Jan Lynn Owen  
Commissioner of Business Oversight  

July 9, 2015

The California Department of Business Oversight (DBO) in February 2015 requested DBO-licensed deferred deposit originators (commonly referred to as payday lenders) to submit the 2015 California Deferred Deposit Transaction Law Industry Survey. The DBO conducts the survey annually pursuant to regulatory authority granted by Financial Code section 23015.

The survey allows the DBO to gather up-to-date information on transaction activities and potential consumer risks in order to assess the financial health and compliance practices of California’s licensed deferred deposit originators. The 2015 survey collected information from 2014 on payday lender issues and activities related to the following:

- Customer ages and income
- Internet transactions
- Lead generators
- Military customers
- Disbursements to customers
- Payments from customers
- Collections
- Customer complaints
- Independent agents

Responses to the survey have been consolidated into a Summary Report. Individual licensees’ responses will remain confidential under Government Code section 6254(d). The Summary Report has been included with this letter for your convenience and also can be found on the DBO website at http://www.dbo.ca.gov/Licensees/Payday_Lenders/Publications.asp. If you have questions or comments about the Summary Report, please contact Tom Dresslar, Deputy Commissioner for Policy and Planning, at (916) 322-1571 or Tom.Dresslar@dbo.ca.gov.

Jan Lynn Owen  
Commissioner  
Department of Business Oversight
STATE OF CALIFORNIA
EDMUND G. BROWN JR., Governor

BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
DEPARTMENT OF BUSINESS OVERSIGHT

JAN LYNN OWEN
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Edgar L. Gill Jr., Senior Deputy Commissioner
Division of Corporations

Tom Dresslar, Deputy Commissioner
Policy and Planning
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Introduction

The California Department of Business Oversight (DBO) in February 2015 administered the California Deferred Deposit Transaction Law – 2015 Industry Survey to all State-licensed deferred deposit originators (commonly known as payday lenders). The DBO conducts the survey annually pursuant to regulatory authority granted by Financial Code section 23015. All but one of the 284 DBO-licensed lenders participated in the survey. Some respondents did not answer every question.

The survey allows the DBO to gather up-to-date information on transaction activities and potential consumer risks in order to assess the financial health and compliance practices of California's licensed deferred deposit originators. The 2015 survey collected information from 2014 on payday lender issues and activities related to the following:

- Customer ages and income
- Internet transactions
- Lead generators
- Military customers
- Disbursements to customers
- Payments from customers
- Collections
- Customer complaints
- Independent agents

This report summarizes the aggregate information collected by the survey and is based on unaudited data provided by licensees.

Due to continuous fluctuations in the deferred deposit licensee population and the difference in response rates, data included in this report does not match data included in the DBO Annual Report: Operations of Deferred Deposit Originators Licensed under the California Deferred Deposit Transaction Law. The DBO on June 16, 2015 posted the annual report for 2014 on its website.
Customers’ Age

Number of Customers by Customers’ Age
Source: Survey questions 1-6

 Customers’ Income

Average Annual Income
Source: Survey question 13

Number of Transactions by Customers’ Age
Source: Survey questions 7-12
Internet Transactions

Percentage of Payday Lenders Conducting Transactions on the Internet
Source: Survey question 14

- Yes: 21 (7%)
- No: 265 (93%)

Internet Transaction Volumes and Amounts
Source: Survey questions 15 - 17

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Customers</td>
<td>379,986</td>
</tr>
<tr>
<td>Number of Transactions</td>
<td>1,629,691</td>
</tr>
<tr>
<td>Transaction Amounts</td>
<td>$444,641,984</td>
</tr>
</tbody>
</table>

Lead Generators

Number of Payday Lenders Using Lead Generators
Source: Survey question 18

- Yes: 11
- No: 274

Lead Generator Fees
Source: Survey questions 22 – 25

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees Paid to Lead Generators</td>
<td>$4,284,813</td>
</tr>
<tr>
<td>Average Maximum Fee Paid per Lead</td>
<td>$64</td>
</tr>
<tr>
<td>Average Minimum Fee Paid per Lead</td>
<td>$8</td>
</tr>
<tr>
<td>Average Fee Paid per Lead</td>
<td>$25</td>
</tr>
</tbody>
</table>

- In 2014, 86 different lead generators referred potential customers to 11 licensees. (Source: Survey questions 18 and 19)
The survey defined “qualified lead” as information about a person who has the interest and authority to complete a deferred deposit transaction.

- 100% of responding licensees that used lead generators indicated they paid lead generators for individual leads, and the lead generators they used provided customers’ personal information. (Source: Survey questions 26 and 27)

- The primary types of customer information provided by lead generators were name, home/cell telephone number, home address, pay period and employer name.

- The “other” types of information respondents indicated they received included: email address, work phone, and whether the person rents or owns their place of residence.

**Percentage of Qualified Leads Resulting in Transactions**

- **Qualified leads with no transactions**: 80,085 (13%)
- **Qualified leads with transactions**: 532,516 (87%)

*The survey defined “qualified lead” as information about a person who has the interest and authority to complete a deferred deposit transaction.
Active Military Customers

Less than 1% of reporting licensees indicated that they had customers in active military service. Of this share of payday lender licensees, the total number of customers was 14, with 35 unique transactions totaling $8,230. *(Source: Survey questions 28 through 31.)*

Disbursements to Customers

- No licensees reported providing payment to customers through credit cards.
- The “other” category includes the following payment types as described by licensees: wire transfer and debit card.
- The volumes reported in this Summary Report are not entirely comparable to those on the Annual Report.
Payment from Customers

Volume of Payments from Customers (Transactions)
Source: Survey question 37

- **Cash**: $8,725,547 (71%)
- **Customer’s post-dated paper check**: $690,122 (6%)
- **Electronic (ACH) transfer from customer’s bank**: $2,261,974 (18%)
- **Prepaid debit card**: $76,721 (<1%)
- **Other**: $437,986 (3%)
- **Credit card**: $104,155 (<1%)
- **Customer’s post-dated paper check**: $690,122 (6%)
- **Electronic (ACH) transfer from customer’s bank**: $176,043,698 (6%)
- **Prepaid debit card**: $16,879,880 (1%)
- **Other**: $87,222,114 (3%)
- **Credit card**: $45,605,388 (1%)

The “other” category includes the following payment types as described by licensees: bank account via debit card, cashier’s checks, money orders, electronic check conversion (ECC), personal check, court payments, money transmission and third-party payments.

Amount of Payments from Customers
Source: Survey question 38

- **Cash**: $2,155,564,250 (72%)
- **Customer’s post-dated paper check**: $176,043,698 (6%)
- **Electronic (ACH) transfer from customer’s bank**: $520,135,534 (17%)
- **Prepaid debit card**: $16,879,880 (1%)
- **Other**: $87,222,114 (3%)
- **Credit card**: $45,605,388 (1%)

Percentage of Payday Lenders Offering a Written Payment Plan
Source: Survey question 40

- **Yes**: 52%
- **No**: 48%

Payment Plan Volumes & Days for Repayment
Source: Survey questions 41 through 43

<table>
<thead>
<tr>
<th>2014</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Dollar Amount of Outstanding Payment Plans</td>
<td>$26,498,023</td>
</tr>
<tr>
<td>Total Number of Outstanding Payment Plans</td>
<td>158,805</td>
</tr>
<tr>
<td>Average Maximum Days for Repayment*</td>
<td>157</td>
</tr>
</tbody>
</table>

* Respondents who reported over a thousand days maximum were excluded from this calculation.


The number of customers who were not in a payment plan and paid in full as a result of in-house collections totaled 208,653. There were 322,411 such transactions. (Source: Survey questions 46 and 47)

The dollar amount of transactions in 2014 that did not have a payment plan and in which customers paid in full as a result of in-house collections totaled approximately $99 million. (Source: Survey question 48)

Collection agencies are required to have a local business license to operate but are not licensed by the DBO. Several laws regulate debt collection companies in California, including the Fair Debt Collection Practices Act (FDCPA), administered by the Federal Trade Commission (FTC), and California's Rosenthal Fair Debt Collection Practices Act (Civil Code 1788-1788.33), which is enforced by the California Attorney General.

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* For the purpose of this survey, “associated” was defined as joining with another or others in a business enterprise.
Customer Complaints

- The DBO will continue to follow-up with licensees to ensure consumer complaints are addressed.

Independent Agents

- Independent agents were defined by the survey as an agent not employed by the licensee who enters contracts to assist in the origination of deferred deposit transactions.

Additional Comments

- Additional comments provided by responding licensees included descriptions of the methodologies they used to prepare the numbers they reported in the survey.
2015 CDDTL ANNUAL REPORT & INDUSTRY SURVEY

INDUSTRY SURVEY INSTRUCTIONS
PLEASE READ THESE INSTRUCTIONS CAREFULLY BEFORE COMPLETING THE INDUSTRY SURVEY

The Department of Business Oversight (DBO) is conducting a survey of its deferred deposit originators.

This electronic survey form has been designed for your convenience in providing the Department with various aspects of your company related to deferred deposits. The information you provide will be used for assessing the overall fiscal health and practices of California’s deferred deposit originator industry.

This report is required in accordance with Financial Code Section 23015. Your responses shall remain confidential under Government Code Section 6254(d); however, information may be aggregated and made available to the public.

Survey submissions are due on or before Mar. 15, 2015.

- Information reported in this Survey should be from the entire calendar year 2014 (or from date of licensure if licensed after Jan. 1, 2014).
- Only California consumer transactions should be reported in the survey.
- For the purpose of this survey, the term “lead generator” means an affiliate or third party that provides contact information of a potential customer for compensation.
- ALL QUESTIONS MUST BE ANSWERED. If you have nothing to report for questions requesting numbers or dollar amounts, then enter zero ("0").
- Some questions depend on how you answer other questions; therefore, some questions may not appear in numerical order.
- Click here for a copy of these instructions.
- To help you compile the information required in the survey, you may wish to print out a copy of the form; CLICK HERE FOR A PAPER COPY TO HELP YOU COMPILE INFORMATION FOR THE ONLINE FORM. (Surveys must be submitted using the online form. Paper submissions will not be accepted.)
- You can close the survey and return to it later by clicking on the Save button below and returning via the link provided to access the survey.
- All input to the survey must be completed no later than Mar. 15, 2015.
- You must click the "Submit" button at the end of the survey to complete the form.

For Assistance
If you have questions about the survey content or need technical assistance with the form, please contact respondtodbo@dbo.ca.gov.
CDDTL ANNUAL REPORT & INDUSTRY SURVEY

INDUSTRY SURVEY
For licensees engaged in business under the California Deferred Deposit Transaction Law
For the Year Ended December 31, 2014

CUSTOMER’S AGE
Please provide the number of customers in each category below based on the customers’ age reported on the deferred deposit application for the period of 1/1/2014 - 12/31/2014. If you have nothing to report for a question, then input a zero (“0”).

1. Customers’ age 18-21:
2. Customers’ age 22-31:
3. Customers’ age 32-41:
4. Customers’ age 42-51:
5. Customers’ age 52-61:
6. Customers’ age 62 or older:

CUSTOMER’S INCOME
13. Please select your customer’s average annual income as reported on deferred deposit application(s) for the period of 1/1/2014 - 12/31/2014.

Please select one:

INTERNET TRANSACTIONS
14. Did you offer deferred deposit transaction business over the Internet during 2014?

☐ Yes
☐ No

Please answer each question for the period of 1/1/2014 - 12/31/2014. Dollar amounts should be reported in whole dollars. If you have nothing to report for a question, then input a zero (“0”).

15. Total number of individual customers who obtained deferred deposit transactions over the Internet (only count repeat customers once):
16. Total number of deferred deposit transactions made over the Internet:
17. Total dollar amount of deferred deposit transactions made over the Internet:
LEAD GENERATORS

18. In 2014, did you use lead generators to refer potential California customers to you?
(For the purpose of this Survey, the term “lead generator” means a person, company, or third party that provides contact information of a potential customer for compensation.)

- Yes
- No

Please answer each question for the period of 1/1/2014 - 12/31/2014. If you have nothing to report for a question, then input a zero (“0”).

19. Total number of lead generators that referred potential customers to you:

20. Total number of qualified leads provided to you by the lead generator(s). (A qualified lead is information about a person that has the interest and authority to obtain a deferred deposit transaction):

21. Total number of individual customers who obtained deferred deposit transactions that were referred to you by the lead generator(s):

Please answer each question for the period of 1/1/2014 - 12/31/2014. Dollar amounts should be reported in whole dollars. If you have nothing to report for a question, then input a zero (“0”).

22. Total dollar amount of fees paid to lead generator(s):

23. Maximum fee paid to a lead generator for a single lead:

24. Average fee paid for each lead generated by lead generator(s):

25. Minimum fee paid to a lead generator for a single lead:

26. Were lead generators paid for each individual lead or were they paid for multiple leads?

- Individual lead
- Multiple leads
- Individual lead and multiple leads
- Other (please explain): 

27. Check the box(es) below for information that was provided by your lead generator(s) during the period of 1/1/2014 - 12/31/2014:

- Name of potential customer
- Home address, city and state
- Home or cell telephone number
- Social Security number
- Date of birth
- Driver’s license number
- Bank name
- Bank account number
- Bank routing number
- Employment income
- Pay period
- Employer name
- Employer address
- Other: 

**Summary Report: California Deferred Deposit Transaction Law – Industry Survey**

### MILITARY CUSTOMERS

28. In 2014, did you have customers in active military service?

- [ ] Yes
- [ ] No

Please answer each question for the period of 1/1/2014 - 12/31/2014. Dollar amounts should be reported in whole dollars. If you have nothing to report for a question, then input a zero (“0”).

29. Total number of **customers** in active military service:

30. Total number of **transactions** for active military service members:

31. Total **dollar amount** of transactions for customers in active military service:

### DISBURSEMENT TO CUSTOMER

32. What is the total **number of customers** who were given funds for a deferred deposit transaction in each of the categories listed below?

Please answer for the period of 1/1/2014 - 12/31/2014. If you have nothing to report for a question, then input a zero (“0”).

- Cash
- Licensee’s paper check
- Electronic (ACH) transfer to customer’s bank
- Prepaid debit card
- Credit card
- Other (please describe in question number 35)

33. What is the total **number of transactions** in which funds were given for a deferred deposit transaction in each of the categories listed below?

Please answer for the period of 1/1/2014 - 12/31/2014. If you have nothing to report for a question, then input a zero (“0”).

- Cash
- Licensee’s paper check
- Electronic (ACH) transfer to customer’s bank
- Prepaid debit card
- Credit card
- Other (please describe in question number 35)

34. What is the total **dollar amount** of funds given for deferred deposit transactions in each of the categories listed below?

Please answer for the period of 1/1/2014 - 12/31/2014. Dollar amounts should be reported in whole dollars. If you have nothing to report for a question, then input a zero (“0”).

- Cash
- Licensee’s paper check
- Electronic (ACH) transfer to customer’s bank
- Prepaid debit card
- Credit card
- Other (please describe in question number 35)

35. Other disbursement types for the period of 1/1/2014 - 12/31/2014. If you did not enter anything into the “other” field in questions 32, 33, or 34 above, leave this question blank.
Payment from Customer

36. What is the total number of individual customers that provided payments in the categories listed below?
Please answer for the period of 1/1/2014 - 12/31/2014. If you have nothing to report for a question, then input a zero ("0").

- Cash
- Customer's post-dated paper check
- Electronic (ACH) transfer from customer's bank
- Prepaid debit card
- Credit card
- Other (please describe in question 39)

37. What is the total number of transactions for each payment category listed below?
Please answer for the period of 1/1/2014 - 12/31/2014. If you have nothing to report for a question, then input a zero ("0").

- Cash
- Customer's post-dated paper check
- Electronic (ACH) transfer from customer's bank
- Prepaid debit card
- Credit card
- Other (please describe in question 39)

38. What is the total dollar amount of payments from customers for each payment category below?
Please answer for the period of 1/1/2014 - 12/31/2014. If you have nothing to report for a question, then input a zero ("0").

- Cash
- Customer's post-dated paper check
- Electronic (ACH) transfer from customer's bank
- Prepaid debit card
- Credit card
- Other (please describe in question 39)

39. Other types of payment for the period of 1/1/2014 - 12/31/2014. If you did not enter anything into the “other” field in questions 36, 37, or 38 above, then leave this question blank.

Payment Plans

40. In 2014, did you offer a written payment plan to your customers who were unable to pay their transaction when due?

- Yes
- No
Please answer each question for the period of 1/1/2014 - 12/31/2014. Dollar amounts should be reported in whole dollars. If you have nothing to report for a question, then enter a zero (“0”).

41. What is the maximum number of days provided to a customer to pay off an outstanding balance through a payment plan?

42. Total number of payment plans:

43. Total dollar amount of payment plans:

PAYMENT PLANS - ADDITIONAL INFORMATION

44. If you need to provide additional information to explain your responses to questions 41, 42, or 43 above, please do so here:

COLLECTIONS

45. In 2014, did you have in-house collections?

- Yes
- No

Answer each question for the period of 1/1/2014 - 12/31/2014. Dollar amounts should be reported in whole dollars. If you have nothing to report for a question, then enter a zero (“0”).

46. Total number of customers who were not in a payment plan and who paid in full as a result of in-house collections:

47. Total number of transactions that were not in a payment plan and paid in full as a result of in-house collections:

48. Total dollar amount of transactions that were not in a payment plan and paid in full as a result of in-house collections:
Summary Report:
California Deferred Deposit Transaction Law – Industry Survey

49. Do you own an outside collection agency?
   - Yes
   - No

50. Are you associated with an outside collection agency? (For the purpose of this Survey, "associated" means to join with another or others in a business enterprise.)
   - Yes
   - No

Answer each question for the period of 1/1/2014 - 12/31/2014. Dollar amounts should be reported in whole dollars. If you have nothing to report for a question, then enter a zero ("0").

51. Total number of customers referred to a collection agency:
52. Total number of transactions referred to a collection agency:
53. Total dollar amount of transactions referred to a collection agency:

CUSTOMER COMPLAINTS

54. Do you have procedures for resolving customer complaints?
   - Yes
   - No

55. Do you keep records of complaints that have been received?
   - Yes
   - No

Please answer for the period of 1/1/2014 - 12/31/2014. If you have nothing to report for a question, then enter a zero ("0").

56. How many customer complaints were received?
57. Do you keep a record of complaints that have been resolved?
   - Yes
   - No

Please answer for the period of 1/1/2014 - 12/31/2014. If you have nothing to report for a question, then enter a zero ("0").

58. How many customer complaints were resolved?

INDEPENDENT AGENTS

59. In 2014, did you contract with an independent agent (who is not your employee) to assist you in the origination of deferred deposit transactions?
   - Yes
   - No
60. Are the independent agent(s) used licensed with the Department of Business Oversight?

- Yes
- No
- Unknown

ADDITIONAL COMMENTS

Please provide any additional comments you may have:

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Submitting the Annual Report and CDDTL Industry Survey

To review the information you have entered, click here. To print your answers, right click on the report that pops up and select "print." Only fields that you have answered will be visible (Note: Your browser security settings may need to be modified to allow pop-ups from this website).

If you wish to return to the form later to make changes or to provide more information, then click the Save button below and exit the browser window. You may return later using the link provided in the notice from the DBO.

When you have completed the Annual Report and Survey, click the submit button below. A message to confirm your submission will appear.

Please note, you may return to the Report after clicking the Submit button; however, every time you re-enter the Report, you will need to submit again.

If you have questions about the Annual Report or Survey content, or need technical assistance, please contact respondtodbo@dbo.ca.gov.
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Materials presented in this report are a collective effort of Department of Business Oversight staff.