



Payday Loan Apps: A **Very** Expensive Form of Credit

Payday loan apps' features - expedite fees, optional "tips" extracted through high pressure tactics, frequent notifications, and artificially low borrowing limits that force multiple transactions – cause consumers to pay hefty fees for a loan product often marketed as "free." When added together, the fees associated with repeat payday loan app borrowing result in triple-digit APRs and extract hundreds of dollars per year from borrowers.

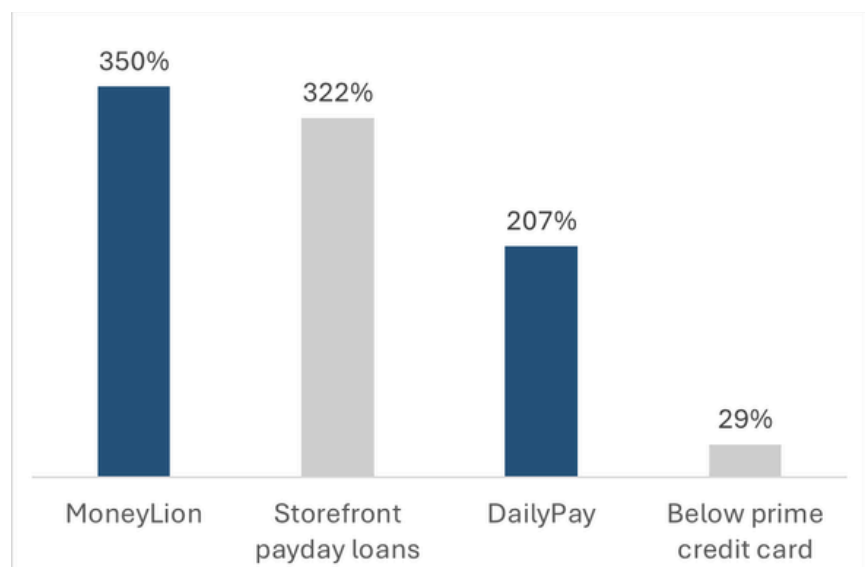
Payday loan apps are more expensive than credit cards and can be as costly as storefront payday loans. Although the per-transaction fees appear lower, the business model depends on frequent, repeated borrowing that masks the high cumulative cost of using these loans over time.

**PAYDAY
LOAN APP
FEATURES—
SMALL LOANS,
HIGH FEES,
ON REPEAT.**



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Figure. 1 APRs by Credit Product



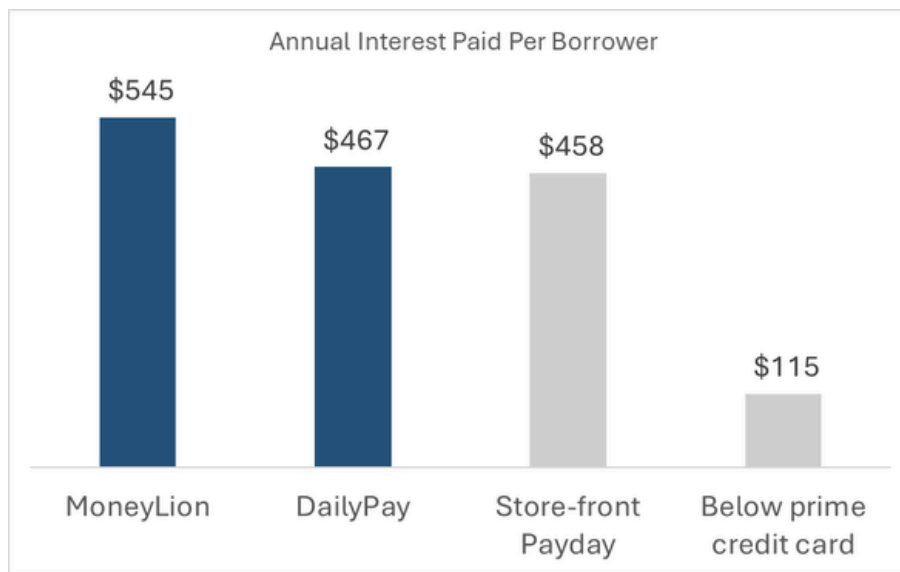
Source: CRL calculations using findings from NY AG, payday and credit card statistics from CFPB 2013, and CFPB 2025

Image credit: Adobe Stock

Company data show that the average payday loan app borrower takes out over 100 loans annually compared to 10 rollovers for a typical storefront payday loan borrower.

Payday loan apps extract fees from borrowers through their business model of repeat borrowing. This results in borrowers paying more in annual fees than they would carrying a balance on a credit card and paying similar fees to taking out storefront payday loans, even when individual transactions appear cheaper.

Figure 2. Annual Interest Paid Per Borrower



Source: CRL calculations using findings from NY AG, payday and credit card statistics from CFPB 2013, CFPB 2016

Sources

CRL calculated the annual cost for typical borrowers based on company data provided to state and federal regulators for payday loan apps, storefront payday loans, and credit cards.

- The median MoneyLion loan is \$50 repaid in 10 days. The fee is \$6.99 including a \$2 “tip”. Borrowers take out 1.98 loans a week. **Source: NY AG, 2025**
- The median DailyPay loan is \$77 repaid in 8 days. The fee is \$3.49. Borrowers take out 2.86 loans a week. **Source: NY AG, 2025**
- A median payday loan is \$350 and repaid in two weeks. The fees are \$53. Borrowers rollover 10 loans annually. **Source: CFPB, 2013**
- The average APR on a subprime credit card is 29%. The average interest charged to a general purpose credit card for a below-prime credit score is \$115. **Source: CFPB, 2025**
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