

Skyrocketing number of women lured into payday loans

A record number of women are taking out high interest payday loans, as they struggle to pay their household bills.

Research conducted on behalf of Australia's largest microfinance charity also found women were borrowing larger amounts than ever before.

The number of women resorting to payday loans increased by 20 per cent between 2015 and 2017, according to updated analysis by Digital Finance Analytics for Good Shepherd Microfinanceⁱ.

Good Shepherd Microfinance CEO Peter McNamara said hundreds of thousands of women were being lured into a financial trap that many would struggle to escape.

"We've found that women tend to use payday loans at a younger age than men, they're borrowing money for emergency cash to pay household bills and they're largely being enticed through online marketing," Mr McNamara said.

"It is disgraceful that they are targeting vulnerable women, particularly single mothers, who have limited incomes and will struggle to make repayments.

"We see time and again examples of low-income people becoming trapped in a vicious cycle of debt once they take out these loans because they have such high interest rates and significant penalties for late payment."

The report found:

- 222,000 women used payday lending in 2017,
- about 40 per cent of women taking out payday loans were single mothers and they were likely to have taken out multiple loans in the previous year, and
- the average size of payday loans to women grew from \$427 in 2005 to \$651 in 2017.

Mr McNamara's comments followed recommendations by a Senate Inquiry into payday lending, which called for new laws to protect vulnerable consumers and funding to regulate the sector.

"We need to ensure that government enacts regulation to protect financially vulnerable Australians," Mr McNamara said.

Good Shepherd Microfinance's [No Interest Loan Scheme](#) (NILS) provides small loans for people on low incomes to buy necessities such as whitegoods, medical care, school equipment and car registration.

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ⁱ <https://goodshepherdmicrofinance.org.au/assets/files/2018/02/Women-and-Pay-Day-Lending-2018.pdf>