



Washington State Department of Financial Institutions

2006 Payday Lending Report



Payday lenders represent a growing financial industry in Washington State. The Department of Financial Institutions (DFI) created this report as an educational tool for policy makers and other interested parties. The statistics presented on pages 1 and 2 represent data reported to DFI from all payday lending licensees for fiscal year 2006.



What is a Payday Loan?

Payday loan companies offer small, short-term, high interest loans secured by a post-dated check. The consumer's post-dated check is written for the loan amount plus a fee. The check is held by the lender for the loan period (term). At the end of the term, the lender may deposit the check or the customer may reclaim the check with cash.

The legislature passed Washington's first payday lending laws in 1995 under the Check Cashers & Sellers Act (RCW 31.45). DFI regulates payday lenders in Washington State.

What is Allowed in Washington State?

Maximum Loan Term: 45 days
 Maximum Loan Amount: \$700
 Maximum Fee: 15% on the first \$500
 10% above \$500

Example: A loan for \$500 + \$75 fee = \$575
 A loan for \$700 + \$95 fee = \$795

Payment Plans

Consumers have a right to a payment plan after four successive loans with the same company. A payment plan allows borrowers to pay off their loans in a series of installments.

Since 2000 the number of payday lending locations grew 97%.

Number of Licensed Payday Lenders, Washington State Payday Lending Industry

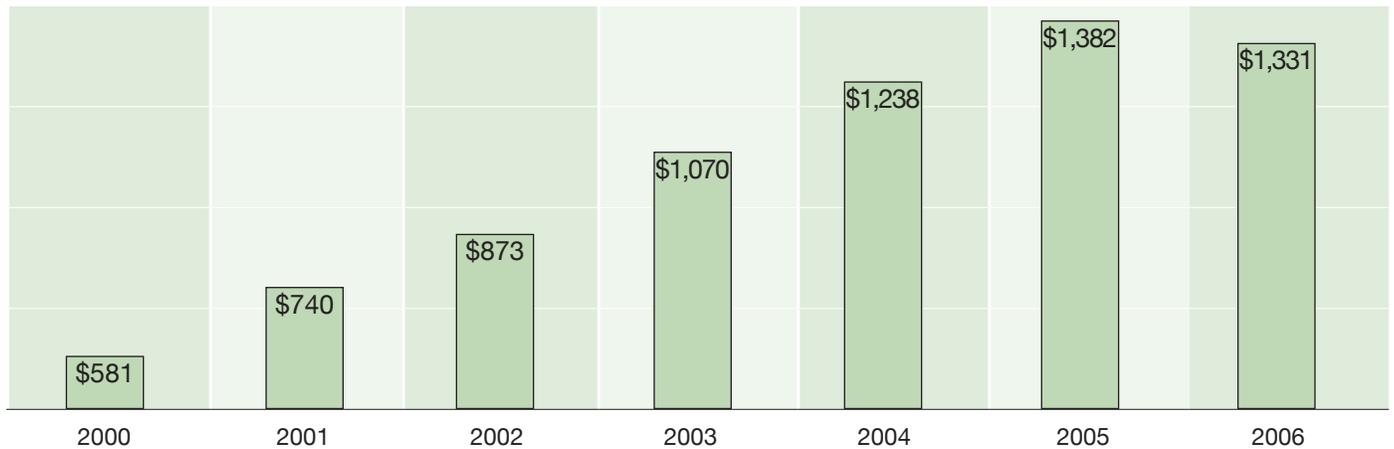
	2000	2001	2002	2003	2004	2005	2006
Companies	90	96	110	124	125	131	130
Branches	287	286	317	378	465	585	612
Total Locations	377	382	427	502	590	716	742

Washington State Payday Lending Industry

Payday Loan Historical Data, Washington State Payday Lending Industry

	2000	2001	2002	2003	2004	2005	2006
Volume of Payday Loans	\$580,535,734	\$739,540,654	\$873,339,989	\$1,069,695,069	\$1,238,488,278	\$1,382,132,283	\$1,330,738,136
Number of Payday Loans	1,832,782	2,186,333	2,337,359	2,983,477	3,297,012	3,595,873	3,503,721

Total Payday Loans Made (measured in millions of dollars), Washington State Payday Lending Industry



When measured in dollars, payday lending is a \$1.3 billion industry.

2006 Payday Loan Analysis

Washington State Payday Lending Industry

Volume of Payday Loans	\$1,330,738,136
Number of Payday Loans	3,503,721
Average Payday Loan Amount	\$379.81

2006 Payday Loan Fee Analysis

Washington State Payday Lending Industry

Total Payday Loan Fees	\$186,825,170
Number of Payday Loans	3,503,721
Average Payday Loan Fee	\$53.32

The average single payday loan fee in 2006 was \$53.

The Department collected additional required statistics from 17 licensees with more than \$10 million in loans. In addition, 38 licensees provided this data voluntarily. The information featured on pages 3-5 represents responses from these 55 companies, which make up 92% of the loans (measured by dollar volume). These companies range in size from \$19,745 - \$430,603,660 in annual loan volume.

Average Length of Payday Loans

(92% of Washington State's payday lending market)

1-7 Days	6.7%
8-14 Days	41.6%
15-21 Days	34.6%
22-31 Days	13.5%
32 or More Days	2.9%

The average length of a payday loan in 2006 among the 55 companies was 18.8 days.

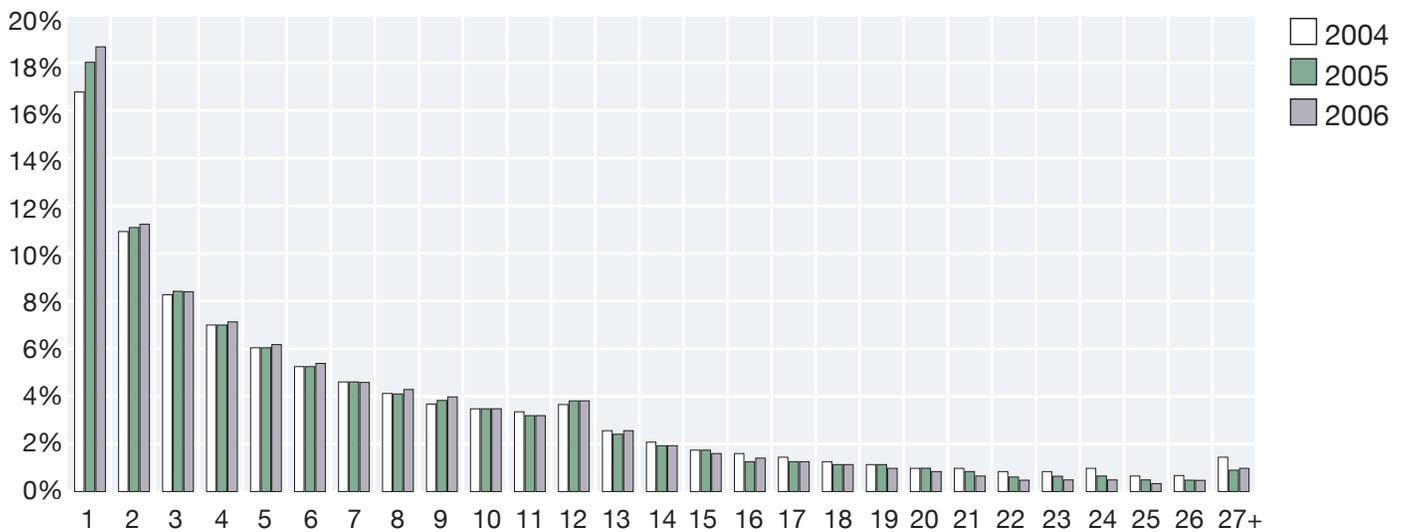
2006 Payment Plan Use, (92% of Washington State's payday lending market)

Number of borrowers who entered into payment plans	39,556
Payment plan as a percent of estimated borrowers	8.22%

*The number of borrowers who entered into payment plans in 2005 was 16,412.
The payment plan as a percent of estimated borrowers in 2005 was 5%.*

Borrowing Frequency Comparison,

(Sample of Washington State's payday lending statistics 2004, 2005, 2006)



Loan Frequency 2006, (92% of Washington State's payday lending market)

The tables on this page capture loan frequency data as the number of loans each individual borrowed during the year. For example, 50,805 borrowers entered into loan transactions with a lender two times in 2006 for a total of 101,610 loans in this category (50,805 x 2 = 101,610)

Frequency	total borrowers	% total borrowers	total number of loans	% of total loans
1 Time	84,039	18.91%	84,039	2.65%
2 Times	50,805	11.43%	101,610	3.20%
3 Times	38,050	8.56%	114,150	3.60%
4 Times	32,684	7.35%	130,736	4.12%
5 Times	28,227	6.35%	141,135	4.45%
6 Times	24,389	5.49%	146,334	4.62%
7 Times	21,384	4.81%	149,688	4.72%
8 Times	19,829	4.46%	158,632	5.00%
9 Times	18,152	4.08%	163,368	5.15%
10 Times	16,109	3.62%	161,090	5.08%
11 Times	15,149	3.41%	166,639	5.26%
12 Times	17,805	4.01%	213,660	6.74%
13 Times	11,734	2.64%	152,542	4.81%
14 Times	9,165	2.06%	128,310	4.05%
15 Times	7,820	1.76%	117,300	3.70%
16 Times	6,809	1.53%	108,944	3.44%
17 Times	6,035	1.36%	102,595	3.24%
18 Times	5,355	1.20%	96,390	3.04%
19 Times	4,731	1.06%	89,889	2.84%
20 Times	4,058	0.91%	81,160	2.56%
21 Times	3,392	0.76%	71,232	2.25%
22 Times	3,060	0.69%	67,320	2.12%
23 Times	2,898	0.65%	66,654	2.10%
24 Times	3,118	0.70%	74,832	2.36%
25 Times	2,202	0.50%	55,050	1.74%
26 Times	2,652	0.60%	68,952	2.17%
27 Times	1,079	0.24%	29,133	0.92%
28 Times	632	0.14%	17,696	0.56%
29 Times	489	0.11%	14,181	0.45%
30 Times	390	0.09%	11,700	0.37%
31 Times	311	0.07%	9,641	0.30%
32 Times	222	0.05%	7,104	0.22%
33 Times	204	0.05%	6,736	0.21%
34 Times	169	0.04%	5,746	0.18%
35 Times	158	0.04%	5,530	0.17%
36 Times	134	0.03%	4,824	0.15%
37 Times	124	0.03%	4,588	0.14%
38 Times	106	0.02%	4,028	0.13%
39 Times	94	0.02%	3,666	0.12%
40 Times	74	0.02%	2,960	0.09%
41 Times	67	0.02%	2,747	0.09%
42 Times	68	0.02%	2,856	0.09%
43 Times	50	0.01%	2,150	0.07%
44 Times	43	0.01%	1,892	0.06%
45 Times	36	0.01%	1,620	0.05%
46 Times	53	0.01%	2,438	0.08%
47 Times	35	0.01%	1,645	0.05%
48 Times	29	0.01%	1,392	0.04%
49 Times	23	0.01%	1,127	0.04%
50 Times	12	0.00%	600	0.02%
51 + Times	241	0.05%	12,291	0.39%
TOTAL	444,494	1000.00%	3,170,538	100.00%

Additional information

Some lenders identified their loans as “add-on” amounts to existing loans. For example, a borrower may have the following borrowing scenario:

Loan 1: June 1 - \$100 due June 15

Loan 2: June 2 - \$100 due June 15

Loan 3: June 8 - \$100 due June 15

Loan 4: June 10 - \$100 due June 15

Loan 5: June 13 - \$100 due June 15

Loan Frequency 2006 - Military Borrowers, (92% of Washington State's payday lending market)

The tables on this page capture the number and percentage of military borrowers.

Frequency	Military Borrowers	% Military Borrowers	Number of Loans to Military Borrowers	% of Loans to Military Borrowers
1 Time	3555	29.54%	3555	6.00%
2 Times	1815	15.08%	3630	6.13%
3 Times	1247	10.36%	3741	6.32%
4 Times	952	7.91%	3808	6.43%
5 Times	729	6.06%	3645	6.15%
6 Times	602	5.00%	3612	6.10%
7 Times	521	4.33%	3647	6.16%
8 Times	437	3.63%	3496	5.90%
9 Times	378	3.14%	3402	5.74%
10 Times	278	2.31%	2780	4.69%
11 Times	252	2.09%	2772	4.68%
12 Times	247	2.05%	2964	5.00%
13 Times	179	1.49%	2327	3.93%
14 Times	152	1.26%	2128	3.59%
15 Times	104	0.86%	1560	2.63%
16 Times	101	0.84%	1616	2.73%
17 Times	68	0.57%	1156	1.95%
18 Times	56	0.47%	1008	1.70%
19 Times	53	0.44%	1007	1.70%
20 Times	58	0.48%	1160	1.96%
21 Times	43	0.36%	903	1.52%
22 Times	41	0.34%	902	1.52%
23 Times	33	0.27%	759	1.28%
24 Times	38	0.32%	912	1.54%
25 Times	23	0.19%	575	0.97%
26 Times	17	0.14%	442	0.75%
27 Times	16	0.13%	432	0.73%
28 Times	6	0.05%	168	0.28%
29 Times	5	0.04%	145	0.24%
30 Times	7	0.06%	210	0.35%
31 Times	5	0.04%	155	0.26%
32 Times	0	0.00%	0	0.00%
33 Times	3	0.02%	99	0.17%
34 Times	3	0.02%	102	0.17%

Frequency	Military Borrowers	% Military Borrowers	Number of Loans to Military Borrowers	% of Loans to Military Borrowers
35 Times	1	0.01%	35	0.06%
36 Times	2	0.02%	72	0.12%
37 Times	0	0.00%	0	0.00%
38 Times	1	0.01%	38	0.06%
39 Times	0	0.00%	0	0.00%
40 Times	2	0.02%	80	0.14%
41 Times	0	0.00%	0	0.00%
42 Times	1	0.01%	42	0.07%
43 Times	0	0.00%	0	0.00%
44 Times	0	0.00%	0	0.00%
45 Times	0	0.00%	0	0.00%
46 Times	1	0.01%	46	0.08%
47 Times	0	0.00%	0	0.00%
48 Times	0	0.00%	0	0.00%
49 Times	0	0.00%	0	0.00%
50 Times	0	0.00%	0	0.00%
51 + Times	2	0.02%	102	0.17%
TOTAL	12,034	100%	59,233	100%

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.

2004 - 82 complaints
2005 - 64 complaints
2006 - 82 complaints

Total Number of Complaints

Washington State Payday Lending Industry

