



**2012**

**California Department of Business Oversight  
Annual Report  
Operation of Deferred Deposit Originators  
Licensed under the California  
Deferred Deposit Transaction Law**



California Department of  
Business Oversight

**STATE OF CALIFORNIA  
EDMUND G. BROWN JR., Governor**

**BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY  
DEPARTMENT OF BUSINESS OVERSIGHT**

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## Table of Contents

<b>INTRODUCTION</b> .....	4
CDDTL Historical Data .....	5
<b>TRANSACTIONS</b> .....	6
Total Dollar Amounts and Number of Transactions.....	6
CDDTL Transaction Analysis.....	7
Chart 1: Dollar Amount of Transactions .....	8
Chart 2: Number of Transactions.....	8
Chart 3: Number of Deferred Deposit Transaction Customers.....	9
<b>RETURNED CHECKS</b> .....	10
Total of Returned Checks .....	10
Returned Checks Recovered .....	11
Returned Checks Charged Off.....	12
Chart 4: Amount of Returned Checks .....	13
Chart 5: Dollar Amount of Returned Checks Recovered.....	13
Chart 6: Dollar Amount Of Checks Charged Off.....	14
<b>LICENSING</b> .....	15
Licensing Historical Data.....	15
Chart 7: CDDTL Licensed Locations.....	18
Chart 8: Short Term and Long Term Form License Applications.....	18
Chart 9: Short and Long Form Licenses Surrendered.....	19
Chart 10: Number of Licenses Issued.....	19
<b>Department of Business Oversight Contact Information</b> .....	20



OCTOBER 31, 2013  
LOS ANGELES

## **INTRODUCTION**

This report includes data submitted by deferred deposit originators licensed under the California Deferred Deposit Transaction Law, required by Section 23026 of the Financial Code. The full citation reads:

*On or before March 15 of each year, beginning March 2006, each licensee shall file an annual report with the commissioner pursuant to procedures that the commissioner shall establish. The licensee's annual report shall be kept confidential pursuant to Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code and any regulations adopted thereunder. The annual consolidated report shall be prepared by the commissioner and made available to the public. For the previous calendar year, these reports shall include the following:*

- (a) The total number and dollar amount of deferred deposit transactions made by the licensee.*
- (b) The total number of individual customers who entered into deferred deposit transactions.*
- (c) The minimum, maximum, and average amount of deferred deposit transactions.*
- (d) The average annual percentage rate of deferred deposits.*
- (e) The average number of days of deferred deposit transactions.*
- (f) The total number and dollar amount of returned checks.*
- (g) The total number and dollar amount of checks recovered.*
- (h) The total number and dollar amount of checks charged off.*

The Department has also included related information, such as the number of licenses issued, filed, and surrendered.

The California Deferred Deposit Transaction Law defines a "deferred deposit originator" as any person who offers, originates or makes a deferred deposit transaction.



## 2012 Annual Report: Operation of Deferred Deposit Originators Licensed under the California Deferred Deposit Transaction Law

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This Report is based on unaudited data presented by licensees and submitted in a format prescribed by the Department of Business Oversight and licensing statistics. The reader should be aware that the data contained herein is primarily statistical in nature. Certain statistical data compilations required of licensees have been modified to provide more meaningful statistics. To assist in comparing data from prior years, certain statistical data is included in the charts on pages 10 through 16.

In 2012 deferred deposit originators made more than 12.2 million transactions to more than 1.7 million individual customers, totaling more than \$3.2 billion.

### CDDTL HISTORICAL DATA

<b>REPORTED LICENSEES AS OF</b>	<b>NUMBER</b>
<b>DECEMBER 31, 2012</b>	<b>2100</b>
<b>DECEMBER 31, 2011</b>	<b>2119</b>
<b>DECEMBER 31, 2010</b>	<b>2144</b>
<b>DECEMBER 31, 2009</b>	<b>2187</b>
<b>DECEMBER 31, 2008</b>	<b>2385</b>
<b>DECEMBER 31, 2007</b>	<b>2403</b>
<b>DECEMBER 31, 2006</b>	<b>2493</b>

The information on this table shows that there is a steady decline in the number of California Deferred Deposit Transaction licenses. In 2006 there were 2,493 CDDTL licensees, compared to 2,100 licensees in 2012. From 2006 to 2012 the number of licensees has decreased by 393. However, starting in 2009 the decline in licensees appears to have leveled off.



**2012 Annual Report: Operation of Deferred Deposit Originators Licensed  
under the California Deferred Deposit Transaction Law**

**California Deferred Deposit Transaction Law Consolidated Annual Reports  
Calendar Years 2006 to 2012**

**TRANSACTIONS**

**Total Dollar Amounts and Number of Transactions**

	2006	2007	2008	2009	2010	2011	2012
Total dollar amount of Deferred Deposit transactions made	\$2,553,427,572	\$2,969,905,917	\$3,092,592,282	\$3,088,358,316	\$3,125,299,157	\$3,276,629,497	\$3,229,018,352
Total number of Deferred Deposit transactions made	10,048,422	11,152,466	11,841,014	11,784,798	12,092,091	12,427,810	12,255,026
Total number of individual customers who obtained Deferred Deposit transactions (repeat customers counted once)	1,432,844	1,609,680	1,665,019	1,567,188	1,646,700	1,738,219	1,768,501

The table on this page reflects the total dollar amount and total number of deferred deposit transactions made from 2006 to 2012.

In 2012, the total dollar amount of transactions made decreased by 1.45 percent from the previous year and the total number of transactions made decreased by 1.39 percent. The table also reflects an increase in deferred deposit transaction customers by 1.74 percent from the previous year.



**2012 Annual Report: Operation of Deferred Deposit Originators Licensed  
under the California Deferred Deposit Transaction Law**

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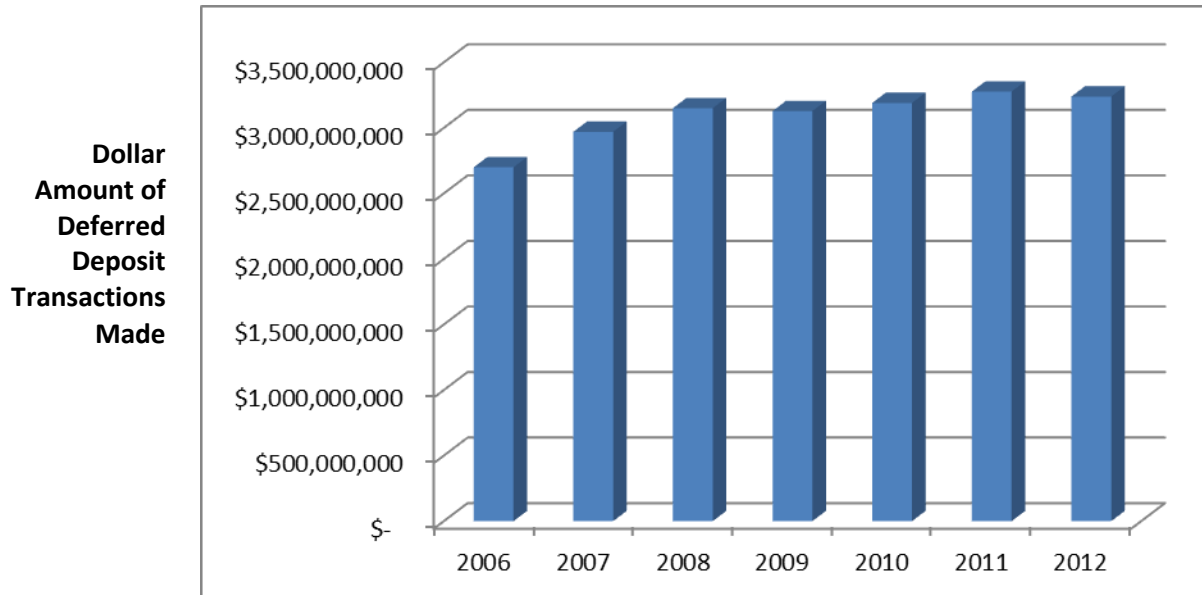
**CDDTL Transaction Analysis**

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Average dollar amount of Deferred Deposit transactions made	\$254	\$266	\$261	\$262	\$258	\$263	\$263
Minimum dollar amount of Deferred Deposit transactions made	\$10	\$10	\$6	\$8	\$4	\$12	\$6
Maximum dollar amount of Deferred Deposit transactions made	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Average Annual Percentage Rate (APR)	429%	424%	416%	414%	414%	411%	411%
Average Number of Days of Deferred Deposit transactions	16	16	17	17	17	17	17

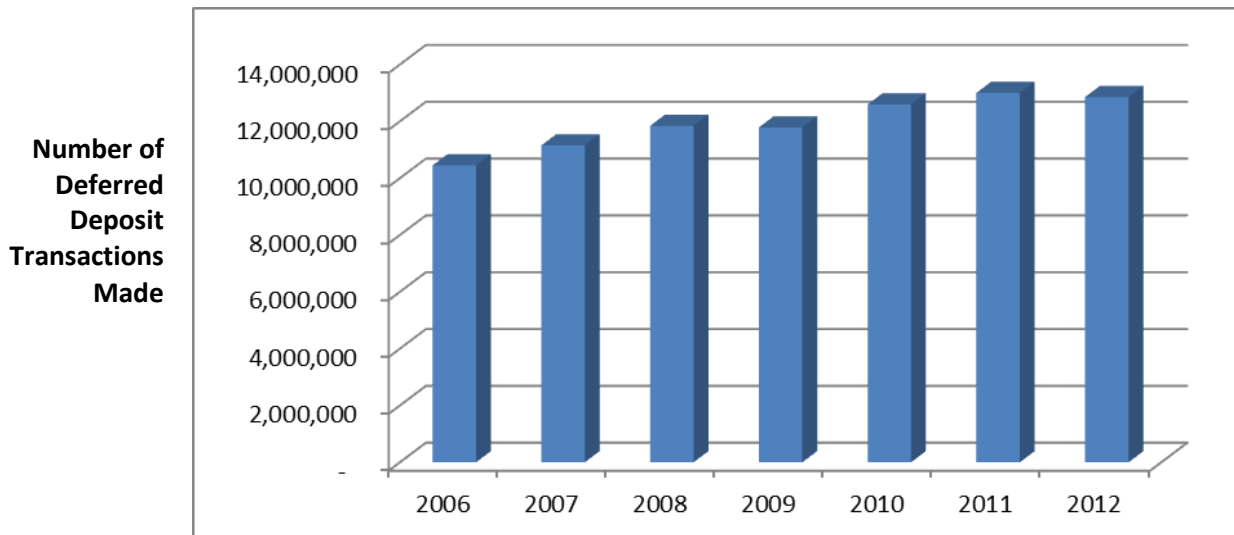
In 2012 the average length of a transaction was 17 days and the average Annual Percentage Rate (APR) was 411 percent when averaged by total licensees and 437 percent when computed by all transactions made.



**Chart 1: Total Dollar Amount of Transactions**  
**Change in Dollar Amount of Deferred Deposits Made**

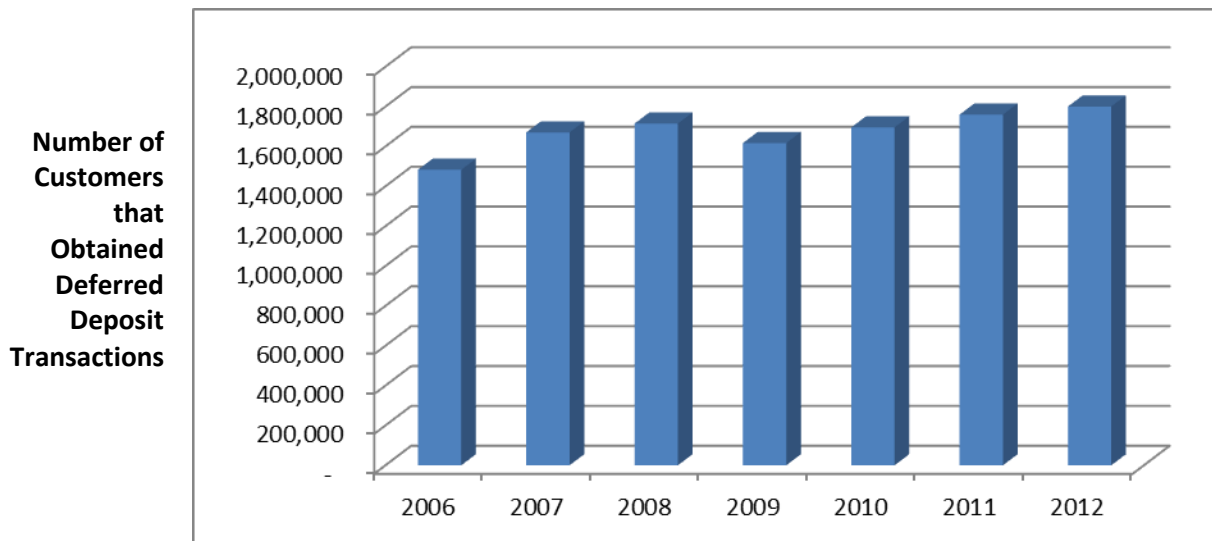


**Chart 2: Total Number of Transactions**  
**Change in Number of Deferred Deposit Transactions Made**





**Chart 3: Total Number of Deferred Deposit Transaction Customers  
Change in Number of Customers that Obtained Deferred Deposit Transactions**



**RETURNED CHECKS**

**Total of Returned Checks**

	2006	2007	2008	2009	2010	2011	2012
Total number of returned checks from Deferred Deposit transactions made	751,117	823,594	816,605	677,616	931,735	931,387	674,648
Percentage of total number of returned checks to total number of Deferred Deposit transactions made	7.47%	7.38%	6.90%	5.75%	7.71%	7.49%	5.51%
Total dollar amount of returned checks from Deferred Deposit transactions made	\$186,031,613	\$213,050,882	\$214,887,020	\$178,369,234	\$239,593,849	\$246,769,462	\$180,460,466
Percentage of total dollar amount of returned checks to total dollar amount of Deferred Deposit transactions made	7.29%	7.17%	6.95%	5.78%	7.67%	7.53%	5.59%

The table on this page captures transaction data for returned checks. There was a 28 percent decrease in the total number of returned checks of deferred deposit transactions from 2011 to 2012. The total number of returned checks in 2012 is close to the same level as 2009.



**2012 Annual Report: Operation of Deferred Deposit Originators Licensed  
under the California Deferred Deposit Transaction Law**

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**Returned Checks Recovered**

	2006	2007	2008	2009	2010	2011	2012
Total number of returned checks from Deferred Deposit transactions recovered (includes partial recoveries)	520,756	492,405	522,157	432,284	674,470	642,069	389,312
Percentage of total number of returned checks from Deferred Deposit transactions recovered (includes partial recoveries) to total number of Deferred Deposit transactions made	5.18%	4.42%	4.41%	3.67%	5.58%	5.17%	3.18%
Total dollar amount of returned checks recovered (includes partial recoveries)	\$106,441,869	\$115,002,061	\$120,316,378	\$98,998,954	\$164,196,162	\$160,480,858	\$92,394,261
Percentage of total dollar amount of returned checks recovered (including partial recoveries) to total dollar amount of Deferred Deposit transactions made	4.17%	3.87%	3.89%	3.21%	5.25%	4.90%	2.86%

The table on this page captures transaction data for returned checks recovered. There was a 39 percent decrease in the total number of returned checks recovered from 2011 to 2012.



**2012 Annual Report: Operation of Deferred Deposit Originators Licensed  
under the California Deferred Deposit Transaction Law**

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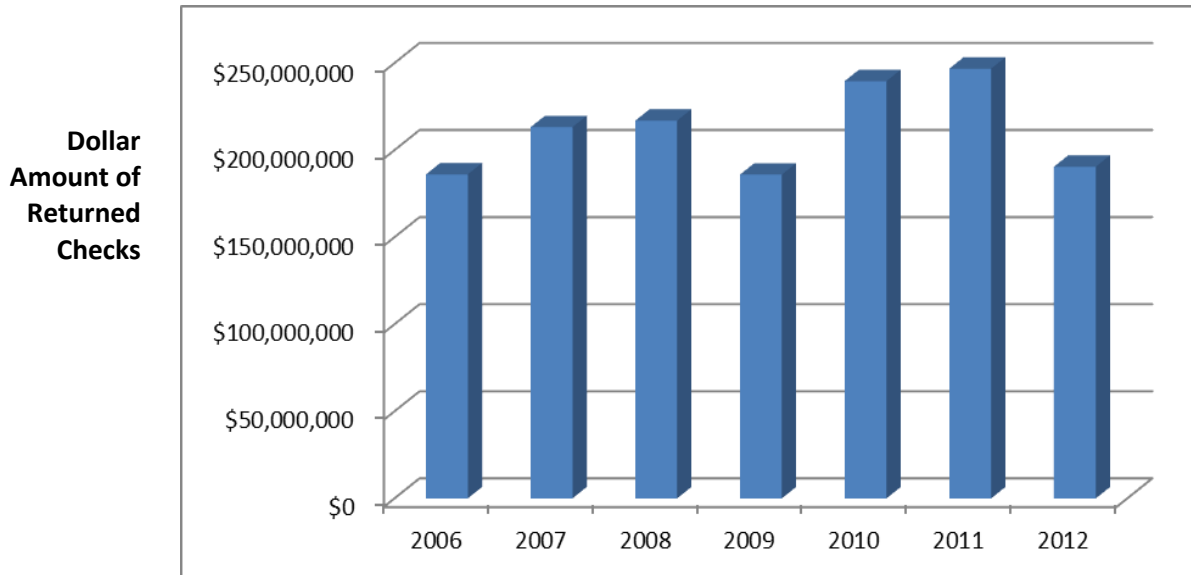
**Returned Checks Charged Off**

	2006	2007	2008	2009	2010	2011	2012
Total number of checks charged off (includes partial balances charged off)	307,697	355,804	321,555	280,233	180,020	285,555	289,982
Percentage of total number of checks charged off (including partial balances) to total number of Deferred Deposit transactions made	3.06%	3.19%	2.72%	2.38%	2.32%	2.30%	2.37%
Total dollar amount of Deferred Deposit transactions charged off (includes partial balances charged off)	\$74,825,909	\$85,683,626	\$81,783,721	\$72,023,747	\$70,937,735	\$72,367,689	\$73,647,144
Percentage of total dollar amount of checks charged off (including partial balances charged off) to total dollar amount of Deferred Deposit transactions made	2.93%	2.89%	2.64%	2.33%	2.27%	2.21%	2.28%

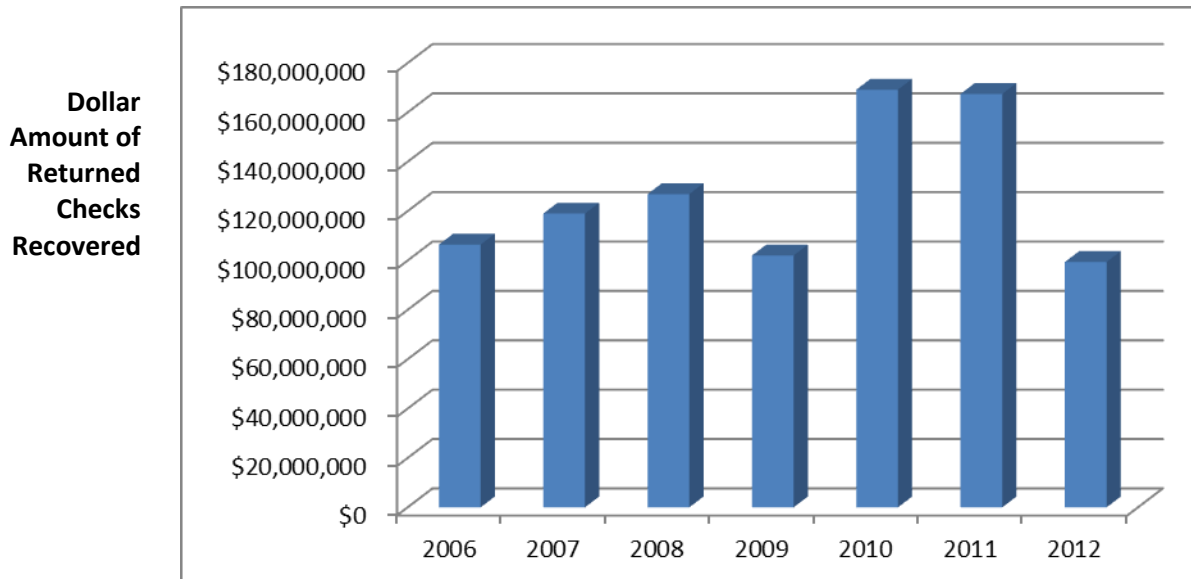
This table captures returned check data for the total number, total dollar and percentages.



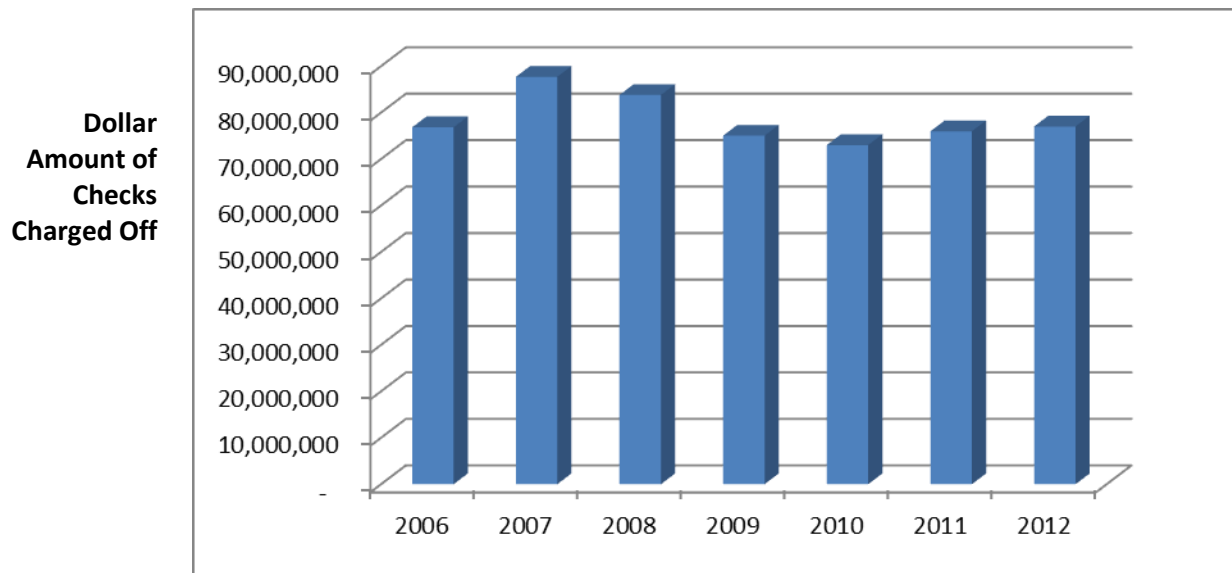
**Chart 4: Total Amount of Returned Checks  
Change in Dollar Amount of Returned Checks**



**Chart 5: Total Dollar Amount of Returned Checks Recovered  
Change in Dollar Amount of Returned Checks Recovered**



**Chart 6: Total Dollar Amount of Checks Charged Off**  
**Change in Total Dollar Amount of Checks Charged Off**



**2012 Annual Report: Operation of Deferred Deposit Originators Licensed  
under the California Deferred Deposit Transaction Law**

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**LICENSING**

The information below reflects the licensing activity for the calendar years 2006, 2007, 2008, 2009, 2010, 2011 and 2012. The long form application refers to the first license a person applies for under the California Deferred Deposit Transaction Law and the short form application refers to a license for an additional business location. Applications are subject to abandonment if a deficiency is not corrected within 90 days of notification. Applications are withdrawn at the request of the applicant. To assist in comparing the licensing data from prior years, the total license applications filed, total number of licenses surrendered and total number of licenses issued is included in the charts on pages 19 through 21.

**Licensing Historical Data**

	2006	2007	2008	2009	2010	2011	2012
Long Form Applications Filed	116	69	56	53	33	32	29
Short Form Applications Filed	256	251	197	47	123	48	61
<b>Total Applications Filed</b>	<b>372</b>	<b>320</b>	<b>253</b>	<b>100</b>	<b>156</b>	<b>80</b>	<b>90</b>
Long Form Applications Denied	2	0	0	0	0	0	0
Short Form Applications Denied	0	2	3	1	0	0	0
<b>Total Applications Denied</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>



**2012 Annual Report: Operation of Deferred Deposit Originators Licensed  
under the California Deferred Deposit Transaction Law**

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**Licensing Historical Data**

	2006	2007	2008	2009	2010	2011	2012
Long Form Applications Abandoned	8	8	3	3	2	1	1
Short Form Applications Abandoned	1	0	20	0	1	0	0
<b>Total Applications Abandoned</b>	<b>9</b>	<b>8</b>	<b>23</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>1</b>
<b> </b>							
Long Form Applications Withdrawn	3	1	6	3	1	4	1
Short Form Applications Withdrawn	4	15	10	1	5	0	0
<b>Total Applications Withdrawn</b>	<b>7</b>	<b>16</b>	<b>16</b>	<b>4</b>	<b>6</b>	<b>4</b>	<b>1</b>
<b> </b>							
Long Form Licenses Surrendered	79	93	68	64	54	31	31
Short Form Licenses Surrendered	188	272	154	216	104	75	67
<b>Total Licenses Surrendered</b>	<b>267</b>	<b>365</b>	<b>222</b>	<b>280</b>	<b>158</b>	<b>106</b>	<b>98</b>





**2012 Annual Report: Operation of Deferred Deposit Originators Licensed  
under the California Deferred Deposit Transaction Law**

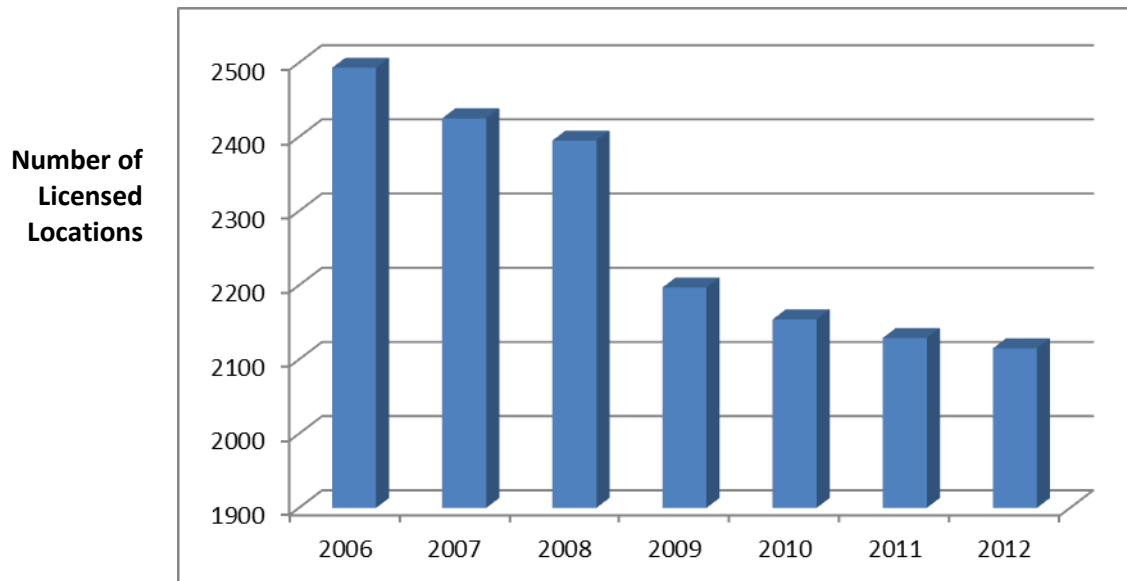
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**Licensing Historical Data**

	2006	2007	2008	2009	2010	2011	2012
Long Form Licenses Revoked	14	26	12	19	16	15	2
Short Form Licenses Revoked	8	6	6	6	6	0	0
<b>Total Licenses Revoked</b>	<b>22</b>	<b>32</b>	<b>18</b>	<b>25</b>	<b>22</b>	<b>15</b>	<b>2</b>
Long Form Licenses Issued	96	72	56	50	29	29	19
Short Form Licenses Issued	241	236	165	57	111	58	61
<b>Total Licenses Issued</b>	<b>337</b>	<b>308</b>	<b>221</b>	<b>107</b>	<b>140</b>	<b>87</b>	<b>80</b>



**Chart 7: CDDTL Licensed Locations  
Change in Number of Licensed Locations**



**Chart 8: Total Number of Short Term and Long Form License Applications Filed**

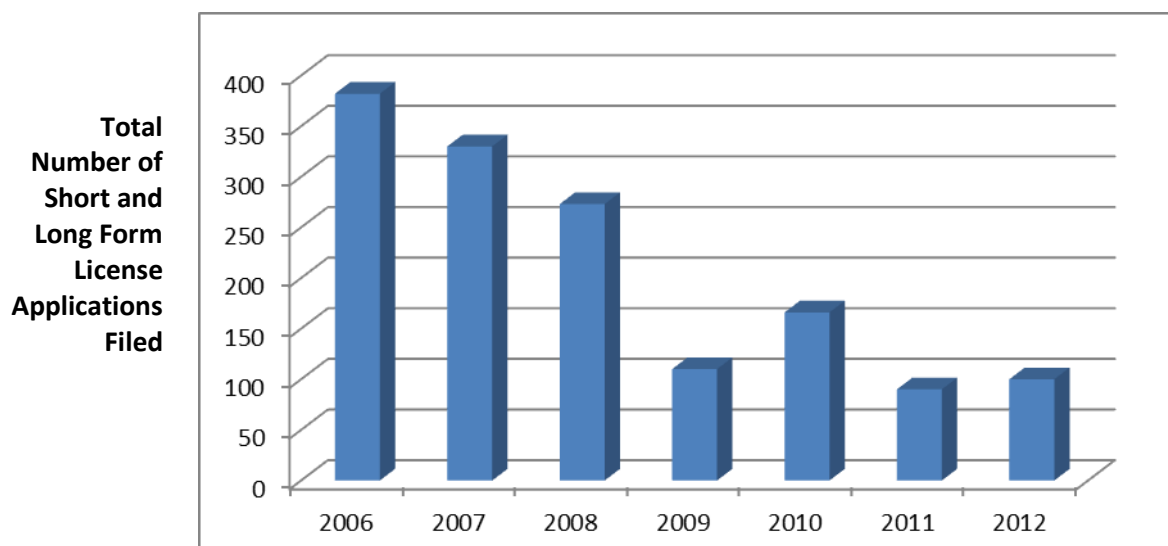


Chart 9: Total Number of Short and Long Form Licenses Surrendered

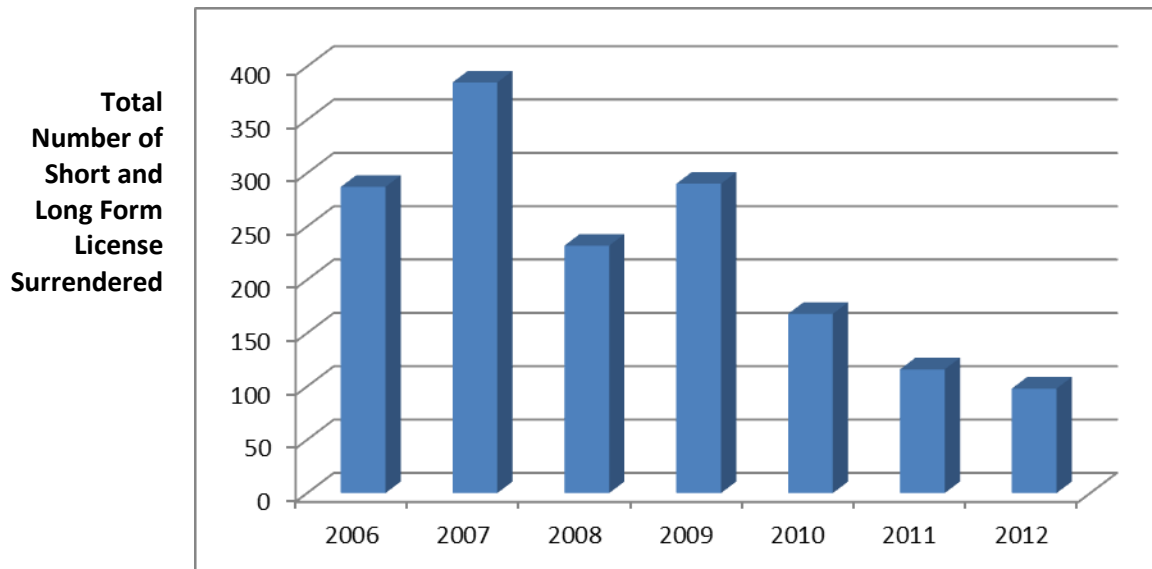
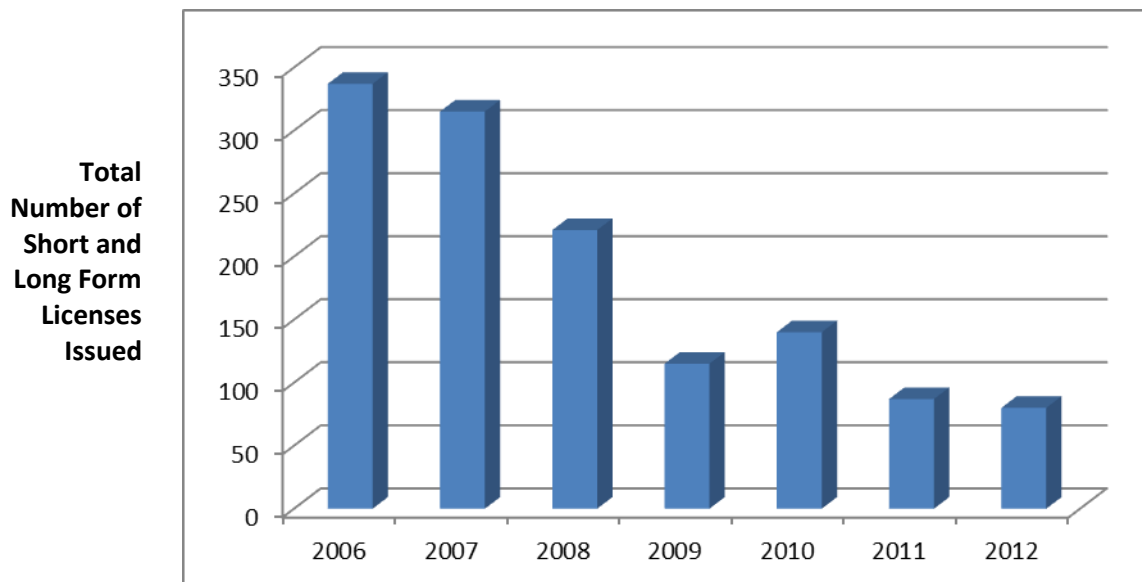


Chart 10: Total Number of Licenses Issued  
Number of Licenses Issued



**2012 Annual Report: Operation of Deferred Deposit Originators Licensed  
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**CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT**

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