

# What Are Payday Loans??

Payday loans are small-dollar, high-interest loans requiring payback on the borrower's next payday. They require direct access to a borrower's bank account, typically carry triple-digit interest rates, and are made with little or no regard for a borrower's ability to repay the loan.



The average MN borrower takes out 10 payday loans per year.



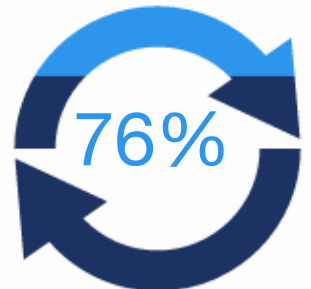
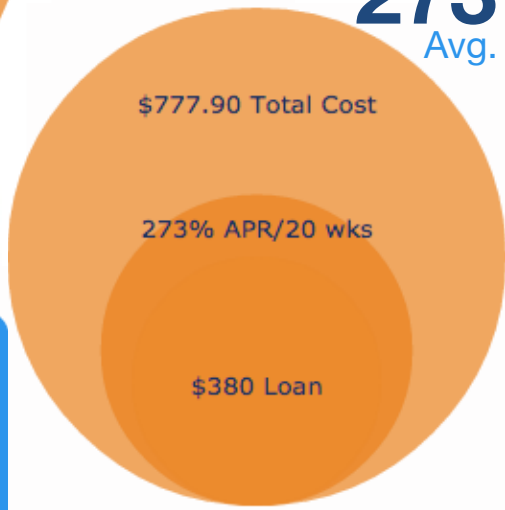
Nearly 70% of borrowers take out loans to cover ordinary expected living expenses NOT emergencies.

The 3 largest lenders in MN (75% of all payday loans) operate under the Industrial Loan & Thrift loophole that allows them to avoid the state payday loan caps.

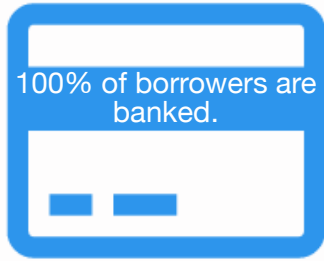
**\$380**  
Avg. payday loan in MN

**273%**  
Avg. APR

Almost half of the U.S. addresses the debt trap through effective bans, rate caps, loan caps, or other reforms.



Of all payday loans are due to churning borrowers into new loans.



100% of borrowers are banked.



**27%** Of borrowers have experienced overdrafts due to lender withdrawals.



Nearly 70% of voters support changing MN law to prevent the payday loan cycle from causing borrowers to remain in debt for more than 90 days in one year.



3 out of 4 MN voters support changing state law to require lenders to ensure a loan is affordable in light of a borrower's income and expenses.

