STOP PAYDAY PREDATORS

VOICE
VOICES ORGANIZED IN CIVIC ENGAGEMENT

PAYDAY LENDERS ARE PREYING ON OKLAHOMANS

Payday loans are among the most predatory forms of credit on the market. Though they are marketed as having “reasonable” fees or charges, typical interest rates exceed 300 percent. And because the payday lenders’ bottom line actually depends on borrowers’ inability to repay — most payday fees come from borrowers who take out more than 10 loans a year — they target people with low incomes and no other options.[1]

Most payday borrowers make less than $30,000 a year and nearly half default on a payday loan — compared to only 3 percent of standard bank loan borrowers — despite the fact that **most of those who default actually pay fees in excess of the original principle.**[2] Payday loans trap people in cycles of debt that drain local economies and result in a cascade of financial consequences, such as increased overdraft fees, delayed medical care, and even bankruptcy.

The negative effects of payday lending are evident in Oklahoma:

- The average loan in Oklahoma is $394.[3]
- The negative effects of payday lending are evident in Oklahoma.[4]
- The average payday borrower in Oklahoma takes out nine loans a year.[5]
- In Oklahoma, 87 percent of payday borrowers received a new loan within the same pay period as receiving their previous loan.[6]

Oklahoma (In 2015)

$52 Million

Payday Loans Fees & Interest

Payday Loans and Other Debt Trap Loans Take a Toll on Oklahoma’s Economy.

Siphoning money out of poor communities and communities of color takes a serious toll on the economy. Money that could be spent building up local businesses or investing in communities is instead directed to never-ending fees. The negative consequences are measurable.

- Payday lending in Oklahoma results in jobs lost and millions of dollars drained from the economy, according to a 2013 report.[7]
- Payday lenders in Oklahoma collected more than $52 million in payday fees in 2015 alone.[8]
- Oklahoma is the number one user of payday loans per capita, according to a 2012 Pew Charitable Trust Study.
- Payday lenders target economically distressed communities in Oklahoma, specifically areas with high populations of the elderly, young adults, immigrants, and lower-income households.[9]

> “It’s part of their business model and not something they have been particular secretive about … they are going after the working poor that have a consistent paycheck and they have enough income that they can get them trapped in a cycle of borrowing.”[10]
>
> ***– Kate Richey, Project Coordinator for Oklahoma Assets Network at the Oklahoma Policy Institute***

The Who and Where of Payday in Oklahoma.

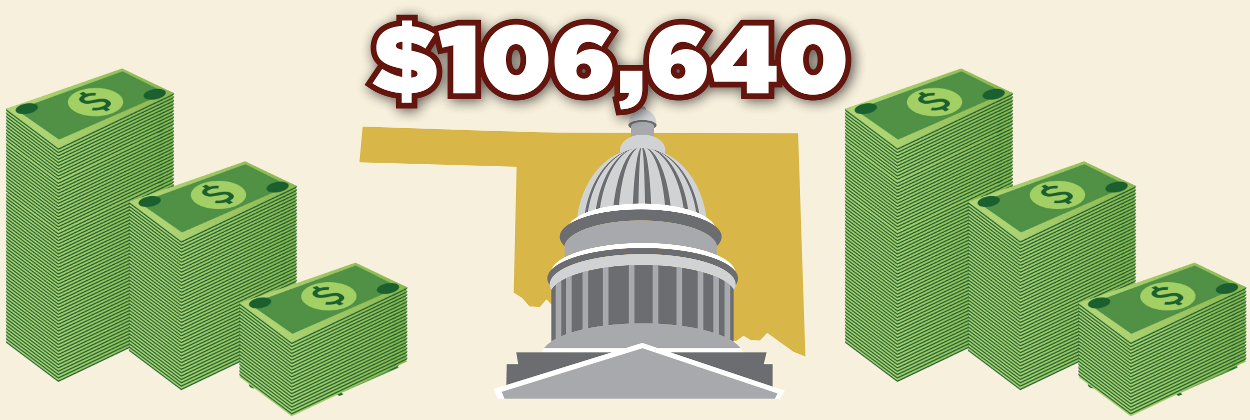
> "At a time when wealth building has never been more urgent – particularly in our community – payday lenders are just draining it away."
>
> ***– Dr. Lee Cooper, pastor of Prospect Baptist Church in Oklahoma City***

- There are more payday lending storefronts in Oklahoma than there are Walmart stores and McDonald's franchises combined.[11]
- More than 60 percent of Oklahoma's payday lending storefronts are located within ten miles of military installations and bases. Though the Military Lending Act prohibits active U.S. military members from taking out loans with annual interest rates above 36 percent, payday lenders could still make loans to civilians working on the bases.
- There are over 337,000 veterans in Oklahoma who no longer receive protection from the Military Lending Act, which caps interest rates at 36 percent for active military.[12]

The True Beneficiaries of Payday Loans.

When the deck is so clearly stacked against Oklahomans and favors the payday lending industry, it becomes necessary to take a deeper look at who benefits from these noxious practices.

- The payday industry makes its profits off the backs of hardworking Oklahomans.
- Payday lenders contribute generously to the campaigns of Oklahoma politicians in an effort to continue to enjoy the fruits of Oklahomans' labor.
- The payday and title loan industry contributed over $106,640 to candidates and committees for state office in Oklahoma between 2010-14.



The Payday/Title loan industry contributed $106,640 to candidates for state office in Oklahoma between 2010-2014.

> "The theory in the business is you've got to get that customer in, [and] work to turn him into a repetitive customer ... that's really where the profitability is."[14]
>
> ***– Dan Feehan, Cash America CEO***

CHECK THE FACTS

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