Jeremiah W. (Jay) Nixon
Governor
State of Missouri

Department of Insurance
Financial Institutions
and Professional Registration
John M. Huff, Director

DIVISION OF FINANCE

301 West High Street, Room 630
P.O. Box 716
Jefferson City, MO 65102-0716
(573) 751-3242
(573) 751-9192 FAX
www.finance.mo.gov

Richard J. Weaver
Commissioner of Finance

January 04, 2011

The Honorable Jeremiah W. (Jay) Nixon, Governor
State Capitol Building
Room 216
Jefferson City, Missouri 65101

Re: Report to General Assembly pursuant to section 408.506, RSMo

Dear Governor Nixon:

The Division of Finance has, in accordance with section 408.506, RSMo, conducted a survey by mail of payday lenders operating pursuant to section 408.500. The reporting timeframe was October 1, 2009 through September 30, 2010. The summary is based on a 94.0% return of surveys by the industry. The attached chart (Exhibit A) details the results of the survey and also provides historical data for comparison. Some highlights include:

- 1,066 payday loan licenses were issued/renewed during calendar year 2010. Lenders closed and opened locations throughout the year with 1,040 being the approximate average number active at any given time.

- The total number of payday loans made during the reporting period exceeded 2.43 million. (For purposes of this survey, a renewal was treated as a separate loan.)

- The average loan was $307.56 and the average interest rate was 444.61%. This would result in an interest/fee of $52.45 for a 14-day loan.

During the reporting period, there were approximately 20 calls per month to this office about payday loans or payday lenders. While most of the calls from citizens were resolved by explaining the law, the Division did document 102 complaint files during the reporting period. Of those, 70 involved licensed lenders while 32 involved unlicensed internet lenders. Complaints consisted of issues such as checks being deposited early, collection tactics, proper crediting of payments, and customers being unable to make payments due to the location being closed. Most cases were resolved by telephone with the licensee.

The Division of Finance continues to perform examinations of all payday lenders and overall compliance with current statutes continues to be monitored. During 2010, 97.2% of the licensees examined received a satisfactory compliance evaluation. Refunds totaling over $129,800 were ordered. Cease and desist orders were issued in instances of serious non-compliance. During 2010, there were two such orders issued.

As section 408.506 RSMo also requires the Division to summarize the payday loan laws from contiguous states, we conducted a survey of such states' laws. The results may be found in Exhibit B attached.

We believe the foregoing satisfies the requirements of section 408.506 RSMo.

Very truly yours,

Richard J. Weaver
Commissioner of Finance

RJW:cs
Enclosures (2)

Exhibit A

Payday Lender
General Assembly Report

	January 2003	January 2005	January 2007	January 2009	January 2011
Number of Licenses Issued	912	1,198	1,545	1,315	1,066
% Change from previous	N/A	31.00%	29.00%	-15.00%	-19.00%
Number of Active Licenses (approx)	800	1,100	1,262	1,275	1,040
% Change from previous	N/A	37.50%	14.70%	1.03%	-18.43%
Number of Loans Made	2 million	2.6 million	2.87 million	2.83 million	2.43 million
% Change from previous	N/A	30.00%	11.00%	-1.40%	-14.13%
Average Loan Amount	$222.05	$241.11	$274.72	$290.29	$307.56
Average Number of Renewals	2.8	2.2	1.7	1.7	1.6
Defaulted Loans	124,461	140,337	183,363	172,954	146,880
% of Total Loans Made	6.15%	5.40%	6.40%	6.12%	6.03%
Average Annual Percentage Rate (APR)	413.48	408.03	422.26	430.68	444.61

Exhibit B

PAYDAY LOANS IN CONTIGUOUS STATES

	Licenses	Maximum Loan	Rate / Fees	Term	Renewals	Complaints
Missouri	1,005	$500	A loan and all renewals thereof may not earn more than 75% of the original principal in interest and fees.	14 day minimum 31 day maximum	Limited to 6	During 2010, 70 regarding licensed lenders; 32 regarding unlicensed Internet lenders
Arkansas	Industry is no longer regulated in Arkansas; therefore no information to report.					
Kansas	76 companies 362 locations	$500	15% of the loan amount	7 day minimum 30 day maximum	Not Allowed	Occasionally Received
Iowa	231	$445	$15% on the first $100 of the face amount of the check; 10% on each $100 thereafter of the face amount of the check, or pro-rate for any portion thereof	31 day maximum	Not Allowed	Few complaints re: licensed lenders; most are concerning internet lenders
Tennessee	1,231	Face amount of the check cannot exceed $500	15% of the face of the check, not to exceed $30	Not to exceed 31 calendar days	Not Allowed	Received 10 complaints in 2010
Kentucky	651	$500	$15 per $100	14 – 60 days	No	Most are against internet lenders, which are illegal in KY
Nebraska	116 main offices plus 64 branch locations	$500 at one licensee with no more than 2 checks outstandin g	$15 per $100 cash advanced	34 day maximum	Not Allowed	Few; mostly re: internet lenders and collection activities.
Illinois	500	N/A	$15.50 per $100	120 days max	Not Allowed	Rare

Exhibit B

	Licenses	Maximum Loan	Rate / Fees	Term	Renewals	Complaints
Oklahoma	361	No more than 2 loans at a time, not to exceed $500 principal amount each. Also have a 48-hour cooling off period after the 5th loan	Up to 10% of principal amount, not to exceed $15 to enter into a repayment plan, and $25 for a dishonored instrument	12 – 45 days	Not Allowed.	Mostly regarding the 2-loan restriction and the 48-hour cooling off period.