



Analysis of the October 2006 Veritec Report on Trends in Illinois Payday Lending Under the Payday Loan Reform Act

Figure 1. The Payday Loan Reform Act Has Reduced the Cycle of Debt for Intermittent Borrowers

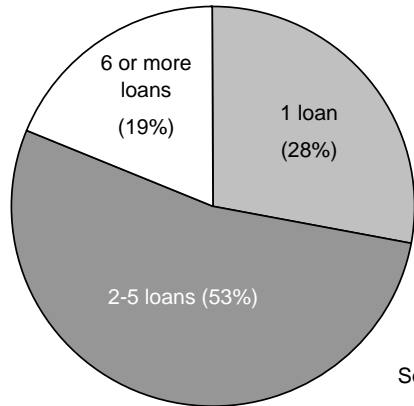
FACT: Based on the data provided in the February and October 2006 Veritec reports, and data collected by the Egan Campaign in 2004, the cost of a \$300 loan for 14 days has decreased 40 percent since the passage of the act, saving the average borrower about \$26 per loan.

Payday Loans	Principal	Fee	Term	APR	Cost of a \$300 Loan for 14 days	Percent Change
Pre-PLRA (1)	\$ 331.14	\$ 144.35	14-31 days	573.18%	\$ 65.95	
Post-PLRA February 2006 (2)	\$ 309.10	\$ 46.69	15.7	351.17%	\$ 40.41	
Post-PLRA October 2006 (3)	\$ 344.69	\$ 51.07	15.7	344.45%	\$ 39.64	
Savings					\$ 26.32	40%

- (1) Greed report p. 3, includes loans with terms varying from 14-31 days, the corresponding APR is the average for all loans
- (2) Veritec Solutions February 2006 report p. 4
- (3) Veritec Solutions October 2006 report p. 4

Figure 2. The Payday Loan Reform Act Provides New Data on Repeat Borrowers

Fact: More than 70 percent of all payday loan borrowers are taking out multiple loans each year and 19 percent of all payday loan borrowers are taking out 6 or more loans, spending over 94 days each year in debt to their payday lender.



Source: Veritec Solutions October 2006 report p. 5

Figure 3. The Payday Loan Reform Act Database is Keeping Repeat Borrowers Out of the Cycle of Debt

Fact: The PLRA is helping to break the cycle of debt by helping at-risk, repeat borrowers into a recovery period and ensuring that the loan amount is indexed to the borrower's income.

Why Borrower Was Denied a Payday Loan	Percent
Attempting to exceed the 45-day period of indebtedness	77%
Attempting to exceed the income-indexed principal amount	15%
Attempting to exceed the limit of 2 concurrent loans	8%
Attempting to borrow during the recovery period	0%
Attempting to borrow during the repayment plan	0%
Total	100%

Source: Veritec Solutions October 2006 report p. 8