

# Oklahoma Trends in Deferred Deposit Lending

Oklahoma Deferred Deposit Program  
October 2011



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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**ABOUT THE INFORMATION IN THIS REPORT**

THIS REPORT IS BASED ON STATISTICAL INFORMATION GATHERED UNDER THE OKLAHOMA DEFERRED DEPOSIT LENDING ACT (THE "ACT").

THE INFORMATION CONTAINED IN THIS REPORT IS BASED ON DEFERRED DEPOSIT TRANSACTIONS REGISTERED TO THE PAYDAY LOAN TRANSACTION DATABASE ("DATABASE") PURSUANT TO THE ACT. THE DATABASE WAS IMPLEMENTED IN JULY 2004. THE DATA PRESENTED IN THIS REPORT IS FOR THE PERIOD FROM NOVEMBER 2010 THROUGH OCTOBER 2011.

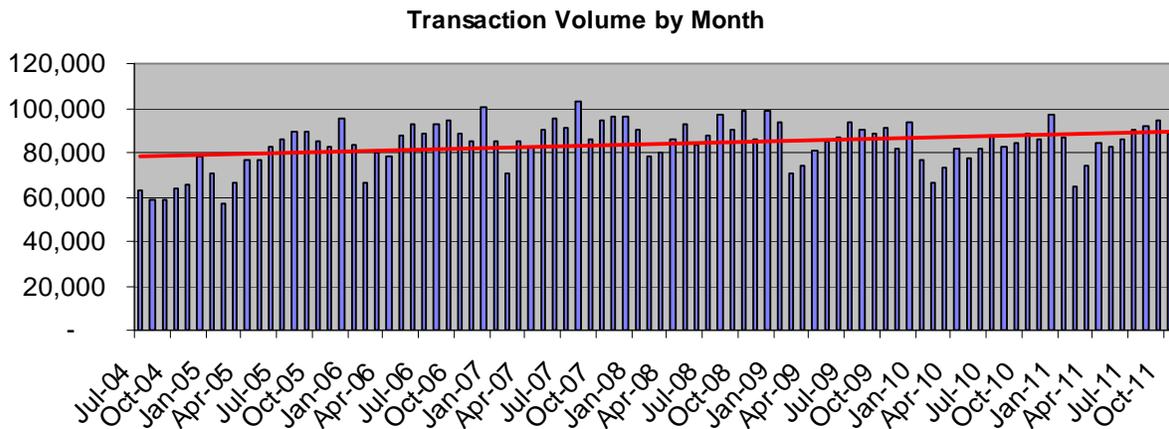
## Program Statistics and Highlights

### Transaction Volume

Transaction volume for the month of October 2011 was 88,858 transactions. The total number of transactions conducted during the trailing-twelve-month (“TTM”) period between November 2010 and October 2011 was 1,026,417 transactions.

Eighty-eight percent (89%) of transactions were opened via the automated interface and twelve percent (11%) via the OKDDL web application.

Transaction volume increased at an average rate of 0.6 percent per month during the TTM period. Monthly transaction volume increased at an average rate of 5.2 percent when compared to the same months in the prior year.

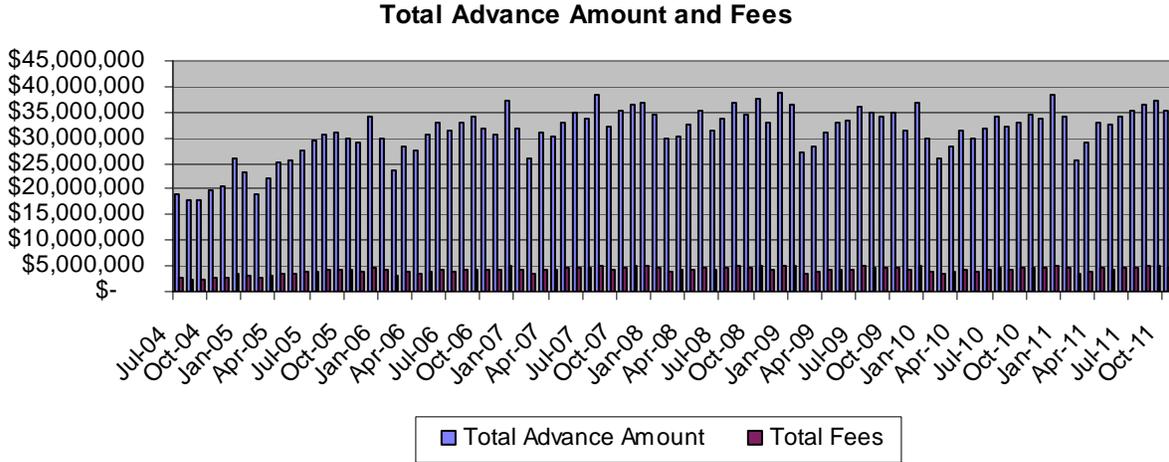


Month	Auto Interface	Web Application	Total Transaction Count	Monthly Increase	Increase over same month, prior year
Nov-10	76,242	9,912	86,154	-2.8%	5.9%
Dec-10	85,905	10,808	96,713	12.3%	3.3%
Jan-11	76,809	9,706	86,515	-10.5%	13.5%
Feb-11	57,428	7,149	64,577	-25.4%	-3.0%
Mar-11	65,659	8,348	74,007	14.6%	1.3%
Apr-11	74,919	9,443	84,362	14.0%	3.4%
May-11	73,615	9,164	82,779	-1.9%	7.0%
Jun-11	76,931	9,346	86,277	4.2%	5.7%
Jul-11	80,436	9,417	89,853	4.1%	2.8%
Aug-11	82,327	9,784	92,111	2.5%	11.3%
Sep-11	84,283	9,928	94,211	2.3%	11.4%
Oct-11	79,504	9,354	88,858	-5.7%	0.2%
<b>TTM Average</b>	<b>76,172</b>	<b>9,363</b>	<b>85,535</b>	<b>0.6%</b>	<b>5.2%</b>

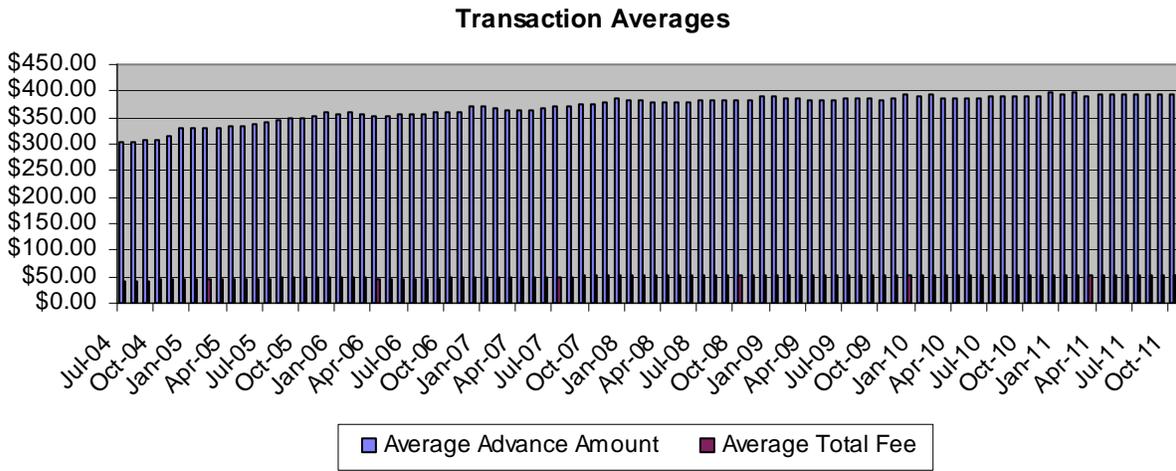
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**Transaction Amounts, Fees and Averages**

The 1,026,417 transactions conducted during the TTM period represent a total advance amount of approximately \$404.6 million with total advance fees of approximately \$54.3 million.

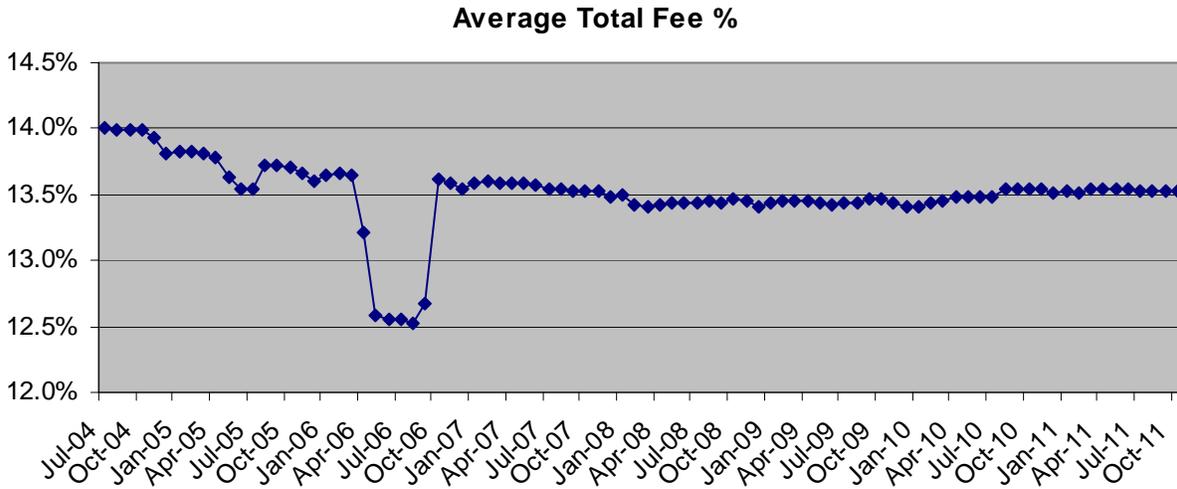


The average advance amount during the TTM period was \$394.22 with average advance fees of \$52.94.



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The average total advance fees were approximately 13.5% for transactions conducted during the TTM period.



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***Provider Locations***

There were 41 companies that owned 358 active licensee store locations as of October 2011 according to Oklahoma Department of Consumer Credit records.

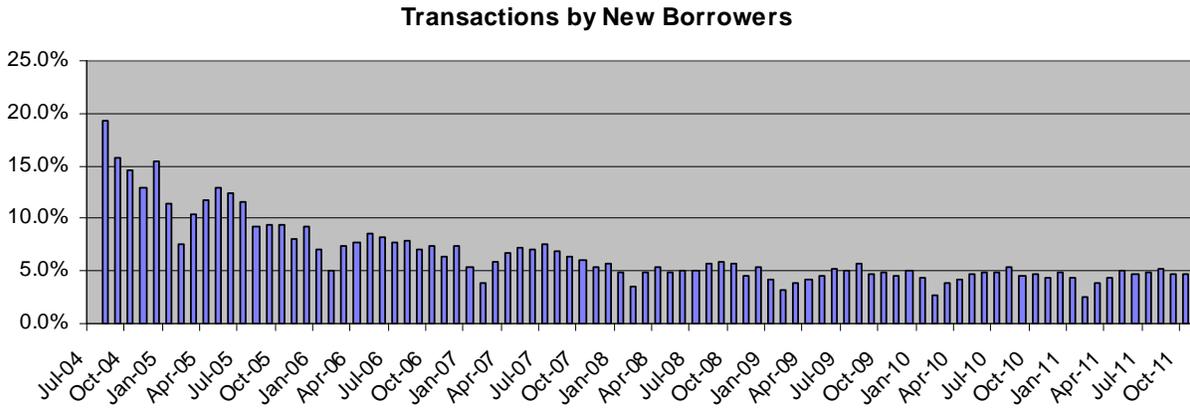
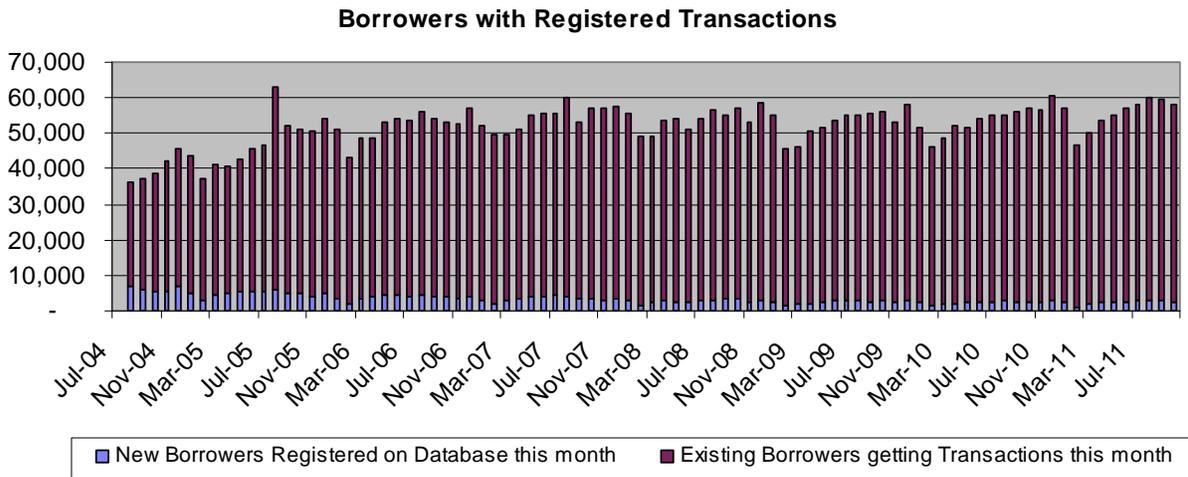


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**Borrower Base**

The total number of borrowers with registered transactions in October 2011 was 57,997 borrowers; 2,700 (i.e. 4.7%) of these borrowers were “new” borrowers (i.e. they had not previously been registered on the Database). Borrowers took out an average of approximately 1.53 transactions per borrower during the month.<sup>1</sup>

New Borrowers represented approximately 4.5 percent of the Borrowers taking out transactions during the TTM period.



<sup>1</sup> “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 November 2010 and October 2011 was approximately 8.8 transactions. Approximately 75.2 percent of borrowers conducted 12 or fewer transactions during the TTM period.<sup>2</sup>

Number of DDTs (Nov 10 - Oct 11)	# Consumers	% Total Consumers		% Total DDTs	
1	14,699	12.5%	75.2% of customers	1.4%	47.8% of transactions
2	10,106	8.6%		2.0%	
3	8,212	7.0%		2.4%	
4	7,756	6.6%		3.0%	
5	6,906	5.9%		3.4%	
6	6,506	5.5%		3.8%	
7	5,831	5.0%		4.0%	
8	5,436	4.6%		4.2%	
9	5,085	4.3%		4.5%	
10	4,949	4.2%		4.8%	
11	5256	4.5%		5.6%	
12	7530	6.4%		8.8%	
13	4058	3.5%	24.8% of customers	5.1%	52.2% of transactions
14	3035	2.6%		4.1%	
15	2741	2.3%		4.0%	
16	2437	2.1%		3.8%	
17	2273	1.9%		3.8%	
18	2175	1.9%		3.8%	
19	2035	1.7%		3.8%	
20	2268	1.9%		4.4%	
21	1839	1.6%		3.8%	
22	1387	1.2%		3.0%	
23	999	0.9%		2.2%	
24	751	0.6%		1.8%	
25	535	0.5%		1.3%	
26	397	0.3%		1.0%	
27	368	0.3%		1.0%	
28	340	0.3%		0.9%	
29	301	0.3%		0.8%	
30	247	0.2%		0.7%	
31	197	0.2%		0.6%	
32	170	0.1%		0.5%	
33	120	0.1%		0.4%	
34	107	0.1%		0.4%	
35	87	0.1%		0.3%	
36	51	0.0%		0.2%	
37	42	0.0%		0.2%	
38	33	0.0%		0.1%	
39	19	0.0%		0.1%	
40 or more	51	0.0%		0.2%	

<sup>2</sup> Includes borrowers with registered transactions during the analysis period.

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A majority of borrowers patronized a single licensee company during the TTM period. Approximately 95.5 percent of borrowers took out advances with 2 or fewer licensee companies during the period.

November 2010 through October 2011			
# DDL Companies Used	# Borrowers	% Borrowers	
1	83,050	70.78%	95.5%
2	29,039	24.75%	
3	4,477	3.82%	4.5%
4	637	0.54%	
5	93	0.08%	
6	26	0.02%	
7	8	0.01%	
8	3	0.00%	
9	1	0.00%	
10	1	0.00%	

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**Average Borrower Indebtedness<sup>3</sup>**

The average borrower indebtedness for all borrowers with outstanding transactions registered on the Database was approximately \$456.41 as of October 2011 end-of-month. Average borrower indebtedness was approximately \$455.74 for transactions conducted with all borrowers with 2 or fewer transactions outstanding on the database.

*OKDDL Database snapshot at midnight on Oct 31, 2011 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	92,375	82.2%	92,375	\$380.34	\$380.34	\$35,133,908
2	19,919	17.7%	39,838	\$402.70	\$805.40	\$16,042,763
3 or more *	117	0.1%	356	\$362.62	\$1,103.34	\$129,091
<b>Total</b>	<b>112,411</b>	<b>100.0%</b>	<b>132,569</b>	<b>\$387.01</b>	<b>\$456.41</b>	<b>\$51,305,761</b>

# 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	92,375	82.2%	92,375	\$380.34	\$380.34	\$35,133,908
2	19,919	17.7%	39,838	\$402.70	\$805.40	\$16,042,763
<b>Total</b>	<b>112,294</b>	<b>99.9%</b>	<b>132,213</b>	<b>\$387.08</b>	<b>\$455.74</b>	<b>\$51,176,670</b>

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

<sup>3</sup> 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.

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***Outstanding Transactions after Database Implementation***

As of EOM October 2011 there were 132,569 outstanding transactions on the database held by 112,411 borrowers (an average of 1.2 transactions per borrower). Approximately 0.3 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).<sup>4 5</sup>

Open Transaction Count	# Customers	% Customers with Open Transactions	Total Transactions	% Transactions	
1	92,375	82.2%	92,375	69.7%	
2	19,919	17.7%	39,838	30.1%	
3	112	0.1%	336	0.3%	<b>0.3%</b>
4	5	0.0%	20	0.0%	

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<sup>4</sup> This analysis includes transactions conducted after implementation of the Database on or around July 1, 2004 and excludes historical data.

<sup>5</sup> 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 48.8 percent of the transactions conducted during the TTM period from November 2010 through October 2011 were eligible for an “extended payment plan” pursuant to the Deferred Deposit Act. Approximately 9.4 percent of the transactions conducted during this period were the “5<sup>th</sup> consecutive transaction” as defined by the Act. Pursuant to the Act, the borrower is subject to a mandatory waiting period following the 5<sup>th</sup> consecutive transaction.

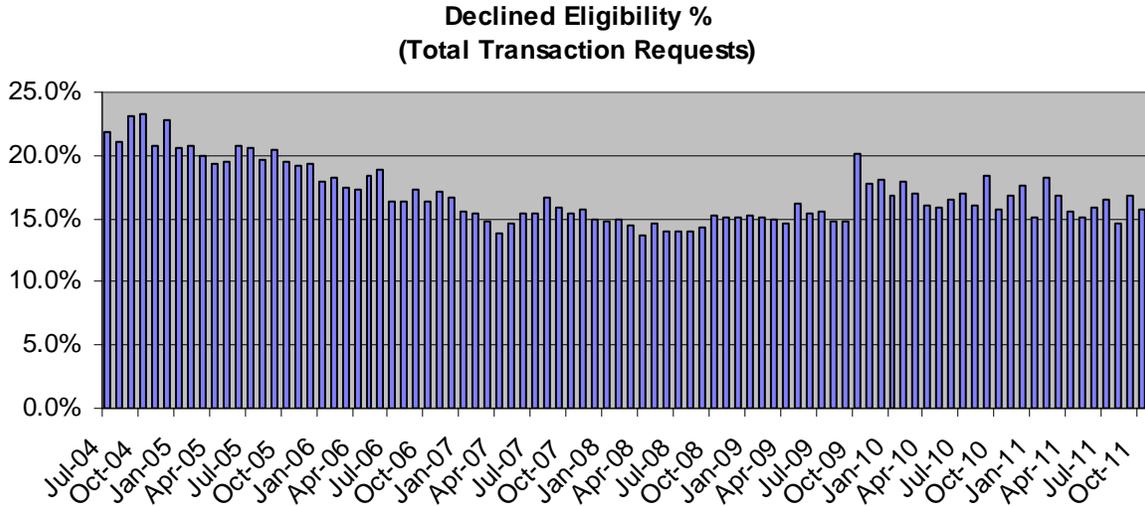
Borrowers entered into an Extended Payment Plan, pursuant to the Act, on 20,588 transactions during the TTM period. This represents approximately 2.0 percent of the total transactions conducted during the period.

<b>Transaction Consecutive Order</b>	<b>% of Transactions Eligible for XPP</b>	<b>% of Transactions</b>	<b>% of Customers</b>
0	0.0%	26.6%	23.0%
1	7.5%	21.6%	20.2%
2	6.4%	16.8%	17.5%
3	13.9%	14.0%	15.3%
4	11.5%	11.5%	13.0%
5	9.4%	9.4%	11.0%
<b>TOTALS</b>	<b>48.8%</b>	<b>100.0%</b>	<b>100.0%</b>

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***Declined Customer Eligibility Checks***

For the period from July 2004 through October 2011, declined eligibility checks averaged 16.9 percent of total transaction requests.<sup>6</sup>



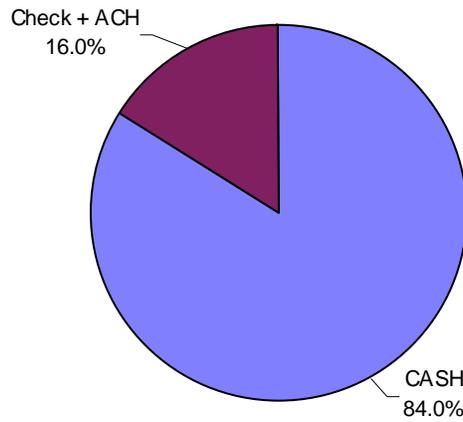
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<sup>6</sup> Assumption that declined customer intended to open a deferred deposit transaction. Total transaction requests = number of opened transactions plus the number of declined eligibility checks. Excludes specific licensees that skewed data by conducting redundant eligibility checks.

***Payment Method (Cash vs. Check or ACH)***

Closed transactions conducted during the TTM period indicate that approximately 84.0 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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## The Average Store Location

The “average” store location had the following characteristics for the period from July 2004 through October 2011:

Month	Average # Transactions per Store Location	Average Advance Amount	Average Transaction Fees	Average Verification Fees	Total Advance Amount	Total Transaction Fees
July 2004	160	\$ 302.51	\$ 42.17	\$ 0.22	\$ 48,362	\$ 6,741
December 2004	194	\$ 329.38	\$ 45.26	\$ 0.25	\$ 63,902	\$ 8,780
July 2005	196	\$ 341.52	\$ 46.02	\$ 0.25	\$ 66,837	\$ 9,005
December 2005	235	\$ 360.23	\$ 48.82	\$ 0.20	\$ 84,547	\$ 11,459
May 2006	221	\$ 352.23	\$ 44.19	\$ 0.15	\$ 77,790	\$ 9,760
November 2006	213	\$ 360.71	\$ 48.82	\$ 0.18	\$ 76,862	\$ 10,402
April 2007	209	\$ 365.06	\$ 49.42	\$ 0.18	\$ 76,387	\$ 10,341
December 2007	241	\$ 385.53	\$ 51.80	\$ 0.18	\$ 92,744	\$ 12,461
June 2008	203	\$ 380.62	\$ 50.96	\$ 0.18	\$ 77,278	\$ 10,346
March 2009	185	\$ 384.52	\$ 51.49	\$ 0.22	\$ 70,986	\$ 9,506
June 2010	202	\$ 388.12	\$ 51.93	\$ 0.40	\$ 78,437	\$ 10,495
October 2010	250	\$ 388.94	\$ 52.29	\$ 0.41	\$ 97,417	\$ 13,096
October 2011	248	\$ 395.36	\$ 53.08	\$ 0.41	\$ 98,132	\$ 13,174
<b>Average</b>	<b>212</b>	<b>\$ 364.21</b>	<b>\$ 48.94</b>	<b>\$ 0.25</b>	<b>\$ 77,668</b>	<b>\$ 10,428</b>

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## System Availability

Overall system availability between July 2004 and October 2011 was 99.9 percent.

