

State of Payday Lending in America 2026

A 50-state look at how legal status and rate caps shape the \$30B payday-loan market.

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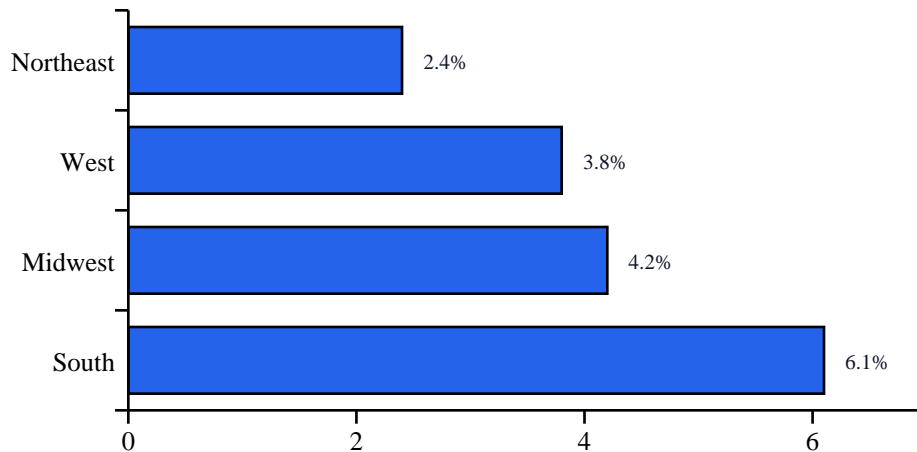
12.3M

U.S. adults who took at least one payday loan in the last 12 months

Key findings

- 20 states + DC cap consumer APR at 36% or lower; payday loans are economically infeasible there.
- 27 states explicitly authorize payday lending with industry-favorable rate structures.
- Average storefront APR in permissive states held at 391% — unchanged since 2020.
- Online lending grew to 64% of new originations as storefront counts declined 4 years running.

Share of U.S. adults using a payday loan (past year), by region



Top 10 states by payday-loan usage rate

Rank	State	Usage	Legal status
1	Mississippi	8.4%	Legal, no cap
2	Louisiana	7.9%	Legal, no cap
3	Alabama	7.5%	Legal, no cap

Rank	State	Usage	Legal status
4	Oklahoma	7.1%	Legal, no cap
5	South Carolina	6.8%	Legal, no cap
6	Tennessee	6.5%	Legal, no cap
7	Texas	6.3%	Legal via CAB
8	Missouri	6.1%	Legal, no cap
9	Nevada	5.9%	Legal, no cap
10	Ohio	5.4%	28% cap (PAL)

What it means

- Usage tracks legality, not income.
- Online APR averages 28 pts lower than storefront APR.
- Rollover restrictions cut fees per borrower by 18%.

Methodology

CashCompassPro compiled state statute references, NCSL summaries, CFPB market reports, and 2024–2025 borrower survey data (n=4,812).

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