CALIFORNIA BUDGET PROJECT

Payday Loans:

Taking the Pay Out of Payday

A CALIFORNIA BUDGET PROJECT CHARTBOOK
SEPTEMBER 2008

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Acknowledgments

- Scott Graves prepared this chartbook with assistance from Alissa Anderson.

California Budget Project

- The CBP was founded in 1994 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The CBP engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. Support for the CBP comes from foundation grants, publications, and individual contributions.

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Key Findings

- Payday loans are expensive. In California, a 14-day loan has an annual percentage rate (APR) of more than 400 percent. The APR represents the percentage cost of credit on a yearly basis, including interest and any applicable fees.
- Payday lending is widespread. Approximately 1 million Californians took out payday loans in 2006, averaging roughly 10 loans per borrower.
- Payday loans encourage chronic borrowing. A 2007 survey of payday loan borrowers in California found that:
  - Nearly half (48 percent) of borrowers take out payday loans at least once per month.
  - More than one-third (36 percent) of borrowers have taken out loans from multiple payday lending companies at the same time.

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Key Findings (cont.)

- Most payday loan borrowers in California use these loans to meet basic expenses, rather than for short-term emergencies.
- Most payday loan borrowers in California are women and have household incomes under $50,000. Disproportionate shares of payday loan borrowers in California are black or Latino.
- The federal government restricts payday lending, as do more than one dozen states and the District of Columbia.
- Californians would have alternatives if state policymakers restricted payday lending. These alternatives include:
  - Non-loan options, such as negotiating with creditors and seeking emergency assistance.
  - Less-costly credit union, bank, and consumer finance loans, as well as credit cards and overdraft protection.

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What Are Payday Loans?

- Payday loans are:
  - Obtained using a personal check that the lender agrees to hold until a future date – usually the borrower's next payday – at which time the loan must be repaid in full.
  - Easy to get, generally requiring only valid identification and proof of income in addition to a checking account.
  - Expensive. Payday loans have short balloon repayment periods – often two weeks or less – and high fees. In California, these fees are equivalent to an APR of more than 400 percent for a 14-day loan.
  - Viewed as either "filling legitimate credit needs" or as "predatory exploitation of desperate individuals" (Bair, p. 8).

What Is the Origin of Payday Loans in California?

- Payday loans did not exist until the mid-1990s, at which time they grew out of the check-cashing industry.
- At the time, state law did not explicitly authorize or prohibit check cashers from offering payday loans.
  - Check cashers argued that they were simply deferring the deposit of checks – rather than making loans – and thus should not be subject to the strict interest rate caps that applied to "consumer finance lenders" under the California Finance Lenders Law.
  - Others argued that this "deferred deposit" transaction amounted to a short-term consumer loan that should be regulated under the California Finance Lenders Law.

What Is the Origin of Payday Loans in California? (cont.)

- SB 1959 (C. Calderon, Statutes of 1996) authorized and established requirements for payday loans in California law.
  - The bill exempted check cashers from the California Finance Lenders Law.
  - This change allowed payday lenders to charge significantly more for loans than California's consumer finance lenders may charge under state law.

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How Do Payday Loans Work in California?

- State law allows payday lenders to charge a fee of up to 15 percent of the face value of a check, up to a maximum face value of $300.
  - "Almost every [California payday lender] charges the maximum fee, with very little fee competition," according to the Department of Corporations (DOC).
- A borrower who writes a check for the maximum amount of $300 receives a loan of $255 and pays a fee of $45.
- In 2006, the average repayment period in California was just 16 days, even though state law allows a repayment period of up to 31 days.

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How Do Payday Loans Work in California? (cont.)

- California law prohibits payday lenders from:
  - Renewing, or “rolling over,” payday loans. Lenders may extend a due date, but may not charge additional fees for doing so.
  - Allowing borrowers to pay off all or a portion of one payday loan with the proceeds of another loan issued by the same payday lender.
  - Issuing more than one payday loan at a time to a borrower.
- However, a borrower may take out a new loan immediately after he or she pays off an outstanding loan.
- In addition, California borrowers may take out payday loans from multiple payday lending companies at the same time.

How Do Payday Loans Work in California? A Common Scenario		
Transaction Date	Loan History	
January 1	Take Out Loan #1	$255
	Fee	$45
	Total Cost	**$45**
January 15	Repay Loan #1	($255)
	Take Out Loan #2	$255
	Fee	$45
	Total Cost	**$90**
January 29	Repay Loan #2	($255)
	Take Out Loan #3	$255
	Fee	$45
	Total Cost	**$135**
And so on…		

Note: The largest payday loan that a lender can make is $255 if the lender charges the maximum fee allowed under California law. In this example, the borrower pays multiple fees for the use of the same $255, and the fees exceed the loan amount after six consecutive transactions.

How Do Payday Loans Work in California? (cont.)

- State law contains a number of protections for payday loan borrowers, including that a borrower cannot be criminally prosecuted or threatened with criminal prosecution for failure to repay a payday loan.
- Payday lenders may charge a fee of up to $15 for a bounced check, but may not charge any other fees for late payment.
- In addition, payday lenders may not:
  – Make a payday loan contingent on the purchase of another product or service.
  – Accept any collateral for a payday loan.

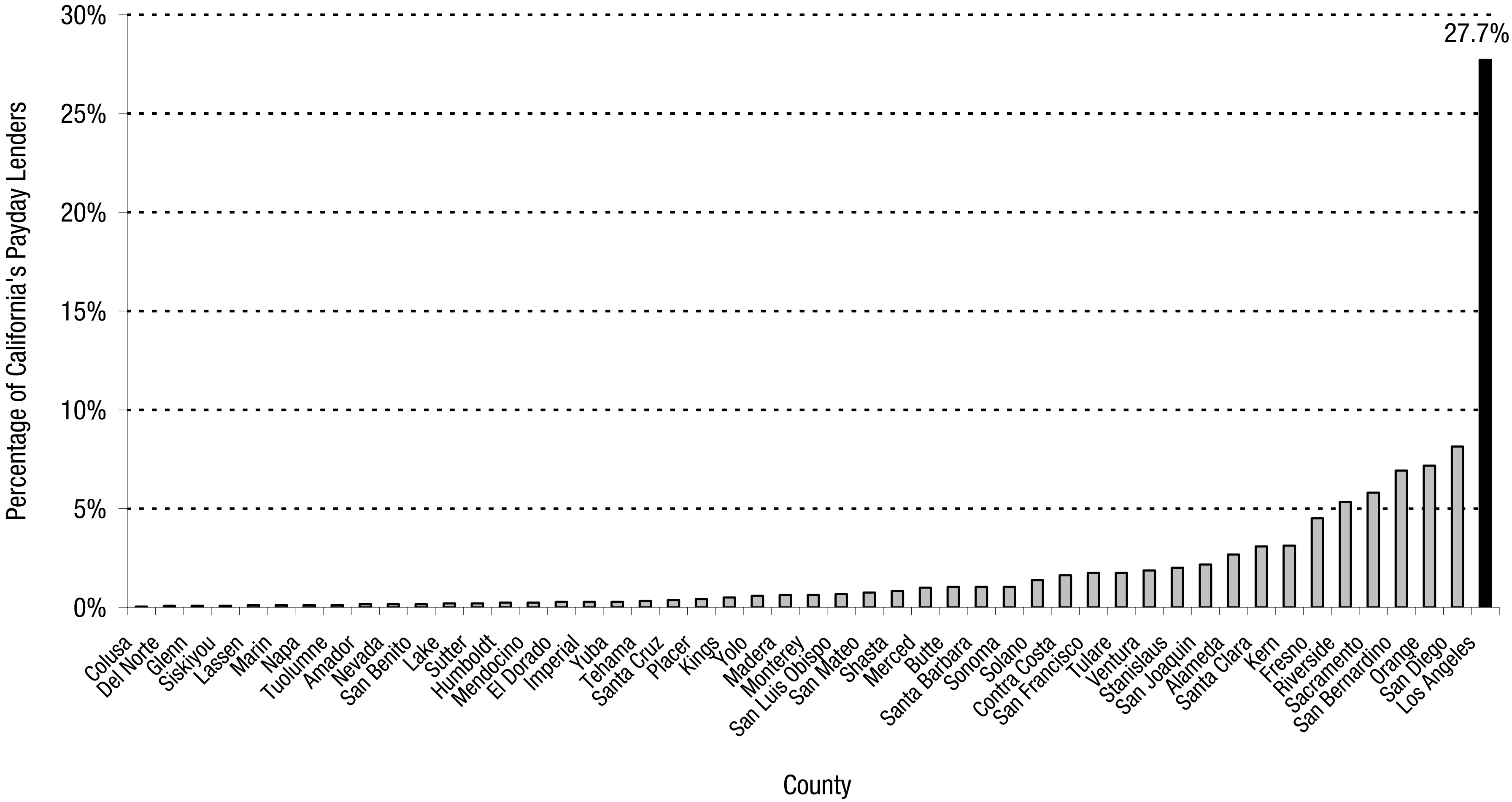
How Widespread Is Payday Lending in California?

- Nearly 450 companies are licensed by the state to provide payday loans. These companies operate approximately 2,400 payday loan outlets.
  - Ownership is relatively concentrated. Five companies operate more than 100 outlets each and issue more than 40 percent of all payday loans in the state.
- California's payday lenders made more than 10 million loans in 2006, up by 2.7 percent from 2005.
- Approximately 1 million Californians took out payday loans in 2006, averaging roughly 10 loans per borrower, according to a CBP analysis of DOC data.

Where Are California's Payday Lenders Located?

- Payday lenders are located in 49 of California's 58 counties.
  - The counties that lack payday lenders are rural with small populations, including Inyo, Modoc, and Sierra counties.
- Los Angeles County has the largest number (664) and share (27.7 percent) of payday lenders in the state.
- Central Valley counties tend to have the most payday lenders per 100,000 residents. For example:
  - Fresno County, with approximately 930,000 residents, has 108 payday lenders – equivalent to 11.6 payday lenders per 100,000 residents.
- Four out of five payday lenders (79.8 percent) are located in low- and moderate-income neighborhoods.

More Than One-Quarter of California's Payday Lenders Are Located in Los Angeles County



Note: Reflects licensed payday lenders as of February 13, 2008.
Excludes nine rural counties with no licensed payday lenders.
Source: CBP analysis of Department of Corporations data

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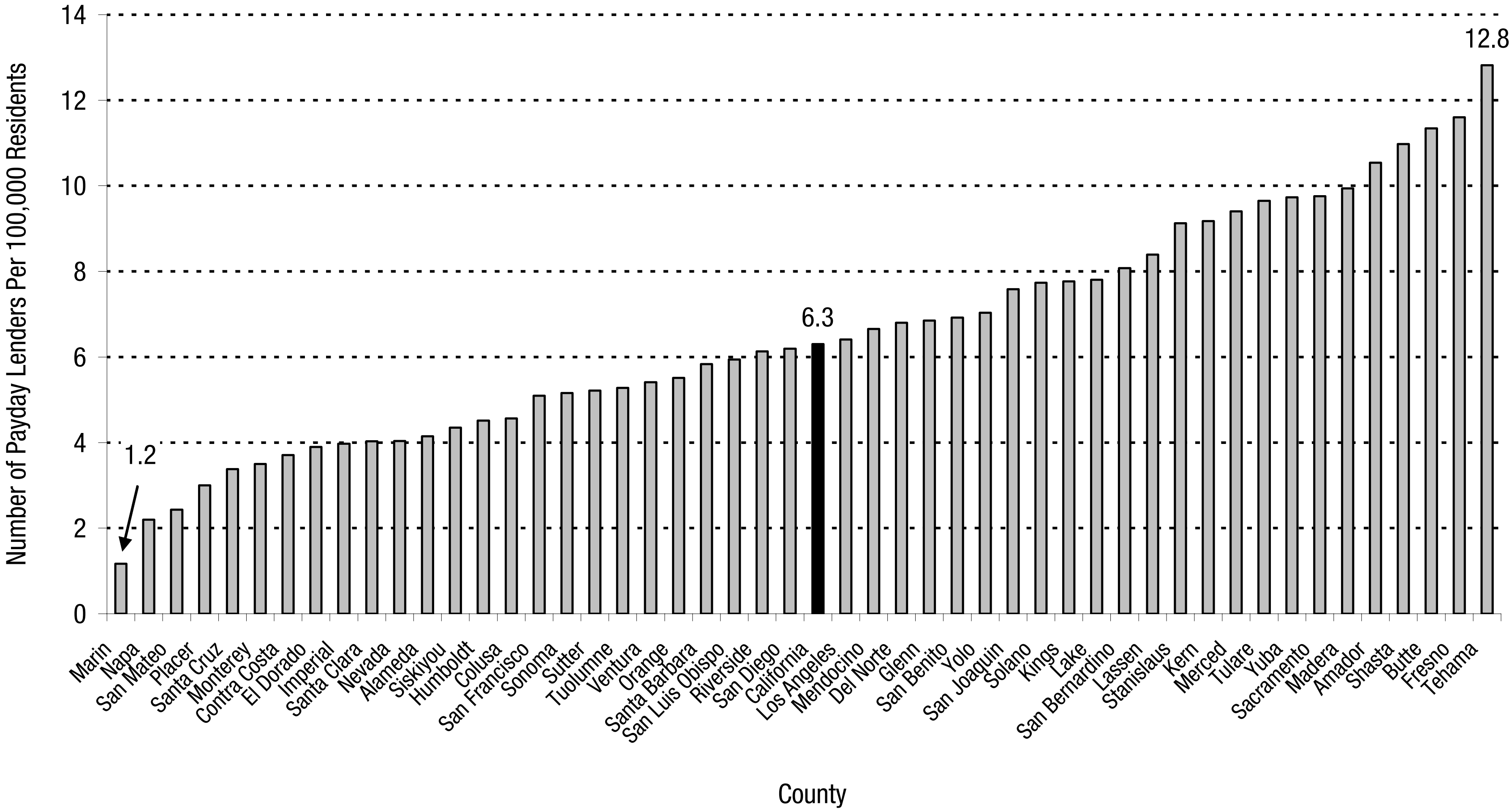
Central Valley Counties Tend To Have the Largest Number of Payday Lenders Per 100,000 Residents



Note: Reflects licensed payday lenders as of February 13, 2008.
Excludes nine rural counties with no licensed payday lenders.
Source: CBP analysis of Department of Corporations and Department of Finance data

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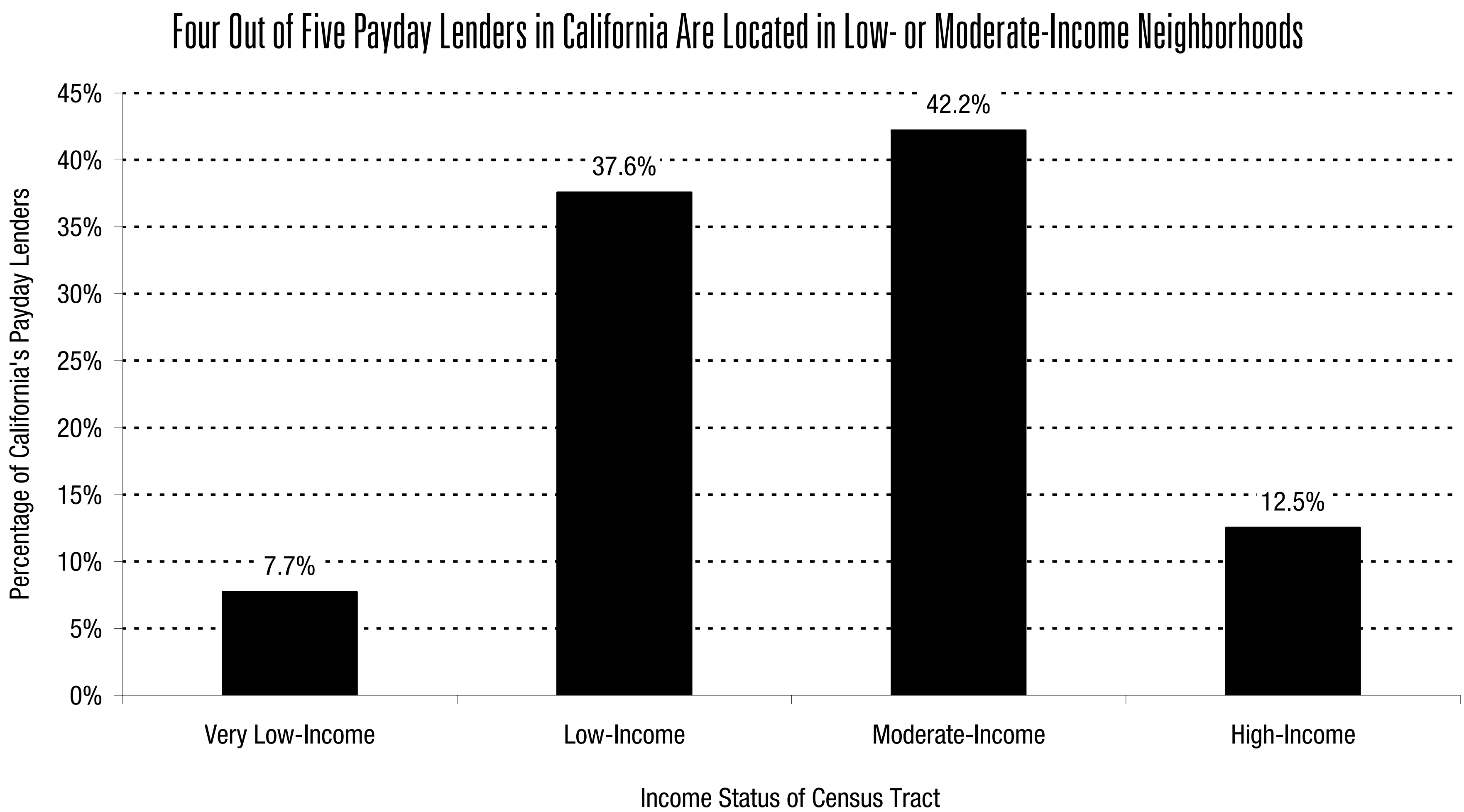

Note: Income status of census tracts is based on a county's median household income. For example, low-income tracts are those with a median household income that is at least 50 percent, but less than 80 percent, of the county's median household income. Moderate-income tracts are those with a median household income that is at least 80 percent, but less than 120 percent, of the county's median household income.

Source: CBP analysis of Department of Corporations and US Census Bureau data

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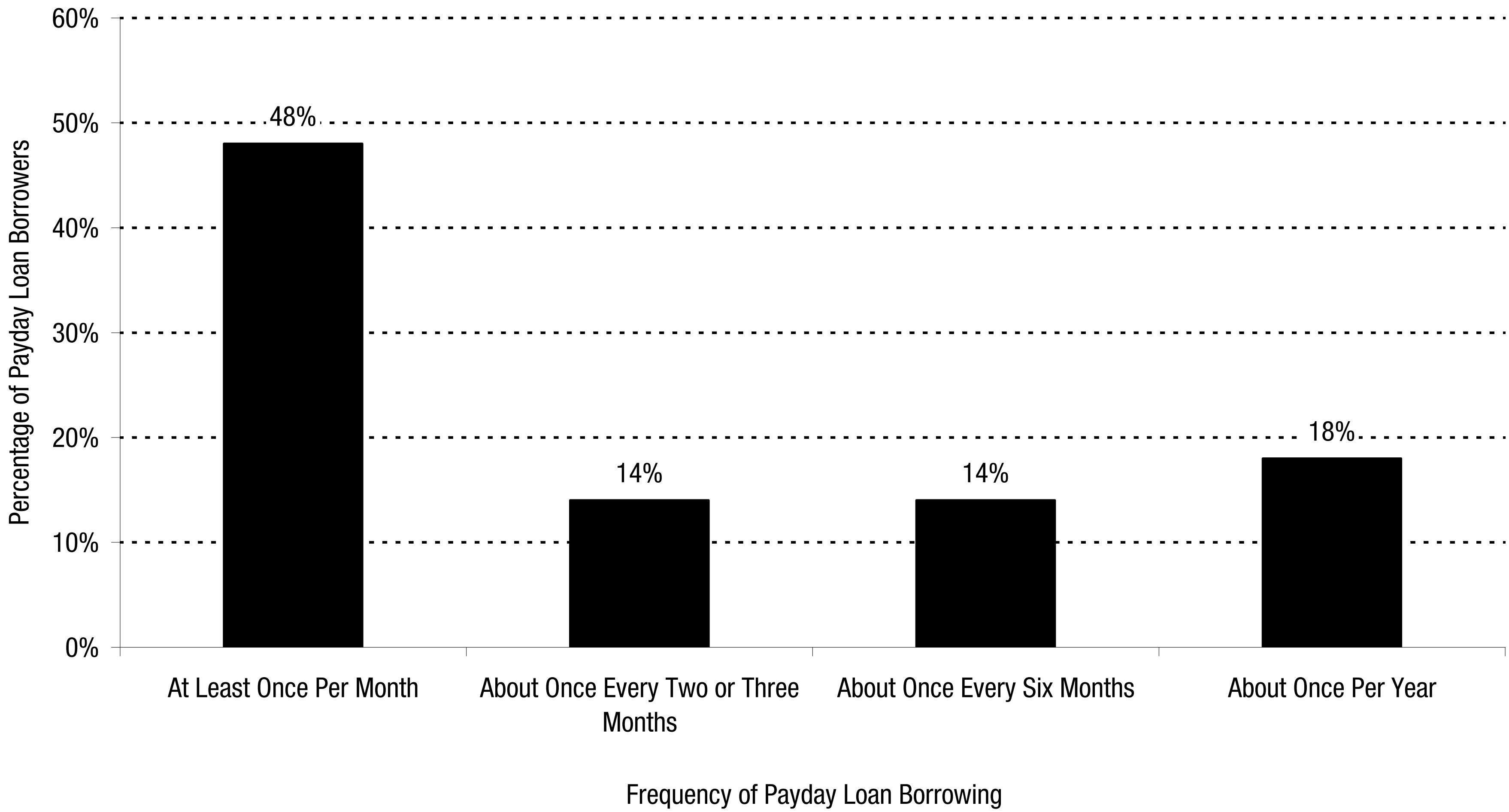
Payday Loans Encourage Chronic Borrowing

- Borrowers often lack sufficient income to both repay their loan and meet basic expenses.
- Repeat borrowers pay off their current loan and then soon – often immediately – take out another one, beginning the cycle of debt. In 2006, for example:
  - Less than 4 percent of payday loans went to Californians who took out just a single loan during the entire year.
  - More than 170,000 Californians took out 13 or more payday loans.
- Nearly half (48 percent) of payday loan borrowers in California take out payday loans at least once per month, according to a 2007 survey conducted for the DOC. An additional 14 percent of borrowers take out loans about once every two to three months.

Nearly Half of Payday Loan Borrowers in California Take Out Payday Loans at Least Once Per Month



Note: Based on a telephone survey of payday loan borrowers in California conducted in November and December 2007.
A total of 5 percent of survey participants could not or would not answer the question.
Source: Department of Corporations

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Chronic Borrowing of Payday Loans Is Costly

- Assume a borrower takes out a $255 payday loan with a $45 fee and agrees to pay it back in two weeks, which equates to an APR of 460.1 percent.
- If this borrower is unable to repay the loan on the due date and still meet her family's basic expenses, she could pay off her current loan – along with the $45 fee – and immediately take out another $255 loan, for an additional $45 fee.
- If she takes out 10 consecutive ("back-to-back") $255 loans, this borrower would pay $450 in fees without reducing the loan balance during a 20-week period.
- In other words, this borrower would pay $450 to borrow $255 – nearly double the initial loan amount.

The Cost of Repeatedly Borrowing Payday Loans in California Can Be High			
Transaction Date*	Number of Consecutive $255 Payday Loans That Borrower Receives From a Single Lender**	Total Fees	Fees as a Percentage of Initial $255 Loan
January 1	1	$45	17.6%
February 26	5	$225	88.2%
May 7	10	$450	176.5%
July 16	15	$675	264.7%
September 24	20	$900	352.9%

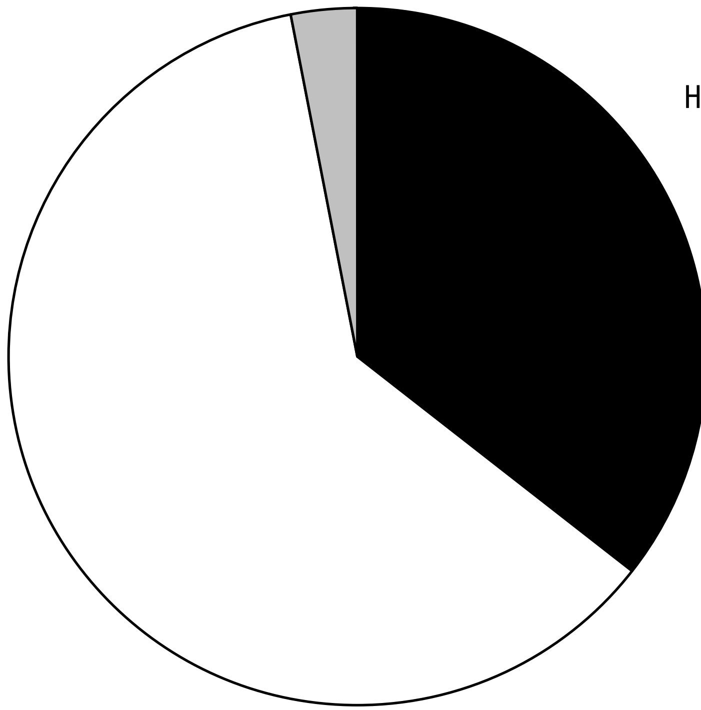
* Assumes 14-day repayment period.

** Assumes the borrower repays each loan on the due date and immediately takes out a new loan of the same amount from the same payday lender. In other words, the borrower pays multiple fees for the use of the same $255. The largest payday loan a lender can make is $255 if the lender charges the maximum fee allowed under California law. In this example, fees exceed the loan after six consecutive transactions.

Many Borrowers Get Multiple Loans Simultaneously

- State law prohibits a payday lending company from providing a borrower with more than one loan at a time.
- However, many borrowers get around this restriction by taking out loans from multiple payday lending companies at the same time, which rapidly increases the amount of fees they pay.
- According to the 2007 survey of payday loan borrowers in California:
  - More than one-third (36 percent) of borrowers have taken out loans from multiple payday lending companies at the same time.
  - Of this group of borrowers, nearly one-quarter (23 percent) have had four or more payday loans outstanding at the same time.

More Than One-Third of Payday Loan Borrowers in California Have Had Loans From Multiple Payday Lending Companies at the Same Time



Note: Based on a telephone survey of payday loan borrowers in California conducted in November and December 2007.
"No Response" reflects survey participants who could not or would not answer the question.
Percentages do not sum to 100 due to rounding.
Source: Department of Corporations

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Why Do Californians Use Payday Loans?

- Most Californians who use payday loans do so to meet basic living expenses, according to the 2007 survey of payday loan borrowers in California. For example:
  - Half (50.2 percent) of borrowers used payday loans to pay bills; 22.3 percent, to buy groceries and other necessities.
  - Just 10.3 percent of borrowers used payday loans for an emergency, and 1.8 percent used them to repair a vehicle.
- Payday loans, in short, are primarily used to supplement Californians' incomes – reflecting the difficulty that many families have making ends meet – rather than to help families respond to one-time emergencies.

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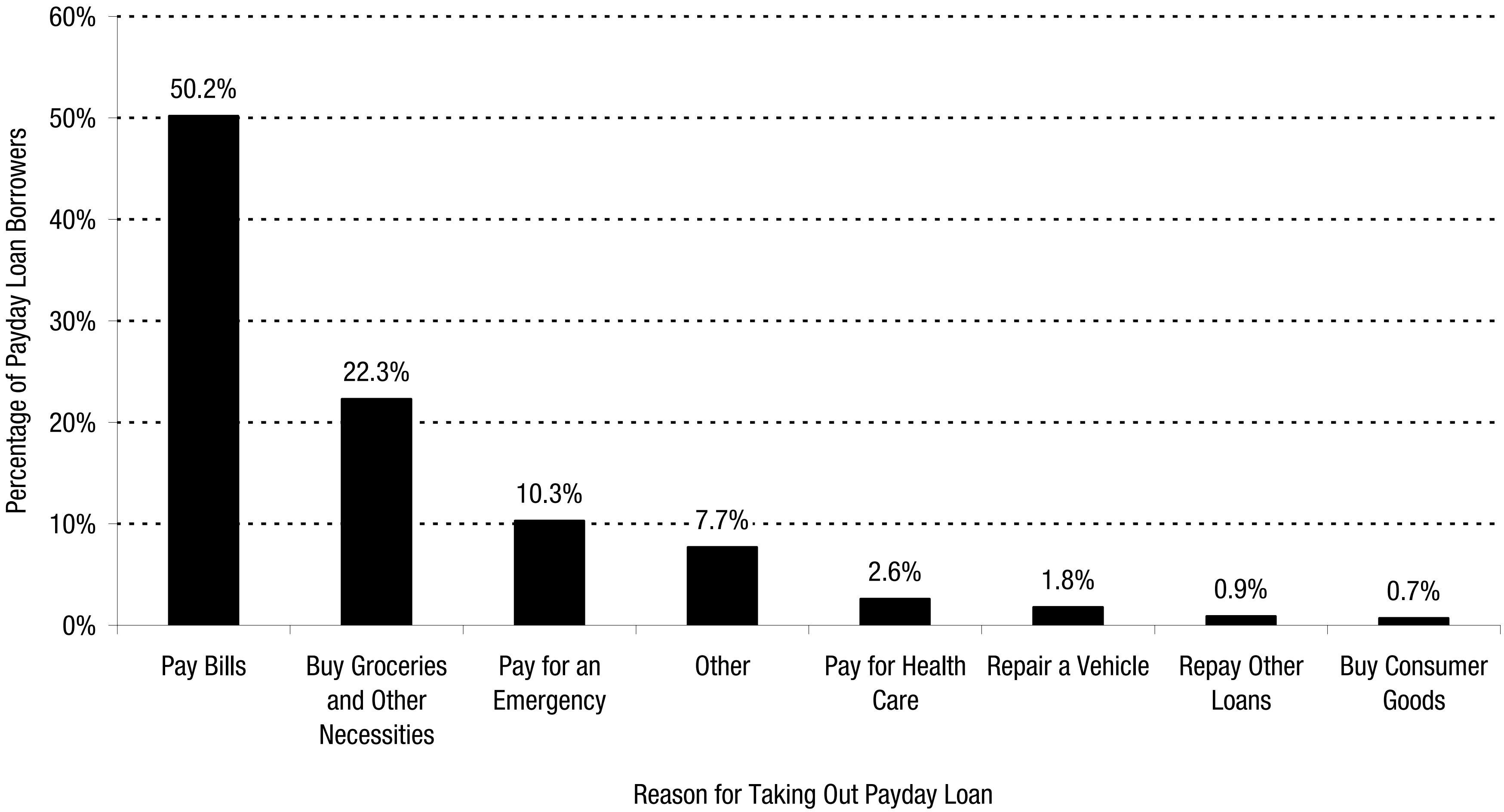
Most Californians Who Use Payday Loans Do So To Meet Basic Living Expenses



Note: Based on a telephone survey of payday loan borrowers in California conducted in November and December 2007. Results reflect each survey participant's first response. A total of 3.4 percent of participants could not or would not answer the question.
Source: Department of Corporations

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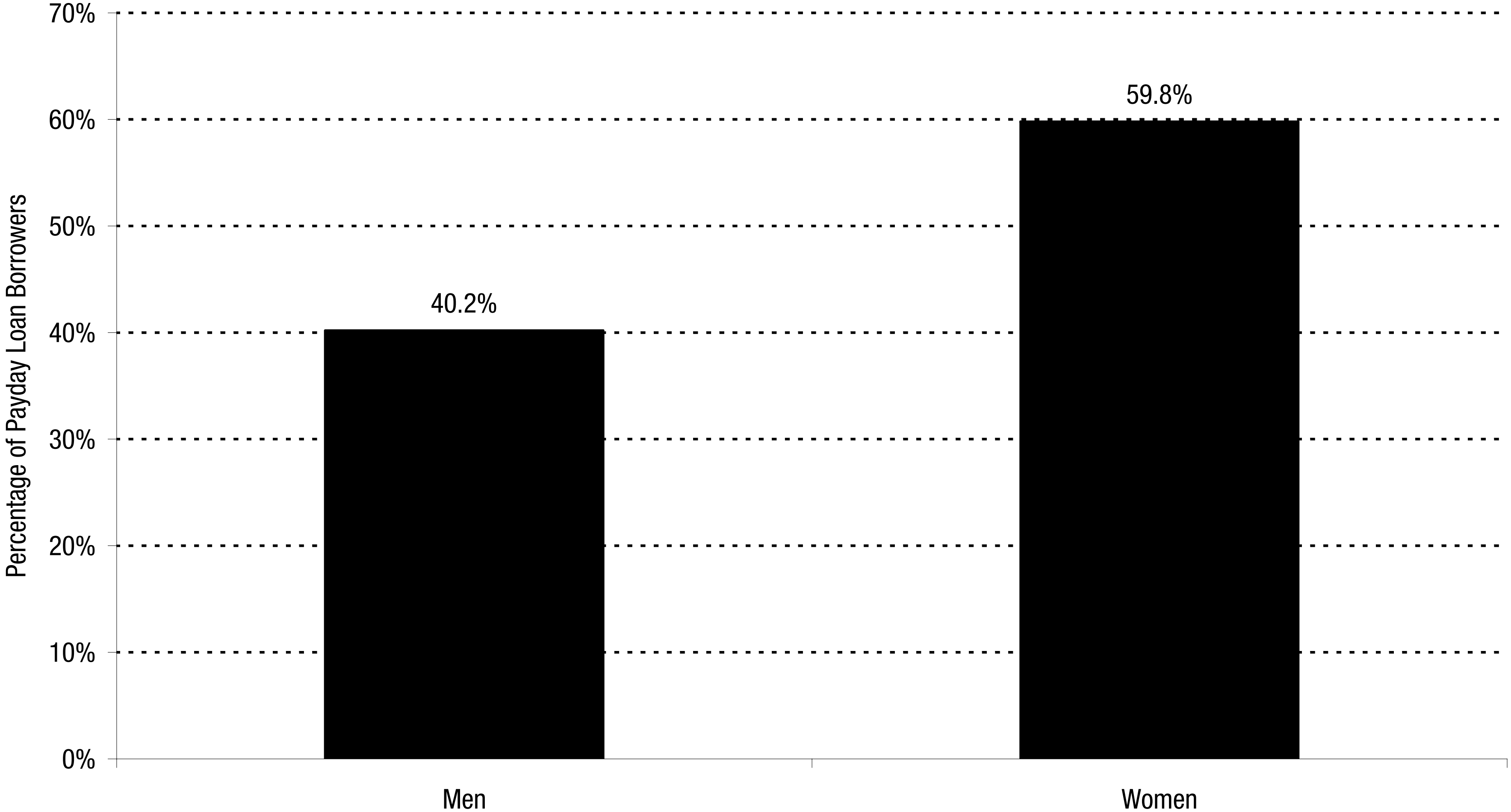
Who Uses Payday Loans?

- Households with checking accounts, steady employment, impaired credit, and annual incomes under $50,000 make up the "core market" for payday loans (Stegman and Faris, p. 15).
- The survey of payday loan borrowers in California found that:
  - Six out of 10 borrowers (59.8 percent) are women.
  - More than half of borrowers (50.8 percent) are age 25 to 44.
  - Disproportionate shares of borrowers are black or Latino.
  - More than one out of 10 borrowers (10.6 percent) cite government assistance as their source of regular income.
  - Most borrowers (74.1 percent) have household incomes of less than $50,000.
  - Disproportionate shares of borrowers have a high school degree, but no further education, or some college education.

Six Out of 10 Payday Loan Borrowers in California Are Women



Note: Based on a telephone survey of payday loan borrowers in California conducted in November and December 2007.
Source: Department of Corporations

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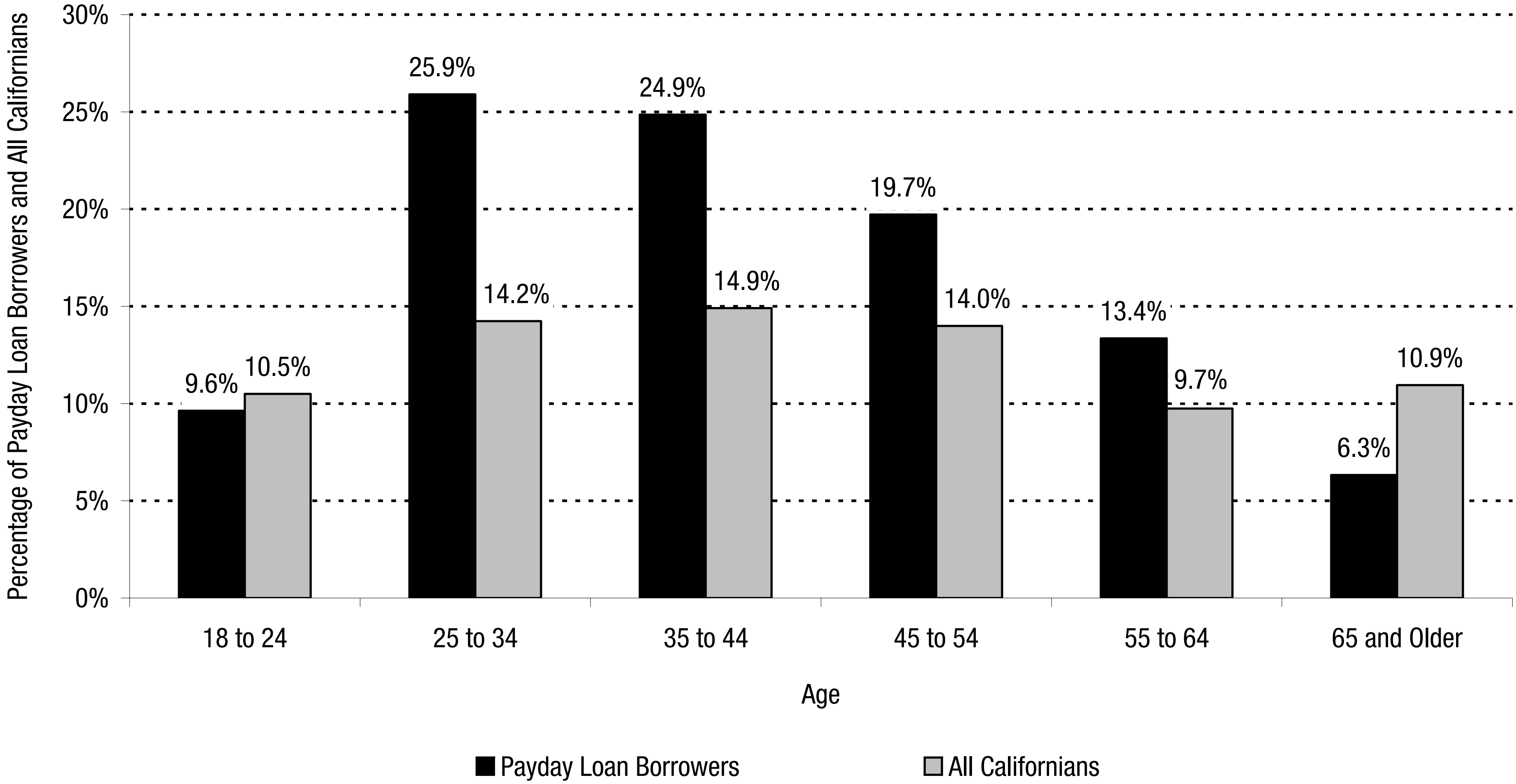
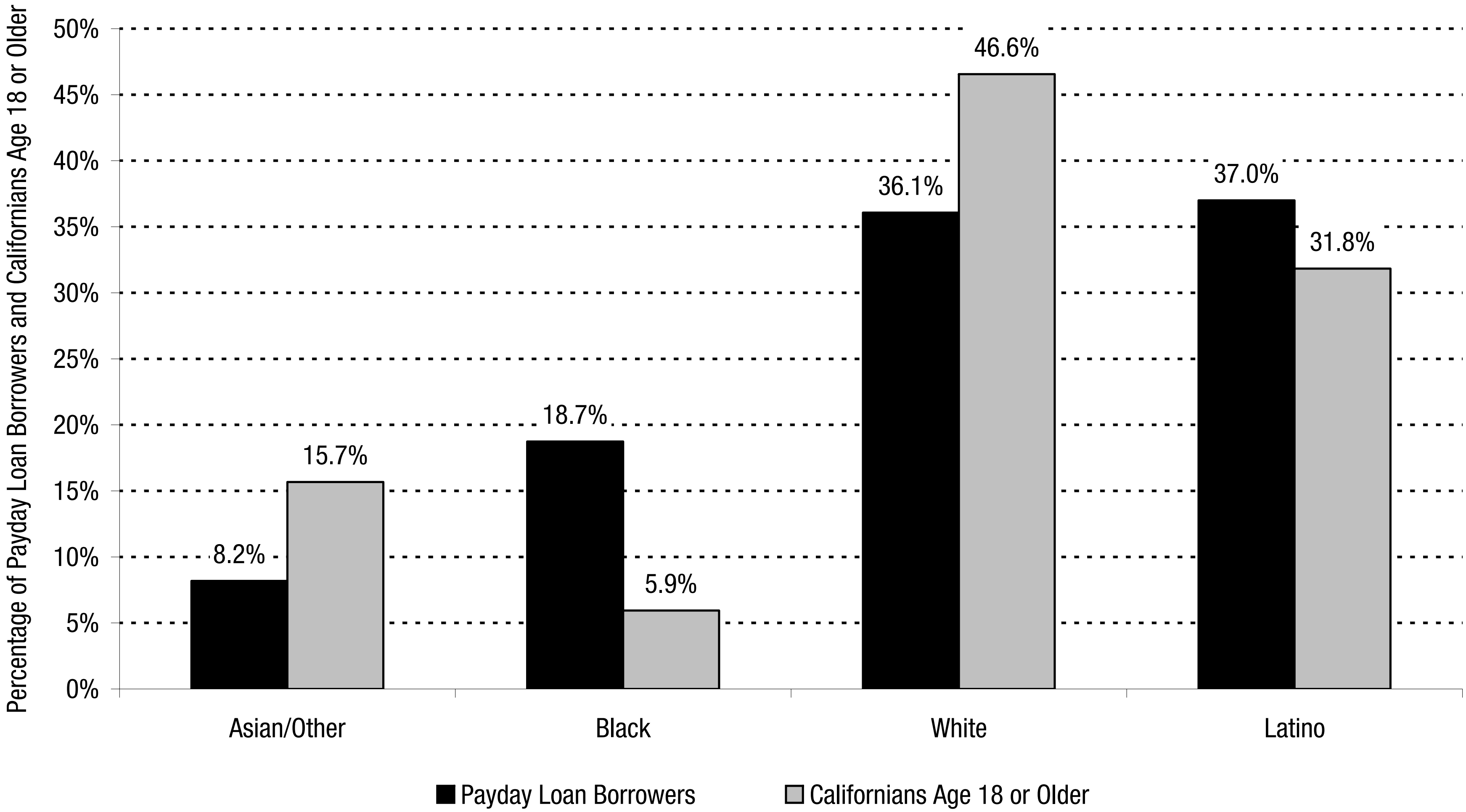
More Than Half of Payday Loan Borrowers in California Are Between the Ages of 25 and 44



Note: California payday loan borrower data are based on a telephone survey conducted in November and December 2007. A total of 0.2 percent of survey participants reported that they were under age 18. Analysis excludes 5.0 percent of payday loan survey participants who could not or would not answer the question.

Source: Department of Corporations and US Census Bureau

Disproportionate Shares of Payday Loan Borrowers in California Are Black or Latino



Note: California payday loan borrower data are based on a telephone survey conducted in November and December 2007.
Analysis excludes 1.6 percent of payday loan survey participants who would not answer the question.
Source: Department of Corporations and CBP analysis of US Census Bureau data

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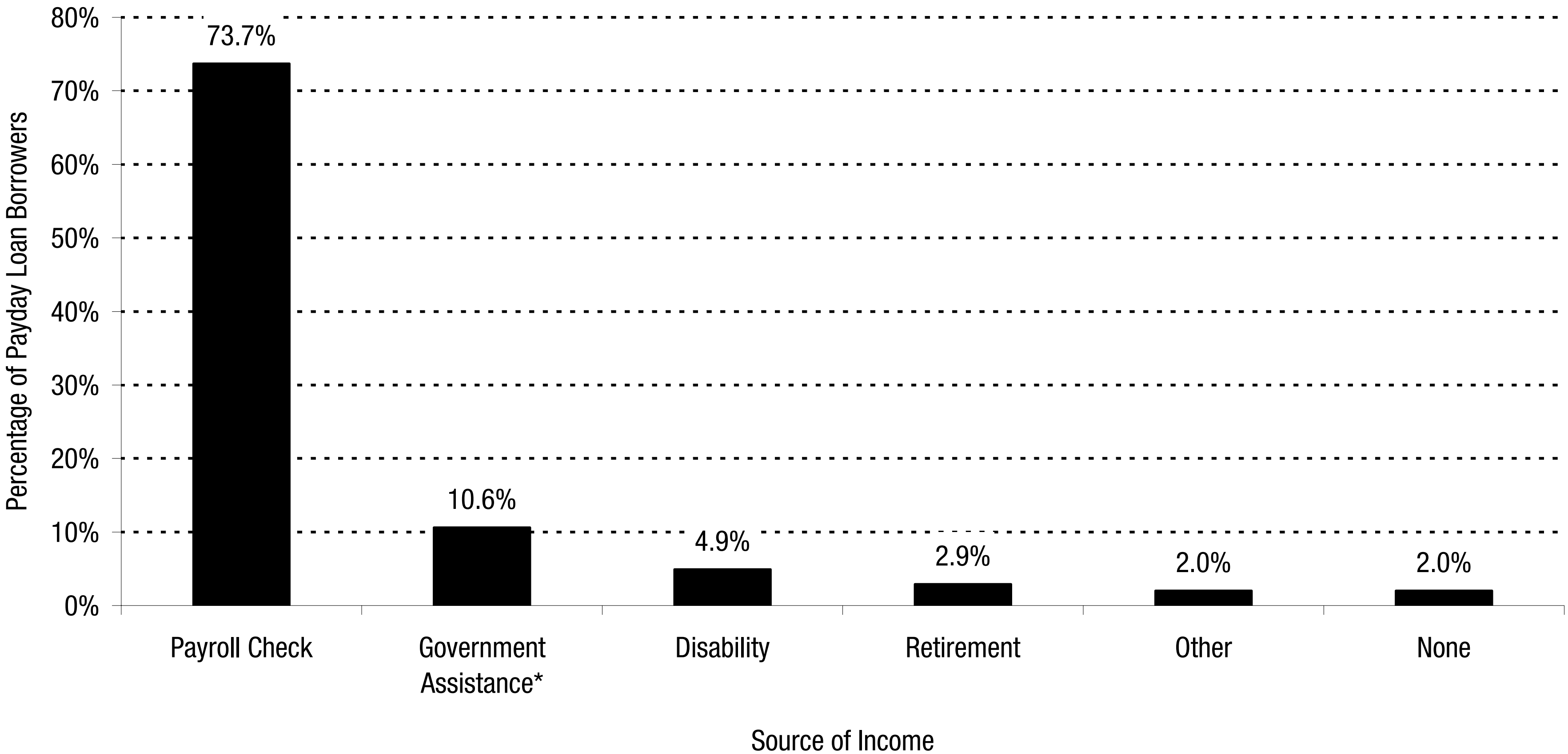
More Than One Out of 10 Payday Loan Borrowers in California Cite Government Assistance as Their Source of Regular Income

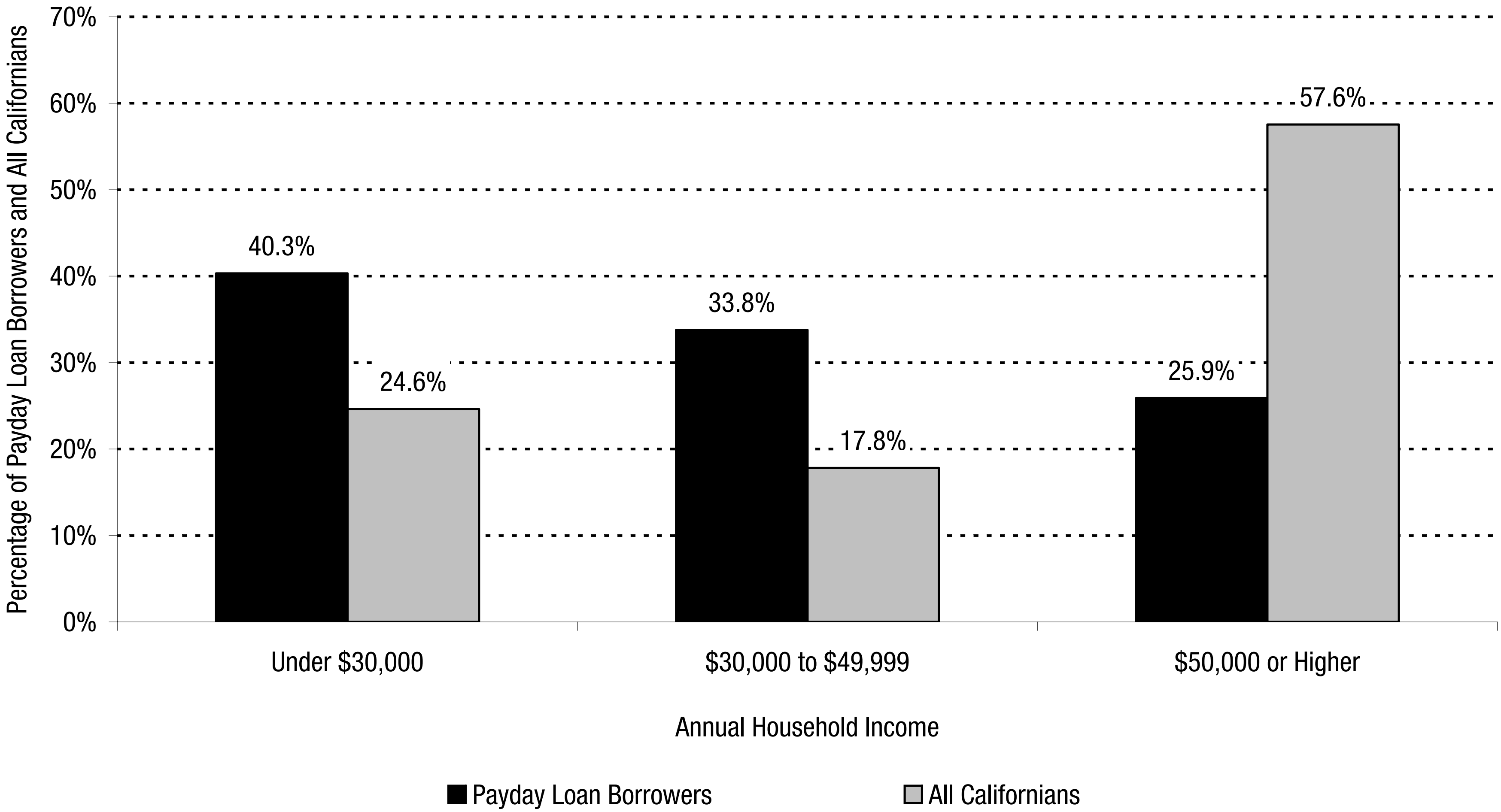


* Social Security and General Relief.

Note: Based on a telephone survey of payday loan borrowers in California conducted in November and December 2007. Results reflect each survey participant's first response. A total of 3.8 percent of participants could not or would not answer the question.

Source: Department of Corporations

Most Payday Loan Borrowers in California Have Incomes of Less Than $50,000



Note: California payday loan borrower data are based on a telephone survey conducted in November and December 2007. Analysis excludes 18.9 percent of payday loan survey participants who could not or would not answer the question.
Source: Department of Corporations and US Census Bureau

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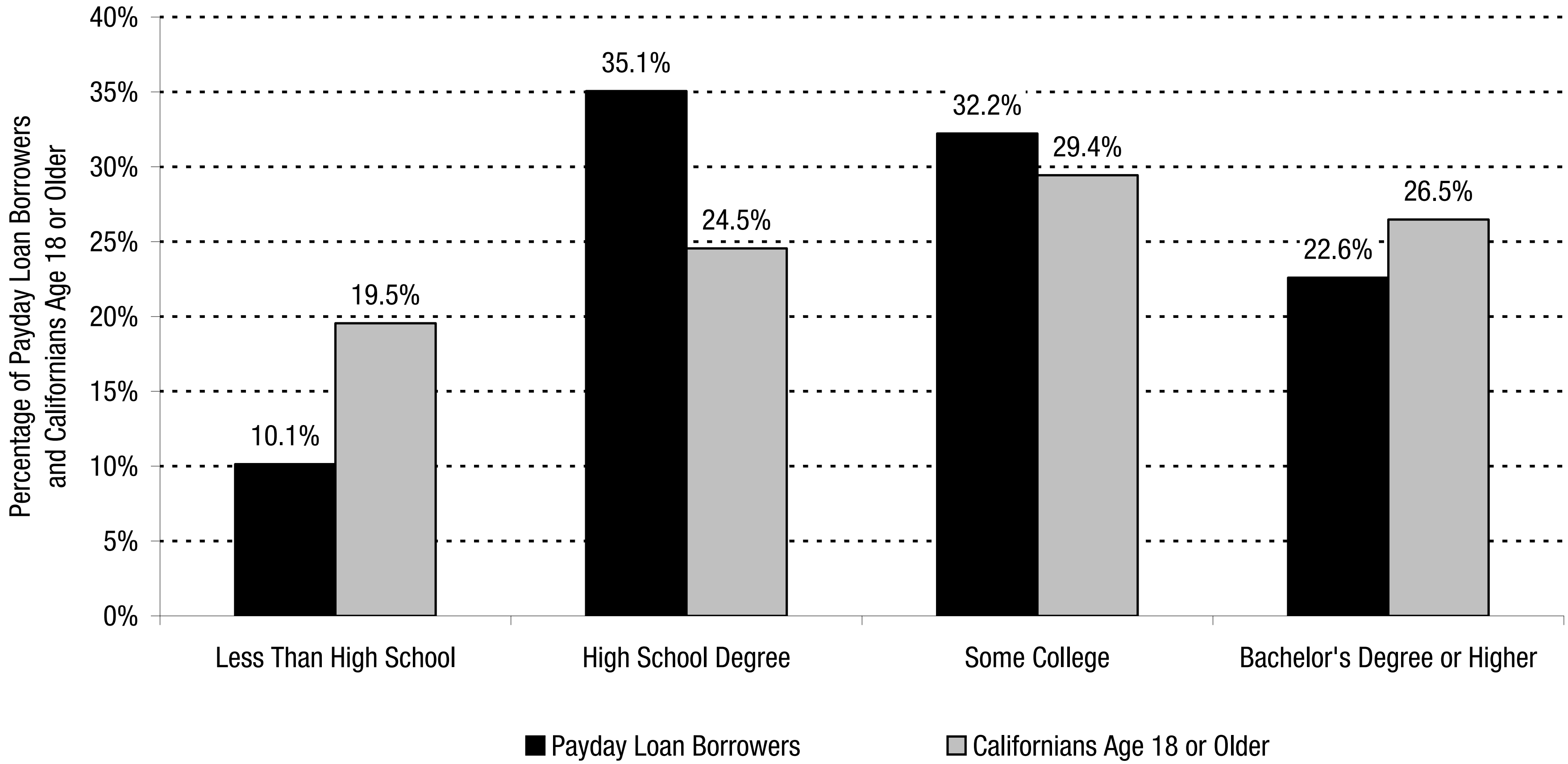
Disproportionate Shares of Payday Loan Borrowers in California Have Either a High School Degree, but No Further Education, or Some College Education



Note: California payday loan borrower data are based on a telephone survey conducted in November and December 2007. "Some College" includes payday loan borrowers who graduated from a trade school. Analysis excludes 4.5 percent of payday loan survey participants who could not or would not answer the question.
Source: Department of Corporations and US Census Bureau

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The Federal Government Restricts Payday Lending

- Congress established a 36 percent APR cap on payday loans for members of the military and their families in 2006, after the Department of Defense (DOD) concluded that:
  - “Education, counseling, … and sound alternatives are necessary but not sufficient to protect Service members from predatory lending practices or products that are aggressively marketed…” (DOD, p. 9).
- The Federal Deposit Insurance Corporation (FDIC) requires the banks that it supervises to limit the use of payday loans.
  - “Providing high-cost, short-term credit on a recurring basis to customers with long-term credit needs is not responsible lending … and can create a serious financial hardship for the customer” (FDIC, p. 2).

Several States Restrict Payday Lending

- Eleven states and the District of Columbia have interest rate caps that effectively prohibit payday lending at triple-digit rates.
  - The 11 states are Connecticut, Georgia, Maryland, Massachusetts, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Vermont, and West Virginia.
  - Ohio's law, which was scheduled to take effect on September 1, 2008, is temporarily on hold while the state's payday lending industry tries to qualify a referendum asking voters to repeal it. The referendum could appear on the state's November 2008 ballot.
- New Hampshire will apply a 36 percent APR cap to payday loans as of January 1, 2009.

Several States Restrict Payday Lending (cont.)

- In early 2008, Arkansas' attorney general ordered most of the state's payday lenders to stop making payday loans, citing two state Supreme Court decisions.
  - As recently as July 2008, however, more than 100 payday lenders in Arkansas continued to make loans with triple-digit APRs using alternative business models.
- Maine and Oregon allow lenders to make short-term loans with triple-digit APRs. However, these APRs are substantially lower than those permitted in California.
  - For example, Oregon's 31-day minimum loan term, combined with limits on interest rates and fees, results in an APR of approximately 154 percent.

Should California Restrict Payday Lending?

- Consumer advocates have urged California policymakers to impose an APR cap of 36 percent on payday loans.
- A 36 percent rate cap would decrease the profitability of payday lending, which likely would end the practice in California.
- In response, some observers ask:
  - "To those who would simply outlaw payday loans, we ask, 'Where will the people who use the product as intended go to fulfill their financial needs?'" (Flannery and Samolyk, p. 22).

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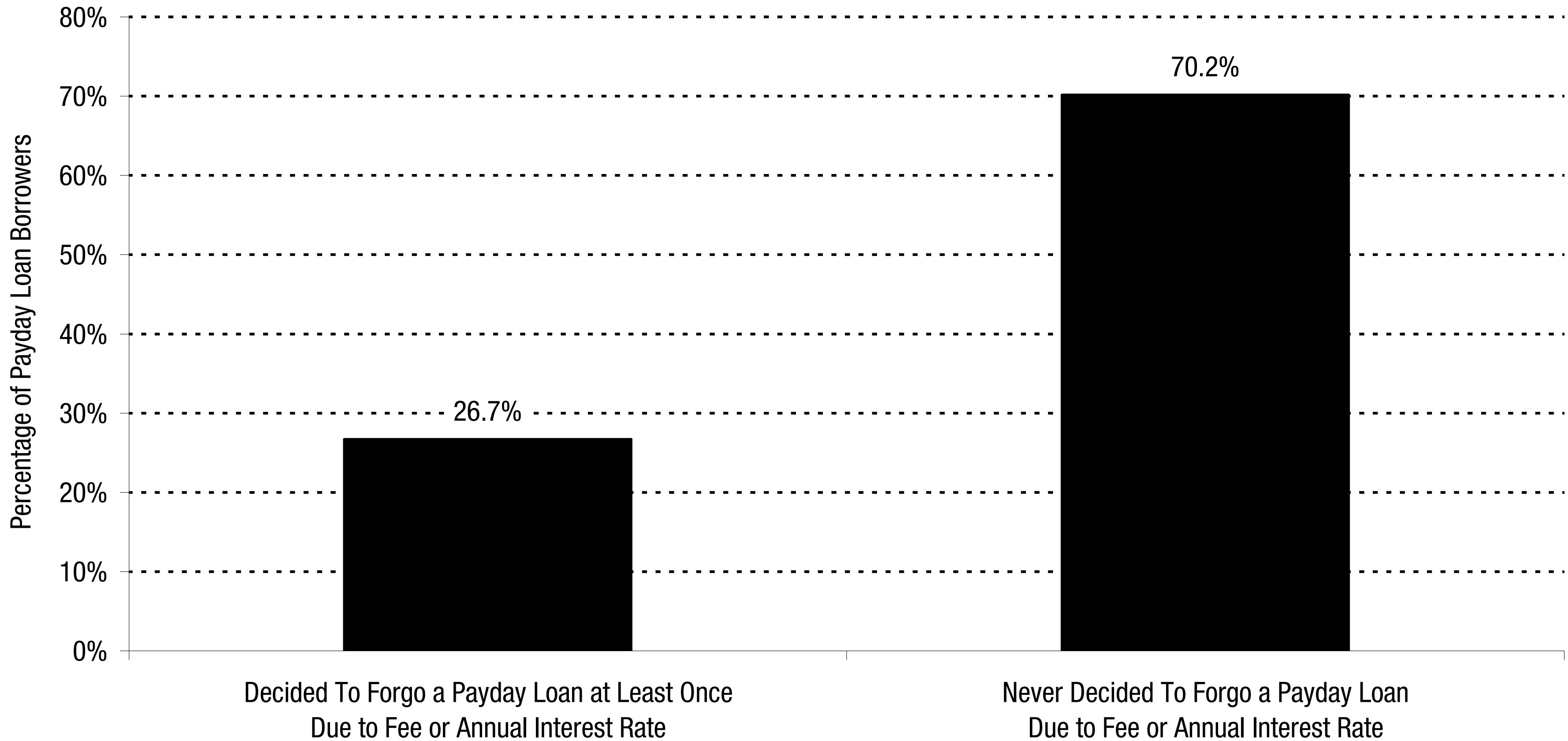
Are There Alternatives to Payday Loans?

- Yes. National surveys have found that less than 10 percent of borrowers have no alternative to payday loans.
- The 2007 survey of payday loan borrowers in California found that more than one-quarter of borrowers (26.7 percent) had previously decided to forgo a payday loan due to the high cost. Of this group, nearly half (45.4 percent) said they borrowed from family or friends instead.
- A 2007 survey of low- and moderate-income residents in North Carolina – which ended payday lending in 2006 – found that households use an array of strategies to deal with financial shortfalls, including paying bills late and borrowing money from family or friends.

More Than One-Quarter of Payday Loan Borrowers in California Previously Decided To Forgo a Payday Loan Due to the High Cost



Note: Based on a telephone survey of payday loan borrowers in California conducted in November and December 2007.
A total of 3.1 percent of survey participants could not or would not answer the question.
Source: Department of Corporations

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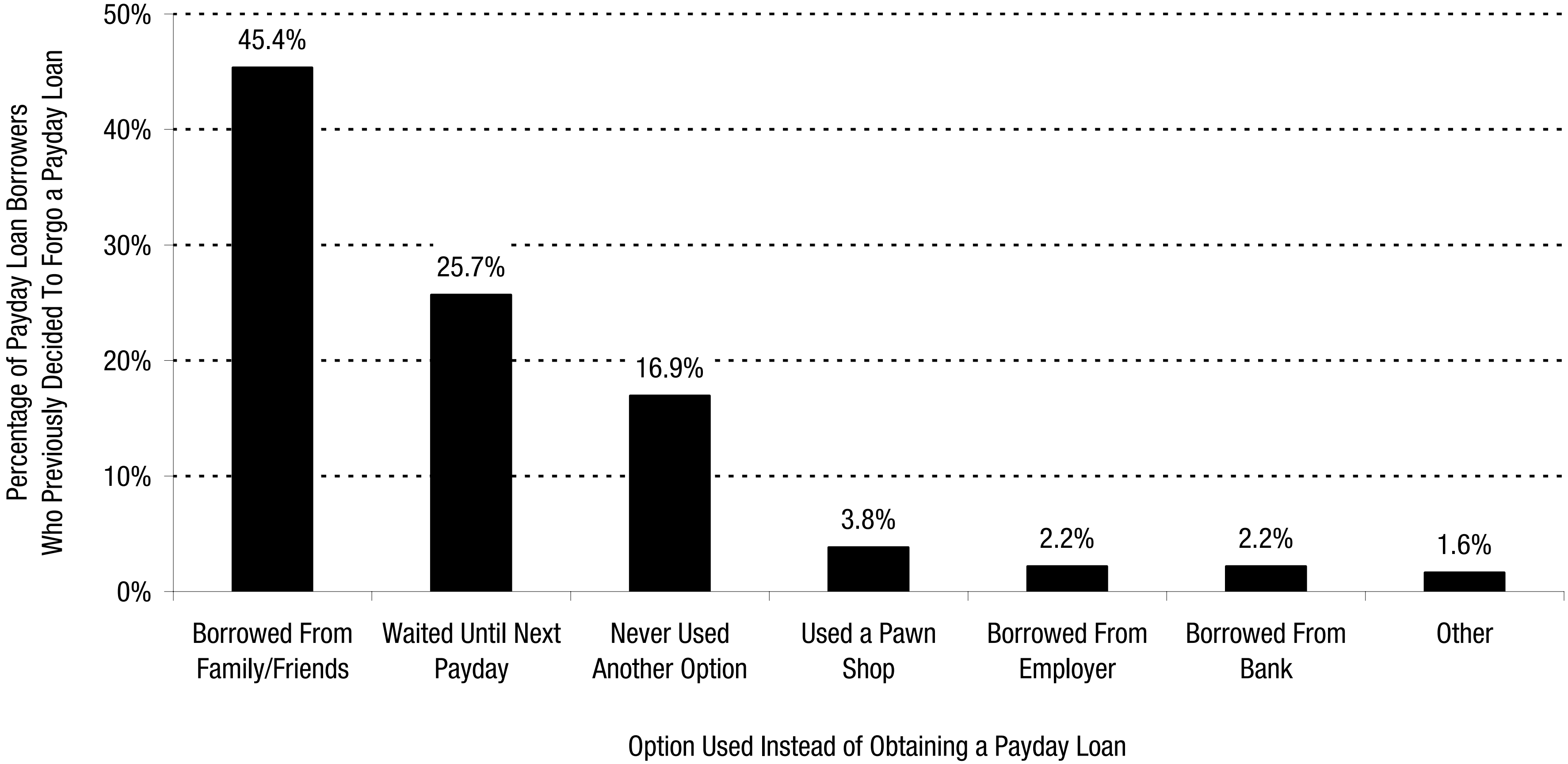
Nearly Half of Payday Loan Borrowers in California Who Previously Decided To Forgo a Payday Loan Borrowed From Family or Friends Instead



Note: Based on a telephone survey of payday loan borrowers in California conducted in November and December 2007. Results reflect each survey participant's first response. A total of 2.1 percent of participants could not or would not answer the question.
Source: Department of Corporations

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Payday Loan Alternatives: Non-Loan Options

- Financial planning: Make a realistic spending plan and build an emergency fund by saving a small amount of each paycheck.
- Negotiate with creditors: Ask to delay bill payments or set up a schedule to stretch out payments.
- Ask an employer for a paycheck advance: Many employers will provide an interest-free advance on expected earnings.
- Adjust the amount of income tax withheld from a paycheck: Keep more earnings each paycheck rather than over-withholding income taxes in order to get a big tax refund later.
- Use emergency assistance programs:
  - The state's CalWORKs Program offers one-time assistance to qualifying families, and some community groups have programs to help families make ends meet during a crisis.

Payday Loan Alternatives: Credit Union Loans

- Most California credit unions offer unsecured installment loans with APRs that generally do not exceed 18 percent.
- In addition, several California credit unions offer short-term loans similar to payday loans, but with substantially lower APRs. For example:
  - The Golden 1 Credit Union offers cash advances of up to \$300 with a 15 percent APR – which does not reflect the cost of a one-time, \$15 application fee – and a repayment period of up to 35 days.
  - Borrowers also must take an additional 15 percent of the loan amount (\$45 on a \$300 cash advance), which is deposited into a restricted savings account. These funds can be withdrawn once the balance reaches \$300.

Payday Loan Alternatives: Bank Loans

- BBVA Bancomer USA, with 31 branches in California, offers affordable, small-dollar installment loans as part of a two-year national pilot program sponsored by the FDIC.
  - The FDIC program features repayment periods that extend beyond a single pay cycle, APRs at or below 36 percent, and low or no loan application fees.
  - "Offering low-cost alternatives to high-cost payday loans can be done profitably" by banks, according to Sheila Bair, chairwoman of the FDIC.
- Other banks, such as Wells Fargo, offer short-term cash advances with repayment periods of up to 35 days. These loans are less costly than standard payday loans, but have much higher APRs than the loans offered through the FDIC program.

Payday Loan Alternatives: Consumer Finance Loans

- California strictly regulates the interest rate that consumer finance lenders may charge for installment loans under $2,500.
  - For example, under one method of calculating interest allowed by state law, rates may not exceed 2.5 percent per month for a loan of up to $225, and 2 percent per month on the portion of a loan between $225.01 and $900.
  - Lenders may charge a fee of up to 5 percent of the principal amount or $50, whichever is less, on loans of up to $2,500.
- Some consumer finance lenders do not make loans under $1,000. Progress Financial Corporation, however, offers installment loans as low as $500. A $500 loan with a $25 fee and a nine-month term would have an APR of 38.4 percent.

Payday Loan Alternatives: Credit Cards

- Consumers can use a credit card to make a purchase or get a cash advance. While cheaper than a payday loan, using a credit card may be more expensive than other sources of credit.
- Unsecured credit cards marketed to consumers with credit problems can be expensive. These cards may have fees in excess of $250 that are charged against the initial line of credit, potentially leaving less than $50 in available credit.
- Consumers who need to rebuild their credit can obtain a "secured" credit card tied to a savings account. The funds in the account secure the amounts charged on the card.
  - Consumers who successfully use the secured credit card can qualify for an unsecured standard credit card at a later date.

Payday Loan Alternatives: Overdraft Protection

- Consumers who are concerned about bouncing checks can use overdraft protection. A bank or credit union can cover overdrafts by transferring money from a savings account or a line of credit or by putting the balance on a credit card.
  - These plans require consumers to pay fees as well as the cost of any credit extended to cover the overdraft.
  - However, these plans are less expensive than a payday loan or paying bounced-check fees to both the retailer and the bank or credit union.
- Consumers should avoid "courtesy" overdraft programs that charge a bounced-check fee for overdrafts and allow depositors to overdraw their accounts at the ATM or with debit card purchases.

Payday Loans Are More Costly Than Alternative Sources of Credit								
	Installment Loan, 9-Month Repayment Period			Revolving Credit Purchase, 9-Month Repayment Period		10 Consecutive Balloon Payment Loans, 14-Day Repayment Period*		
	Golden 1 Credit Union Starter Loan	BBVA Bancomer USA Bank Personal Loan	Progress Financial Corporation Consumer Finance Loan	No-Fee Credit Card for Consumers With a Limited Credit History	Moderate-Fee Credit Card for Consumers With Bad Credit	Golden 1 Credit Union LifeLine Advance	Wells Fargo Bank Direct Deposit Advance	Payday Loan
Loan Amount	$500.00	$500.00	$500.00	$240.00	$240.00	$240.00**	$240.00	$240.00
Interest	$34.46	$77.95	$66.08	$23.34	$26.89	$13.81	$0.00	$0.00
Fee(s)	$0.00	$0.00	$25.00	$0.00	$128.00	$15.00	$240.00	$423.53
Total Finance Charge	$34.46	$77.95	$91.08	$23.34	$154.89	$28.81	$240.00	$423.53
Total Repayment	$534.46	$577.95	$591.08	$263.34	$394.89	$268.81	$480.00	$663.52
Annual Percentage Rate (APR)* **	**16.25%**	**36.00%**	**38.40%**	**23.25%**	**139.52%**	**31.29%**	**260.71%**	**460.08%**

* Treats consecutive loans as a single loan for the purpose of calculating the APR. Assumes 10 consecutive loans because Californians took out an average of roughly 10 payday loans per borrower in 2006, according to a CBP analysis of Department of Corporations data. Ten consecutive loans with a 14-day repayment period equal approximately five months for a Wells Fargo Bank Direct Deposit Advance or a standard payday loan. In contrast, 10 consecutive Golden 1 LifeLine Advances equal approximately seven months, because borrowers may not receive a subsequent advance until at least seven days after repaying the prior advance.

** Reflects an immediate cash advance of $208.70 plus an additional $31.30 "Savings Advance" that is deposited into a restricted savings account. Ten consecutive $240 LifeLine Advances would result in a savings account balance of $313 ($31.30*10). See Technical Notes for more information.

*** Reflects a "true" APR, which may not be the same as the advertised APR. A true APR accounts for the impact of interest and fees, including fees that are not required by law or regulation to be reflected in the advertised APR.

Note: Installment loan examples are set at $500 because that is the smallest such loan that BBVA Bancomer USA and Progress Financial Corporation make. Revolving credit and balloon payment examples are set at $240 because that is the largest amount common to all five examples. See Technical Notes for additional information about the sources of credit included in this table.

Key Sources

- The number and location of payday lenders in California is based on a CBP analysis of data provided by the Department of Corporations in May 2008.
- Data on payday loan borrowers in California come from Applied Management & Planning Group, *2007 Department of Corporations Payday Loan Study* (prepared for the California Department of Corporations: December 2007).
- Additional information on payday lending in California – including how payday loans work – comes from California Department of Corporations, *California Deferred Deposit Transaction Law* (December 2007) and California Financial Code, Sections 23035 to 23037.

Additional Resources

- Sheila Bair, *Low-Cost Payday Loans: Opportunities and Obstacles* (prepared for the Annie E. Casey Foundation: June 2005).
- Center for Community Capital, University of North Carolina, *North Carolina Consumers After Payday Lending: Attitudes and Experiences With Credit Options* (prepared for the North Carolina Commissioner of Banks: November 2007).
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- Consumer Federation of America, *Payday Loan Consumer Information* (www.paydayloaninfo.org).
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Additional Resources (cont.)

- Department of Defense, *Report on Predatory Lending Practices Directed at Members of the Armed Forces and Their Dependents* (August 9, 2006).
- Gregory Elliehausen and Edward C. Lawrence, *Payday Advance Credit in America: An Analysis of Customer Demand* (Credit Research Center, Georgetown University: April 2001).
- Federal Deposit Insurance Corporation, *Payday Lending Programs: Revised Examination Guidance* (Financial Institution Letter, FIL-14-2005: March 1, 2005).
- Federal Trade Commission, "Payday Loans Equal Very Costly Cash: Consumers Urged To Consider the Alternatives," *FTC Consumer Alert* (March 2008).

Additional Resources (cont.)

- Mark Flannery and Katherine Samolyk, *Payday Lending: Do the Costs Justify the Price?* (Federal Deposit Insurance Corporation Center for Financial Research, Working Paper No. 2005-09: June 2005).
- Uriah King and Leslie Parrish, *Springing the Debt Trap: Rate Caps Are Only Proven Payday Lending Reform* (Center for Responsible Lending: December 13, 2007).
- Michael A. Stegman and Robert Faris, "Payday Lending: A Business Model That Encourages Chronic Borrowing," *Economic Development Quarterly* 17 (2003).