

Jeremiah W. (Jay) Nixon  
Governor  
State of Missouri



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

DIVISION OF FINANCE

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Debra Hardman  
Acting Commissioner

February 9, 2015

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, 2013 through September 30, 2014. The summary is based on a 95% 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:

- 904 payday loan licenses were issued during calendar year 2014. Lenders closed and opened locations throughout the year with 898 being the approximate average number active at any given time.
- The total number of payday loans made during the reporting period exceeded 1.87 million. (For purposes of this survey, a renewal was treated as a separate loan.)
- The average loan was \$309.64 and the average interest rate was 451.91%. This would result in an interest/fee of \$53.67 for a 14-day loan.

During the reporting period, there were approximately 25 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 32 complaint files during the reporting period. 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 or written correspondence.

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The Division of Finance continues to perform examinations of all payday lenders and overall compliance with current statutes continues to be monitored. During 2014, 93% of the licensees examined received a satisfactory compliance evaluation. Refunds totaling over \$37,500 were ordered. Cease and desist orders were issued in instances of serious non-compliance. During 2014, there was one such order 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,



Debra Hardman  
Acting Commissioner of Finance

Enclosures (2)

**Payday Lender  
General Assembly Report**

	January 2007	January 2009	January 2011	January 2013	January 2015
Number of Licenses Issued	1,545	1,315	1,066	984	904
% Change from previous	29.00%	-15.00%	-19.00%	-7.69%	-8.13%
Number of Active Licenses (approx)	1,262	1,275	1,040	934	898
% Change from previous	14.70%	1.03%	-18.43%	-10.19%	-3.85%
Number of Loans Made*	2.87 million	2.83 million	2.43 million	2.34 million	1.87 million
% Change from previous	11.00%	-1.40%	-14.13%	-3.70%	-20.08%
Average Loan Amount*	\$274.72	\$290.29	\$307.56	\$306.12	\$309.64
Average Number of Renewals*	1.7	1.7	1.6	1.5	1.6
Defaulted Loans*	183,363	172,954	146,880	122,364	111,342
% of Total Loans Made	6.40%	6.12%	6.03%	5.23%	5.95%
Average Annual Percentage Rate (APR)*	422.26	430.68	444.61	454.62	451.91

\*Based on figures provided by industry surveys.

**PAYDAY LOANS IN CONTIGUOUS STATES**

	Licenses	Maximum Loan	Rate / Fees	Term	Renewals	Complaints
Missouri	886	\$500	As parties agree with a maximum of 75% of the original principal in interest and fees.	Min. 14 days Max. 31 days	Limited to 6	32
Arkansas	Industry is no longer regulated in Arkansas; therefore no information to report.					
Kansas	67 companies with 268 branch locations	\$500; no more than 2 loans to same borrower by company or related interest at one time. No more than 3 loans in any 30 day period.	\$15 per \$100	Min. 7 days Max. 30 days	Not Allowed	18 in 2013 17 in 2014
Iowa	194	Face amount of check(s) cannot exceed \$500. No more than 2 checks from the same borrower to the same company at one time.	15% on first \$100; then 10% on each \$100 of the face of the check thereafter	No minimum Max. 31 days	Not Allowed	10 on licensed lenders; 11 on unlicensed internet companies
Tennessee	1,323	Face of the check cannot exceed \$500	15% of the face of the check	No minimum Max. 31 days	Not Allowed	31 total, 15 of which were internet related
Kentucky	549	\$500	\$15 per \$100	Min. 14 days Max. 60 days	Not Allowed	18 complaints on licensees; 238 on internet lenders.
Nebraska	101 main offices plus 59 branch offices	\$500 at one location; no more than 2 checks outstanding	\$15 per \$100	No minimum Max. 34 days	Not Allowed	39

**Exhibit B**

	<b>Licenses</b>	<b>Maximum Loan</b>	<b>Rate / Fees</b>	<b>Term</b>	<b>Renewals</b>	<b>Complaints</b>
Illinois	520	<p>Payday Loan: Maximum 25% of gross monthly income or \$1000, whichever is less</p> <p>Installment Payday Loan: Monthly liability of \$1000 or 22.5% of gross monthly income</p>	\$15.50 per \$100	<p>Payday Loan: Min. 13 days and max. 120 days</p> <p>Installment Payday Loan: Min. 112 days and max 180 days.</p>	<p>Payday Loan: Not Allowed</p> <p>Installment Payday Loan: 1 renewal</p>	Rare
Oklahoma	314	\$500; No more than 2 loans out	\$15 per \$100 for the first \$300 and \$10 per \$100 on the next \$200.	<p>Min. 12 days</p> <p>Max. 45 days</p>	Not allowed	<p>42 Internet</p> <p>19 Licensed</p>