



## Upgrading Our Image and Our Bottom Line – Research and Technology

Dear Friends,

In the last issue of *Currents*, my letter was about the importance of our image – the importance of public relations in all its forms. One disadvantage has been that our adversaries have cornered the message market.

They have done this with statements, “studies” and “reports,” which are often little more than simple assertions with nothing but the prejudice of the author to back them up. Groups such as the Center for Responsible Lending have combined a mission, a point of view, and questionable research to dominate the conversation.

As a check casher in Harlem and the Bronx, I know intuitively that I am doing good things – that my customers are better off because our business is there in the neighborhood to serve them. But my intuitive knowledge and a dollar won't get me a latte at Starbucks. To back up what we as financial service providers know as a “gut feeling,” we need to support it with valid research.

I have recently come to a deeper appreciation for serious research after attending the Payday Loan Research Symposium held by Dr. Pat Cirillo's Cypress Research company in February. Dr. Cirillo's symposium was well-attended by professional researchers from prestigious organizations across the country, such as University of Kansas, George Washington University, Colby College, Yale University, Clemson University, University of Chicago GSB, Federal Reserve Bank of New York, Vanderbilt University, and Dartmouth College. To provide industry viewpoints, our own PDA Committee Chairman Jamie Frauenberg was there representing CheckSmart, along with representatives of Check Into Cash, Teletrack, VOX Global Mandate, and the Payday Loan Bar Association. The discussions centered around methods that would enable researchers to obtain valid measurements of the impact of short-term, small-dollar loans on the economic welfare of those who use them. What data could be trusted? How did the data need to be adjusted to ensure that the conclusions derived from it were genuine? A lot of it was arcane stuff that you needed a PhD in the subject to understand, but to put it in a way that, as a layman, these researchers never would, “What are the best methods to do research in this area? How do you get to the truth about PDAs? Are they good or bad?”

To assist this process as much as we can, your Board recently voted to set up a FISCA Research Committee. I have asked ACE's Eric Norrington to form this committee, and he has accepted. Dr. Cirillo has agreed to serve as a professional advisor. It's my belief that honest, accurate research will find that PDAs generally improve the economic welfare of those who use them. It's a great thing that independent researchers without an axe to grind are looking at this subject. Wouldn't it be terrific for someone else to support our position for a change?

On to another topic, since this issue is about technology and our industry: We all pretty much know that these days, if you have more than one or two stores, it's a lead pipe certainty that you need an automated Point of Sale (POS) system in order to keep up with compliance requirements – especially the Bank Secrecy Act and the USA PATRIOT Act. There are also proof and control benefits that enable you to make significant reductions in cash shortages and returned items. We're all pretty much on board with all that. Where I personally feel we need to make more headway is in the areas of demographic data collection.

As business people, “more better” demographic information will enable us to improve revenues. As industry supporters, better designed and more robust capture of data on an industry level will provide researchers with the data they need to reach intellectually honest conclusions – conclusions that I believe must inevitably support what our intuitions tell us.

Research? Technology? They do seem to go together, don't they? Better research and better technology can help to make a better industry, both from the bottom line and from the image improvement points of view – developing a more rewarding industry for owner operators, employees, and our customers.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joe Coleman'.

Joe Coleman  
Chairman