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**Payday lenders continue to charge triple-digit interest rates**
**Stores circumventing new Ohio lending law**

Despite having one of the best-crafted payday lending laws in the nation, Ohioans are still paying triple-digit interest rates on payday loans. This report confirms initial findings that payday lenders in Ohio are deliberately circumventing the new Ohio Short-Term Loan Act, which instituted a maximum 28 percent annual percentage rate (APR) on loans, among other protections.

Policy Matters obtained data by visiting and calling 69 Ohio payday lending stores. Despite contradictory and opaque information, which made analysis difficult, we found that every payday lender analyzed continues to charge triple-digit interest rates.

“Both Ohio voters and Ohio lawmakers acted to end these high interest rates but the lenders are circumventing the new law and continuing to market and sell loans at annual interest rates of more than 300 percent,” said David Rothstein, report author and researcher at Policy Matters Ohio. “These loans bleed resources out of working families and communities and should be forced to follow the law as intended.”

All payday lenders surveyed continue to make loans due on the borrower's next payday, which is typically less than or equal to fourteen days away. This is not in compliance with the Short-Term Loan act, which guaranteed borrowers at least 30 days to pay back loans.

Additionally, seven of the nine largest payday lenders issue the loan in the form of a check or money order and charge a cashing fee while another lender appears to be automatically including the fee and then issuing the loan in cash. By charging the borrower a 3 to 6 percent fee for cashing the lender’s own out-of-state check (a check that presents no risk to the lender of insufficient funds), the cost of a $200 loan can climb to higher than 600 percent APR.

“These loans are not designed for people to pay them back on time,” said Rothstein. “Someone who borrows $200 and owes $252 just two weeks later is likely to need another loan to pay back the first one.”

The report also found that a majority, seven of nine payday lenders, accept unemployment, Social Security, or disability checks as collateral.

The report recommends harmonizing lending laws in Ohio to reflect the 28 percent APR cap and establish a 90-day minimum loan term.