

FINANCIAL AND INSURANCE INFORMATION PROVIDED BY THE D.C. DEPARTMENT OF INSURANCE, SECURITIES AND BANKING  
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## Beware of Payday Loans

Some consumers who need cash to pay bills and other living expenses consider getting payday loans—short-term, high-interest loans. Before committing to such loans, it is important to understand their drawbacks.

Payday loans typically have high interest rates at 400 percent or more. In recent years, the availability of payday loans via the internet has markedly increased. This makes it even easier for some payday lending operations to use deceptive and illegal practices to take advantage of financially distressed consumers.

Payday loans can be expensive, especially if you do not pay off the loan on time (the loan is usually due on your next pay day). For example, if you borrow \$300 for a \$45 fee but you cannot pay it back on the due date, you must pay another \$45. Now, you are paying \$90 for the \$300 loan. If you roll the loan over a second time, you will be required to pay another \$45; the interest portion of the loan would increase to \$135, which is almost half of the original loan amount. Before you decide to take out a payday loan, consider more affordable options.

### Alternatives to Payday Loans

1. **Some companies will waive late fees and postpone payments in certain circumstances.** Contact your creditors to see if you are eligible for a waiver or payment extension.
2. **Consider obtaining financial assistance from a bank or credit union if you need immediate cash.** Some banks and credit unions offer low or no interest loans. Compare all available offers and be sure you understand all terms before you borrow.

3. **Reach out to family members** to see if they can provide short-term assistance.
4. **Contact consumer credit counseling services or nonprofit groups if you need help** creating a budget or working out a debt repayment plan with creditors.

### **Additional Resources**

Consumer Credit Counseling Services: [credit.org/cccs/](https://credit.org/cccs/) or 800-254-4100

National Foundation for Credit Counseling: [nfcc.org](https://nfcc.org) or 800-388-2227

Contact the Department of Insurance, Securities and Banking to file a complaint: [disb.dc.gov](https://disb.dc.gov) or 202-727-8000.

### **About DISB**

The mission of the District of Columbia Department of Insurance, Securities and Banking is three-fold: (1) cultivate a regulatory environment that protects consumers and attracts and retains financial services firms to the District; (2) empower and educate residents and (3) support the development and expansion of business. Visit us at [disb.dc.gov](https://disb.dc.gov).

*This information is provided courtesy of the National Association of Insurance Commissioners.*