

DEPARTMENT OF BUSINESS OVERSIGHT*Ensuring a Fair and Secure Financial Services Marketplace for all Californians*

Jan Lynn Owen
Commissioner of Business Oversight

July 9, 2015

The California Department of Business Oversight (DBO) in February 2015 requested DBO-licensed deferred deposit originators (commonly referred to as payday lenders) to submit the 2015 *California Deferred Deposit Transaction Law Industry Survey*. The DBO conducts the survey annually pursuant to regulatory authority granted by Financial Code section 23015.

The survey allows the DBO to gather up-to-date information on transaction activities and potential consumer risks in order to assess the financial health and compliance practices of California's licensed deferred deposit originators. The 2015 survey collected information from 2014 on payday lender issues and activities related to the following:

- Customer ages and income
- Internet transactions
- Lead generators
- Military customers
- Disbursements to customers
- Payments from customers
- Collections
- Customer complaints
- Independent agents

Responses to the survey have been consolidated into a Summary Report. Individual licensees' responses will remain confidential under Government Code section 6254(d). The Summary Report has been included with this letter for your convenience and also can be found on the DBO website at http://www.dbo.ca.gov/Licensees/Payday_Lenders/Publications.asp. If you have questions or comments about the Summary Report, please contact Tom Dresslar, Deputy Commissioner for Policy and Planning, at (916) 322-1571 or Tom.Dresslar@dbo.ca.gov.

Jan Lynn Owen
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2015

Summary Report:
California Deferred Deposit Transaction Law - Industry Survey



California Department of Business Oversight

Summary Report:
California Deferred Deposit Transaction Law – Industry Survey

STATE OF CALIFORNIA
EDMUND G. BROWN JR., Governor

BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
DEPARTMENT OF BUSINESS OVERSIGHT

JAN LYNN OWEN
CALIFORNIA COMMISSIONER of BUSINESS OVERSIGHT

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Division of Corporations

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Policy and Planning



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California Deferred Deposit Transaction Law – Industry Survey

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Summary Report: California Deferred Deposit Transaction Law – Industry Survey

Introduction

The California Department of Business Oversight (DBO) in February 2015 administered the *California Deferred Deposit Transaction Law – 2015 Industry Survey* to all State-licensed deferred deposit originators (commonly known as payday lenders). The DBO conducts the survey annually pursuant to regulatory authority granted by Financial Code section 23015. All but one of the 284 DBO-licensed lenders participated in the survey. Some respondents did not answer every question.

The survey allows the DBO to gather up-to-date information on transaction activities and potential consumer risks in order to assess the financial health and compliance practices of California's licensed deferred deposit originators. The 2015 survey collected information from 2014 on payday lender issues and activities related to the following:

- Customer ages and income
- Internet transactions
- Lead generators
- Military customers
- Disbursements to customers
- Payments from customers
- Collections
- Customer complaints
- Independent agents

This report summarizes the aggregate information collected by the survey and is based on unaudited data provided by licensees.

Due to continuous fluctuations in the deferred deposit licensee population and the difference in response rates, data included in this report does not match data included in the *DBO Annual Report: Operations of Deferred Deposit Originators Licensed under the California Deferred Deposit Transaction Law*. The DBO on June 16, 2015 posted the annual report for 2014 on its website.

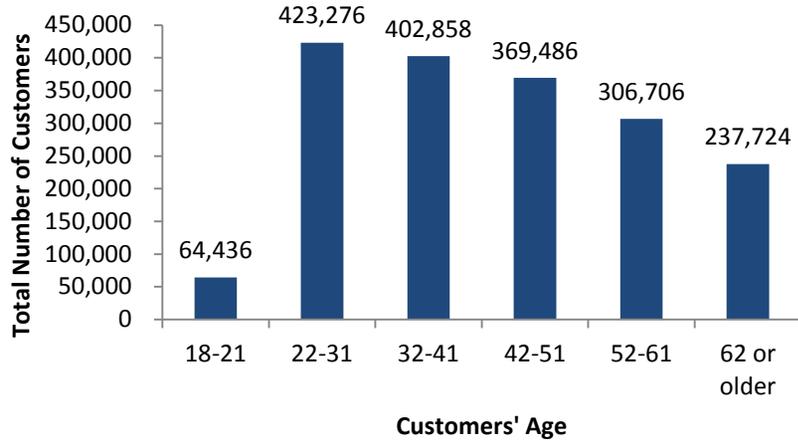


Summary Report: California Deferred Deposit Transaction Law – Industry Survey

Customers' Age

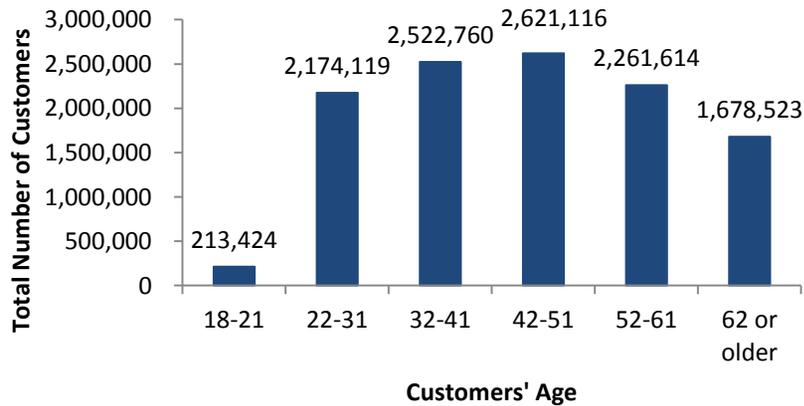
Number of Customers by Customers' Age

Source: Survey questions 1-6



Number of Transactions by Customers' Age

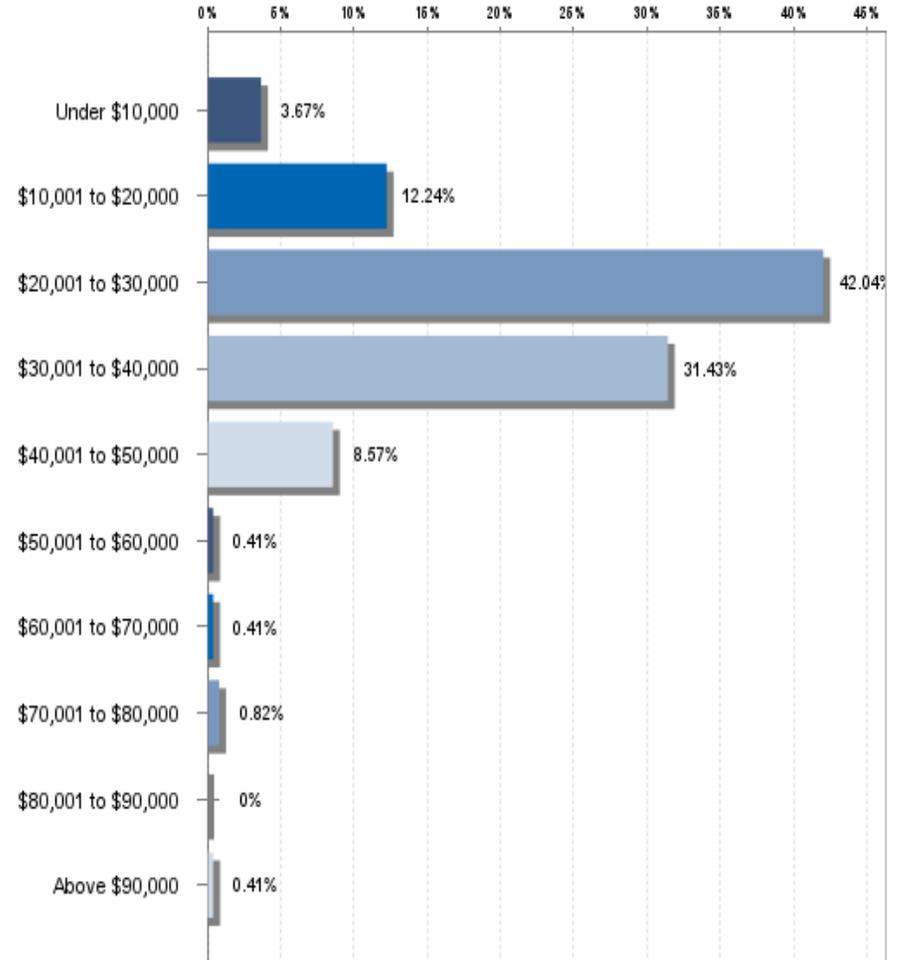
Source: Survey questions 7-12



Customers' Income

Average Annual Income

Source: Survey question 13

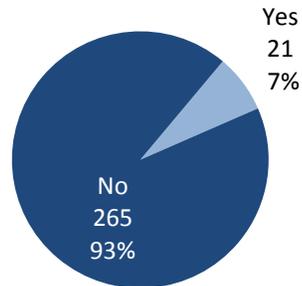


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Internet Transactions

Percentage of Payday Lenders Conducting Transactions on the Internet

Source: Survey question 14



Internet Transaction Volumes and Amounts

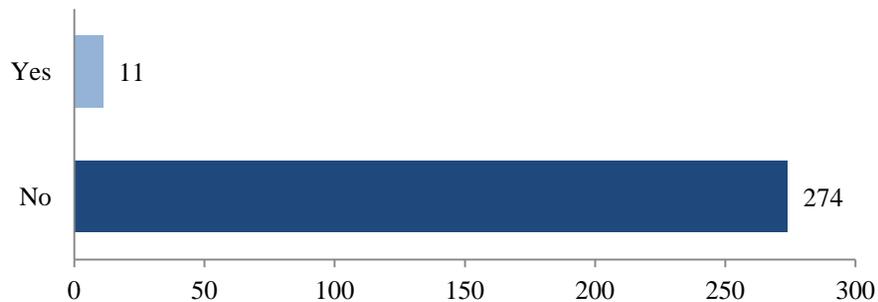
Source: Survey questions 15 - 17

	2014
Number of Customers	379,986
Number of Transactions	1,629,691
Transaction Amounts	\$444,641,984

Lead Generators

Number of Payday Lenders Using Lead Generators

Source: Survey question 18



Lead Generator Fees

Source: Survey questions 22 – 25

	2014
Fees Paid to Lead Generators	\$4,284,813
Average Maximum Fee Paid per Lead	\$64
Average Minimum Fee Paid per Lead	\$8
Average Fee Paid per Lead	\$25

- In 2014, 86 different lead generators referred potential customers to 11 licensees. (Source: Survey questions 18 and 19)

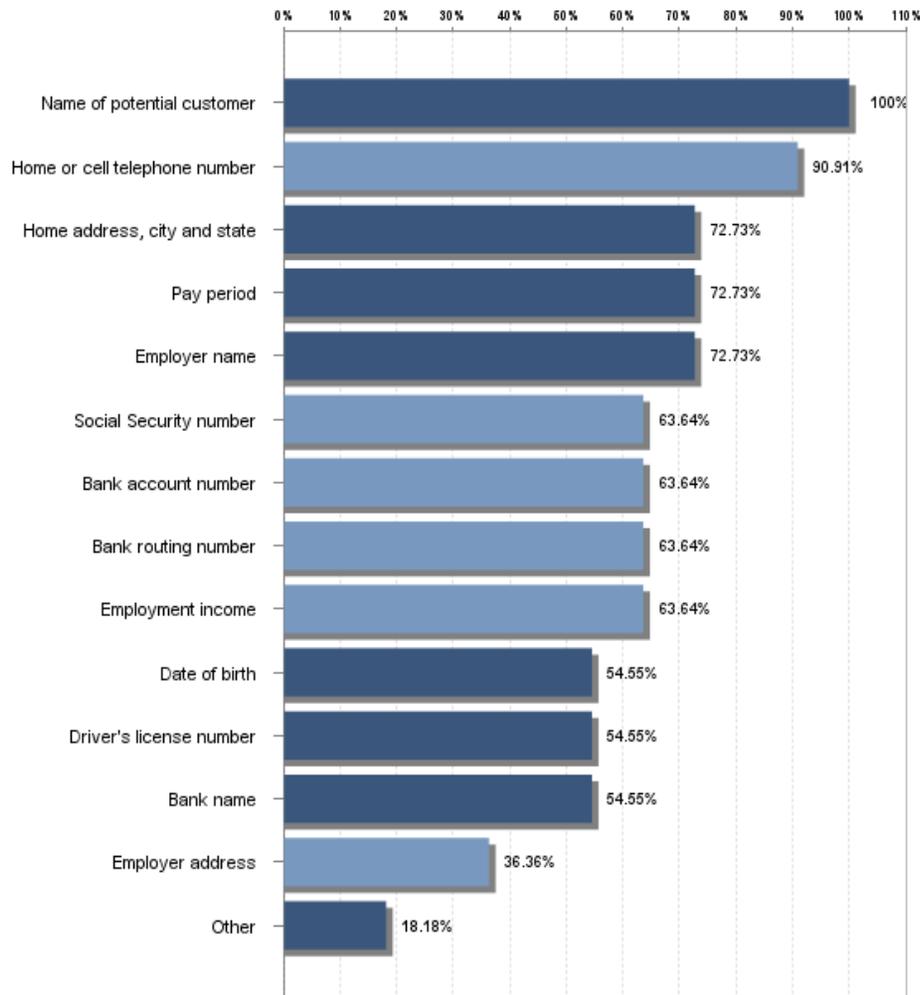


Summary Report: California Deferred Deposit Transaction Law – Industry Survey

Lead Generators (Continued)

Types of Customer Information Provided by Lead Generators

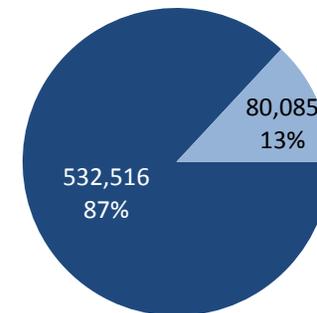
Source: Survey question 27



- 100% of responding licensees that used lead generators indicated they paid lead generators for individual leads, and the lead generators they used provided customers' personal information. (Source: Survey questions 26 and 27)
- The primary types of customer information provided by lead generators were name, home/cell telephone number, home address, pay period and employer name.
- The "other" types of information respondents indicated they received included: email address, work phone, and whether the person rents or owns their place of residence.

Percentage of Qualified Leads Resulting in Transactions

Source: Survey questions 20 and 21*



- Qualified leads with no transactions
- Qualified leads with transactions

*The survey defined "qualified lead" as information about a person who has the interest and authority to complete a deferred deposit transaction.



Summary Report: California Deferred Deposit Transaction Law – Industry Survey

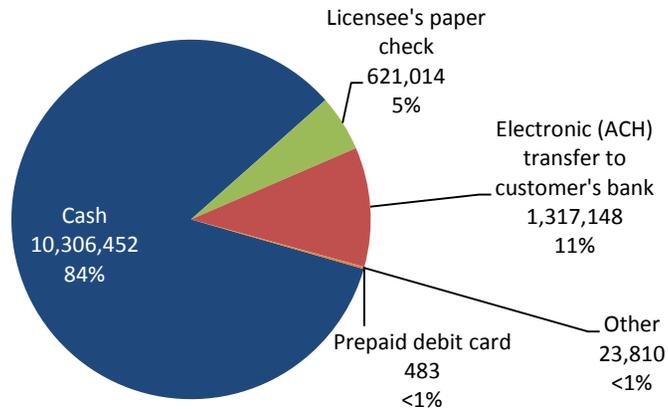
Active Military Customers

Less than 1% of reporting licensees indicated that they had customers in active military service. Of this share of payday lender licensees, the total number of customers was 14, with 35 unique transactions totaling \$8,230. (Source: Survey questions 28 through 31.)

Disbursements to Customers

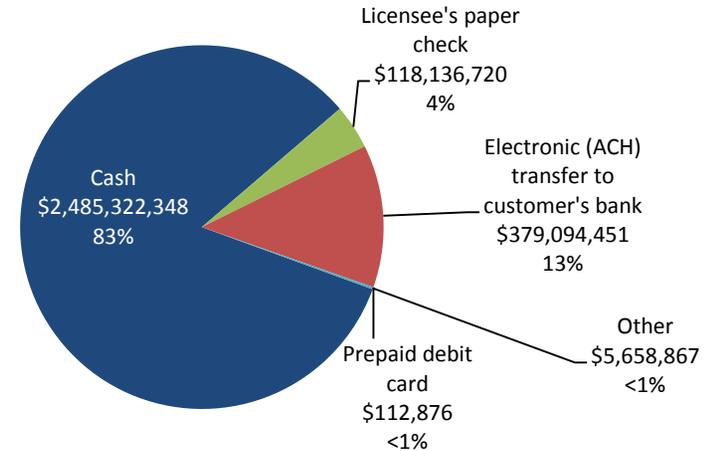
Volume of Disbursements to Customers (Transactions)

Source: Survey question 33



Amount of Disbursements to Customers

Source: Survey question 34



- No licensees reported providing payment to customers through credit cards.
- The “other” category includes the following payment types as described by licensees: wire transfer and debit card.
- The volumes reported in this Summary Report are not entirely comparable to those on the Annual Report.

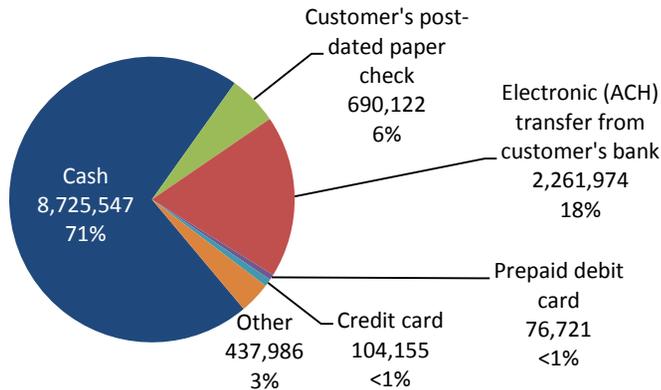


Summary Report: California Deferred Deposit Transaction Law – Industry Survey

Payment from Customers

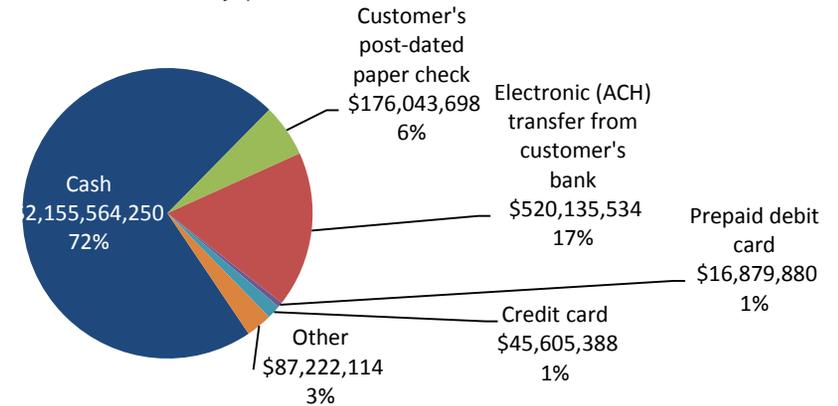
Volume of Payments from Customers (Transactions)

Source: Survey question 37



Amount of Payments from Customers

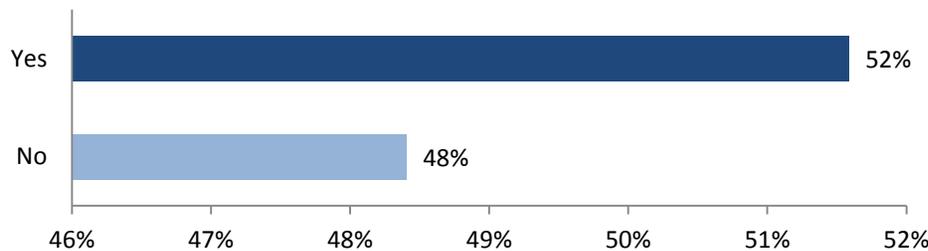
Source: Survey question 38



- The "other" category includes the following payment types as described by licensees: bank account via debit card, cashier's checks, money orders, electronic check conversion (ECC), personal check, court payments, money transmission and third-party payments.

Percentage of Payday Lenders Offering a Written Payment Plan

Source: Survey question 40



Payment Plan Volumes & Days for Repayment

Source: Survey questions 41 through 43

	2014
Total Dollar Amount of Outstanding Payment Plans	\$26,498,023
Total Number of Outstanding Payment Plans	158,805
Average Maximum Days for Repayment*	157

* Respondents who reported over a thousand days maximum were excluded from this calculation.

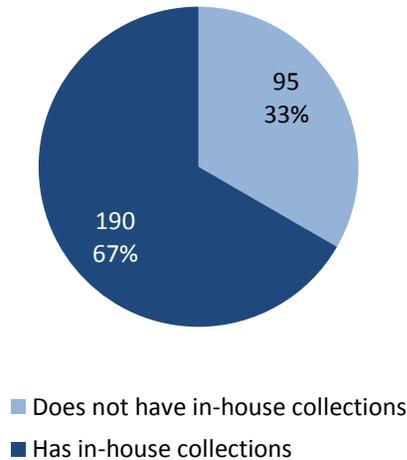


Summary Report: California Deferred Deposit Transaction Law – Industry Survey

Collections

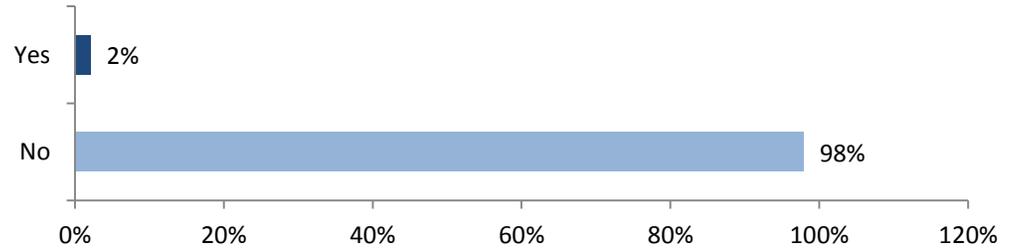
Percentage of Respondents with In-house Collections

Source: Survey question 45



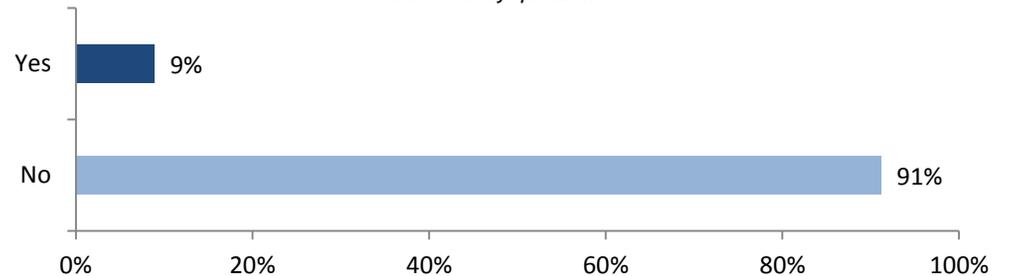
Percent of Payday Lenders that Own an Outside Collection Agency

Source: Survey question 49



Percent of Payday Lenders Associated with an Outside Collection Agency*

Source: Survey question 50



- The number of customers who were not in a payment plan and paid in full as a result of in-house collections totaled 208,653. There were 322,411 such transactions. (Source: Survey questions 46 and 47)
- The dollar amount of transactions in 2014 that did not have a payment plan and in which customers paid in full as a result of in-house collections totaled approximately \$99 million. (Source: Survey question 48)
- Collection agencies are required to have a local business license to operate but are not licensed by the DBO. Several laws regulate debt collection companies in California, including the Fair Debt Collection Practices Act (FDCPA), administered by the Federal Trade Commission (FTC), and California's Rosenthal Fair Debt Collection Practices Act (Civil Code 1788-1788.33), which is enforced by the California Attorney General.

* For the purpose of this survey, "associated" was defined as joining with another or others in a business enterprise.

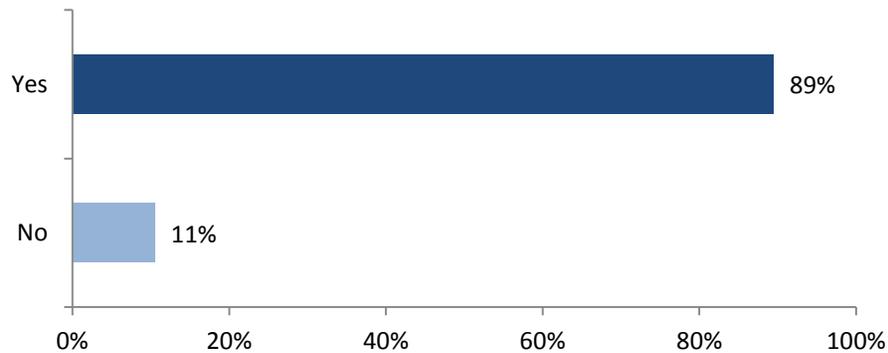


Summary Report: California Deferred Deposit Transaction Law – Industry Survey

Customer Complaints

Percent of Licensees with Procedures for Resolving Customer Complaints

Source: Survey question 54

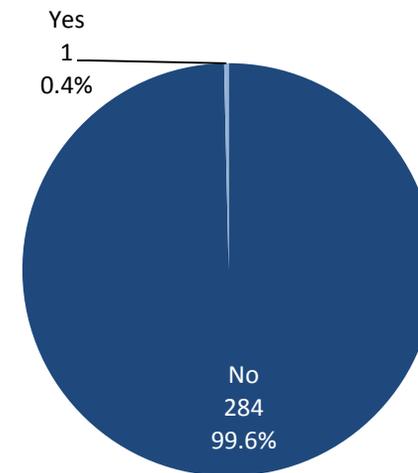


- The DBO will continue to follow-up with licensees to ensure consumer complaints are addressed.

Independent Agents

Percent of Licensees Contracting with Independent Agent(s)

Source: Survey question 59



- Independent agents were defined by the survey as an agent not employed by the licensee who enters contracts to assist in the origination of deferred deposit transactions.

Additional Comments

- Additional comments provided by responding licensees included descriptions of the methodologies they used to prepare the numbers they reported in the survey.



Summary Report: California Deferred Deposit Transaction Law – Industry Survey

Attachment A – Survey



California Department of Business Oversight

2015 CDDTL ANNUAL REPORT & INDUSTRY SURVEY

INDUSTRY SURVEY INSTRUCTIONS

PLEASE READ THESE INSTRUCTIONS CAREFULLY BEFORE COMPLETING
THE INDUSTRY SURVEY

The Department of Business Oversight (DBO) is conducting a survey of its deferred deposit originators.

This electronic survey form has been designed for your convenience in providing the Department with various aspects of your company related to deferred deposits. The information you provide will be used for assessing the overall fiscal health and practices of California's deferred deposit originator industry.

This report is required in accordance with Financial Code Section 23015. Your responses shall remain confidential under Government Code Section 6254(d); however, information may be aggregated and made available to the public.

Survey submissions are due on or before Mar. 15, 2015.

- Information reported in this Survey should be from the entire calendar year 2014 (or from date of licensure if licensed after Jan. 1, 2014).
- Only California consumer transactions should be reported in the survey.
- For the purpose of this survey, the term "lead generator" means an affiliate or third party that provides contact information of a potential customer for compensation.
- **ALL QUESTIONS MUST BE ANSWERED.** If you have nothing to report for questions requesting numbers or dollar amounts, then enter zero ("0").
- Some questions depend on how you answer other questions; therefore, some questions may not appear in numerical order.
- [Click here for a copy of these instructions.](#)
- To help you compile the information required in the survey, you may wish to print out a copy of the form: [CLICK HERE FOR A PAPER COPY TO HELP YOU COMPILE INFORMATION FOR THE ONLINE FORM.](#) (Surveys must be submitted using the online form. Paper submissions will not be accepted.)
- You can close the survey and return to it later by clicking on the Save button below and returning via the link provided to access the survey.
- All input to the survey must be completed no later than Mar. 15, 2015.
- You must click the "Submit" button at the end of the survey to complete the form.

For Assistance

If you have questions about the survey content or need technical assistance with the form, please contact responddtodbo@dbo.ca.gov.



Summary Report: California Deferred Deposit Transaction Law – Industry Survey



California Department of Business Oversight

2015 CDDTL ANNUAL REPORT & INDUSTRY SURVEY

INDUSTRY SURVEY

For licensees engaged in business under the California Deferred Deposit Transaction Law
For the Year Ended December 31, 2014

CUSTOMER'S AGE

Please provide the number of *customers* in each category below based on the customers' age reported on the deferred deposit application for the period of 1/1/2014 - 12/31/2014. If you have nothing to report for a question, then input a zero ("0").

- | | |
|--------------------------------|----------------------|
| 1. Customers' age 18-21: | <input type="text"/> |
| 2. Customers' age 22-31: | <input type="text"/> |
| 3. Customers' age 32-41: | <input type="text"/> |
| 4. Customers' age 42-51: | <input type="text"/> |
| 5. Customers' age 52-61: | <input type="text"/> |
| 6. Customers' age 62 or older: | <input type="text"/> |

Please provide the number of *transactions* for each age category below. Please answer each question for the period of 1/1/2014 - 12/31/2014. If you have nothing to report for a question, then input a zero ("0").

- | | |
|---------------------------------|----------------------|
| 7. Customers' age 18-21: | <input type="text"/> |
| 8. Customers' age 22-31: | <input type="text"/> |
| 9. Customers' age 32-41: | <input type="text"/> |
| 10. Customers' age 42-51: | <input type="text"/> |
| 11. Customers' age 52-61: | <input type="text"/> |
| 12. Customers' age 62 or older: | <input type="text"/> |

CUSTOMER'S INCOME

13. Please select your customer's average annual income as reported on deferred deposit application(s) for the period of 1/1/2014 - 12/31/2014.

Please select one ... ▼

INTERNET TRANSACTIONS

14. Did you offer deferred deposit transaction business over the Internet during 2014?

- Yes
 No

Please answer each question for the period of 1/1/2014 - 12/31/2014. Dollar amounts should be reported in whole dollars. If you have nothing to report for a question, then input a zero ("0").

- | | |
|--|----------------------|
| 15. Total number of individual <i>customers</i> who obtained deferred deposit transactions over the Internet (only count repeat customers once): | <input type="text"/> |
| 16. Total number of deferred deposit <i>transactions</i> made over the Internet: | <input type="text"/> |
| 17. Total <i>dollar amount</i> of deferred deposit transactions made over the Internet: | <input type="text"/> |



Summary Report: California Deferred Deposit Transaction Law – Industry Survey

LEAD GENERATORS

18. In 2014, did you use lead generators to refer potential California customers to you?

(For the purpose of this Survey, the term "lead generator" means a person, company, or third party that provides contact information of a potential customer for compensation.)

- Yes
 No

Please answer each question for the period of 1/1/2014 - 12/31/2014. If you have nothing to report for a question, then input a zero ("0").

19. Total **number of lead generators** that referred potential customers to you:
20. Total **number of qualified leads** provided to you by the lead generator(s). (A qualified lead is information about a person that has the interest and authority to obtain a deferred deposit transaction):
21. Total **number of individual customers** who obtained deferred deposit transactions that were referred to you by the lead generator(s):

Please answer each question for the period of 1/1/2014 - 12/31/2014. Dollar amounts should be reported in whole dollars. If you have nothing to report for a question, then input a zero ("0").

22. Total **dollar amount** of fees paid to lead generator(s):
23. **Maximum fee paid to a lead generator for a single lead:**
24. **Average** fee paid for each lead generated by lead generator(s):
25. **Minimum** fee paid to a lead generator for a single lead:

26. Were lead generators paid for each individual lead or were they paid for multiple leads?

- Individual lead
 Multiple leads
 Individual lead and multiple leads
 Other (please explain)

27. Check the box(es) below for information that was provided by your lead generator(s) during the period of 1/1/2014 - 12/31/2014:

- Name of potential customer
 Home address, city and state
 Home or cell telephone number
 Social Security number
 Date of birth
 Driver's license number
 Bank name
 Bank account number
 Bank routing number
 Employment income
 Pay period
 Employer name
 Employer address
 Other



Summary Report: California Deferred Deposit Transaction Law – Industry Survey

MILITARY CUSTOMERS

28. In 2014, did you have customers in active military service?

- Yes
 No

Please answer each question for the period of 1/1/2014 - 12/31/2014. Dollar amounts should be reported in whole dollars. If you have nothing to report for a question, then input a zero ("0").

29. Total number of **customers** in active military service:
30. Total number of **transactions** for active military service members:
31. Total **dollar amount** of transactions for customers in active military service:

DISBURSEMENT TO CUSTOMER

32. What is the total **number of customers** who were given funds for a deferred deposit transaction in each of the categories listed below?

Please answer for the period of 1/1/2014 - 12/31/2014. If you have nothing to report for a question, then input a zero ("0").

- | | |
|---|--|
| Cash | <input style="width: 100px;" type="text"/> |
| Licensee's paper check | <input style="width: 100px;" type="text"/> |
| Electronic (ACH) transfer to customer's bank | <input style="width: 100px;" type="text"/> |
| Prepaid debit card | <input style="width: 100px;" type="text"/> |
| Credit card | <input style="width: 100px;" type="text"/> |
| Other (please describe in question number 35) | <input style="width: 100px;" type="text"/> |

33. What is the total **number of transactions** in which funds were given for a deferred deposit transaction in each of the categories listed below?

Please answer for the period of 1/1/2014 - 12/31/2014. If you have nothing to report for a question, then input a zero ("0").

- | | |
|---|--|
| Cash | <input style="width: 100px;" type="text"/> |
| Licensee's paper check | <input style="width: 100px;" type="text"/> |
| Electronic (ACH) transfer to customer's bank | <input style="width: 100px;" type="text"/> |
| Prepaid debit card | <input style="width: 100px;" type="text"/> |
| Credit card | <input style="width: 100px;" type="text"/> |
| Other (please describe in question number 35) | <input style="width: 100px;" type="text"/> |

34. What is the total **dollar amount** of funds given for deferred deposit transactions in each of the categories listed below?

Please answer for the period of 1/1/2014 - 12/31/2014. Dollar amounts should be reported in whole dollars. If you have nothing to report for a question, then input a zero ("0").

- | | |
|---|--|
| Cash | <input style="width: 100px;" type="text"/> |
| Licensee's paper check | <input style="width: 100px;" type="text"/> |
| Electronic (ACH) transfer to customer's bank | <input style="width: 100px;" type="text"/> |
| Prepaid debit card | <input style="width: 100px;" type="text"/> |
| Credit card | <input style="width: 100px;" type="text"/> |
| Other (please describe in question number 35) | <input style="width: 100px;" type="text"/> |

35. Other disbursement types for the period of 1/1/2014 - 12/31/2014. If you did not enter anything into the "other" field in questions 32, 33, or 34 above, leave this question blank.



Summary Report: California Deferred Deposit Transaction Law – Industry Survey

PAYMENT FROM CUSTOMER

36. What is the total number of individual customers that provided payments in the categories listed below?

Please answer for the period of 1/1/2014 - 12/31/2014. If you have nothing to report for a question, then input a zero ("0").

Cash	<input type="text"/>
Customer's post-dated paper check	<input type="text"/>
Electronic (ACH) transfer from customer's bank	<input type="text"/>
Prepaid debit card	<input type="text"/>
Credit card	<input type="text"/>
Other (please describe in question 39)	<input type="text"/>

37. What is the total number of transactions for each payment category listed below?

Please answer for the period of 1/1/2014 - 12/31/2014. If you have nothing to report for a question, then input a zero ("0").

Cash	<input type="text"/>
Customer's post-dated paper check	<input type="text"/>
Electronic (ACH) transfer from customer's bank	<input type="text"/>
Prepaid debit card	<input type="text"/>
Credit card	<input type="text"/>
Other (please describe in question 39)	<input type="text"/>

38. What is the total dollar amount of payments from customers for each payment category below?

Please answer for the period of 1/1/2014 - 12/31/2014. If you have nothing to report for a question, then input a zero ("0").

Cash	<input type="text"/>
Customer's post-dated paper check	<input type="text"/>
Electronic (ACH) transfer from customer's bank	<input type="text"/>
Prepaid debit card	<input type="text"/>
Credit card	<input type="text"/>
Other (please describe in question 39)	<input type="text"/>

39. Other types of payment for the period of 1/1/2014 - 12/31/2014. If you did not enter anything into the "other" field in questions 36, 37, or 38 above, then leave this question blank.

PAYMENT PLANS

40. In 2014, did you offer a written payment plan to your customers who were unable to pay their transaction when due?

- Yes
 No



Summary Report: California Deferred Deposit Transaction Law – Industry Survey

Please answer each question for the period of 1/1/2014 - 12/31/2014. Dollar amounts should be reported in whole dollars. If you have nothing to report for a question, then enter a zero ("0").

41. What is the **maximum number of days** provided to a customer to pay off an outstanding balance through a payment plan?

42. Total **number** of payment plans:

43. Total **dollar amount** of payment plans:

PAYMENT PLANS - ADDITIONAL INFORMATION

44. If you need to provide additional information to explain your responses to questions 41, 42, or 43 above, please do so here:

COLLECTIONS

45. In 2014, did you have in-house collections?

Yes

No

Answer each question for the period of 1/1/2014 - 12/31/2014. Dollar amounts should be reported in whole dollars. If you have nothing to report for a question, then enter a zero ("0").

46. Total number of **customers** who were not in a payment plan and who paid in full as a result of in-house collections:

47. Total number of **transactions** that were not in a payment plan and paid in full as a result of in-house collections:

48. Total **dollar amount** of transactions that were not in a payment plan and paid in full as a result of in-house collections:



Summary Report: California Deferred Deposit Transaction Law – Industry Survey

49. Do you own an outside collection agency?

- Yes
 No

50. Are you associated with an outside collection agency? (For the purpose of this Survey, "associated" means to join with another or others in a business enterprise.)

- Yes
 No

Answer each question for the period of 1/1/2014 - 12/31/2014. Dollar amounts should be reported in whole dollars. If you have nothing to report for a question, then enter a zero ("0").

51. Total number of *customers* referred to a collection agency:

52. Total number of *transactions* referred to a collection agency:

53. Total *dollar amount* of transactions referred to a collection agency:

CUSTOMER COMPLAINTS

54. Do you have procedures for resolving customer complaints?

- Yes
 No

55. Do you keep records of complaints that have been received?

- Yes
 No

Please answer for the period of 1/1/2014 - 12/31/2014. If you have nothing to report for a question, then enter a zero ("0").

56. How many customer complaints were received?

57. Do you keep a record of complaints that have been resolved?

- Yes
 No

Please answer for the period of 1/1/2014 - 12/31/2014. If you have nothing to report for a question, then enter a zero ("0").

58. How many customer complaints were resolved?

INDEPENDENT AGENTS

59. In 2014, did you contract with an independent agent (who is not your employee) to assist you in the origination of deferred deposit transactions?

- Yes
 No



Summary Report: California Deferred Deposit Transaction Law – Industry Survey

60. Are the independent agent(s) used licensed with the Department of Business Oversight?

- Yes
 No
 Unknown

ADDITIONAL COMMENTS

Please provide any additional comments you may have:

Submitting the Annual Report and CDDTL Industry Survey

To review the information you have entered, click [here](#). To print your answers, right click on the report that pops up and select "print." Only fields that you have answered will be visible (*Note: Your browser security settings may need to be modified to allow pop-ups from this website*).

If you wish to return to the form later to make changes or to provide more information, then click the Save button below and exit the browser window. You may return later using the link provided in the notice from the DBO.

When you have completed the Annual Report and Survey, click the submit button below. A message to confirm your submission will appear.

Please note, you may return to the Report after clicking the Submit button; however, every time you re-enter the Report, you will need to submit again.

If you have questions about the Annual Report or Survey content, or need technical assistance, please contact responstodbo@dbo.ca.gov.



Summary Report: California Deferred Deposit Transaction Law – Industry Survey

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