

Oklahoma Trends in Deferred Deposit Lending

Oklahoma Deferred Deposit Program
March 2009



Provided by Veritec Solutions LLC with permission from the Oklahoma Department of Consumer Credit for the provision of statistical information related to the Program

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Program Statistics and Highlights

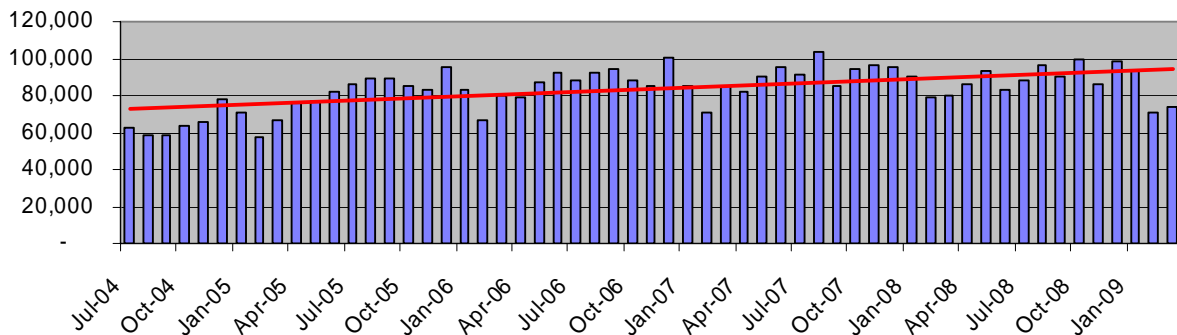
Transaction Volume

Transaction volume for the month of March 2009 was 73,845 transactions. The total number of transactions conducted during the trailing-twelve-month (“TTM”) period between April 2008 and March 2009 was 1,058,067 transactions.

Eighty-eight percent (88%) of transactions were opened via the automated interface and twelve percent (12%) via the OKDDL web application.

Transaction volume decreased at an average rate of 3.1 percent per month during the TTM period. Monthly transaction volume decreased at an average rate of 2.2 percent when compared to the same months in the prior year.

Transaction Volume by Month



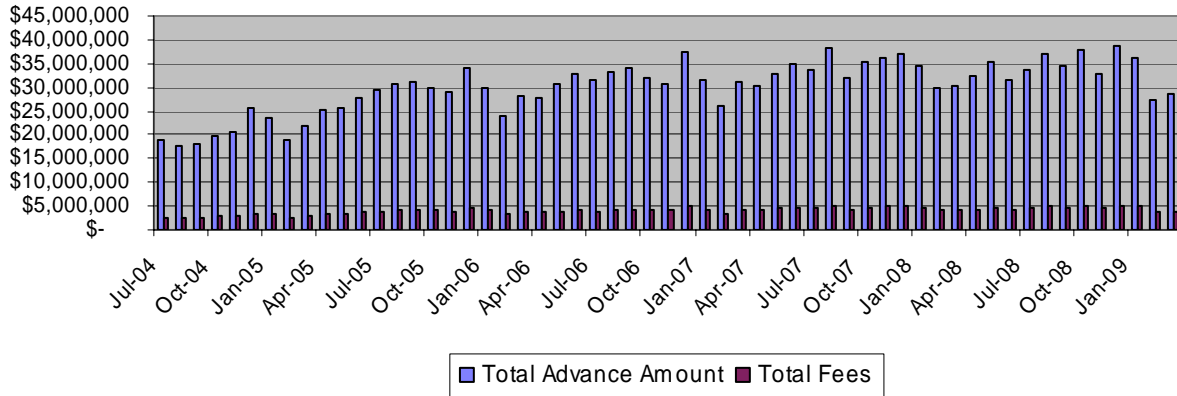
Month	Auto Interface	Web Application	Total Transaction Count	Monthly Increase	Increase over same month, prior year
Apr-08	74,690	11,129	85,819	1.1%	4.1%
May-08	80,888	12,090	92,978	9.6%	2.7%
Jun-08	72,380	10,659	83,039	0.7%	-12.5%
Jul-08	76,860	11,022	87,882	-2.9%	-3.4%
Aug-08	84,489	12,211	96,700	1.9%	-6.5%
Sep-08	78,589	11,804	90,393	-0.6%	5.6%
Oct-08	86,755	12,224	98,979	-4.3%	5.2%
Nov-08	75,301	10,714	86,015	0.5%	-10.6%
Dec-08	86,682	12,054	98,736	4.9%	3.1%
Jan-09	82,040	11,228	93,268	-3.1%	3.5%
Feb-09	61,856	8,557	70,413	-26.5%	-10.4%
Mar-09	64,765	9,080	73,845	-18.0%	-7.7%
TTM Average	77,108	11,064	88,172	-3.1%	-2.2%

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Transaction Amounts, Fees and Averages

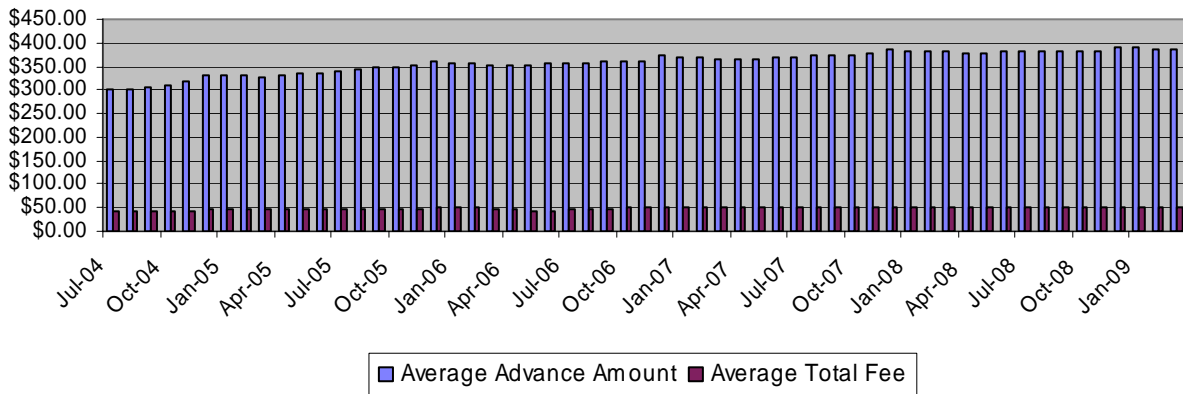
The 1,058,067 transactions conducted during the TTM period represent a total advance amount of approximately \$405.7 million with total advance fees of approximately \$54.3 million.

Total Advance Amount and Fees



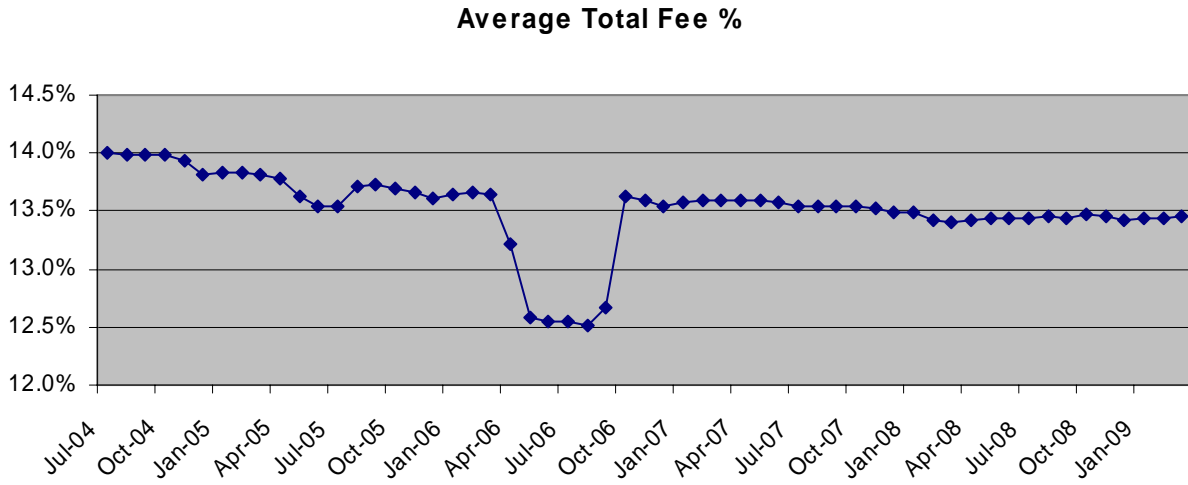
The average advance amount during the TTM period was \$383.44 with average advance fees of \$51.34.

Transaction Averages



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The average total advance fees were approximately 13.4% for transactions conducted during the TTM period.

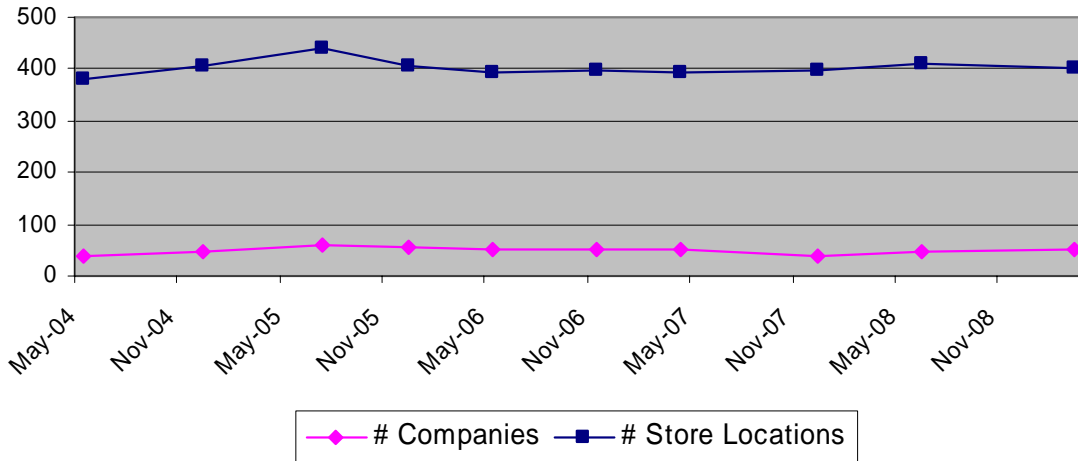


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Provider Locations

There were 50 companies that owned 400 active licensee store locations as of March 2009 according to Oklahoma Department of Consumer Credit records.

Companies & Store Locations



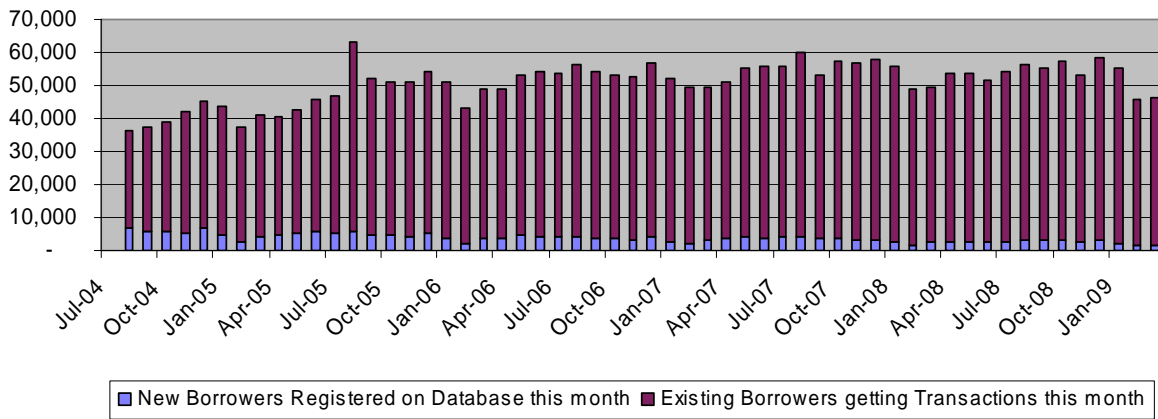
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Borrower Base

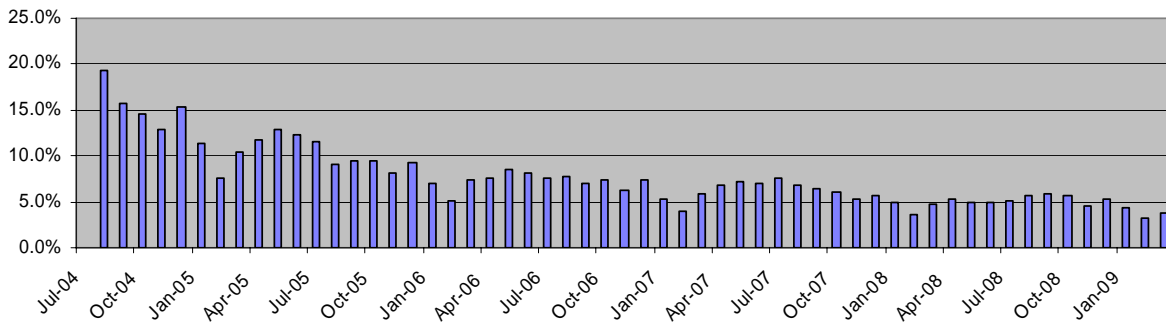
The total number of borrowers with registered transactions in March 2009 was 46,346 borrowers; 1,783 (i.e. 3.8%) of these borrowers were “new” borrowers (i.e. they had not previously been registered on the Database). Borrowers took out an average of approximately 1.59 transactions per borrower during the month.¹

New Borrowers represented approximately 4.9 percent of the Borrowers taking out transactions during the TTM period.

Borrowers with Registered Transactions



Transactions by New Borrowers



¹ “New” borrowers are considered as those that had not previously been registered on the Database.

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Borrower Usage of Payday Loans and Licensees

The average number of transactions per borrower for the trailing-twelve-month (“TTM”) period between April 2008 and March 2009 was approximately 9.3 transactions. Approximately 73.1 percent of borrowers conducted 12 or fewer transactions during the TTM period.²

Number of DDTs (Apr '08 - Mar '09)	# Consumers	% Total Consumers		% Total DDTs	
1	13,042	11.5%	73.1% of customers	1.2%	43.7% of transactions
2	9,632	8.5%		1.8%	
3	7,802	6.9%		2.2%	
4	7,475	6.6%		2.8%	
5	6,703	5.9%		3.2%	
6	6,672	5.9%		3.8%	
7	5,233	4.6%		3.5%	
8	5,242	4.6%		4.0%	
9	4,791	4.2%		4.1%	
10	4,966	4.4%		4.7%	
11	5,125	4.5%		5.3%	
12	6,378	5.6%		7.2%	
13	3,808	3.4%	26.9% of customers	4.7%	56.3% of transactions
14	2,990	2.6%		3.9%	
15	2,702	2.4%		3.8%	
16	2,445	2.2%		3.7%	
17	2,120	1.9%		3.4%	
18	2,042	1.8%		3.5%	
19	1,819	1.6%		3.3%	
20	2,039	1.8%		3.8%	
21	1,638	1.4%		3.2%	
22	1,417	1.2%		2.9%	
23	1,142	1.0%		2.5%	
24	1,040	0.9%		2.4%	
25	933	0.8%		2.2%	
26	860	0.8%		2.1%	
27	549	0.5%		1.4%	
28	422	0.4%		1.1%	
29	355	0.3%		1.0%	
30	382	0.3%		1.1%	
31	244	0.2%		0.7%	
32	203	0.2%		0.6%	
33	180	0.2%		0.6%	
34	140	0.1%		0.4%	
35	151	0.1%		0.5%	
36	109	0.1%		0.4%	
37	106	0.1%		0.4%	
38	109	0.1%		0.4%	
39	94	0.1%		0.3%	
40 or more	488	0.4%		2.0%	

² Includes borrowers with registered transactions during analysis period.

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A majority of borrowers patronized a single licensee company during the TTM period. Approximately 95.8 percent of borrowers took out advances with 2 or fewer licensee companies during the period.

April 2008 through March 2009			
# DDL Companies Used	# Borrowers	% Borrowers	
1	78,471	69.09%	95.8%
2	30,284	26.66%	
3	4,268	3.76%	4.2%
4	493	0.43%	
5	56	0.05%	
6	4	0.00%	

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Average Borrower Indebtedness³

The average borrower indebtedness for all borrowers with outstanding transactions registered on the Database was approximately \$475.27 as of March 2009 end-of-month. Average borrower indebtedness was approximately \$473.32 for transactions conducted with all borrowers with 2 or fewer transactions outstanding on the database.

OKDDL Database snapshot at midnight on March 31, 2009 does not include historically loaded transactions conducted prior to implementation of the database

# Open Transactions by Borrowers	# Borrowers by Total # Open Transactions	% Borrowers	# Open Transactions in DB	Avg Advance Amt per Transaction	Avg Outstanding Advance Amt per Borrower	Total Advance Amt Outstanding
1	83,295	77.5%	83,295	\$380.34	\$380.34	\$31,680,162
2	23,852	22.2%	47,704	\$399.02	\$798.05	\$19,035,074
3 or more *	311	0.3%	940	\$379.15	\$1,145.99	\$356,404
Total	107,458	100.0%	131,939	\$387.09	\$475.27	\$51,071,640

# Open Transactions by Borrowers	# Borrowers by Total # Open Transactions	% Borrowers	# Open Transactions in DB	Avg Advance Amt per Transaction	Avg Outstanding Advance Amt per Borrower	Total Advance Amt Outstanding
1	83,295	77.5%	83,295	\$380.34	\$380.34	\$31,680,162
2	23,852	22.2%	47,704	\$399.02	\$798.05	\$19,035,074
Total	107,147	99.7%	130,999	\$387.14	\$473.32	\$50,715,236

* Transactions out of compliance are predominantly due to returned checks for transactions already closed on the database

³ Average borrower indebtedness reflects all outstanding transactions registered to the Database as of the specified date and time. This does NOT include historical data for transactions conducted prior to implementation of the Database on or around July 1, 2004.

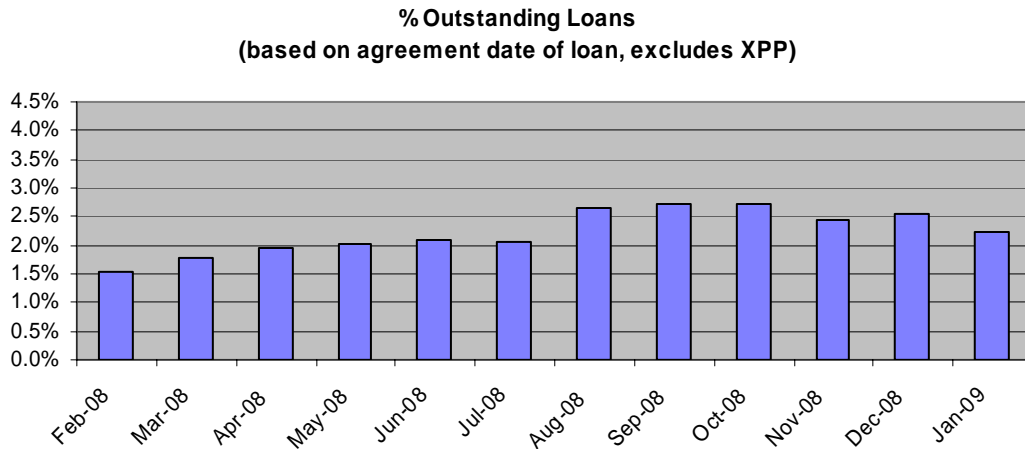
Loan Loss Estimate

Transactions categorized as “Loan Loss” as of EOM March 2009 using the criteria below average approximately 2.3 percent of total transactions conducted during the analysis period. These “Loan Loss” transactions represent a total outstanding advance amount of approximately \$9.5 million (excluding fees of \$1.3 million) or 2.1 percent of the approximately \$460.2 million in total transactions (including advance amount and fees) conducted during the analysis period.⁴

The estimated loss of \$9.5 million in advances represents approximately 17.5 percent of the \$54.5 million total fees earned during the analysis period.

Loan loss rate is estimated using the following criteria:

- Transactions in Open status more than 60 days beyond the Agreement Date.
- Exclude transactions that are in an Extended Payment Plan.
- Data used for this analysis includes the trailing-twelve-months (“TTM”) of available data beginning two months (i.e. approximately 60 days) prior to the current month-end (i.e. February 2008 through January 2009).



⁴ Estimating criteria of Loan Loss provided by OK DDL Advisory Council for all transactions conducted since implementation of the database on or around July 1, 2004.

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Outstanding Transactions after Database Implementation

As of EOM March 2009 there were 131,939 outstanding transactions on the database held by 107,458 borrowers (an average of 1.2 transactions per borrower). Approximately 0.7 percent of these transactions were held by borrowers with 3 or more outstanding transactions statewide (e.g. out of compliance with the statewide limit of 2 transactions per borrower).^{5 6}

Open Transaction Count	# Customers	% Customers with Open Transactions	Total Transactions	% Transactions	
1	83,295	77.5%	83,295	63.1%	
2	23,852	22.2%	47,704	36.2%	
3	304	0.3%	912	0.7%	0.7%
4	7	0.0%	28	0.0%	

⁵ This analysis includes transactions conducted after implementation of the Database on or around July 1, 2004 and excludes historical data.

⁶ Transactions in excess of the allowed statewide limit of 2 transactions may occur when payment for a closed transaction is returned (e.g. the check is returned NSF) and the borrower conducted another transaction during the period between when their second outstanding transaction was closed on the database and when the check was returned and the licensee updated the transaction status to indicate the returned payment.

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Consecutive Count and Extended Payment Plan

Approximately 63.7 percent of the transactions conducted during the TTM period from April 2008 through March 2009 were eligible for an “extended payment plan” pursuant to the Deferred Deposit Act. Approximately 12.5 percent of the transactions conducted during this period were the “5th consecutive transaction” as defined by the Act.

Pursuant to the Act, the borrower is subject to a mandatory waiting period following the 5th consecutive transaction.

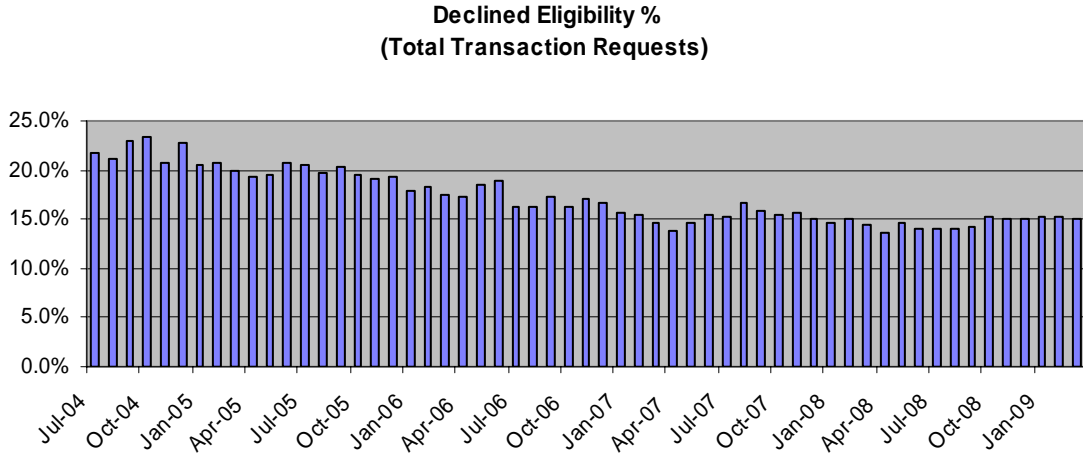
Borrowers entered into an Extended Payment Plan, pursuant to the Act, on 20,629 transactions during the TTM period. This represents approximately 2.0 percent of the total transactions conducted during the period.

Transaction Consecutive Order	% of Transactions Eligible for XPP	% of Transactions	% of Customers
0	0.9%	18.1%	19.7%
1	10.2%	20.9%	19.8%
2	9.7%	18.1%	17.7%
3	16.1%	16.1%	16.0%
4	14.2%	14.2%	14.2%
5	12.5%	12.5%	12.7%
TOTALS	63.7%	100.0%	100.0%

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Declined Customer Eligibility Checks

For the period from July 2004 through March 2009, declined eligibility checks averaged 17.1 percent of total transaction requests.⁷



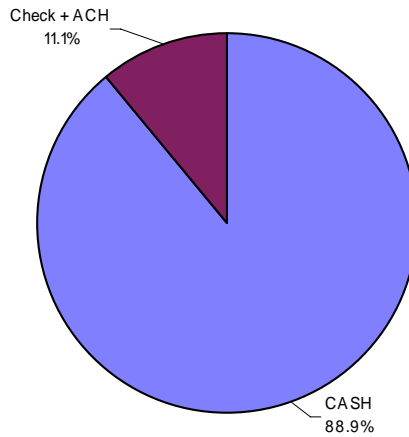
⁷ Assumption that declined customer intended to open a deferred deposit transaction. Total transaction requests = number of opened transactions plus the number of declined eligibility checks. Excludes specific licensees that skewed data by conducting redundant eligibility checks.

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Payment Method (Cash vs. Check or ACH)

Closed transactions conducted during the TTM period indicate that approximately 88.9 percent of transactions are paid in Cash vs. Check or ACH for the period.

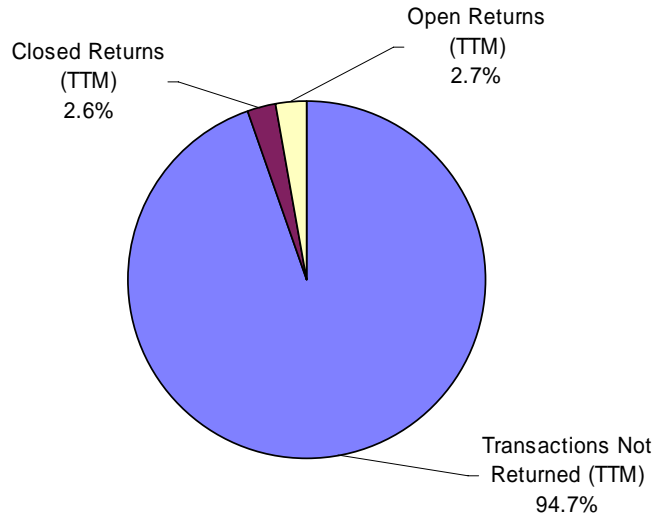
**Cash vs. Check / ACH Payment Method
(Closed Transactions)**



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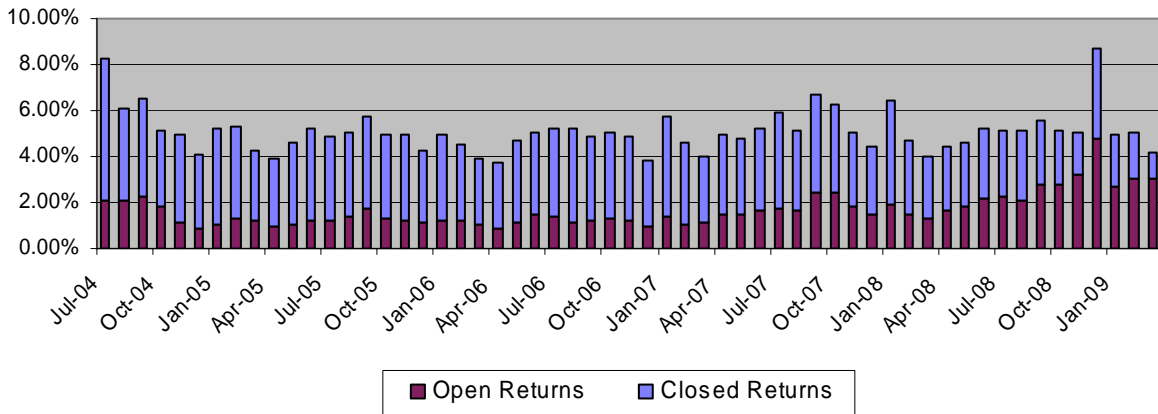
Return Events

Transactions that were Returned⁸ made up approximately 5.3 percent of total transactions conducted during the TTM period. Approximately 49 percent of these transactions are now closed making the ratio of outstanding returned transactions approximately 2.7 percent of total transactions conducted during the period.



Monthly return event volumes for the period from July 2004 through March 2009 are shown below:

Return Events by Month



⁸ Based on return events submitted to the Database during the analysis period as of the month of this report.

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The Average Store Location

The “average” store location had the following characteristics for the period from July 2004 through March 2009:

Month	Average # Transactions per Store Location	Average Advance Amount	Average Transaction Fees	Average Verification Fees	Total Advance Amount	Total Transaction Fees
July 2004	160	\$ 302.52	\$ 42.17	\$ 0.22	\$ 48,364	\$ 6,741
December 2004	194	\$ 329.38	\$ 45.26	\$ 0.25	\$ 63,902	\$ 8,780
July 2005	196	\$ 341.54	\$ 46.02	\$ 0.25	\$ 66,840	\$ 9,006
December 2005	235	\$ 360.23	\$ 48.82	\$ 0.20	\$ 84,548	\$ 11,459
May 2006	221	\$ 352.24	\$ 44.19	\$ 0.15	\$ 77,793	\$ 9,760
November 2006	213	\$ 360.71	\$ 48.82	\$ 0.18	\$ 76,862	\$ 10,402
April 2007	209	\$ 365.08	\$ 49.42	\$ 0.18	\$ 76,393	\$ 10,341
December 2007	241	\$ 385.54	\$ 51.80	\$ 0.18	\$ 92,747	\$ 12,461
June 2008	203	\$ 380.67	\$ 50.96	\$ 0.18	\$ 77,287	\$ 10,347
March 2009	220	\$ 382.12	\$ 51.18	\$ 0.18	\$ 83,955	\$ 11,245
Average	209	\$ 356.00	\$ 47.86	\$ 0.20	\$ 74,869	\$ 10,054

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System Availability

Overall system availability between July 2004 and March 2009 was 99.9 percent.

System Availability by Month

