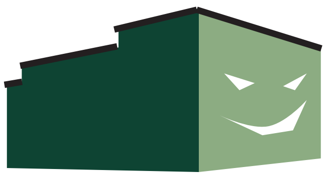
Payday Loans

THE BAD and THE UGLY

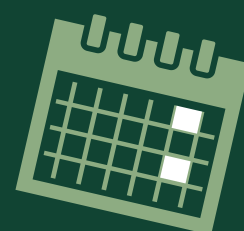
Payday loans are high cost, small dollar loans with an average of interest rate of 391 percent. The average payday loan is about $300 and is offered without a credit check. The name "payday loan" comes from the term for repayment – typically two weeks or until the individual's next payday. At the end of the loan term, the borrower is forced to pay either the entire lump sum, including the fees, or have the total amount deducted from his or her bank account. Many individuals will then have to take out another loan in order to pay off the previous loan or to meet other expenses.



The vicious cycle of debt is not a side effect of payday lending: it is the business model —
a DEBT TRAP by design.

Overall, 75% of all fees to payday lenders are generated by borrowers with more than 10 loans a year

More than ¾
of all payday loans are taken out within
TWO WEEKS
of a previous payday loan



A typical payday loan of $325, flipped eight times:

Original loan $325 | Interest $468

Repayment amount $793

Nearly **1** in **4** borrowers

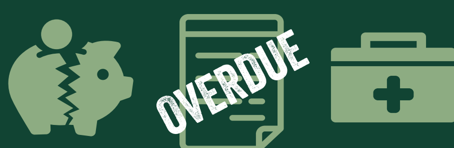
report some form of public assistance, retirement funds, or other benefits as an income sources.

STOP THE DEBT TRAP

#stopthedebttrap

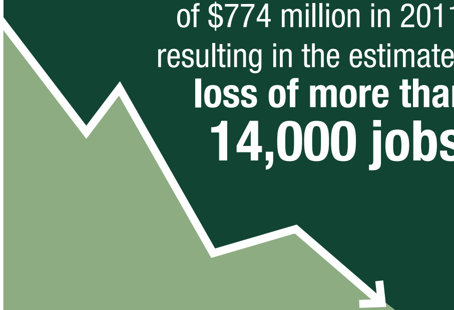
The average payday borrower has **9 TRANSACTIONS A YEAR**

Payday borrowers are more likely to experience **overdraft fees**, **bankruptcy**, **delinquencies** on other bills, and **delayed medical care.**



Predatory lenders disproportionately target **low-income communities** and **communities of color**.

The payday lending industry had a negative impact of $774 million in 2011, resulting in the estimated **loss of more than 14,000 jobs**.



According to a 2013 study by the Insight Center

Nationally, there are more than **two payday storefronts for every Starbucks**