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Press Release

Check Cashing & Money Transfer Services Still Take In \$9.4 Billion Serving The “Unbanked”

Tampa FL, June 4, 2013: Marketdata Enterprises, Inc., a leading independent market research publisher of “off-the-shelf” studies about service industries since 1979, has released a new 145-page report entitled: [Check Cashing & Money Transfer Services: A Market Analysis](#). This is new market study about a fascinating \$9.4 billion business. The study examines the operations of: check cashing stores and money transfer services—which are increasingly serving mainstream American households.

According to Research Director, John LaRosa: “These businesses exist to serve the “**unbanked**” or “**subprime**” market – 12 million low income households. However, more middle income consumers are also using them, due to their convenient hours. Customers like the more flexible hours, convenience, and lower fees vs. banks.”

Major Findings:

- There are 12 million U.S. households that are “unbanked”, that is, do not use traditional banks but alternative financial services. Marketdata estimated that this was a \$34 billion industry last year, when including payday loans and pawnshops.
- A total of 11,800 check cashing outlets were estimated to have \$1.81 billion in 2012 receipts, growing to \$1.85 billion this year. The business is consolidating and growth peaked in 2007, prior to the recession. The recession, more competition, and shifting technology contributed to a rough 2008-2011, as paper checks were replaced by debit cards and electronic payments. Revenues are forecast to grow 4.2%/year to 2017.

- 28.3% of American households are either “unbanked” or “underbanked”, conducting some or all of their financial transactions outside of the traditional banking system. 9 million households do not have a checking or savings account. This percentage has increased the past few years. 30% of households use check cashing services.
- Check cashers have had to diversify since 2007 into other services such as: payday loans, money transfer, tax preparation, gold buying/selling, pawn services. They now provide a wide variety of services, including bill payments, money orders, notaries, fax & photocopying, pre-paid phone cards, lottery tickets and more. The industry is regulated at the state and federal level.
- There are several large companies and franchises in the business: Ace Cash Express, DFC Global, Check Into Cash and more, but most are small mom & pop operations. Small operations may gross \$153,000 per year, while outlets at the large companies generate \$750,000 each. Franchises account for about 3,500 of 11,800 outlets. Walmart has become the largest check casher in the country.
- There are nearly 1 million worldwide money transfer agents, comprising a \$7.5 billion industry in the U.S. alone. The business is dominated by Western Union and MoneyGram (which have a 22% combined market share). This market has posted moderate growth but remains very fragmented.
- Marketdata analysts estimate that U.S. money transfer services grew from \$2.51 billion in 1999 to \$7.54 billion in 2012. The main drivers of this growth are migration trends and the growth of remittances by immigrants to their home countries. During the housing boom, Latin American workers in the U.S. fueled strong growth in money transfers. Marketdata forecasts 6.5% growth this year to \$8.0 billion, and 8.4% average annual growth to 2017.

“This is an industry that is not going away, despite criticism by some consumer protection groups that high fees are taking advantage of users. Only when banks are open 7 days a week and after 9-5 hours, and are willing to make small loans or advances under \$1,000 on the spot will this industry disappear. We don’t see that happening anytime soon, especially with U.S. poverty levels on the rise.”, according to John LaRosa.

Editor’s Note: Check Cashing & Money Transfer Services: A Market Analysis, published in June 2013, is an independently researched “off-the-shelf” study. The study is 145 pages in length, and costs \$1,495. It is also sold by individual chapters at lower cost. John LaRosa is available for media interviews (call: 813-907-9090). A free table of contents is available by mail, Fax., email or the Web. Contact: Marketdata Enterprises, Inc., 8903 Regents Park Drive, Suite 120, Tampa, FL 33647, or see www.marketdataenterprises.com. Marketdata studies are also available online via several commercial databases. Call for details.

A 28 pp. Overview of major findings is available for \$99.

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