

MISALIGNED INCENTIVES

WHY HIGH-RATE INSTALLMENT LENDERS WANT BORROWERS WHO WILL DEFAULT

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CHARTS AND TABLES

TABLE 1: Loans Analyzed

LENDER	STATE	LOAN*	INTEREST RATE**	NO. OF PAYMENTS	PAYMENT AMOUNT	TERM IN MONTHS	CHARTS
Hypothetical loan		\$2,600	96%	42	\$216.55 monthly	42.0	1-5
Hypothetical loan		\$2,600	24%	24	\$137.46 monthly	24.0	4
Hypothetical loan		\$500	231%	52	\$45.00 biweekly	24.0	6
ACE Cash Express	NM	\$200	398%	13	\$36.32 biweekly	6.0	13
ACE Cash Express	CA	\$2,600	209%	20	\$267.31 biweekly	9.2	16
Advance America	SD	\$500	349%	12	\$86.11 biweekly	5.5	13, 16
Advance America	CA	\$2,550	196%	26	\$227.95 biweekly	12.0	11
Cash Central (Community Choice Financial)	MO	\$2,000*	185%	52	\$146.43 biweekly	24.0	11
Cash Store	TX	\$1,000	582%	12	\$245.51 biweekly	5.5	17, 18
CashCall	CA	\$2,600*	96% + \$75 fee	42	\$216.55 monthly	42.0	7, 8, 9
CashCall	CA	\$2,600*	135% + \$75	47	\$294.46 monthly	47.0	7, 9
CashNetUSA (Enova)	OH	\$800	459%	12	\$164.25 biweekly	5.5	13
CashNetUSA (Enova)	OH	\$1,200	379%	15	\$200.57 biweekly	6.9	16
Check 'n Go	CA	\$3,000	219%	26	\$294.41 biweekly	12.0	11
Elevate (Rise)	TX	\$800	350%	10	\$150.15 biweekly	4.6	16
Elevate (Rise)	AL	\$2,250	274%	26	\$256.21 biweekly	12.0	11
Insikt	CA	\$2,500*	34% + \$90	48	\$73.00 biweekly	22.1	12
Oportun	CA	\$1,600*	35% + \$90	34	\$64.00 biweekly	15.6	12
Shoreside	CA	\$2,600*	180% + \$75	52	\$190.00 biweekly	24.0	11
Speedy Cash	MO	\$300	430%	39	\$49.61 biweekly	18.0	14, 15
Speedy Cash	IL	\$400	372%	12	\$71.68 biweekly	5.5	13
Speedy Cash	MO	\$1,500	199%	39	\$121.38 biweekly	18.0	11

*Fees may reduce the amount the consumer receives or may be added to the amount financed. It is possible other lenders have fees beyond those listed.

**Rates are rounded. Rates are generally as stated by lenders and may not be accurate APRs.

CHART 1
Payments Toward Principal
\$2,600, 96%, 42-Month Loan

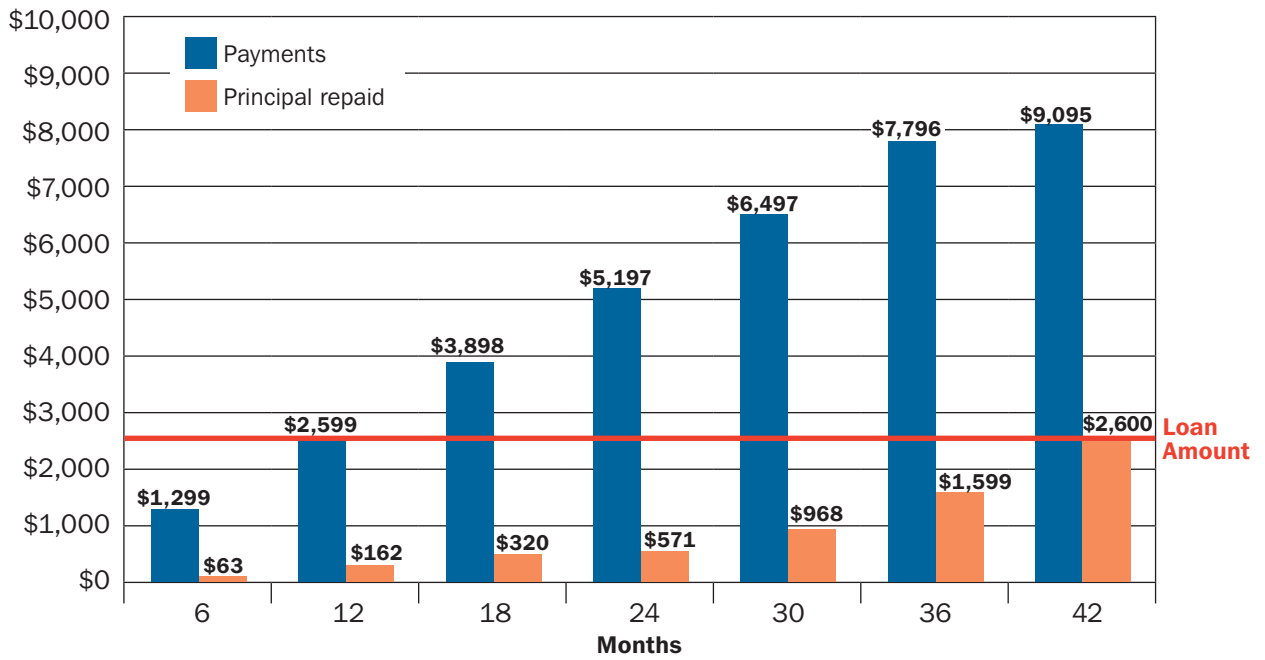


CHART 2

Profit Point

\$2,000, 96%, 42-Month Loan

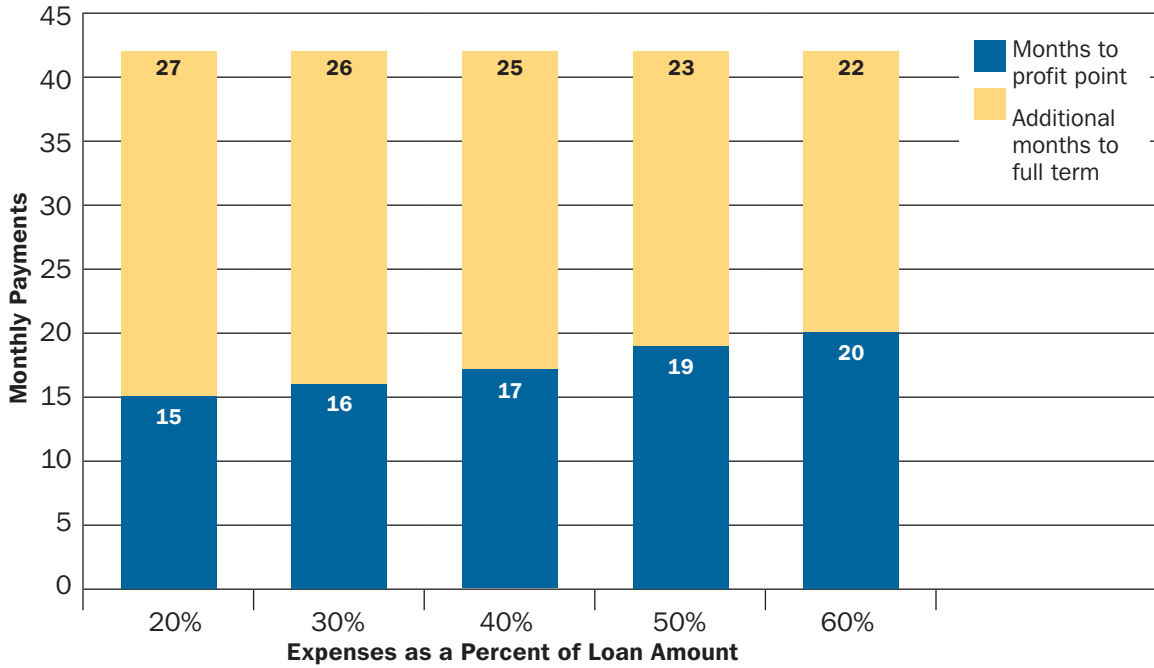


CHART 3

Default After 20 Months: Payments Made & Principal Repaid

\$2,600, 96%, 42-Month Loan

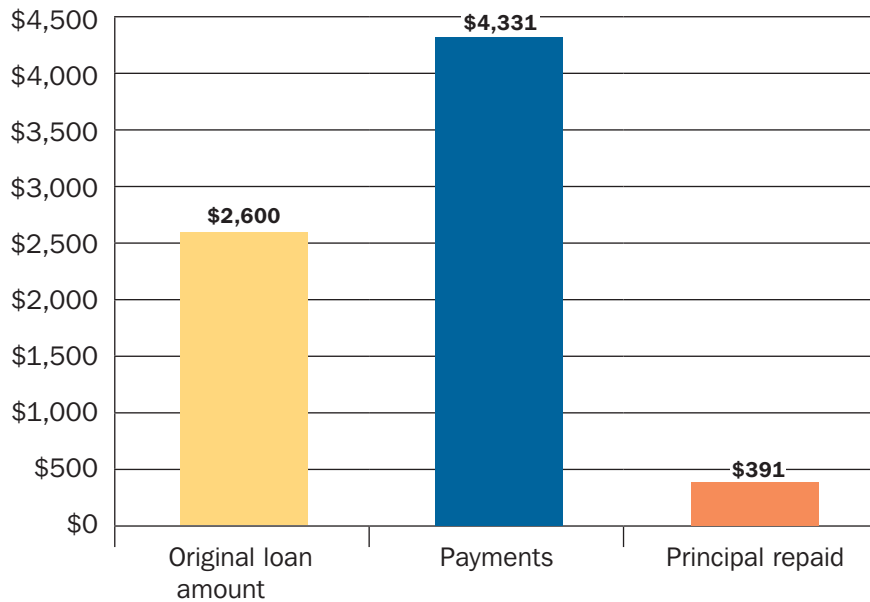


CHART 4
Months for Payments to Equal Loan Amount
\$2,600 Loan at 24% and 96%

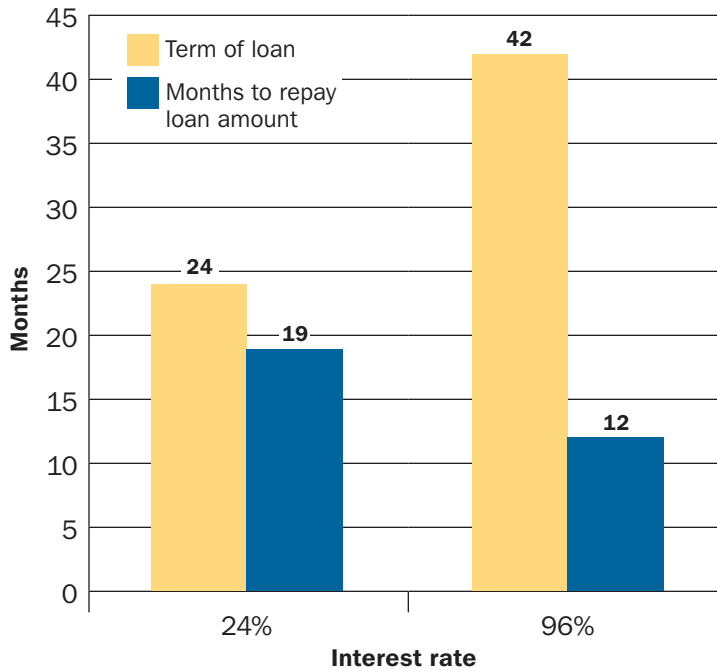


CHART 5
Lender's Revenue: Prepay v. Default
\$2,600, 96%, 42-Month Loan

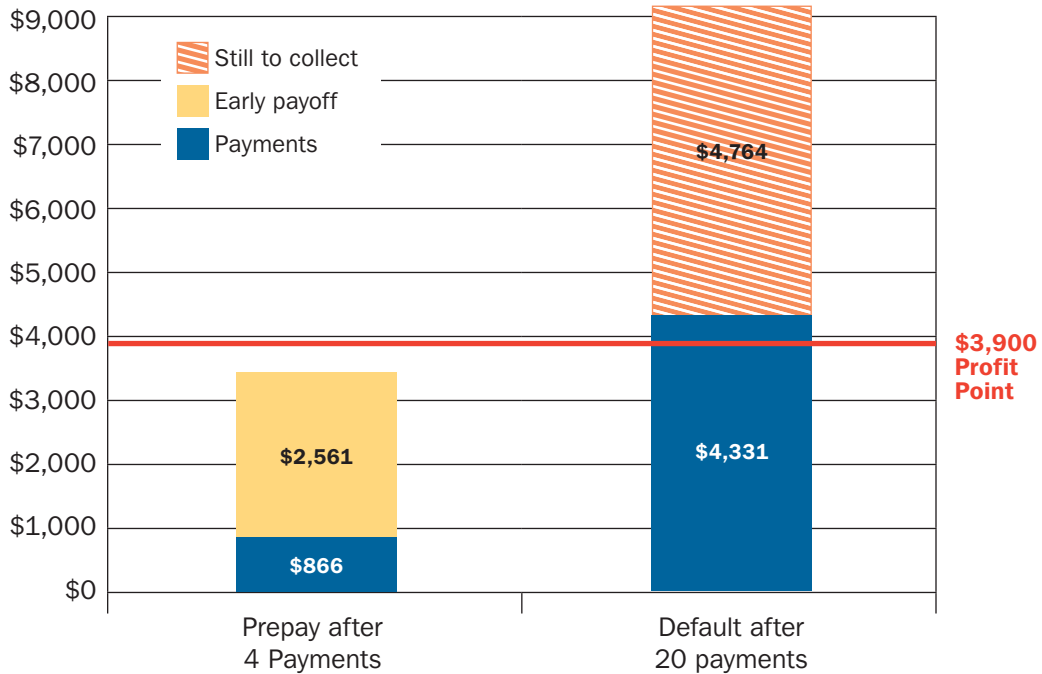


CHART 6

Payments Toward Principal

\$500, 231%, 2-Year Loan, \$45 Biweekly Payments

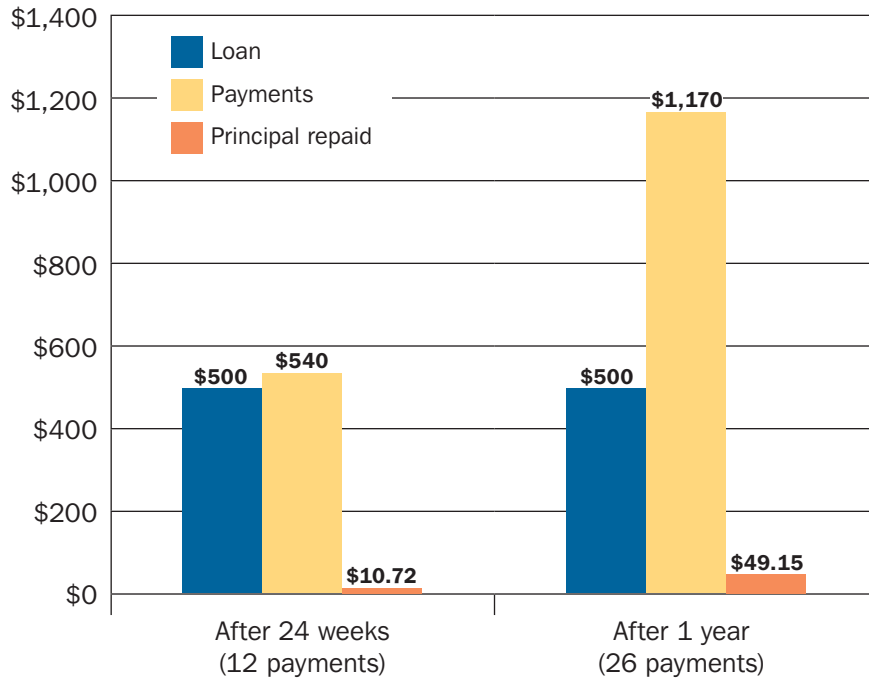


CHART 7

CashCall's Profitable Defaults

Months to Profit Point on 96% and 135%, \$2,600 Loans

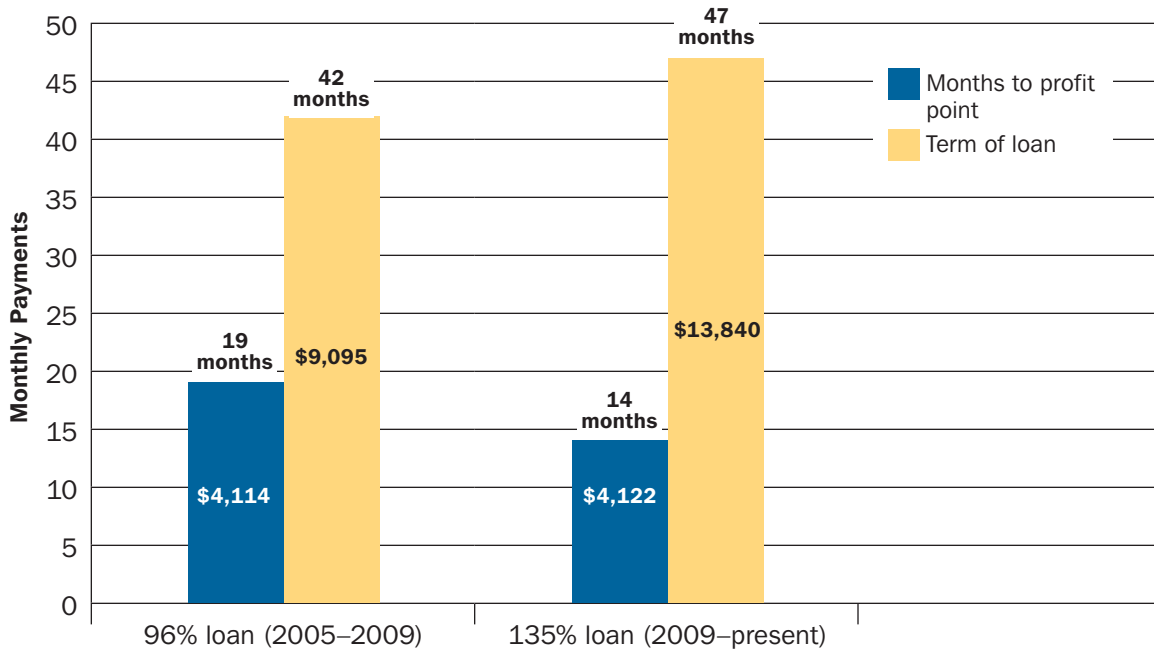
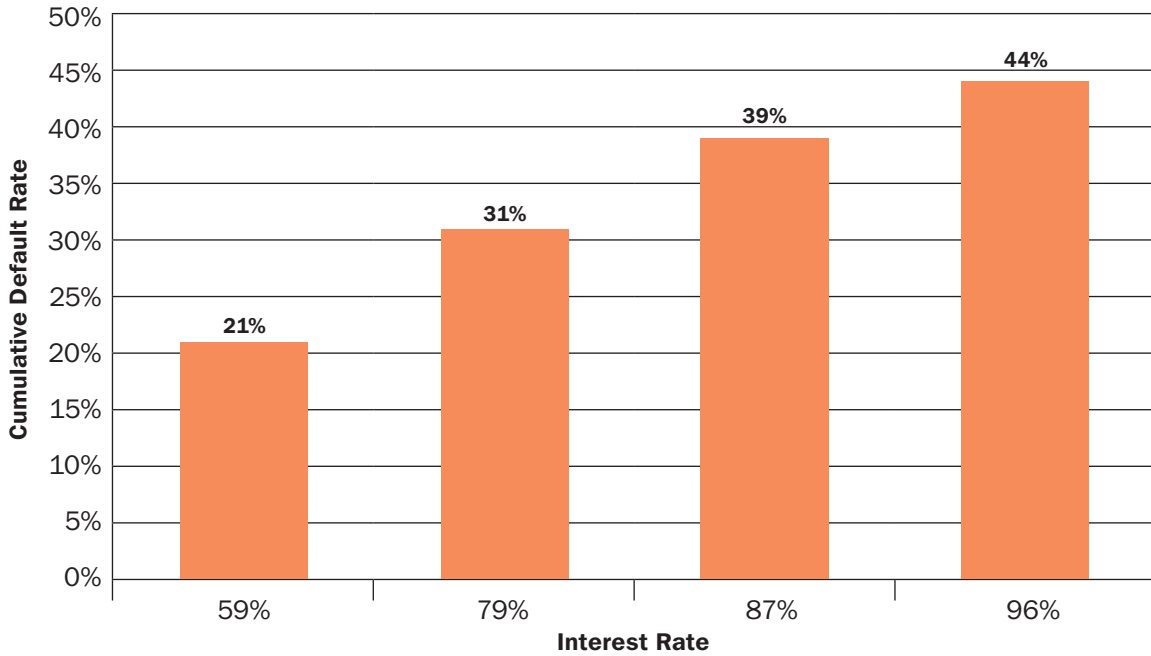


CHART 8
**CashCall's Cumulative Default Rates
 by Interest Rate for \$2,600 Loans**



Source: Expert Report of Bruce McFarlane, De la Torre v. CashCall.

CHART 9
**CashCall's Misaligned Incentives:
 Principal Repaid at Profit Point**
 \$2,600 Loan at 96% (42 Months) v. 135% (47 Months)

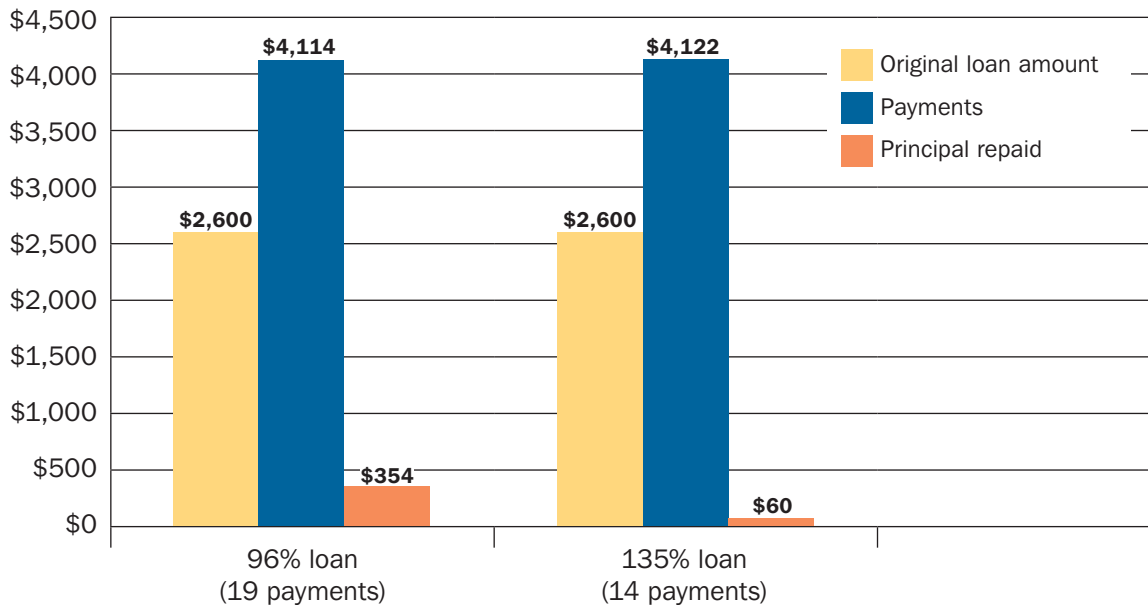
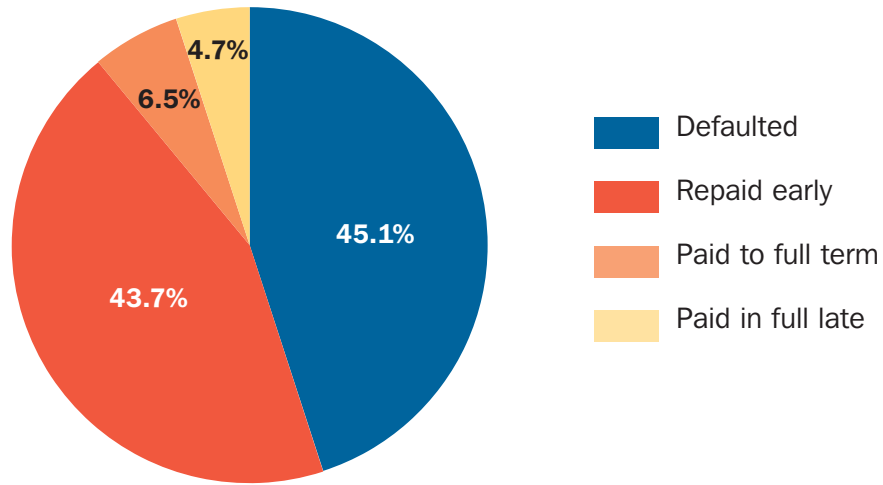


CHART 10
**CashCall Loan Performance
 2005–2011**



Source: De la Torre v. CashCall.

CHART 11
Profitable Defaults?
 Number of Payments to Exceed 150% of Loan (Various Lenders)

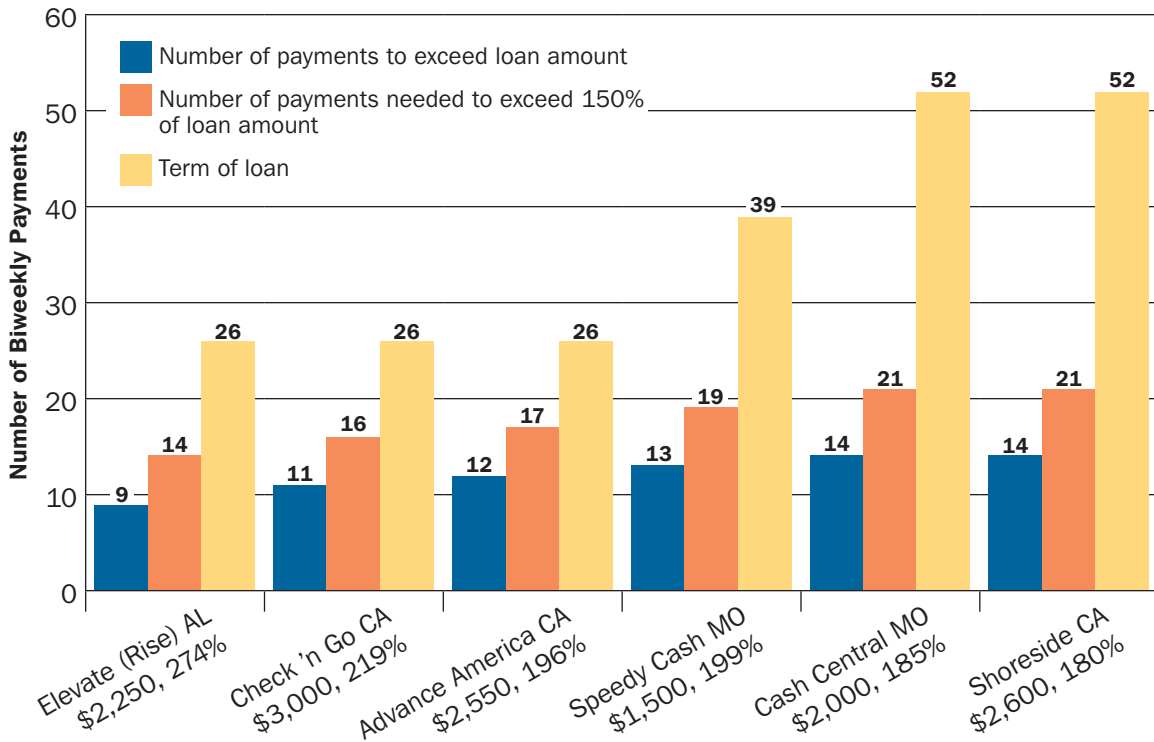


CHART 12

Lower Cost Lenders

Months for Payments to Reach 100% and 150% of Loan

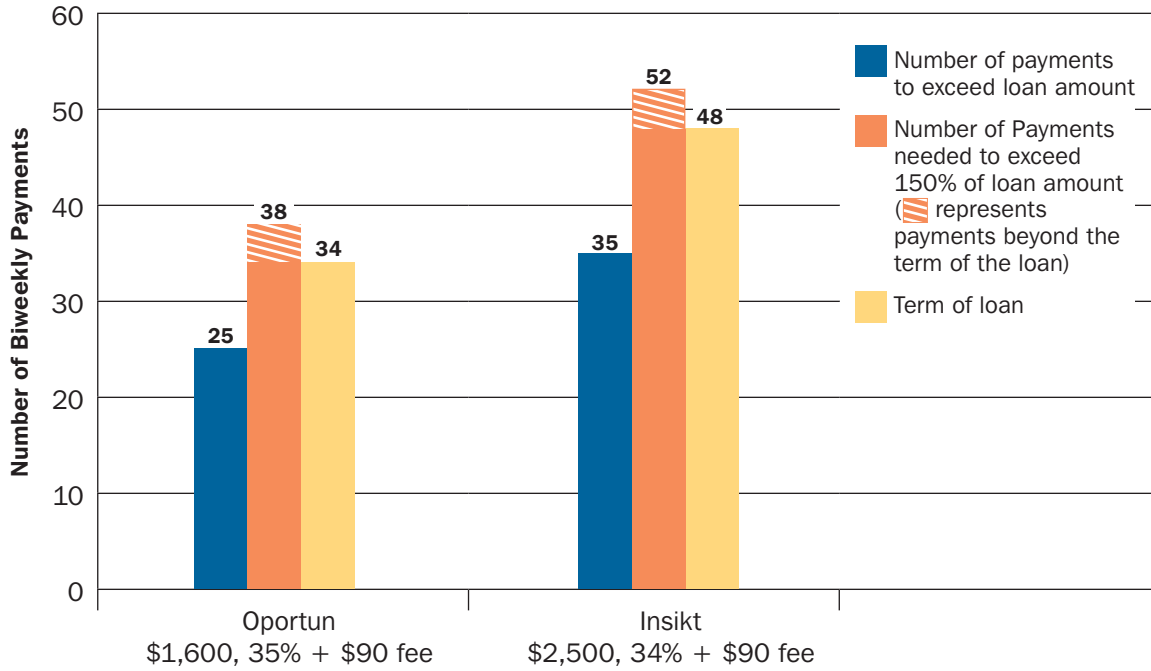


CHART 13

Number of Payments Needed to Exceed Loan Amount on Smaller High-Rate Loans

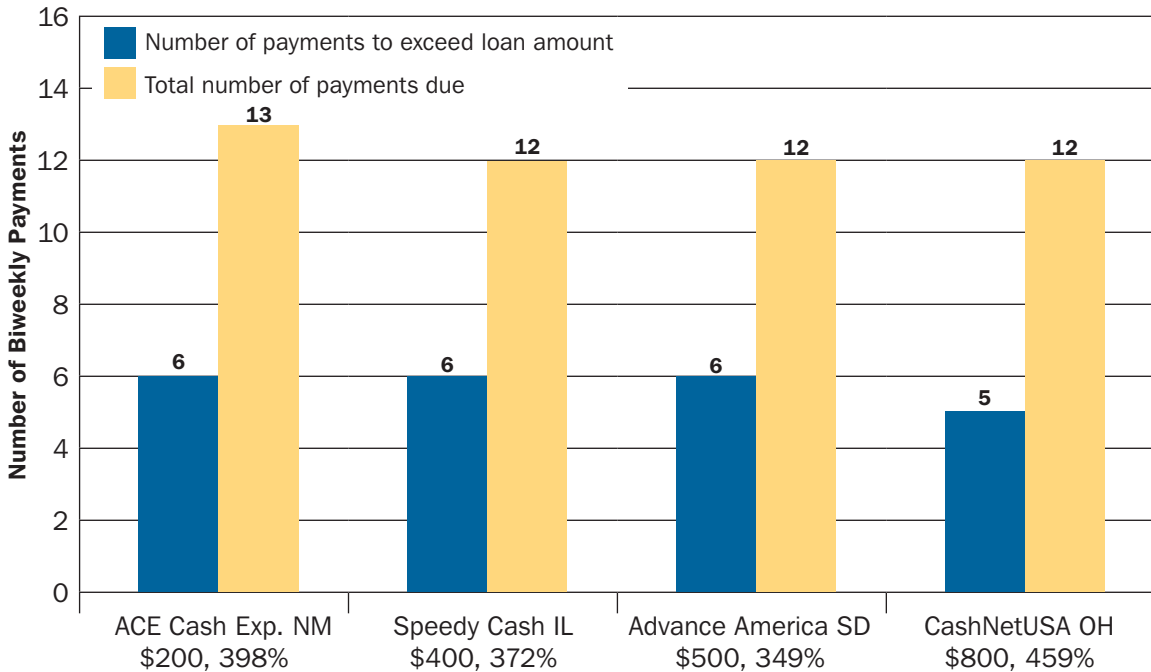


CHART 14

Progress in 12 Months on Speedy Cash \$300, 18-Month Loan
430%, 39 Biweekly Payments of \$49.61 (Missouri)

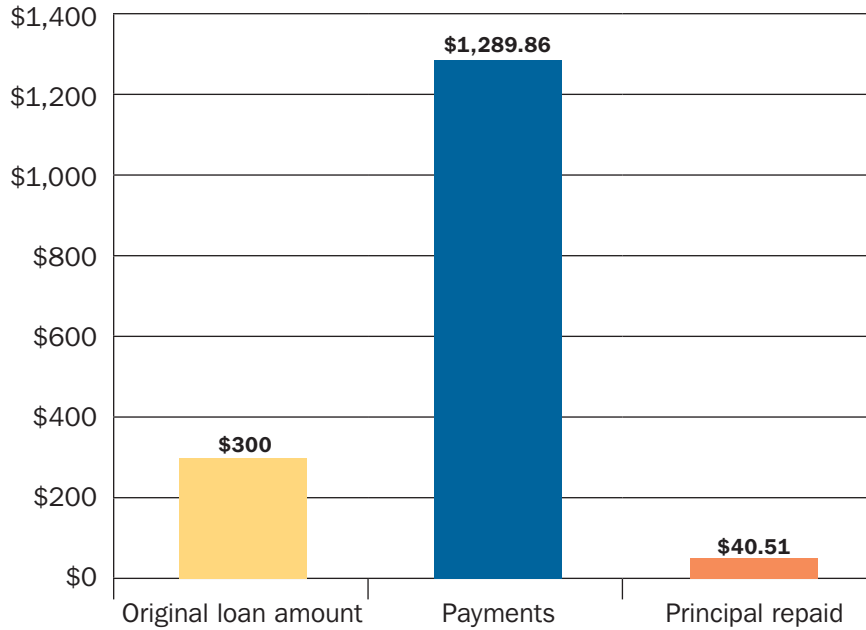


CHART 15

Gap Between Lender and Borrower Success
on Speedy Cash \$300 Loan
439%, 39 Biweekly Payments (Missouri)

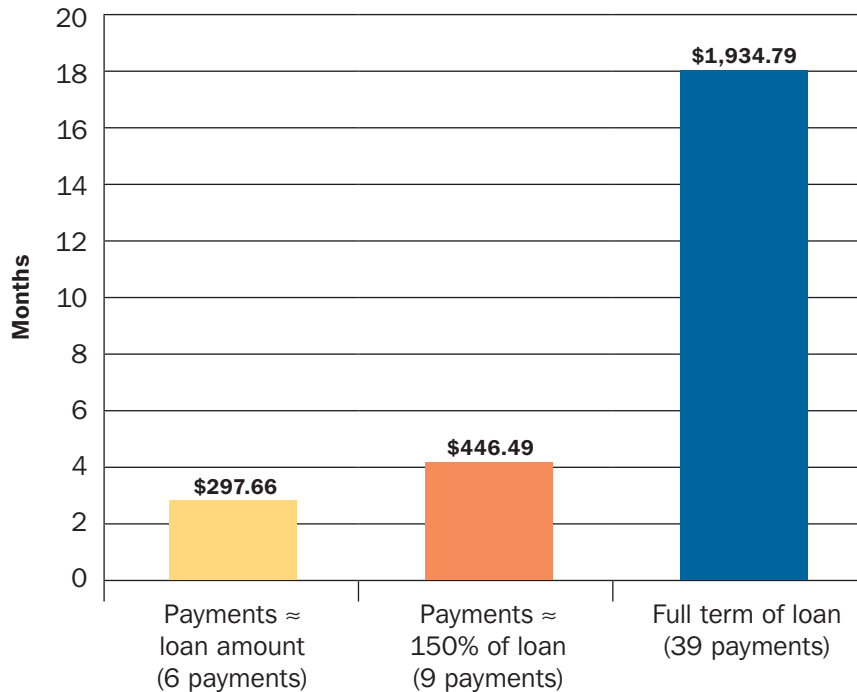
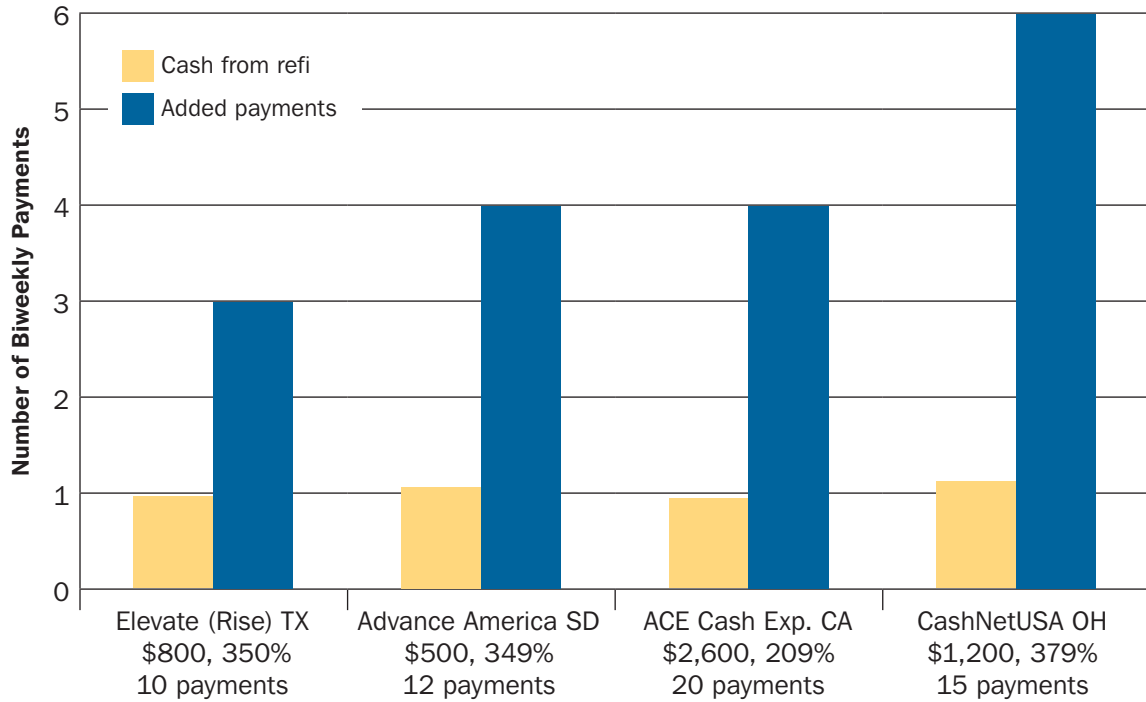


CHART 16

**Lengthening the Tunnel of Debt:
Payments Added by Refi Allowing One Skipped Payment**



Note: Each loan is refinanced at the point where the principal reduction (and thus the cash out from a refinance) is about one payment.

CHART 17

**Payments Added by Refinancing Cash Store \$1,000 Loan
582%, 12 Biweekly Payments**

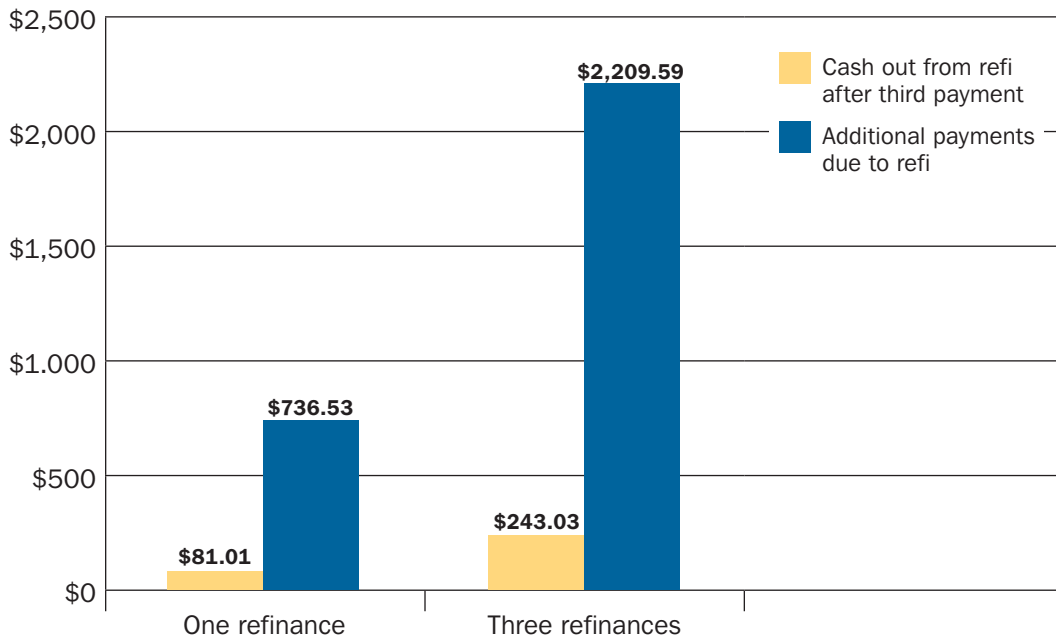


CHART 18
Repeat Refinancing of Cash Store \$1,000 Loan
582%, 12 Biweekly Payments

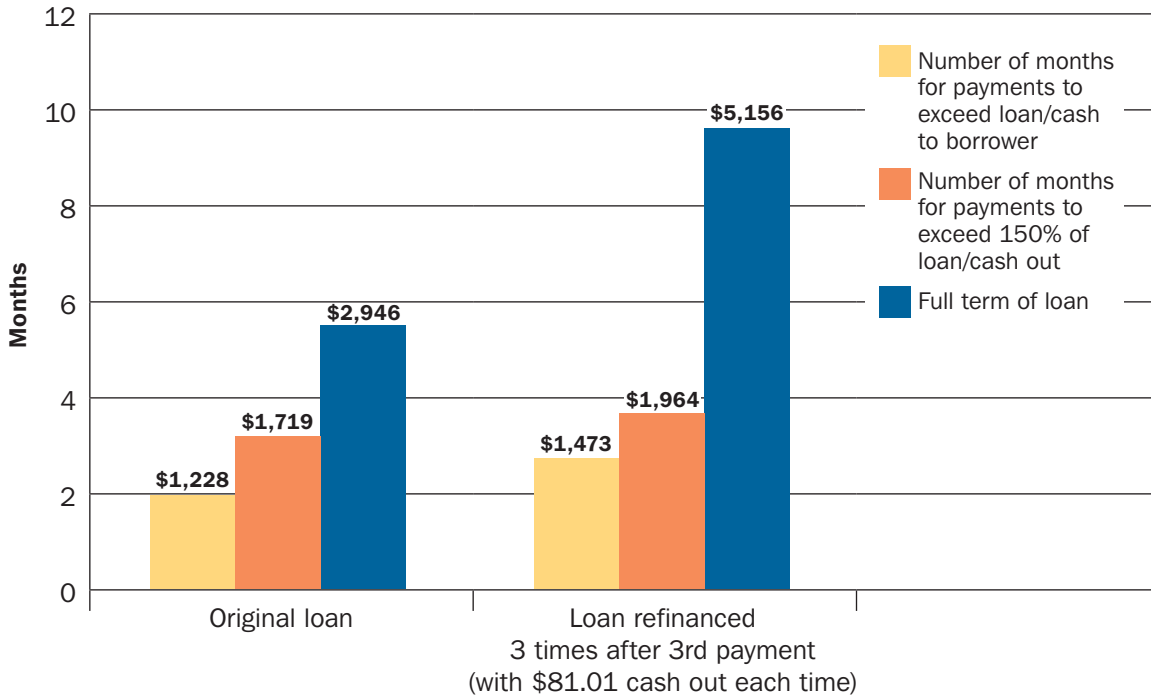
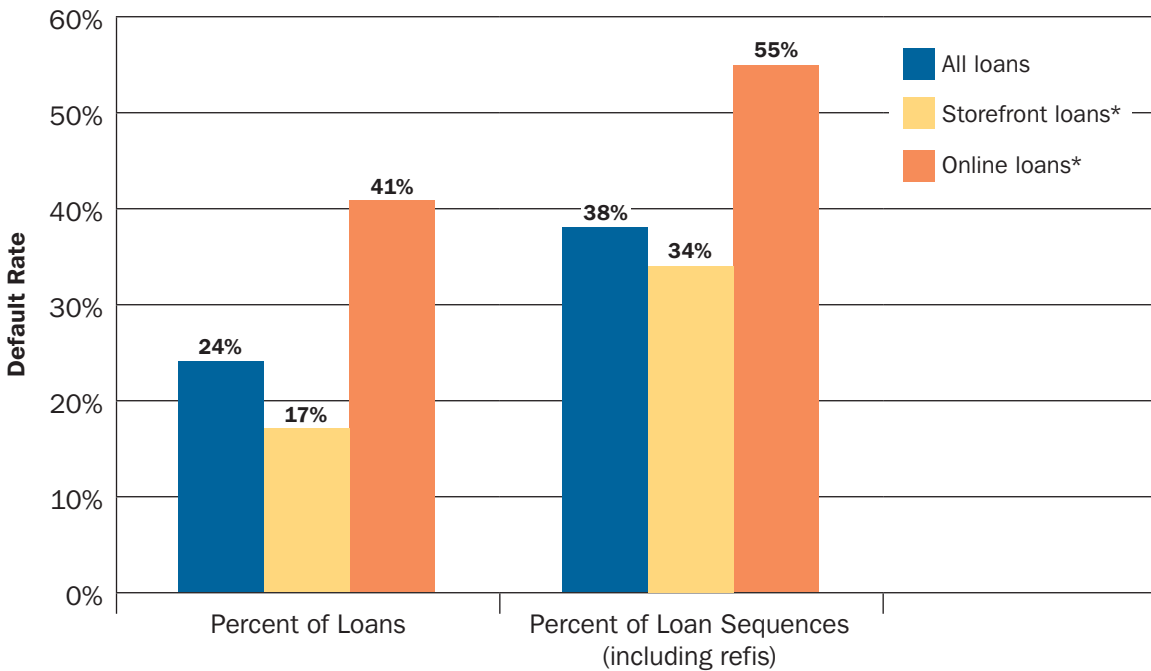


CHART 19
Default Rates for Payday Installment Loans

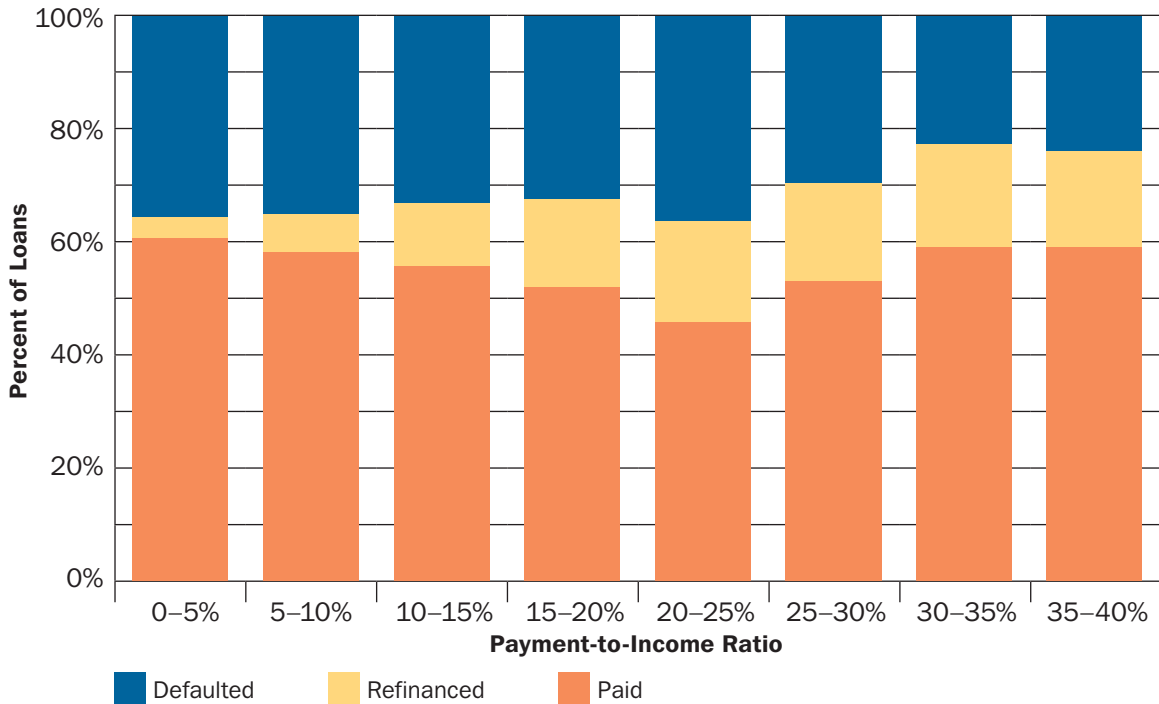


Source: Consumer Financial Protection Bureau.

*Only includes loans for which the CFPB could identify the origination channel.

CHART 20

Impact of Payment-to-Income Ratio on Default and Refinancing Rate for Payday Installment Loans (All Loans)

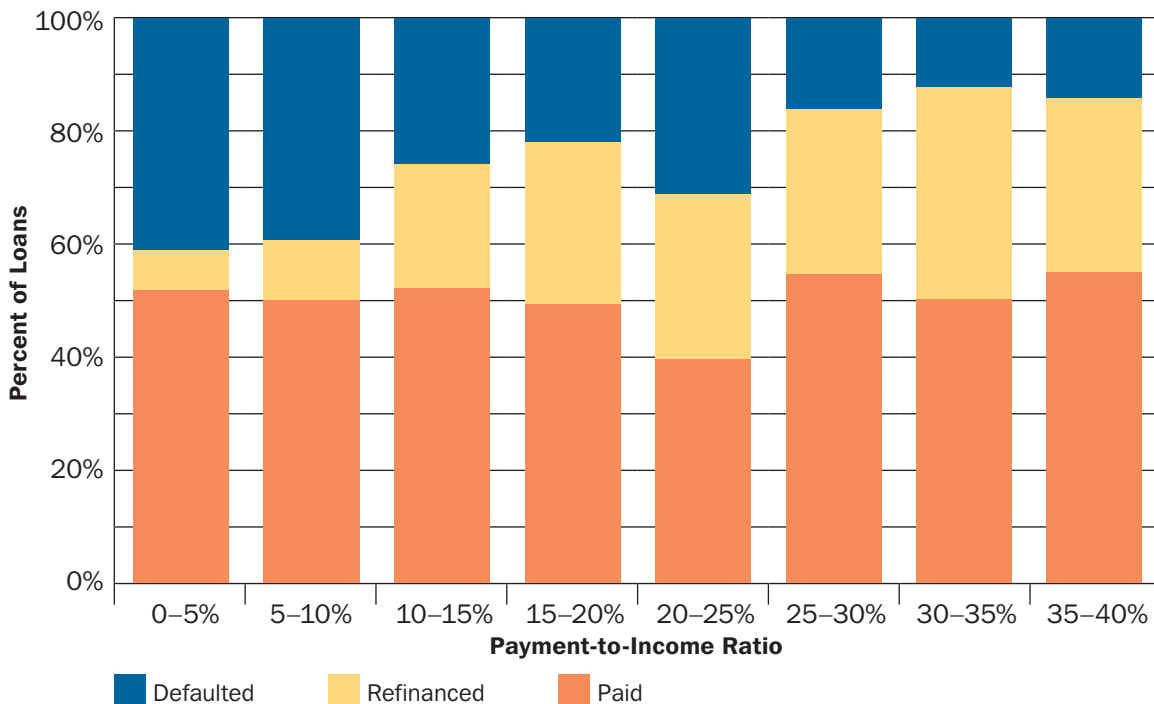


Source: Consumer Financial Protection Bureau.

Note: First payment defaults excluded.

CHART 21

Impact of Payment-to-Income Ratio on Default and Refinancing Rate for Payday Installment Loans with 12 Biweekly Payments



Source: Consumer Financial Protection Bureau.

Note: First payment defaults excluded.

CHART 22

Default Rates for California Installment Lenders

(Percent of Loans)

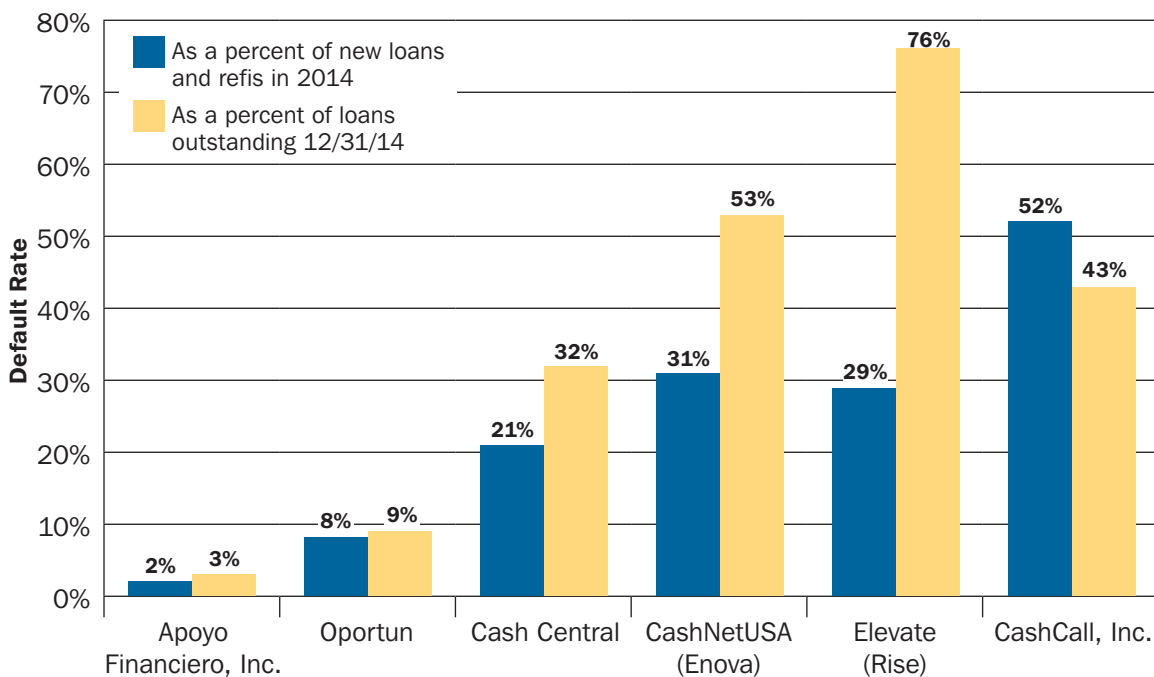


CHART 23

Charge-off Rates for California Installment Lenders

(Percent of Dollars)

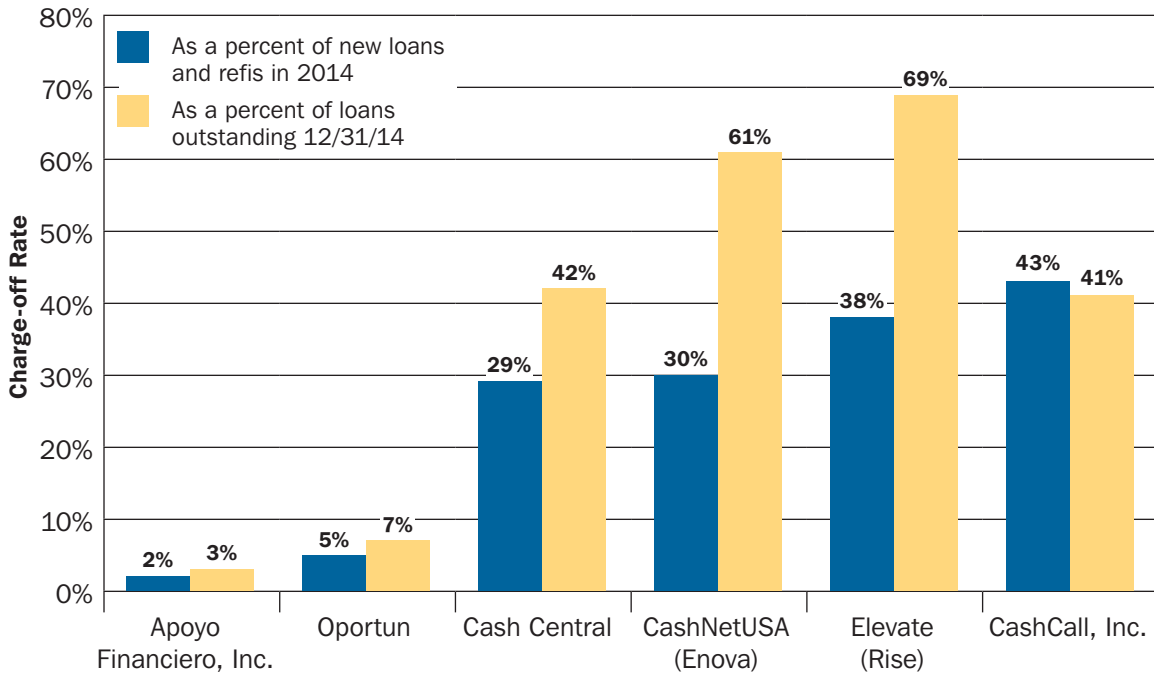


CHART 24

Struggling Borrowers:

Defaults and Delinquencies of California Installment Loans

