

PAYDAY LENDER LICENSEE ACTIVITY 2004 – 2006

Information compiled from annual reports filed by payday lenders with the Bureau of Financial Institutions

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Total number of locations operated by payday lender licensees at year end	791	756	696
Total number of payday loans made	3,593,401	3,372,103	2,898,934
Total dollar amount of payday loans made	\$1,311,902,855	\$1,197,105,829	\$988,135,464
Average Loan amount	\$365	355	341
Total number of individuals to whom payday loans were made	433,537	445,891	387,686
Number of individual borrowers who received more than one loan but less than 13 loans	289,767	288,737	235,317
Number of individual borrowers who received 13 loans or more	96,831	90,859	76,068
Average annual percentage rate charged on payday loans	378	386	373
Average term in days of payday loans made	15	15	19
Total number of borrower checks returned unpaid by the drawer depository institution	153,882	144,882	128,177
Total dollar amount of borrower checks returned unpaid by the drawer depository institution	\$62,153,570	\$56,152,641	\$49,571,675
Total number of returned checks ultimately paid	86,459	78,003	60,870
Total dollar amount of returned checks ultimately paid	\$32,174,066	\$27,727,473	\$21,927,931
Total number of returned checks charged off as uncollectible	71,038	76,546	63,675
Total dollar amount of returned checks charged off as uncollectible	\$27,691,870	\$28,498,733	\$24,088,980
Total number of returned check fees Collected from borrowers whose checks are returned for insufficient funds	61,050	53,227	47,029
Total dollar amount of returned check fees collected from borrowers whose checks are returned for insufficient funds	\$268,270	\$250,599	\$333,089
Total number of individual borrowers against whom lawsuits were instituted	12,486	9,039	6,882
Total dollar amount of loans sought to be recovered through lawsuits	\$5,099,591	\$3,123,044	\$2,550,512

SEE REVERSE FOR MORE INFORMATION

**Let's take a look at the average Virginia borrower's
experience with payday lending in 2006**

- **The borrower got 14 loans and was expected to pay each loan back in 15 days.**
- **He borrowed \$365 and paid \$793.66 in interest.**
- **The borrower paid \$793.66 in interest to repeatedly borrow the same \$365 for seven months.**

The average Virginia payday loan borrower got 14 payday loans in 2006.

How is that average calculated? The Bureau of Financial Institutions Report indicated that there were 3,593,401 payday loans made in 2006 to 433,537 borrowers. Loans divided by borrowers equals 8.3.

But we know there were actually less than 433,537 borrowers because many are counted twice or more by different payday lenders. Each payday lender counts its own borrowers, so if a borrower goes to two (or more) lenders he is counted more than once for purposes of the BFI report.

The payday loan industry recently commissioned the Georgetown Study. This report found that the average borrower goes to 1.7 lenders. Divide 433,537 by 1.7 and you get 255,022, which is a more accurate report of how many *individual* people borrowed from payday lenders in 2006. Divide 3,593,401 payday loans made by 255,022 different borrowers and you get 14 loans per borrower.

The average Virginia payday loan borrower pays \$793.66 in interest to borrow \$365 for 7 months.

If you borrow \$365 (the average amount according to the report), you pay \$56.69 in interest (averages 378%) over the average loan term of 15 days. At 14 loans per year, the average Virginia borrower pays \$793.66 in interest only to repeatedly borrow the same \$365 for just 210 days.

(See reverse for the statistics from the Bureau of Financial Institutions report)

The Virginia Partnership to Encourage Responsible Lending



Contact Dana Wiggins, Responsible Lending Coordinator at dana@vplc.org or 804-782-9430 for more information.