

Economic Impact on Small Lenders of the Payday Lending Rules under Consideration by the CFPB

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EXECUTIVE SUMMARY

The Community Financial Services Association of America (“CFSA”) retained Charles River Associates (“CRA”) to evaluate the likely impact on small payday lenders of the rules under consideration by the Consumer Financial Protection Bureau (“CFPB”).¹ This study includes an evaluation of the impact on the payday lending revenues and profitability of small payday lenders.

Using loan level data and income statements collected from a sample of small payday lenders, we estimate that the proposals are likely to impact the lenders both negatively and significantly. The Proposed Rules will likely make the small stores that offer payday loans unprofitable on average, resulting in significant losses for small payday lenders. The application of the CFPB’s considered alternative requirements to data from 2013 would have reduced the payday loan revenues of small lenders by 82% on average. The impact of this revenues reduction would have resulted in a change to net income per store from a +\$37,000 profit to a -\$28,000 loss, on average (or a decrease of about \$66,000 on average). We lack sufficient data to analyze reliably the impact of the CFPB’s proposed ability to repay requirements, but that impact may also be significant.

PAYDAY LENDING INDUSTRY OVERVIEW

A payday loan is a single-payment short-term small value unsecured loan.² In many cases, the lender holds a personal check issued by the debtor in the amount of principal plus interest until the maturity of the loan. The transaction could also be based on an agreement authorizing the lender to make an electronic withdrawal from the borrower’s checking account on the maturity date. Underwriting standards vary across lenders, but the lender generally requires proof of the borrower’s income (recent pay stubs usually suffice) and that the borrower has a checking account. A lender could assess the applicant’s previous performance on payday loans it granted previously. Some lenders have developed more sophisticated in-house risk assessment software, or rely on third-party providers (e.g., CoreLogic Teletrack), to assess default risk considering such factors as the applicant’s performance on payday loans and/or other credit products. In certain states, a lender checks a state-level database to identify payday loans granted to the applicant by other lenders in that state. For example, a lender could verify the applicant’s outstanding balance of all other payday loans to ensure that the loan under consideration would not result in indebtedness exceeding the state cap. The maturity date for loan repayment usually coincides with the borrower’s next paycheck or date-of-deposit of other funds. At maturity, either the personal check from the debtor is deposited by the lender or the borrower pays in cash to redeem the check.

Payday lenders are regulated primarily at the state level, and there are variations in the restrictions that exist across states. For example, there are requirements regarding the maximum fees and/or interest that can be charged, the maximum loan amount, the

¹ Small Business Advisory Review Panel for Potential Rulemakings for Payday, Vehicle Title, and Similar Loans. Outline of Proposals Under Consideration and Alternatives Considered, CFPB March 26, 2015; available at http://files.consumerfinance.gov/f/201503_cfpb_outline-of-the-proposals-from-small-business-review-panel.pdf, last accessed on 4/28/2015 (“CFPB’s Proposed Rules”).

² Also known as deferred deposit, deferred presentment transaction, post-dated check loan, payday advance, deposit advance or cash advance loan.

maximum number of rollovers or renewals, assets and bond requirements, and license and registration requirements. In certain states, such restrictions have contributed to no lender operating in those states.³ At the federal level, the restrictions imposed on the payday loans to active duty service members and their spouses, children, and other dependents by the 2007 National Defense Authorization Act have effectively led lenders to stop offering payday loans to this group. In addition, payday lenders are subject to various federal regulations such as The Truth in Lending Act and the Equal Credit Opportunity Act.

Based on the latest data available, there were about 19,000 payday lender locations in 36 states during 2012, each of which had, on average, about 2.5 employees involved directly in payday lending.^{4, 5}

CFPB'S PROPOSED RULES

The CFPB is considering the imposition of new rules that would place restrictions on the provision of certain short-term and longer-term loans. Covered short-term loans would include loans with maturity no longer than 45 days. The covered longer-term products would include loans with maturity longer than 45 days with an all fees included annual percentage rate greater than 36% “where the lender obtains a preferred repayment position by either obtaining (1) access to repayment through a consumer’s account or paycheck, or (2) a non-purchase money security interest in the consumer’s vehicle.”^{6, 7} Most payday loans currently offered will be considered short-term products under the CFPB’s Proposed Rules. As a result, our study focused only on the effects of the short-term loans provisions.

The CFPB is considering allowing a lender to choose among two sets of restrictions:

- The prevention (ability to repay) requirements; and
- The protection (alternative) requirements.

The Prevention Requirements

Under these rules, for each loan application, the lender must determine, for an underwriting period defined from the loan origination date until 60 days after the loan maturity date, that the borrower has the ability to repay the loan without reborrowing or defaulting, while satisfying any major financial obligations and living expenses, such as food and transportation. Under the ability to repay requirements, the lender would be

³ See, for example, <http://www.ncsl.org/research/financial-services-and-commerce/payday-lending-state-statutes.aspx>, last accessed on 4/29/2015.

⁴ This does not include the locations of some depository institutions that offered deposit advances, tribal lenders or other entities not licensed or registered with state regulators to engage in payday lending.

⁵ Economic Impact of the Payday Lending Industry, prepared for CFSA, Marsha Courchane and Steli Stoianovici, Charles River Associates, July 8, 2014.

⁶ The CFPB’s Proposed Rules, p. 6.

⁷ The CFPB’s Proposed Rules do not cover overdraft services, pawn loans, credit card accounts, student loans, and real estate secured loans.

required to consider, document and verify the applicant's income, credit history, financial obligations, including any housing payments (including mortgage or rent payments), debt obligations, child support or other legally required payments. The lender would also be required to consider the borrower's recent borrowing history, including the history with other payday loan lenders. A lender is prohibited from granting more than three loans in a sequence; with a loan sequence consists of any loan that is taken out within 60 days of another outstanding loan. In addition, the lender is allowed to grant a second or third loan in a sequence only if it can document and verify that the applicant's ability to repay has improved.

The Alternative Requirements

A lender can choose to grant a loan without meeting the ability to repay constraints if it meets the alternative requirements. These consist of screening requirements and structural limitations. In addition to verifying the applicant's income and borrowing history, the consumer cannot take out a loan if (i) the consumer has an outstanding payday loan with any lender; (ii) the loan is part of a sequence with more than three loans; (iii) the new loan would result in the consumer receiving more than six loans in the last 12 months; (iv) the new loan would result in the borrower being in debt (on payday loans) for more than 90 days in the last 12 months. The structural limitations impose a cap on the loan amount (\$500) and term (45 days), and require the loans in a sequence to taper off. The lender could either decrease the principal for the second and third loan in a sequence, or could allow a no-cost four installments extension of the third loan in a sequence.

The rules under consideration also include collection restrictions and compliance requirements, including written notification to borrowers prior to each attempt to collect payment (even though the borrower already authorized the lender for that purpose at origination). After two failed attempts to receive the loan payment from the borrower's account, the lender would have to obtain a new authorization from the borrower.

METHODOLOGY AND FINDINGS

DATA

CRA received loan level data and financial information from a sample of small payday lenders which are CFSA or Financial Service Centers of America members.

The loan level data ("Loan Data") consist of loan transactions from eight lenders and include information on loan characteristics and performance (loan amount, fees, loan date, term, the date the loan was paid), on the borrower (social security number, income, pay period) and on the store that originated the loan (state, zip code). Most of the lenders provided two years of data, for loans originated in 2012 and 2013. The Loan Data used in the analysis reflect 1.8 million loans to 150,000 consumers across 234 stores and 16 states. A typical loan, as measured by the median statistic, was for \$255 with a term of 14 days and generated a \$45 fee. The loans in the data we analyze are

typically smaller than the loans included in the data CFPB collected (\$255 vs. \$350).⁸ However, the usage patterns are similar – see Appendix A.⁹

We also received monthly Profit & Loss (“P&L”) statements at store level from six small lenders, mostly for a 2-year period, covering about 200 stores with payday lending revenues across 15 states. The level of detail of each revenue or cost category reflected the financial reporting practices of the particular lender. For the stores analyzed, the revenues from payday loans represented about 92% of the companies’ total revenues in 2013. During 2013, the stores averaged \$37,000 in positive net profits as measured by net income.

THE PREVENTION REQUIREMENTS

We expect that the ability to repay requirements would require substantial changes to the operations of payday lenders. The CFPB envisions payday loan underwriting standards that appear to be more stringent than the standards used by mortgage originators. Given the typical loan size and the state specific fee caps which are applicable in most of the states in which the payday lenders operate, lenders may find it difficult to recover the additional costs generated by the compliance with the proposed requirements.

We lack sufficient data to estimate how many of the loans previously granted by lenders would have failed to meet the prevention requirements. In addition, these extensive documentation and verification requirements appear to change the product dramatically. As a result, estimating the demand for such a “new” product based on current payday loan data might be unreliable.

THE ALTERNATIVE REQUIREMENTS

To assess the potential impact of the alternative requirements, we analyzed the financial position of the small lenders in three steps. We estimated:

- The change in payday loan revenues;
- The change in costs;
- The change in net income.

PAYDAY LOAN REVENUE CHANGES

We estimated the change in payday loan revenues based on the Loan Data. For each borrower, we analyzed their loan history and determined whether or not each loan would have met the requirements considered. We assumed that if a loan did not meet the requirements that loan would not have been originated. We then compared the fees

⁸ Payday Loans and Deposit Advance Products, CFPB, April 24, 2013, p. 15; available at http://files.consumerfinance.gov/f/201304_cfpb_payday-dap-whitepaper.pdf, last accessed on 5/12/2015.

⁹ CFPB Data Point: Payday Lending, The CFPB Office of Research, March 2014; available at http://files.consumerfinance.gov/f/201403_cfpb_report_payday-lending.pdf, last accessed on 5/1/2015.

hypothetically generated by the loans that met the alternative requirements with the fees generated by the actual loans originated and calculated the percentage change in payday lending revenues that can be attributed to the application of the alternative requirements envisioned by the CFPB's Proposed Rules.

To undertake this analysis, we separated the Loan Data of each borrower into two periods: a 12-month assessment period and a subsequent policy period. The assessment period started on the date of the first loan and ends 364 days later. For example, the 12-month assessment period that began on 1/1/2012 ended on 12/30/2012 (since February has 29 days). The policy period for that borrower began on 12/31/2012. For borrowers with loans from two or more lenders in our sample, we had two (or more) dates that could be used to define the start of the assessment period (e.g. the loan date of the first loan from lender 1 or the loan date of the first loan from lender 2). We use the date of the earliest loan as the beginning of the assessment period. In these rare cases, the assessment period may be longer than 364 days. The assessment period data were used to determine whether a loan granted in the policy period would have met the proposed alternative requirements. The revenues associated with loans during the assessment period were excluded from the calculation of the revenue decline. The policy period data were used both to determine whether a loan granted in the policy period would have met the proposed alternative requirements and to calculate the revenue change.

For each borrower, each loan in the policy period was analyzed sequentially, applying the following parameters to determine if the loan would have met the alternative requirements.

1. We determined whether five or more loans would have been granted to the borrower during the 365 days preceding the date of the proposed new loan.
2. We determined whether the duration of indebtedness exceeded 90 days in the 365 days preceding the maturity date of the proposed new loan. A loan that started prior to this 365 days window contributes to this calculation only the number of days that are within this 365 days window.
3. We determined if there was any loan outstanding as of the date of the proposed new loan. To make this determination, we calculated the number of days from the payoff of the previously granted loan. If the date paid was missing, we assumed the previous loan ended at the date of the proposed new loan. We believe this is a conservative assumption. If we had assumed that a loan with a missing date paid remained outstanding, then no subsequent loan would meet the alternative requirements, and the decrease in payday loan revenues would be even larger than what we report here.
4. We determined if the proposed new loan would be the fourth in a sequence of granted loans.

If the proposed new loan failed any of these four tests, we assumed the loan did not occur. If the proposed new loan passed these four tests, we assumed the loan originated and undertook the following analyses and adjustments.

5. We determined if the new loan would be the first loan in a potential new sequence or a subsequent loan in an existing sequence based on the number of days from the payoff of the previously granted loan. If the new loan was part of a sequence, we determined its rank in that sequence – that is, whether the new loan was the second or third loan in the sequence.

6. If a new loan was determined to be the second loan in a sequence, we reduced its principal and fees by 33%. If the new loan was the third loan in a sequence, we reduced its principal and fee by 67%, consistent with the example the CFPB included in its Proposed Rules.¹⁰
7. If the principal of the new loan exceeded \$500, we assumed that the principal would be reduced to \$500 and the borrower would still have proceeded with the loan. We adjusted the loan fee proportionally. We applied this adjustment after we made the adjustment described above for the second or third loan in a sequence. Less than 1% of actual loans in the policy period exceeded \$500.
8. If the new loan had a term greater than 45 days, we assumed that the borrower would still have proceeded with a 45 day loan, and we adjusted the maturity date to 45 days. We similarly adjusted the loan payoff date, constraining the adjusted payoff date to not precede the loan date.^{11, 12}

Based on these parameters, we determined whether each loan in the policy period met the alternative requirements and could have been originated under the CFPB's Proposed Rules and what fee revenue it would have generated. See Appendix B for a numerical example.

We next estimated the decrease in payday lending revenues as the ratio of total actual fees less the total adjusted fees that met the alternative requirements relative to the total actual fees of the loans in the policy period ($[\text{actual fees} - \text{adjusted fees}] / \text{actual fees}$).

Given the variation in the state level current regulatory constraints, we estimated the change in the payday lending revenues at the state level, based on the location of the store that granted the loans.

RESULTS OF THE ESTIMATED REVENUE CHANGES

Under the alternative requirements, the decrease in payday lending revenues varied across states from approximately 70% to 92%. Overall, we estimated an average decrease of 82% for the small lenders we analyzed.

As we showed in Appendix C, stores in rural areas are likely to be affected more by the CFPB's Proposed Rules than other stores. Each point on the graphs represents a store. Stores in locations with relatively lower population density areas tend to have relatively fewer customers (see Chart 1). Generally, the fewer customers a store has, the larger the estimated decrease in its payday loan revenues, as shown in Chart 2. For example, among stores that experienced a greater than 90% reduction in revenue, nearly all have fewer than 500 borrowers. As a result, stores located in relatively more rural areas are likely to experience a larger decrease in the payday lending revenue under the alternative requirements (Chart 3).

Consumers may respond to the CFPB's Proposed Rules in such a way that the reduction in revenues may exceed our estimate. For example, a consumer who is

¹⁰ The CFPB's Proposed Rules, p. 17.

¹¹ This maturity reduction assumption is conservative, and given that there were just a handful of these loans, it does not materially change our results.

¹² As a practical matter of implementation, we made this adjustment prior to all other steps.

precluded by the Proposed Rules from taking out a new payday loan for six months may utilize alternative sources for funds and not return to the payday market. A consumer who is seeking a loan larger than \$500 or a loan for a term longer than 45 days, but is precluded from doing so by the Proposed Rules, may choose not to take a payday loan at all. We have not attempted to estimate the potential incremental revenues lost under such scenarios. From this perspective, the decline in revenue that we estimated is conservative and actual declines may be larger.

We have also considered, but have not quantified, certain potential indirect effects. To the extent payday lenders offer other products that are complementary to payday loans, the revenue of these other products may be reduced when fewer payday loans are made. For example, if a consumer is unable to take out a payday loan, the consumer may not purchase a phone card from the payday lender or use the payday lender's money transfer services. Additionally, if the consumer is precluded from taking out the payday loan, the consumer clearly need not return to the store to pay off the loan, and the payday lender's opportunity to sell other products at the time of the loan payoff is lost.

COST CHANGES

In order to understand how profits are impacted by the expected revenue reductions, we estimated the degree to which lenders' costs would decline as revenues decrease under the CFPB's Proposed Rules. We used the monthly P&L statements for each lender to assess the degree to which their non-rent costs were fixed or variable. Based on our discussions with the lenders, we assumed that rent costs are invariant to revenue change.¹³

For each lender, for each type of cost, we estimated cost multipliers that reflect the fixed/variable nature of the cost. A cost multiplier measures the change in that cost when the payday loan revenues change by \$1. Cost multipliers were estimated using actual payday loan revenues and costs as reported on the monthly P&L's. The analysis reflected the manner in which each lender aggregated its cost on its P&L. The P&L's for the lenders in our sample reflected differing degrees of variability in their cost structures with respect to changes in payday loan revenues.

While the P&L's for the lenders in our sample reflect actual increases and decreases in both revenues and costs, these actual changes are within a more narrow range as compared with the revenue declines we have estimated are likely to occur under the CFPB's Proposed Rules. As such, this approach likely overestimates the latitude that they have to reduce costs when revenues decline to the degree we have estimated here. For example, the number of employees required to be working in each store during all store hours cannot fall below one. Perhaps, it would be more realistic to assume that as revenues decline, each lender's ability to reduce costs may be diminished. We have not attempted to make such an adjustment, and we believe this approach to be conservative.

¹³ For one of the lenders in our sample, the data did not have the sufficient level of detail to be able to identify the rent costs.

NET INCOME CHANGES

To estimate the expected changes in the net income as a result of the CFPB's Proposed Rules, we used the store level P&L statements for 2013 for all the stores in our sample that originated payday loans. Some of the participants already allocated corporate expenses to the store level. For those that did not and provided the information needed to do so, we allocated corporate expenses at the store level proportionally, based on each store's revenue share.

$$\text{The Net Income}_{\text{actual}} = (\text{Payday Loan Revenues}_{\text{actual}} + \text{Other Revenues}_{\text{actual}}) - \text{Costs}_{\text{actual}}$$

For each store, we estimated the expected revenues under the alternative requirements by applying the state level payday loan revenues change (estimated based on the Loan Data) to the actual payday loan revenues. If the state level change in the payday loan revenues was estimated based on fewer than 100 borrowers, we used the estimated change in revenues from all states combined.

$$\text{Payday Loan Revenues}_{\text{CFPB}} = \text{Payday Loan Revenues}_{\text{actual}} \times (1 - \% \Delta \text{ Payday Loan Revenues})$$

For each store and cost type, the change in costs under the alternative requirements was estimated as the cost multiplier times the change in payday loan revenues.

$$\text{Costs}_{\text{CFPB}} = \text{Costs}_{\text{actual}} - (\text{Payday Loan Revenues}_{\text{actual}} - \text{Payday Loan Revenues}_{\text{CFPB}}) \times \text{Cost Multiplier}$$

RESULTS OF THE ESTIMATED NET INCOME CHANGES

The average per store net income was estimated to decrease from a profit of about \$37 thousand to a loss of \$28 thousand (e.g. a decrease of about \$66 thousand). Of the approximately 200 stores with payday lending revenues in our analysis, 84% of the stores are expected to experience net losses whereas only about 24% of the stores experienced a loss in the absence of the proposed rule. While 16% of the stores we analyzed are estimated to retain positive net profits, their net profits are estimated to decrease by 68% on average.

Five out of the six lenders analyzed would have experienced overall losses. For the sixth lender we estimated a positive net income under the alternative requirements, but there are circumstances surrounding this lender that warrant additional discussion. Based on the lender's financial statements, we estimated a cost structure that is highly variable (e.g. very low fixed costs). We found that a \$1 increase (decrease) in payday loan revenues is accompanied by a \$0.86 increase (decrease) in its costs – the highest variable rate among the six lenders analyzed. As we have noted elsewhere in this report, this approach likely overestimates for all six lenders the latitude that they would have to reduce costs when revenues decrease to the degree we have estimated here. The conservative nature of this approach is most apparent with respect to this lender.

The negative impact on the small lenders we reported here is likely to be understated for several reasons, including but not limited to:

1. The Proposed Rules significantly limit a consumer's ability to roll over payday loans, and this may dampen demand to originate payday loans and/or increase

- default rates. We have not attempted to quantify the degree to which either of these may occur.
2. We have made conservative assumptions about consumers' appetite to initiate a payday loan for amounts and durations that would be dictated by the CFPB's Proposed Rules to be small/shorter than the amounts and durations for which they actually initiated a payday loan.
 3. We did not include the expected increase in costs due to the new compliance requirements. The CFPB's Proposed Rules also include collection restrictions which may increase the costs of collection activities and could also affect the default rates.
 4. We have assumed that lenders will be able to continue to eliminate costs even as revenues fall precipitously. As discussed above, lenders' ability to reduce costs may decrease as certain costs categories approach natural floors, below which they cannot be further reduced.
 5. The six small lenders that we analyzed are likely larger than many small payday lenders. As such, the lenders analyzed here may have greater economies of scale and more capacity to adjust their cost structures, relative to other small payday lenders. Thus, some small payday lenders may experience larger decreases in profitability.

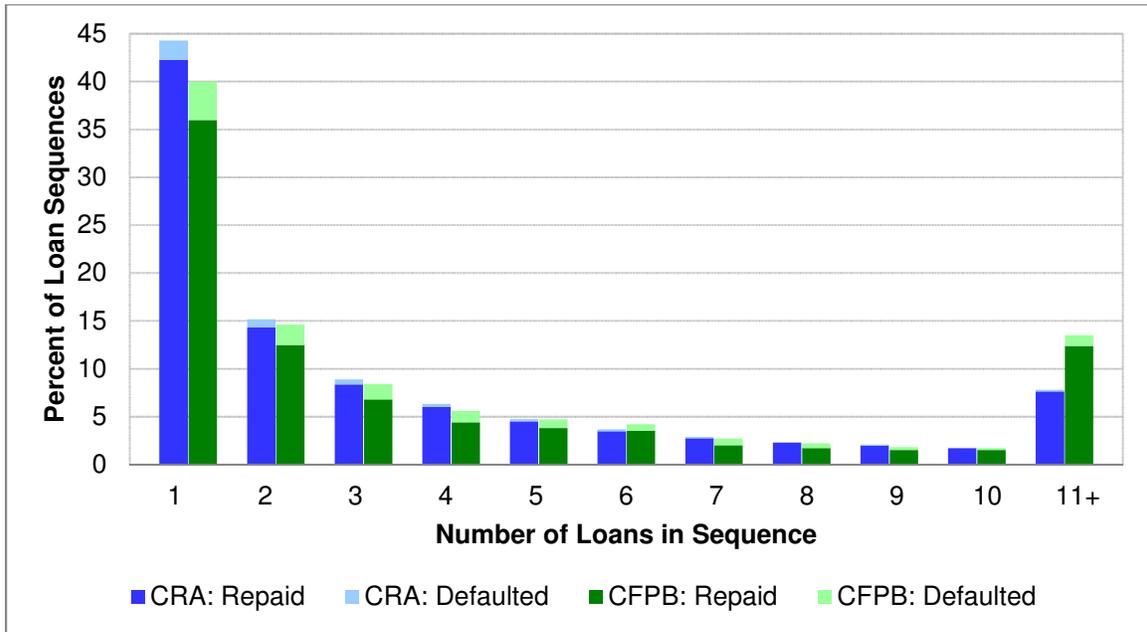
APPENDICES

Appendix A. Loan Level Data: CRA vs. CFPB

Appendix B. Alternative Requirements Example

Appendix C. Payday Lending Revenue vs. Population Density

APPENDIX A. LOAN LEVEL DATA: CRA VS. CFPB



Notes

- [1]: This graph compares the distribution of loan sequences in the CRA Loan Data to those reported in the CFPB's data reported in its 3/2014 paper (see footnote 9).
- [2]: For each lender, one year of data were included, based on the loan date. For most lenders, this represented 2012 loans.
- [3]: In this graph only, a loan sequence and a loan sequence in default are defined as the CFPB does in Sections 3.1 and 3.2 of its 3/2014 paper (see footnote 9). If any of the loans in a sequence is in default, the entire sequence is defined in default. In the rest of the study, a sequence is defined as in the CFPB's Proposed Rules.
- [4]: A loan sequence is given by the loans of a borrower issued by a given lender. Potential loans of the same borrower taken from different lenders are identified as taken by different borrowers.
- [5]: Loan sequences that were originated in the first month of the 12-month data for each lender were not included.
- [6]: A borrower can have more than one sequence.
- [7]: A loan x2 originated on or after an unpaid loan x1 is part of the same sequence as x1. A loan originated after x2 is allowed to be part of a different sequence than that of x1.

APPENDIX B. ALTERNATIVE REQUIREMENTS EXAMPLE

Policy Period	Loan Date	Due Date	Date Paid	Original Principal	Principal	Original Fees	Fees	Sequence Number	Number in a Sequence	Loan Granted	Not Granted Reasons
No	1/20/2012	2/3/2012	2/3/2012	\$400.00	\$400.00	\$87.53	\$87.53	1	1	Yes	.
No	4/19/2012	5/11/2012	5/11/2012	\$500.00	\$500.00	\$128.01	\$128.01	2	1	Yes	.
No	5/11/2012	6/8/2012	6/8/2012	\$500.00	\$500.00	\$128.83	\$128.83	2	2	Yes	.
No	6/8/2012	7/6/2012	7/6/2012	\$500.00	\$500.00	\$128.83	\$128.83	2	3	Yes	.
No	7/6/2012	8/3/2012	8/3/2012	\$500.00	\$500.00	\$128.83	\$128.83	2	4	Yes	.
No	8/3/2012	8/31/2012	8/31/2012	\$500.00	\$500.00	\$128.83	\$128.83	2	5	Yes	.
No	8/31/2012	9/28/2012	9/28/2012	\$500.00	\$500.00	\$128.83	\$128.83	2	6	Yes	.
No	9/29/2012	10/26/2012	10/26/2012	\$500.00	\$500.00	\$128.69	\$128.69	2	7	Yes	.
No	10/26/2012	11/23/2012	11/23/2012	\$500.00	\$500.00	\$128.83	\$128.83	2	8	Yes	.
No	11/23/2012	12/21/2012	12/21/2012	\$500.00	\$500.00	\$128.83	\$128.83	2	9	Yes	.
No	12/22/2012	1/18/2013	1/18/2013	\$500.00	\$500.00	\$128.69	\$128.69	2	10	Yes	.
Yes	1/21/2013	2/15/2013	2/15/2013	\$500.00	\$500.00	\$128.42	\$128.42	.	.	No	4th or more ln in the same seq NbrLnsPr12mo > 6 DaysInDebtPr12mo > 90
Yes	2/22/2013	3/22/2013	3/22/2013	\$500.00	\$500.00	\$128.83	\$128.83	.	.	No	4th or more ln in the same seq NbrLnsPr12mo > 6 DaysInDebtPr12mo > 90
Yes	3/29/2013	4/26/2013	4/26/2013	\$350.00	\$350.00	\$90.18	\$90.18	.	.	No	NbrLnsPr12mo > 6 DaysInDebtPr12mo > 90
Yes	4/27/2013	5/24/2013	5/24/2013	\$350.00	\$350.00	\$90.08	\$90.08	.	.	No	NbrLnsPr12mo > 6 DaysInDebtPr12mo > 90
Yes	4/29/2013	5/24/2013	5/24/2013	\$600.00	\$500.00	\$154.10	\$128.42	.	.	No	NbrLnsPr12mo > 6 DaysInDebtPr12mo > 90
Yes	5/29/2013	6/21/2013	6/21/2013	\$600.00	\$500.00	\$153.78	\$128.15	.	.	No	NbrLnsPr12mo > 6 DaysInDebtPr12mo > 90

Policy Period	Loan Date	Due Date	Date Paid	Original Principal	Principal	Original Fees	Fees	Sequence Number	Number in a Sequence	Loan Granted	Not Granted Reasons
Yes	6/21/2013	7/19/2013	7/19/2013	\$600.00	\$500.00	\$154.60	\$128.83	.	.	No	NbrLnsPr12mo > 6 DaysInDebtPr12mo > 90
Yes	7/19/2013	8/16/2013	8/16/2013	\$600.00	\$500.00	\$154.60	\$128.83	.	.	No	NbrLnsPr12mo > 6 DaysInDebtPr12mo > 90
Yes	8/28/2013	9/25/2013	9/25/2013	\$600.00	\$500.00	\$154.60	\$128.83	.	.	No	DaysInDebtPr12mo > 90
Yes	9/28/2013	10/25/2013	10/25/2013	\$600.00	\$500.00	\$154.43	\$128.69	.	.	No	DaysInDebtPr12mo > 90
Yes	10/28/2013	11/22/2013	11/22/2013	\$600.00	\$500.00	\$154.10	\$128.42	3	1	Yes	.
Yes	11/22/2013	12/20/2013	12/20/2013	\$600.00	\$333.33	\$154.60	\$85.89	3	2	Yes	.
Yes	12/21/2013	1/17/2014	1/17/2014	\$775.00	\$166.67	\$199.48	\$42.90	3	3	Yes	.

Notes

[1]: “4th or more ln in the same seq” = If granted, the loan would have been the 4th or more loan in the same sequence

[2]: “NbrLnsPr12mo > 6” = If granted, there would be more than six loans in the last 12 months.

[3]: “DaysInDebtPr12mo > 90” = If granted, the borrowers would be more than 90 days in debt in the last 12 months.

[4]: For this borrower, the first loan date in the data we received from his lender + 365 = 12/30/2012

[5]: The actual fees during the policy period were \$1,871.80. We estimated that the alternative requirements fees during the policy period would have been \$257.21.

APPENDIX C. PAYDAY LENDING REVENUE VS. POPULATION DENSITY

Chart 1. Store Size vs. Store Population Density

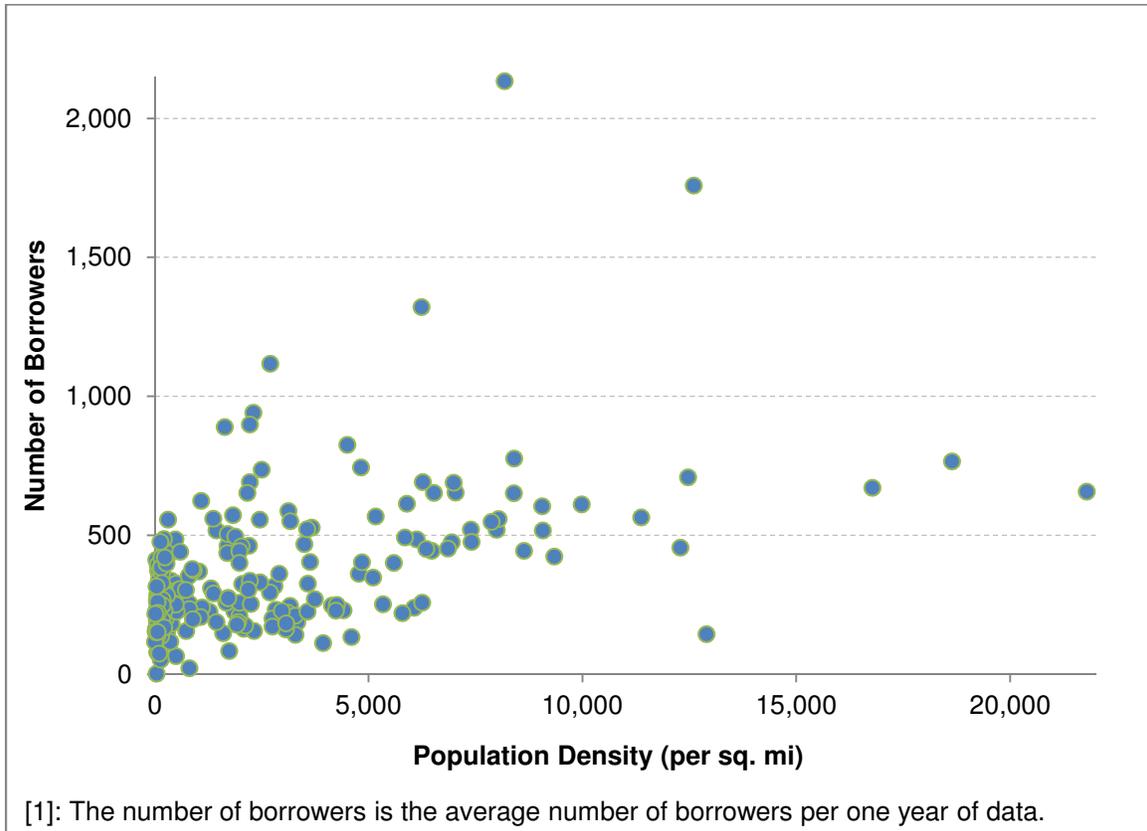


Chart 2. Change in Payday Lending Revenues vs. Store Size

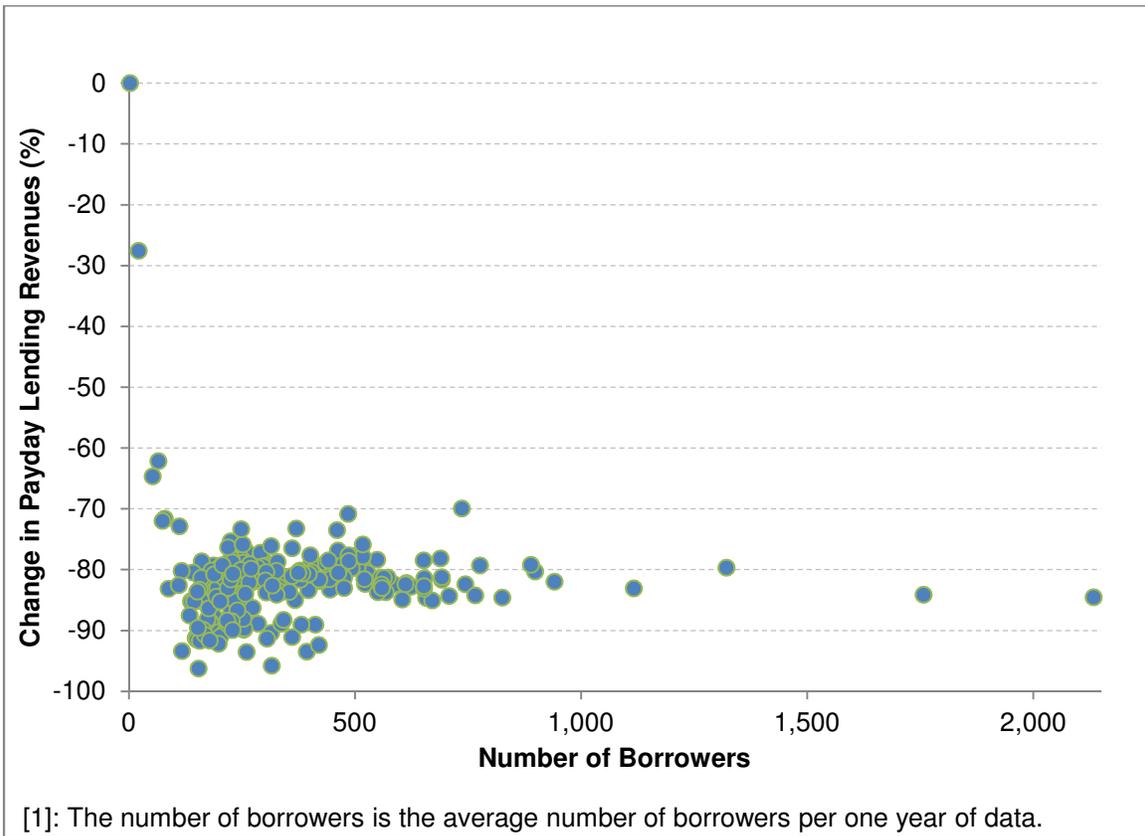
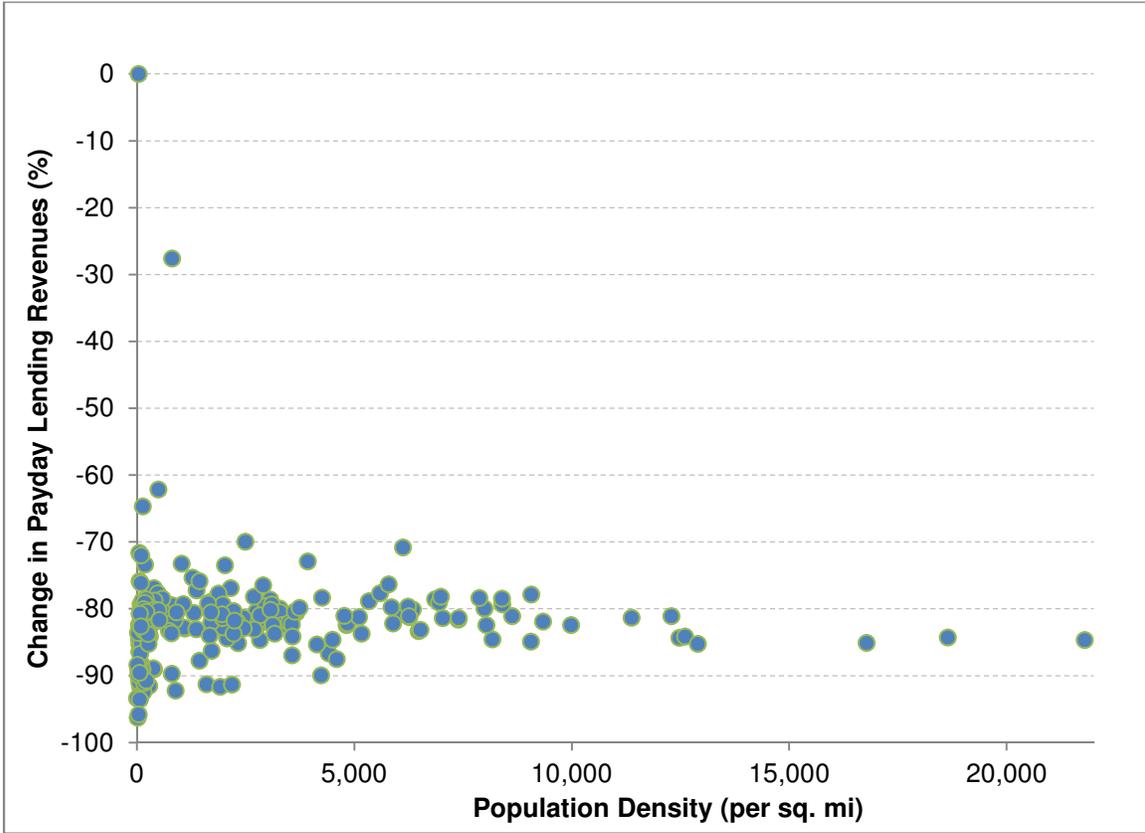


Chart 3. Change in Payday Lending Revenues vs. Store Population Density



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