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# POLICY MATTERS OHIO

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CLEVELAND: 3631 PERKINS AVENUE SUITE 4C - EAST • CLEVELAND, OHIO, 44114 • TEL: 216/361-9801 • FAX: 216/361-9810  
COLUMBUS: 1372 GRANDVIEW AVE. SUITE 242 • COLUMBUS, OHIO, 43212 • TEL: 614/486-4601 • FAX: 614/486-4603  
[HTTP://WWW.POLICYMATTERSOHIO.ORG](http://www.policymattersohio.org)

**For Immediate Release: 2/22/2007**

Contact: David Rothstein 216-361-9801 [drothstein@policymattersohio.org](mailto:drothstein@policymattersohio.org)

Jeffrey Dillman 216-361-9240 [jdillman@thehousingcenter.org](mailto:jdillman@thehousingcenter.org)

Read the report: <http://www.policymattersohio.org/TrappedInDebt2007.htm>

## **Ohio payday lending locations jump from 107 to 1,562 in past decade Fourteen-fold increase spreads locations to all but two Ohio counties**

The number of payday lending stores licensed in Ohio catapulted from 107 locations in 1996 to 1,562 locations in 2006, a more than fourteen-fold increase in a decade, according to a new report from the Housing Research & Advocacy Center and Policy Matters Ohio. The report finds that payday lending shops are now more common than McDonalds, Burger King and Wendy's restaurants combined in Ohio.

The number of payday lending locations in Ohio and nationwide has exploded in the past decade. Payday lending 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. "The outrageous fees charged by payday lenders are very troubling and can pull borrowers into a cycle of debt," said Jeffrey Dillman, report co-author and Executive Director of the Housing Research & Advocacy Center.

The study, based on data from the Ohio Department of Commerce, Division of Financial Institutions, also found:

- In 1996, payday lenders were concentrated in urban communities. Twenty-one Ohio counties had payday lenders and most of these had just a handful of locations. Only Cuyahoga, Franklin, Hamilton and Montgomery counties had more than ten locations, centered in Cleveland, Columbus, Cincinnati and Dayton.
- Payday lending has since become a much more ubiquitous part of the overall Ohio landscape. By 2006, every Ohio county except for Ottawa and Vinton had at least one payday lender. Thirty-five counties had more than ten locations, and nine counties had forty or more locations.
- Franklin, Hamilton and Cuyahoga counties each had well over one hundred payday lenders in 2006, with 183, 123 and 160 locations respectively.
- 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, not one is a large urban county. Washington County had the highest concentration, with 3.32 lenders for every 10,000 people. Belmont and Gallia counties ranked second and third with 3.13 and 2.90 per 10,000 people.

The report ends by recommending that Ohio borrowers be provided the same protections that were recently enacted on the federal level for military families. "Ohio should ensure reasonable and transparent costs for loans, preserve legal protections, and protect assets of Ohio borrowers," said David Rothstein, a researcher at Policy Matters Ohio who co-authored the report.

*Policy Matters Ohio and the Housing Research & Advocacy Center are both non-partisan research centers, on the web at [www.policymattersohio.org](http://www.policymattersohio.org) and [www.thehousingcenter.org](http://www.thehousingcenter.org).*

