U.S. Check Cashing & Money Transfer Services: 
A Market Analysis 
June 2013

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* Definition of the components of the U.S. market serving consumers outside of the traditional financial services market (the “unbanked”). Alternative financial services: Check Cashing Stores, Money Transfer Services. Definition of each segment, nature of the business/how it works, number of outlets, reasons for growth, dollar mkt. size 1999-2012, 2013 & 2017 forecasts, major competitors.
* Major market trends affecting each sector: move into payday loans and diversification to other services, state regulation, increased competition, industry critics, consolidation, etc.
* Effects of the recession, 2008-2011 mkt. performance, new technology, shift to electronic payments via debit cards, U.S. immigration trends, remittance inflows/outflows
* 2012 & 2013 outlooks for each segment
* Composition of check cashier revenues by type: 2007 vs. 2012
* Discussion of reasons for growth of non-bank services, population below poverty level.
* Discussion of household debt levels.
* Discussion of bankruptcy trends.
* Discussion of annual U.S. immigration.

Tables:
- U.S. Population Living Below the Poverty Level (1990-2011)
- Reasons Why Unbanked Families Do Not Have Checking Accounts
- Market potential: 1999-2012 estimated $ receipts of check cashing outlets, money transfers, pawnshops, payday loan services, total industry.
- Check cashing industry revenues: 1999-2017
Customer Demographics: The Unbanked Population ($175)

- Discussion of the unbanked population, Findings of FDIC survey: percent and no. of unbanked households
  - Banking status for select demographic groups
  - Use of pre-paid debit cards, alternative financial services used most often
  - Reasons unbanked households don’t have a bank account
- **Table**: 1999-2012 market potentials of the major market segments: check cashing, money transfer, pawn shops, payday loans, total
- Trends in consumer debt levels – discussion, last 5 years, delinquencies, analysis by Federal Reserve, 2007-2010 improvement trends
- **Table**: Debt payments relative to family income: 2001, 2004, 2007, 2010 – by age of household head, % of income, % of net worth, housing status, past due status, discussion of mortgage vs. consumer debt levels
- Foreclosure trends – discussion, recent trends, now vs. recession period
- **Table**: U.S. population living below poverty level: 1990-2011.

The U.S. Check Cashing Industry ($595)

**Summary & Nature of the Business: How Check Cashing Companies Operate**
* Industry definition and size. Number of outlets. Check cashers offer convenience for a price. Typical fees charged.
* Other services offered: money orders, wire transfers, electronic bill payments, notary signatures, utility bill payments, tax preparation, gold buying, payday loans.

**Industry History and Evolution**
* Beginnings in the Great Depression.
* Impact of deregulation of the U.S. banking industry.

**Customer Demographics** (by gender, income, race, etc.)
* Scarborough Research study.
* Ace Cash Express customer profile.
* FISCA 2006 trade group customer profile

**Emerging Industry Trends**
* Check cashing fees on the rise, Consumer Federation of America survey
* The entry of Walmart into the check cashing market - discussion
* More competition from: Pay By Touch, 7-Eleven, Walmart

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**Table**: Number/value/avg. value of **government checks** processed: 1989-2012
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* Definition of: The Bank Secrecy Act, Money Laundering Suppression Act, USA Patriot Act, Gramm-Leach-Bliley Act
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** List:** List of state check cashing fee caps, by state: Sept. 2012
** Table:** State Banking Departments for States With Check Cashing Fee Maximums, address & phone.

Industry Size, Growth, Forecasts
* Discussion of avg. annual receipts per store: for Illinois stores, ACE Cash Express, AMSCOT, DFC Global
* Discussion of 2008-2011 market performance/trends, rise of payday loans
* Number of outlets declining – discussion, data from 13 state banking depts.” No. operating in 2007 vs. today
* Composition of check cashing revenues by type (check cashing, money orders, $ transfers, debit cards, bill payments, gold buying, tax preparation, pawn services, etc. % of total revenues) – 2012 vs. 2007
* Discussion of no. of payday loan outlets, market value.
* Industry sales and number of projected units for 2008 – 2013
* Factors affecting growth in 2013 and 2017 – Marketdata forecasts.
* Federal Reserve findings of non-cash payment trends: checks vs. debit cards
* Discussion of the major franchises: start-up costs, franchise fees, royalty, no. units
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** Table:** Composite income statement of (NYS) check cashing outlets (2003-2006)

Competitor Profiles (headquarters location, services, detailed financials, mergers, history and company profile)

- Ace Cash Express, Inc.
- Check Into Cash
- Dollar Financial Corporation
- AMSCOT Financial
**The U.S. Money Transfer Services Industry** ($495)  

**Nature of the Business**  
* The transition from the money order to the electronic wire transfers, how electronic transfers work.  
* Market drivers: analysis of global migration trends, U.S. population vs. foreign born, illegal immigrants  
* Discussion of remittance inflows/outflows, factors affecting, work visas  
* Industry trends: discussions of:  
* Industry is being driven by the rise in global immigration.  

**Regulation of the Industry**  
* Review of state & federal regulations.  
* Definition of: The Bank Secrecy Act, Money Laundering Suppression Act, USA Patriot Act, Gramm-Leach-Bliley Act  

**Industry Trends**  
* International money transfer market is very fragmented.  
* Major players have a small market share. Number of Western Union & Moneygram agents worldwide, role of Wal-Mart, mobile finance  
* New technologies present new competition, discussion of 3 transfer models used, mobile finance  
* Discussion of collapse of Moneygram.  
* U.S. banks are developing services for the U.S. - Latin America transmission corridor.  

**Industry Size, Growth, Forecasts**  
* Industry revenues for 1999 through 2012 - discussion & analysis  

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**Competitor Profiles** (headquarters location, services, company history, recent developments, financials).  
- Western Union  
- Moneygram International  
- Ria Financial Services  

**Reference Directory of Trade Associations & Sources**  
* Address, phone, contacts for major trade groups, consultants, list of industry studies and articles, Wall Street analysts/research reports.