By the Numbers: What State data can tell us about Payday Loan Consumers

Panel

Data Sources for Research and Policymaking

Small-Dollar Credit: Products, Economics, and Regulation July 11 – 12, 2013
Data

- Complete Data Sets
- Complete picture of a State/Jurisdiction
- Can determine the effects of legislation
- No influences from other Jurisdictions
- Verifiable and Accurate Conclusions
- Precise
Data Collected

- All transactions tracked
  - Opening
  - Closing
  - Extensions

- Data collected over extended periods (11+ years)

- Visibility into effects of legislative changes

- Complete Usage Data

- Actual and Contractual APR’s

- Holistic approach

- Over 40 specific data points about the Loan
  - All dollar figures and dates
  - Installment Plans and/or judgments
  - Demographic Information
  - Etc.
Different Jurisdictions

Stable no product Substitutions

- Florida (19.3M)
- Oklahoma (3.8M)
- Illinois (12.9)
- Michigan (9.9)
- Indiana (6.5M)
- North Dakota (700K)
- New Mexico (2.1M)
- Virginia (8.2M)
- South Carolina (4.7M)
- Kentucky (4.3M)
- Washington (16.9M)
- Wisconsin (5.7M)

Loan Cap at 8

2008
2009
2010
2011
2012

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Borrower Usage

- Largest Usage for 12 or fewer loans (FL – 75.3%, SC – 82.9%)
- Usage drastically decreases after 12 loans
- Large usage of the product at 12 times per year (monthly usage)

2012 Percentage data from FL and SC
2011 Percentage data from WA
Florida Long Term Usage

<table>
<thead>
<tr>
<th>Year</th>
<th>Borrower Count</th>
<th>% of 2002 borrowers with one or more loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>321,196</td>
<td>100.0%</td>
</tr>
<tr>
<td>2003</td>
<td>216,352</td>
<td>67.4%</td>
</tr>
<tr>
<td>2004</td>
<td>163,423</td>
<td>50.9%</td>
</tr>
<tr>
<td>2005</td>
<td>133,642</td>
<td>41.6%</td>
</tr>
<tr>
<td>2006</td>
<td>116,234</td>
<td>36.2%</td>
</tr>
<tr>
<td>2007</td>
<td>106,460</td>
<td>33.1%</td>
</tr>
</tbody>
</table>

321,196 borrowers that conducted one or more loans between March 1, 2002 and December 31, 2002

- Significant Decline in Usage over 6 year period
- Less than 1/3 of borrowers continue to use the loan after 5 years
- Long term data shows borrower usage is typically for short periods of a persons life
- 0.568% of Florida population represented in 2007 borrower count

“Springing the Debt Trap: Rate caps are Only Proven Payday Lending Reform”
Additional Data

% Transactions by Customer Age
Additional Data

Declined Eligibility Checks
(% of total transaction requests)
Additional Data

Return Events (Auto-Int Only)
June 2011 - May 2012 (TTM)

- Closed Returns: 96.4%
- Pending Returns: 1.9%
- Transactions Not Returned: 1.7%

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Additional Data

Estimated Loan Loss (% of transaction volume)

- % Bad Debt
- % Pending DPTs
- % Open DPTs
Additional Data

Total Advance Amount and Fees

<table>
<thead>
<tr>
<th>Month</th>
<th>Amount Financed Total</th>
<th>Total Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-11</td>
<td>$320,000,000</td>
<td>$40,000,000</td>
</tr>
<tr>
<td>Jul-11</td>
<td>$280,000,000</td>
<td>$40,000,000</td>
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<tr>
<td>Aug-11</td>
<td>$240,000,000</td>
<td>$40,000,000</td>
</tr>
<tr>
<td>Sep-11</td>
<td>$200,000,000</td>
<td>$40,000,000</td>
</tr>
<tr>
<td>Oct-11</td>
<td>$160,000,000</td>
<td>$40,000,000</td>
</tr>
<tr>
<td>Nov-11</td>
<td>$120,000,000</td>
<td>$40,000,000</td>
</tr>
<tr>
<td>Dec-11</td>
<td>$80,000,000</td>
<td>$40,000,000</td>
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<tr>
<td>Jan-12</td>
<td>$40,000,000</td>
<td>$40,000,000</td>
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<tr>
<td>Feb-12</td>
<td>$80,000,000</td>
<td>$40,000,000</td>
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<tr>
<td>Mar-12</td>
<td>$120,000,000</td>
<td>$40,000,000</td>
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<tr>
<td>Apr-12</td>
<td>$160,000,000</td>
<td>$40,000,000</td>
</tr>
<tr>
<td>May-12</td>
<td>$200,000,000</td>
<td>$40,000,000</td>
</tr>
</tbody>
</table>

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Conclusions

- Data and Findings need to be specific to Jurisdictions (Each Jurisdiction tells a different story)
- Legislative and Enforcement differences between Jurisdictions play a major part in the data
- Majority of borrower Usage are for borrowers that use the product 12 or fewer times a year (FL – 75.3%, SC – 82.9%)
- Long Term Study needed to see true picture of Long Term Usage (i.e. only 33.1% of Florida borrowers are still using the product after 5 years)
- Complete Data Sets for each Jurisdiction need to be used to have Accurate and Verifiable findings
Discussion & Questions

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