

Payday Lending and Florida Students

FASFAA Session
Wednesday, May 20, 2015

Agenda

- What is payday lending?
- Who is paying attention to this industry?
- How can we curb predatory lending?



Definition

- Payday Lending is a type of predatory lending:
 - Unfair credit practice that harms the borrower and eventually affects the credit or ownership interest of the borrower
- Payday lending growth





National Statistics

- # McDonald's compared to # payday lenders
 - Florida ranks #14
 - (728 McDonald's/1,164 payday lenders)
 - California ranks #1
 - (1,165 McDonald's/2,451 payday lenders)
- These states currently prohibit payday lenders
 - CT, GA, MD, MA, NJ, NY, NC, VT



The Lender

- Business model **DEPENDS** on repeat loans
- Not focused on applicant's ability to repay
- Providing a “valuable” service
 - Valuable or lucrative?
- Follow the money:
 - Ties to Wall Street
 - Funded by banks that were bailed out in 2008

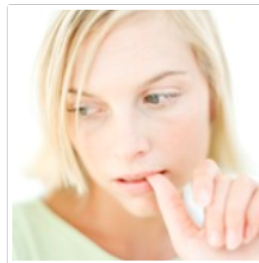


The Borrower



12 M

\$375



80%

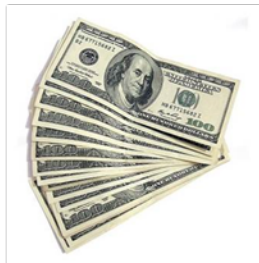


The Borrower



69%

7



\$4.2B



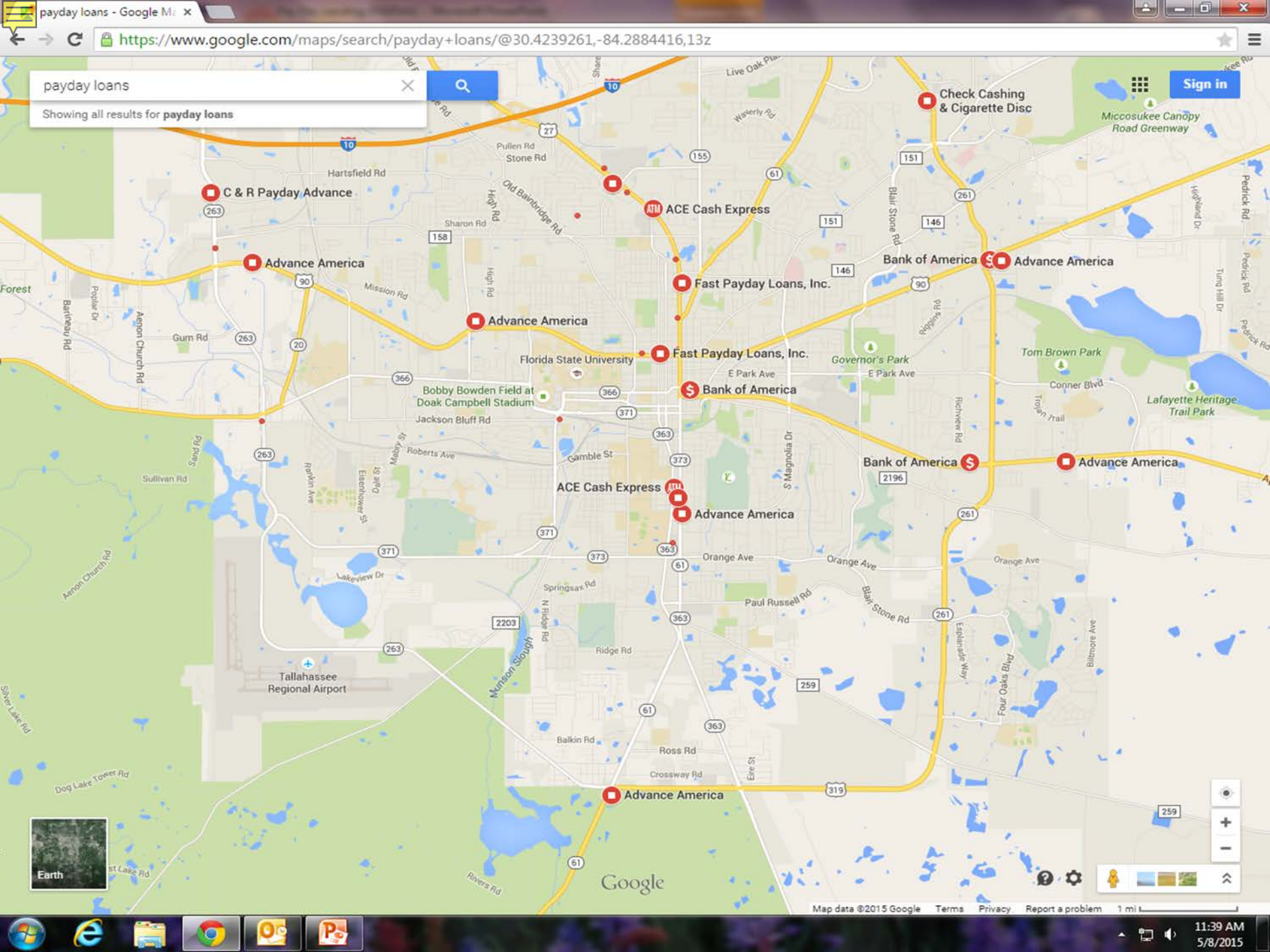
Recognize any of these?





Locations

- Lower-income neighborhoods
- Storefront lenders – used by 75%
- Online lenders – used by 25%
- Online sources
 - Payday Loans: 28,400,000 results in .3 seconds
- TV Commercials



payday loans

Showing all results for **payday loans**

Sign in

C & R Payday Advance

Advance America

Advance America

ATM ACE Cash Express

Fast Payday Loans, Inc.

Fast Payday Loans, Inc.

Bank of America

ACE Cash Express

Advance America

Bank of America

Advance America

Bank of America

Advance America

Advance America

Earth

Google

Map data ©2015 Google Terms Privacy Report a problem 1 mi

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The Prey

- Female (25-44 years of age) or
- Separated/divorced or
- Renter not homeowner or
- No 4 year degree (yet) or
- Earning less than \$40K/year



How It Works



About that fee...

Simple formula for Annual Percentage Rate:

(cost of loan/amount of loan) divided by
length of loan x 365 days

In this scenario:

(\$55/\$500) divided by 14 days x 365 =
286.79%



Back to our scenario:





Here's what REALLY happens:



www.FLDOE.org

What about Florida students? How do they fit into this scenario?





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CASH IS ONE CLICK AWAY®

EXISTING CUSTOMER LOGIN

Username:

Password:

Log In

[Forgot your password?](#)
[Click Here](#)

HOME NAVIGATION

- APPLY NOW**
- HOW IT WORKS
- FAQ'S
- PRIVACY POLICY
- CONTACT US

CUSTOMER TESTIMONIALS

- "...friendly and helpful..."
- "...pleasant experience..."
- "...very satisfied..."

Quick. Easy. Secure.
APPLY NOW!

ATTENTION!
Are you a covered member or the dependent of covered member of a branch of the U.S. military?
[CLICK HERE](#)

I'm Looking into a Cash Advance for the First Time

- What is a cash advance?
- Can I qualify?
- How much can I qualify for?
- What does it cost?
- When do I get my money?
- When do I repay?

My Loan Application has been Submitted Online

- I don't have a printer and I want to print a copy of my loan documents. Can I get my documents another way?
- How do I reprint my loan documents?

Would you like to get a new loan?

ADDITIONAL RESOURCES

Would you like to know more about cash advances and our other services?
[Consumer Notice, Tips & General](#)

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Back to School PayDay Loan

easyazloans.com/Back-to-School-PayDay-Loan.html

EASY(\$) LOANS

Cash Loans | Overnight Cash Loans | Unsecured Personal Loans

Back to School PayDay Loan

With summer almost over, most people will begin their back-to-school shopping. However, there are times when one might just not have enough funds for all that is needed. Thus, one might consider using a credit card for buying things like clothes, books, bookcovers, and other supplies. Since the advent of the sub-prime mortgage crisis, and the downturn of the stock market - buying on credit these days may not be the most prudent thing to do. But, it might be more feasible to consider a PayDay loan that can be used for various educational requirements.

PayDay Loans for the School Supplies

When you need buy a long list of items so that you or your children are all set to go back to school, PayDay loans could prove to be very helpful as they render cash pretty quickly. PayDay loans can be used for buying pens, pencils, compasses, glue, science boards, paper, scissors, and art supplies for the children. All you need to do is fill in an application online and receive the money you require. PayDay loans are quite helpful for parents who need a little extra money to buy all the back-to-school items children may need.

APPLY FOR CASH NOW!

- [Borrow When You Need It](#)
- [Cash Advance Micro Loan](#)
- [Trusted Installment Loans](#)
- [Finish Line](#)
- [Payday Loans](#)

PayDay Loans for College Students

If you are a college student and cannot buy the necessary supplies needed for the next semester because the check that has been sent from home is a bit late, or because the student loan is taking too much time to be processed, you could chose to apply for a back to school PayDay loan. There are several college students who work during the year. However, the money that is earned sometimes is not enough to buy any of the books and supplies needed for the following semester. Back to school PayDay loans can prove to be very helpful. Besides, these are quick and easy to obtain and there is no paperwork required or other forms of documentation. The only requirement is that you have a steady income. You could apply for a PayDay loan online and receive the money quite fast, so you can go ahead and be completely prepared for the new semester.

PayDay Loans for Teachers

Some teachers around the world have to deal with a low income period, particularly in the summer months. If you have to live paycheck to paycheck during the summer months, you could apply for a PayDay loan. A PayDay loan would be ideal, at least until you receive the first full paycheck. All you need to do is fill out a simple application form online and receive the money that you need within a short period of time to purchase whatever supplies you need before starting school in September.

Top Offers

AdChoices

- [Cash Payday Loan](#)
- [Loans for Bad Credit](#)
- [Going Back to School](#)

Best Offers

Fast Cash
- \$200-
\$1000

Approvals In
2 Minutes
Online All
Credit OK!
Pay Back
Over Time

Update is ready to install
Click here for details.

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Payday Loans Are The Best Loans For Needed Students



This is an old saying that student is always poor. Rightly so! In a student life we hardly fulfill our desires. Therefore if you want to fulfill your desires in a school or college life, you do not need to bother about yourself. Rather you should keep in your mind that nothing can be or will be a greater, comfortable and luxurious life than a college life. That's what I am heavily stressing on this point that a student should have a complete

freedom in his or her educational life. He or she must be bounded to the social orders. However if a student is worried due to his or her poor economic circumstances, he or she must not lose his or her heart at all. The good news is that payday loans are available for students to serve you them the best.

What do you mean by a student loan? What is the requirement of a payday loan for students? Can payday loans really help to students to fulfill their needs and wants suitably as well as comfortably? What are the most important benefits of the payday cash advances for students? Coming back to the first question a student payday loans means a short term loan or grant. Usually students get the school grants and college grants during their educational career. Remember payday loan procedure is easy and simple for students. Students can get their mandatory loans & grants by filling up an online payday loan application form. The loan agency will assess this form online and will give you the instant response. In most of the cases, students are granted loans on a timely basis.

Let me tell you that instant cash advances will really lend a hand to the students and scholars to fulfill their socio-economic needs and wants in a comfortable way. As far as the benefits of the student payday loans are concerned, they are more than enough for them. The student loans and grants will reduce their strains quickly how to fulfill their needs properly. Secondly these loans will indeed help to

Apply Online

\$ \$500
 📍 Zip Code

✉ Email

Get

I agree to F...
 I agree to P...

Ready
 Free to App...
 No Obligat...

Bad Credit OK
 No faxing required.
 Online form.

Cash in a Moment
 Agree to lender's terms and money will be deposited to your account

"Nothing...will be a greater, comfortable and luxurious life than a college life."

Fine Print:
APR ranges from 200% to 1386%.

We're Not Alone: United Kingdom

- 2% of undergrads used payday loans in 2014
- 2% = 46,000 students
- Ads run on sandwich wrappers in cafés near university campuses and colleges
- Encourages a casual attitude about loans



Who is paying attention?

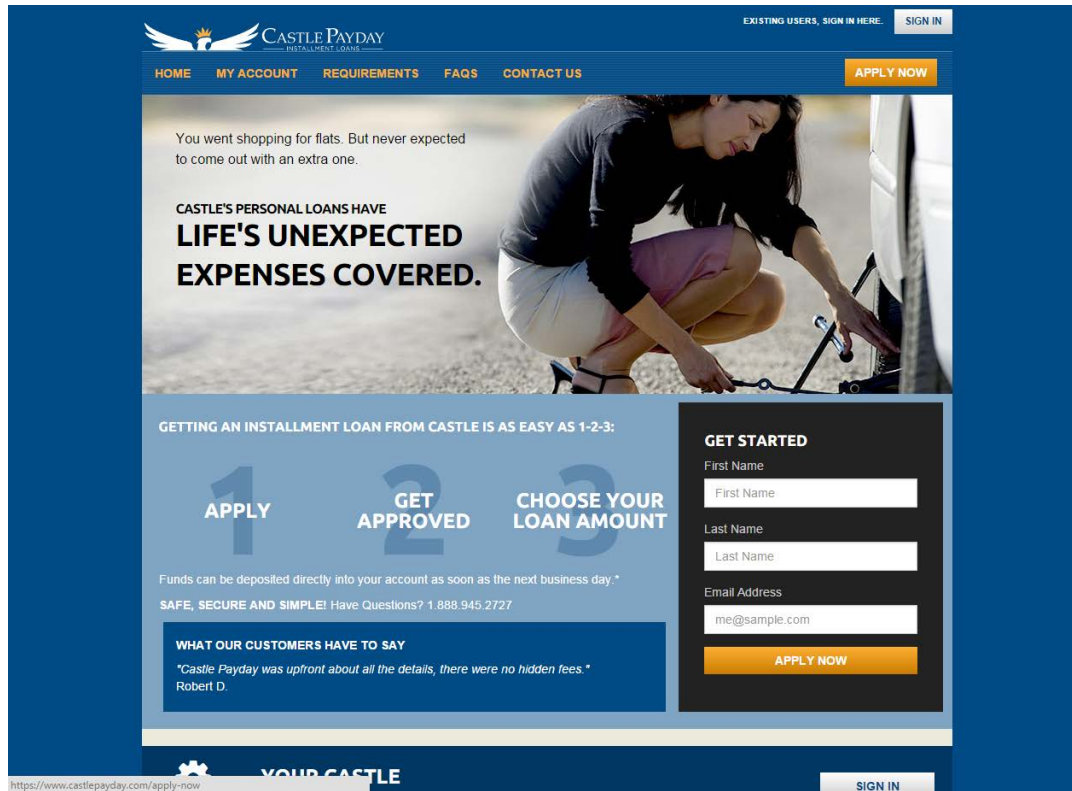
- National People's Action Research:
 - Profiting from Poverty: How Pay Day Lenders Strip Wealth from the Working Poor for Record Profits
- Consumer Financial Protection Bureau (CFPB)
- Pew Charitable Trust surveys
- Chicago's Financial Literacy Summit
- President's Advisory Council on Financial Capability of Young Americans



planet **money**

What's being done?

- CFPB proposed regulations to rein in payday lenders
 - Pros
 - More aggressive – targeting 400% rates and above
 - Requires lenders to ensure borrowers have means to repay
 - Limits on rollovers: only allows 2 rollovers in a 12 month period
 - Ceiling rate of 28% for credit more than 45 days
 - Monthly payments cannot go beyond 5% of pretax income
 - Cons
 - Payday lenders can use federal regulations to overrule tougher state regulations
 - **Loopholes** that might be exploited by payday lenders



The screenshot shows the Castle Payday website. At the top, there's a navigation bar with links: HOME, MY ACCOUNT, REQUIREMENTS, FAQs, CONTACT US, and an APPLY NOW button. Below the navigation bar, there's a large image of a woman crouching next to a car, with text overlay: "You went shopping for flats. But never expected to come out with an extra one." Below this, it says "CASTLE'S PERSONAL LOANS HAVE LIFE'S UNEXPECTED EXPENSES COVERED." A progress bar shows three steps: 1. APPLY, 2. GET APPROVED, 3. CHOOSE YOUR LOAN AMOUNT. To the right of the progress bar is a "GET STARTED" form with fields for First Name, Last Name, and Email Address, and an APPLY NOW button. At the bottom, there's a section titled "WHAT OUR CUSTOMERS HAVE TO SAY" with a quote from Robert D. about no hidden fees. A red arrow points from the text "Loophole: Tribal connections do not have to follow state or local laws." to the bottom of the webpage.

EXISTING USERS, SIGN IN HERE. SIGN IN

HOME MY ACCOUNT REQUIREMENTS FAQs CONTACT US APPLY NOW

You went shopping for flats. But never expected to come out with an extra one.

CASTLE'S PERSONAL LOANS HAVE
LIFE'S UNEXPECTED EXPENSES COVERED.

GETTING AN INSTALLMENT LOAN FROM CASTLE IS AS EASY AS 1-2-3:

1 APPLY 2 GET APPROVED 3 CHOOSE YOUR LOAN AMOUNT

Funds can be deposited directly into your account as soon as the next business day.*

SAFE, SECURE AND SIMPLE! Have Questions? 1.888.945.2727

WHAT OUR CUSTOMERS HAVE TO SAY

"Castle Payday was upfront about all the details, there were no hidden fees."
Robert D.

GET STARTED

First Name

Last Name

Email Address

APPLY NOW

YOUR CASTLE SIGN IN

<https://www.castlepayday.com/apply-now>

Loophole:
Tribal
connections
do not have
to follow
state or local
laws.

At bottom of webpage: *Red Rock Tribal Lending, LLC DBA Castle Payday; a tribal enterprise wholly owned and operated by the Lac Vieux Desert Band of Lake Superior Chippewa Indians, a federally recognized American Indian Tribe and sovereign government.*



NEW: Payroll Debit Cards – Another Loophole?

- Some allow borrowers to borrow for days worked in between pay periods
- How do the providers of payroll debit cards make money?
- Follow the money...



Providers of Payroll Debit Cards

- Around the country most payroll cards are issued by eight big banks:
 - JP Morgan
 - Bank of America
 - Wells Fargo
 - Citibank
 - U.S. Bank
 - PNC
 - Comerica
 - BB&T

What can WE do?



Educate our Students

“An informed consumer is less likely to be taken advantage of.”

Warren Buffet



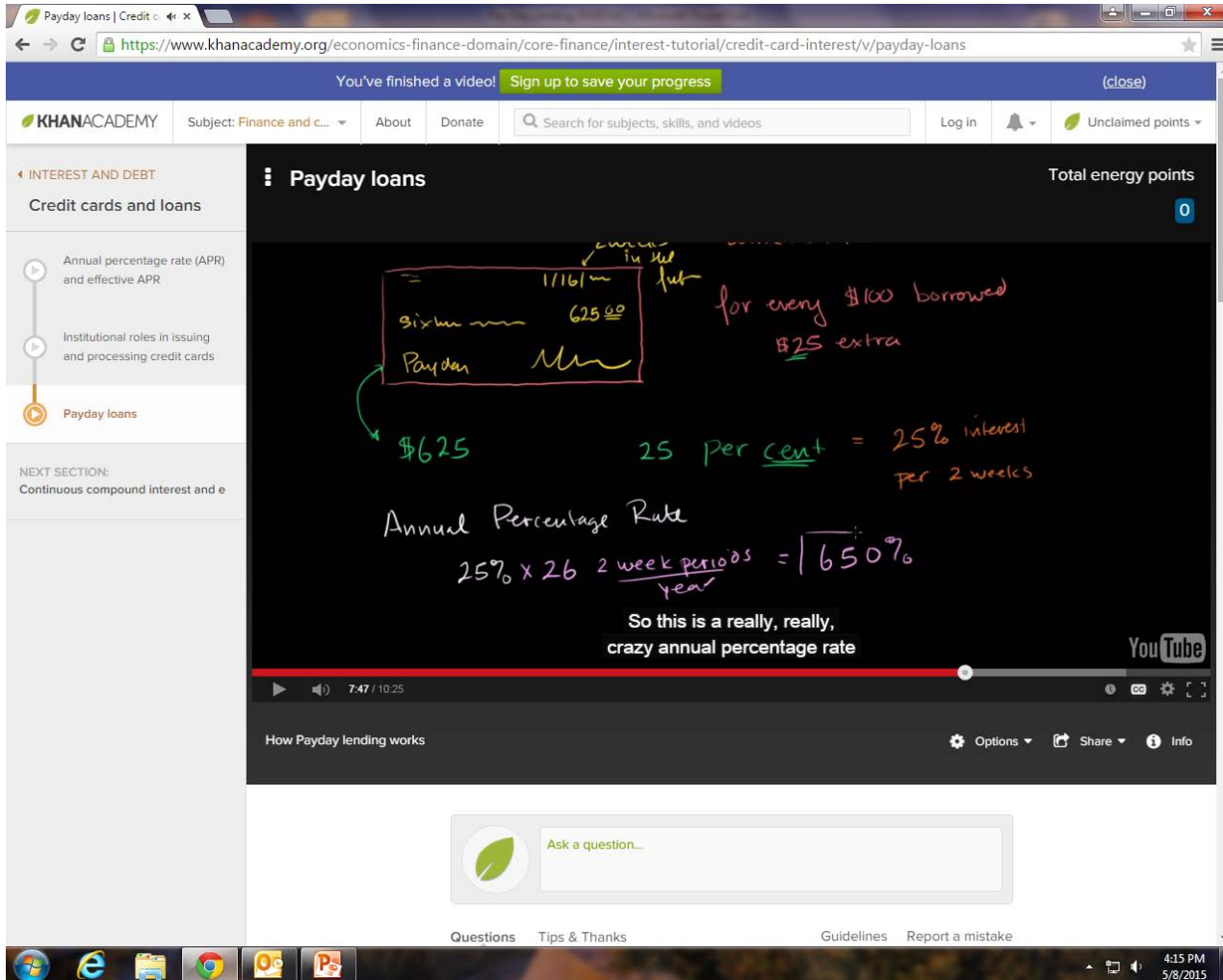


Ideas to Consider

- Teach our students about
ALTERNATIVES to payday lending
- Incorporate money management into
campus financial literacy initiative or
college success classes
- Start a mentoring group of students
helping high school students with money
management



Khan's Academy



Payday loans | Credit c... x

https://www.khanacademy.org/economics-finance-domain/core-finance/interest-tutorial/credit-card-interest/v/payday-loans

You've finished a video! [Sign up to save your progress](#) (close)

KHANACADEMY Subject: Finance and c... About Donate Search for subjects, skills, and videos Log in Unclaimed points

INTEREST AND DEBT

Credit cards and loans

- Annual percentage rate (APR) and effective APR
- Institutional roles in issuing and processing credit cards
- Payday loans**

NEXT SECTION:
Continuous compound interest and e

Payday loans Total energy points 0

Handwritten notes on video player:

- 1/16/14
- 625.00
- for every \$100 borrowed \$25 extra
- 25 per cent = 25% interest per 2 weeks
- Annual Percentage Rate
- $25\% \times 26 \text{ 2 week periods per year} = 1650\%$
- So this is a really, really, crazy annual percentage rate

How Payday lending works

Options Share Info

Ask a question...

Questions Tips & Thanks Guidelines Report a mistake

4:15 PM 5/8/2015

Lesson Plans

- St. Louis Federal Reserve
 - https://www.stlouisfed.org/education_resources/assets/lesson_plans/paycheck/IYP_lesson8.pdf
- Federal Trade Commission (www.ftc.gov)
 - <http://www.consumer.ftc.gov/features/feature-0022-financial-educators>

Community Resources

- Bank On Florida
 - Designed for unbanked/underbanked people
- Florida Prosperity Partnership
 - VITA
 - Promoting awareness with local task forces

Advocacy Opportunities

- Write legislators – empower students to have a voice in this matter
- Join forces with other community-based organizations or faith-based groups to promote awareness

Contact Information

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SAVE THE DATE!

FASFAA 2016

May 24-27, 2016

Hyatt Regency, Coconut Point Resort & Spa Bonita Springs, FL



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