

Division of Consumer Services



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DFI

- ▶ **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)**



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

	2006	2007	2008	2009	2010	2011	2012	2013
Companies	130	138	133	109	85	68	52	46
Branches	612	591	584	494	339	188	151	128
Total Locations	742	729	717	603	424	256	203	174

Small Loans Made

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



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

Age Category	% of Customers	% of Transactions
18 -24	13 .9%	11 .9%
25-34	25 .3%	23 .4%
35-44	22 .1%	22 .2%
45-54	19 .9%	21 .2%
55-64	13 .0%	14 .5%
65 or older	5 .8%	6 .8%
Total	100%	100%



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

Report Period	# Borrowers with a Default
2010	72,563
2011	60,863
2012	54,031
2013	45,756 (19.7%)
2010 through 2013	233,213
Total	

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.*

DFI Consumer Complaints

- ▶ 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

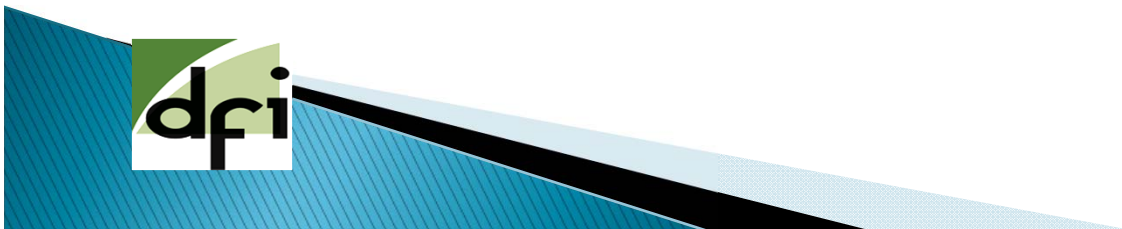
***Of the 453 complaints received in 2013, 330 were against online, unlicensed payday lenders*



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



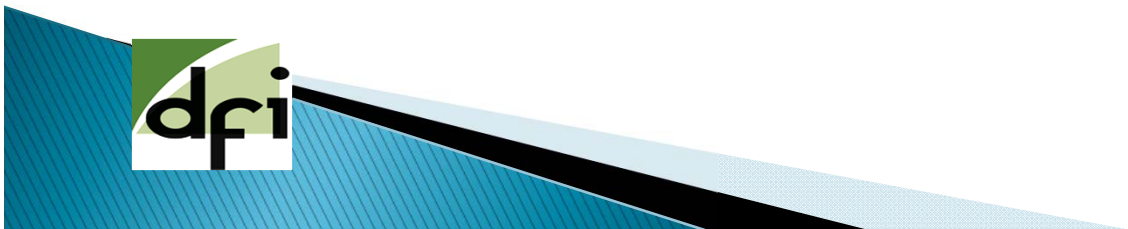
Challenges to Unlicensed PDL

- ▶ 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!

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Washington State Department of Financial Institutions
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