

## EXECUTIVE SUMMARY

The number of payday lending or check cash lending locations in Ohio and nationwide has rapidly increased in the past eleven years. These shops offer short-term, high-interest loans against a future paycheck. Fees in Ohio are usually \$15 for every \$100 borrowed for a two-week period, which amounts to an annual percentage rate of 391 percent. This study from the Housing Research & Advocacy Center and Policy Matters Ohio analyzes data on Ohio payday lending locations from the Ohio Department of Commerce, examines family budgets, and uses information gathered by shoppers at payday loan locations. The study updates findings from last year, which reported on the previous decade's data. Among the findings:

- The number of payday lending stores licensed in Ohio increased from just 107 locations in 1996 to 1,638 locations in 2007, growing by a multiple of more than fourteen. There were 76 more payday lenders in 2007 than 2006, a 5 percent increase.
- In 1996, payday lenders were concentrated in urban communities. Payday lending has since become a much more ubiquitous part of the overall Ohio landscape. All but two of Ohio's 88 counties now have at least one payday lender, and 41 counties, seven more than last year, had more than ten lenders. On a per capita basis, 68 counties had more than one payday lender per 10,000 people.
- Franklin (189), Cuyahoga (163), and Hamilton (125) counties each had well over one hundred payday lenders in 2007. These three counties represent more than 30 percent of Ohio's payday lending stores.
- Large urban counties have the most payday lenders in absolute terms, but less populated counties have a greater number of lenders per capita. Of the ten counties with the highest concentrations per capita, not one is a large urban county. Belmont County had the highest concentration, with 3.56 lenders for every 10,000 people. Washington and Gallia counties ranked second and third with 3.00 and 2.57 per 10,000 people.
- Most payday lending locations in Ohio are chains or franchises. The two most common locations are Advance America (177), Cashland Financial Services (144), and First American Check Advance (111) with more than 100 locations each.
- Testers visited 36 total payday loan sites in Franklin and Cuyahoga counties, finding that all locations charged the maximum rates allowed by law. In several stores, staff was unable to explain what the annual percentage rate meant for a payday loan.
- An analysis of basic budgets for low- and moderate-income families demonstrates the near impossibility of a family paying off a \$300 loan in two weeks' time, contributing to the cycle of debt many families face.

The report ends by recommending that Ohio borrowers be provided the same protections that were recently enacted on the federal level for military families. The staple of these protections

## The Continued Growth of Payday Lending in Ohio

would be an interest rate cap on payday loans. These measures would ensure reasonable and transparent costs for loans and preserve legal protections and assets of Ohio borrowers.

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