



**srabc**  
SOUTHERN REGIONAL  
ASSET BUILDING  
COALITION

# Predatory Lending in Alabama

## BALANCE SHEET<sup>1</sup>

Income Poverty Rate, 2012	Asset Poverty Rate, 2011	Net Worth, 2011	Asset Poverty by Race, 2011 (Black:White)
18.4%	24.3%	\$52,293	1.98

**Income poverty:** percentage of households with income below the federal poverty threshold  
**Asset poverty:** percentage of households without sufficient net worth to maintain income at the poverty level for three months in the absence of income  
**Net worth:** median net worth of households, that is, the sum of assets attributable to any individual age 15 years or older in a household, less any liabilities

## FINANCIAL SERVICES<sup>1</sup>

Unbanked Households, 2011	Underbanked Households, 2011	Households with Savings Accounts, 2011	Bankruptcy Rate, 2012 (per 1,000)
10.2%	28.8%	62.6%	5.7

**Unbanked:** percentage of households with neither a checking nor savings account  
**Underbanked:** percentage of households that have a checking and/or savings account and have used non-bank money orders, non-bank check-cashing services, pawn shops, or refund application loans (RALs) in the past 12 months

## POLICY PROTECTIONS<sup>1</sup>

For Payday Loans	Payday Loan Interest Cap	For Car-Title Lending	Car Title Loan Interest Cap	For Short-Term Installment Loans	Short-Term Installment Loans Interest Cap
NO	456%	NO	300%	NO	94%

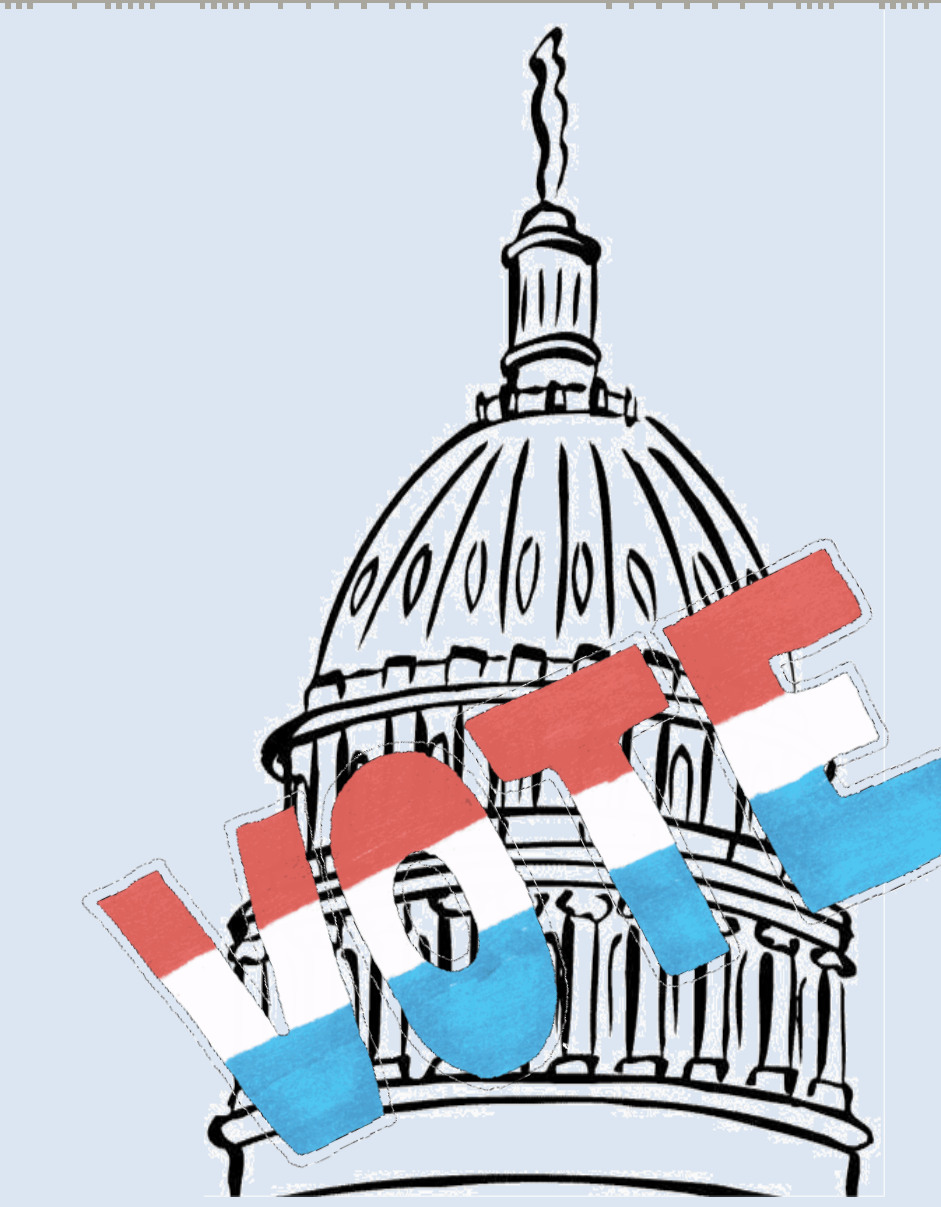
**Payday loan:** Unsecured small-dollar loans that represent an advance on a borrower's next paycheck and generally have a term of two or four weeks<sup>2</sup>  
**Short-term installment loans:** Unlike most payday and car-title loans, small-dollar installment loans – when responsibly regulated – can be a safe product. Therefore, rather than prohibiting them altogether, the best policy is to cap these loans at 36% APR. The Federal Deposit Insurance Corporation recently found that small-dollar lenders can safely and profitably lend to consumers at an APR of 36% or less.<sup>1</sup>



**1,032**  
payday lending  
stores in the state<sup>2</sup>



**66%**  
State Senators



**29%**  
State Representatives

receive campaign  
contributions from payday  
lending industry<sup>2</sup>

1. Corporation for Enterprise Development. (2014). *Assets & opportunity scorecard: Alabama*. Retrieved from <http://scorecard.assetsandopportunity.org/2014/state/al>  
 2. Leigh, W. A. (2014, August). *Where the stores are... and other factors related to legislative support for the payday lending/title loan industry in Alabama*. Washington, D.C.: Joint Center for Political and Economic Studies  
 3. Lohrentz, T. (2013, March). *The net economic impact of payday lending in the U.S.* Oakland, CA: Insight Center for Community Economic Development Retrieved from <http://www.insightcced.org/uploads/assets/Net%20Economic%20Impact%20of%20Payday%20Lending.pdf>