

2023

California Department of
Financial Protection and Innovation

Annual Report of Payday Lending Activity Under the California Deferred Deposit Transaction Law

Report Required by Financial Code Section 23026

PROTECTING CONSUMERS
FOSTERING TRUST & INNOVATION

DFPI 
DEPARTMENT OF FINANCIAL
PROTECTION & INNOVATION



DEPARTMENT OF FINANCIAL
PROTECTION & INNOVATION

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EXECUTIVE SUMMARY

The Department of Financial Protection and Innovation licenses and regulates deferred deposit originators, better known as payday lenders, pursuant to the California Deferred Deposit Transaction Law (CDDTL).

In a payday loan transaction, the consumer provides the lender a personal check for \$300 or less. Also called “cash advances” or “deferred deposits,” the lender gives the consumer the money, minus an agreed upon fee. By law, the fee cannot exceed 15 percent of the amount of the personal check and the lender then defers depositing the consumer’s check for a specific period, not to exceed 31 days. The Department started regulating payday loans in 2005 to provide greater oversight and guarantee that consumers have the disclosures necessary to make informed decisions.

The annual report and survey data in this report is unaudited and covers licensees’ activities in calendar year 2023. The report also provides historical data back to 2014.

Key Findings

- California’s payday lenders made more than 5.6 million loans in 2023, worth more than \$1.59 billion. In 2022, California’s payday lenders made more than 5.3 million loans worth more than \$1.51 billion. **These transactions represent an increase of 5.7 percent from 2022 totals.**
- In 2023, **more than 885,000 individual customers took out payday loans**, a 1.6 percent decrease from the 2022 total. In 2022, more than 900,000 individual customers took out payday loans.
- Nearly **61.3 percent of licensees served customers who received government assistance.**
- Subsequent loans by the same borrower accounted for **70 percent of the payday loans in 2023 and 76.5 percent of the aggregate dollar amount.**
- Of subsequent payday loans by the same borrower, **27.7 percent were made the same day the previous transaction ended.**
- Another **17.6 percent of payday loans were made one to seven days after the previous loan was repaid.**
- Payday lenders charged \$236.9 million in fees on payday loans in 2023. Of that total, **73.6 percent – or \$174.3 million – came from customers who made seven or more transactions** during the year.
- In 2023, **32 percent of payday loan customers had average annual incomes of \$30,000 or less, and 18 percent had average annual incomes of \$20,000 or less.**

- The number of payday loan customers referred by lead generators **decreased 21 percent**, from 117,559 in 2022 to 92,894 in 2023.
- Nearly 24 percent of licensees made payday loans on the internet during 2023. **Online payday loans accounted for 51.2 percent of all payday loans.**
- Approximately **56.5 percent of customers (500,554) took out payday loans over the internet.**
- In 2023, 23.3 percent consumers took out single payday loans, while 25.6 percent consumers took out 10 or more payday loans.
- The use of cash to disburse funds to and receive payments from customers continued to decline in 2022. Measured in dollar amounts, **cash disbursements decreased from 46.5 percent in 2022 to 34.4 percent in 2023.**
- Other forms of disbursements, including wire transfers, instant funding, Zelle, and debit cards, **climbed to 41.4 percent from 35.6 percent in 2022.** Twenty-five percent of customers' payments were made with cash, down from 29.1 percent in 2022.
- Electronic transfers accounted for **23.7 percent of customers' payments, compared to 25.3 percent in 2022.**

PART I: CONSOLIDATED ANNUAL REPORT BACKGROUND

In this report, the Department of Financial Protection and Innovation (DFPI) has compiled data submitted by licensed deferred deposit originators, better known as payday lenders, under the California Deferred Deposit Transaction Law (CDDTL). Financial Code section 23026 requires licensees to file annual reports that provide information related to their lending activities under the program with the DFPI Commissioner.

This report contains unaudited data provided by licensees for the calendar year ending December 31, 2023.

As of December 31, 2023, the DFPI licensed 96 payday lenders. Of those, 93 filed required annual reports in time to be included in this report, and three surrendered their licenses after January 1, 2024.

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided, and percentages may not precisely reflect the absolute figures.

This report and prior years' reports can be found on the DFPI's website at dfpi.ca.gov/publications/payday-lenders-publications.

CDDTL Historical Data – Transactions

In 2023, the total dollar amount of payday loans increased by 5.7 percent, while the total number of payday loans also increased 5.7 percent. The total number of individual customers who obtained payday loans decreased 1.64 percent compared to 2022. The average number of payday loans per customer has only slightly decreased from 6.82 in 2014 to 6.4 in 2023.

Table 1: Total Dollar Amount and Number of Transactions

Year	Total dollar amount of payday loans	Total number of payday loans	Total number of individual customers who obtained payday loans**
2023	\$1,591,710,887	5,664,584	885,573
2022*	\$1,506,009,181	5,359,132	900,334
2021*	\$1,263,486,126	4,526,338	790,143
2020*	\$1,683,670,749	6,084,434	1,128,211
2019*	\$2,819,552,891	10,181,247	1,612,593
2018*	\$2,815,483,777	10,233,292	1,622,021
2017*	\$2,940,236,402	10,734,226	1,688,719
2016*	\$3,140,937,922	11,502,397	1,796,515
2015	\$4,170,267,951	12,261,885	1,885,934
2014	\$3,376,447,239	12,407,422	1,818,524

* Variances from data published in the annual report due to late filings by licensees.

** Repeat customers were counted once.

CDDTL Historical Data - Transactions (continued)

The average payday loan dollar amount was \$250 in 2023. The average annual percentage rate (APR) for payday loans was 367 percent in 2023.

Table 2: Transaction Analysis

Year	*Average dollar amount of payday loans	**Average annual percentage rate (APR)	Average number of days of payday loans
2023	\$250	367%	16
2022	\$251	364%	16
2021	\$245	353%	16
2020	\$247	361%	16
2019	\$250	369%	17
2018	\$250	376%	17
2017	\$250	377%	17
2016	\$251	372%	17
2015	\$237	366%	17
2014	\$235	361%	16

* Maximum transaction amount, per statute, is \$300.

** APR is calculated using the average method, in which all APRs reported are divided by the number of licensees.

CDDTL Historical Data - Returned Checks

From 2022 to 2023, the total number of returned checks in payday loan transactions increased by 3.41 percent. Returned checks as a share of total payday loans decreased to 10.09 percent in 2023.

Table 3: Returned Checks: Total Number and Dollar Amount

Year	Total number of returned checks	Total number as percentage	Total dollar amount of returned checks	Total dollar amount as percentage
2023	571,777	10.09%	\$160,947,989	10.11%
2022*	552,902	10.32%	\$161,518,725	10.72%
2021*	399,094	8.82%	\$114,449,735	9.05%
2020*	338,888	5.57%	\$90,354,373	5.36%
2019*	654,354	6.43%	\$176,818,609	6.27%
2018*	646,811	6.32%	\$177,150,764	6.29%
2017*	660,351	6.15%	\$178,500,307	6.07%
2016*	773,368	6.72%	\$193,301,210	6.15%
2015	780,856	6.37%	\$212,767,330	5.10%
2014	725,170	5.84%	\$196,652,680	5.82%

* Variances from data published in the annual report due to late filings by licensees.

CDDTL Historical Data - Returned Checks (Continued)

From 2022 to 2023, the total dollar amount of returned checks recovered, or paid by customers, in payday loan transactions increased 8.3 percent, to approximately \$110.6 million. Recovered returned checks as a share of total payday loans in 2023 was 7.35 percent: the highest rate in the past 10 years.

Table 4: Returned Checks Recovered

Year	Total number of returned checks recovered**	Total number as percentage	Total dollar amount of returned checks recovered**	Total dollar amount as percentage
2023	416,387	7.35%	\$110,613,279	6.95%
2022*	384,461	7.17%	\$102,139,777	6.78%
2021*	267,096	5.90%	\$69,150,595	5.47%
2020*	300,321	4.94%	\$72,540,932	4.31%
2019*	425,567	4.18%	\$95,672,481	3.39%
2018*	417,985	4.08%	\$90,526,804	3.22%
2017*	421,561	3.93%	\$89,419,679	3.04%
2016*	421,371	3.66%	\$92,191,739	2.94%
2015	417,957	3.41%	\$96,878,435	2.32%
2014	399,973	3.22%	\$93,854,369	2.78%

* Variances from data published in the annual report due to late filings by licensees.

** Includes partial recoveries.

CDDTL Historical Data – Checks Charged Off

From 2022 to 2023, the number and the dollar amount of checks charged off, or payday loans unlikely to be collected, increased by 5.85 and 4.2 percent, respectively. The number of charged-off checks as a share of total payday loans in 2023 remained unchanged from 2022 at 2.14 percent.

Table 5: Checks Charged Off

Year	Total number of checks charged off**	Total number as percentage	Total dollar amount of checks charged off**	Total dollar amount as percentage
2023	121,503	2.14%	\$30,890,770	1.94%
2022*	114,789	2.14%	\$29,645,942	1.97%
2021*	94,335	2.08%	\$24,340,705	1.93%
2020*	158,285	2.60%	\$39,725,782	2.36%
2019*	265,258	2.61%	\$66,483,174	2.36%
2018*	264,946	2.59%	\$66,514,684	2.36%
2017*	343,865	3.20%	\$82,592,712	2.81%
2016*	548,001	4.76%	\$143,439,201	4.57%
2015	380,925	3.11%	\$92,891,127	2.23%
2014	376,728	3.04%	\$99,586,657	2.95%

* Variances from data published in the annual report due to late filings by licensees.

** Includes partial balances.

CDDTL Historical Data – Licensing

Table 6 shows a decline in the number of licensed locations since 2014. From 2022 to 2023, the number dropped by 88, or 12.24 percent. From 2014 to 2023, the number of licensed locations dropped by 1,383, or 68.7 percent.

Table 6: Licensed Locations

Year	Number
2023	631
2022	719
2021	834
2020	1,121
2019	1,551
2018	1,645
2017	1,705
2016	1,854
2015	1,969
2014	2,014

In Table 7, the “long form application” refers to the first application for a CDDTL license. The “short form application” refers to a license for an additional business location. Applications are subject to abandonment if a deficiency is not corrected within 90 days of notification. Applications can be withdrawn at the request of the applicant.

Table 7: Applications Filed

Year	Long Form Applications Filed (License for the First Location)	Short Form Applications Filed (License for an Additional Business Location)	Total Applications Filed
2023	4	21	25
2022	9	5	14
2021	7	2	9
2020	6	12	18
2019	11	6	17
2018	20	61	81
2017	8	20	28
2016	17	51	68
2015	19	29	48
2014	35	125	160

PART II: CONSOLIDATED INDUSTRY SURVEY BACKGROUND

In January 2024, the DFPI provided the *California Deferred Deposit Transaction Law – 2023 Industry Survey* to all licensed payday lenders. The DFPI conducts this survey pursuant to Financial Code section 23015.

The survey allows the Department to assess the financial health and compliance practices of California’s licensed payday lenders and potential consumer risks. The data collected on licensees’ activities in calendar year 2023 related to the following:

- Volume of transactions per customer
- Customer ages and income
- Internet transactions
- Lead generators
- Disbursements to customers
- Payments from customers
- Payment plans
- Collections
- Fees
- Subsequent transactions by the same borrower
- Returned checks
- Transactions with customers who receive government assistance
- Dispute arbitration
- Covered borrowers

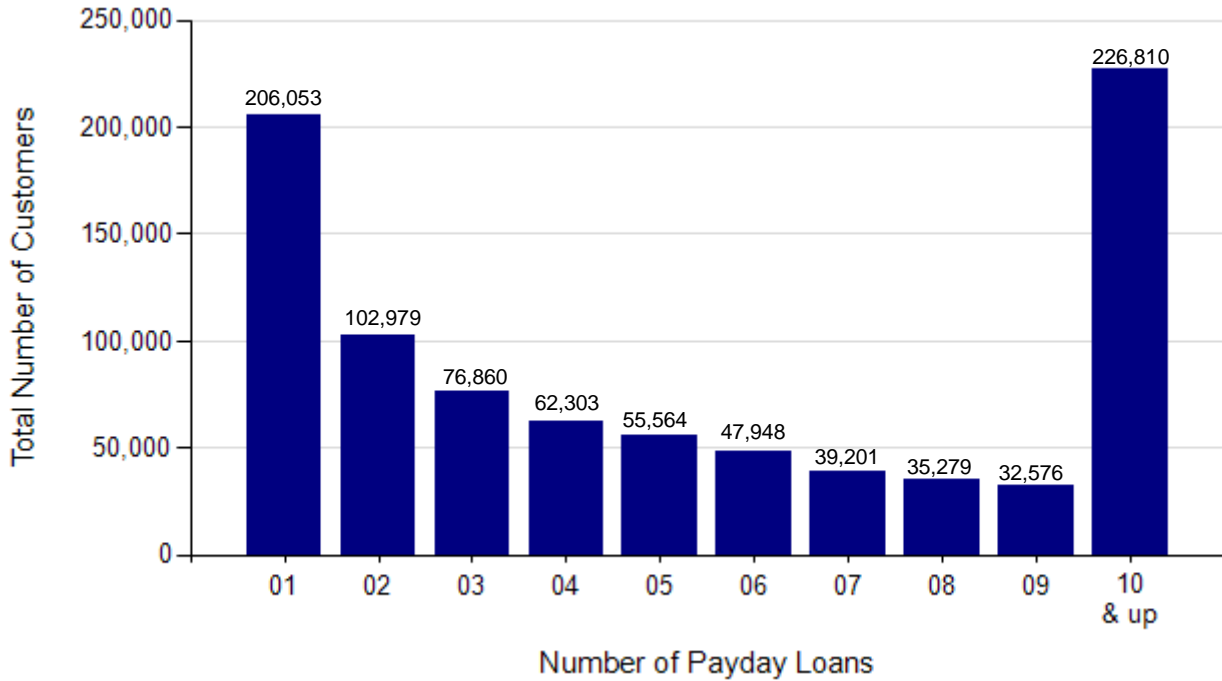
Some data provided in the survey results may not exactly match the data in Part I of this report.

Payday Loan Transaction Volumes Per Customer

Questions one through 10 of the survey asked licensees to report the number of customers who obtained a specified number of transactions during 2023. Chart 1 provides the aggregated response data for each question.

Chart 1: Total Number of Customers by Number of Transactions

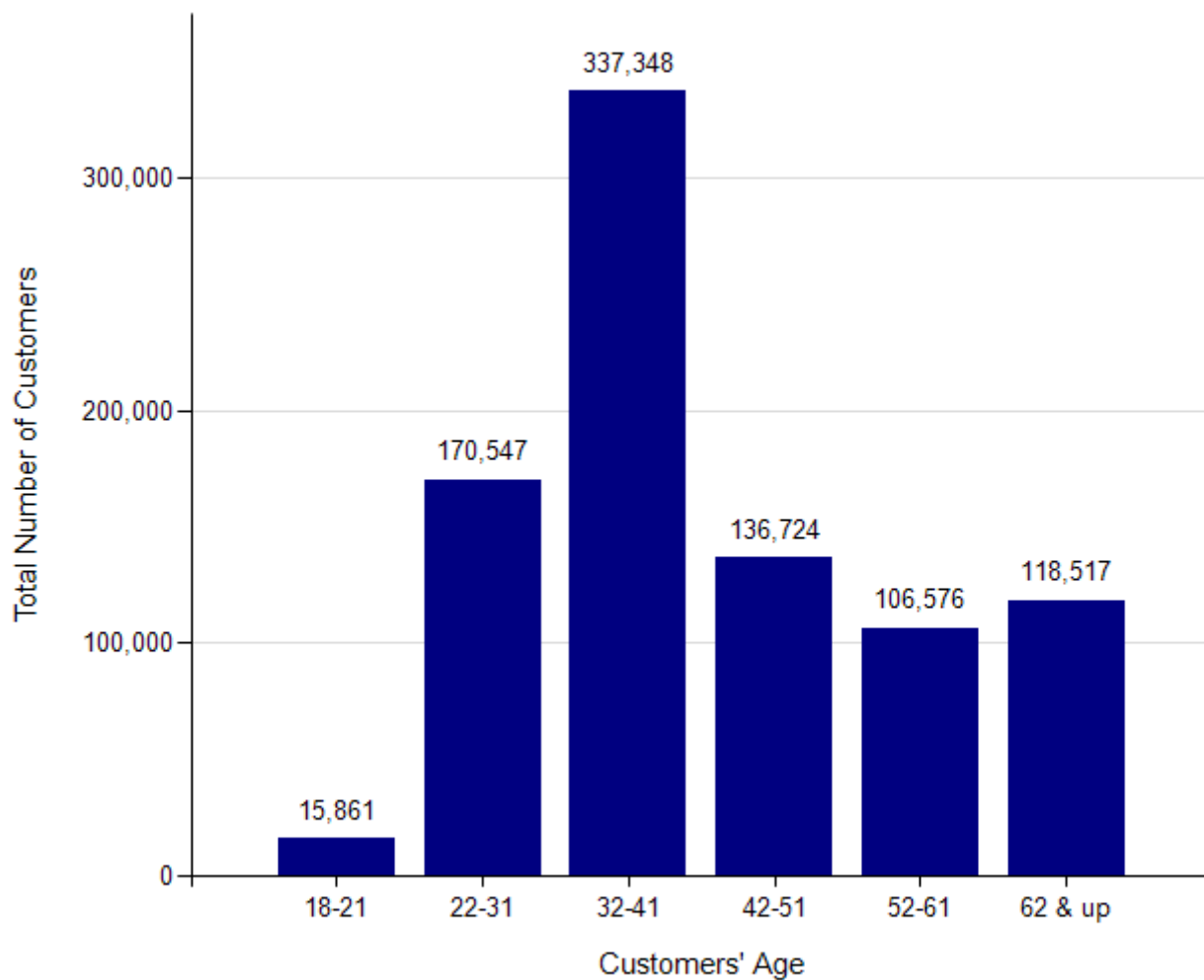
Source: Survey questions 1-10



Customer Age

Chart 2: Number of Customers by Customers' Age

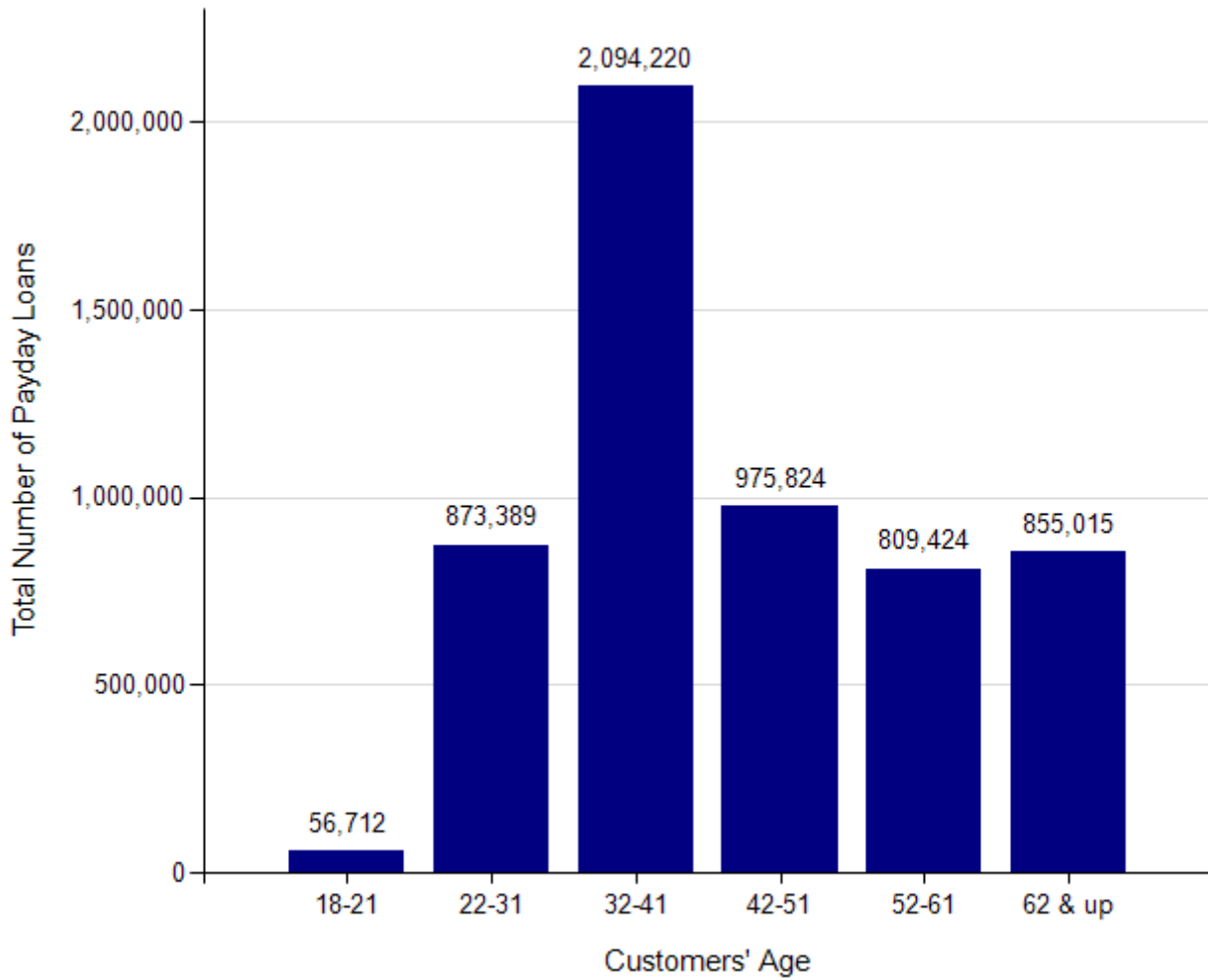
Source: Survey questions 12-17



Customer Age (continued)

Chart 3: Number of Transactions by Customers' Age

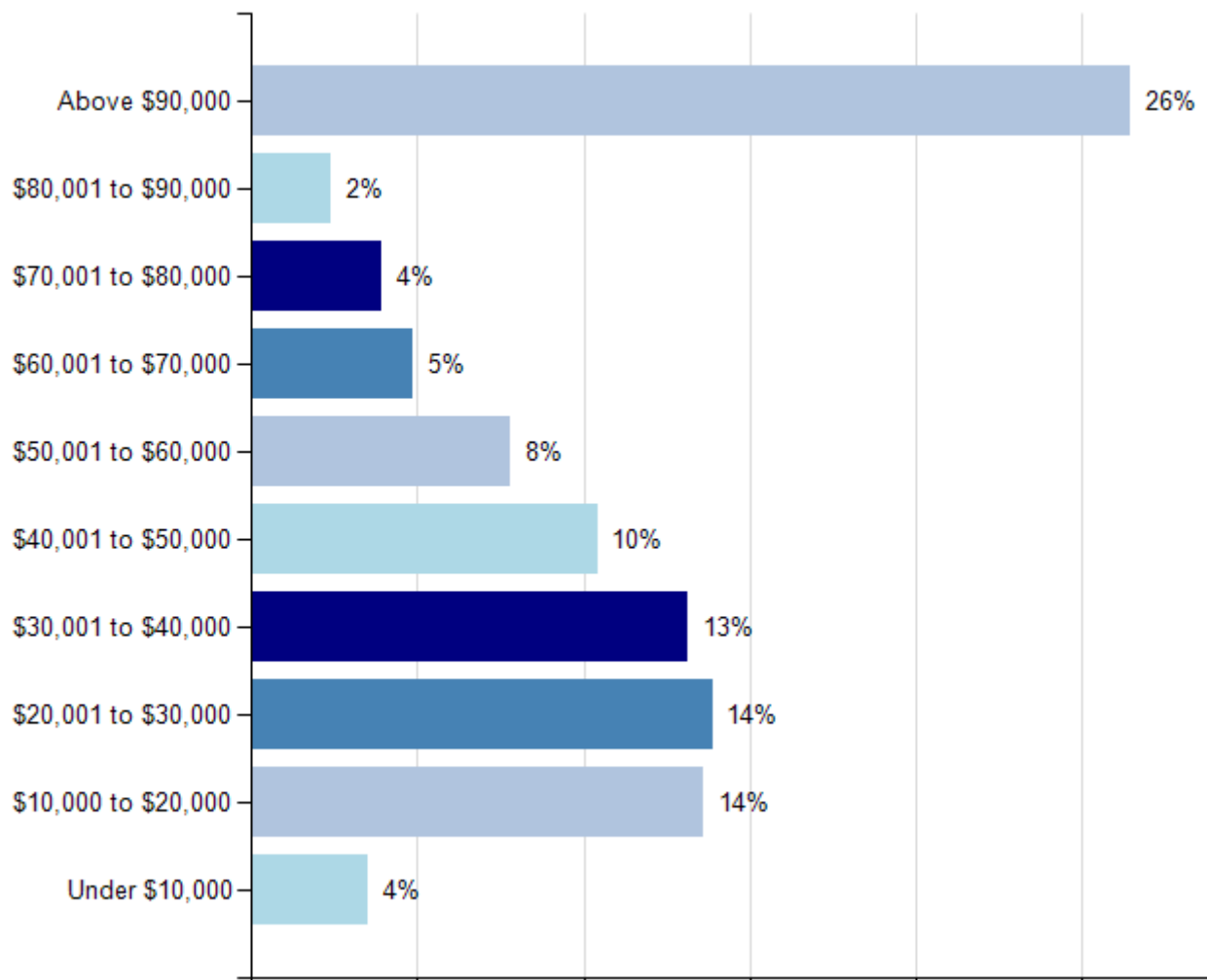
Source: Survey questions 19-24



Customer Income

Chart 4: Average Annual Income

Source: Survey questions 26-35



Internet Transactions

Chart 5: Percentage of Payday Lenders Conducting Transactions on Internet

Source: Survey question 37

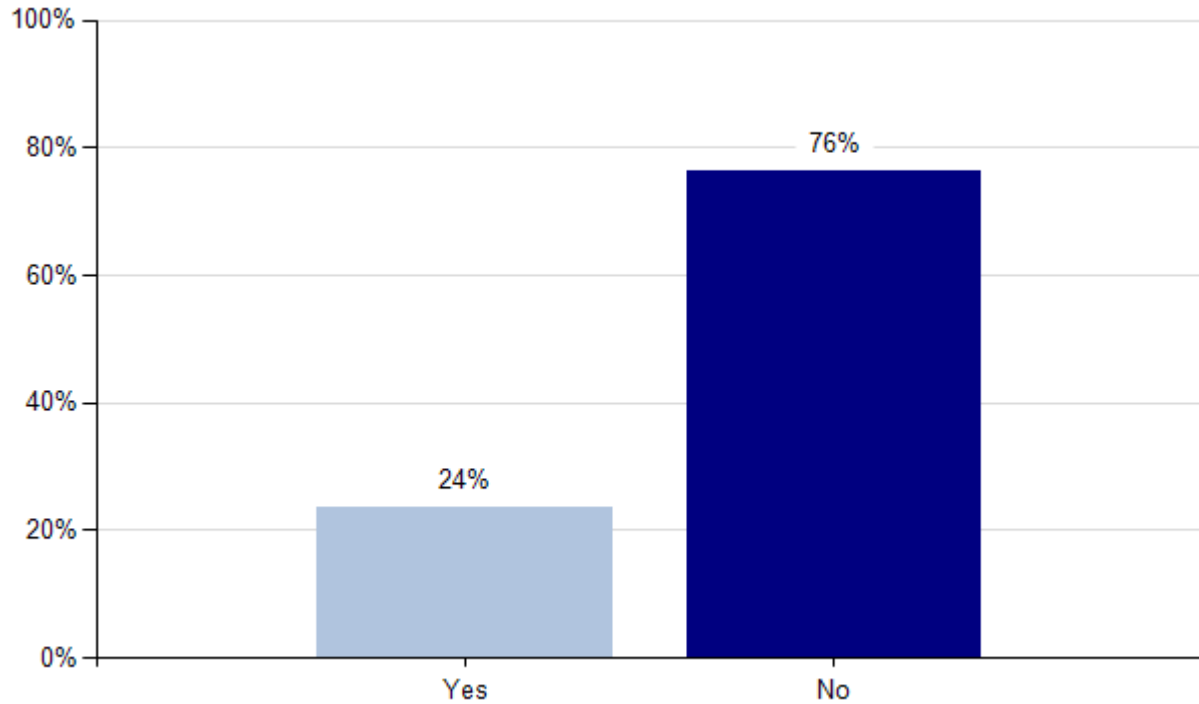


Table 8: Internet Transaction Volumes and Amounts

Source: Survey questions 38 – 40

	2023	2022	2021	2020
Number of Customers	500,554	497,777	416,090	460,458
Number of Transactions	2,898,280	2,607,942	2,047,889	2,066,113
Transaction Amounts	\$786,753,637	\$709,474,125	\$549,240,837	\$564,290,701

Lead Generators

The number of payday loan customers referred by lead generators decreased from 117,559 in 2022 to 92,894 in 2023.

Chart 6: Number of Payday Lenders Using Lead Generators

Source: Survey question 41

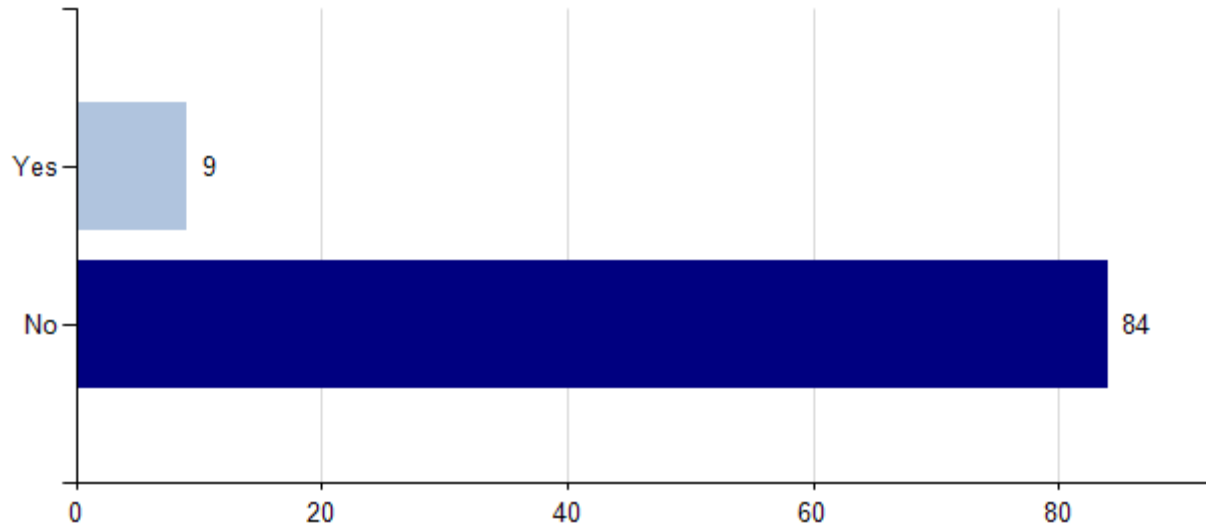


Table 9: Lead Generator Fees

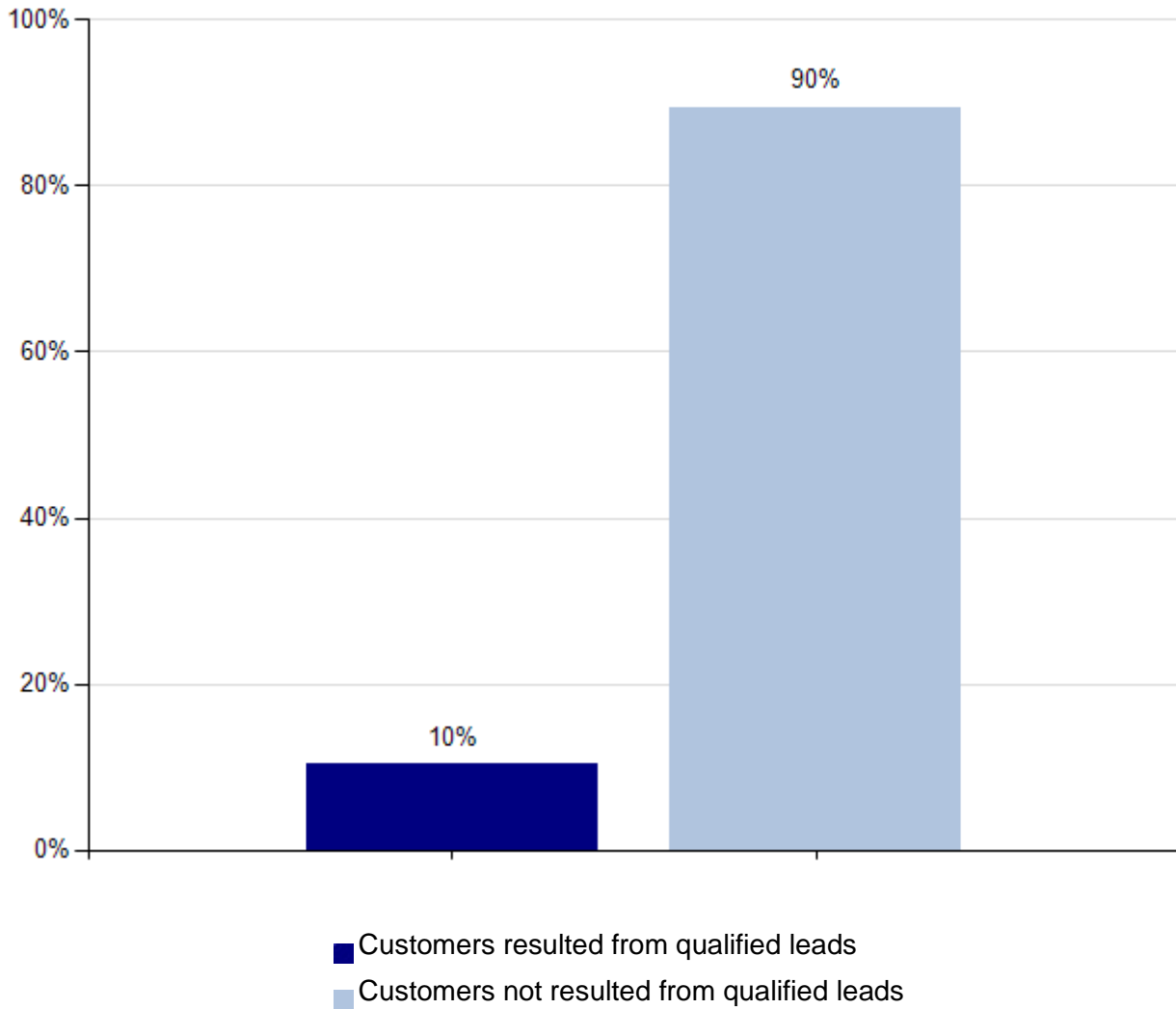
Source: Survey questions 43 and 44

	2023	2022	2021	2020
Fees Paid to Lead Generators	\$6,033,079	\$8,940,816	\$4,706,867	\$4,832,997
Number of Customers Who Made Payday Loans that Resulted from Leads	92,894	117,559	109,486	98,555

Lead Generators (continued)

Chart 7: Percentage of Qualified Leads Resulting in Transactions

Source: Survey question 43 & Annual Report question 3

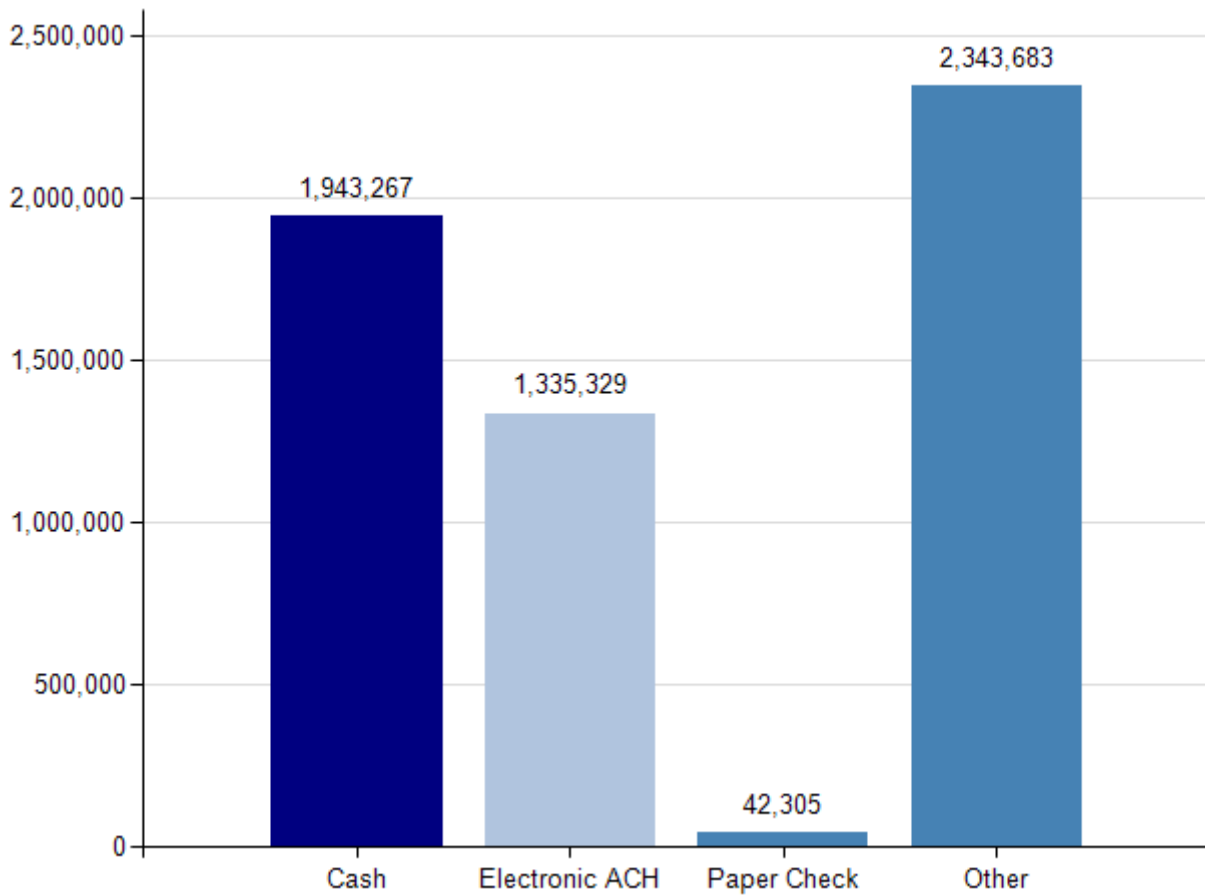


The number of customers resulted from qualified leads decreased to approximately 10 percent in 2023 from 13 percent in 2022.

Disbursements to Customers

Chart 8: Number of Disbursements to Customers

Source: Survey question 54

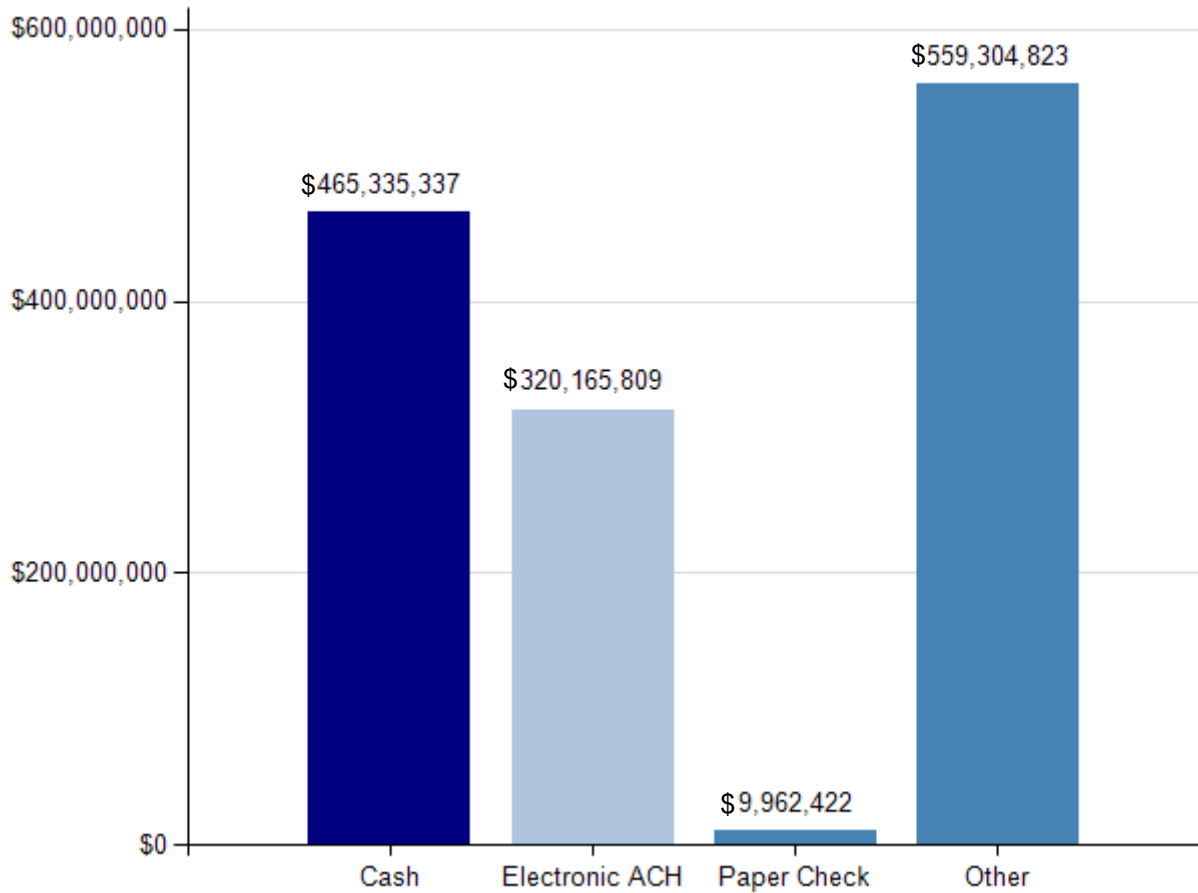


Of reported disbursements, cash represented 34.31 percent; electronic ACH, 23.57 percent; paper check, 0.75 percent; and other, 41.37 percent.

The “other” category includes wire transfer, instant funding, Zelle, and debit cards.

Disbursements to Customers (continued)

Chart 9: Dollar Amount of Disbursements to Customers
Source: Survey question 55



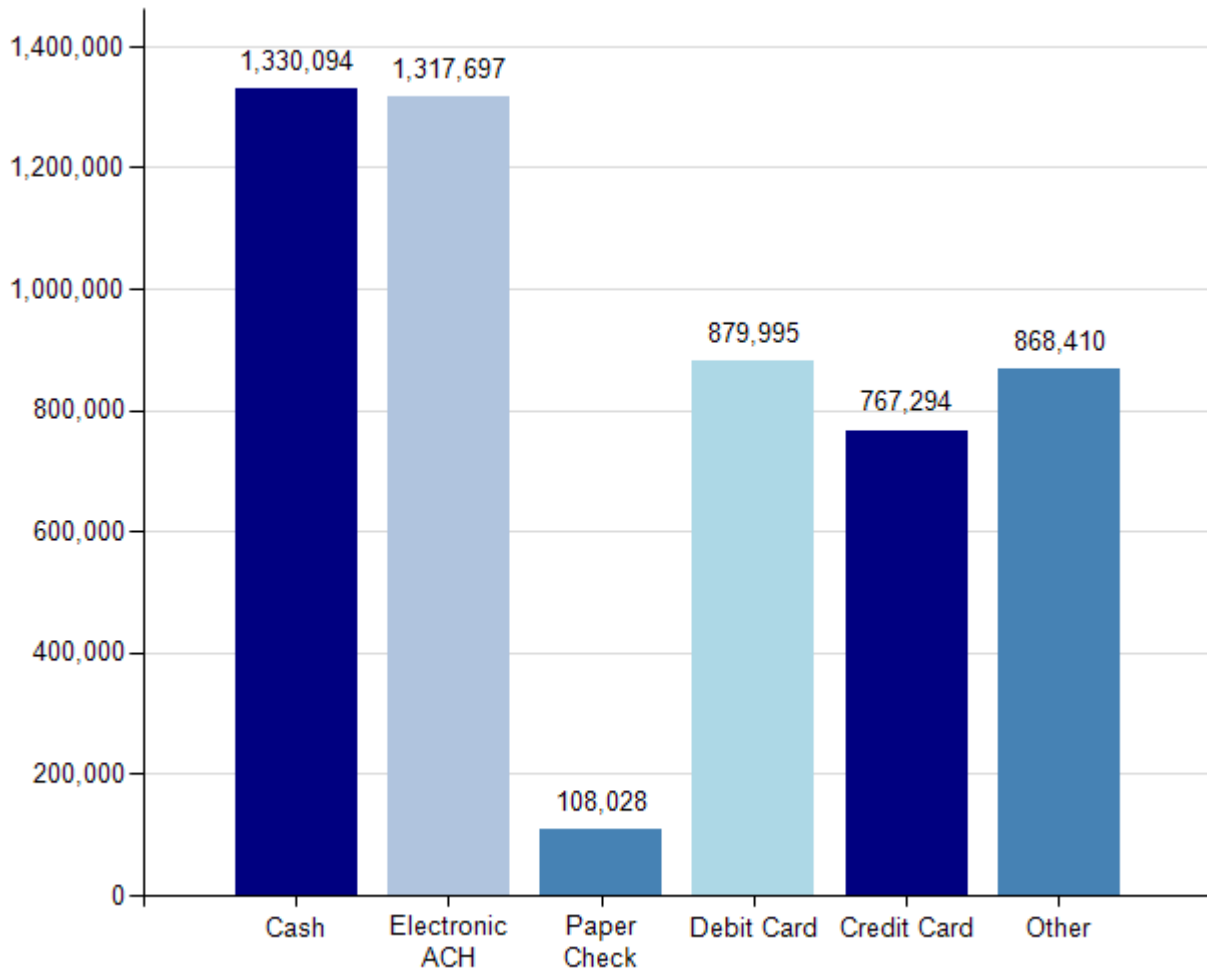
Of reported disbursements, cash represented 34.35 percent; electronic ACH, 23.63 percent; paper check, 0.74 percent; and other, 41.28 percent.

The “other” category includes wire transfer, instant funding, Zelle, and debit cards.

Payments from Customers

Chart 10: Number of Payments from Customers

Source: Survey question 58



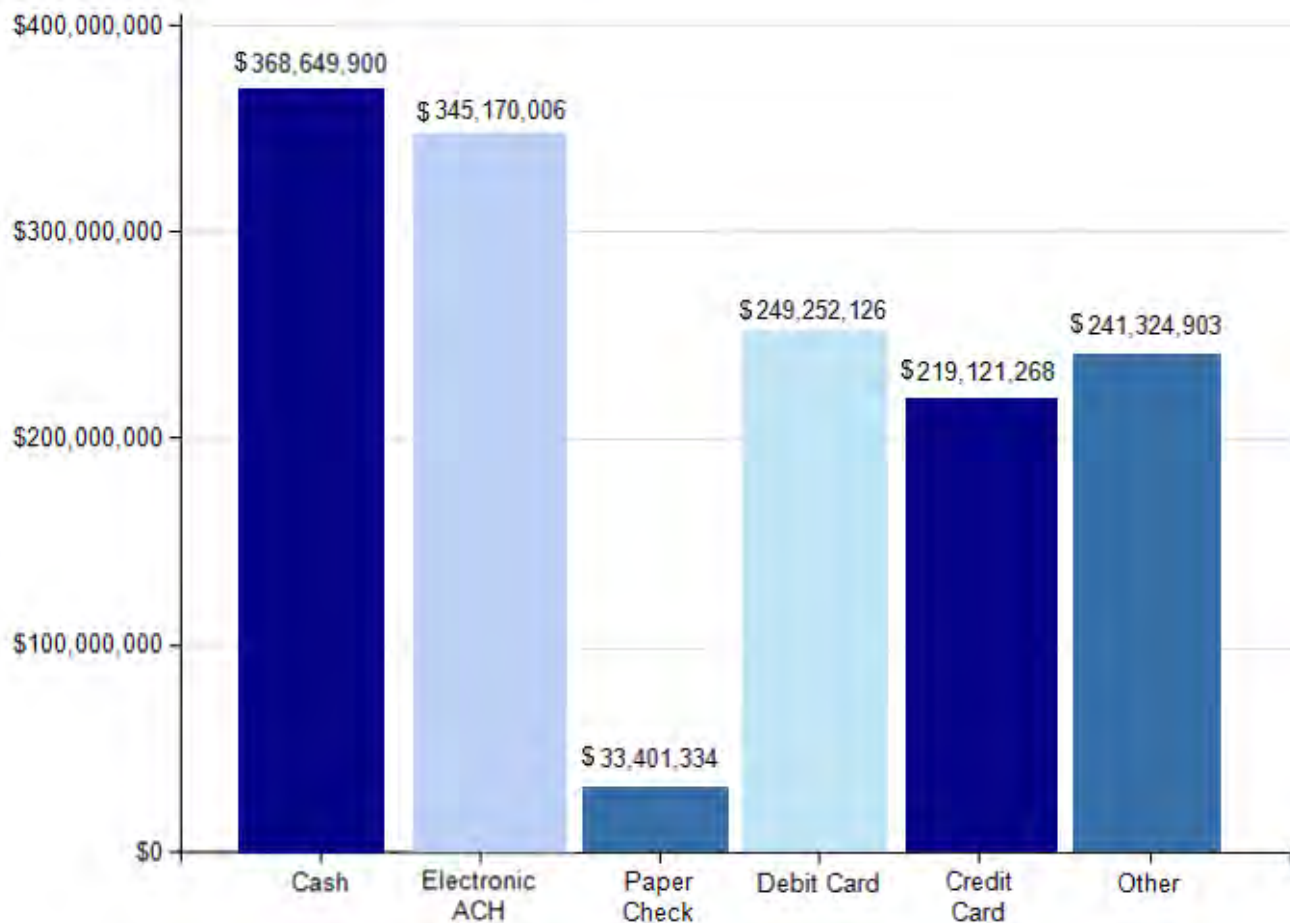
Cash accounted for 25.23 percent of customer payments; electronic ACH, 25 percent; paper check, 2.05 percent; debit card, 16.69 percent; credit card, 14.56 percent; and other, 16.47 percent.

The “other” category includes money order, MoneyGram, cashier’s check, Zelle, Venmo, and debit cards.

Payments from Customers (continued)

Chart 11: Amount of Payments from Customers

Source: Survey question 59



Of reported payments, cash represented 25.30 percent; electronic ACH, 23.69 percent; paper check, 2.29 percent; debit card, 17.11 percent; credit card, 15.04 percent; and other, 16.56 percent.

The “other” category includes money order, MoneyGram, cashier’s check, Zelle, Venmo, and debit cards.

Payment Plans

Chart 12: Percentage of Payday Lenders Offering Written Payment Plan

Source: Survey question 61

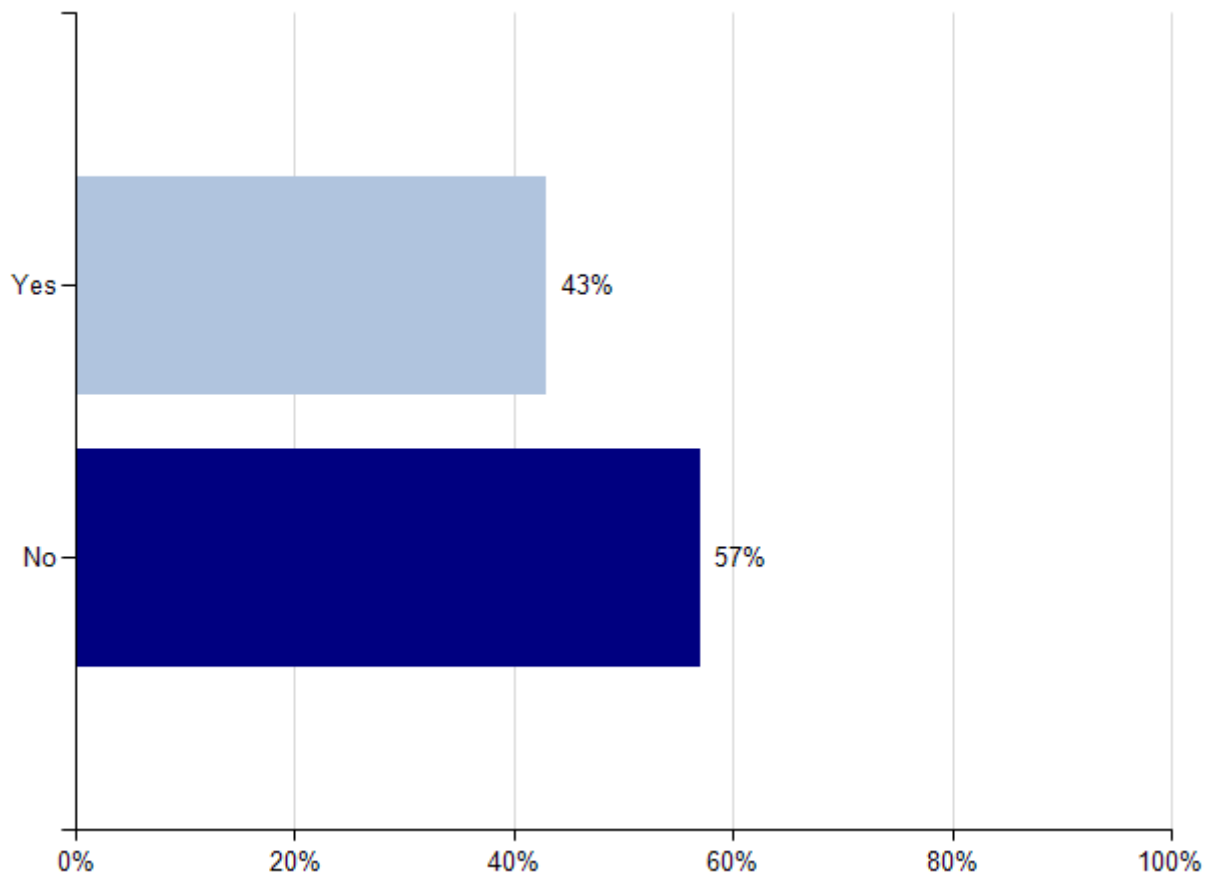


Table 10: Payment Plan Volumes for Repayment

Source: Survey questions 63 and 64

	2023
Total Dollar Amount of Payment Plans Arranged	\$45,666,581
Total Number of Payment Plans Arranged	230,987

Collections

During calendar year 2023, the period for which data was obtained for this report, the Department was also expanding its regulation of debt collectors.

The California Consumer Financial Protection Law (CCFPL) (Financial Code sections 90000-90019) was enacted on September 25, 2020, conferring new authority to the Department to supervise and regulate “consumer financial products and services.” The CCFPL became effective on January 1, 2021. Debt collectors squarely fall under that definition and are now subject to the Department’s supervisory jurisdiction. Debt collectors must also comply with the CCFPL’s general prohibition of unlawful, unfair, deceptive, or abusive acts or practices, which the Department enforces. In addition, the Debt Collection Licensing Act (Financial Code sections 100000-1000025) was enacted on September 25, 2020, requiring debt collectors to be licensed by the Department.

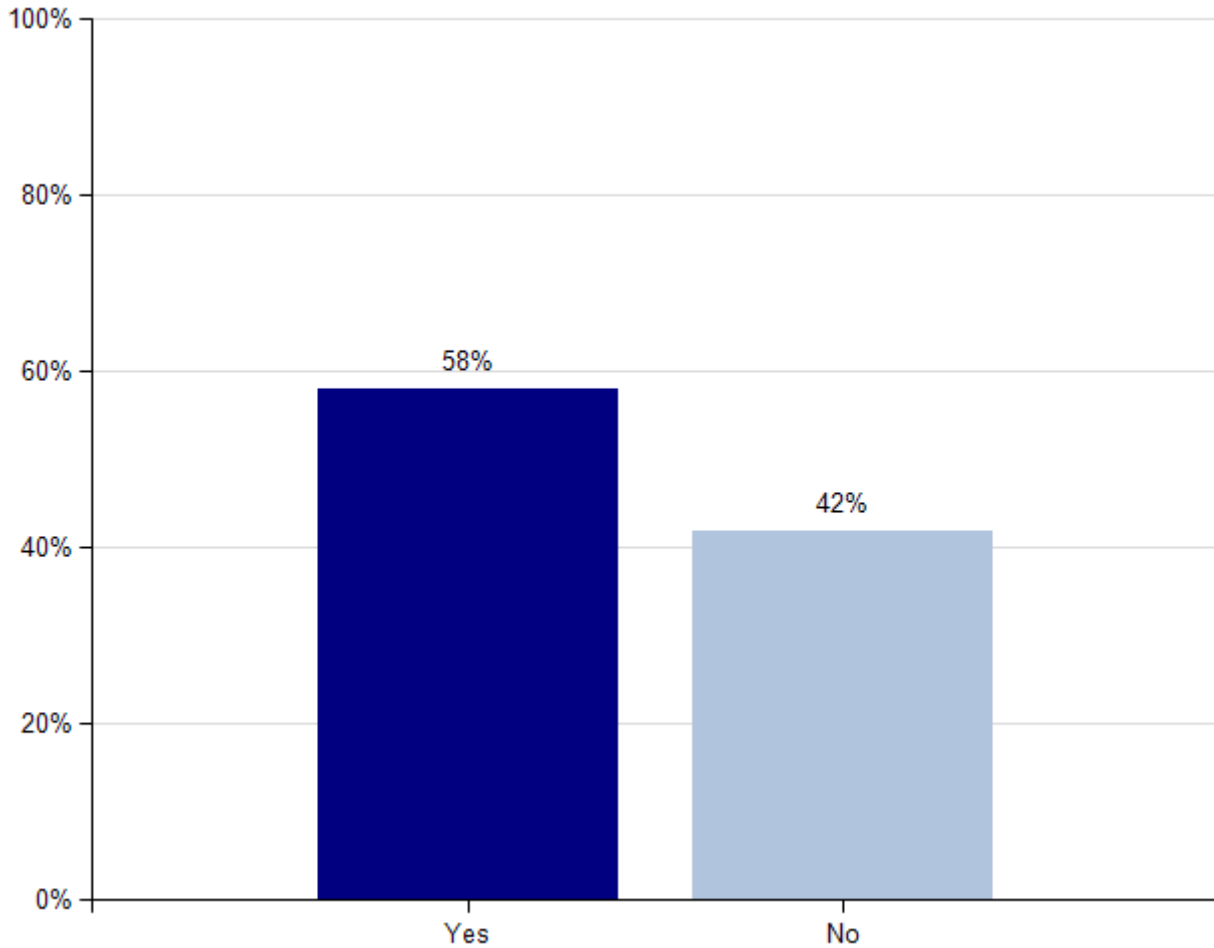
Companies engaged in the business of debt collection are required to be licensed as of January 1, 2022, to continue doing business in California. Debt collectors may continue to do business while their licensing application is pending review by the Department. The Department began issuing licenses on January 1, 2023, and is currently processing more than 1,000 applications.

Several other laws regulate the conduct of debt collection companies in California, including the federal Fair Debt Collection Practices Act, California’s Rosenthal Fair Debt Collection Practices Act (Civil Code sections 1788-1788.33), and California’s Fair Debt Buying Practices Act (Civil Code sections 1788.50-1788.66). The Department can enforce these laws pursuant to the CCFPL, which provides that the Department can enforce any California or federal “consumer financial law.”

Collections (continued)

Chart 13: Percentage of Licensees with In-House Collections

Source: Survey question 66



A total of 232,128 customers were not in a payment plan and paid in full due to in-house collections in 2023. Those customers accounted for 849,258 transactions. (Source: Survey questions 67 and 68)

The total dollar amount of 2023 transactions that were not in a payment plan and paid in full due to in-house collections was approximately \$215 million. (Source: Survey question 69)

Collections (continued)

Chart 14: Percentage of Licensees That Own Outside Collection Agency

Source: Survey question 70

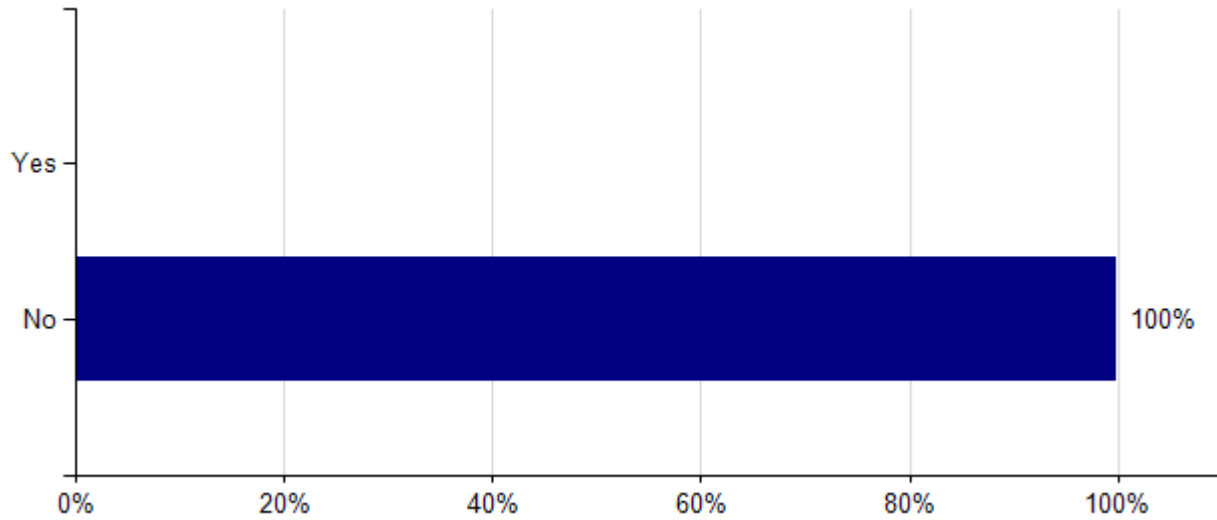
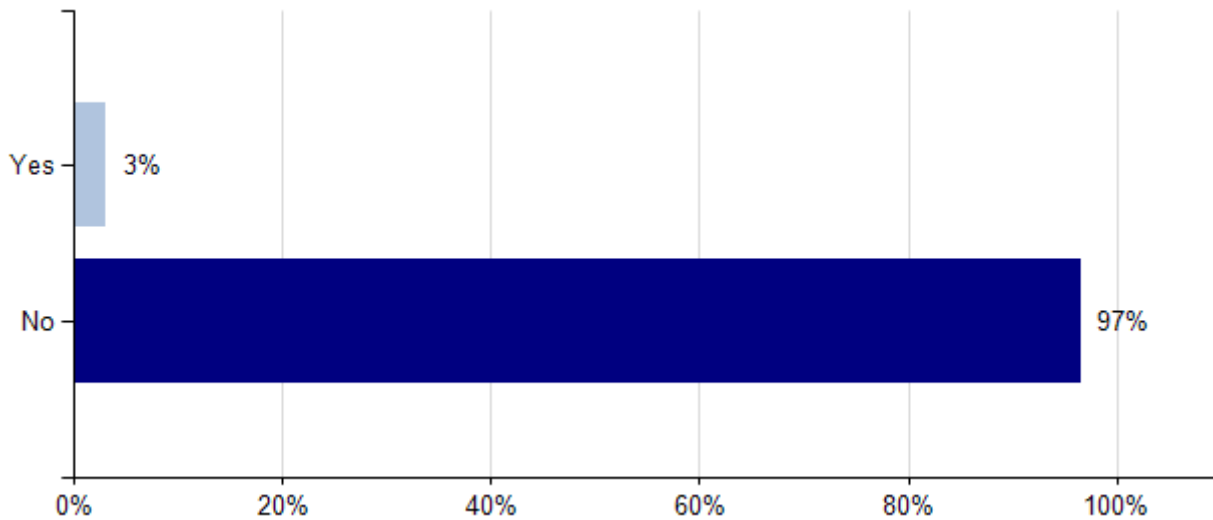


Chart 15: Percentage of Licensees Associated with Outside Collection Agency

Source: Survey question 71

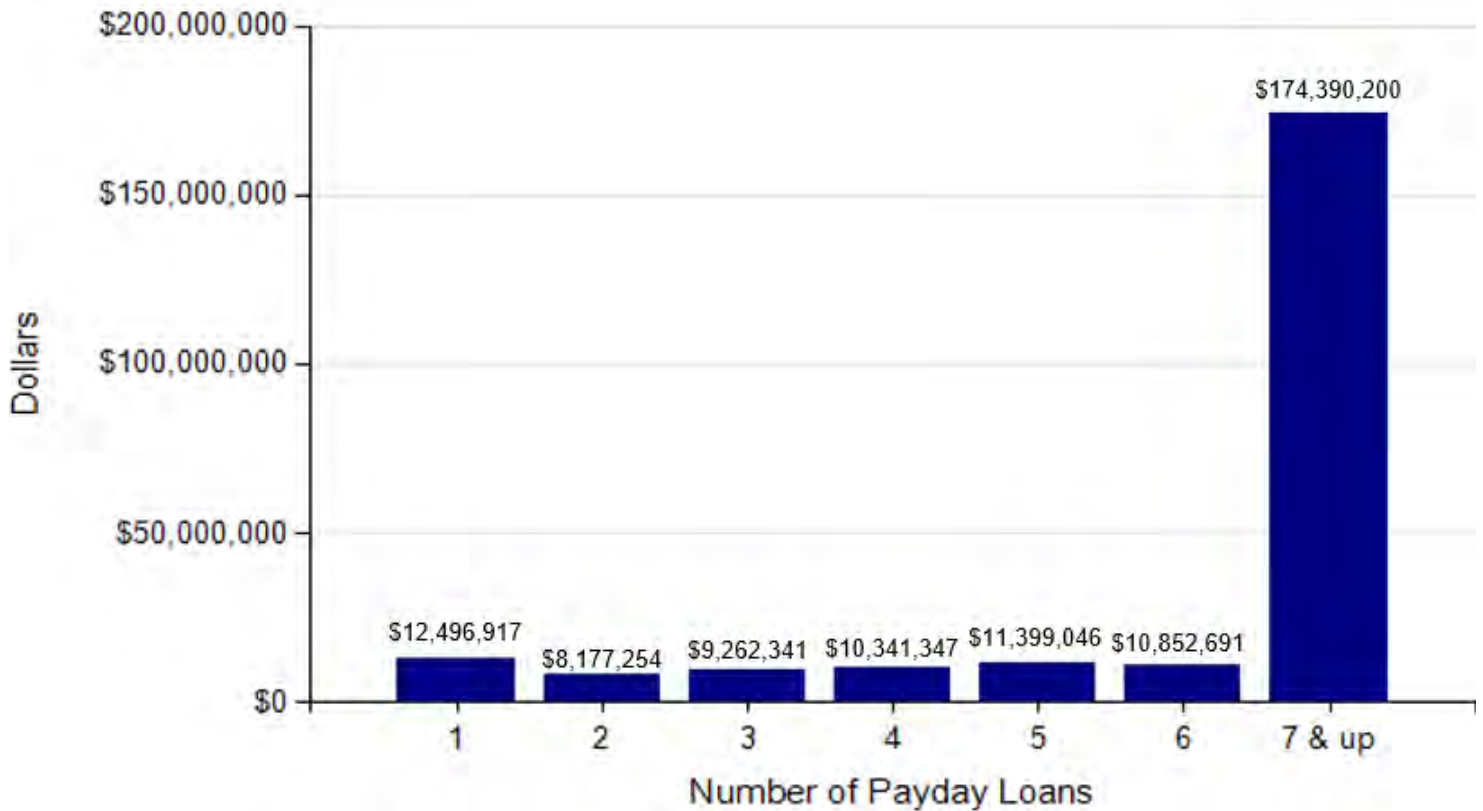


Fees

Responsive licensees charged \$236.9 million in fees on payday loans originated in 2023. Of that total, 73.61 percent – or \$174.3 million – came from customers who took out seven or more payday loans during the year.

Chart 16: Payday Loan Transaction Fees per Financial Code section 23036(a)

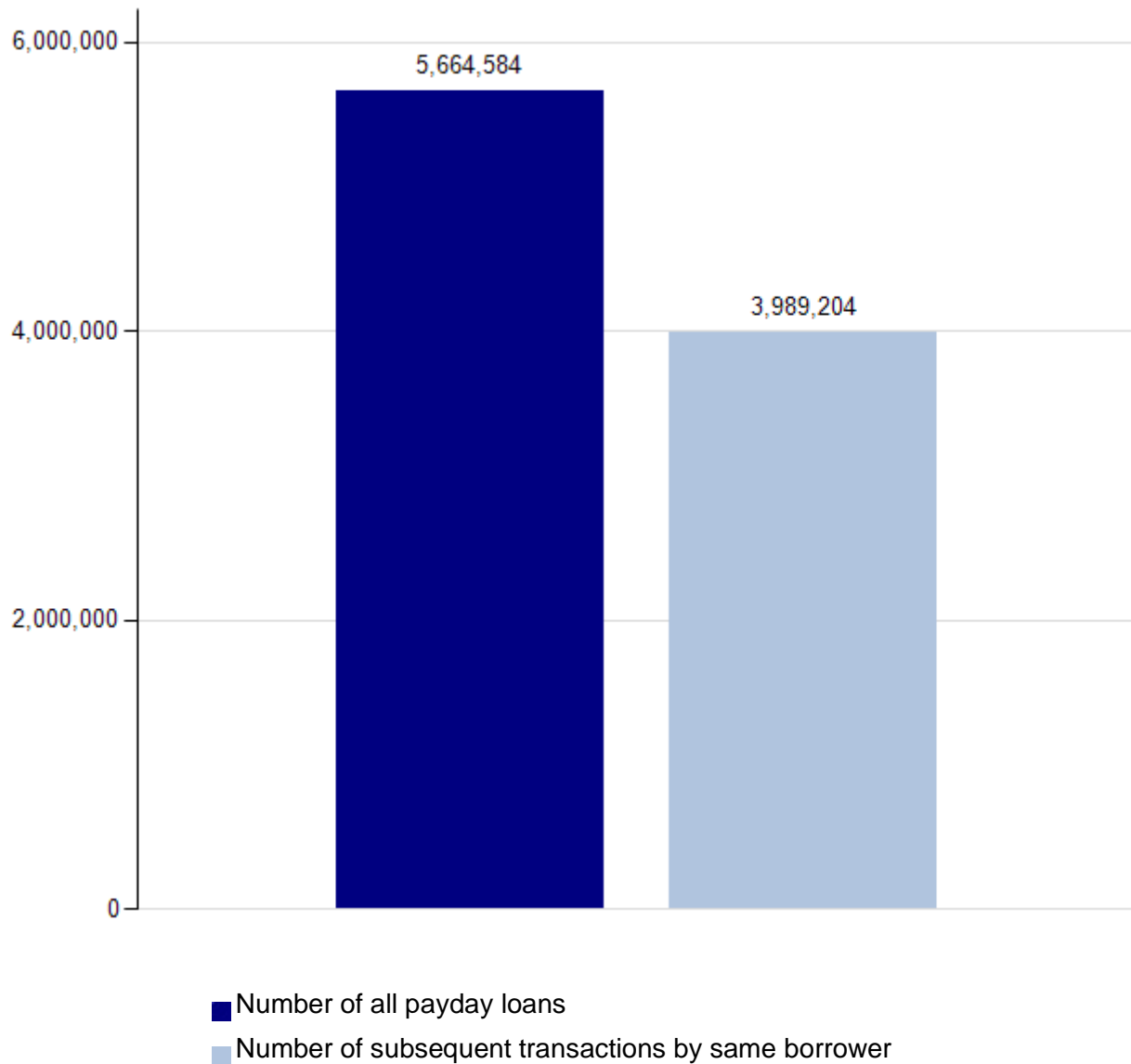
Source: Survey questions 75-81



Subsequent Customers

Chart 17: Subsequent Transactions by Same Borrower: Number

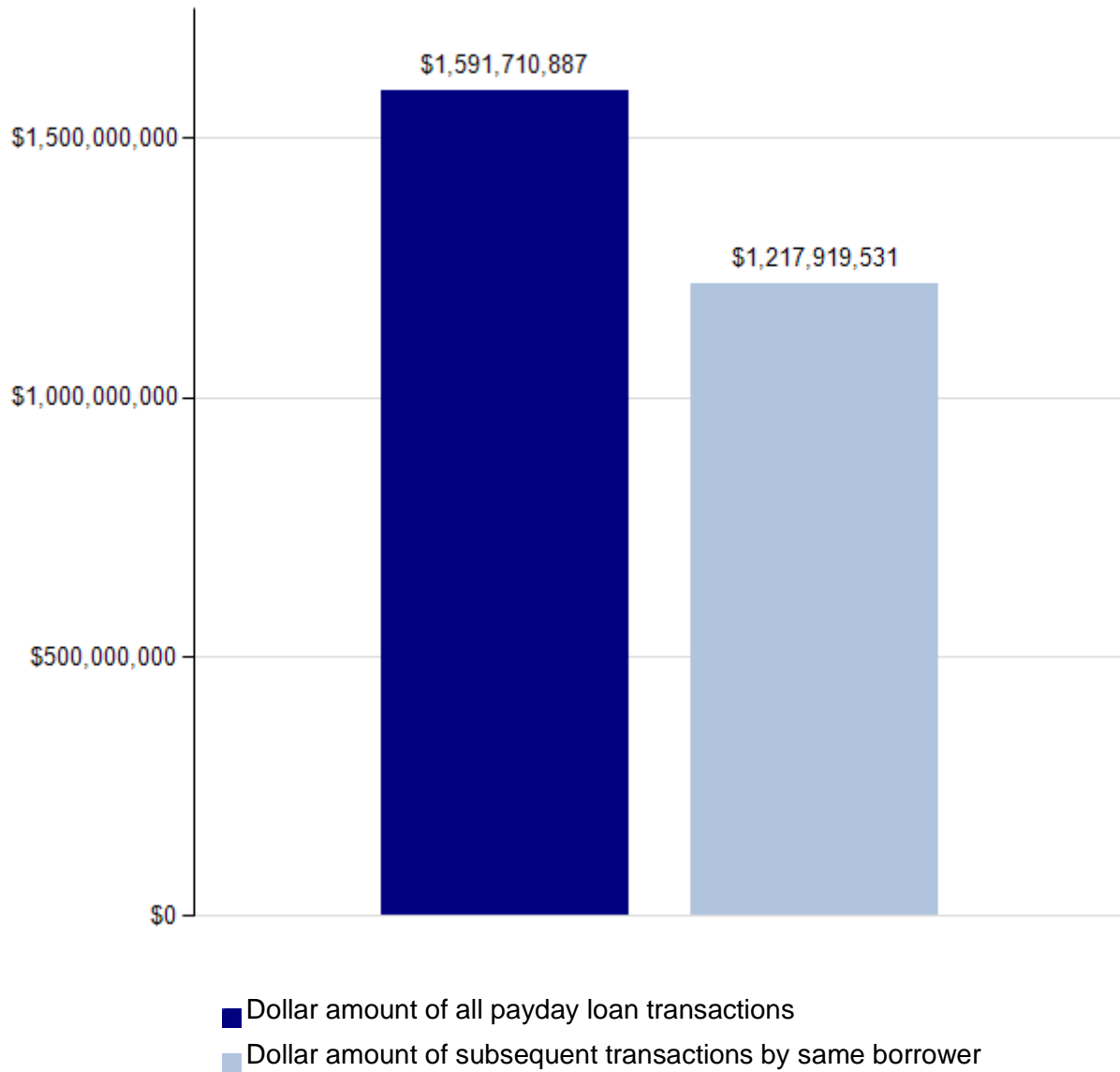
Source: Annual Report question 1 and Survey question 89



Of the 5.6 million payday loans reported for 2023, 70.42 percent were subsequent transactions by the same borrower.

Chart 18: Subsequent Transactions by Same Borrower: Dollar Amount

Source: Annual Report question 2 and Survey question 90

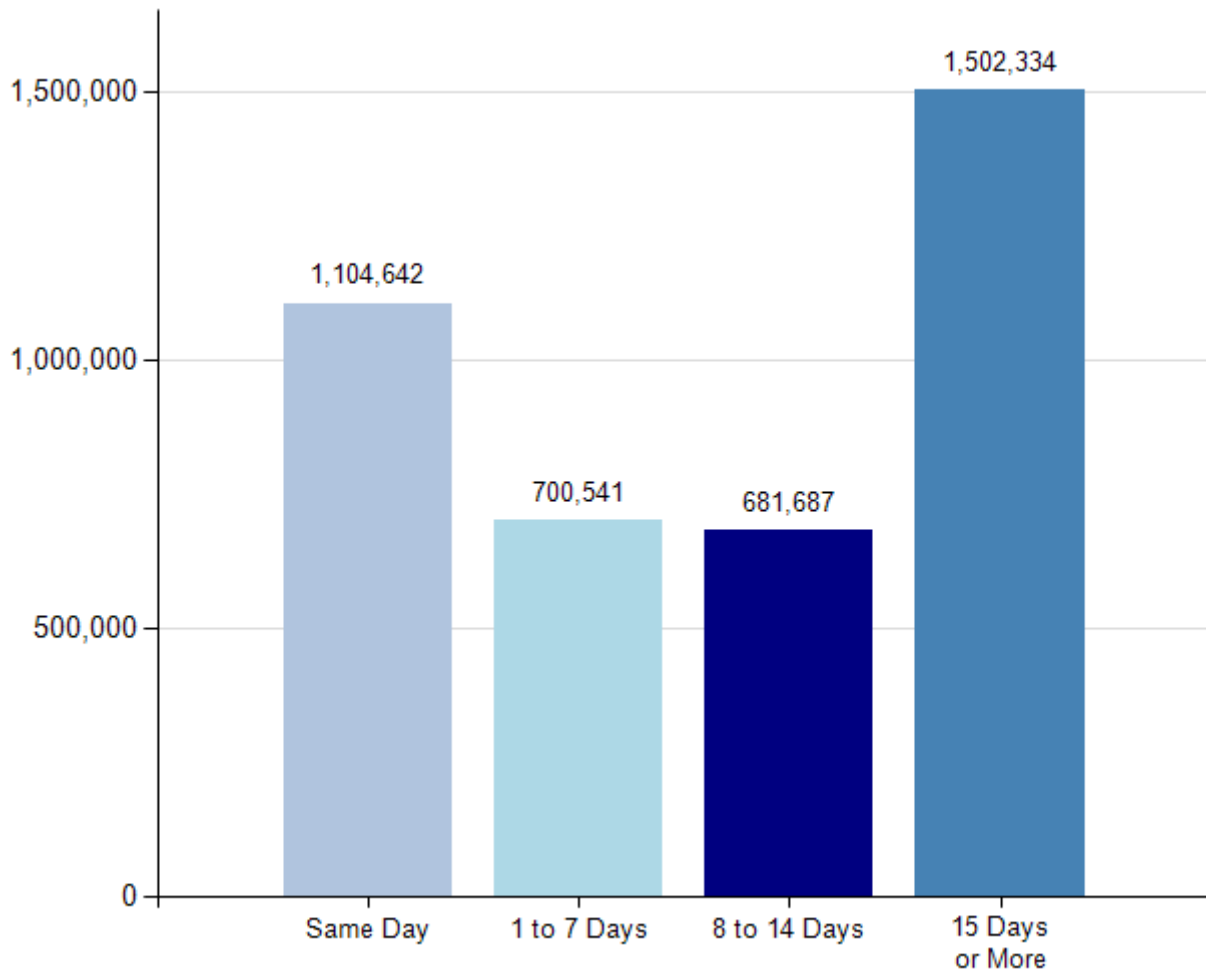


Of the \$1.59 billion in payday loan transactions reported for 2023, 76.52 percent of the total dollar amount represented transactions with repeat borrowers.

Subsequent Customers (continued)

Chart 19: Subsequent Transactions by Same Borrowers: Days Between Transactions by Volume

Source: Survey questions 85 - 88

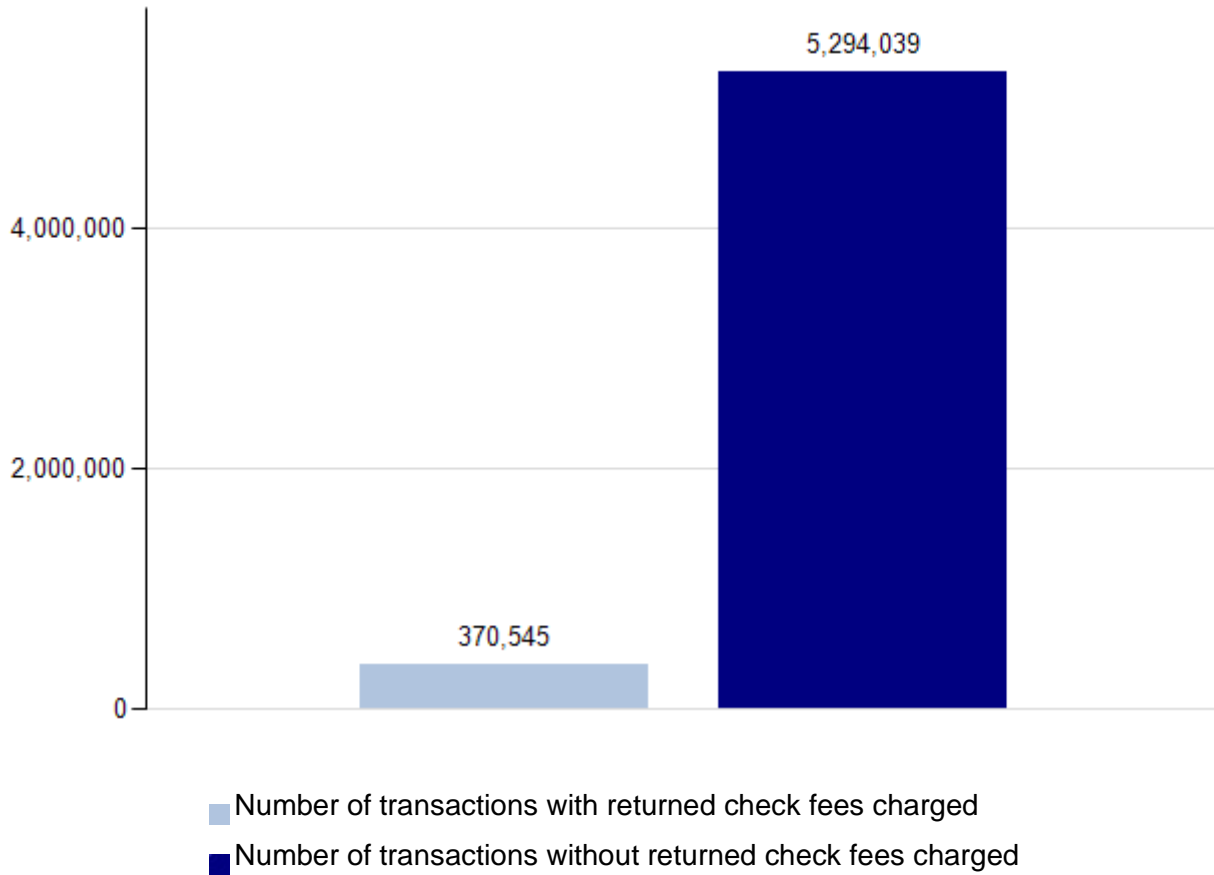


Of subsequent payday loan transactions, 27.69 percent were made by the same borrowers on the same day the previous transaction closed; 17.56 percent were made one to seven days later; 17.09 percent were made eight to 14 days later; and 37.66 percent were made 15 days or more after the previous transaction closed. These percentages are based on 3.9 million subsequent transactions for which licensees provided the data in Chart 19.

Returned Checks

Chart 20: Payday Loan Transactions: Returned Check Volume

Source: Survey question 83 and Annual Report question 1

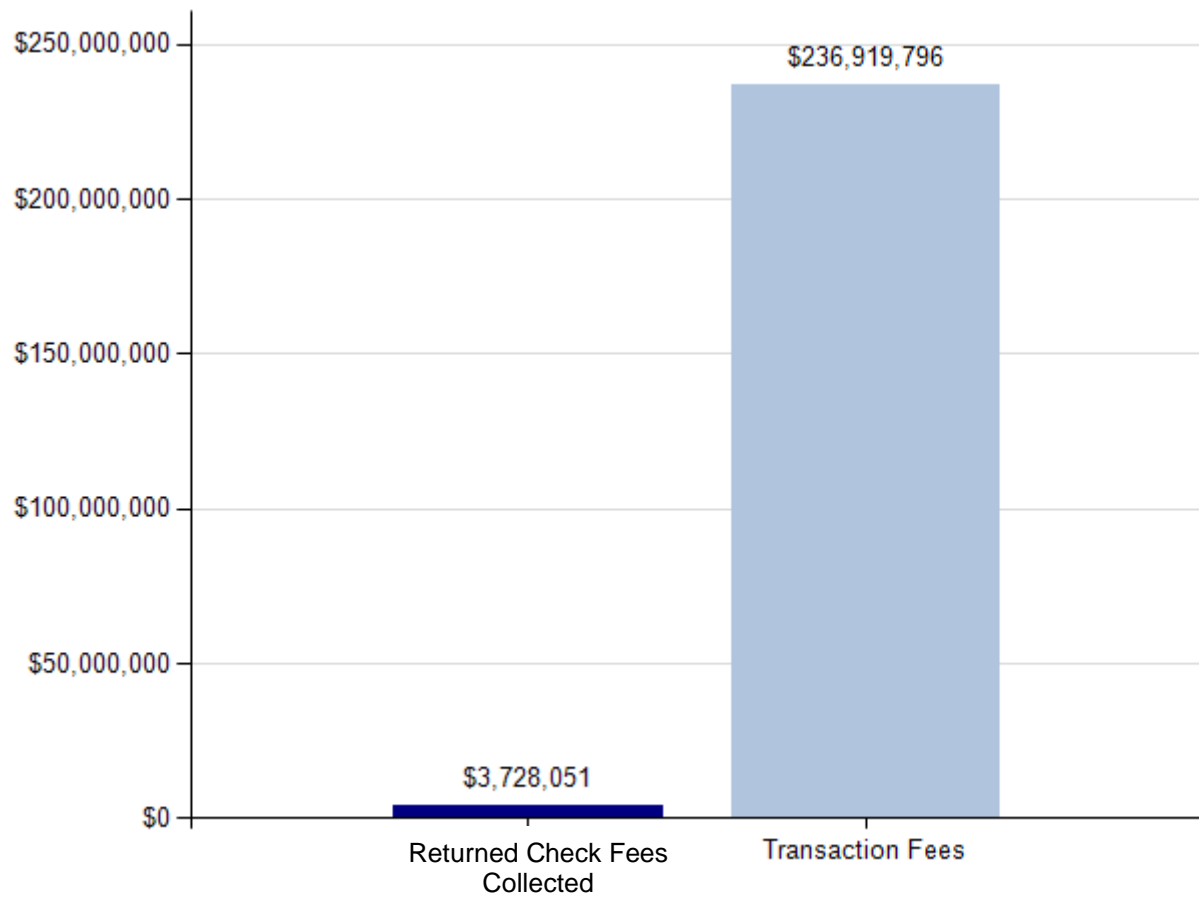


Of 5.6 million payday loan transactions in 2023, 370,545 (6.54 percent) resulted in returned check fees.

Returned Checks (continued)

Chart 21: Returned Check Fees vs. Transaction Fees

Source: Survey questions 82 and 84



Customers Receiving Government Assistance

Loans Made to Customers Receiving Government Assistance

Approximately 61.29 percent of licensees reported serving customers who received government assistance. Those customers accounted for 10 percent of all customers (885,573). Approximately 17.2 percent of licensees reported that more than 25 percent of their customers received government assistance. Table 11 reflects number of customers that received government assistance in 2023.

Table 11: Number of Customers Receiving Government Assistance

Source: Survey question 91 and Annual Report question 3

Number of customers receiving assistance	Number of licensees
88,841	57

Dispute Arbitration

Chart 22: Percentage of Licensees with Dispute Arbitration Clause in Written Agreement

Source: Survey question 92

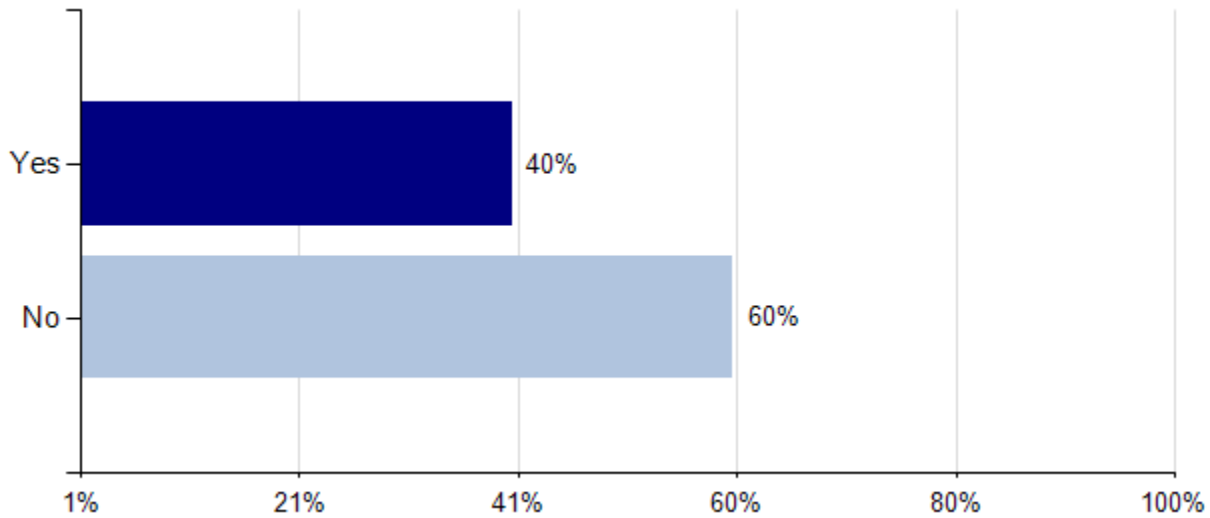
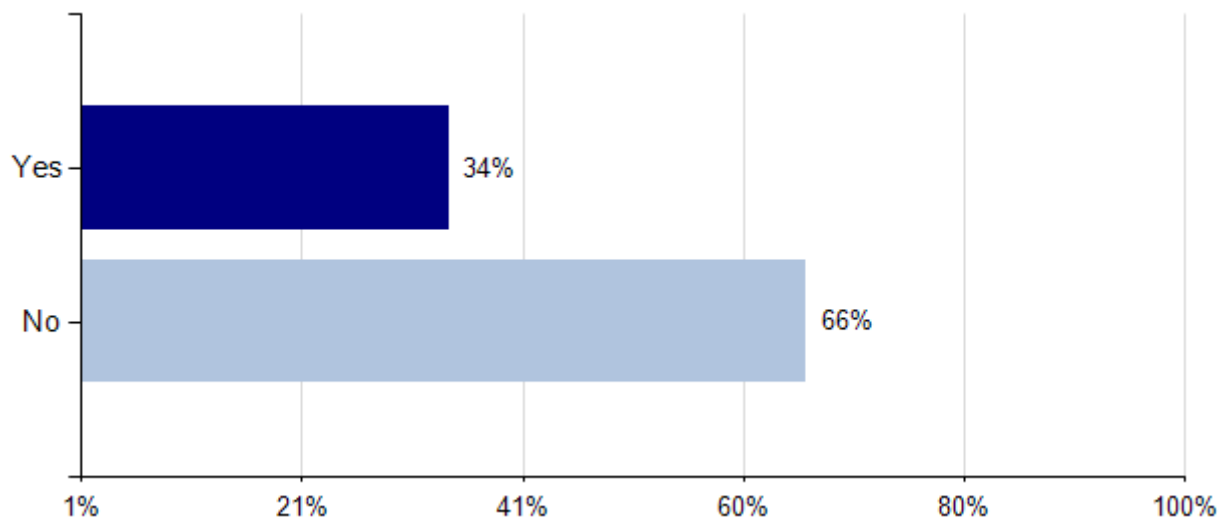


Chart 23: Percentage of Licensees with Dispute Arbitration Clause in Written Agreement That Prohibits Borrowers from Joining Class Action

Source: Survey question 93



Covered Borrowers

Report of Payday Loans to Active Military Servicemembers and Dependents

One licensee reported one customer who was “covered borrower,” which includes active members of the military and their dependents. The customer made one transaction in the amount of \$300. (Source: Survey questions 49-52)



DEPARTMENT OF FINANCIAL
PROTECTION & INNOVATION

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