

CFPB Publishes Market Snapshot Report on Consumer Use of State Payday Loan Extended Payment Plans

Publications

April 19, 2022
By: Jenna Conwisar

Payday loans are small-dollar cash loans typically due in a single payment on the borrower's next payday—they are extremely short-term and generally high-interest forms of consumer credit.[1] If the borrower cannot pay off the loan when it's due, some states allow the borrower to pay a fee to defer full payment on, or “rollover,” their loan. A 2014 Consumer Financial Protection Bureau (CFPB) report found that over 80% of payday loans are rolled over within two weeks.[2]

The CFPB notes that upwards of 12 million borrowers utilize payday loans each year.[3] 16 states now require that payday lenders allow borrowers to repay their payday loans at regular intervals through Extended Payment Plans, or EPPs, typically at no additional cost to the borrower.[4]

On April 6, 2022, the CFPB published a report examining state EPPs.[5] Below are some of the CFPB report's key findings.

Variation and Commonality Among State EPP Laws

The CFPB report found “substantial variation” among state EPPs, particularly in consumer eligibility requirements.[6] Depending on the state they are borrowing in, consumers may become EPP-eligible after surpassing a set number of rollovers, after they pay a certain percentage of the outstanding balance, or after they enroll in credit counseling.

Most states require EPPs to include at least four equal or substantially equal installments, and consumers are typically limited to one EPP election in a 12-month period. Many states mandate that lenders disclose the availability of an EPP option to consumers at the time they enter into the payday loan agreement or at the time of default.

EPP Usage, Default, and Rollover Rates

According to the CFPB report, extended payment plan usage rates vary drastically across states, with Washington reporting that 13.4% of payday loans converted to EPPs in 2020 compared to Florida's 0.4%. In California, EPP usage rates doubled from 1.2% in 2019 to 3.0% in 2020. While the COVID-19 pandemic saw payday loan volume decrease by 65%, EPP usage rates tended to rise

slightly. The report attributes the decline in overall payday loan volume to the federal Economic Impact Payments.

Meanwhile, rollover and default rates still remain higher than EPP usage rates. For example, 27% of Washington payday borrowers defaulted on their loan in 2020 and 47.1% of Idaho borrowers rolled over their loan in 2016. The CFPB attributes these high rates to lenders implementing practices that discourage EPP use. In the report's press release, CFPB Director Rohit Chopra acknowledged that "[p]ayday lenders have a powerful incentive to protect their revenue by steering borrowers into costly re-borrowing" causing "state laws that require payday lenders to offer no-cost extended repayment plans [to] not work[] as intended." [7]

* * *

Imbedded throughout the report is the CFPB's clear preference for expanded EPP opportunities in order to prevent consumers from amassing repeat rollover fees. In 2014, the CFPB reported that most borrowers rollover their payday loans enough times that the accumulated rollover fees exceed the original loan amount. [8] Lenders should take note that the CFPB "will continue to monitor lender practices that discourage consumers from taking extended payment plans and take action as necessary." [9]

[1] Payday loans are legal in only 26 states: Alabama, Alaska, California, Delaware, Florida, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Michigan, Minnesota, Mississippi, Missouri, Nevada, North Dakota, Rhode Island, South Carolina, Tennessee, Texas, Utah, Washington, Wisconsin, and Wyoming.

[2] *CFPB Finds Four Out Of Five Payday Loans Are Rolled Over Or Renewed*, CFPB (Mar 25, 2014).

[3] *CFPB Finds Payday Borrowers Continue to Pay Significant Rollover Fees Despite State-Level Protections and Payment Plans*, CFPB (Apr 6, 2022).

[4] Alabama, Alaska, California, Delaware, Florida, Idaho, Indiana, Louisiana, Michigan, Nevada, South Carolina, Utah, Washington, Wisconsin, and Wyoming.

[5] *Market Snapshot: Consumer Use of State Payday Loan Extended Payment Plans*, Consumer Financial Protection Bureau (April 2022).

[6] *Id.* at 5, 7.

[7] *CFPB Finds Payday Borrowers Continue to Pay Significant Rollover Fees Despite State-Level Protections and Payment Plans*, *supra* note 3.

[8] *CFPB Data Point: Payday Lending*, CFPB (March 2014).

[9] *Market Snapshot*, *supra* note 5, at 14.

Related Attorneys



Jenna Conwisar

Associate

jconwisar@jenner.com

+1 213 239 2210

Related Capabilities

Consumer Brands

Related Locations

Los Angeles

© 2026 Jenner & Block LLP. Attorney Advertising. Jenner & Block LLP is an Illinois Limited Liability Partnership including professional corporations. This publication, presentation, or event is not intended to provide legal advice but to provide information on legal matters and/or firm news of interest to our clients and colleagues. Readers or attendees should seek specific legal advice before taking any action with respect to matters mentioned in this publication or at this event. The attorney responsible for this communication is Brent E. Kidwell, Jenner & Block LLP, 353 N. Clark Street, Chicago, IL 60654-3456. Prior results do not guarantee a similar outcome. Jenner & Block London LLP, an affiliate of Jenner & Block LLP, is a limited liability partnership established under the laws of the State of Delaware, USA and is authorised and regulated by the Solicitors Regulation Authority with SRA number 615729. Information regarding the data we collect and the rights you have over your data can be found in our Privacy Notice. For further inquiries, please contact dataprotection@jenner.com.

Stay Informed

