

Payday and Car-Title Lenders Drain Nearly \$3 Billion in Fees Every Year



Special report from the Center for Responsible Lending, June 2023

The national Center for Responsible Lending (CRL) reports that single-payment and payday installment loans in 31 states drain more than \$2.2 billion in fees per year from borrowers whose average incomes are approximately \$25,000 a year.

Car-title loans drain more than \$700 million annually from borrowers in 17 states.

Together these predatory loans drain almost \$3 billion annually from those families who can least afford it.

Table 1: Average Number of Loans per Borrower per Year in States that Report Borrowing Rates without Meaningful Regulation of Payday Lending

| State | Average Number of Loans per Borrower | Number of Payday Loans within the State |
|------------|--------------------------------------|---|
| Alaska | 5.4 | 45,546 |
| California | 5.7 | 4,526,338 |
| Florida | 5.6 | 3,605,089 |
| Iowa | 11.0 | 340,776 |
| Kentucky | 9.3 | 922,815 |

Source: Compilation of state regulator data as obtained by the Center for Responsible Lending.

These loans typically carry triple digit interest rates that average more than 300% Annual Interest Rate (APR). Research shows that they lead to a debt trap that is nearly impossible to escape. Past CRL research has shown that payday and car-title lenders' bottom lines depend on borrowers being stuck in a cycle of debt.

Other research has shown that the typical car-title loan is refinanced eight times. In states that report data on vehicle repossessions, the share of car-title loans that lead to repossession is alarming. In California, 33% of car-title loans result in repossession.

Kansas is ranked 18th in states in the high dollar amount of payday loan fees per year, \$15,964,218 and car-title fees, \$2,526,648.

[**See the full Center for Responsible Lending report here.**](#)

Last updated on June 22, 2023.

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