When Poverty Makes You Sick

The Intersection of Health and Predatory Lending in Missouri

HUMAN IMPACT PARTNERS

Missouri Faith Voices

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HumanImpact.org/lendingjusticemo

Executive Summary

It takes a complex ecosystem of policies to nurture a thriving society in which everyone has the opportunity to make ends meet stress-free, to save for a rainy day, and to find additional financial support at a reasonable cost. Access to these circumstances is a big driver of our personal and family health and well-being.

Yet the reality is that nearly half of American adults experience financial fragility. In other words, faced with an unexpected $400 expense, two out of five people in the United States would need to borrow money or sell something in order to cover it.

One result is that every year about 12 million people in the United States turn to short-term, high-cost loans — such as payday loans. The high fees that come with these predatory loans trap many in a debt cycle. The consequences go beyond the stress of personal finances: research shows that living with financial fragility — having low income, unstable work, and no cushion for unexpected expenses — is a precursor to poor health.

> **The average loan amount in Missouri is $315**, and a lender can charge up to 1950% APR on that amount.

This is especially true in Missouri, where use of payday loans is twice the national average and where lending laws are among the most permissive in the country. In this report, we focus on understanding the landscape of payday lending in Missouri and how payday lending impacts the health of individuals, families, and communities.

> *"Being at the end of my rope, and being young and Black, I feel the stress of trying to juggle three jobs just to be able to pay these payday loans down. . . . But I start to feel like, 'What will my future be?' "*
>
> - *St. Louis resident and focus group participant*

The Presence of Payday Lenders in Missouri Is Deep and Broad

As of May 2018, there were 600+ payday lending storefront and online licenses issued across 91 of Missouri's 114 counties and the independent city of St. Louis. The seven most populous jurisdictions have the greatest number of payday stores, representing one-third of all stores in the state. While communities of color and urban areas have a disproportionate share of lenders, White and rural neighborhoods have them as well.

People Turn to Payday Loans Due to Low Wages and Financial Exclusion

Low wages and exclusion from financial institutions are root causes that lead people in Missouri to use payday loans. While less than 1% of borrowers are unemployed, the average income of borrowers is only $24,607, and nearly one in four Missourians is "unbanked" or "underbanked." Missouri's minimum wage (which will gradually increase) is just $8.60 an hour.

Payday loans exacerbate financial stress by increasing the likelihood someone will miss bill payments, delay health care spending, use food stamps, or even file for bankruptcy.

People Turn to Payday Loans Due to High Costs of Housing, Medical Debt

Focus group participants described high housing costs (rent, mortgage payments, and fees related to eviction proceedings) as well as medical debt as major drivers of payday loan use. The state-level data tell a similar story about the Missouri experience:

- The eviction rate is 2.85%, above the national rate of 2.34%
- Nearly a quarter of families carry medical debt, equaling almost a million people

Payday Loans Contribute to Illness and Poor Well-Being

Research shows a two-way relationship between debt and health: heavily indebted, low-income people are more likely to have poor health, making it harder to hold on to a job. On the flip side, being able to finance immediate debts greatly raises the odds of good health.

We found that the 10 Missouri counties with the worst health rankings have a much higher density of payday lenders than do the 10 counties with the highest health rankings. Unsurprisingly, focus group participants overwhelmingly reported physical and mental health effects from the experience of using payday loans. They also reported their children and family members being adversely affected by the payday experience.

> *"My daughter started getting very stressed by it all. She's only 10 years old, but our deepening debt, even with the loans, made life very hard. . . . She started to get a skin rash all over that the pediatrician said was stress related. It's been hard, physically, on all of us."*
>
> - *Springfield resident and focus group participant*

Missouri Must Protect People Who Need Short-Term Loans

Missouri elected officials are likely to make key decisions in the next year that will either facilitate economic justice for the most vulnerable or prioritize payday lending companies' profits. Based on our findings, we encourage state leaders to cap interest rates, establish strict lending and payment limits, and regulate collection and enforcement practices.

Visit MissouriFaithVoices.org to learn more about payday lending reform efforts in Missouri and find ways to get involved.

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Acknowledgments

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About Missouri Faith Voices

Missouri Faith Voices is a multifaith, multiracial, nonpartisan statewide organization that is committed to empowering and transforming the lives of ordinary citizens who have been targeted by unfair policies and practices and oppressed by racial and economic injustice.

About Human Impact Partners

Human Impact Partners (HIP) brings the power of public health to campaigns and movements for a just society through research, advocacy, capacity building, and field building. Our mission is to transform the policies and places people need to live healthy lives by increasing the consideration of health and equity in decision making.

Introduction

> *"I just can't get the principal paid off because the interest has been so high. The worry about never getting out from under these just paralyzes me. It is overwhelming. I worry about losing my home, about not being able to pay my bills. . . . It never ends. There are times I think: if I died, my debt would die with me. At least I could give my family that."*
>
> - *Springfield resident and focus group participant*

Over the past 30 years, there has been tremendous growth in the use of payday loans in the United States. Nationally, about 12 million people spend $7.4 billion annually at more than 20,000 payday storefronts and websites (Pew Charitable Trusts, 2012b).

When faced with an unexpected expense, or when their current paycheck doesn't stretch to the end of the month, many people have to borrow money to cover basic expenses like rent, utilities, and medical care. Until very recently, traditional banks were not allowed to provide small-dollar loans, and the rollout of this change is still going slowly. In the meantime, many turn to credit cards, if they are eligible, or to alternative services such as pawnshops, payday lenders, or auto title lenders (Federal Reserve Board, 2018).

While these alternative lending services may be filling an unmet need, they are also predatory in that they charge exorbitant interest rates and fees, sinking their borrowers further into debt and financial instability. Nationally, roughly $4.1 billion was spent annually on payday loan *fees* alone in the 35 states without rate caps (Standaert, 2017) — money that could otherwise be used to keep individuals and families afloat and contribute to their economic stability.

In Missouri, one of every ten adults uses payday loans, a rate that is double the national average and second highest in the nation after Oklahoma (Pew Charitable Trusts, 2012a). Of the 1.62 million Missouri payday loans given during the 2016 reporting period, the average loan was $315 and had an average annual percentage rate (APR) of 462.9%, creating $56 in interest and fees on a-14 day loan (Hardman, 2017). Missouri's predatory lending laws are among the most permissive in the country (Pew Charitable Trusts, 2012a).

This report focuses on payday lending in Missouri and how payday lending impacts the health of individuals, families, and communities. We explore why people use payday loans, the current landscape of payday lending in Missouri, and how payday lending impacts physical and mental well-being. We conclude with recommendations for payday lending reform that would protect borrowers from exploitation and susceptibility to the health effects of financial insecurity.

About This Report

Missouri Faith Voices and Human Impact Partners collaborated on this project in response to concerns about the practice of payday lending and impacts on people and communities across Missouri.

Our research methods included:

1) Literature search of peer-reviewed publications
2) Review of related government and nongovernmental organization reports
3) Data analysis from the Missouri Division of Finance and other government sources
4) Two focus groups with approximately 30 people who have used payday loans

Our approach was to assess payday lending as an economic insecurity issue in Missouri through a public health and health equity lens. At Human Impact Partners, we believe the following about health equity: "Health equity means that everyone has a fair and just opportunity to be as healthy as possible. To achieve this, we must remove obstacles to health — such as poverty, discrimination, and deep power imbalances — and their consequences, including lack of access to good jobs with fair pay, quality education and housing, safe environments, and health care."[1]

Within this frame, we see the practice of payday lenders charging exorbitant fees and interest rates as both contributing to and exacerbating economic insecurity among borrowers and creating obstacles to health for Missourians. We therefore focused our research on understanding payday lending practices in Missouri and their health and human impacts. Lessons from this project can inform payday lending reform efforts to better protect the economic well-being and health of Missourians.

[1] Adapted from Braveman P, Arkin E, Orleans T, Proctor D, Plough A. What is health equity? And what difference does a definition make? Princeton, NJ: Robert Wood Johnson Foundation; 2017.

The Landscape of Payday Lending

Since 1979, average wages in the United States have stagnated or declined, particularly for the people who work in low- and middle-income jobs (Schmitt, 2018). Wages have not kept up with the rising cost of living, making it increasingly difficult to make ends meet (DeSilver, 2018). At the same time, the changing composition of the US workforce further complicates wage and income stability: work has moved away from unionized and manufacturing jobs into more nonunionized and service jobs, with a growing number of part-time or contract jobs with irregular or unpredictable schedules (Schmitt, 2018; Golden, 2016).

These conditions have led to nearly half of Americans adults "living very close to the financial edge" (Gabler, 2016). In 2017, one of every five adults in the United States reported being unable to pay their current month's bills in full. Moreover, four out of ten adults reported they either would be unable to cover an unexpected expense of $400 or would cover it by selling something or borrowing money (Federal Reserve Board, 2018).

This lack of savings underscores the financial fragility that many people face, which places them at particularly high risk for using payday loans. As people earn less than they need, they have a thin financial cushion, if any, to meet recurring or unanticipated expenses. As a result, payday loans become a common option for consumers, especially those who are ineligible for credit cards or who have reached their credit limit (Stegman, 2007). If people had greater savings, the need for payday loans would not be nearly as strong.

> *"It wasn't just one thing, although I think even one thing could have sent me under. It was working three jobs at minimum wage and an enormous utility bill from winter. . . . We could not make rent. I applied for food stamps . . . but I was over the income limit for a family our size. . . . I started walking to work every day because I couldn't afford the bus. . . . Eventually, though, with the winter, I decided to take a payday loan."*
>
> - *Springfield resident and focus group participant*

Financial fragility — having low income, unstable work, and no cushion for unexpected expenses — is a key precursor to poor health. Lower-income adults are nearly five times as likely to report being in poor or fair health, and three times as likely to have activity limitations due to chronic illness, when compared adults with family incomes at or above 400% of the federal poverty level (Braveman, April 2011). Those living in poverty are more likely to have their illnesses progress faster, have more complications, and have a lower survival rate than their wealthier counterparts (Minnesota Department of Health, 2014).

How Payday Loans Work

Payday loans are generally short-term, high-cost loans, capped at $500 or less and typically due on a borrower's next payday (CFPB, 2017a). Borrowers provide a post dated personal check to the lender for the amount that includes the principal, interest, and fees. The lender holds the check until the borrower's next payday, which is generally in 14 to 31 days. The borrower can return and reclaim the check by paying off the entire amount, allow the check to be deposited at the bank by the lender, or renew the loan for another 14 to 31 days (CFPB, 2017a).

Other examples of this kind of predatory loan include car title loans, consumer installment loans, and small-dollar loans (Theodos, 2010). In Missouri, with the exception of a $500 cap on payday loans, there are no regulations on maximum loan amounts and interest rates for these products (McCaulley, 2012; Online Lenders Alliance, 2018).

2015 Curb the Rate Rally, Springfield, Missouri.

On top of high interest rates, fees can be added to make these loans even more costly. For instance, anytime a borrower extends a loan because they can't pay it off, lenders charge renewal fees in addition to the principal amount and interest. As a result of these fees, many borrowers must renew or take out additional loans to pay back their debt.

As noted by the Center for Responsible Lending (Astrada, 2018):

> *"The payday lender business model is not about providing credit; it's about creating a debt trap. Over four out of five payday loans—more than 80%—are taken out within a month of the borrower's prior loan. In essence, payday lenders generate their own demand by making unaffordable loans."*

Predatory lending policies began to take shape more than a century ago when a nascent consumer financial industry emerged. As private credit and lending companies grew, they used triple-digit interest rates and strong-arm collection tactics to enforce short-term loan repayment (Fleming, 2018). Nationwide, lending companies simultaneously grew and gained political influence through lobbying. When federal deregulation ensued in the 1970s, this thwarted many state-based efforts to cap payday interest rates or regulate collection practices (Renuart, 2009) — though this has started to shift more recently.

Over time, Congress and federal agencies have established mechanisms to protect consumers. Specifically:

- The Consumer Financial Protection Bureau (CFPB), created in 2010, established federal regulating authority over payday lending generally (Slack, 2012).
- The Military Lending Act protects military families from predatory lending practices and includes a 36% interest rate cap on payday loans (CFPB, 2016).

As of April 2018, 15 states and the District of Columbia have established rate caps to payday lenders of around 36% (Astrada, 2018). In the other 35 states, payday loan rates are often in the triple digits and collectively are estimated to drain more than $4.1 billion in fees from borrowers' pockets each year (Standaert, 2017).

Recently, the Trump administration has called for rescinding proposed CFPB rules that would protect consumers from predatory lending, dropped cases against lenders for charging exorbitant APRs, and is scaling back on enforcement activities. The administration is also encouraging banks to explore offering small-dollar loans to compete with payday lenders (Sweet K, 2018; Garofalo, 2018).

Payday Lenders Constantly Evolve to Skirt Regulations

Since the CFPB was established in 2010, payday lenders have been seeking strategies to avoid potential regulations and increased government scrutiny. In Missouri, reporters have observed that while payday lending has been declining since 2005, the use of alternative loan products — which still carry triple-digit interest rates, are just as risky, and lack regulatory oversight — has increased over the same time period (Moskop, 2017).

Some lenders have switched to installment loans[2] to avoid consumer protection laws (Pew Charitable Trusts, 2016). For example, Advance America, one of the largest lenders in Missouri, has been selling longer-term installment loans to avoid regulations that may be imposed on its shorter-term products. In another case, starting 2013, Delaware law restricted the number of short-term consumer loans that payday lenders can give to borrowers in a 12-month period to five loans. To avoid this policy, 17 companies began

[2] Installment loans are paid under a fixed schedule, where each "installment" includes a portion of principal, interest, and fees. While payday loans require borrowers to pay the total amount at the end of the loan cycle, installment borrowers can pay fixed payment amounts throughout the cycle to pay off the loan. However, installment loans can be as risky as payday loans to the borrowers. These loans do not have a maximum loan amount, and Missouri does not impose any caps on interest rates or and fees (Moskop, 2015).

offering installment loans of more than two months because the law defined “short term” as less than 60 days (Pew Charitable Trusts, 2016).

Nationally, revenue from these installment loans grew from $4.3 billion in 2012 to $6.5 billion in 2016 (Weinstein, 2018), a 50% increase in income in four years. Similarly, the online payday lending market has seen an explosive growth in revenue — tripling nationally between 2006 and 2013, from $1.4 to $4.1 million. As of 2015, online lenders made up close to a third of the payday market (Pew Charitable Trusts, 2014).

According to Pew Charitable Trusts, particularly problematic issues with the online sector include “consumer harassment, threats, dissemination of personal information, fraud, unauthorized accessing of checking accounts, and automated payments that do not reduce loan principal” (Pew Charitable Trusts, 2014).

Majority of Borrowers Get Stuck in Payday Loan Debt

The CFPB published the following data that illustrate the reality of what it means to borrow:

- More than 80% of payday loans are rolled over or renewed within two weeks (CFPB, 2014).
- Only 15% of borrowers repay all of their payday debts when due without re-borrowing within 14 days, 20% default on a loan at some point, and 64% renew at least one loan one or more times (CFPB, 2014).
- Borrowers are stuck in payday loan debt for an average of 196 days per year, or 54% of the year (CFPB, 2013).

Recent research has found that payday loans exacerbate, rather than alleviate, financial stress. For example, households that use payday loans are more likely to miss bill payments, delay spending on health care, make increased use of food stamps or food pantries, have their bank account closed, file for bankruptcy, or be subject to foreclosure (Gathergood, 2018, Royal Society for Public Health, 2018, Montezemolo, 2013).

Collectively, the $4.1 billion in fees paid on payday loans in the 35 states without rate caps hamper future asset building and economic opportunity in communities most impacted by these predatory lending practices (Standaert, 2017). As illustrated by several quotes in this paper, numerous focus group participants reported feeling that they would never be able to get out from under their cumulative debt.

Missouri Has Among the Highest Payday Usage Rates and Costs in the Nation

National Day of Action to End Predatory Lending, Kansas City, Missouri, June 2, 2018

In Missouri today, payday lending laws are among the most permissive in the country (Pew Charitable Trusts, 2014). Storefronts can be found across the state and are readily available to borrowers. As one Springfield resident in our focus group stated, “Growing up, there were no payday loans. My parents were probably just as poor as us, but at the same time, they didn’t have the loans or the debt we do.” Moreover, internet lending is growing, amplifying the reach of predatory lending into areas that previously had less exposure to short-term loans (Pew Charitable Trusts, 2014).

The Missouri Division of Finance is the state agency that licenses storefront and online payday lending institutions in Missouri. According to limited data the agency makes available, across the 12-month 2015–2016 reporting period, there were 1.62 million payday loans made in Missouri (Hardman, 2017). In addition:

- The average loan amount was $314.93
- The average interest rate was 462.9%
- The average fees and interest on a 14-day loan was $55.91
- At any given time, there were about 725 active lenders in the state (with 825 total licenses issued, and some openings and closings)

Figure 1 on the next page shows how much an average loan actually costs in Missouri if it’s rolled over six times, the maximum number allowed. Data from the state indicate that on an initial loan of $315, a borrower will spend $336 in fees and interest over the six rollovers, more than double the amount of the initial loan.

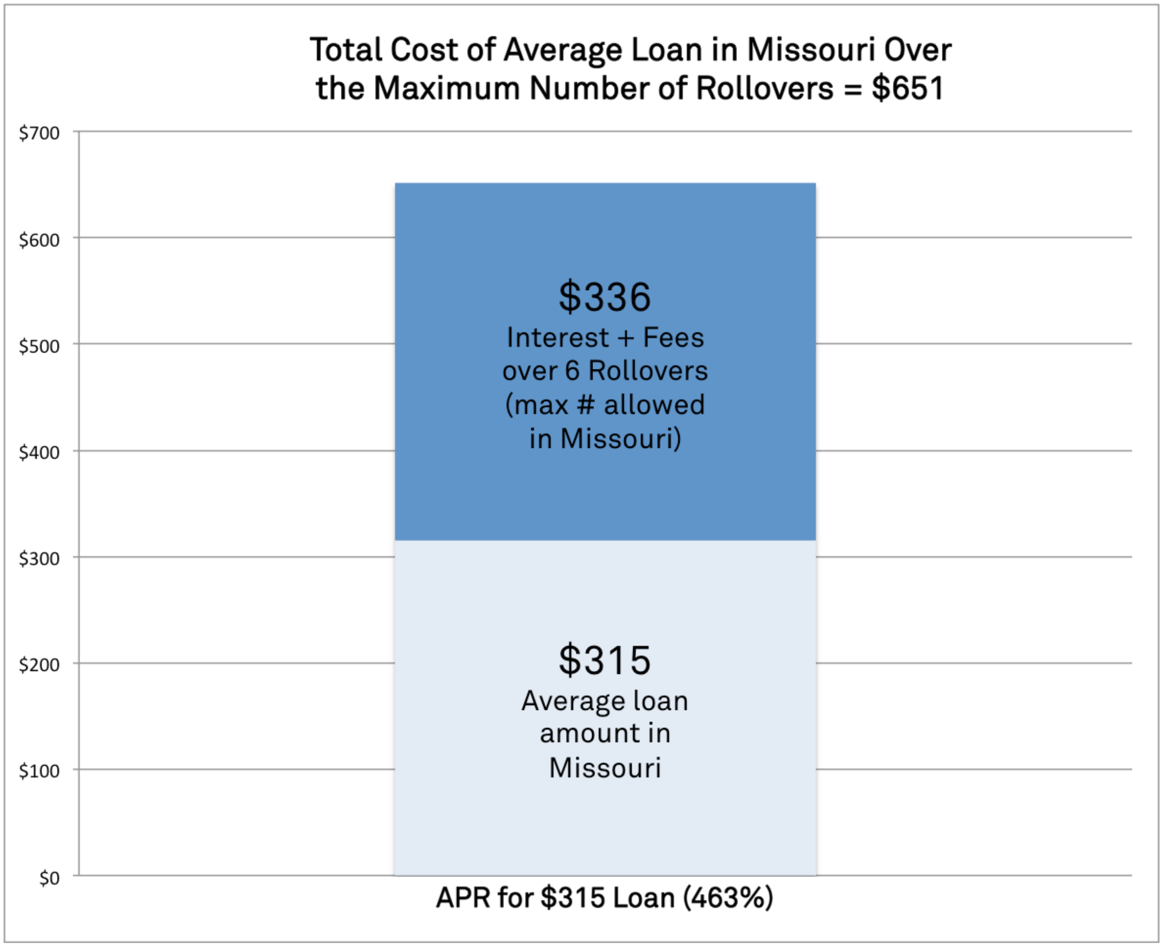
The state of Missouri does not currently publish data on the total number of individual borrowers. However, the Pew Charitable Trusts estimates the Missouri payday loan usage rate at 11%, which is double the national figure (5.5%) and the second-highest rate of the states surveyed (Pew Charitable Trusts, 2012a). Only Oklahoma had a higher usage rate (Pew Charitable Trusts, 2012a).

While the numbers of payday lender licenses and loans made in the state have decreased in recent years, the average payday loan amounts and interest rates have increased (Hardman, 2017). Between January 2007 and January 2017, the average loan amount increased 30% and the average annual percentage rate rose from 422.3% to 462.9% (Missouri Division of Finance, 2018).

The Missouri legislature has passed laws allowing borrowers to renew their loans up to six times and allowing lenders to charge fees and interest of up to 75% of the principal loan amount. For a 14-day loan, this could translate into an APR of 1950%, the highest of any state in the nation (Opploans, 2018).

Numerous bills have been filed over the past decade seeking to impose a state interest rate cap of 36%. None have progressed through a single chamber, having been defeated by the extensive lobbying of the lending industry (Moskop, 2015).

Figure 1: How Much Do Payday Loans Actually Cost in Missouri?



Data source: Hardman, 2017.

Where Are Payday Lenders Located in Missouri?

In May 2018, the Missouri Division of Finance website indicated that there were 600+ payday lending storefront and online licenses issued across 91 of Missouri's 114 counties and the independent city of St. Louis (Missouri Division of Finance, 2018). An analysis of those licensing data indicates that 591 storefronts were physically located in the state. Table 1 lists these storefront lenders and demographic characteristics for Missouri's 20 most populous counties, which account for 75% of the state's total population. Appendix A includes the same data for *all* of Missouri's counties. Figures 2 and 3 show the distribution of the 591 storefronts across the state.

The presence of payday lenders is deep and broad, affecting both urban and rural communities, along with both White and non-White communities and communities across the economic spectrum.

Our findings include these highlights:

- With 56 storefront locations, Jackson County (which includes Kansas City) has the most brick-and-mortar locations of any county in the state.
- The seven most populous jurisdictions (Clay, Jefferson, St. Charles, Greene, St. Louis, and Jackson Counties, plus the city of St. Louis) have the greatest number of payday stores, representing one-third of all payday stores in the state.
- St. Francois County has the highest density of storefront lenders.
- While Jackson County has a higher proportion of Black residents than other counties, many counties with a large number of payday lenders have predominantly White populations, including St. Francois, Greene, Jefferson, Stoddard, Franklin, and St. Charles.
- All but two counties (Clay and St. Charles) have a median household income *below* the state's median.
- Just 24 counties do not have any payday lenders.

Many payday lenders are actually corporate entities whose headquarters are outside Missouri. According to state Division of Finance data, there are 9 payday lending companies with 10 or more storefronts in Missouri, and 90% of these storefronts are run by out-of-state companies. All of the companies, except ACE Cash Express, Inc., have storefronts under various business names, making it hard to know that they are all owned and operated by the same corporation.

Table 1. Density of Payday Lenders and Demographic Characteristics in Missouri's 20 Most Populous Counties

County	# Payday Stores (1)	County Population (2)	Stores per 100,000	% Non-Hispanic White (3)	% Non-Hispanic Black (3)	% in Poverty (4)	Median Household Income (4)
Jackson	56	698,895	8.01	65%	25%	17.2%	$48,104
St. Louis	38	996,726	3.81	68%	26%	10.3%	$61,103
St. Louis City	29	308,626	9.4	46%	48%	26.7%	$36,809
Greene	28	289,805	9.66	90%	4%	18.7%	$41,908
St. Charles	22	395,504	5.56	89%	6%	6.1%	$75,603
Jefferson	21	223,810	9.38	96%	2%	10.9%	$58,232
Clay	20	242,874	8.23	83%	8%	9.1%	$63,702
Jasper	18	120,217	14.97	87%	3%	17.8%	$42,648
Buchanan	16	89,065	17.96	85%	7%	18.4%	$46,680
Franklin	16	103,330	15.48	96%	1%	12.0%	$50,895
St. Francois	15	66,705	22.49	93%	5%	16.8%	$41,461
Scott	13	38,541	33.73	85%	13%	19.6%	$40,276
Barry	11	35,668	30.84	87%	1%	22.3%	$37,869
Butler	11	42,666	25.78	91%	7%	21.6%	$36,302
Stoddard	10	29,369	34.05	96%	2%	16.7%	$38,096
Cape Girardeau	9	78,161	11.51	88%	9%	17.7%	$48,458
Dunklin	8	30,119	26.56	82%	11%	27.4%	$31,220
Taney	8	55,355	14.45	91%	2%	17.8%	$38,040
Boone	8	178,271	4.49	82%	11%	19.3%	$50,813
Pemiscot	7	16,826	41.6	70%	28%	29.1%	$31,671
State of Missouri	591*	6,113,532	9.67	81%	13%	15.3%	$62,285

Data Sources

1) Missouri Division of Finance, bank and licensee search
2) US Census Bureau, Annual Estimates of the Resident Population: April 1, 2010, to July 1, 2017
3) US Census Bureau, Annual Estimates of the Resident Population by Sex, Race Alone or in Combination, and Hispanic Origin for the United States, States, and Counties: April 1, 2010, to July 1, 2017
4) US Census Bureau, 2012–2016 American Community Survey 5-Year Estimates

* A total of 618 payday licenses were issued in Missouri as of May 2018, including for online lenders. Only physical storefront licensees are included in this table.

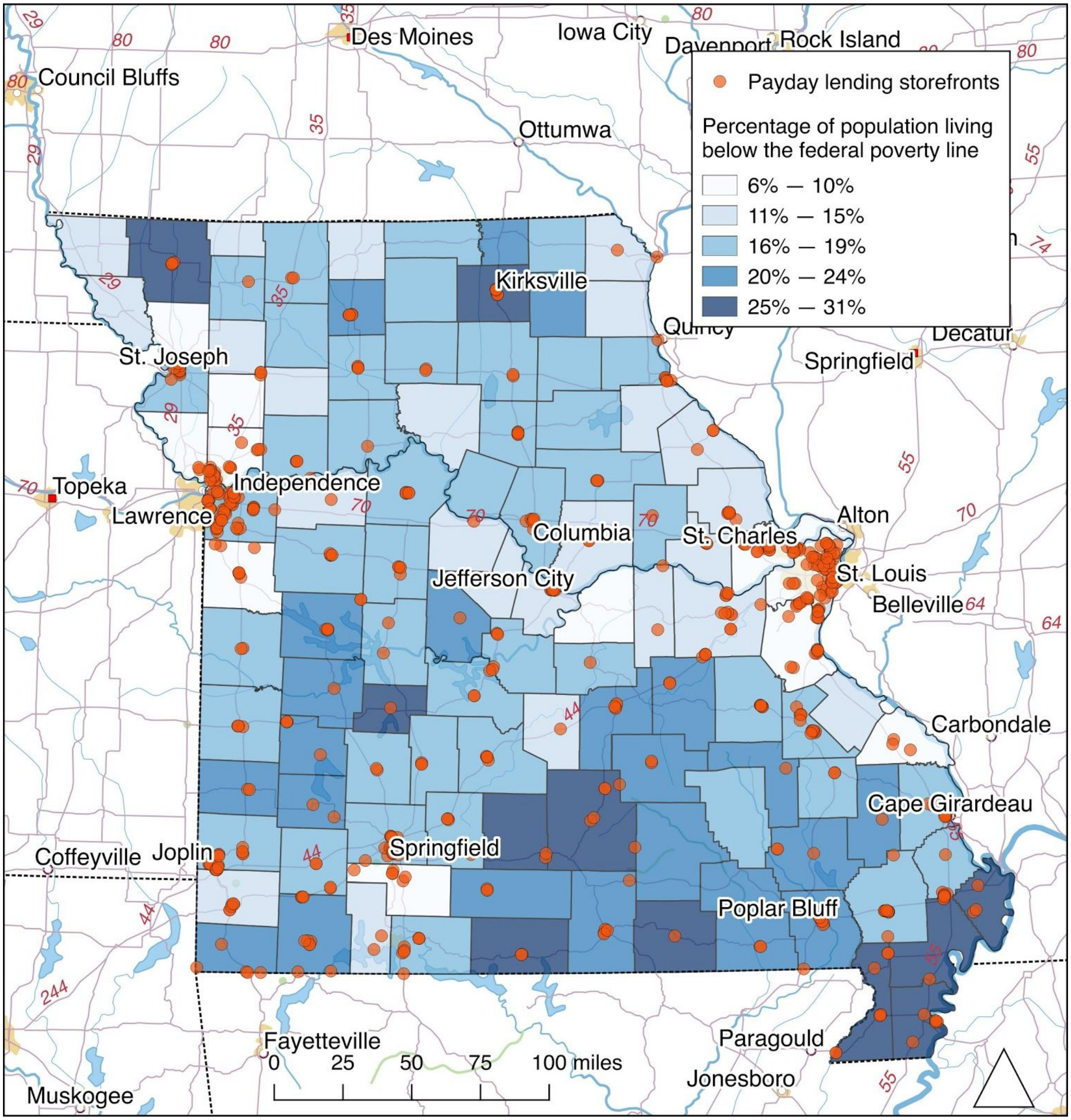
Everyone Feels the Presence of Payday Lenders in Missouri

Payday lending is a ubiquitous problem across the state of Missouri, and virtually everyone feels their presence. While communities of color and urban areas have a disproportionate share of lenders, White and rural neighborhoods have them as well. For example, as mentioned earlier, many counties with a large number of payday lenders have a predominantly White population. And several rural counties have among the highest per person density of lenders throughout the state (e.g., Scott, Barry, Butler, and Stoddard).

Figures 2 and 3 indicate that storefront lenders are located across all areas of the state, with large clusters in the most populated cities of Kansas City, St. Louis, and Springfield. However, the maps also show that there is much heterogeneity in where lenders locate, with lenders in lower-poverty and higher-income counties as well.

2015 Curb the Rate Rally, Springfield, Missouri.

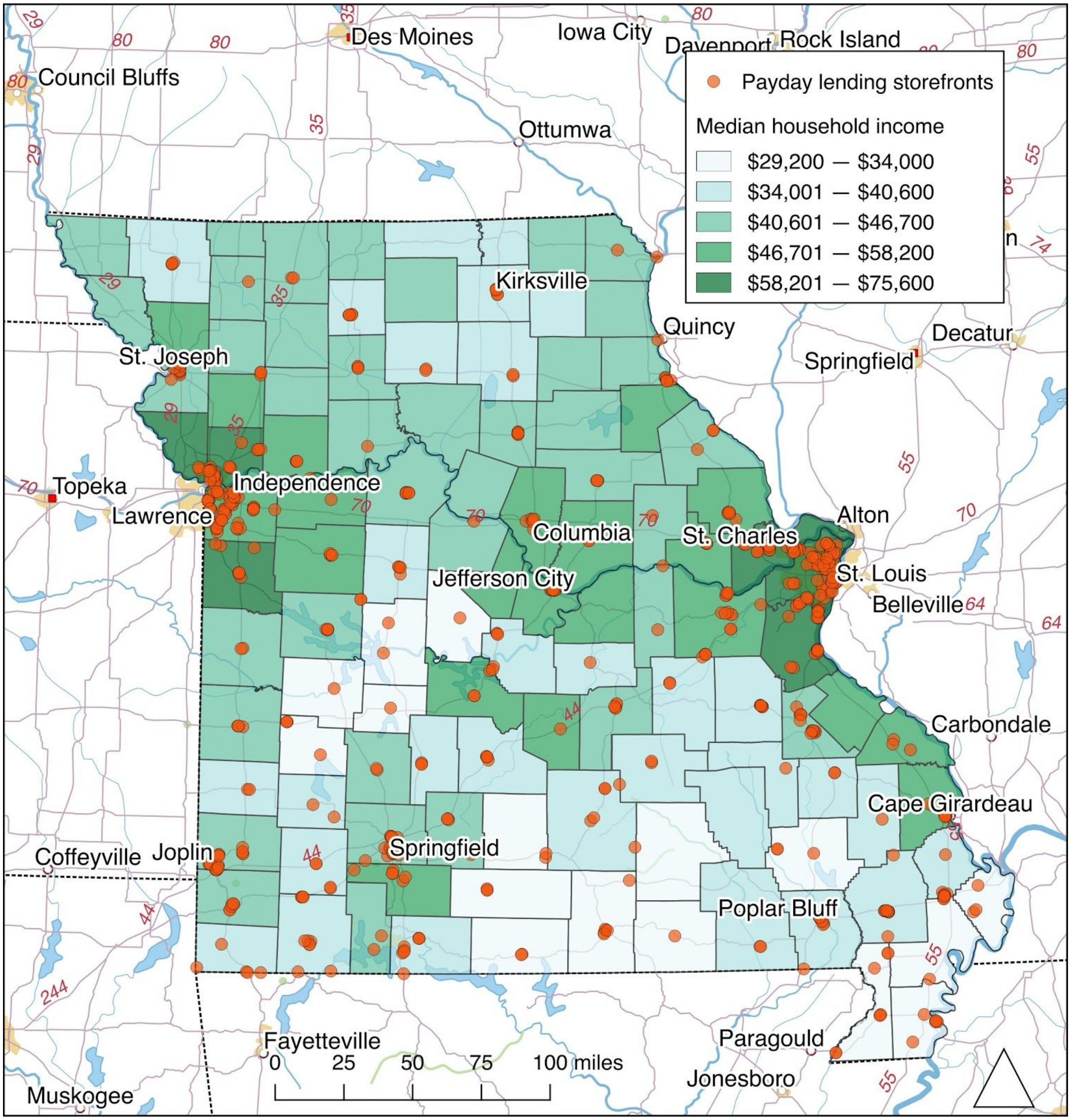
Figure 2. Payday Lending Storefronts and County Poverty Rates in Missouri



Data Source

Missouri Division of Finance, 2018, and US Census American Community Survey, 2012–2016

Figure 3. Payday Lending Storefronts and County Median Household Income in Missouri



Data Source
Missouri Division of Finance, 2018, and US Census American Community Survey, 2012–2016

People of Color and People in Urban Areas Are Disproportionately Impacted

While payday lenders are located throughout Missouri, their presence is disproportionately experienced among people of color and urban residents. Table 1 indicates that the three jurisdictions with the largest number of payday lenders (Jackson County, St. Louis County, and the independent city of St. Louis) have the three largest non-White populations in the state (35%, 32%, and 52%, respectively) and represent nearly a third of the state's population. According to the Missouri Department of Health and Senior Services, these three geographic areas account for 78% of the total Black/non-Hispanic population in the state of Missouri and the largest population of Hispanics (MDHHS, 2016–2017).

These Missouri data align with national data that storefronts, practices, and advertising disproportionately target communities of color (notably African Americans more than Hispanics), lower-income people, renters, and people with lower levels of education (Gallmayer, 2009; Barth, 2015; Prager, 2009). Indeed, the Ferguson Commission cited the impact of predatory lending on Missouri's black residents (Ferguson Commission, 2015).

And although a Pew survey showed that the majority of payday loan borrowers (55%) were White, they were less likely to have used a payday loan than people of color. Specifically, 12% of African American respondents and 6% of Hispanic respondents had used a payday loan, compared with 4% of White respondents (Pew Charitable Trusts, 2012).

Payday Loans Capitalize on People's Vulnerabilities

People in St. Louis and Springfield who participated in our focus groups described in great detail the predatory nature of lender practices in Missouri. They felt that lenders misrepresented loan terms, manipulated contracts, demeaned them in the process, and used harassing practices to collect repayment. Many participants said that lenders offered them the option to apply for a second short-term loan to pay for an initial loan.

> *"I was a victim of the payday loan system. Not understanding it when I got into it. They didn't explain the interest. Lots of times I went to pay my bill, and they said you can just renew this and not worry about it, and they acted so nice. I could send it later. But I had gotten myself into a web I couldn't get out of."*
>
> - *St. Louis resident and focus group participant*

> *"I have taken loans out several times. In each case I was at the end of my rope. . . . I was panicking so much because we were worried about losing our car and our home. . . . I remember crying at the window while I signed, and the ink smearing because of the wet page. I was not in my right mind at all and ended up borrowing much more than I actually needed, but I didn't realize that until later. It was a horrible experience."*
>
> - *Springfield resident and focus group participant*

Why People Seek Payday Loans

A Pew study found that survey respondents in every income group had taken out payday loans. In general, the lower the household income, the greater the percentage of payday loan borrowers. For example, those with household incomes of less than $40,000 were three times as likely to have used payday loans as those with household incomes of $50,000 or more. But still, 1% of survey respondents earning $100,000 had used a payday loan (Pew Charitable Trusts, 2012b).

The same study found that in 2012, 69% of borrowers sought their first payday loan for "recurring expenses," which include utilities, credit card bills, rent or mortgage payments, or food. This is more than four times the proportion of people who initially borrowed for unexpected or emergency use (16%) (Pew Charitable Trusts, 2012b).

More than two-thirds of borrowers renew their loans (CFPB, 2014). Some borrow to pay off prior loans, some renew because they do not have enough funds to pay, and others borrow right after they pay off one loan.

As we describe below, low wages and exclusion from financial institutions are root causes that lead people to use payday loans. Because they are earning less than they need and cannot access low-interest lines of credit, they have no financial cushion to meet recurring or unanticipated expenses, which can create an acute need for payday loans.

Root Cause: Low Wages

One of the key underlying reasons why borrowers pursue payday loans is that their wages are so low that they cannot make ends meet. Missouri's minimum wage is currently set at $8.60 an hour, one of the lowest rates in the country (Federal Reserve Bank of St. Louis, 2018). Although Proposition B (passed by popular vote in November 2018) will gradually increase the state's minimum wage to $12 by 2023 (Missouri Secretary of State, 2018a; Missouri Secretary of State, 2018b), the current rate has not significantly changed in more than 10 years, even as other household costs such as food and housing, have increased (Bureau of Labor Statistics, 2017). A Missouri household with two working parents and two children would need the family's combined hourly wages to be at least $30 an hour in order to be adequately supported (Glasmeier, 2018).

In a May 2018 email, personnel at the Missouri Division of Finance told us that:

- The average income of borrowers was $24,607
- Less than 1% of borrowers were unemployed
- Almost 50% of borrowers were 30 to 49 years old

This information aligns with national data that payday borrowers are generally employed but have lower incomes.

Participants in our focus groups were all too familiar with these statistics. They pointed to the impact of low wages and wage stagnation as a driving force in their use of payday loans. Several participants described working multiple jobs and still being unable to make ends meet. Others described their struggles to simultaneously maintain several low-wage jobs as a source of stress and a "never-ending battle" to support their families financially.

The disparity between Missouri's minimum wage and the cost of living in the state is sorely felt by African Americans, whose median income is about two-thirds that of their White counterparts ($31,977 and $50,979, respectively; US Census Bureau, 2015). Despite the coming increase, focus group participants of all races reported an ongoing desperation that they linked to Missouri's lower minimum wage.

Root Cause: Financial Exclusion

Many Missourians are also financially excluded (FDIC, 2018). The Federal Deposit Insurance Corporation (FDIC) defines "unbanked" households as those that don't have an account at an insured institution, while "underbanked" households have an account but have used alternative financial services within the past 12 months (FDIC, 2016). Missouri has about the same proportion of unbanked and underbanked residents (23.1%) as the US does as a whole (25.2%) (FDIC, 2018).

According to the Federal Reserve Bank of St. Louis (Beard, 2010), reasons for being unbanked include:

- a poor credit history or an outstanding issue from a prior banking relationship
- a lack of understanding about the US banking system
- a negative prior experience with a bank
- language barriers for immigrant residents
- a lack of appropriate identification needed to open a bank account
- living paycheck to paycheck due to limited and unstable income

The Federal Reserve Bank of St. Louis notes that unbanked consumers spend 2.5% to 3% of government benefits checks and 4% to 5% of payroll checks just to cash their check. Most then purchase money orders to pay routine monthly expenses. The bank notes, "When you consider the cost for cashing a biweekly payroll check and buying about six money orders each month, a household with a net income of $20,000 may pay as much as $1,200 annually for alternative service fees — substantially more than the expense of a monthly checking account fee" (Beard, 2010).

One additional reason why lower-income individuals are more likely to be unbanked or underbanked is related to proximity: there are fewer banks and credit unions located in lower-income neighborhoods and many more payday lenders, check cashing establishments, and other alternative financial services. Indeed, in a national investigation of bank closures in the United States between 2008 and 2010, *The New York Times* found there were 396 bank closures in low- and moderate-income communities (with a median household income of less than $50,000). During this same time, 82 branches were added in neighborhoods where household income was above $100,000 (Schwartz, 2011).

Historical practices, such as redlining and restricting people of color from accessing loans, have contributed significantly to the economic inequities experienced by communities of color in the United States (Badger, 2017). In 2016, the Center for Investigative Reporting found that African Americans and Latinos are routinely denied conventional mortgage loans and are given loans at rates far higher than those offered to their White counterparts (Glanz, 2018). This "modern-day redlining" may also contribute to the number of unbanked and underbanked people in communities who are less likely to know how to apply for auto or home loans and less likely to feel comfortable using banks.

As banks and financial institutions are only now beginning to offer small-dollar loans, payday loans are a common option for consumers who are ineligible for credit cards or who have reached their credit limit (Stegman, 2007). Recent qualitative research has found that some people prefer payday lending institutions to banks because the environment is more familiar and they are known customers (Servon, 2017). Many borrowers are aware that payday lenders take advantage of them with high repayment costs, but they also recognize that payday lenders fill an existing need in their financial market (Servon, 2017).

Situational Cause: Housing/Eviction

Focus group participants described high housing costs — rent, mortgages, and the costs of eviction proceedings — as a major driver of payday loan use. In Missouri, approximately 30% of all households are housing-cost burdened (spending 30% or more of income on housing), and this rate is much higher among renters, with nearly 50% of them housing-cost burdened. (Missouri Census Data Center, 2018).

Evictions and eviction costs were cited by focus group participants as directly related to their families' financial precariousness and their need for short-term loans. Evictions are rising in Missouri, where the eviction rate, at 2.85% per 100 homes, is significantly above the national rate of 2.34% (Eviction Lab, 2018). In 2016 alone, more than 35,000 eviction filings were processed in Missouri, and on average, 56 people are evicted every day across the state (Eviction Lab, 2018).

Focus group participants detailed the steep financial toll that eviction-related costs can take on their households: court fees, daily storage fees, clerk fees, and sheriff fees put the cost of even a short eviction proceeding at thousands of dollars. The ensuing debt from an eviction proceeding drive many to payday loans and even greater poverty. As one participant from St. Louis described it: "I see more people getting kicked out of homes, apartments, and taking loans to pay the move-back-in fees. The evictions are going up and up. People need loans to pay that."

Another focus group participant described her family's experience with eviction and low wages as the foundations of ensuing debt and poverty that endured for years:

> *"My rent went up twice this year and it nearly broke my family. Even though I worked two jobs, I could not support my family, pay the bills, and pay rent. We ultimately were evicted, but had to pay so much just keep our belongings in storage and then pay the fines related to evictions. . . . We finally are living with other relatives, but . . . we are still paying off nearly 400% interest on four different loans from three years ago."*
>
> - *Springfield resident and focus group participant*

Situational Cause: Medical Debt

A recent study found that nearly a quarter of Missouri families — almost a million people — carry medical debt (Sommers, 2018). A large majority of these families reported financial consequences from that debt, including borrowing money from family, taking out a loan to pay off debt, or receiving calls from a collection agency (Sommers, 2018).

Our focus group participants echoed these findings. They told us that payday loans were often taken out to afford hospital or medical care for family members and themselves. Often these care-related costs were urgent and demanded immediate financing. Focus group participants consistently reported that payday loans soon made their economic situation worse in these times of medical crisis, and not better:

> *"My mother had breast cancer and needed a slew of different treatments. . . . I wish either she or I had savings to deal with the situation, but we didn't. I went to banks, I went to credit unions, and I sought out charities. But I struck out. I knew I was signing my own future away by taking a payday loan, but I was so desperate. . . . Five years later, I still haven't paid off that loan and we are in even more dire straits."*
>
> - *St. Louis resident and focus group participant*

Resident after resident described near destitution resulting from not only medical debt but accompanying loss of income due to injury or illness. Participants reported curtailing their work hours in order to care for a sick or injured loved one. Without savings or anyone to turn to, many residents described a singular traumatic event in their lives that provoked economic precariousness from which they still struggle to recover.

One participant explained:

> *"My youngest son . . . was in a major motorcycle accident. He had a brain injury and mentally could not cope with the trauma of it all. In addition to many thousands of dollars of doctor's bills, I had to take time off to care for him. We were crippled by the debt, and we needed cash fast to care for him. So I started taking out payday loans. It helped initially but ended costing us so, so much more."*
>
> - *Springfield resident and focus group participant*

Another young woman, who had recently given birth, described a similar situation:

> *"With my family, we needed to take out payday loans a couple of times because my husband was very ill and couldn't work. I kept thinking, as soon as he gets back to work we'll be able to pay those loans off. But he kept getting sicker and had to take time off work for medical procedures at the hospital. And I met so many people there who had similar debts. . . . It seems like the medical stuff really does a lot of damage."*
>
> - *Springfield resident and focus group participant*

Payday Loans Contribute to Illness and Poor Well-Being

In general, payday loans exacerbate indebtedness. Increasing debt increases stress and negatively impacts the physical and mental health of payday loan borrowers, along with the well-being of their families and communities. Drawing extensively from our focus groups and peer-reviewed literature, this section explores how payday loans impact health.

Although low-interest mortgages or student loans may add temporary additional financial strain and stress on an individual or family, over the long term that debt can help borrowers accumulate wealth, buffer other financial strains, and secure conditions for good health. However, for people with insufficient income to pay back their loans, the debt is a constant stressor, especially for poor families and those with limited education (Richardson, 2013; Braveman, March 2011). For most payday borrowers, using payday loans generates more debt and stress.

Continual credit problems and unmet financial needs can contribute to chronic stress, which has been linked to cancer, hypertension, diabetes, heart disease and stroke (Minnesota Department of Health, 2014). Chronic stress also increases the likelihood of preterm birth, substance use and abuse, emotional problems, accidental injuries, physical illnesses, and behavioral disorders (Braveman, March 2011; Kim, 2006).

And this relationship is bidirectional. Poor health impacts earnings and ability to accumulate wealth by limiting employment opportunities, decreasing work hours, and increasing unemployment and/or medical expenditures (Lyons, 2005). Thus, those with lower incomes who are in poor health may find themselves in a vicious cycle: their financial strain affects their access to quality health care, and in turn their poor health perpetuates financial strain (Lyons, 2005).

Relationship of Debt and Health

In recent years, researchers have begun to document a strong relationship between indebtedness and health (Richardson, 2013; Sweet, 2013; Bridges, 2010). Mental health outcomes such as depression and depressive symptoms, suicide, anxiety, poor psychological well-being, and addiction-related disorders are strongly associated with indebtedness (Sweet, 2013). Physical health outcomes such as high blood pressure, obesity, inflammation, and self-reported adverse physical symptoms are also adversely affected by financial loss, indebtedness, and precariousness, which are common risk factors for morbidity and mortality (Turunen, 2014).

Importantly, Lenton and Mosley found that there was a two-way relationship between debt and health. Specifically, they found that heavily indebted low-income people were more likely to have poor health, which made it more difficult to acquire and hold on to steady jobs needed to ease their debt problems (Lenton, 2008).

At the same time, the researchers found that offering individuals a low-interest repayment structure, i.e., giving them access to “cheaper” methods of financing immediate debts, significantly increased the probability that they would report good health (Turunen, 2014).

Missourians’ Health Is Worse Than the National Average

Compared with the national average, Missouri residents have poorer health outcomes; more unhealthy behaviors; less access to clinical care; lower incomes and levels of education; and higher levels of poverty, unemployment, violent crime, income inequality, and segregation (County Health Rankings, 2018).

Collectively, these contribute to Missouri residents reporting more poor physical health days and poor mental health days than the average US resident (Robert Wood Johnson Foundation, 2018). Further:

- 19% of Missourians report poor or fair health, compared with 16% nationally
- 22% of adults in Missouri report smoking, compared with 17% nationally
- 32% of adults in Missouri are obese, compared with 28% nationally
- 26% of adults in Missouri are physically inactive, compared with 23% nationally

County Health Rankings (CHR) provides county data on health outcomes, health behaviors, clinical care, socioeconomic factors, and the physical environment and ranks all counties within a state in relation to one another (Robert Wood Johnson Foundation, 2018).

Table 2 lists the 10 Missouri counties with the lowest and highest health ranks (according to CHR), alongside the number and density of payday lenders and various health measures. Appendix B provides data for all 114 Missouri counties plus the city of St. Louis. Key takeaways include the following:

- While the number of payday stores in each group is comparable, the 10 Missouri counties with the poorest health rankings have a much higher density of payday lenders than the 10 counties with the highest health rankings.
- Pemiscot County has the lowest health ranking (115) in the state and the highest payday lender density (41.6 per 100,000).
- St. Charles County has the highest health ranking in the state and a density of payday lenders that is much lower than the statewide average (5.6 per 100,000 and 9.7 per 100,000, respectively).

Table 2. Payday Lenders and Health Measures in Missouri's "Healthiest" and "Least Healthy" Counties

County	County Health Outcome Rank (1)	# Payday Stores (2)	Total Population (3)	Stores per 100,000	% Poor or Fair Health (4)	# Physically Unhealthy Days (5)	# Mentally Unhealthy Days (6)	% Uninsured (7)
St. Charles	1	22	395,504	5.6	12%	3.5	3.8	7%
Platte	2	2	101,187	2.0	15%	3.9	3.8	8%
Christian	3	7	85,432	8.2	15%	4	4.1	11%
Clay	4	20	242,874	8.2	14%	3.9	4.1	9%
Osage	5	0	13,662	0.0	14%	3.9	3.9	10%
Perry	6	2	19,225	10.4	16%	4.2	4.2	10%
Atchison	7	0	5,275	0.0	16%	4.2	4.2	12%
Andrew	8	0	17,555	0.0	15%	4	4	10%
Boone	9	8	178,271	4.5	17%	4.1	4.2	10%
Cass	10	7	103,724	6.8	15%	4.1	4	9%
Ripley	106	2	13,564	14.7	24%	5.3	4.9	16%
Reynolds	107	0	6,275	0.0	23%	5.1	4.7	16%
Wayne	108	3	13,296	22.6	23%	5.2	4.9	16%
Washington	109	6	25,022	24.0	21%	5	4.6	14%
New Madrid	110	1	17,582	5.7	25%	5.4	5	14%
Butler	111	11	42,666	25.8	23%	5.3	4.8	13%
Mississippi	112	3	13,586	22.1	30%	5.8	5	15%
St. Louis City	113	29	308,626	9.4	24%	5	5	14%
Dunklin	114	8	30,119	26.6	26%	5.5	5	15%
Pemiscot	115	7	16,826	41.6	27%	5.7	5	13%
Missouri	N/A	591	6,113,532	9.7	17%	4.2	4.4	12%
National (7)	N/A	N/A**	N/A**	N/A**	16%	3.7	3.8	11%

Data sources
1) 2018 County Health Rankings (CHR), Percentage of adults reporting fair or poor health (age-adjusted)
2) Missouri Division of Finance, Bank and licensee search
3) US Census Bureau, Annual Estimates of the Resident Population: April 1, 2010, to July 1, 2017
4) 2018 CHR, Average number of physically unhealthy days reported in past 30 days (age-adjusted)
5) 2018 CHR, Average number of mentally unhealthy days reported in past 30 days (age-adjusted)
6) 2018 CHR, Percentage of population under age 65 without health insurance
7) 2018 CHR National Statistics Reference Table
** Given that payday lenders are not permitted in all states and that regulations and lending practices are changing state by state, we are unable to calculate the appropriate population and number of payday lenders per 100,000 people.

Payday Loans Directly Harm Physical and Mental Health

Very recent studies help us better understand the effects of short-term loans, and payday loans in particular, on individuals. University of Washington researchers recently undertook one of the first studies dedicated to the connections between short-term loans and health. The researchers found that loan use from the "fringe banking industry," which includes payday loans and check cashing services, was associated with a 38% higher prevalence of poor or fair health (Eisenberg-Guyot, 2018). A contemporary University of Massachusetts study found that short-term loans are associated with multiple indicators of health, including higher obesity; higher body mass index; and self-reported symptoms of poor physical health, poor sexual health, and high anxiety (Sweet E, 2018).

Missouri focus group participants overwhelmingly reported both physical and mental health effects from the experience of using payday loans. People reported high blood pressure, skin rashes, severe headaches, stomach-related illnesses, and muscle aches and pains. They also reported stress, anxiety, and depression:

> *"I considered myself a pretty healthy young person before I started taking out short-term loans. But. . . . the stress of paying back such a high amount really got to me. I became physically sick, broke out in hives . . . [and] had to go to urgent care. . . . The companies were calling me constantly. I was worried I would lose my home, my job, my children . . . all for not being able to pay."*
>
> - *Springfield resident and focus group participant*

> *"It's stressful, anxiety all the time. You don't want to answer the phone. It's just stressful."*
>
> - *St. Louis resident and focus group participant*

A man discussed how his blood pressure was affected by his use of payday loans:

> *"For me, using these loans was not something I wanted to do, but I had no other option. . . . I had huge medical bills that my insurance would not pay. So I took out these loans. I had no idea how they would come after me. . . . My blood pressure has never been higher."*
>
> - *Springfield resident and focus group participant*

And a young man told of his experience with depression as a result of using payday loans:

> *"Being at the end of my rope, and being young and Black, I feel the stress of trying to juggle three jobs and keep those jobs just to be able to pay these payday loans down. . . . But I start to feel like, 'Will I have a future? What will my future be?' And I grow very depressed. Because the debt of these loans, I think it's going to last me years. And I feel like being Black I may not ever earn enough to get ahead. I get so down that I wonder if I'll ever be happy again."*
>
> - *St. Louis resident and focus group participant*

Payday Loans Impact Borrowers' Families

Financial strain can create family stress and tax family relations (Rothwell, 2010). For example, intimate relationships may deteriorate when one individual (or both) is experiencing money-related depression, anger, withdrawal, and other poor coping behaviors (Falconier, 2011). One nationally representative study found consumer debt directly predicts partner conflict by increasing worry over finances, necessitating a cutback in consumption, and increasing emotional distress, whereas assets indirectly decrease economic pressures and ease marital conflict (Dew, 2007). Another study found parenting skills are compromised during times of economic hardship due to the psychological stress of lack of assets (McKee-Ryan, 2009).

Focus group participants described their children and family members as being adversely affected. One participant said:

> *"My daughter started getting very stressed by it all. She's only 10 years old, but our deepening debt, even with the loans, made life very hard. She had to do without certain clothes, and my own stress made me less attentive of her. She started to get a skin rash all over that the pediatrician said was stress related. It's been hard, physically, on all of us."*
>
> - *Springfield resident and focus group participant*

Another mother described the collection methods used by lenders and how they affected her daughter:

> *"I think my kids got very stressed out from the collection methods. These companies called our landline constantly . . . left phone messages saying I was going to be arrested — for unpaid interest on a payday loan! My seven-year-old cried when she heard that. Later, a man came to our house from a collection company hired by King Kash. The man said I was deadbeat and if I didn't pay they were going to call the law. My daughter was there for that. . . . It was scary, I felly physically in danger, and I actually called the police after he left. My daughter is much older now, but she still remembers that and gets upset just thinking about the stress they caused — not even from the debt, but really the sheer intimidation and bullying."*
>
> - *Springfield resident and focus group participant*

For many participants, a particularly difficult part of the payday experience is realizing that a loan taken for the purpose of resolving critical family needs will not only not help them but will drive them deeper into debt. One participant described taking a payday loan to care for her mother who was critically ill:

> *"I took out a payday loan to travel to see my mother who needed urgent home care. . . . It enabled me to get to her immediately, but almost a week later, they were contacting me to change the terms of the loan and pay them back immediately. They wanted me to take out another loan to cover the payments for the original debt. It was horrible because I was caring for my mother who was very ill. . . . and my payday loan went directly for her care. It has been two years since then, and I am still paying off the interest on that original loan for my mom."*
>
> - *St. Louis resident and focus group participant*

Social stigma also correlates with using payday loans and indebtedness (Dossey, 2007; Dunn, 2012). Studies have found that individuals and families who are in debt and experiencing financial precariousness face social stigmatization in the form of isolating actions by community members, discrimination in hiring, negative labeling, and at times community ridicule. Researchers have also found that this social stigmatization in turn causes additional physical and mental effects that contribute to poorer health.

Conclusion and Recommendations

It takes a complex ecosystem of policies to nurture a thriving society where everyone has the opportunity to make ends meet stress-free, to save for a rainy day, and to find financial support at a reasonable cost. Access to these circumstances is a big driver of our health and well-being. Missouri's payday practices are destructive to the already tenuous financial stability felt in Missouri, wreaking havoc on the health and well-being of people and families throughout the state.

Localities are beginning to adopt payday lending regulations in Missouri

In 2017 the St. Louis City Board of Aldermen passed an ordinance, which voters subsequently approved at the ballot box, to impose annual registration/permit fees of $5,000 per short-term lending establishment (e.g., payday, car title, and check cashing), and provide consumers with a guide on alternatives to short-term loans. The fee associated with these permits funds an office of oversight and provides for regular inspections to ensure that the lenders are following the law. The new ordinance also requires a posting of interest rates and fees in clear and concise format (Ballotpedia, 2017). Other cities across Missouri — such as Springfield and Liberty — are also considering adopting payday lending regulations.

Missouri Must Ensure Protections for People Who Use Short-Term Loans

The payday lending industry continues to need greater transparency, and borrowers need an easier path to graduation so they are not trapped in a cycle of debt. In addition to reforms needed at the federal level, reforms must also come from state government.

Missouri Faith Voices Board members and volunteers at the Consumer Financial Protection Bureau's field hearing on small-dollar lending, Kansas City, Missouri, June 2, 2016.

During the next year, Missouri elected officials are likely to make decisions that will either facilitate economic justice for the most vulnerable or instead prioritize payday lending companies' profits. For borrowers who have less economic or political power, the stakes are high, and the outcomes will determine the economic future for millions of families.

Recommendations for local and state decision makers

- Cap short-term loan interest rates — for example, at 36% annually like the federal cap for active-duty service members
- Require short-term loan payments to not exceed 5% of a borrower's gross income
- Allow borrowers at least three months to repay any short-term loan
- Limit loan charges to no more than 30% of the original amount borrowed
- Review and regulate lenders' debt collection and enforcement practices in accordance with best consumer practices and federal debt collection laws

Recommendations for Missouri residents and advocates

- Contact your elected officials to demand the aforementioned reforms to the payday lending industry
- Share this report with friends, neighbors, and advocates
- Support local organizations — such as Missouri Faith Voices, Missouri Consumer Council, Empower Missouri, and Jews United for Justice — who are offering alternative solutions to predatory lending
- Encourage your local banking institutions and credit unions to offer alternative low-interest loans

Missouri Faith Voices and many other payday lending reform advocates hope the public uses this moment to ask for tighter regulation. To protect poor people from predatory lending, Missourians must use their power to enact and enforce laws as necessary. Equitable access to affordable financial support is within reach if Missouri residents and advocates work together.

Faith for Just Lending press conference, Washington, DC, 2015.

Appendix A. Payday Lending Stores and Demographic Characteristics in Missouri

County	# Payday Stores (1)	Total Population (2)	Stores per 100,000	% Non-Hispanic White (3)	% Non-Hispanic Black (3)	Poverty Rate (%) (4)	Median Household Income (4)
Adair	5	25,377	19.7	92%	4%	26.0%	$37,967
Andrew	0	17,555	0	96%	1%	9.2%	$54,804
Atchison	0	5,275	0	97%	1%	12.0%	$43,438
Audrain	3	25,641	11.7	89%	8%	17.7%	$41,930
Barry	11	35,668	30.84	87%	1%	22.3%	$37,869
Barton	2	11,850	16.88	95%	1%	22.9%	$38,877
Bates	2	16,334	12.24	96%	2%	16.3%	$41,520
Benton	2	19,074	10.49	96%	1%	19.3%	$33,428
Bollinger	1	12,306	8.13	97%	1%	24.0%	$39,493
Boone	8	178,271	4.49	82%	11%	19.3%	$50,813
Buchanan	16	89,065	17.96	85%	7%	18.4%	$46,680
Butler	11	42,666	25.78	91%	7%	21.6%	$36,302
Caldwell	0	9,100	0	96%	1%	13.2%	$44,722
Callaway	4	45,032	8.88	92%	5%	13.1%	$50,362
Camden	5	45,632	10.96	95%	1%	18.2%	$46,747
Cape Girardeau	9	78,161	11.51	88%	9%	17.7%	$48,458
Carroll	1	8,796	11.37	96%	3%	18.5%	$41,537
Carter	0	6,169	0	96%	1%	20.6%	$37,162
Cass	7	103,724	6.75	90%	5%	9.3%	$63,613
Cedar	4	14,073	28.42	96%	1%	23.3%	$33,720
Chariton	0	7,480	0	96%	3%	15.4%	$41,773
Christian	7	85,432	8.19	95%	1%	11.0%	$54,392
Clark	2	6,723	29.75	98%	1%	13.8%	$45,169
Clay	20	242,874	8.23	83%	8%	9.1%	$63,702
Clinton	3	20,554	14.6	95%	2%	9.5%	$57,486
Cole	7	76,708	9.13	83%	13%	12.6%	$54,130
Cooper	1	17,644	5.67	90%	8%	13.3%	$44,917
Crawford	2	24,102	8.3	97%	1%	21.4%	$36,983
Dade	2	7,588	26.36	96%	1%	20.6%	$37,904
Dallas	3	16,673	17.99	97%	1%	18.2%	$37,695
Daviess	0	8,361	0	97%	1%	16.3%	$43,669
DeKalb	0	12,588	0	85%	12%	14.2%	$43,538

County	# Payday Stores (1)	Total Population (2)	Stores per 100,000	% Non-Hispanic White (3)	% Non-Hispanic Black (3)	Poverty Rate (%) (4)	Median Household Income (4)
Dent	2	15,480	12.92	96%	1%	22.4%	$38,020
Douglas	3	13,300	22.56	97%	1%	20.5%	$31,333
Dunklin	8	30,119	26.56	82%	11%	27.4%	$31,220
Franklin	16	103,330	15.48	96%	1%	12.0%	$50,895
Gasconade	2	14,726	13.58	97%	1%	14.3%	$45,505
Gentry	1	6,665	15	97%	1%	15.9%	$44,024
Greene	28	289,805	9.66	90%	4%	18.7%	$41,908
Grundy	4	9,949	40.21	96%	1%	19.9%	$40,187
Harrison	2	8,524	23.46	96%	1%	18.6%	$41,173
Henry	6	21,718	27.63	95%	2%	21.4%	$42,707
Hickory	1	9,475	10.55	96%	1%	25.2%	$33,113
Holt	0	4,413	0	97%	1%	13.9%	$41,017
Howard	0	10,139	0	92%	6%	18.2%	$45,762
Howell	6	40,103	14.96	96%	1%	22.7%	$33,964
Iron	1	10,226	9.78	96%	2%	21.8%	$36,354
Jackson	56	698,895	8.01	65%	25%	17.2%	$48,104
Jasper	18	120,217	14.97	87%	3%	17.8%	$42,648
Jefferson	21	223,810	9.38	96%	2%	10.9%	$58,232
Johnson	4	53,897	7.42	88%	6%	17.0%	$48,977
Knox	0	3,977	0	98%	1%	20.1%	$38,816
Laclede	5	35,443	14.11	95%	1%	19.2%	$40,436
Lafayette	2	32,641	6.13	94%	3%	12.2%	$50,830
Lawrence	4	38,434	10.41	91%	1%	18.1%	$40,505
Lewis	0	9,967	0	94%	4%	13.8%	$45,708
Lincoln	6	56,183	10.68	95%	3%	13.8%	$55,249
Linn	2	12,194	16.4	96%	2%	18.4%	$39,286
Livingston	4	15,173	26.36	93%	4%	17.8%	$44,266
Macon	2	15,251	13.11	95%	3%	18.8%	$37,099
Madison	2	12,243	16.34	96%	1%	16.4%	$36,359
Maries	1	8,867	11.28	97%	1%	18.9%	$40,542
Marion	7	28,634	24.45	92%	6%	17.3%	$43,828
McDonald	5	22,828	21.9	81%	3%	20.7%	$38,846
Mercer	0	3,678	0	96%	1%	14.6%	$41,817
Miller	3	25,228	11.89	96%	1%	19.3%	$40,057
Mississippi	3	13,586	22.08	72%	26%	30.5%	$29,214
Moniteau	2	16,063	12.45	91%	4%	12.3%	$48,974
Monroe	0	8,612	0	95%	4%	15.7%	$41,201
Montgomery	1	11,438	8.74	96%	2%	17.5%	$41,096
Morgan	1	20,145	4.96	96%	1%	24.2%	$32,807

County	# Payday Stores (1)	Total Population (2)	Stores per 100,000	% Non-Hispanic White (3)	% Non-Hispanic Black (3)	Poverty Rate (%) (4)	Median Household Income (4)
New Madrid	1	17,582	5.69	82%	17%	24.6%	$31,615
Newton	6	58,290	10.29	89%	2%	14.4%	$44,474
Nodaway	4	22,472	17.8	93%	3%	25.5%	$39,908
Oregon	1	10,558	9.47	96%	1%	26.3%	$30,442
Osage	0	13,662	0	98%	1%	6.9%	$54,119
Ozark	2	9,186	21.77	97%	1%	27.2%	$31,087
Pemiscot	7	16,826	41.6	70%	28%	29.1%	$31,671
Perry	2	19,225	10.4	96%	1%	7.9%	$53,014
Pettis	5	42,558	11.75	87%	4%	16.9%	$40,467
Phelps	5	44,744	11.17	91%	3%	20.6%	$41,603
Pike	3	18,567	16.16	89%	9%	15.2%	$42,779
Platte	2	101,187	1.98	83%	8%	7.1%	$70,879
Polk	2	31,794	6.29	95%	1%	17.6%	$42,483
Pulaski	1	52,059	1.92	73%	13%	14.6%	$49,216
Putnam	0	4,811	0	97%	1%	18.7%	$38,125
Ralls	0	10,224	0	97%	2%	12.6%	$48,919
Randolph	6	24,945	24.05	91%	7%	17.6%	$40,638
Ray	3	22,855	13.13	95%	2%	16.1%	$53,459
Reynolds	0	6,275	0	96%	2%	19.6%	$36,736
Ripley	2	13,564	14.74	97%	1%	23.9%	$34,145
Saline	5	22,660	22.07	83%	6%	17.1%	$40,645
Schuyler	0	4,508	0	98%	1%	22.1%	$37,583
Scotland	0	4,963	0	98%	1%	16.4%	$41,336
Scott	13	38,541	33.73	85%	13%	19.6%	$40,276
Shannon	0	8,249	0	96%	1%	22.6%	$32,284
Shelby	0	6,021	0	96%	2%	16.7%	$41,351
St. Charles	22	395,504	5.56	89%	6%	6.1%	$75,603
St. Clair	1	9,362	10.68	96%	1%	22.4%	$33,750
St. Francois	15	66,705	22.49	93%	5%	16.8%	$41,461
St. Louis	38	996,726	3.81	68%	26%	10.3%	$61,103
St. Louis City	29	308,626	9.4	46%	48%	26.7%	$36,809
Ste. Genevieve	0	17,843	0	96%	1%	14.5%	$49,356
Stoddard	10	29,369	34.05	96%	2%	16.7%	$38,096
Stone	2	31,699	6.31	96%	1%	13.4%	$41,944
Sullivan	0	6,229	0	78%	3%	16.4%	$42,639
Taney	8	55,355	14.45	91%	2%	17.8%	$38,040
Texas	6	25,735	23.31	93%	4%	26.2%	$35,730
Vernon	4	20,437	19.57	96%	1%	17.4%	$40,655
Warren	4	34,373	11.64	94%	3%	13.6%	$51,509

County	# Payday Stores (1)	Total Population (2)	Stores per 100,000	% Non-Hispanic White (3)	% Non-Hispanic Black (3)	Poverty Rate (%) (4)	Median Household Income (4)
Washington	6	25,022	23.98	95%	3%	19.8%	$36,701
Wayne	3	13,296	22.56	97%	1%	23.0%	$33,954
Webster	4	38,665	10.35	96%	2%	18.7%	$44,814
Worth	0	2,057	0	97%	1%	13.1%	$44,974
Wright	2	18,331	10.91	96%	1%	25.3%	$30,581
State of Missouri	591	6,113,532	9.67	81%	13%	15.3%	$62,285

Data Sources

1) Missouri Division of Finance, Bank and licensee search. A total of 618 payday licenses were issued in Missouri as of May 2018, including online lenders. Only physical storefront licensees are included in this table.

2) U. Census Bureau, Annual Estimates of the Resident Population: April 1, 2010, to July 1, 2017

3) US Census Bureau, Annual Estimates of the Resident Population by Sex, Race Alone or in Combination, and Hispanic Origin for the United States, States, and Counties: April 1, 2010, to July 1, 2017

4) US Census Bureau, 2012–2016 American Community Survey 5-Year Estimates

Appendix B. Payday Lending Stores and Health Outcomes in Missouri

County	# Payday Stores (1)	Total Population (2)	Stores per 100,000	County Health Outcome Rank (3)	% Poor or Fair Health (4)	# Physically Unhealthy Days (5)	# Mentally Unhealthy Days (6)	% Uninsured (7)
Adair	5	25,377	19.7	69	20%	4.9	4.7	13%
Andrew	0	17,555	0	8	15%	4.0	4.0	10%
Atchison	0	5,275	0	7	16%	4.2	4.2	12%
Audrain	3	25,641	11.7	42	18%	4.6	4.5	13%
Barry	11	35,668	30.84	87	22%	5.0	4.7	18%
Barton	2	11,850	16.88	78	21%	4.9	4.7	15%
Bates	2	16,334	12.24	58	19%	4.7	4.4	14%
Benton	2	19,074	10.49	90	21%	4.8	4.7	15%
Bollinger	1	12,306	8.13	68	20%	4.7	4.5	15%
Boone	8	178,271	4.49	9	17%	4.1	4.2	10%
Buchanan	16	89,065	17.96	81	22%	5.0	4.5	12%
Butler	11	42,666	25.78	111	23%	5.3	4.8	13%
Caldwell	0	9,100	0	53	18%	4.4	4.4	14%
Callaway	4	45,032	8.88	35	16%	4.0	4.1	11%
Camden	5	45,632	10.96	40	17%	4.6	4.4	16%
Cape Girardeau	9	78,161	11.51	38	19%	4.5	4.4	11%
Carroll	1	8,796	11.37	45	19%	4.6	4.5	12%
Carter	0	6,169	0	97	22%	5.1	4.8	17%
Cass	7	103,724	6.75	10	15%	4.1	4.0	9%
Cedar	4	14,073	28.42	96	21%	5.0	4.8	16%
Chariton	0	7,480	0	46	18%	4.6	4.4	14%
Christian	7	85,432	8.19	3	15%	4.0	4.1	11%
Clark	2	6,723	29.75	22	17%	4.4	4.4	20%
Clay	20	242,874	8.23	4	14%	3.9	4.1	9%
Clinton	3	20,554	14.6	19	16%	4.2	4.1	10%
Cole	7	76,708	9.13	13	17%	4.2	4.1	10%
Cooper	1	17,644	5.67	33	18%	4.3	4.2	11%
Crawford	2	24,102	8.3	85	21%	5.0	4.9	15%
Dade	2	7,588	26.36	72	21%	4.8	4.7	15%
Dallas	3	16,673	17.99	62	21%	4.9	4.6	17%
Daviess	0	8,361	0	44	18%	4.6	4.5	18%

County	# Payday Stores (1)	Total Population (2)	Stores per 100,000	County Health Outcome Rank (3)	% Poor or Fair Health (4)	# Physically Unhealthy Days (5)	# Mentally Unhealthy Days (6)	% Uninsured (7)
DeKalb	0	12,588	0	27	20%	4.5	4.0	12%
Dent	2	15,480	12.92	98	20%	4.8	4.6	16%
Douglas	3	13,300	22.56	76	21%	5.0	4.9	17%
Dunklin	8	30,119	26.56	114	26%	5.5	5.0	15%
Franklin	16	103,330	15.48	34	16%	4.3	4.3	11%
Gasconade	2	14,726	13.58	26	17%	4.3	4.2	13%
Gentry	1	6,665	15	16	18%	4.3	4.3	14%
Greene	28	289,805	9.66	61	20%	4.6	4.6	13%
Grundy	4	9,949	40.21	95	19%	4.5	4.5	14%
Harrison	2	8,524	23.46	64	20%	4.7	4.7	17%
Henry	6	21,718	27.63	83	19%	4.7	4.6	13%
Hickory	1	9,475	10.55	103	21%	5.0	4.9	17%
Holt	0	4,413	0	17	18%	4.4	4.4	13%
Howard	0	10,139	0	39	19%	4.6	4.4	12%
Howell	6	40,103	14.96	86	21%	5.0	4.7	14%
Iron	1	10,226	9.78	104	20%	4.8	4.6	15%
Jackson	56	698,895	8.01	60	17%	4.1	4.4	13%
Jasper	18	120,217	14.97	65	20%	4.8	4.5	15%
Jefferson	21	223,810	9.38	25	15%	4.0	4.2	11%
Johnson	4	53,897	7.42	18	18%	4.3	4.3	11%
Knox	0	3,977	0	56	18%	4.6	4.4	18%
Laclede	5	35,443	14.11	79	22%	5.0	4.7	14%
Lafayette	2	32,641	6.13	36	17%	4.4	4.1	12%
Lawrence	4	38,434	10.41	75	20%	4.7	4.7	15%
Lewis	0	9,967	0	31	18%	4.5	4.5	13%
Lincoln	6	56,183	10.68	28	16%	4.3	4.2	12%
Linn	2	12,194	16.4	54	18%	4.5	4.4	13%
Livingston	4	15,173	26.36	29	17%	4.5	4.5	13%
Macon	2	15,251	13.11	41	19%	4.6	4.5	14%
Madison	2	12,243	16.34	101	20%	4.9	4.6	15%
Maries	1	8,867	11.28	47	19%	4.5	4.4	15%
Marion	7	28,634	24.45	71	18%	4.5	4.3	12%
McDonald	5	22,828	21.9	105	24%	5.3	4.9	21%
Mercer	0	3,678	0	15	18%	4.4	4.4	16%
Miller	3	25,228	11.89	70	19%	4.6	4.5	14%
Mississippi	3	13,586	22.08	112	30%	5.8	5.0	15%

County	# Payday Stores (1)	Total Population (2)	Stores per 100,000	County Health Outcome Rank (3)	% Poor or Fair Health (4)	# Physically Unhealthy Days (5)	# Mentally Unhealthy Days (6)	% Uninsured (7)
Moniteau	2	16,063	12.45	12	17%	4.2	4.1	16%
Monroe	0	8,612	0	23	18%	4.5	4.3	13%
Montgomery	1	11,438	8.74	82	20%	4.7	4.6	14%
Morgan	1	20,145	4.96	89	22%	5.0	4.8	18%
New Madrid	1	17,582	5.69	110	25%	5.4	5.0	14%
Newton	6	58,290	10.29	52	18%	4.6	4.4	14%
Nodaway	4	22,472	17.8	24	21%	4.7	4.7	11%
Oregon	1	10,558	9.47	102	22%	5.0	4.8	15%
Osage	0	13,662	0	5	14%	3.9	3.9	10%
Ozark	2	9,186	21.77	100	23%	5.2	4.8	18%
Pemiscot	7	16,826	41.6	115	27%	5.7	5.0	13%
Perry	2	19,225	10.4	6	16%	4.2	4.2	10%
Pettis	5	42,558	11.75	43	19%	4.7	4.5	16%
Phelps	5	44,744	11.17	74	21%	4.6	4.4	14%
Pike	3	18,567	16.16	63	19%	4.4	4.4	13%
Platte	2	101,187	1.98	2	15%	3.9	3.8	8%
Polk	2	31,794	6.29	57	19%	4.6	4.5	14%
Pulaski	1	52,059	1.92	30	19%	4.4	4.1	11%
Putnam	0	4,811	0	51	20%	4.8	4.6	16%
Ralls	0	10,224	0	20	16%	4.3	4.2	11%
Randolph	6	24,945	24.05	80	21%	4.8	4.4	12%
Ray	3	22,855	13.13	48	16%	4.2	4.2	11%
Reynolds	0	6,275	0	107	23%	5.1	4.7	16%
Ripley	2	13,564	14.74	106	24%	5.3	4.9	16%
Saline	5	22,660	22.07	66	21%	4.7	4.6	13%
Schuyler	0	4,508	0	37	21%	5.0	4.7	17%
Scotland	0	4,963	0	32	21%	4.8	4.6	19%
Scott	13	38,541	33.73	99	23%	5.2	4.5	12%
Shannon	0	8,249	0	94	21%	4.9	4.7	17%
Shelby	0	6,021	0	59	18%	4.5	4.4	15%
St. Charles	22	395,504	5.56	1	12%	3.5	3.8	7%
St. Clair	1	9,362	10.68	84	20%	4.8	4.6	17%
St. Francois	15	66,705	22.49	91	20%	4.5	4.5	12%
St. Louis	38	996,726	3.81	11	15%	3.6	3.8	8%
St. Louis City	29	308,626	9.4	113	24%	5.0	5.0	14%
Ste. Genevieve	0	17,843	0	14	16%	4.2	4.3	13%

County	# Payday Stores (1)	Total Population (2)	Stores per 100,000	County Health Outcome Rank (3)	% Poor or Fair Health (4)	# Physically Unhealthy Days (5)	# Mentally Unhealthy Days (6)	% Uninsured (7)
Stoddard	10	29,369	34.05	88	21%	4.9	4.6	13%
Stone	2	31,699	6.31	49	17%	4.4	4.3	16%
Sullivan	0	6,229	0	50	22%	4.7	4.4	17%
Taney	8	55,355	14.45	73	20%	4.8	4.5	18%
Texas	6	25,735	23.31	92	22%	5.1	4.8	16%
Vernon	4	20,437	19.57	77	20%	4.8	4.6	14%
Warren	4	34,373	11.64	21	15%	4.1	4.1	12%
Washington	6	25,022	23.98	109	21%	5.0	4.6	14%
Wayne	3	13,296	22.56	108	23%	5.2	4.9	16%
Webster	4	38,665	10.35	55	21%	5.0	4.6	15%
Worth	0	2,057	0	67	18%	4.5	4.4	14%
Wright	2	18,331	10.91	93	24%	5.3	4.9	18%
State of Missouri	*591*	*6,113,532*	*9.67*	*N/A^*	*17%*	*4.2*	*4.4*	*12%*
National (8)	N/A**	N/A**	N/A**	N/A^	16%	3.7	3.8	11%

Data Sources

1) Missouri Division of Finance, Bank and licensee search. A total of 618 payday licenses were issued in Missouri as of May 2018, including online lenders. Only physical storefront licensees are included in this table.

2) US Census Bureau, Annual Estimates of the Resident Population: April 1, 2010, to July 1, 2017

3) 2018 Missouri County Health Rankings (CHR). CHR describes the health of counties using weighted measures of health outcomes, health behaviors, clinical care, socioeconomic factors,and the physical environment and then ranks all counties within a state in relation to one another. More details about CHR are available at: www.countyhealthrankings.org/

4) 2018 County Health Rankings (CHR), Percentage of adults reporting fair or poor health (age-adjusted)

5) 2018 CHR, Average number of physically unhealthy days reported in past 30 days (age-adjusted)

6) 2018 CHR, Average number of mentally unhealthy days reported in past 30 days (age-adjusted)

7) 2018 CHR, Percentage of population under age 65 without health insurance

8) 2018 CHR National Statistics Reference Table. http://www.countyhealthrankings.org/2018-chr-national-statistics

** Given that payday lenders are not permitted in all states and that regulations and lending practices are changing state by state, we are unable to calculate the appropriate population and number of payday lenders per 100,000 people. ^ County health outcome rank is available only for state counties, not statewide or nationally.

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