

U.S. Alternative Financial Services Industry: Check Cashing, Pawn Shops, Rent-To-Own Stores, Payday Loans, Money Transfer Services

November 2020

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- Discussion of the unbanked population, Findings of 2016 survey: *FDIC National Survey of Unbanked and Underbanked Households*
- percent and no. of unbanked and underbanked U.S. households
- Reasons unbanked households don't have a bank account
- Perceptions of banks' interest
- Percent using alternative financial services
- Banking status for select demographic groups
- Use of pre-paid debit cards, alternative financial services used most often
- Bank and nonbank credit
- Banking status by geography
- Usage of international remittances
- Study conclusions

Tables:

- Percentage of Households That Are Unbanked, By State: 2015
- Households Usage of Specific Alternative Financial Services: 2015, 2011

The U.S. Check Cashing Industry

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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 trade group customer profile

Emerging Industry Trends

- * Check cashing fees on the rise, Consumer Federation of America survey
- * Industry consolidation
- * Increased competition
- * **The 2019 Federal Reserve Payments Study:** key findings
- * The entry of Walmart into the check cashing market - discussion
- * More competition from: Pay By Touch, 7-Eleven, Walmart

Tables:

- Number and Dollar Value of Payments by Check in the U.S. – 2003-2019
- Number/value/avg. value of **commercial checks** processed: 1989-2019
- Number/value/avg. value of **government checks** processed: 1989-2019
- Number/value/avg. value of **postal money orders** processed: 1989-2019

Industry Regulation

- * Federal Regulations, state regulations
- * Definition of: The Bank Secrecy Act, Money Laundering Suppression Act, USA Patriot Act, Gramm-Leach-Bliley Act

Table: Check Cashing Fees, by type check

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
- * Number of outlets declining – discussion, number 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)
- * Factors affecting growth
- * 2018-2019 industry performance
- * 2020 Forecast, effects of the pandemic
- * 2025 long-term outlook and forecast
- * Federal Reserve findings of non-cash payment trends: checks vs. debit cards

Table: Industry revenues, annual % change: 2000 through 2019, 2020 & 2025 F.

Check Cashing Industry Structure & Profit Margins

- * Review of the composite financial statements for check cashing outlets in New York State and Illinois.

Competitor Profiles (headquarters location, services, 3-5 year financials when available, 2020 1st half results, mergers, history and company profile)

- Ace Cash Express, Inc. (Purpose Financial)
- Check Into Cash
- Dollar Financial Corporation (Money Mart Financial Services)
- AMSCOT Financial

Nature of the Business

- * The transition from the money order to 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: increased regulation
- * The competition: global & regional providers, banks, informal networks, alternative channels

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
- * U.S. banks are developing services for the U.S. - Latin America transmission corridor.

Tables:

- Global migrant stock, by regions: 2005, 2012, 2019
- [Origins of the U.S. immigrant population](#), % born in ea. Nation: [1960-2016](#)
- [Top 10 sending countries in the recent years](#)
- Total U.S. Population, Foreign Born Population & Illegal Immigrants: 2001-2017
- U.S. immigration, by country of origin: 2001-2018
- International Migrants: 1970-2019
- Illegal Alien Population, by Country of Birth: 2015 and 2010
- Top Countries Receiving/Sending Remittances: 2010, 2015, 2018
- Global remittance inflows, developed/developing nations: 2001-2020F
- U.S. and Global Remittance Outflows: 2001-2020F
- Destination of outflows from the U.S. – World Bank, other data
- Estimated Remittances from the United States, by Country: 2010-2018
- Number of Western Union and Moneygram Agents Worldwide (2002-2019)
- U.S. Bank money transfer products

Industry Size, Growth, Forecasts

- * Industry revenues for 1999 through 2019 - discussion & analysis
- * 2019 industry performance: discussion, Marketdata estimates
- * 2020 Forecast: effects of the pandemic, Western Union, Moneygram, Euronet outlooks, Marketdata forecast
- * 2025 Forecast: discussion & analysis, Marketdata forecast.

Tables:

- Size of U.S. money transfer industry, revenues 1999-2019, 2020 & 2025 forecasts
- Size of U.S. money transfer industry, by company (Western Union, Moneygram, Euronet, U.S. Post Office) 1999-2019

Competitor Profiles (headquarters location, services, company history, recent developments, 3-5 year financials when available, 2020 1st half results).

- Western Union
- Moneygram International
- Euronet Worldwide (Ria Financial Services)

The U.S. Pawn Shops Industry

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Nature of the Business

- * Description of pawn shop services, number of shops, U.S. and Latin American operations, business model
- * Industry status report 2019-2020, industry revenues estimates
- * Findings of 2018 National Pawnbrokers Assn. survey: pawn loans vs. merchandise sales, online sales, outlook for 2019
- * Industry structure, no. of stores, regional concentration, largest competitors/chains
- * Description of pawn loans and their fees, layaway, title loans, tax refund loans, prepaid debit cards, gold buying, check cashing

Industry Trends

- * Declining number of pawn shops
- * Discussion of anti-payday loan legislation, relation to the pawn shops business
- * The gold factor: how pawn shops have benefitted from rising price of gold

Tables:

- No. of U.S. pawn shops: 1990-2020 Forecast
- Historical prices of gold: 1999-2020

Industry Size, Growth, Forecasts

- * Availability of data on industry size/revenues, sources
- * Avg. annual revenues per pawn shop, by EZ Corp, First Cash – for U.S. vs. Latin American pawn shops
- * Historical Industry revenues for 2005-2025 F
- * Analysis of current & historical revenues of EZ Corp & First Cash
- * Analysis of industry performance during the Great Recession of 2008: findings of NPA trade association and state associations
- * 2019 industry performance and Marketdata growth estimate
- * 2020 Forecast, effects of the pandemic on operations and revenues, Marketdata growth estimate, 1st half 2020 sales of top competitors.
- * 2025 Marketdata Forecast, discussion of growth drivers, major factors

Tables:

- Estimated Industry Revenues, no. of shops, avg. per shop: 2025-2025 F

Competitor Profiles (headquarters location, services, company history, recent developments, 3-5 year financials when available, 2019 results, 2020 1st half results).

- First Cash (Incl. Cash America, prior to acquisition)
- EZCorp.

Table:

- The Major Pawn shop Chains: no. of stores (U.S., Latin America), revenues: 2019

The U.S. Payday Loans Industry

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Nature of the Business

- * Description of payday loans, how they work, government actions against the industry
- * How big banks have supported the industry since 2009, lobbying efforts
- * Basic facts and metrics about the industry (avg. loan size, APR, users, etc.)

Industry Trends

- * Growth on online installment loans as an alternative to payday loans (emergence of Enova, Elevate, Earnin, other apps and firms)

Industry Size, Growth, Forecasts

- * Number of outlets, peak levels, relation to check cashers
- * Historical view since 1990s, estimate of no. of outlets by Stephens brokerage firm
- * Industry revenues for 1995 through 2025 F - discussion & analysis
- * 2016-2018 industry performance findings of Center for Financial Services Innovation study, \$ estimates for 2016, 2018
- * 2019 industry performance: Marketdata estimate
- * 2020 Forecast, effects of the pandemic on operations and revenues, payday loan application grows, digital lending apps soar in usage, Trump administration reverses rule, Marketdata estimate of industry size/growth
- * 2025 Forecast: discussion & rationale, Marketdata estimate of industry size/growth

Tables:

- Size of U.S. payday loans industry, revenues 1995-2019, 2020 & 2025 forecasts

Operations

- * Profitability of payday lenders, CFPB actions

Legislation, Industry Regulation

- * No. of states with anti-payday loan legislation

New Lending Apps

- * Discussion of Earnin and Enova products
- * User demographics

Competitor Profiles (headquarters location, services, company history, recent developments, 3-5 year financials when available, 2020 1st half results).

Tables:

- Major Payday Loan Companies in 2019 (no. of stores, revenues)
- Major Payday Loan Companies in 2009

- Purpose Financial (Advance America, ACE Cash Express)
- Check 'N Go
- Check Into Cash
- Dollar Financial
- QC Holdings
- Earnin (online, app)
- Curo Group Holdings (online, app)
- Enova Intl. (online, app)

The U.S. Rent-To-Own Industry

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Nature of the Business

- * Description and evolution of the business, how transactions work, estimate of industry size by APRO trade group
- * Avg. store revenues, seasonal sales patterns

Regulation of the Industry

- * Review of state & federal regulations, state lease purchase laws
- * No. of states with rental purchase statutes
- * Typical prices for merchandise vs. outright purchase

Customer Demographics

- * Share of population in the "sub-prime" category, findings of Fair Isaac Corp. and APRO studies

Industry Trends

- * Increased competition
- * Emergence of virtual and kiosk-based operations

Industry Size, Growth, Forecasts

- * Opinions of APRO management regarding leaders' market share
- * Relation between the industry and recessions, and interest rates - discussion & analysis
- * 2019 industry performance: Marketdata estimate, why some estimates of \$ size of the industry are not accurate
- * 2020 Forecast, effects of the pandemic on operations and revenues, RAC and Aaron's projections of 2020 sales & outlook based on 1st half of year, Marketdata estimate of industry size/growth
- * 2025 Forecast: discussion & rationale, trends over next 5 yrs., Marketdata forecast of industry size/growth rate.

Tables:

- Size of U.S. rent-to-own stores industry: 1999-2019, 2020 & 2025 forecasts
- Number of Global Rent-To-Own Stores: 2001-2015
- Comparison of Industry Growth & Federal Funds Interest Rates: 1999-2020

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Competitor Profiles (headquarters location, services, company history, recent developments, 3-5 year financials when available, 2020 1st half results).

- Rent A Center
- Aaron's Inc.

Reference Directory of Trade Associations & Sources

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* Address, phone, contacts for major trade groups, consultants, list of industry studies and articles, Wall Street analysts/research reports.