App-Based Payday Loans

States should regulate app-based payday loans (aka Earned Wage Advances or EWA) as credit to protect consumers.

National

The average direct-to-consumer loan costs consumers $6.49 to borrow $113.31 for 9 days.

232%

APR of the average loan is 232%, similar to storefront payday loans.

$207.85

On average, direct-to-consumer loans cost borrowers $207.85 a year in fees and "tips."

42%

42% of loans were smaller than $100.

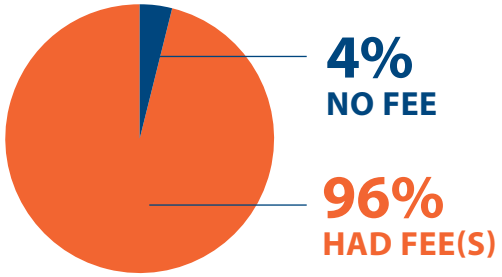
33

On average, borrowers took out 33 loans a year.

Not Free, High Fees

96%

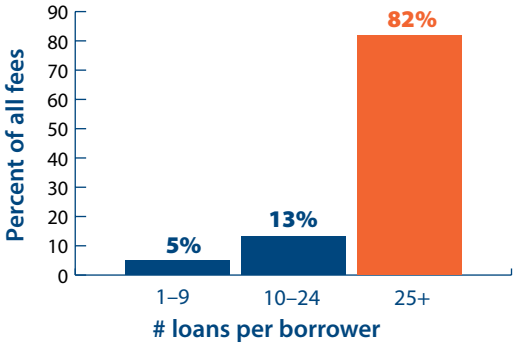
of direct-to-consumer loans included fees or "tips"



Debt Trap by Design

82%

Direct-to-consumer apps extracted 82% of fees and "tips" from borrowers with 25+ loans a year



All calculations are based on bank transactions data from September 2024 through August 2025 for 9,987 national borrowers. Borrowers were identified by screening for deposits and debits containing payday loan app company or product names. Cost calculations were based on matched repayments and fees (including expedite fees, subscription fees, and tips) for advances from 11 direct-to-consumer apps. Cost calculations were not possible for eight employer-based apps because repayments and fee payments are typically made via payroll deduction and not observable in bank transactions data. Loan amount and borrowing frequency analyses were based on all apps. Note that consumers in this sample are not necessarily representative of payday loan app borrowers at large.

JULIAN BOND INSTITUTE

CRL
Center for Responsible Lending