

2015 Fast Facts: Payday Loans in Kentucky

Too many Kentucky families are still being trapped in inescapable debt caused by payday lenders, who siphon millions of dollars a year out of our local economies, sending it to other states and even out of the country. It is clear that Kentucky's reforms in 2010 did nothing to stop the payday loan debt trap. It is time to finish the work necessary to end abusive practices and protect families, seniors, veterans, and others in our state by capping payday loans at 36% annual interest.

Fast Facts

- **Predatory payday lenders are taking more money from families than ever.** In 2014, payday lenders stripped away \$122 million in fees, a 16% increase since 2010 (\$105 million). Payday lenders are charging more too. The average fees paid by a typical payday loan borrower have increased 8%, from \$529 in 2010 to over \$583 in 2014.
- **Predatory payday lenders are taking more money out of the Kentucky economy than ever, sending it out of state and out of the country.** The \$122 million payday lenders drained from Kentucky families in 2014 went to mostly out-of-state companies. The largest payday lender, Cash Express, is headquartered in Tennessee. Advance America, the second-largest lender in Kentucky, isn't even owned by a company in the United States—it's owned by a Mexican bank.
- **The 2010 reform has a loophole—under Kentucky's current law, payday loan customers can take out up to 52 loans per year!** In 2014, over 6,000 Kentuckians were trapped in 30 or more payday loans.
- **Payday lenders say they offer a one-time quick-fix, but they trap borrowers in a cycle of debt.** 145,643 borrowers in Kentucky were trapped in 5 or more loans in 2014. Over 93% of payday loans in Kentucky were generated by borrowers taking out five or more loans a year. Only 1% of loans in 2014 went to borrowers who did not borrow again during the year. The average payday loan borrower in Kentucky is stuck in 10 loans per year.
- **The number of days that borrowers are stuck in the debt trap is getting longer.** The average amount of time a borrower is trapped in payday loans has increased 29%, from 160 days in 2010 to over 207 days in 2014. The average borrower is in debt more than half the year!
- **Payday lenders engage in usury, and try to get churches to promote their products.** Payday lenders, who typically re-lend the same amount to borrowers over and over, can earn up to 400% annual interest on the money they lend over the course of a year. Last year, payday lenders showed up with goody bags for Vacation Bible Schools, filled with candy and coloring books, with their company's name all over them inviting our churches to promote usury to our children through Vacation Bible Schools.
- **Payday lending is low-risk for the lender, high-risk for the borrower:** In 2014, only 3 of every 1000 loans were not paid back. This low-rate of default for loans is due to the fact that payday lenders are essentially guaranteed to be repaid because they have direct access to the borrower's bank account and stand first-in-line on payday. Conversely, approximately 50% of borrowers will eventually default within two years of taking out a payday loan, by which time they will have paid more in finance charges than the original loan amount.

Prepared by the Kentucky Coalition for Responsible Lending. Data was drawn from the Veritec Solutions 2014 report to the Kentucky Department of Financial Institutions, as per the 2010 Kentucky Deferred Presentment Services Act.

For more information visit www.kyresponsiblelending.org or contact Lisa Gabbard (502-209-5382)

We support 36% APR on Payday Loans in Kentucky!

Faith Community

African Methodist Episcopal Church Kentucky Conference	Kentucky Baptist Fellowship
African Methodist Episcopal Church West Kentucky Conference	Kentucky Council of Churches
African Methodist Episcopal Zion Church Mid-West Episcopal District	Presbyterian Church U.S.A. Mid-Kentucky Presbytery
BUILD (Building a United Interfaith Lexington through Direct Action)	Presbyterian Church U.S.A. Transylvania Presbytery
Catholic Charities of Louisville	Presbyterian Church U.S.A. Western Ky. Presbytery
Catholic Conference of Kentucky	Roman Catholic Church Archdiocese of Louisville
CLOUT (Citizens of Louisville Organized United Together)	Roman Catholic Church Diocese of Covington
Consolidated District of the General Association of Baptists in Kentucky	Roman Catholic Church Diocese of Lexington
Christian Church (Disciples of Christ)	Roman Catholic Church Diocese of Owensboro
Christian Methodist Episcopal Church 2nd Episcopal District	St. Vincent De Paul
Cumberland Presbyterian Church	United Church of Christ Indiana/Kentucky Conference
Episcopal Church Diocese of Kentucky	United Church of Christ Ohio Conference
Episcopal Church Diocese of Lexington	United Methodist Church Kentucky Annual Conference
Evangelical Lutheran Church in America Indiana-Kentucky Synod	United Methodist Church Memphis Conference
Jewish Community Relations Council (Louisville)	United Methodist Church Red Bird Missionary Conf.
Kentucky Baptist Convention	Union Church in Berea Kentucky

Organizations

AARP Kentucky	Kentucky Asset Success Initiative
Barren River Area Safe Space	Kentucky Coalition Against Domestic Violence
Barren River Asset Building Coalition	Kentucky Equal Justice Center
Bell-Whitley CAA	Kentucky Habitat for Humanity
Bethany House Abuse Shelter	Kentucky Resources Council
Brighton Center	Kentucky Youth Advocates
Center for Economic Development, Entrepreneurship and Technology	Lawrence & Augusta Hager Foundation
Center for Great Neighborhoods of Covington	Lexington Fair Housing Council
Center for Women and Families	Low Income Housing Coalition of East Kentucky
Central Kentucky Housing and Homeless Initiative	LKLP Safe House
Central Kentucky Coalition for Peace and Justice	Louisville Asset Building Coalition
Coalition for the Homeless	Louisville Urban League
Community Action Kentucky	Mountain Assn. for Community Economic Develop.
Community Ventures Corporation	Merryman House
Cumberland Valley Domestic Violence Services	Metropolitan Housing Coalition
Eastern Kentucky Asset Building Coalition	Metro United Way
Family Foundation	NAACP – Louisville/Jefferson County Branch
Federal Home Loan Banking Cincinnati	N. KY Community Action Commission
Federation of Appalachian Housing Enterprises	OASIS
Frontier Housing	People's Self Help Housing, Inc.
Gateway Homeless Coalition, Inc.	RAISE KY
Green River Asset Building Coalition	Safe Harbor
GreenHouse17	Sanctuary
Habitat for Humanity, Morehead	Shelter of Hope
Hager Educational Foundation	SpringHaven
Homeless and Housing Coalition of Kentucky	Turning Point
Kentucky AFL-CIO	Urban League of Lexington-Fayette County
Kentucky Association of Counties	Welcome House