



## **Triple-Digit Danger: Bank Payday Lending Persists**

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## SUMMARY

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In July 2011, the Center for Responsible Lending (CRL) released *Big Bank Payday Loans*, an analysis of 2010 data, finding that payday loans made by banks, like those made by other payday lenders, carried triple-digit interest rates and trapped customers in cycles of long-term debt. We urged federal banking regulators to put an immediate end to this product, which was being offered by only a handful of banks.

Since that time, regulators have expressed renewed concerns about the terms and conditions of payday loans generally and the risks of payday lending by banks in particular. To our knowledge, no additional banks have entered the payday market, but those few banks that were making payday loans then—Wells Fargo Bank, U.S. Bank, Regions Bank, Fifth Third Bank, Bank of Oklahoma and its affiliate banks, and Guaranty Bank—continue to do so.

In this paper, we update and expand our original analysis using more recent data. We find that, even while each participating bank continues to claim that these products are intended for short-term emergencies rather than long-term use, and despite marginal recent changes to product terms, bank payday loans are continuing to trap borrowers in high-cost, triple-digit debt.

## KEY FINDINGS

- Bank payday loans carry an annual percentage rate (APR) that averages 225 to 300 percent.
- The median bank payday borrower took out 13.5 loans in 2011 and spent at least part of six months during the year in bank payday debt. Over a third of borrowers took out more than 20 loans, bringing the mean number of loans per borrower to 19.
- Bank payday borrowers are two times more likely to incur overdraft fees than bank customers as a whole.
- Over one-quarter of all bank payday borrowers are Social Security recipients.

## BANK PAYDAY LOANS ARE MARKETED UNDER A VARIETY OF NAMES

Wells Fargo Bank	Direct Deposit Advance
U.S. Bank	Checking Account Advance
Regions Bank	Ready Advance
Fifth Third Bank	Early Access
Bank of Oklahoma	Fast Loan <sup>SM</sup>
Guaranty Bank	Easy Advance