

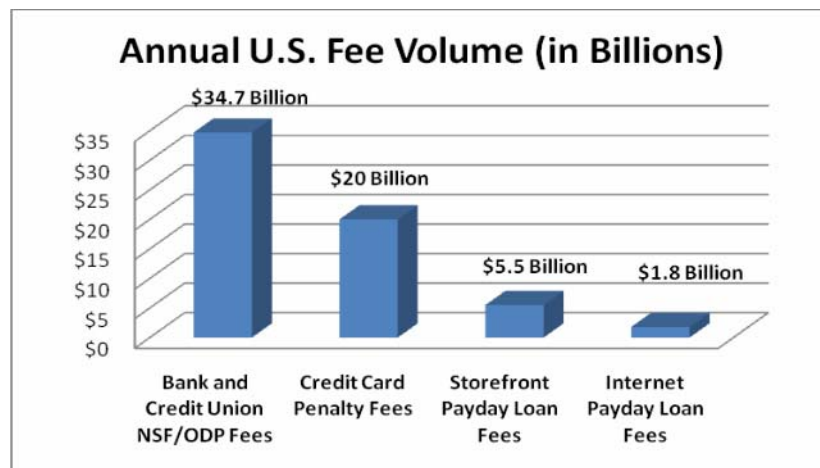
Payday Loans: One Option for Unsecured, Short-Term Credit

Consumer Demand for Unsecured, Short-Term Credit is Undeniable

Millions of Americans are struggling to make ends meet, with nearly half living paycheck to paycheck. Rising unemployment rates have caused more families to transition from two-income to one-income households and hourly jobs and overtime payments are being scaled back significantly.

Market Alternatives

Consumers facing a necessary expense and caught short between paydays must often choose between costly and undesirable options: pay the bill now and face bounced check or overdraft protection fees; pay the bill late and incur late penalties; borrow from friends and family; or take out a loan from an unknown Internet lender. Removing one option in today's environment will only force consumers into more expensive, less desirable and unregulated alternatives.



➤ **Bank and Credit Union Non-Sufficient Funds (NSF) and Overdraft Protection (ODP) Fees**

An estimated 1.28 billion separate check and electronic non-sufficient funds transactions occur annually¹. With an average fee of \$28.95² per transaction, consumers pay an estimated \$34.7 billion annually in NSF/ODP fees. If a check is “bounced” and not covered by the bank or credit union, consumers pay an additional average merchant returned check fee of \$26.64³

➤ **Credit Card Penalty Fees (Late fees, over-the-limit fees)**

Issuers will reap a record \$20.5 billion in penalty fees in 2009, including late fees, over-limit charges, and other penalties. In 2008, penalty fee income rose 5% to \$19 billion.⁴

➤ **Storefront Payday Loans**

With an average loan of \$300 and a typical fee of \$15 to \$17 per \$100, storefront payday lenders collected an estimated \$5.5 billion in fees in 2008.⁵

➤ **Internet Payday Loans**

Internet payday lenders collected an estimated \$1.8 billion in fees in 2008.⁶ Unregulated off-shore lenders have access to consumers' bank accounts and charge up to \$30 per \$100 borrowed.⁷

¹ [2008 NSF-ODP Fee Analysis](#), Bretton Woods Inc. March 2009

² [2008 Checking Study](#), BankRate.com, 10/2008

³ 2006 CFSA fee survey

⁴ [Bank Credit Card Fees Going Up](#), USA Today, 3/16/2009

⁵ [Present and Future of the Payday Advance Industry](#) Stephens Inc. Mar. 5, 2009

⁶ Ibid

⁷ www.mypaydayloan.com