STOP PAYDAY PREDATORS

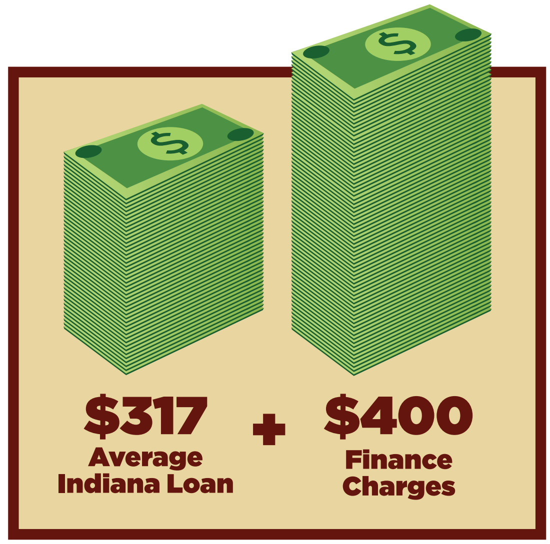
PAYDAY LENDERS ARE PREYING ON HOOSIERS

Payday loans are among the most predatory forms of credit on the market. Though they are marketed as having "reasonable" fees or charges, typical interest rates exceed 300 percent. And because the payday lenders' bottom line actually depends on borrowers' inability to repay — most payday fees come from borrowers who take out more than 10 loans a year — they target people with low incomes and no other options.[1]

Most payday borrowers make less than $30,000 a year and nearly half default on a payday loan — compared to only 3 percent of standard bank loan borrowers — despite the fact that **most of those who default actually pay fees in excess of the original principle.**[2] Payday loans trap people in cycles of debt that drain local economies and result in a cascade of financial consequences, such as increased overdraft fees, delayed medical care, and even bankruptcy.

The negative effects of payday lending are evident in Indiana:

- The average loan in Indiana is $317.[3]
- In Indiana, a payday loan payment consumes 36 percent of the typical borrower's biweekly paycheck. That's more than what most payday borrowers spend on food![4-5]
- In Indiana, the average payday borrower takes out about 9 loans per year. [6]
- A typical payday borrower will **pay more than $400 in finance charges** for a $317 loan.



Source: Standaert, D. *365% Payday Loans in Indiana Threaten Families' Financial Security*. Oct. 2012

Payday Loans Take a Toll on Indiana's Economy.

Siphoning money out of poor communities and communities of color takes a serious toll on the economy. Money that could be spent building up local businesses or investing in communities is instead directed to never-ending fees. The negative consequences are measureable.

- Indiana lost 241 jobs in just one year due to the effects of payday loans.[8]
- Payday lenders collected **more than $70 million in finance charges** from Hoosiers in 2015.[9]
- Payday lending resulted in a net loss of over $16 million in economic activity for the state.[10]

The Who and Where of Payday in Indiana.

- More than 40 percent of Indiana's black population lives in Marion County, which has 92 payday loan storefronts. **That is more than the number of McDonald's and Starbucks storefronts combined.**[12]
- The typical payday borrower in Indiana makes less than $30,000 a year.[13]
- There are almost half a million veterans in Indiana who no longer receive protection from the Military Lending Act, which caps interest rates at 36 percent for active military.[14]

> "Payday lenders are clustered in impoverished areas and sometimes considered to be taking advantage of borrowers' neediness."[11]
>
> ***– Indianapolis Recorder***

The True Beneficiaries of Payday Loans.

When the deck is so clearly stacked against Hoosiers and favors the payday lending industry, it becomes necessary to take a deeper look at who benefits from these noxious practices.

> "If you are constantly caught in a cycle of not knowing where you are going to live, if you are going to be able to eat, how you are going to get to work, you can't have a dream of owning your own home or preparing for your child's education. We run into it all the time."[15]
>
> ***– James Taylor, CEO of John H. Boner Community Center***

- The payday industry makes its profits off the backs of hardworking Hoosiers.
- Payday lenders contribute generously to the campaigns of Indiana politicians in an effort to continue to enjoy the fruits of their labor.
- As of July 2015, out-of-state payday lenders had already contributed at least $10,000 to the campaign coffers of Indiana Gov. Mike Pence, who is up for re-election in 2016.[16]
- The payday industry has given Attorney General Greg Zoeller at least $23,000 in campaign contributions since 2010.[17]
- State Sen. Travis Holdman and State Rep. Woody Burton — who have each received generous contributions from the payday industry, including from the nation's largest provider of payday loans — are already doing the industry's bidding in Indianapolis. They recently sponsored a bill that would have **more than doubled the limit** for what current Indiana law defines as **criminal loan sharking**.[18]

> "In practice, consumers mostly either roll over or default; very few actually repay their loans in cash on the due date."
>
> ***– Hilary Miller, president of the Payday Loan Bar Association***

CHECK THE FACTS

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