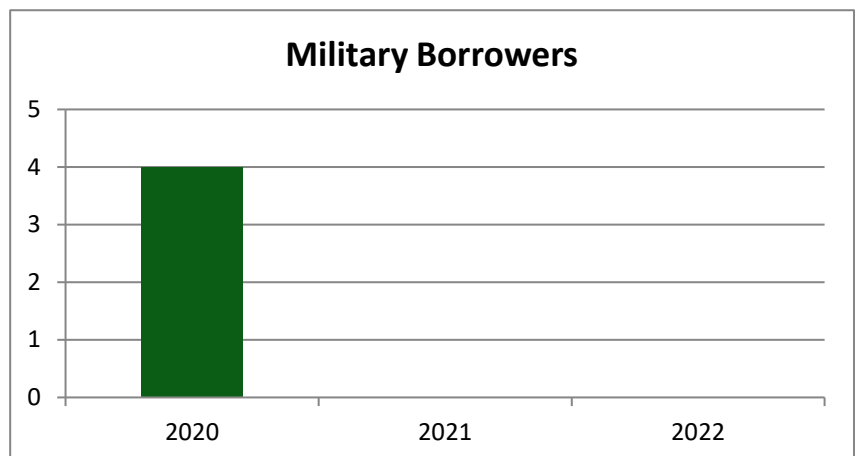


**MILITARY BORROWERS**

Federal law\* caps the annual percentage rate at 36 percent 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, most payday lenders in Washington State have ceased lending to military borrowers.

\* See RCW 31.45.010.

Military Borrowers	
2020	4
2021	0
2022	0





**The Washington State Department  
of Financial Institutions**

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

**360.902.8700 (phone)**

**877.746.4334**

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

**En Español: 1.888.976.4422**