

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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Richard J. Weaver
Commissioner of Finance

February 7, 2013

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, 2011 through September 30, 2012. The summary is based on a 94.5% 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:

- 984 payday loan licenses were issued during calendar year 2012. Lenders closed and opened locations throughout the year with 934 being the approximate average number active at any given time.
- The total number of payday loans made during the reporting period exceeded 2.34 million. (For purposes of this survey, a renewal was treated as a separate loan.)
- The average loan was \$306.12 and the average interest rate was 454.62%. This would result in an interest/fee of \$53.38 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 135 complaint files during the reporting period. Of those, 54 involved licensed lenders while 81 involved unlicensed internet lenders. Complaints consisted of issues such as checks being deposited early, collection tactics, proper crediting of payments, and customer being unable to make payments due to the location being closed. Most cases were resolved by telephone with the licensee.

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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 2012, 97.9% of the licensees examined received a satisfactory compliance evaluation. Refunds totaling over \$70,600 were ordered. Cease and desist orders were issued in instances of serious non-compliance. During 2012, 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,

A handwritten signature in cursive script that reads "Richard Weaver".

Richard Weaver
Commissioner of Finance

Enclosures (2)

**Payday Lender
General Assembly Report**

	January 2005	January 2007	January 2009	January 2011	January 2013
Number of Licenses Issued	1,198	1,545	1,315	1,066	984
% Change from previous	31.00%	29.00%	-15.00%	-19.00%	-7.69%
Number of Active Licenses (approx)	1,100	1,262	1,275	1,040	934
% Change from previous	37.50%	14.70%	1.03%	-18.43%	-10.19%
Number of Loans Made*	2.6 million	2.87 million	2.83 million	2.43 million	2.34 million
% Change from previous	30.00%	11.00%	-1.40%	-14.13%	-3.70%
Average Loan Amount*	\$241.11	\$274.72	\$290.29	\$307.56	\$306.12
Average Number of Renewals*	2.2	1.7	1.7	1.6	1.5
Defaulted Loans*	140,337	183,363	172,954	146,880	122,364
% of Total Loans Made	5.40%	6.40%	6.12%	6.03%	5.23%
Average Annual Percentage Rate (APR)*	408.03	422.26	430.68	444.61	454.62

*Based on figures provided by industry surveys.

PAYDAY LOANS IN CONTIGUOUS STATES

	Licenses	Maximum Loan	Rate / Fees	Term	Renewals	Complaints
Missouri	934	\$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	135 total, with 54 on licensed lenders
Arkansas	Industry is no longer regulated in Arkansas; therefore no information to report.					
Kansas	72 companies with 272 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	Approx. 28
Iowa	209	\$445, with the face amount of the check being \$500	15% on first \$100; then 10% on each \$100 thereafter	No minimum Max. 31 days	Not Allowed	11 on licensed lenders; 18 on internet companies
Tennessee	1168	Face of the check cannot exceed \$500	15% of the face of the check	No minimum Max. 31 days	Not Allowed	76 total, 41 of which were internet related
Kentucky	564	\$500	\$15 per \$100	Min. 14 days Max. 60 days	Not Allowed	13 complaints on licensees; 116 on internet lenders.
Nebraska	108 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	91 total, only 3 of which were against licensees; remainder were internet lenders.

Exhibit B

	Licenses	Maximum Loan	Rate / Fees	Term	Renewals	Complaints
Illinois	520	Payday Loan: Maximum 25% of gross monthly income or \$1000, which- ever is less Installment Payday Loan: Monthly liability of \$1000 or 22.5% of gross monthly income	\$15.50 per \$100	Payday Loan: Min. 13 days and max. 120 days Installment Payday Loan: Min. 112 days and max 180 days.	Payday Loan: Not Allowed Installment Payday Loan: 1 renewal	Rare
Oklahoma	349	\$500; No more than 2 loans out	\$15 per \$100 for the first \$300 and \$10 per \$100 on the next \$200.	Min. 12 days Max. 45 days	Not allowed	42