

DEPARTMENT OF BUSINESS OVERSIGHT*Ensuring a Fair and Secure Financial Services Marketplace for all Californians*

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Payday Loan Storefronts Concentrated in High-Poverty Areas, DBO Research Brief Shows

More Than 60% in Zip Codes with Higher Family Poverty Rates than State Figure

SACRAMENTO – The California Department of Business Oversight (DBO) today released a [research brief](#) that shows payday loan storefronts are concentrated in areas with higher family poverty rates than statewide ratios.

“We believe this report makes a significant contribution to the policy debate surrounding payday lending in our state,” said DBO Commissioner Jan Lynn Owen. “The data also are relevant to regulations we are considering that would address the problem of consumers taking out multiple payday loans at the same time and establish a common database to allow real-time tracking of transactions.”

The DBO analyzed family poverty and other demographic data for the 627 zip codes where the state’s [1,948 licensed storefronts](#) (main and branch offices) were located as of March 2016. The data are five-year estimates from the U.S. Census Bureau’s 2014 American Community Survey. Among the research brief’s significant findings:

- More than half of the zip codes with payday loan storefronts had family poverty rates higher than the statewide rate.
- More than 60% of payday storefronts were located in zip codes with higher family poverty rates than the statewide rate.
- More than half of payday storefronts were located in zip codes where the poverty rate for families headed by single mothers averaged 40%, more than 12 percentage points higher than the statewide rate for that group.
- In zip codes where the average number of payday storefronts roughly doubled the overall average, the percentage of blacks and Latinos exceeded their share of the total state population. The reverse was true for whites.

The DBO licenses and regulates more than 360,000 individuals and entities that provide financial services in California. The DBO’s regulatory jurisdiction extends over state-chartered banks and credit unions, money transmitters, securities broker-dealers, investment advisers, non-bank installment lenders, payday lenders, mortgage lenders and servicers, escrow companies, franchisors and more.