

# PAYDAY LOAN HATE WORDS

SHARP-TONGUED, SHORT-TERM  
LOAN VOCABULARY YOU NEED TO KNOW  
BEFORE BORROWING

**FREE  
E-BOOK!**

## YOU DON'T HAVE TO LOVE THEM, JUST UNDERSTAND THEM

---

Hate speech laws were passed in England, Wales and Scotland in 1986 to forbid expressions of hatred toward someone on account of that person's colour, race, nationality, ethnicity, religion or sexual orientation.

That courtesy, however, didn't extend to businesses, and so the loathing sentiment towards particular industries is allowed to spew forth.

Payday loans are arguably one of the most hated products in the world. For many, they are second only to nuclear waste and cancer.

*Predators.*

*Legal Loan Sharks.*

*Scam.*

*Con Artists.*

*Unethical.*



Many wouldn't be so bold to say these derogatory terms out loud about their worst enemy, but there is a no-holds-barred approach for consumers, politicians and the media when it comes to payday loans.

They say what they feel and the overwhelming reaction, from blog comments to tweets, seems to be "I hate you payday loans."

While the anger is sometimes warranted, shouting words of revulsion does little for anyone who might actually need a loan. There are plenty of articles and political jargon to tell you to stay away from payday loans, but virtually nothing exists to just make the process easier if you have no other choice but to settle for one.

Understanding the words associated with payday loans – dripping disdain aside – is crucial to an easy borrowing process.

### Payday Loan Bashing Does You No Good

Before you discover the meaning behind short-term loan vocabulary, you have to drop the clichés and the callousness. There's plenty to complain about when it comes to payday loans, but that doesn't do anything for those already in a tough spot.

Know that while the "payday loan haters" are the most vocal, they may not be the most knowledgeable. The ones who are actually educated about the product are the people who have used them before.

In the 100DayLoans UK [/ Hate You Payday Loans survey](#), the results reveal an interesting trend. The half of participants that have never borrowed a payday loan are far more negative in terms of the product than those who have used the fast cash option.

Of those who **have not** taken out this type of loan:

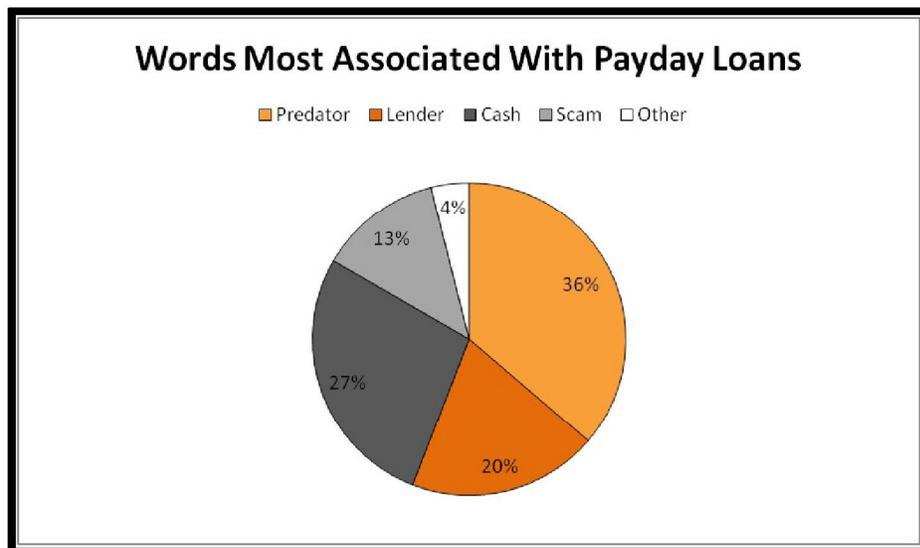
- 35 per cent believe payday loans are only for “the poor and the desperate”
- 44 per cent say “predator” is the word they most associate with payday loans
- Almost half say payday loan marketing tactics are “deceptive”

On the other hand, of those who **have** taken out a payday loan:

- 36 per cent claim the reason for borrowing is because the loan is “easy and convenient”
- 63 per cent say “cash” and “lender” are the words they most associate with payday loans
- Only 27 per cent agree marketing tactics are “deceptive”

Neither side’s reviews were overly glowing about the loan, but the perspectives of each party were often quite different.

The mere variation between looking at payday loans as a “predator” versus “cash” can change the decision making process.



Of all the participants – borrowers and non-borrowers – the word predator was the most common term used to describe payday loans, but that label alone doesn’t help deter borrowers or curb dangerous practices. While being cautious will serve you well, stick to the facts instead of the gossip and your chances of successful loan use will certainly go up.

One survey respondent perfectly sums up where the real issues are occurring:

“More should be done to educate those who are not familiar with the risks of this type of loan so that they are less likely to get taken advantage of and they know what they are getting into from the get-go, as the tactics, marketing and pull of payday loans are not very clear.”

With that call to action from a consumer just like you, we'll quickly clear up the muddied payday loan waters. No catch, no commitment, no pressure, no play on words. Just the facts and an education on what borrowing a payday loan entails.

## A WORD OF DESTRUCTION: APR

It's probably best to get the worst word out of the way first. The annual percentage rate (APR) is by far the biggest problem regarding payday loans.

According to the *I Hate You Payday Loans* survey, 92 per cent of non-borrowers say high interest rates are the worst part of payday loans and 75 per cent of those who have borrowed agreed.

The amount of cash received, the length of the loan, customer service and aggressive marketing falls untouchably lower than high interest when it came to consumer concerns.

### How High is the Interest Rate on Payday Loans?

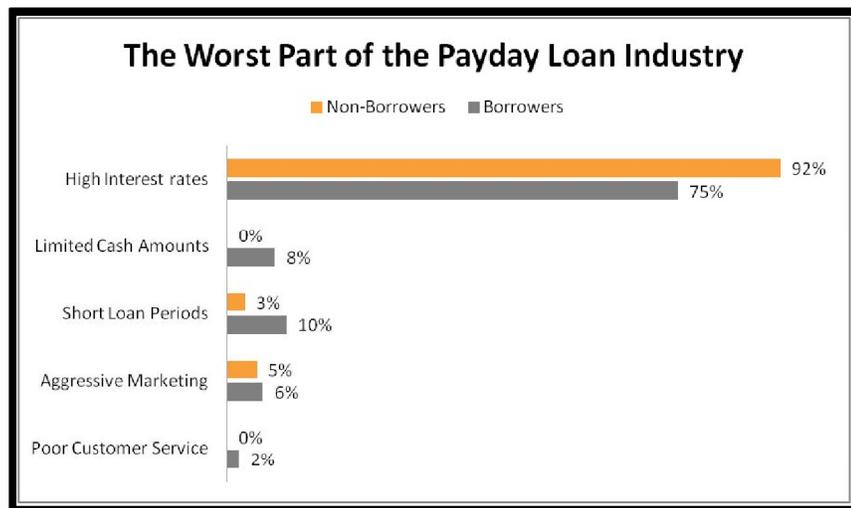
It's high. The representative example used on 100DayLoans.co.uk is 1734%.

The four-digit interest can be baffling to those who are used to seeing APRs in the mid-twenties or below.

These daunting finance charges are the biggest target for regulation because they often cause the most problems for borrowers. In the case of the example above, if you were to borrow £50 for a 30-day period, then your total charges would amount to £14.75.

Not exactly ideal, but regardless of the lender you choose, everyone will simply claim that it is the cost equivalent to the risk.

Unlike credit cards and auto loans, you can't really shop around for a better payday loan rate. What you're offered is based on the minimal information required by the lenders, which doesn't give you a lot of room for negotiation.



**57%**

*of borrowers don't fully understand APR.*

## Do You Really Understand the APR of a Payday Loan?

Often what people think they understand about APR comes up frighteningly short. Even those who are certain they know guess wrong.

The survey found that understanding interest charges was difficult even for those who had already been through the payday loan borrowing process.

A shocking 57 per cent say they somewhat understand the loans, guess the wrong definition of APR or admit they don't know at all.

To have more than half of borrowers misunderstanding the number their interest rate represents could be one of the sole reasons for poor payday loan use. A consumer who doesn't understand this information has no ability to budget for repayment or calculate the danger of paying late.

### APR Definition and Calculation

The APR is the amount of interest calculated over the course of an entire year. In other words, if you were to have your payday loan for one year, that is the amount of interest you would owe.

Using the example above, if you were to keep a £50-loan for 12 months instead of 30 days, you would owe £867 in interest, for a total repayment of £917. That doesn't even include any fees that would be incurred in that time.

Payday loans are in no way intended to assist borrowers for a whole year. They're expected to keep someone afloat until their next paycheck. Nothing more.

So while the APR is calculated over a year, the loan length only lasts a matter of weeks. With on-time repayment, you'll never have to worry about paying hundreds for a £50 loan amount.

If the interest rates were calculated over the term of the loan, £14.75 in interest charges on £50 is a 29.5 per cent interest rate.

That amount in charges certainly isn't ideal, but it also isn't quite the catastrophe it seems to be at first. Make sure before you consider borrowing that you not only understand what the final charges will be on time, but that you also know what consequences you may face for paying after the due date.

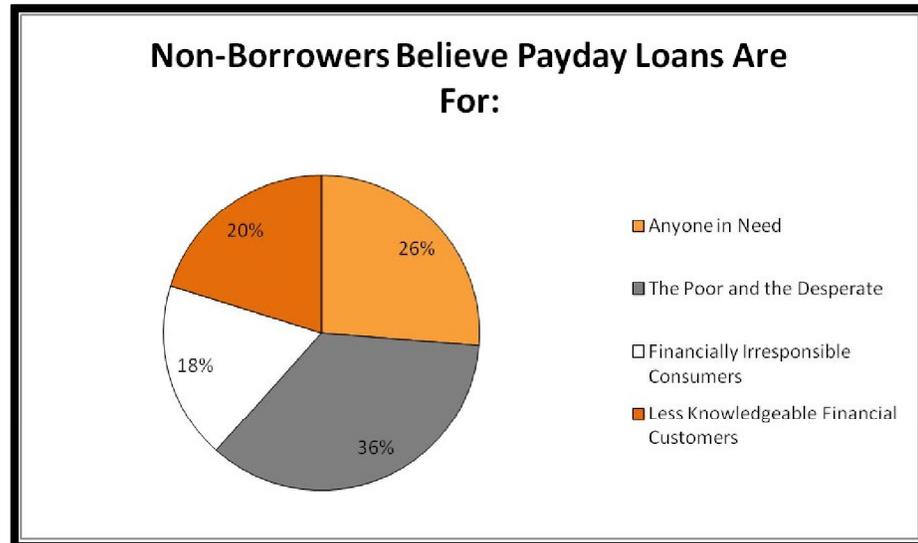
## A WORD OF SEGREGATION: SUBPRIME

---

Sub-anything usually doesn't indicate a positive sentiment. No one wants to be in *subzero* temperatures. A *submarine* is claustrophobic and dangerous. And if the doctor tells you that bump is *subcutaneous*, it's likely not good.

And then there's subprime. The less-than-delicate way financial institutions categorize consumers that they don't trust with their money, and therefore charge more to lend.

Payday loans are always categorized as a subprime credit product and the assumption is that only people with no other options choose to use this type of loan.



### The Stereotypical Borrower

According to the *I Hate You Payday Loans* survey, of those who have never borrowed this type of cash alternative, 36 per cent think payday loans are for "the poor and the desperate."

Labour's Stella Creasy backed that sentiment in a statement to the Commons.

"Loan sharks [payday lenders] are now circling Britain's poorest families watching them struggle financially and sensing a business opportunity," said Creasy.

The stigma is not entirely unwarranted; often the payday loan industry attracts those who are in a low income bracket because if they had the savings or credit, they'd likely go elsewhere. Then again, doesn't any emergency use of credit indicate a shortage within a consumer's finances?

But with the presumption that all payday loan borrowers are poor, there's an accompanying belief that they are also financially undereducated and irresponsible – making "subprime" seem like a rather friendly description.

## The Truth about Borrowers

A payday loan should really only be for those in an emergency situation with no other credit or cash options. The truth is, however, that there are borrowers of all financial shapes and sizes that fall inside and outside the “subprime” category.

### ***Who are borrowers?***

The borrowers, in terms of stability, aren’t always the minimum wage, shanty-renting desperados some may picture.

- 36 per cent own homes
- 24 per cent make between £20,000 and £30,000
- 73 per cent are employed full-time
- 23 per cent have between £500 and £1,000 in savings

### ***Are they responsible?***

Despite non-borrowers’ estimations that payday loan borrowers are – more or less – financial failures, our survey reveals a much different trend. At least when it came to payday loan repayment, these consumers are overwhelmingly attentive.

Of the 131 borrowers, 98 per cent were able to repay their loan. Even more impressive, 67 per cent were able to pay their loan back in full without the help of an extension or an additional loan.

98%

*of borrowers were able to  
repay their loan.*

### ***Why a payday loan, then?***

Since it appears that some of these consumers have a level of financial security, can manage a loan responsibly and are far from financially destitute, why then do they turn to a subprime product?

The survey reveals that 43 per cent admit they truly didn’t have other credit options. A surprising 34 per cent say they didn’t even bother to look into other options.

Of the 57 per cent that got a payday loan for a reason other than that having no other options, 36 per cent chose this financial route, simply because it was “easy and convenient.” A smaller percentage appreciate the anonymity of online borrowing and a noble 13 percent chose this route instead of borrowing from friends or family.

While the majority of borrowers may not be the pillar of financial perfection, to classify every payday loan consumer as “subprime,” poor, desperate or irresponsible is unfair and uninformed. If you’re considering a payday loan, don’t assume that you’re joining the ranks of Britain’s lowest class. Know that you are borrowing for your own reasons amongst a wide variety of consumers.

Decide if the loan is right for you based on your own personal needs and how you define a true cash emergency.

## A WORD OF CONFUSION: EMERGENCY

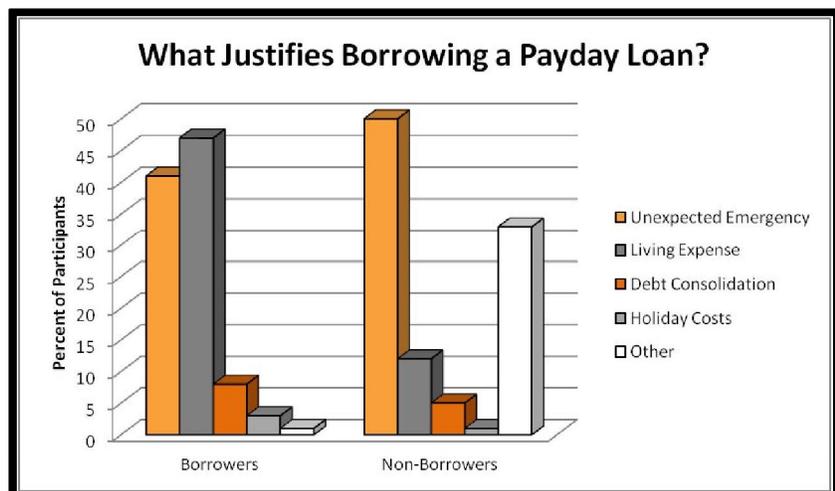
Regardless of which side of the fence you fall on the payday loan debate, most can agree that these risky loans should only be used for emergency cash needs. Where the confusion falls is in determining what constitutes an *actual* emergency.

Some may think a flooded bathroom is amongst the worst case scenario situations, while others believe needing groceries for your family is enough to warrant action.

When non-borrowers were asked what it would take to get them to borrow a payday loan, 50 per cent say that only an unexpected emergency like car troubles would even make them consider this type of financing. Only 11 per cent of these participants say everyday living expenses like rent, food or utility bills would warrant taking out a small loan.

On the other hand, 47 percent of borrowers used a payday loan for everyday expenses. And 41 per cent used it in an emergency situation.

With the two groups completely split on the issue, it can be hard to determine which “emergency” truly justifies using credit with such perilous consequences.



### Define Your Emergency

Ultimately, how these different groups justify borrowing a payday loan doesn't matter when you're trying to decide for yourself. Assessing a cash emergency requires that you drop some of the urgent emotions of the circumstance before you head straight for a payday loan application.

Go through a quick checklist to determine the validity of your crisis and if a small loan is the best solution:

1. **Determine the actual cost of your cash need.** If it's a vague living expense like food, take the time to write down what you need and how much you'll need to cover it.
2. **Explore the immediacy of your need.** While being late on a bill is never a good feeling, unless you are about to lose electricity or water, you can probably wait for your paycheque. A late payment fee for a utility is nearly guaranteed to be less than a loan's interest rate.

3. **Budget for full repayment before you apply.** Assuming you can pay back £100 plus interest isn't enough. Calculate the numbers from the smallest expense to your mortgage or rent before you decide. If there's even a small chance you'll come up short on the due date, proceed with extreme caution.
4. **Explore other options.** There is a tendency to panic when a cash problem arises, but it's important that you take the moment to ponder all your choices. Can you pick up spare cash doing an odd job or borrowing from a friend? Don't let the anxiety of the moment distract you from finding a solution that benefits you best.

The reasons that motivate people to borrow a payday loan are far and wide, but the consequences of not being able to repay are always the same: high costs and difficulty overcoming the debt.

## A WORD OF REVULSION: PREDATOR

---

As earlier addressed, "predator" is the favorite and most common word used to describe a payday loan. Amongst non-borrowers, 66 per cent associate a negative word with the payday loan industry, with 44 per cent choosing "predator" as the term they most linked to the short-term cash solution.

44%

*of non-borrowers associate the word predator with payday loans most.*

The results weren't entirely shocking, considering a vast number of articles on the subject contained that particular keyword. A Google search revealed that over 650,000 results contained both the words "payday loans" and "predatory" in the content. With 56 percent of the non-borrowing participants saying they got most of their information about payday loans from the media, the word choice is entirely expected.

The surprising flipside is that those who had borrowed a payday loan expressed a very different opinion. Of the five options on the survey, "predator" came in third for the most associated word.

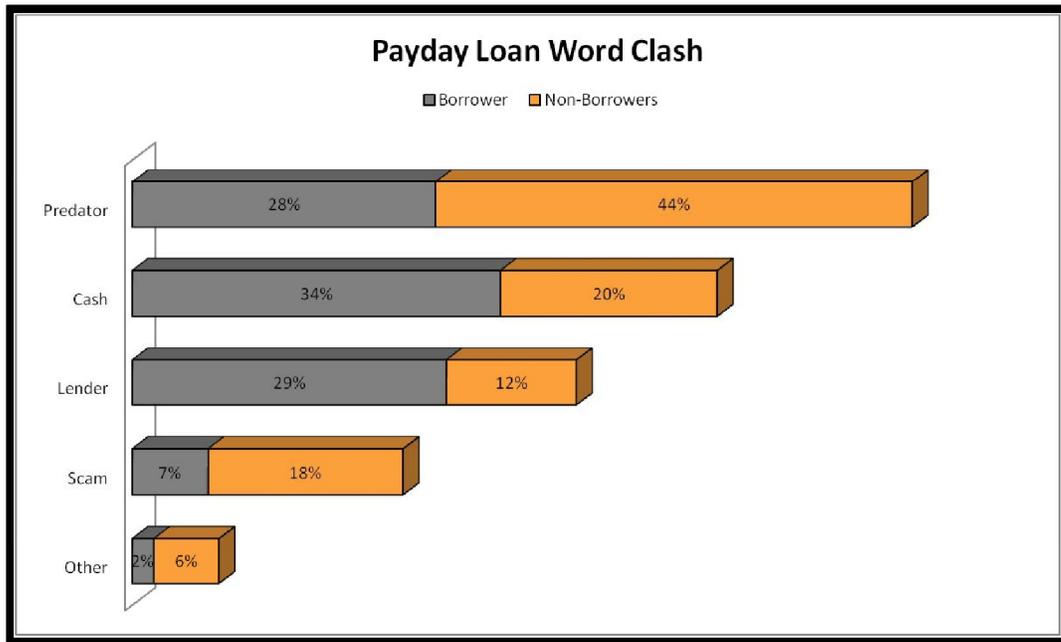
At 34 per cent, "cash" was the term that borrowers felt related most to the product. The word "lenders" came in a close second at 29 per cent.

### What the Opposing Sentiments Mean

While only so much can be deduced from a number, the results seem to indicate that the fear of payday loans is in the unknown. For anyone who hasn't experienced the line of credit firsthand, a payday loan represents something vicious, frightening and dangerous.

For those who have already been through it, the industry represents itself as little more than a financial option. There are significantly fewer negative feelings from those who were supposedly "prey" according to the rest of the population.

When asked what words they most associated with the loans, borrowers and non-borrowers were different in a lot of ways.



Reading reviews and taking in opinions can be beneficial to an extent, but as the survey proves, it can also skew your perspective of the situation. Of the participants that had borrowed a payday loan, 41 per cent had gotten their information from other consumers, while 42 per cent had gotten the bulk of their knowledge from the media.

An even blend of education can help to shape the best decision for you. Exercise the caution the media warns is necessary, but also ask around to see what the benefits and pitfalls are for real people who have obtained a loan before.

## YOUR WORDS

---

There are a lot of words thrown around about payday loans. Most of them aren't pleasant, virtually none of them are particularly helpful and all mean something unique to different people.

Even within one category of people, the response to this topic can be completely polarized. Participants who had been borrowers expressed a wide variety of emotions both positive and negative when the floor was opened to them.

## **Positive Testaments**

“Very useful to be able to get almost instant cash when stuck, almost no questions asked. The interest rates are high, but I think it’s fair to charge that to be able to get the money straight away.”

“If you are given the correct information and you read the terms carefully you will be able to make a decision on whether you want to use them.”

## **Negative Reactions**

“The companies leave you with nothing after they put late fees on top of your loan and the take money from your bank in 10 and 20 pounds and keep doing it until the bank stops it which leads to bank fees. They are a con.”

“Nothing more than legalised loan sharking taking advantage of the tighter credit restrictions now in place for low and poor earners and those with trouble in the past.”

## **The Words You *Really* Need**

As extreme as the many feelings for payday loans may be, the only words you really need are your own. Walk yourself through all of the words surrounding your situation.

Whether the words are “I need,” “I want,” “I can’t wait,” or “I’d like to,” a great deal can be understood about your need for a payday loan by simply taking the moment to evaluate your situation and work through the logistics.

Just because a payday loan is fast, doesn’t mean you are required to make split second decisions. Educate yourself on the product, create a budget, seek other options and take a moment of pause. They can help and they can hurt, but you are the only one who can truly decide which it will be.

If you feel you are now ready to borrow a payday loan, please [visit 100DayLoans.co.uk to apply](http://100DayLoans.co.uk). If you feel you need more information before deciding, check out our videos, infographic and more [here](#).

