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## **317,990 Ohio Borrowers Trapped in Payday Lending Debt Cycle**

COLUMBUS – In a new report that uses data from multiple sources, the Ohio Coalition for Responsible Lending (OCRL) calculates that 317,990 Ohio payday borrowers were trapped in a cycle of debt last year, having paid \$37,540,853 in loan fees to payday lenders. The figures are found in “Trapped by Design, County after County,” OCRL’s latest report on the damaging impact of the payday lending debt cycle.

“These are Ohio friends, neighbors, young parents and elderly relatives who have been lured into a lending trap and will spend many times what they borrowed to escape this trap,” said Bill Faith, executive director of COHHIO, an OCRL member organization. “It’s time to amend the 12-year-old law that legalized loan-sharking in our state and break the lending trap.”

A report released last month by the OCRL, “Trapped by Design,” used SEC filings from four of the state’s biggest payday lenders as well as industry data from other states to confirm that the payday lending business model is dependent upon trapping the occasional customer into a repeat borrowing cycle. High interest and fees (391% APR) and short repayment terms combine to snare borrowers in costly back-to-back loan transactions. Statewide, the average borrower takes out 12.6 loans per year. The average loan amount is \$328. By the 13<sup>th</sup> loan, the customer has paid \$637 in fees to borrow the same \$328 over and over again.

The OCRL supports H.B. 333, legislation proposed by Reps. Batchelder (R-Medina) and Bob Hagan (D-Youngstown). H.B. 333 caps interest rates at 36% APR for payday lending and all small loans, thereby “leveling the playing field and spurring new growth in the legitimate small loan marketplace,” said Faith.

Numbers specific to Ohio’s 88 counties can be found in the published report accessible here: [http://cohhio.org/pdf/online\\_library/trapped\\_in\\_debt\\_county.pdf](http://cohhio.org/pdf/online_library/trapped_in_debt_county.pdf)

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