

Payday Lending Demographic and
Statistical Information

July 2000 through December 2007

Summary Information from the Ongoing UCCC Study of
Colorado's Payday Loan Industry and Consumers

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Data Prepared by staff of the
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During the 2000 legislative session, Senate Bill 00-144 (known as the "Deferred Deposit Loan Act") passed through both houses of the Colorado General Assembly, was signed by the Governor, and became effective as law July 1st, 2000.

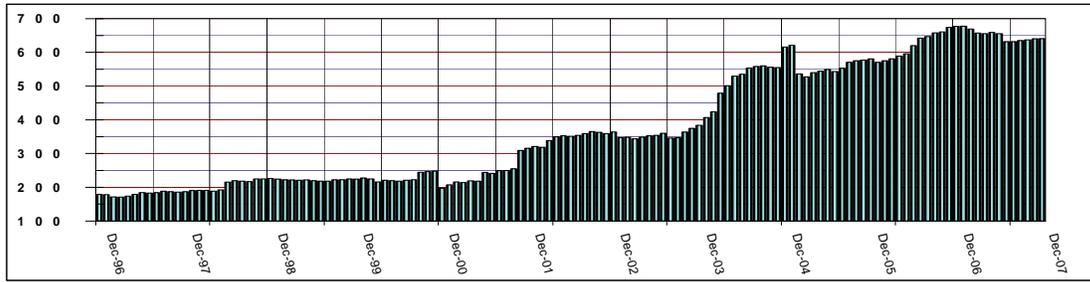
Since the inception of Colorado's Deferred Deposit Loan Act, examiners from the Office of the Colorado Attorney General, Uniform Consumer Credit Code, have been gathering information in conjunction with their regular supervised lender compliance examinations as part of an ongoing study of the deferred deposit loan industry and deferred deposit loan consumers in Colorado. Section 5-2-305(1), C.R.S., requires periodic examinations of the loans, business, and records of licensed supervised lenders.

This summary report presents findings and identifies trends concerning payday loans, the practices of the payday lending industry, and those consumers who frequent these businesses.

Many of the figures in this summary are taken from the entire study to-date. Many other figures concentrate on the single calendar year of 2007, the most recent complete year for which information is currently available. These 2007 figures, where used, are intended to help give a perspective on the most current practices and trends.

I. Industry Overview -- The Lenders

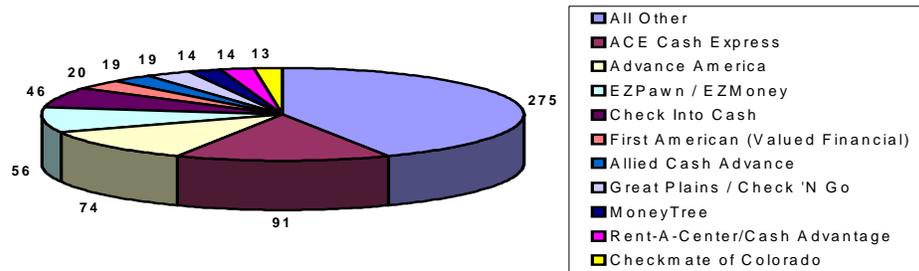
Number of UCCC Licensees making DDLA Loans (November 1996 - December 2007)



The graph above illustrates the growth in the number of licensees making payday loans over the past eleven years.

Of the 641 DDLA license locations operating in Colorado as of December 31st, 2007, the ten largest companies (366 locations) in terms of the number of locations licensed, account for 57% of all UCCC license locations making DDLA loans.

The Ten Largest Companies* Making DDLA Loans -- # of UCCC License Locations

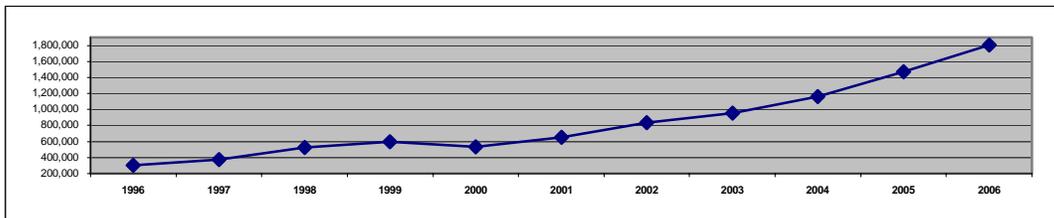


* by numbers of Colorado UCCC licenses held

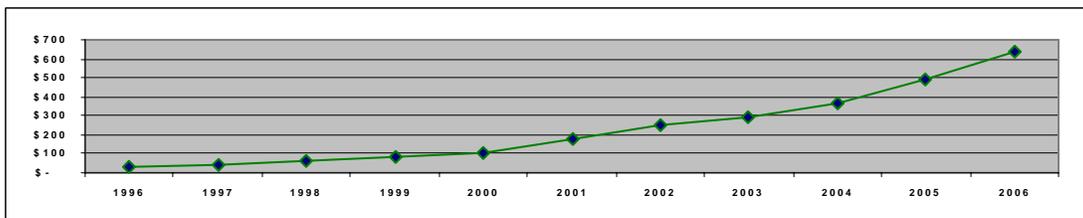
In contrast, the remaining 275 DDLA licenses (the "all others" in the pie chart) were held by 122 different entities (sole proprietorships, partnerships, LLCs, and other small corporations).

The growth in the number of UCCC licensees is mirrored in both of the following graphs which show the growth in the number of DDLA loans, and the growth in the total amounts of DDLA loans, made between 1996 and 2006 (as reported by DDLA licensees who filed Annual Reports).

Number of Colorado DDLA Loans Made (1996 - 2006)



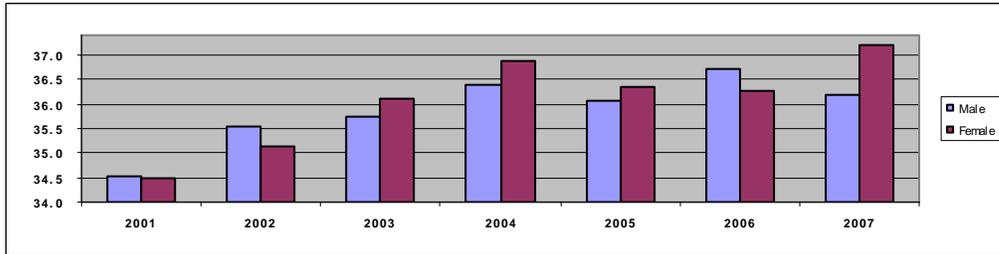
Amount (in Millions) of Colorado DDLA Loans (1996-2006)



II. DDLA Consumer Demographics -- The Borrowers

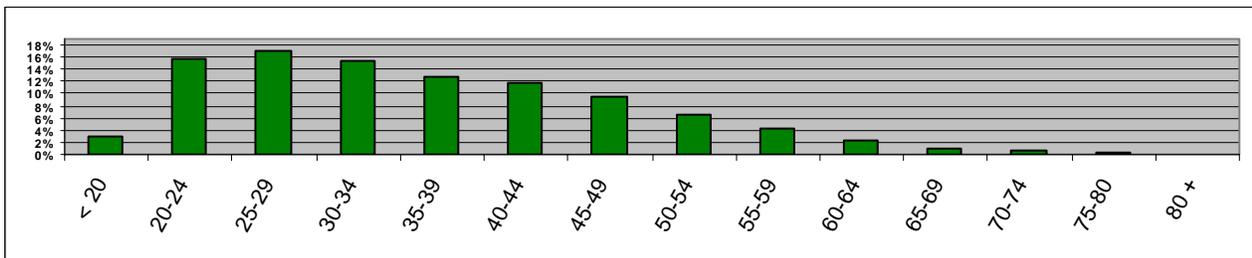
As of December 31st, 2007, the demographics database consisted of 21,955 separate entries gathered during 1,446 examinations. The picture of the "average" consumer applicant obtained from this database includes:

- Study-to-date, an average age of 36 years.

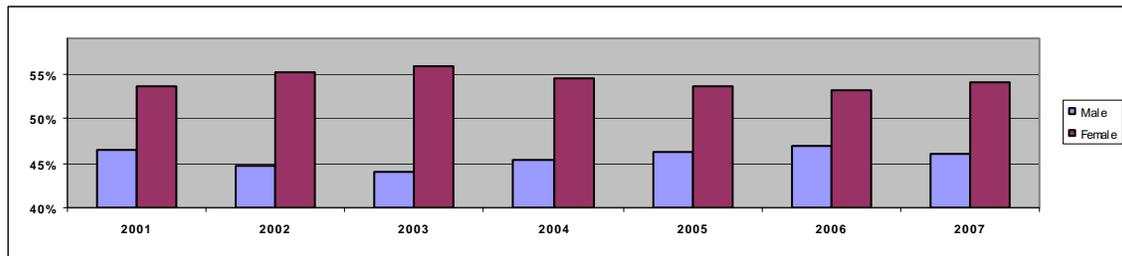


Payday borrowing is predominated by borrowers between the ages of twenty and thirty-nine (60.94% of all borrowers). "Senior citizens" (age 55 and older) make up only about 8.38% of all DDLA consumers. Only 2.01% of all DDLA consumer applicants are aged 65 or older.

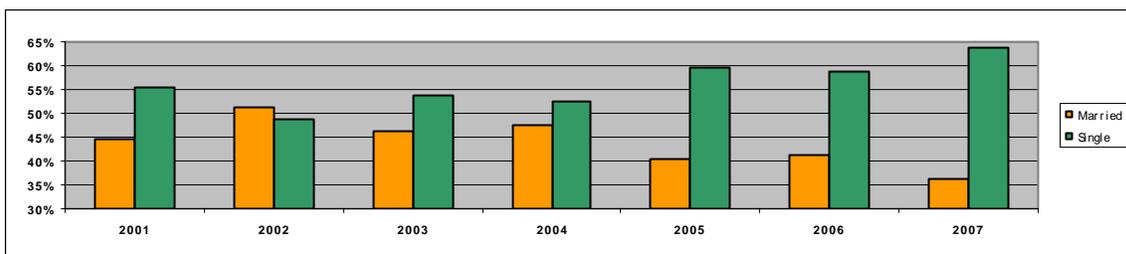
DDLA Consumers' -- Distribution by Age (Study-to-Date)



- Study-to-date, women predominate in terms of DDLA applicants.

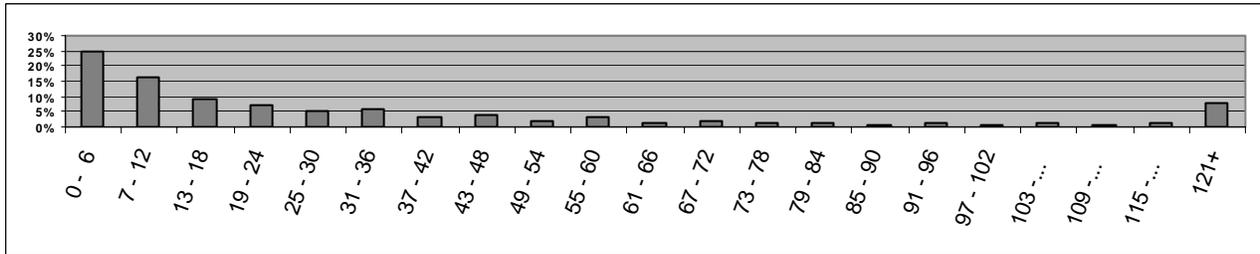


- Study-to-date, single DDLA borrowers outnumber married borrowers.



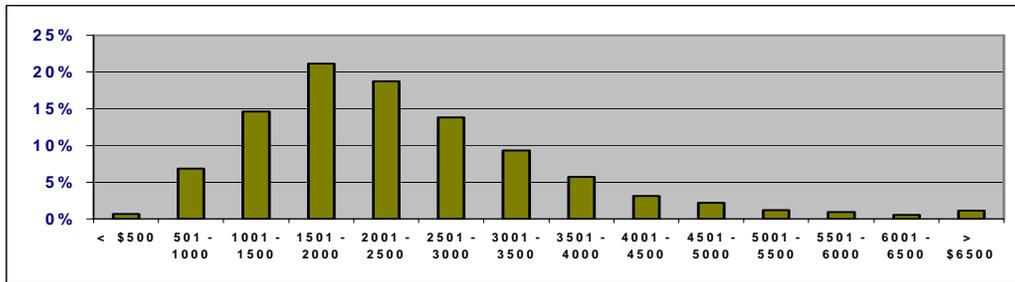
- Study-to-date, the average DDLA loan applicant has worked at their current job for 3.43 years. 24.41% of DDLA consumers have worked at their current jobs for six months or less.

DDLA Consumers' -- Distribution by Time at Current Employer (in Months)

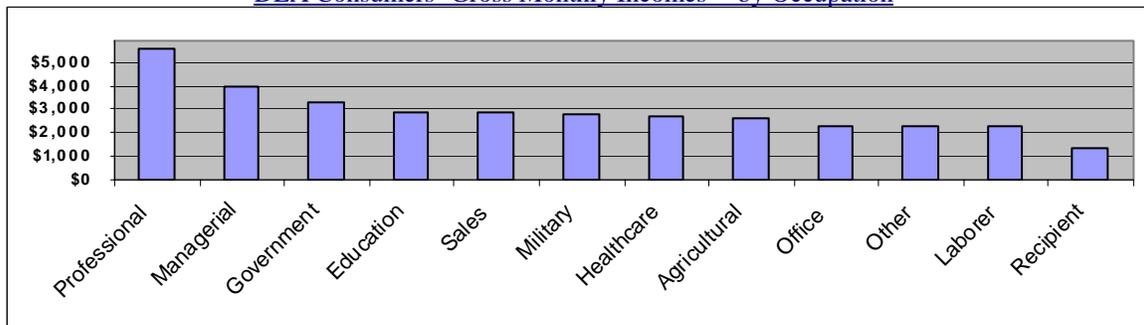


- Study-to-date, the (mean) average (gross) income of all applicants is \$2,417 per month (\$2,655 monthly for men and \$2,219 monthly for women). Consumers earning \$2,500 (gross) monthly, or less, account for 62.01% of all borrowers. The median monthly (gross) income for all consumers is \$2,172.

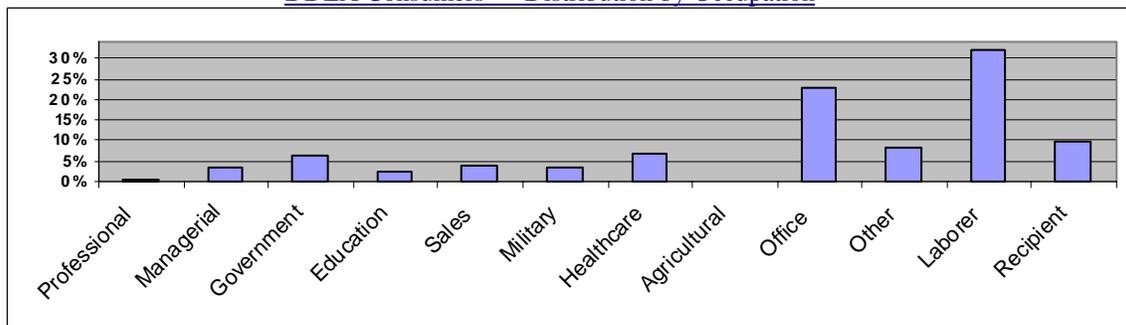
DDLA Consumers' -- Distribution by Monthly Income (Gross)



DLA Consumers' Gross Monthly Incomes -- by Occupation



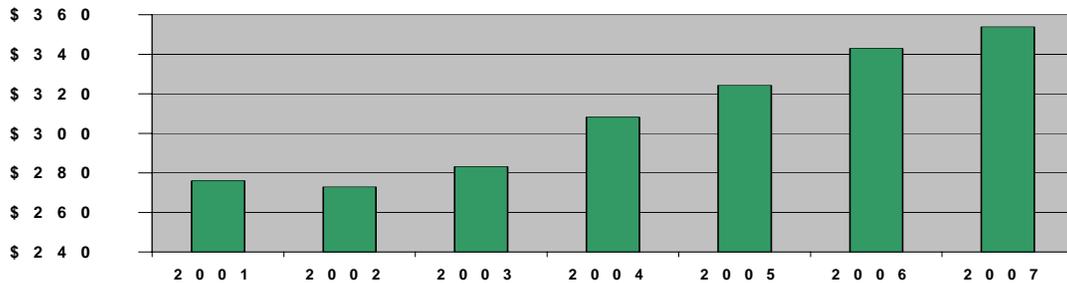
DDLA Consumers' -- Distribution by Occupation



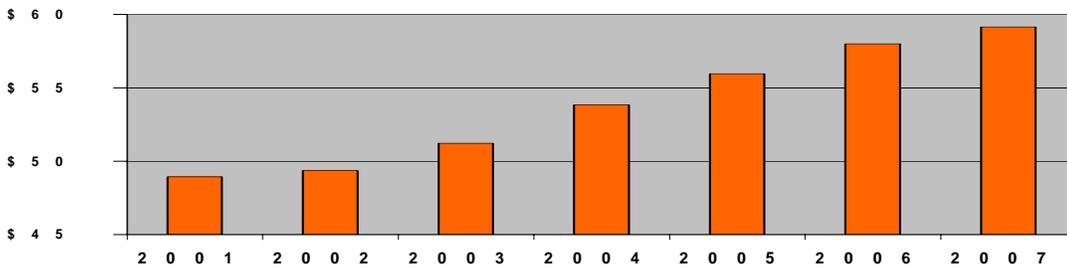
III. DDLA Statistical Information -- The Loans

As of December 31st, 2007, the "statistical" database consisted of 45,286 separate entries gathered during 1,566 examinations.

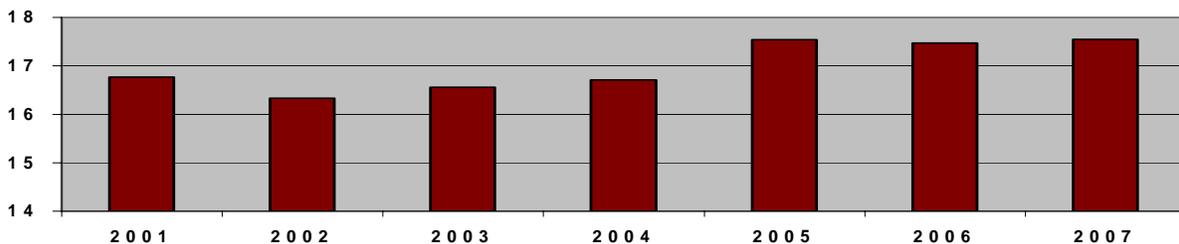
- The average Amount Financed ("borrowed") during 2007 was \$353.88.



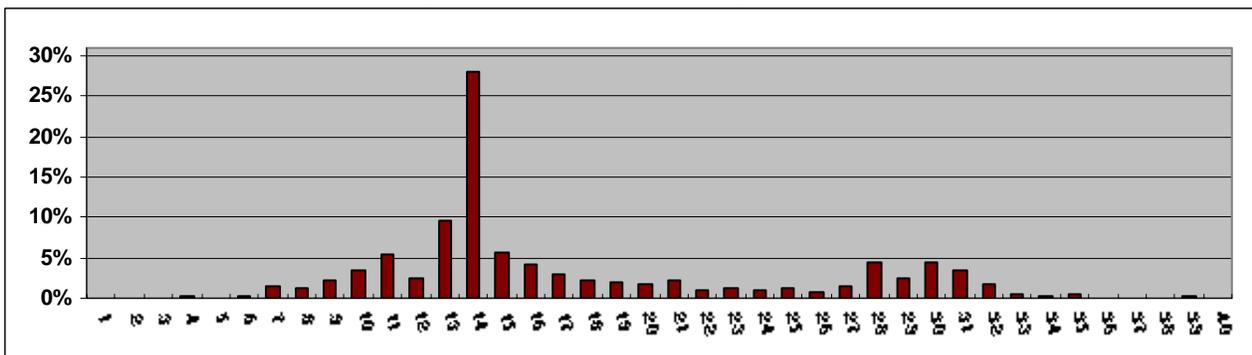
- The average Finance Charge during 2007 was \$59.14.



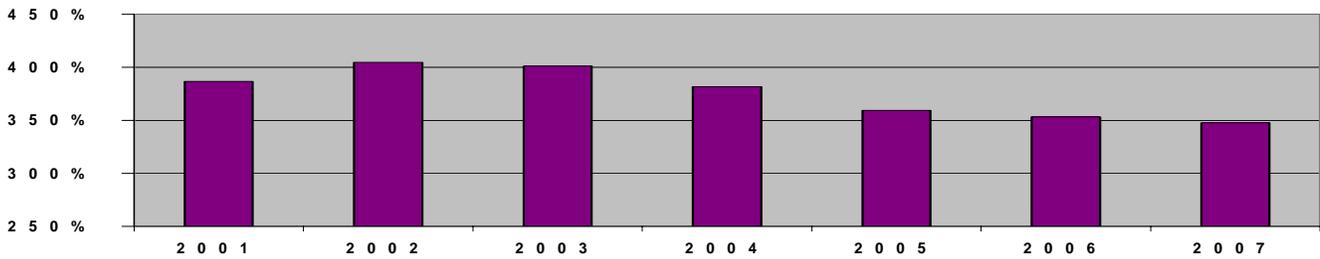
- The average loan Term during 2007 was 17.55 days. In 2007 54.24% of all loans were written for terms of fourteen days or less.



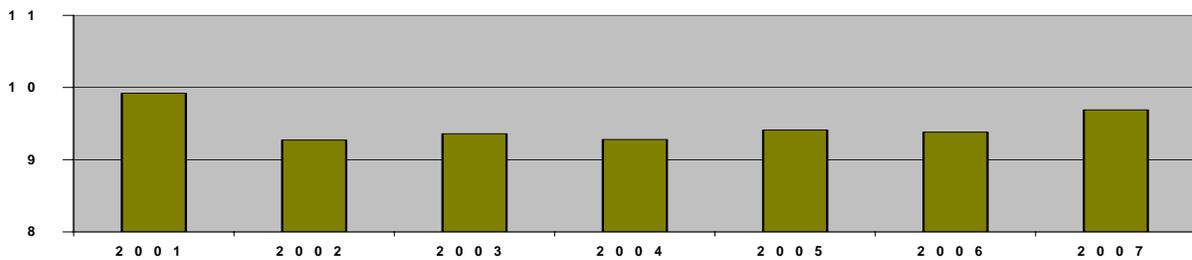
Distribution by Loan Term (number of Days) (Calendar Year 2007)



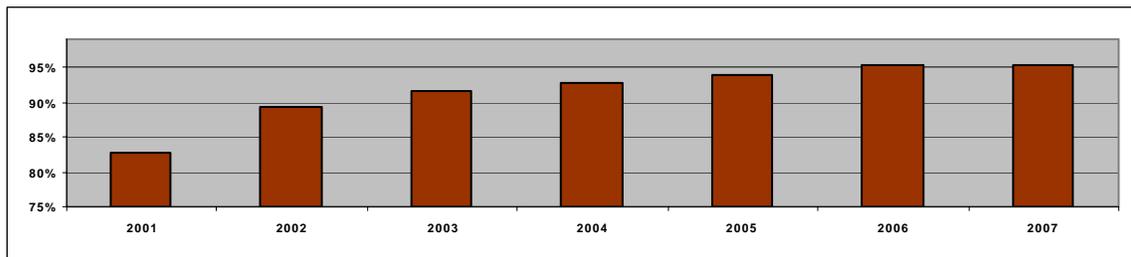
- In 2007, the above three factors (average Amount Financed, average Finance Charge, and Average Term) resulted in an average Annual Percentage Rate (APR) of 347.82% for payday loans.



- In 2007 consumers borrowed, on average, 9.69 loans (from the same lender) during the previous twelve months.



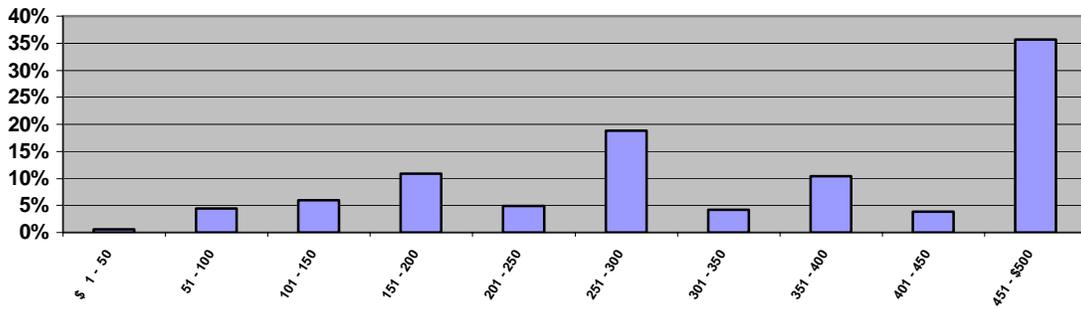
- In 2007, 95.38% of DDLA loans were written (contracted) at the maximum amount permitted in terms of the finance charge allowed by the DDLA.



- Using the information above (average Amount Financed, average Finance Charge, average Term, and average Number of Loans) it can be calculated that during 2007 the "average" DDLA consumer paid about \$573.06 in total finance charges ($9.69 \times \$59.14$) to have borrowed \$353.88 for a period of a little more than five and one-half months (170.06 days - or- 9.69×17.55) at each DDLA license location with which that consumer did business.

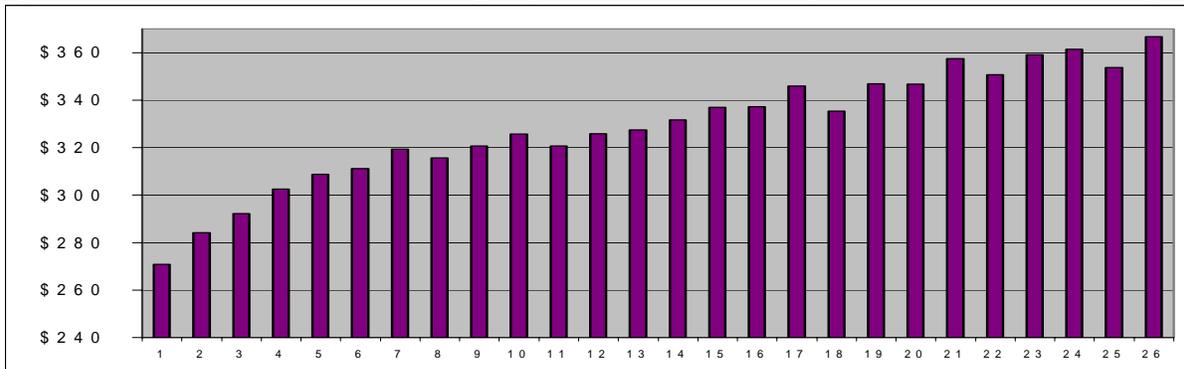
- The distribution of loan amounts is highly asymmetric. That is, the loan amounts written do not fit a "bell-curve-distribution model" around the average amount financed. For the most current year of 2007, the distribution of loan amounts graphs as follows:

Payday Loans, Distribution -by- Loan Amount Ranges (2007)



- Over the course of our review, smaller loans (i.e., loans of \$300 or less), that were once the predominant loan amounts, have been steadily diminishing while the larger loans (i.e., loans of \$400 or more) are being written with steadily increasing frequency. During 2007 loans of \$400 or more accounted for 48.17% of all payday loans written in Colorado, with the maximum loan amount permitted (of \$500) accounting for 33.82% of all payday loans written. (2006 was the first year since the adoption of the DDLA in which loans written for amounts of \$300 or less, fell below 50% as a portion of all loans written (49.80% in 2006). In 2007 the percentage of loans written for amounts less than \$300 continued to fall (45.62% in 2007) as a portion of all loans written.)
- Consumers who borrow most frequently from any particular payday lender receive, on average, larger loans in comparison to those consumers who borrow less frequently.

Average Amounts Financed -vs.- Consumer Frequency (number of loans) during the Previous 12 Months (Study-to-Date)



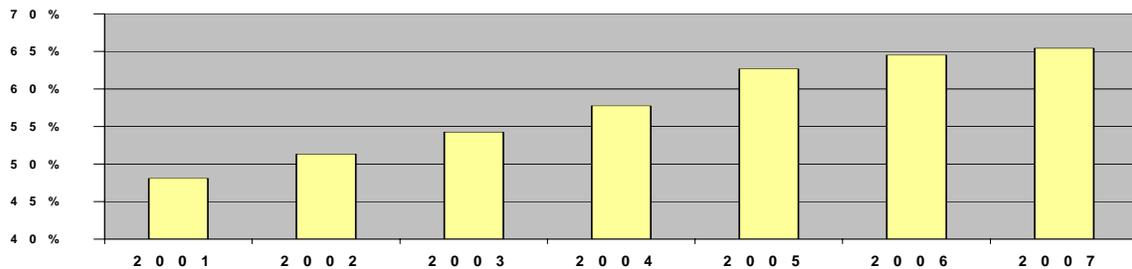
Consumer Frequency (number of loans) Over the Previous 12 Months -vs.- Loan Amount and Cost (Study-to-Date)

<u># of Loans, Prior 12 Months</u>	<u># of All Borrowers</u>	<u>Average Amount Financed</u>	<u>Average Finance Charge</u>
1 - 5 loans	17,750	\$ 288.31	\$ 51.03
6 - 10 loans	10,372	318.11	55.18
11 - 15 loans	8,160	327.45	56.44
16 - 20 loans	4,184	342.14	57.95
21 - 25 loans	3,372	356.65	59.81
26 + loans	1,448	325.48	54.37

IIIa. DDLA Statistical Information -- Refinancing & Loan Frequency

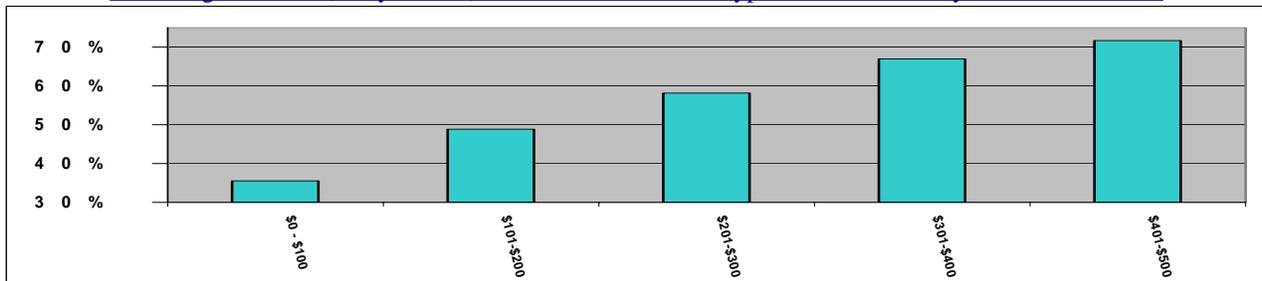
- In 2007 28.52% of all DDLA loan transactions were "true" refinances, while an additional 36.89% of all DDLA loan transactions were "same-day-as-payoff" loans (made by the very same lender, on the very same day that these same consumers paid a previous loan in full). "Same-day-as-payoff" loans mimic "refinance" transactions in so far as the financial impact to consumers and lenders is concerned. The combination of "true" refinance loans and "same-day-as-payoff loans" means that, in 2007 65.41% of all DDLA loans written were "refinance-type" transactions where the consumers remained indebted to the lender.

Percentage of Loans that were "Refinance-Type" Transactions



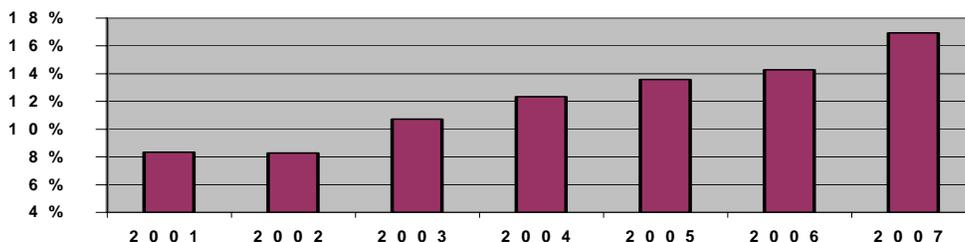
- There is a direct correlation between the amount borrowed and the chances that a loan will be "refinanced." Larger loans are more likely to require "refinancing" than smaller loans.

Percentage of loans (study to date) that were "Refinance-Type" Transactions, by Amount Financed



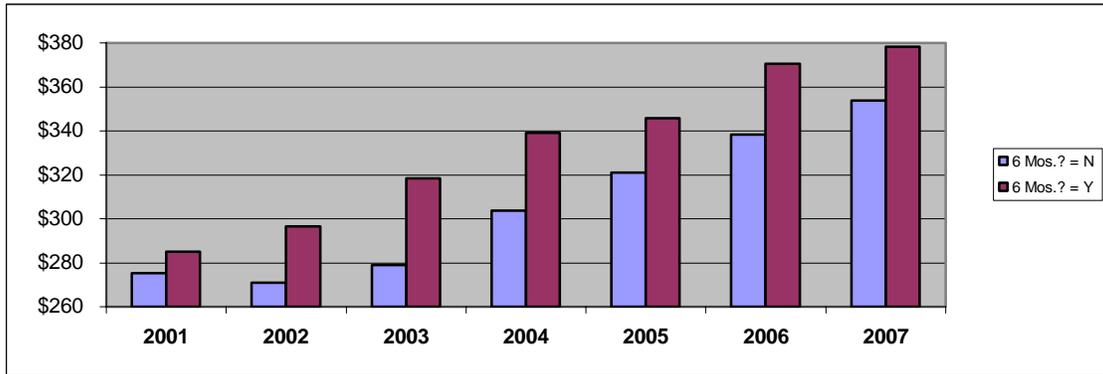
- In 2007, 16.93% of all DDLA consumers had DDLA loan debt with the same lender being examined every day of the preceding six months. These consumers account for 31.51% of the total DDLA loan volume (written during the prior twelve months).

Percentage of Consumers Indebted (to the Lender Being Examined) Every Day of the Prior Six Months

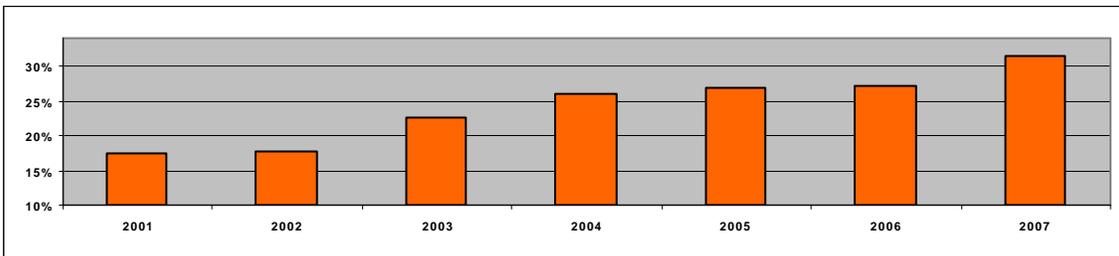


- Consumers who have been continuously indebted every day of the prior six months transacted, on average, 18.80 separate loans during the previous twelve months with that same single payday lender. These consumers also transact, on average, significantly larger loans than those consumers who have not been continuously indebted every day of the prior six months.

Average Amount Financed of Consumers Continuously Indebted Every Day of the Prior Six Months
vs.
Average Amount Financed of Consumers Not Continuously Indebted Every Day of the Prior Six Months

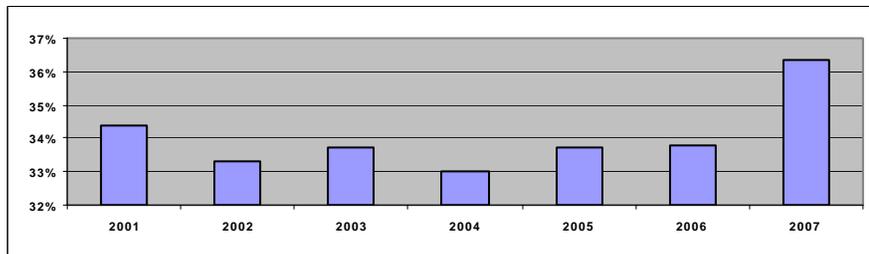


Percentage of Total DDLA Loan Volume Attributable to Consumers Indebted Every Day of the Prior Six Months

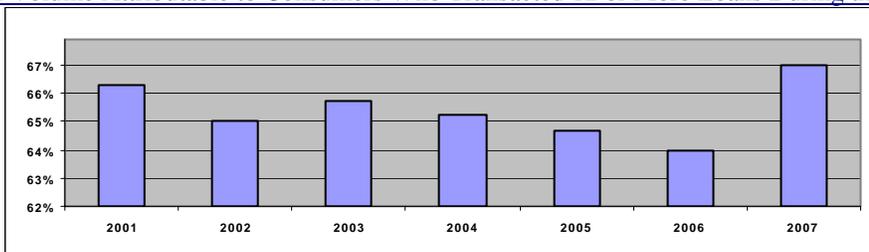


- In 2007 consumers with 12 or more loans in the preceding twelve months accounted for 66.99% of the total DDLA loan (unit) volume; consumers with 16 or more loans accounted for 45.92% of the total DDLA volume.

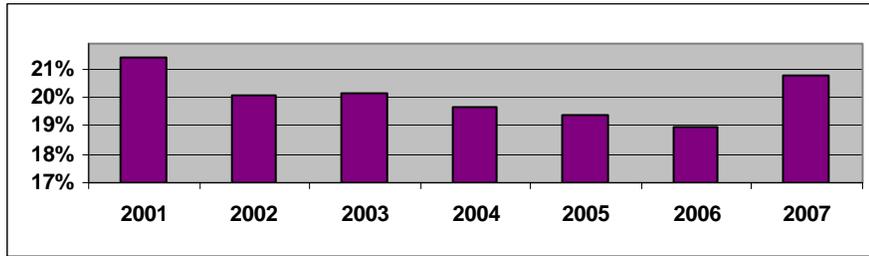
Percentage of Payday Loan Consumers Transacting Twelve or More Loans During the Previous Twelve Months



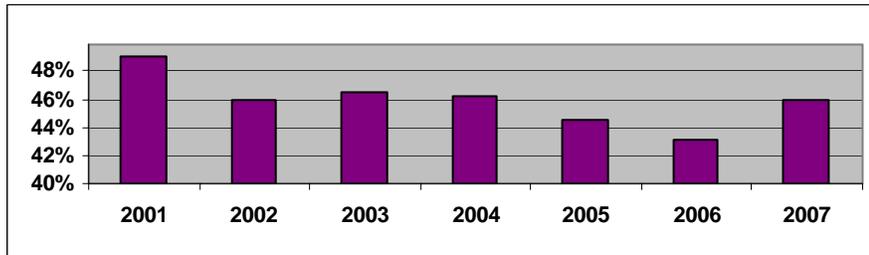
DDLA Loan Volume Attributable to Consumers Who Transacted 12 or More Loans During the Previous 12 Months



Percentage of Payday Loan Consumers Transacting Sixteen or More Loans During the Previous Twelve Months

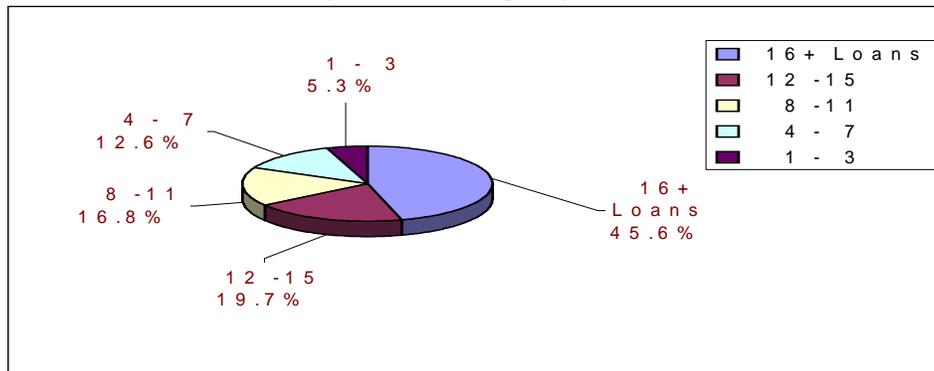


DDLA Loan Volume Attributable to Consumers Who Transacted 16 or More Loans During the Previous 12 Months



- Study-to-date, nearly half of the total annual DDLA loan volume is attributable to consumers who transacted sixteen-or-more loans with the same lender during the previous twelve months. Consumers who borrow twelve-or-more times a year account for nearly two-thirds of the typical DDLA licensee's unit volume.

Percentage of Total DDLA Loan Unit Volume by Consumer Frequency (number of loans) Over the Previous Twelve Months



<u># of Loans, Prior 12 Months</u>	<u># of All Borrowers</u>	<u>Total # of all Loans Transacted During the Previous Twelve Months</u>
1 - 5 loans	17,750	47,031
6 - 10 loans	10,372	81,663
11 - 15 loans	8,160	103,845
16 - 20 loans	4,184	74,883
21 - 25 loans	3,372	77,416
26 + loans	1,448	42,327

Note: The data contained in this summary comes from consumer records at the lender location being examined. The UCCC in no way limits loans to the same consumer from different lenders. The summary data regarding consumer frequency does not capture information regarding consumers who frequent more than one lender.