Division of Consumer Services

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The Washington State DFI regulates and examines a variety of state chartered financial services.

The DFI also provides education and outreach to protect consumers from financial fraud.
Consumer Services

- Non-depository financial services industries

- Including (but not limited to):
  - Consumer loans
    - RCW 31.04, Consumer Loan Act (CLA)
  - Small (payday) loans
    - RCW 31.45, Check Cashers and Sellers Act (CCSA)
RCW 31.45:
- RCW 31.45.010: Definitions
- Updates/changes
  - RCW 31.45.073: installment plans
  - RCW 31.45.073: 8 loan limit
  - RCW 31.45.073: max loan of $700 or 30% of gross income
  - RCW 31.45.105(3): unenforceable and uncollectable
# Licensed Payday Lenders

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companies</td>
<td>130</td>
<td>138</td>
<td>133</td>
<td>109</td>
<td>85</td>
<td>68</td>
<td>52</td>
<td>46</td>
</tr>
<tr>
<td>Branches</td>
<td>612</td>
<td>591</td>
<td>584</td>
<td>494</td>
<td>339</td>
<td>188</td>
<td>151</td>
<td>128</td>
</tr>
<tr>
<td>Total Locations</td>
<td>742</td>
<td>729</td>
<td>717</td>
<td>603</td>
<td>424</td>
<td>256</td>
<td>203</td>
<td>174</td>
</tr>
</tbody>
</table>
# Small Loans Made

<table>
<thead>
<tr>
<th>Year</th>
<th>Small Loans Made</th>
<th>Total Amount of Small Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>3,503,721</td>
<td>$1,330,738,136</td>
</tr>
<tr>
<td>2007</td>
<td>3,265,621</td>
<td>$1,291,212,797</td>
</tr>
<tr>
<td>2008</td>
<td>3,196,712</td>
<td>$1,310,540,280</td>
</tr>
<tr>
<td>2009</td>
<td>3,244,024</td>
<td>$1,336,028,845</td>
</tr>
<tr>
<td>2010</td>
<td>1,093,776</td>
<td>$434,111,743</td>
</tr>
<tr>
<td>2011</td>
<td>855,829</td>
<td>$326,673,119</td>
</tr>
<tr>
<td>2012</td>
<td>909,570</td>
<td>$342,989,751</td>
</tr>
<tr>
<td>2013</td>
<td>871,801</td>
<td>$331,430,078</td>
</tr>
</tbody>
</table>
Payday Lending Loans

- Volume of PDL: $331,430,078
- Number of PDL: 871,801
- Average PDL Loan Amount: $380.17
- Total PDL Fees: $47,502,224
- Average PDL Fee: $54.49
- Average Borrower Income: $2,934
## Payday Lending Borrower Age

<table>
<thead>
<tr>
<th>Age Category</th>
<th>% of Customers</th>
<th>% of Transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>13.9%</td>
<td>11.9%</td>
</tr>
<tr>
<td>25-34</td>
<td>25.3%</td>
<td>23.4%</td>
</tr>
<tr>
<td>35-44</td>
<td>22.1%</td>
<td>22.2%</td>
</tr>
<tr>
<td>45-54</td>
<td>19.9%</td>
<td>21.2%</td>
</tr>
<tr>
<td>55-64</td>
<td>13.0%</td>
<td>14.5%</td>
</tr>
<tr>
<td>65 or older</td>
<td>5.8%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
Loan Limits

- Number of Unique Borrowers: 231,868
- Number of Borrowers who obtained eight loans: 68,736
- Percent who reached eight loan limit: 29.64%
Installment Plans

- Number of PDL made: 871,801
- Number of PDL converted to installment: 108,807
- Percent of PDL converted: 12.4%* 

*Percent that converted in 2010: 13.35%
# Defaults

<table>
<thead>
<tr>
<th>Report Period</th>
<th># Borrowers with a Default</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>72,563</td>
</tr>
<tr>
<td>2011</td>
<td>60,863</td>
</tr>
<tr>
<td>2012</td>
<td>54,031</td>
</tr>
<tr>
<td>2013</td>
<td>45,756 (19.7%)</td>
</tr>
<tr>
<td>2010 through 2013</td>
<td>233,213</td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>
Military Borrowers*

- 2007: 9,766
- 2008: 871
- 2009: 944
- 2010: 131
- 2011: 353
- 2012: 143
- 2013: 115

*Due to 36% APR cap, which took effect Oct 2007, most lenders ceased lending to military borrowers.
2009: 216 complaints*
2010: 324 complaints
2011: 286 complaints
2012: 388 complaints
2013: 453 complaints**

*Of the 216 complaints received in 2009, 96 were against online, unlicensed payday lenders

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

Complaint Issues

- Excessive fees
- Rollovers
- Inaccurate disclosures
- Illegal collection practices
- Collection scams
DFI’s Approach

- Follow the money
- Subpoenas to banks
  - Borrowers (obtain waivers)
  - Lenders
  - Processors
  - Affiliates
- Contacting bank regulators
Challenges to Unlicensed PDL

- Overseas incorporation
- Tribal
- Personal jurisdiction
- Subject Matter jurisdiction
- Interstate Commerce
Other Products

- Pension loans
- Title loans
- Installment loans
  - Small Consumer Loan Act
DFI: We’re here for YOU!

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