



srabc
SOUTHERN REGIONAL
ASSET BUILDING
COALITION

Predatory Lending in Louisiana

BALANCE SHEET¹

Income Poverty Rate, 2012	Asset Poverty Rate, 2011	Net Worth, 2011	Asset Poverty by Race, 2011 (Black:White)
19.1%	23.6%	\$57,273	2.36

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 SERVICES¹

Unbanked Households, 2011	Underbanked Households, 2011	Households with Savings Accounts, 2011	Bankruptcy Rate, 2012 (per 1,000)
11.5%	27.2%	58.9%	3.4

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 PROTECTIONS¹

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	574%	YES	PROHIBITED ^{3*}	NO	81%

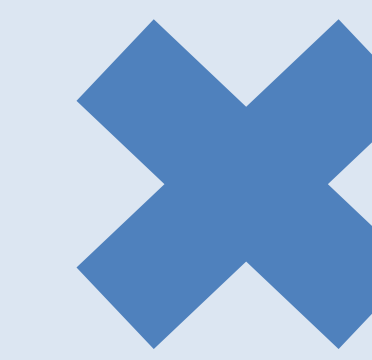
* Current legislation prohibits car-title loans up to \$350 and for terms no greater than two months. Thus, lenders are allowed to make car-title loans for more than \$350 and with terms longer than two months.

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 weeks²

Short-term installment loan: 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.¹



WHEN



The typical \$350 loan carries an APR above 400%⁴

The average customer takes out 11 to 13 loans per year⁵

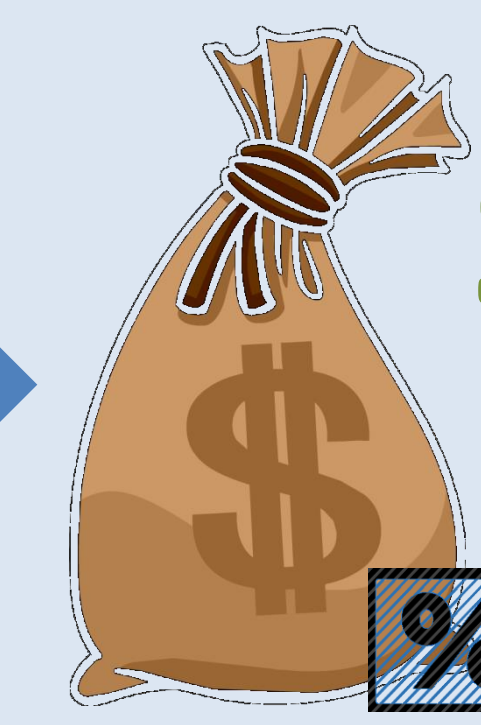
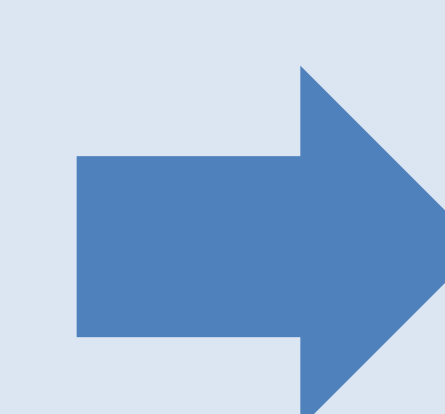
AND



Payday lending storefronts outnumber McDonald's 4:1⁴

LENDERS MAKE

3.1 MILLION loans⁵



\$145.7 MILLION interest & fees⁵

\$42,000,000

Net loss in statewide economic activity in 2013⁵

1. Corporation for Enterprise Development. (2014). *Assets & opportunity scorecard: Louisiana*. Retrieved from <http://scorecard.assetsandopportunity.org/2014/state/la>
 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. Consumer Federation of America. (2012, December). *Car-title loan regulation*. Retrieved from http://www.consumerfed.org/pdfs/Resources_CTL_StateLawTermChart12.2.12.pdf
 4. Mathis, T. (2011, July). *Payday lenders: Trapping Louisiana's working families in a cycle of debt*. Retrieved from <http://www.labudget.org/lbp/wp-content/uploads/2011/07/Payday-Lenders.pdf>
 5. Together Louisiana. (2014, April). *The economic impact of payday lending in Louisiana*. Retrieved from http://www.togetherla.org/wp-content/uploads/2010/09/Economic-impact-of-payday-lending-in-Louisiana_4-5-14.pdf