

EXECUTIVE SUMMARY

The number of payday lending or check cash lending locations in Ohio and nationwide has exploded in the past decade. 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 analyzed data on Ohio payday lending locations from the Ohio Department of Commerce. Among the findings:

- The number of payday lending stores licensed in Ohio catapulted from just 107 locations in 1996 to 1,562 locations in 2006, growing by a multiple of more than fourteen.
- Ohio has more payday lending locations than McDonalds, Burger King, and Wendy's restaurants combined.
- 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 (183), Hamilton (123), and Cuyahoga (160) counties each had well over one hundred payday lenders in 2006.
- 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. 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.
- Most payday lending locations in Ohio are chains or franchises. The two most common locations are Advance America and Cashland Financial Services, with more than 100 locations each.
- The Center for Responsible Lending (CRL) has shown that just one percent of payday loans go to borrowers who repay within two weeks and borrow less than once a year, while 99 percent go to repeat borrowers. The average borrower takes out nine loans per year.
- Nationwide, the CRL estimated in 2005 that 7.6 million workers receive 83 million payday loans per year. Of this 7.6 million, two-thirds, or five million, become trapped in this cycle of debt, at an annual cost of \$3.4 billion.

The report ends by recommending that Ohio borrowers be provided the same protections that were recently enacted on the federal level for military families. These would ensure reasonable and transparent costs for loans, preserve legal protections, and protect assets of Ohio borrowers.