STOP PAYDAY PREDATORS

PAYDAY LENDERS ARE PREYING ON WOMEN

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.[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 principal.[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 **average payday loan is $350** and is advertised as a short-term fix meant to tide borrowers over until their next payday.[3] However, because payday loans are due in full on the borrowers' next payday, in order to repay the loan and pay the cost of living expenses, most borrowers are forced to take out another payday loan.[4] This is the debt trap.

The negative aspects of payday lending disproportionally impact women:

- Women make up roughly 60 percent of all payday loan customers.[5]
- Women are more likely to take out a payday loan from a storefront than online;[6] however, a study of over two million visitors to 18 different payday loan websites showed that women make up 64 percent of online payday loan users.[7]
- Payday loan use is even higher among single mothers.[8]
- Payday loans are primarily used to pay for household expenses – expenses that tend to be the responsibility of women.[9]

The deck is already stacked against women, and payday lenders make things worse.

In June 2009, women made up 57 percent of the public sector workforce – however, as the public sector shrunk between July 2009 and April 2011, women represented 74 percent job cuts in the sector.[10] Between June 2009 and July 2013, the U.S. economy added a net 5.5 million jobs, though only about 2 million of those jobs went to women.[11]

- American women who work full time and year round are paid only 79 cents for every dollar paid to men — and for women of color, the wage gap is even larger.[12]
- Women make up 47 percent of the overall workforce but make up 76 percent of the low-wage workforces.[13]
- Only 38 percent of women workers have access to sick leave and 12 percent have jobs that offer paid family leave.[14]
- With the deck so stacked against women, women have greater difficulty keeping up with household expenses. In one survey, it was found that 41 million women had difficulty paying utility bills over the previous 12 months, compared to 27 million men.[15]

Women overwhelmingly support strengthening regulation of payday loans.

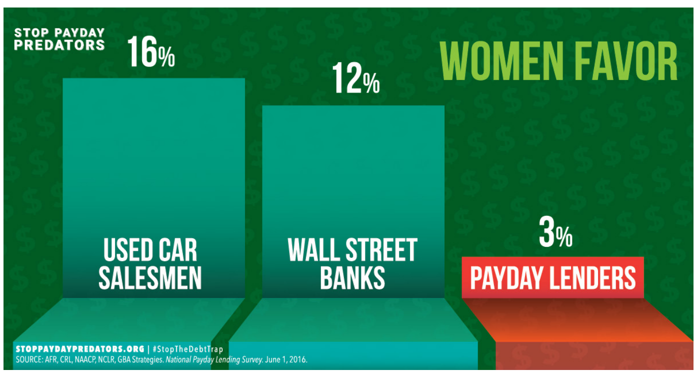
- 72 percent of women say that passing additional regulation of the payday lending industry is important to them.
- 75 percent of women support the Consumer Financial Protection Bureau's proposal to regulate payday lenders.
- Women view used car salesmen three times more favorably than they view payday lenders.

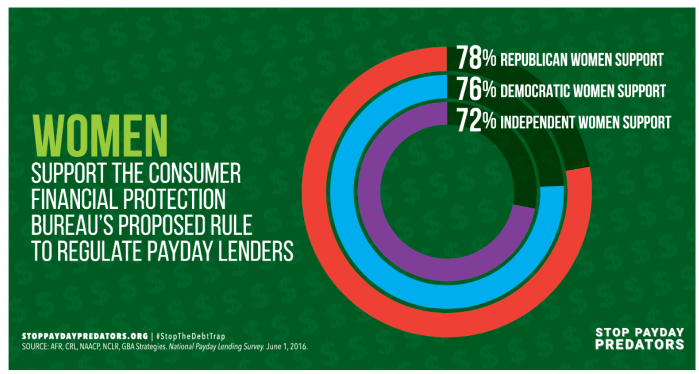
"Payday loan stores are parasites, period. In 2014, I took out a loan for $1,600, and ultimately had to pay back $5,000...Turning to a payday lender was financial suicide for me."

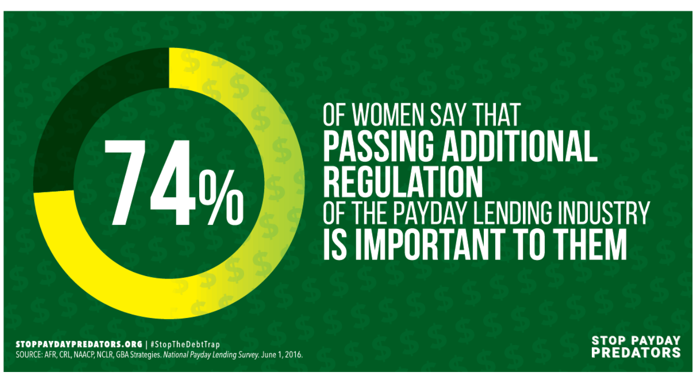
– Latoya[16]

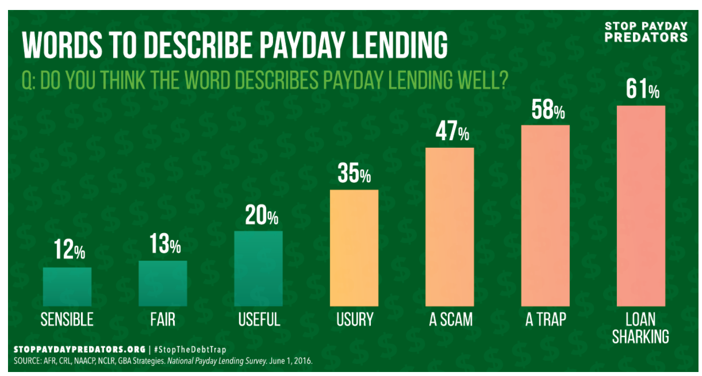
"The payday loans were a disaster. I went a solid two years taking them out to get by ... They sold my information. They threatened to sue. They threatened to take me to court. They harassed my boss. I almost got evicted paying them all off. I couldn't pay my rent, so I had to leave my apartment and move in with a coworker. **I was really close to being homeless.**"

– Sophie[17]









"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."

– Dan Feehan, Cash America CEO[17]

CHECK THE FACTS

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17. Suparna Bhaskaran. Pinklining: How Wall Street's Predatory Products Pillage Women's Wealth, Opportunities, & Futures. June 2016.
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