

ECONOMIC IMPACT OF PAYDAY LENDING INDUSTRY

- United States -

IHS Global Insight conducted a comprehensive study analyzing the economic impact of the payday loan industry nationally and in states with storefront locations. Findings illustrate “measurable and significant” economic benefits to local economies directly through employment, compensation and taxes, as well as through indirect and induced relationships with suppliers and other industries.

Full results of the study, including national and state-level data, are available online at:

http://www.cfsa.net/downloads/eco_impact.pdf

Key Findings:

- In addition to being a valuable source of credit for many consumers, the payday loan industry makes significant contributions to U.S. and state economies.

U.S. TOTAL ECONOMIC IMPACT			
Value Added to GDP	Employment (# of employees)	Labor Income (employee compensation)	Tax
\$10,212,730,000	155,581	\$6,415,800,000	\$2,630,000,000

- The industry contributed over \$10 billion to the U.S. gross domestic product (GDP) in 2007.
- The payday lending industry supports over 155,000 jobs¹ nationally, including 77,088 people directly employed in 23,586 storefront locations.²
 - The industry indirectly created another 28,453 jobs in supplier industries.
 - Payday loan store and supplier industry employees induced the creation of 50,039 jobs through the purchase of goods and services using earned wages.
- Overall, the total labor income impact from the payday loan industry is \$6.4 billion:
 - Through direct employment, payday loan stores contributed \$2.9 billion in labor income, which translated to approximately \$37,689 per store employee.³
 - Suppliers to the payday lending industry contributed \$1.4 billion in labor income as an indirect result of the revenues generated by the payday loan industry.
 - \$2.1 billion was generated from the wages of payday loan store employees and supplier industries' employees as they were spent in local economies.
- The payday lending industry helped to generate over \$2.6 billion in federal, state and local taxes in 2007.

Note: Findings based on 2007 data from IHS Global Insight study.

¹ Includes jobs in industries supplying input goods to the payday lending industry as well as jobs sustained due to the spending of wages in local economies by payday ending employees.

² Direct employment includes only store employees and not those employed in corporate headquarters or parent organizations.

³ Labor income includes other benefits besides wages, such as employer paid health insurance benefits, and employer contributions to Social Security, Medicare and 401K plans.