

**DEPARTMENT OF BUSINESS OVERSIGHT***Ensuring a Fair and Secure Financial Services Marketplace for all Californians***JAN LYNN OWEN****Commissioner of Business Oversight****For Immediate Release**

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## **California Payday Lending Activity Increased in 2014, DBO Report Shows**

*Total Dollar Amount, Volume Top 2013 Levels; Average Size and APR Fall*

SACRAMENTO – California payday lending activity in 2014 increased from the prior year, but the average size of transactions and average annual percentage rate (APR) of fees declined, according to a [report](#) released today by the Department of Business Oversight (DBO).

Payday loans are called deferred deposit transactions in state law. In a deferred deposit transaction, the consumer provides the lender a personal check for the amount of money desired. The lender provides the consumer the money, minus an agreed-upon fee. The fee cannot exceed 15 percent of the check amount. The lender then defers depositing the consumer's check for a specific period of time, which cannot exceed 31 days. The maximum amount a consumer can receive is \$300, minus the fees.

In 2014, the total dollar amount of payday loans increased 6.66 percent from 2013, to \$3.38 billion. The number of transactions rose 2.0 percent over the same period, to 12,407,422.

Payday lending activity in 2014 was substantially higher than in 2006, the year the DBO starting collecting data. But the growth rate has slowed since 2010, the report showed. The aggregate dollar amount increased 32.2 percent over the entire period, but only 8.0 percent from 2010-2014. The number of transactions went up 23.5 percent over the entire period, but just 2.6 percent from 2010-2014.

The number of individual customers increased in 2014, by 2.19 percent to 1,818,524. The average number of transactions per customer dropped, from 7.01 in 2013 to 6.82 in 2014, according to the report.

Payday loan transactions in 2014 averaged \$235. That was 9.6 percent below the 2013 average, and the lowest figure on record. The average APR on transaction fees in 2014 was 361 percent, according to the report, down by 11.5 percent from 408 percent the prior year. The 2014 average APR also was the lowest on record.

The ratio of returned checks to total payday lending transactions in 2014 was 5.84 percent, up from 5.81 percent in 2013, according to the report. The aggregate dollar amount of returned checks last year was \$196.65 million. That represented 5.82 percent of the total dollar amount of all payday lending transactions, down from a 6.06 percent ratio in 2013.

The DBO publishes the payday lending report annually, as required by law. It reflects unaudited data submitted by licensed lenders, and does not account for activity by unlicensed lenders.