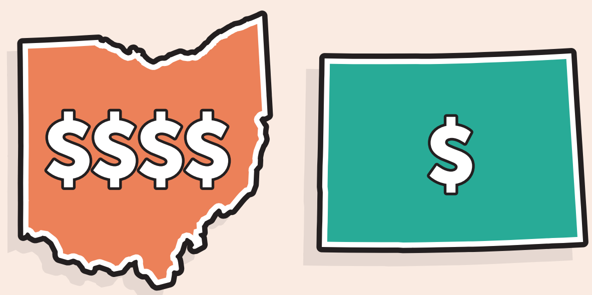
A fact sheet from THE PEW CHARITABLE TRUSTS | Nov 2018

Ohio a National Model for Payday Loan Reform

New policies support borrower protections, lender profitability, and credit availability

Before Reform

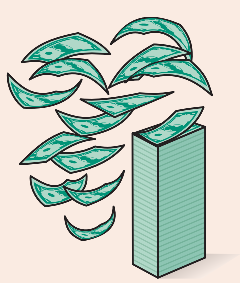
Payday loans in Ohio **harmed consumers**.

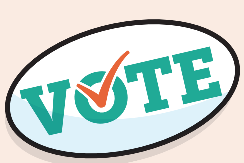


They cost up to **4 times more** than in other states.[1]

Borrowers paid **$680** in fees to borrow $300 for five months, compared with **$172** for the same credit from the same lenders in Colorado, where a 2010 reform set limits on small-loan costs.[2]

Loan payments typically consumed **more than a third** of a borrower's paycheck.[3]





8 in 10

Ohio voters supported payday loan reform.[4]

After Reform

New prices are **3 to 4 times lower** than before.[5] Payments for borrowers are more affordable.

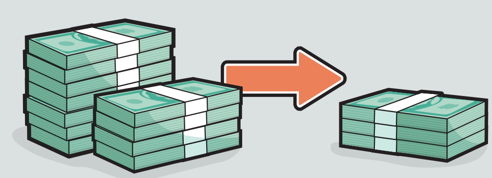
Lenders must provide **at least 3 months** to repay or limit payments to 6% of the borrower's paychecks.

Ohioans will save at least **$75 million** a year and credit will remain widely available, with new competition from lower-cost lenders.

Cost to borrow $400 for 3 months
(fees plus interest)

Before reform: more than **$450**

After reform: **$109**



Blueprint for Reform in Other States

Ohio's model enables lenders to operate profitably without sacrificing critical consumer safeguards, including:

Fair, research-based pricing

Three to 4 times lower than in the highest-cost states, such as Idaho, Missouri, Nevada, Texas, and Wisconsin.[6]

Affordable payments

Loans repaid in equal installments that take a small share of each paycheck and reduce the loan balance.

Reasonable time to repay

Borrowers have months to pay instead of weeks.

Policymakers in states that allow payday lending should follow Ohio's breakthrough approach to save their constituents tens of millions of dollars a year and maintain access to credit.

For a summary of Pew's recommendations for state payday loan reform, visit **pewtrusts.org/paydayreform**.

Endnotes

1 Colorado Office of the Attorney General, "2016 Deferred Deposit/Payday Lenders Annual Report" (2017), https://coag.gov/sites/default/files/contentuploads/cp/ConsumerCreditUnit/UCCC/AnnualReportComposites/2016_ddl_composite.pdf.

2 The Pew Charitable Trusts, "How State Rate Limits Affect Payday Loan Prices" (2014), https://www.pewtrusts.org/en/research-and-analysis/fact-sheets/2014/04/10/how-state-rate-limits-affect-payday-loan-prices.

3 The Pew Charitable Trusts, "Payday Lending in America: Policy Solutions" (2013), https://www.pewtrusts.org/en/research-and-analysis/reports/2013/10/29/payday-lending-in-america-policy-solutions.

4 WPA Intelligence, "Ohio Statewide Survey Results on Payday Lending" (2017), http://wpaintel.com/ohio-statewide-survey-results-payday-lending.

5 Ohio Fairness in Lending Act (H.B. 123), https://www.legislature.ohio.gov/legislation/legislation-summary?id=GA132-hb-123.

6 The Pew Charitable Trusts, "How State Rate Limits Affect Payday Loan Prices."

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