WHO'S PAYING FOR PAYDAY LOANS?

Payday lenders thrive by targeting low-income borrowers that cannot pay back the loans and end up trapped in a cycle of high-cost debt. These loans are sold as a solution to a financial shortfall, but **the average borrower takes out 10 loans in a year and is in debt for five months.** In fact, **82 percent of borrowers borrow another loan within 30 days of paying off the first.**

THE TYPICAL BORROWER IS...

More likely than the average citizen to...

- Use Supplemental Nutrition Assistance Program (SNAP)
- Lose their bank accounts due to multiple overdrafts
- Delay medical care
- Fall behind on rent and child support
- Face serious credit card delinquency within one year
- Currently renting housing
- Possesses education less than a college degree
- Earns a household income of less than $40,000 per year
- Recently separated or divorced
- Has fallen behind on bills

HIGH INTEREST, HIGH DEBT

The annual percentage rate (APR) for payday loans in Indiana is capped at 391 percent. **The average borrower pays $471 in fees to reborrow $346 over and over again.**

ROAD TO BANKRUPTCY

In one study, the number of people declaring Chapter 13 bankruptcy **doubled among payday borrowers** compared with similarly situated applicants who did not qualify for a payday loan.

MORE LOANS THAN COFFEE

There are **286 payday loan storefronts in Indiana** – 60 in Marion County alone! That's higher than the number of Starbucks locations in the county.

MILLIONS OF DOLLARS LOST

Indiana ranks 44th in the nation for bankruptcy. **Payday loans drain about $60 million in fees** from Hoosiers each year.

IS THERE A SOLUTION TO THIS PROBLEM?

YES! We want Indiana to become the 17th state to set a 36 percent APR cap on payday loans. **Sixteen other states and the District of Columbia have implemented a 36 percent (or lower) rate cap** – the amount determined by the Department of Defense as the maximum interest rate for all loans given to active duty troops – with great success. In fact, after North Carolina set a 36 percent APR cap, University of North Carolina researchers found that the absence of storefront payday lenders had **no significant impact on the availability of credit to low- and moderate-income families in the state.**

The majority of Hoosiers are in favor of a rate cap. According to a 2018 poll, **nearly nine in ten Hoosiers support a 36 percent rate cap.** We hope you will, too.

INDIANA ASSETS & OPPORTUNITY NETWORK

ABOUT THE NETWORK

The Indiana Assets & Opportunity Network was created to increase asset acquisition for low-wealth Hoosiers and strengthen local economies through policy advocacy and capacity building in partnership with organizations and coalitions.

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