

Pawn Industry Statistics

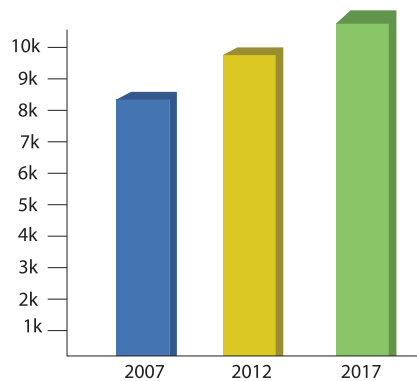


National Pawnbrokers Association

How large is the pawn industry?

According to the 2017 U.S. Economic Census, there were approximately 10,000 pawn establishments (NAICS Code 522298) in the U.S.

Pawn or collateral loans are the core of a pawnbroker's business.



How are pawnbrokers and pawn transactions regulated?

The pawn industry is the most heavily regulated provider of consumer financial services.

Pawnbrokers and pawn transactions are covered by 14 federal statutes and regulations, including the consumer protection and anti-money laundering laws that apply to other credit providers designated as financial institutions.

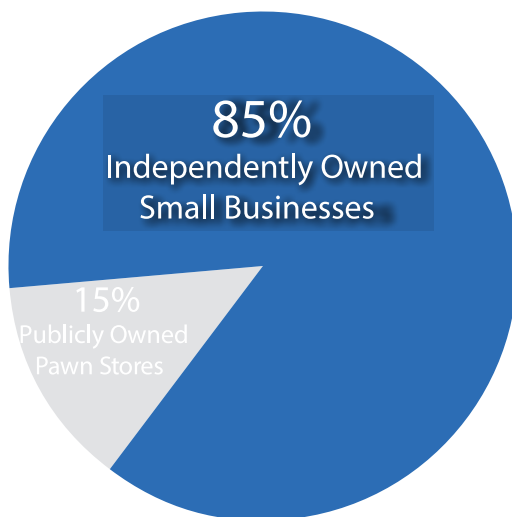
The federal statutes include, among others:

- Privacy provisions of the Gramm-Leach-Bliley Financial Services Modernization Act of 1999
- USA PATRIOT Act
- Servicemembers Civil Relief Act of 2003
- Bank Secrecy Act and Internal Revenue Code provisions requiring reporting of certain cash transactions
- Truth in Lending Act
- Fair and Accurate Credit Transactions Act of 2003 and the Fair Credit Reporting Act
- Unfair, deceptive, and abusive acts and practices authority of the Federal Trade Commission and Consumer Financial Protection provisions of the Dodd-Frank Act of 2010

State and local laws govern other aspects of pawn transactions, including the interest rate, loan duration and grace period, redemption options, record-keeping, and transaction information requirements.

Who owns pawn stores?

85% of pawn stores are independently owned small businesses or small regional chains.



- Independently Owned Pawn Stores
- Publicly Owned Pawn Stores

The pawn industry has only two publicly traded corporations: EZCorp, Inc. and First Cash Financial services, Inc. Publicly-traded companies are not members of the NPA.

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What is a pawn loan?

Pawnbrokers help families through challenging economic times by providing non-recourse, short-term, collateral-based loans that have no effect on a consumer's credit history.

As evidenced by the relatively low national average loan amount of \$150, pawn customers only borrow what they need. Furthermore, pawn customers repay their loans and redeem their collateral at a high average national redemption rate of 85 percent.

Pawn customers tend to be more disciplined in their borrowing than consumers using other forms of credit. Pawn loans do not cause consumers to overextend their use of credit and, because they are non-recourse, are not factors in filings for bankruptcy protection.

Pawn loans are:

- ▶ **Non-recourse:** No pawnbroker can demand repayment of funds advanced.
- ▶ **Collateral-based:** No credit checks on customers or reporting to consumer credit agencies.
- ▶ Typically **small-dollar** advances: Average loans nationally are around \$150.

Pawn Regulations

1. Are pawnbrokers licensed and examined?

Yes. Pawnbrokers are licensed by state and local governments that also conduct examinations to insure compliance with laws that govern every aspect of pawn transactions, including all fees and charges, loan durations and grace periods, record-keeping, and transaction information requirements.

2. Do pawnbrokers require customer identification?

Yes. Pawnbrokers' customer identification programs mandated by state and local laws are more comprehensive than the USA PATRIOT Act requirements. For every transaction, pawnbrokers require the consumer's valid, government-issued picture identification. This information is recorded for each transaction together with a complete description of the collateral used to secure the transaction. Our nationwide estimate of property ownership disputes is consistently as low as 10 items out of 10,000.

3. How many federal laws apply to pawn transactions?

There are **14** federal statutes and regulations applicable to pawn transactions, including the Truth in Lending Act, Gramm-Leach-Bliley Act, Servicemembers Civil Relief Act, and the USA PATRIOT Act.

4. Do pawnbrokers report "cash transactions" of \$10,000 or more?

Yes. Pawnbrokers report these types of cash transactions on IRS Form 8300.

Who is the customer?

Pawn customers come from all walks of life and they include American workers and small business owners.

Pawn customers support their communities, our country, and the economy by working in health care and hospitals, building homes, teaching our children, and working in government.

- Close to 1 in 4 U.S. households are unbanked or underbanked.
- Approximately 40 percent of unbanked and underbanked households have used pawn stores.
- Around 7.4 percent of all U.S. households have used pawn stores.

Source: FDIC, National Survey of Unbanked and Underbanked Households



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