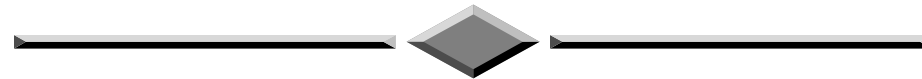


Survey of FiSCA Member Companies
Size and Scope of Markets Served
Wave III
Summary Results
October, 2009



Data Collected: September/October, 2009



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Introduction

- **Methods**
 - On-line survey of FiSCA board members (25 operators responded)
 - Confidentiality assured – NDA in place, along with standard professional (computer and personnel) security measures in place.
 - Focused on number of transactions and summed dollar value of transactions.
 - Captured transaction and dollar volumes on:
 - Checks cashing
 - Money Orders (sold and redeemed)
 - Money Wire Remittances
 - Bill Payment Services
 - Payday Loans
 - Prepaid Value Cards
 - Installment Loans

Introduction

- Analysis
 - Companies provided their aggregate company information for each measure, along with their number of stores.
 - A “per store” statistic was then calculated. This minimizes concern over larger companies influences the results more than small companies.
 - Report presents the measures of central tendency (median) and variance (range) for gathered statistics as well as summed FiSCA member-wide and industry-wide results.

Study Limitations

- The data derived from this study only represent FiSCA member companies. Therefore, we can only estimate the size of the industry defined as.....

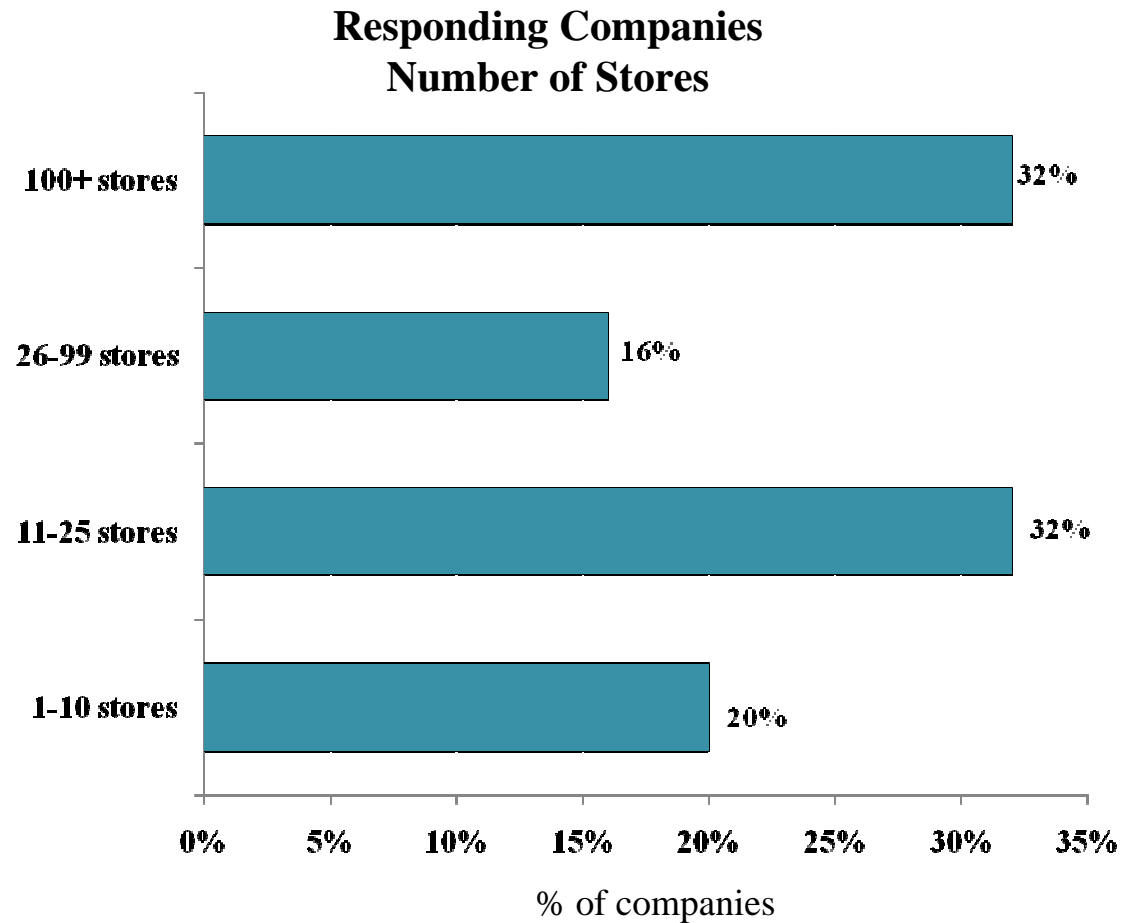
“Financial Service Centers which provide one-time fee-based financial services, mostly including check cashing, money wire remittances, money order provision, bill payment services, and payday advances.”

- Transactions provided by any vendor outside of that definition are not included in our estimates. (e.g., banks, credit unions, grocery stores, monoline payday advance centers, etc.).

Store Characteristics

Company Characteristics

- Total of 3,300* stores represented in survey (about half of estimated 6,500 FiSCA member stores, and one-fourth of estimated 12,100 stores in U.S.).
- Ranged in size (number of stores) from 1 to 1,692, with an average (median) of 19 stores.



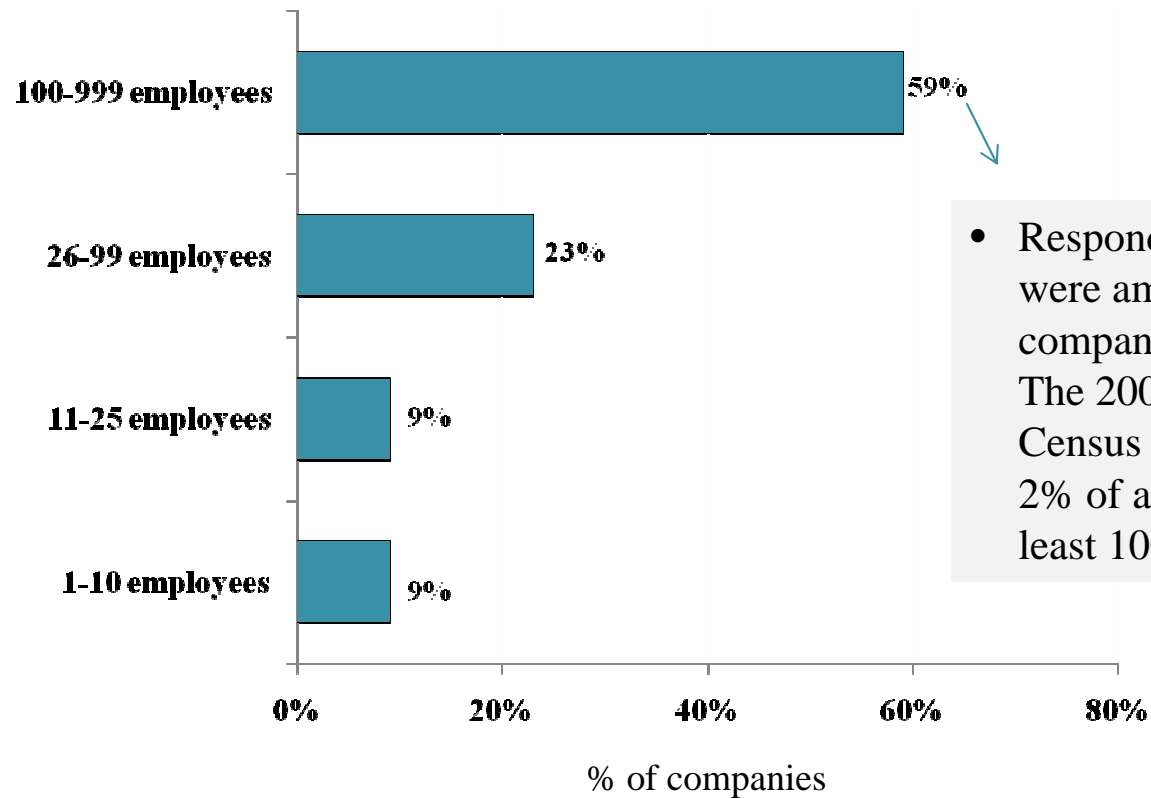
**One large company, which responded in 2008 but not in 2009 had 467 stores in 2008 which accounts for this difference. From this, we cannot conclude that the number of stores for FiSCA members has declined significantly.*

Workforce Characteristics

- This study represented a total of **12,721** employees.
 - Estimated 25,100 FiSCA member company employees and 46,7643 employees of FSCs nationwide (FiSCA members and non-members combined).
- Number of employees (total company) ranged from 6 to 3,968.
 - On average, companies had 105 employees.
 - On a per-store basis, there was a range of 2.2 to 14.6 employees per store. On an aggregate basis, there were 3.6 employees per store.
 - Important statistic because it shows how silly the “there are more payday lenders than fast food stores” argument.

Workforce Characteristics

Number of Employees



- Responding companies were among the larger companies in the U.S.. The 2004 Economic Census reports that only 2% of all firms have at least 100 employees.

Workforce Characteristics

- Two-thirds (69%) of employees are racial/ethnic minorities:
 - 27% of employees are African American
 - 37% are of Hispanic descent
 - 5% are of some 'other' race/ethnicity
- On a per-company basis, only 18% of the responding companies had an employee base which was majority white.
- A great majority (76%) of employees are female. All but one responding company had a predominantly female employee base.

Store Characteristics

Store Operation Hours % of Stores (Aggregate Basis)

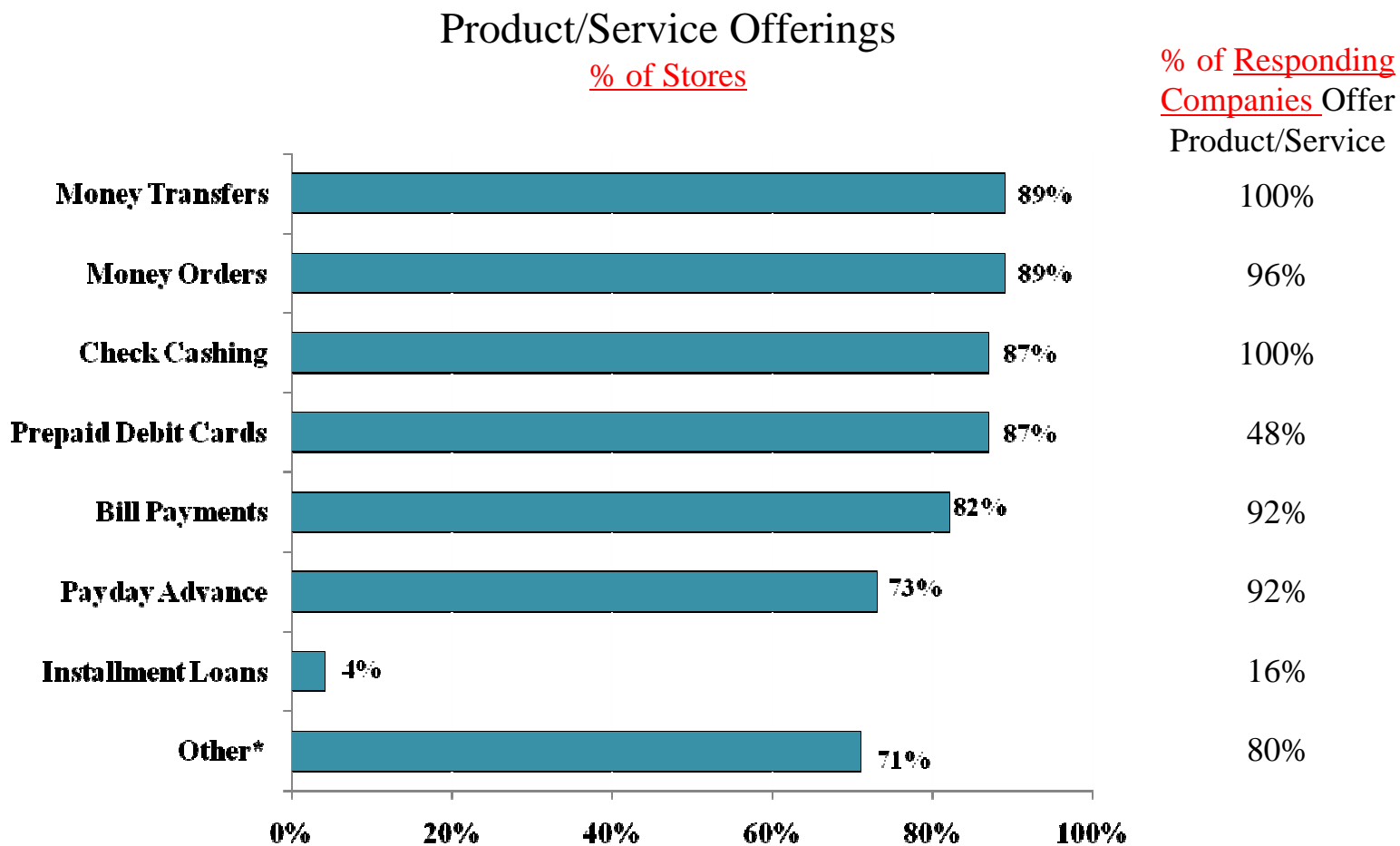


Banking Relationships

- Average bank fees paid, by store: \$12,650 – **a sharp increase from \$5,684 in 2008.**
 - Ranged from a low of \$640 per store, to \$54,000 per store.
 - The maximum per-store bank fee was not an extreme anomaly: the five highest bank fees paid (per store) were: \$23,656, \$29,101, \$34,041, \$35,594, and \$54,000.
 - On average, bank fees represent 3% of operating revenues; Ranged of 1% to 16%.
- 26% of responding companies “lost their banking relationship” (initiated by bank).
- In addition to those, another 26% of responding companies’ banks “changed the parameters in which it does business”.
- On a net basis, just over half (52%) of the responding companies reported a significant change in their business banking relationships in the past year.
- As a result of Check 21.....
 - 14% of companies reported administrative costs went UP
 - 29% of companies reported administrative costs went DOWN
 - 57% of companies reported administrative costs stayed the same

Products and Services

Products/Services Offered

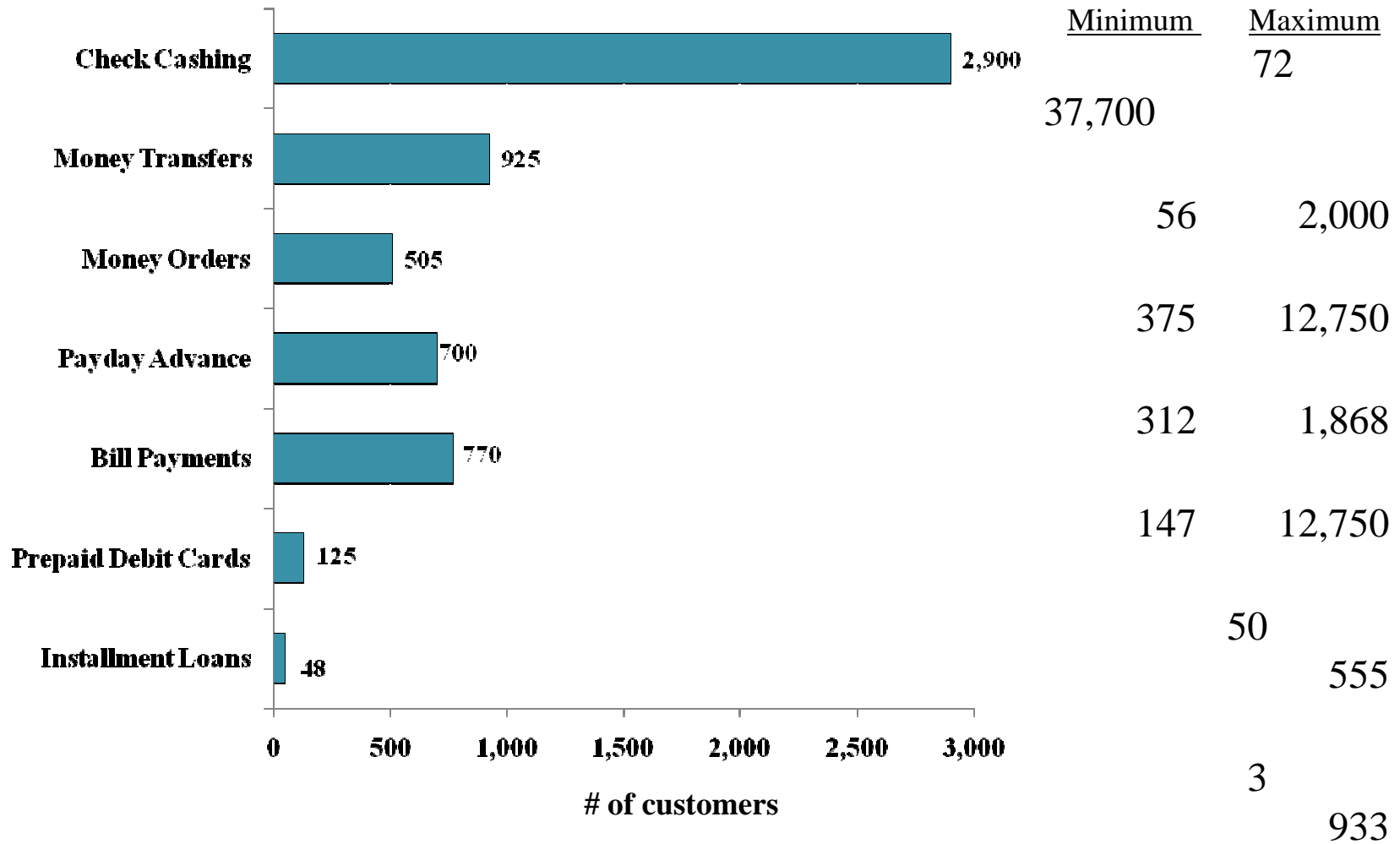


*'Other' Product and Services: Pre-paid cell phones (6); Lottery (4); ATM (4); Prepaid Phone Cards (3); Coin & Currency Exchange (3); Public Transportation (3); Fax (2); Tax Preparation Service (2); License Services (2); Notary (2); Copies (2); Postage Stamps (1); Direct Deposit (1); Parking Tickets (1); Legal Services (1); Home Office Products (1); Delivery of local governmental benefits (1); POB (1); POS (1); CU Deposits (1); Gum Balls (1)

Customers Served (Per Store)

Customers Served

Median Number of Customers Served Per Store
 (Base=Stores Which Offer Product/Service)



Revenue Base

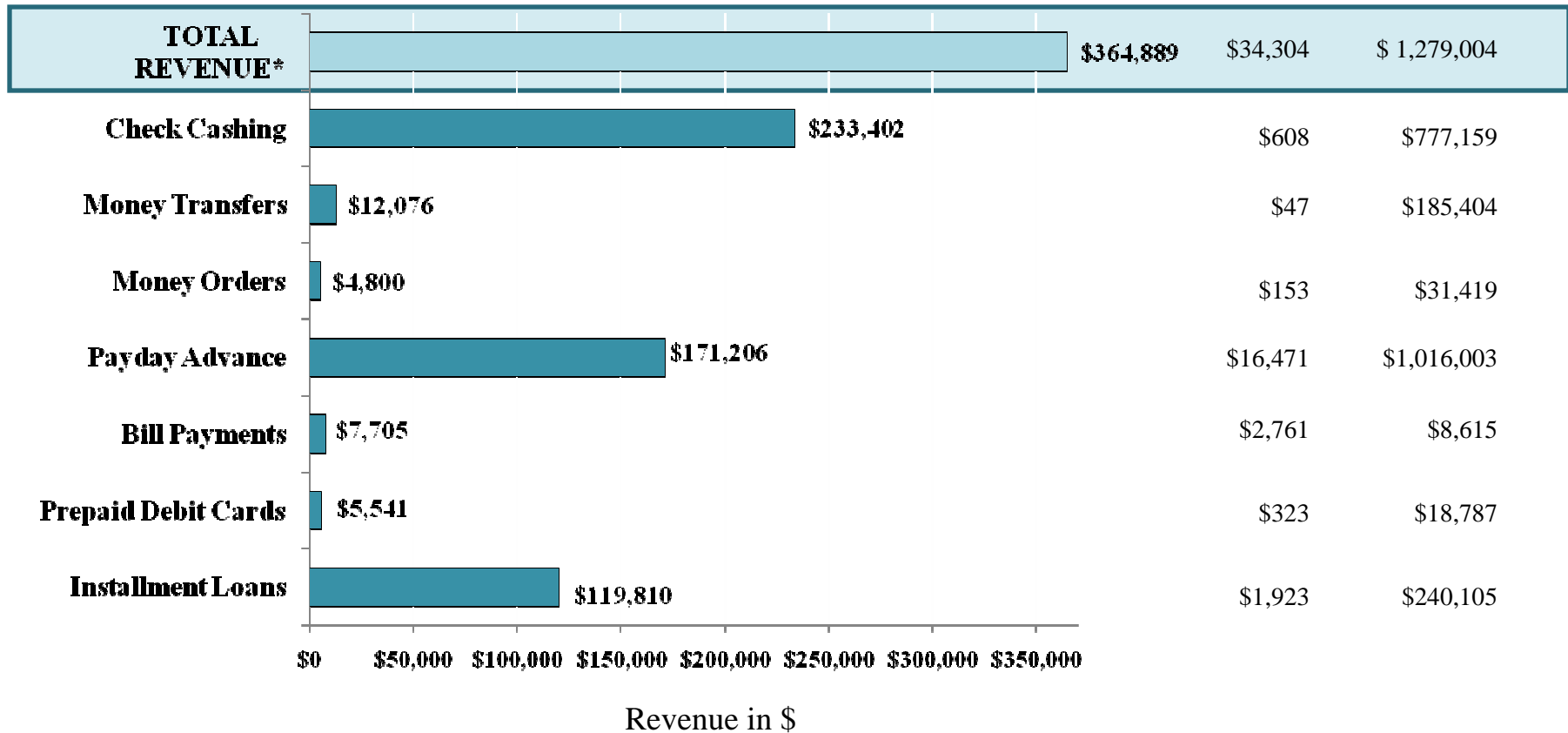
Median Total Revenues (Fee-Based), By Product/Service

Per Store

(Base=Stores Which Offer Product/Service)

Per Store
Minimum

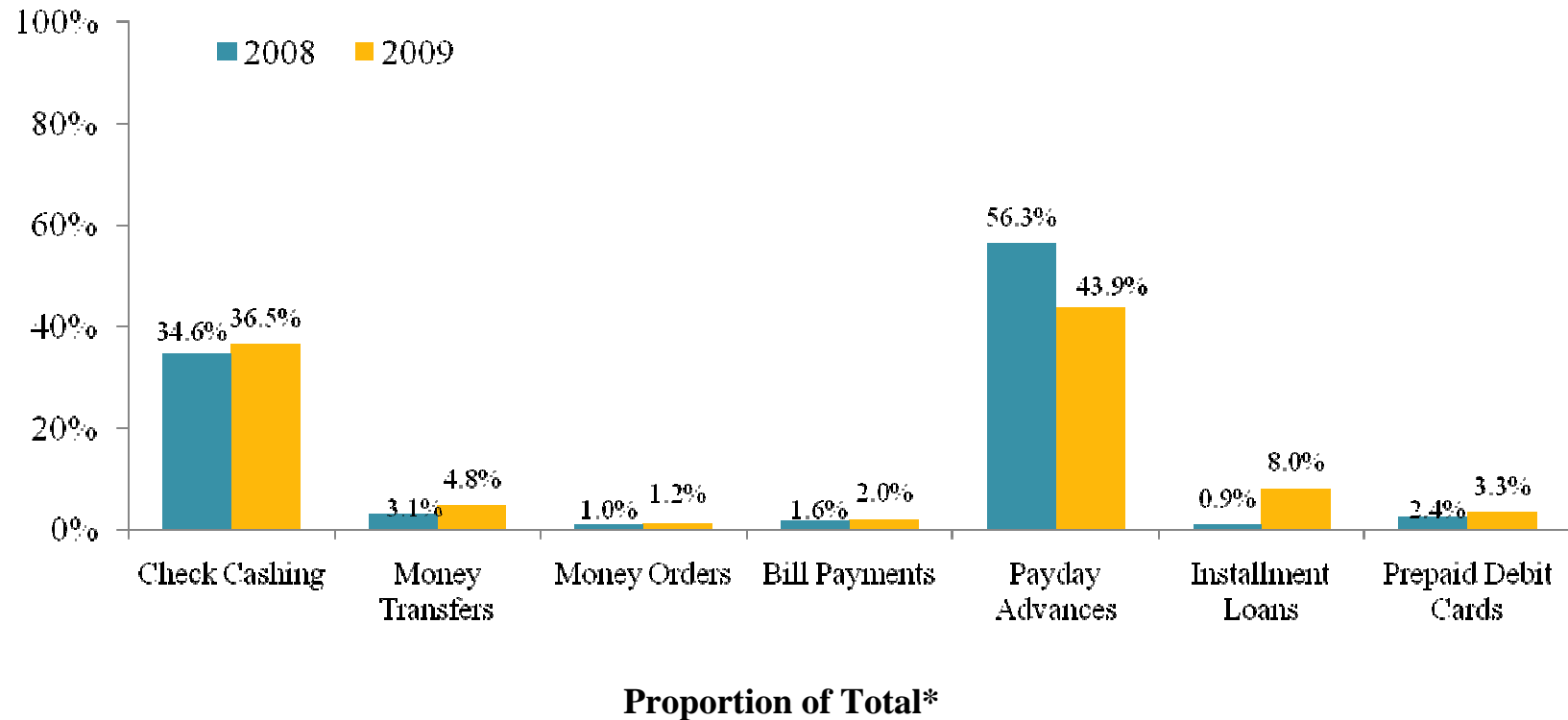
Per Store
Maximum



*Total revenues (fee-based) from Check Cashing, Money Transfers, Money Orders, Payday Advance, Bill Payments, Prepaid Debit Cards, and Installment Loans combined.

Revenue Base

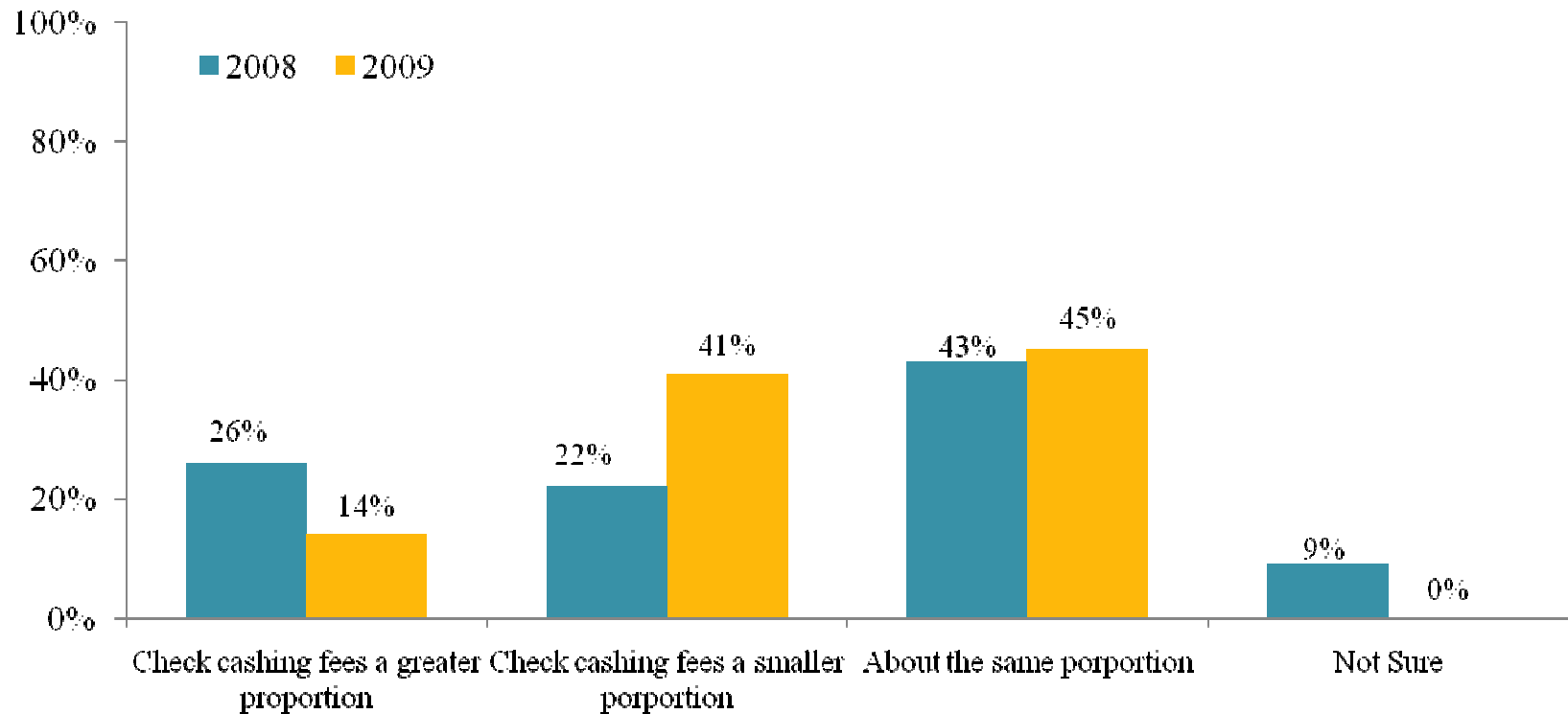
Overall Industry (FiSCA Members) Sources of Revenue,
By Product/Service



*Total revenues (fee-based) from Check Cashing, Money Transfers, Money Orders, Payday Advance, Bill Payments, Prepaid Debit Cards, and Installment Loans combined.

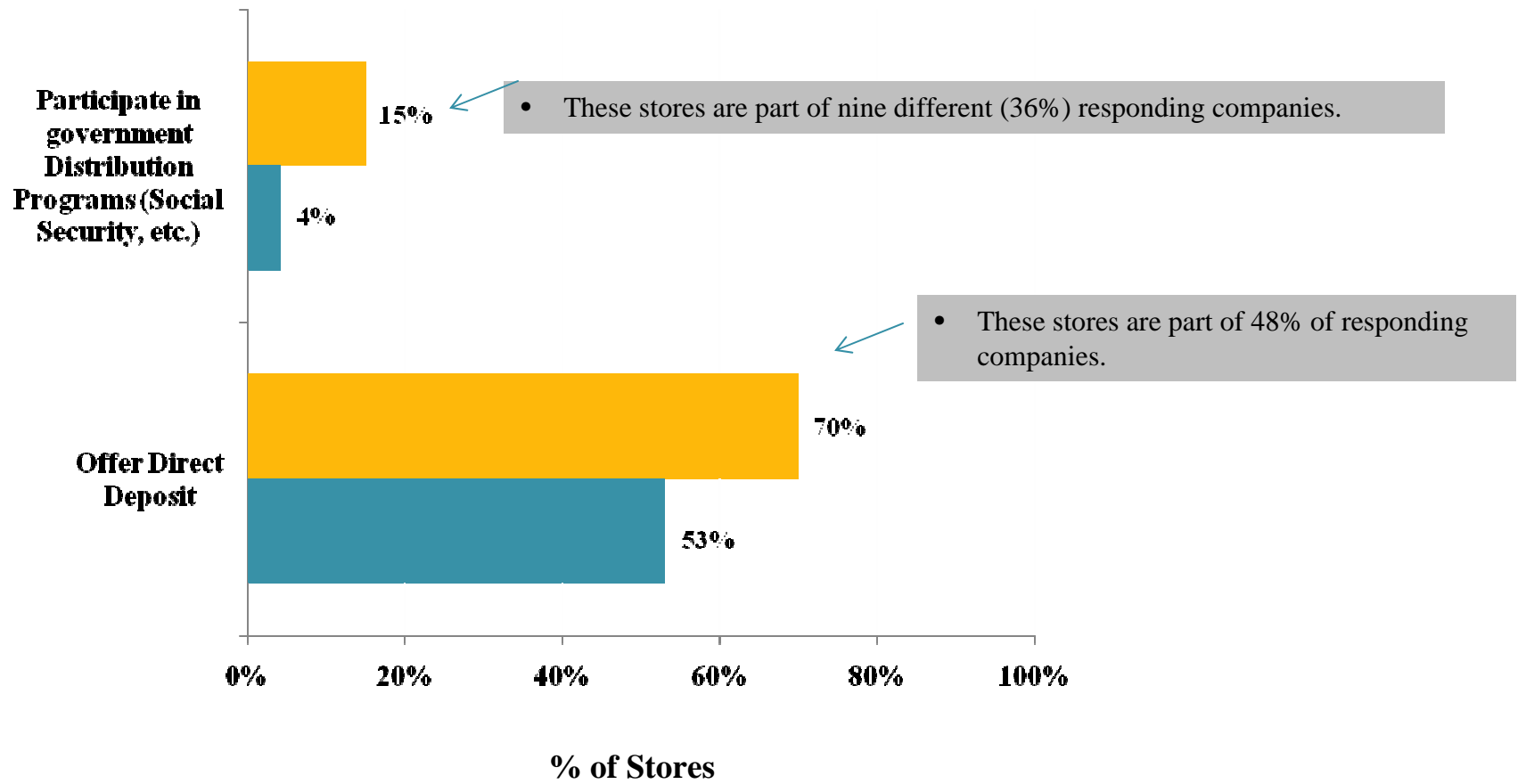
Revenue Base

Have Check Cashing Fees Increased,
Decreased or Stayed The Same Proportion
of Total Revenues?



Revenue Base

Proportion of Stores Which..... (Aggregated data)



Products/Services

Product/Service Fees

<u>Service:</u>	Median	Low	High
Check Cashing	3.2%	1.8%	7%
Wire Transfer	\$10.75	\$.50	\$27
Money Order Purchase	\$.69	\$0	\$1.20
Money Order Redemption	\$2	\$0	\$11
Payday Advance	\$16.50 per hundred	\$13 per hundred	\$25.50 per hundred

Products/Services

Check Cashing Risk

- Average (median) proportion of checks returned for NSF: 2%
- Average proportion of checks returned as fraudulent: <1%

Market Size & Dynamics, By Product

	TOTAL FiSCA MEMBERSHIP (Estimated at 6,500 stores)			PROJECTED TO U.S. FSCs (Estimated at 12,100 stores)			Change in 2009*	
	2007	2008	2009	2007	2008	2009		
Check Cashing								
Number of checks cashed	68,700,000	74,556,000	67,702,000	137,403,000	138,461,000	127,029,000	-8%	↓
Total gross dollar value of checks	28,167,000,000	29,675,000,000	27,141,923,000	56,335,000,000	55,110,900,000	50,525,733,000	-8%	↓
Money Orders								
Total number sold	43,000,000	37,000,000	49,237,000	85,932,000	68,700,000	91,656,000	+33%	↑
Dollar value of MO's sold	8,800,000,000	7,747,000,000	5,060,792,000	17,595,000,000	14,387,000,000	12,420,858,000	-14%	↓
Wire Remittances								
Number Processed	10,500,000	13,352,000	14,859,000	20,983,000	24,800,000	27,660,000	+12%	↑
Total gross dollar amount	4,140,000,000	3,919,000,000	4,254,868,000	8,288,000,000	7,279,000,000	7,920,600,000	+9%	↑
Payday Advances								
Number of advances	16,200,000	24,818,000	18,606,000	32,443,000	43,100,000	34,635,000	-20%	↓
Total value of advances given	6,600,000,000	9,455,000,000	6,629,930,000	13,236,700,000	17,561,000,000	12,341,870,000	-30%	↓
Pre-Paid/Stored Value Cards								
Number of cards sold	1,400,000	1,431,000	1,710,000	2,802,000	2,658,000	3,658,000	+38%	↑
Dollar amount transferred to cards	2,690,000,000	3,335,700,000	5,807,754,000	5,370,000,000	6,194,000,000	12,426,848,000	+100%	↑
Number of card reloads		14944000	15,732,000		28,094,000	32,913,000	+17%	↑
Bill Payments								
Number of transactions	28,600,000	25,595,000	26,112,000	57,136,000	47,534,000	48,689,000	+2%	
Fees paid by customers	24,510,000	72,830,000	33,995,000	49,026,000	135,256,000	63,283,000	-53%	↓
Fees by paid billers	4,475,000	1,707,000	3,719,000	8,951,000	3,171,000	6,922,000	+118%	↑

Market Size & Dynamics (continued)

- The core products and services (check cashing and payday advances) saw a reduction in 2008-2009 (especially lending).
 - Combination of economic impact and regulatory impact.
- Peripheral products saw some increase: wire remittances, in terms of unit volume, and store value cards, in terms of transaction volume and size.
 - Store Valued Cards (Pre-Paid Debit) are the current new frontier.
- Installment lending has not taken foothold – only a small number of companies are showing substantial revenues from this product.