

PAYDAY LENDING MARKET INVESTIGATION

Local competition working paper

Introduction

1. In this working paper we discuss the rivalry that high street payday lenders face from online lenders, and the extent to which competition is localized. This will inform our views on:
 - (a) the relevant markets that payday loans compete in;
 - (b) the extent to which customers may have to travel in order to visit the branches of different payday lenders; and
 - (c) the levels of concentration in the supply of payday lending in different local areas.

Preliminary observations

2. We make the following preliminary observations on the basis of the evidence that we have reviewed to date:
 - (a) There is mixed evidence on the extent to which online payday lenders compete with high street providers. Apart from the way in which customers apply for their loan, high street and online payday loans share many characteristics and are priced at similar levels. The clearest differences between the customer bases of the two sets of lenders is that high street customers generally have lower incomes and are older, although there is significant overlap between the two groups of borrowers. Responses to our survey show that high street customers are generally aware of online lenders. It is relatively uncommon that online borrowers have ever used (or considered using) a high street lender. In contrast, half of high street customers who had taken out more than one loan reported having used an online lender.
 - (b) We observe little evidence of high street lenders reacting to localized competition from other high street lenders, and very few high street lenders vary their offer

locally, suggesting that the scope for high street lenders to compete for customers according to local competitive conditions may be limited. Payday customers taking out loans on the high street will generally travel only a short distance to their store: 80 per cent are located within 3.2 miles. There is considerable overlap between the operations of high street lenders—largely as a result of the significant networks of stores operated by the two largest high street lenders, Instant Cash Loans¹ and Cheque Centre. A minority of stores (11 per cent) do not have any rival stores nearby.

3. The remainder of the paper is structured as follows. First, we look at competition between high street and online lenders. Second, we consider localized competition between high street lenders.

Competition between high street and online lenders

4. In this section, we look at competition between high street and online lenders. We begin by considering the substitutability of online and high street payday loans, looking at similarities and differences in product characteristics, prices and customer demographics, and evidence from our consumer survey of the extent to which customers consider online and high street loans to be substitutes. We then consider any other evidence of the extent to which high street and online lenders compete with each other.

Substitutability between online and high street loans

Product characteristics

5. The more similar the payday products offered by high street and online lenders, the more likely it is that borrowers will consider them substitutable (and so the more likely competition between high street and online lenders is to take place). Our 'Payday

¹ Instant Cash Loans' stores are branded as The Money Shop.

loan products' working paper contains a detailed description of the payday loan products offered by high street and online lenders.

6. The main difference between high street and online loans is that high street lending takes place in-store, while online lending takes place over the Internet. This affects how these two channels verify customers' identities and their credit assessment procedures. For example, high street lenders typically use bank statements, while many online lenders use mobile phone ownership details for verification purposes. Regarding credit assessments, all online lenders use some form of internal scorecard incorporating information from credit reference agencies (CRAs) to make a risk assessment of new customers. Of the five high street lenders, three use similar scoring models to the online lenders while two, The Cash Store and SRC,² base their lending decision on verification of income documentation provided by the customer including bank statements or pay slips.
7. A further difference is that the high street lenders, Cheque Centre, H&T and SRC, offer a cash-based product where the customer can receive and repay the loan in cash.³ Two of the major high street lenders, Instant Cash Loans and H&T, also offer a cheque-based product, where the customer can repay the loan with a post-dated cheque. Instant Cash Loans offers a debit-card-based product where the customer can receive and repay the loan in cash.
8. There are, however, many similarities between the offerings of high street and online lenders. In particular, both online and high street payday lenders allow customers to take out loans for small amounts and for short periods. Online and high street lenders both offer similar extension policies, generally allowing customers to roll loans over

² SRC stores are branded as Speedy Cash.

³ SRC told us that loan repayment was set up via debit card, although customers could opt to pay by cash.

so long as they repay outstanding fees. For most lenders, whether online or high street, repayment dates are tied to a borrower's payday.

9. Our analysis of transaction data enabled us to compare high street and online loans. Our analysis of this data showed that the average loan size borrowed from the high street (£180) tended to be lower than online (£290). High street loans tended to be for a longer duration (24 days), compared with online loan (21 days).
10. In our 'Competition in product innovation' working paper we consider product innovation among both high street and online lenders. The evidence showed that, in general, the innovation that we have observed in the sector in the past five years does not appear to be confined to a specific channel. Top-up facilities and line of credit products have been introduced by both online (Wonga and CashEuroNet) and high street lenders (SRC and The Cash Store). High street lenders (like H&T and SRC) and online lenders (like CashEuroNet and Lending Stream) both offer instalment products.

Pricing

11. In this section, we present the evidence on the pricing of high street and online payday loans. If we observe substantial differences in the prices of high street and online payday loans, this might indicate that customers do not see these products as close substitutes.

12. We looked at the total cost of borrowing £100 under the four borrowing scenarios considered in our 'Pricing' working paper, to investigate whether there were any material differences between high street and online products.⁴
13. Table 1 provides a comparison of the prices of the largest online and high street lenders. In Scenarios 1, 2 and 3 the prices charged by all suppliers other than Wonga are similar. In the instance that a loan is repaid late (Scenario 4), we observe more variation in prices.

TABLE 1 **Total cost of credit for a £100 loan for the largest high street and online lenders, under different borrowing scenarios**

<i>Lender</i>	<i>£</i>			
	<i>Scenario 1</i>	<i>Scenario 2</i>	<i>Scenario 3</i>	<i>Scenario 4</i>
	<i>Borrow for 14 days</i>	<i>Borrow for 28 days</i>	<i>Borrow for 28 days, rollover for 28 days</i>	<i>Borrow for 28 days, repay 11 days late</i>
High street—Cheque Centre	29.99	29.99	59.98	59.99
High street—Dollar (Instant Cash Loans)	29.99	29.99	59.98	58.99
Online—Wonga	20.27	35.04	75.84	79.89
Online—Dollar (Payday UK)	29.95	29.95	59.90	55.78
Online—Dollar (Payday Express)	29.00	29.00	58.00	54.49
Online—CashEuroNet	29.50	29.50	59.00	41.50

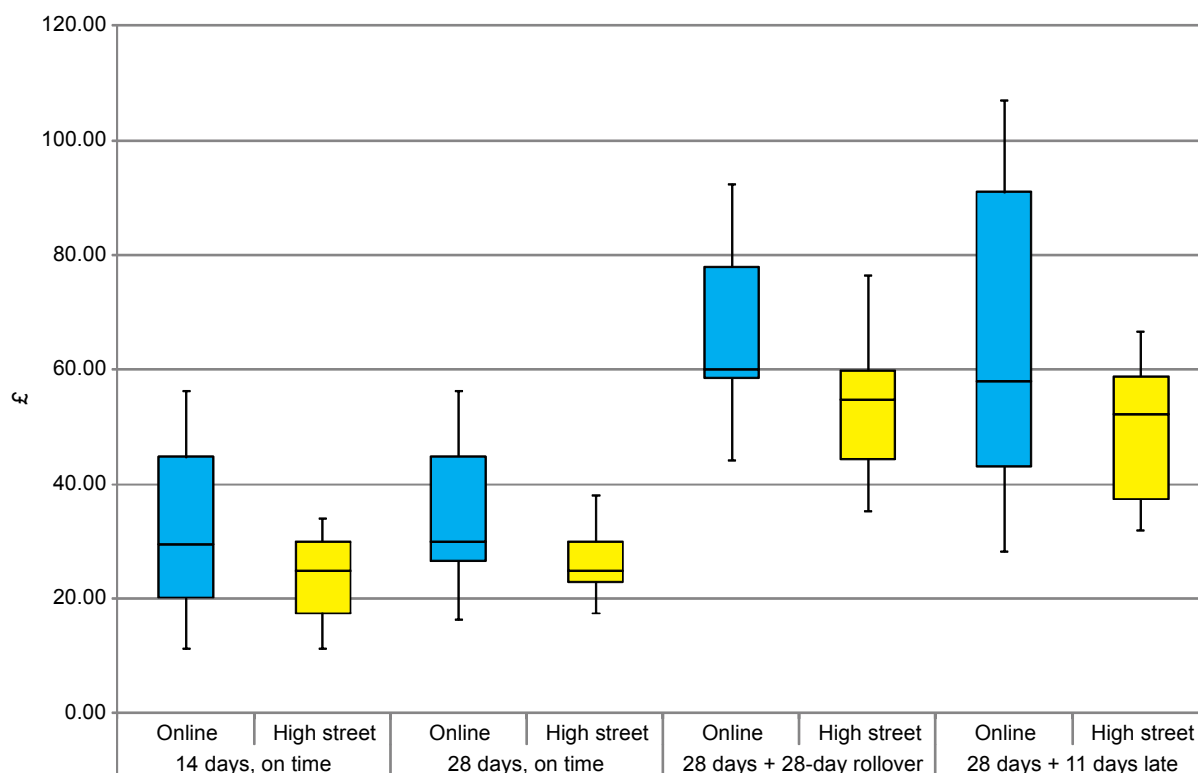
Source: CC analysis.

14. We also compared prices for a larger set of payday loan firms. Figure 1 shows the distribution of the total cost of credit across the products of each of the 11 major lenders, splitting between high street and online loans. Box-plots showing the median, inter-quartile range, and the maximum and minimum are displayed for each of the four borrowing scenarios.

⁴ These scenarios are: Scenario 1—borrow for 14 days; Scenario 2—borrow for 28 days; Scenario 3—borrow for 28 days and then roll over for a further 28 days; and Scenario 4—borrow for 28 days and repay 11 days late. A more detailed explanation of these four scenarios is given in our 'Pricing' working paper.

FIGURE 1

Total cost of borrowing £100 using high street and online lenders



Source: CC analysis.

Note: The lower bar represents the minimum price in each scenario and the upper bar the maximum. The box area represents the range that covers the middle half of the responses, ie those prices that fall between the 25th and 75th percentiles of price. The line across the middle of the boxes represents the median.

15. Figure 1 shows that online products are often more expensive than those offered by high street lenders. Nevertheless, there is considerable overlap in the range of prices charged by online and high street lenders, and the median loan price is broadly similar between online and high street providers under each of the borrowing scenarios. This is consistent with the results in Table 1 above. The variation in prices charged by online lenders is greater than for high street lenders, although we note that the number of high street products on offer is also smaller.

Customer characteristics

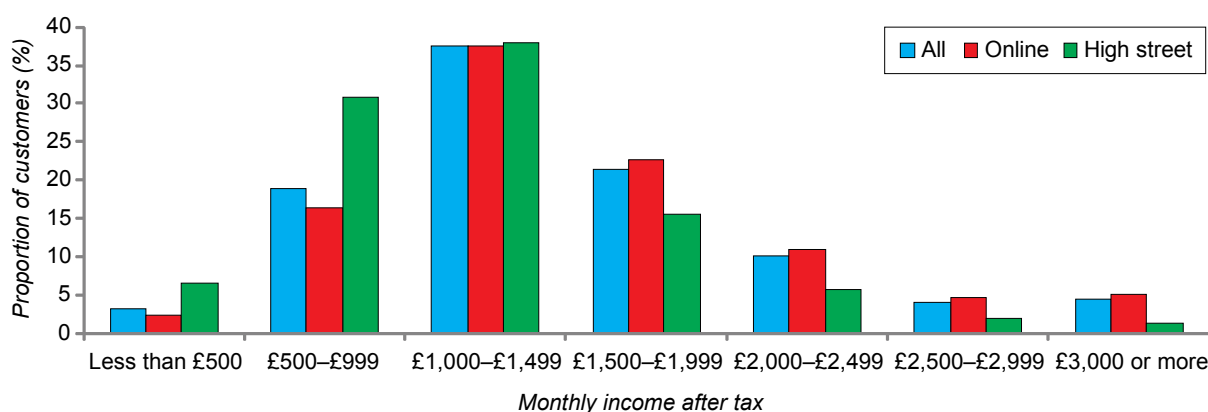
16. In this section, we discuss whether there are differences between the characteristics of high street and online customers. If there are substantial differences between the

two groups of customers, then this may suggest that the groups have different preferences, which in turn may imply a lack of substitutability between high street and online loans.

17. Our analysis of the transaction data allowed us to compare the incomes and ages of high street and online customers. Figure 2 below shows the distribution of the monthly after-tax income of online and high street customers. It shows that high street customers are more likely to be in lower income groups than online customers, although there is also considerable overlap in incomes towards the middle of the scale.

FIGURE 2

Customer income profiles for high street and online customers

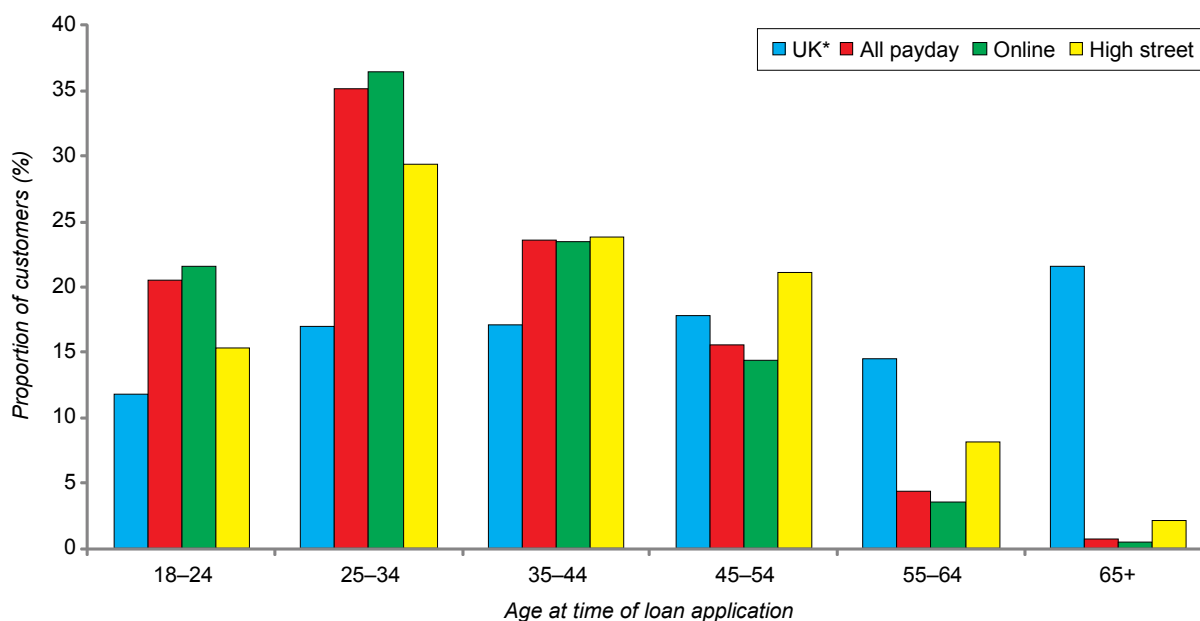


Source: CC analysis.

18. We also investigated the ages of high street and online customers, the distributions of which are shown in Figure 3. The figure shows that the proportion of online customers in younger age groups is higher than that of high street customers, although again there is also considerable overlap between the two distributions.

FIGURE 3

Age profiles for high street and online customers



Source: CC analysis.

*ONS mid-2012 population estimates.

19. The results of our survey also provided information on the demographic characteristics of high street and online customers. The results of our survey showed that, compared with online customers, high street customers were more likely to have no qualifications, be on a low income, have no bank account, be unemployed or work part-time, rent from local authorities, be over 45, be black or Asian, female and/or lone parents. The results of our survey showed that compared with high street customers, online customers were more likely to be on middle or higher incomes, aged 18–34, work full-time, have higher education, be white and male.⁵

Customers’ willingness to substitute between online and high street lenders

20. We considered evidence of customers’ willingness to substitute between online and high street lenders. In particular, we explored evidence from our consumer survey on high street customers’ awareness of online lenders (and vice versa); the extent to

⁵ Research in to the Payday lending market, pp47 & 48.

which repeat customers have used both online and high street lenders; and if high street customers had ever considered using online (and vice versa).

21. Looking first at awareness among customers of the different channels, we found that in most cases, high street customers had heard of at least one online lender, and that similarly most online customers had heard of at least one high street lender. More specifically, only 11 per cent of customers that had only used high street lenders responding to our customer survey were not aware of any online lenders. 25 per cent of online-only customers were only aware of online lenders.⁶
22. Of the high street customers who had taken out more than one loan, half had used only high street lenders and half had borrowed both on the high street and online.⁷ 26 per cent of those who had never used an online lender (ie 13 per cent of all high street customers who had taken out more than one loan) said that they had considered doing so.⁸ Taken together, this suggests that 63 per cent of high street customers who had taken out more than one loan had either used or considered using an online lender.
23. For those high street customers who had not considered using an online lender, the most common reasons for not doing so were that they preferred to speak to someone face to face; they did not have Internet access; and they did not like providing personal information online.⁹
24. Of the online customers who had taken out more than one loan, 82 per cent had only used online lenders.¹⁰ Only 11 per cent of those who had only borrowed online (ie

⁶ *ibid*, p62.

⁷ *ibid*, p42.

⁸ *ibid*, p61.

⁹ *ibid*, p61.

¹⁰ *ibid*, p42.

9 per cent of all online customers who had taken out more than one loan) said that they had considered using a high street lender. Taken together, this suggests that 27 per cent of online customers who had taken out more than one loan had either used or considered using a high street lender.

25. Of those online customers who had not considered using a high street lender, the most common reasons given for not doing so were that online customers preferred the convenience of online, and because online was considered quicker/easier.¹¹
26. Only around 27 per cent of all payday loan customers had shopped around prior to taking their sampled loan and 13 per cent had shopped around for another loan.¹² Of the 5 per cent who had ever shopped around and whose most recent loan was a high street loan, 44 per cent (ie 2 per cent of all customers) had compared a mix of high street and online lenders.¹³ Of the 35 per cent who had ever shopped around and whose most recent loan was an online loan, 18 per cent (ie 6 per cent of all customers) had compared a mix of both online and high street lenders.¹⁴
27. Our qualitative research provided further information on reasons why customers may prefer high street lenders over online and vice versa. The reasons given for preferring high street lenders were: (a) it was perceived as safer; (b) customers preferred the face-to-face interaction and building relationships with the staff; (c) the convenience and visibility of the store; (d) customers' use of other services in the same store, like pawnbroking; and (e) a lack of knowledge and experience of the online market. The reasons given for preferring online lenders were: (a) a perception that the high street was less regulated; (b) the anonymity of online borrowing, especially if their credit application was rejected; (c) a lack of high street stores nearby, allied to

¹¹ *ibid*, p61.

¹² *ibid*, p95.

¹³ Response to QPDSE9, p793 of results PDF.

¹⁴ Response to QPDSE9, p793 of results.

the convenience of online; (d) convenience, as customers' finances were already dealt with online; (e) a feeling that high street lending was for the poor and dispossessed; and (f) an expectation that high street lenders did not offer the same products as online lenders.¹⁵

28. The qualitative interviews also suggested that some of the movement from online to high street lenders was the result of serial borrowers being rejected by online lenders, with convenience also being a factor.¹⁶ Recommendations from a friend could also play a part in the decision. Movement from high street to online was linked to marketing emails and texts after the initial loan, which could make borrowers aware of the online market.¹⁷

Lenders' views on competition between online and high street lenders

29. In this section, we consider the views of payday lenders on the extent of competition between online and high street lenders.
30. Some lenders' responses suggested that there was competition between high street and online lenders. CashEuroNet, which operates an online business, said that it competed with all payday lenders and SRC told us that the online sector was affecting the profitability of its high street stores.
31. Other lenders' responses suggested that there was little interaction between high street and online competitors. Cash Converters said that its main competitors were The Money Shop, Cash Generator and Cheque Centre which all had a high street presence like Cash Converters. When asked who its competitors were, Instant Cash Loans listed both high street and online payday lenders. H&T said that it had not

¹⁵ [Research in to the Payday lending market](#), p63.

¹⁶ *ibid*, p64.

¹⁷ *ibid*, p64.

been heavily affected by the entry of the large online payday lenders, with the main impact coming from other high street lenders. [X] said that when setting prices it had peripheral awareness of the wider high street market and was not aware of how other providers affected its business. The Cash Store said that the actions of other lenders did not affect its volumes or sales. It had not been in a position where it needed to react to specific competitive actions of other payday lenders.

32. More detail on the responses is contained in [Annex 1](#).

Localized competition between high street lenders

33. In this section, we look at evidence of localized competition between high street lenders, in order to understand the extent to which competition for payday loans takes place locally, as well as how competitive conditions might vary between different areas. We discuss:

- (a) the extent of variation in the offering of payday lenders across different local areas and lenders' reactions to local competitive conditions; and
- (b) how far customers are willing to travel to their store, and the overlap between high street lenders' operations.

Variation in offering across different local areas

34. We begin by considering whether high street lenders vary the terms of their product offer (eg interest rates, application procedures) locally.¹⁸ If terms do not vary locally, then there will be less scope for high street lenders to compete for customers according to local competitive conditions.¹⁹

¹⁸ The responses to the market questionnaire did not allow us to assess whether there was variation in other local aspects, such as quality, range and service levels.

¹⁹ This is not to say that a lack of variation of loan terms across different local areas implies that local competition can play no role in determining lenders' offering, as local competitive conditions may feed into the national loan terms that are chosen.

35. The evidence provided by high street payday lenders showed that there was very little local variation in their payday loan offering. The larger high street lenders, Cheque Centre, Instant Cash Loans, H&T, Oakam, SRC and The Cash Store all said that they did not vary any of the following aspects locally: interest rates, application or approval procedures, rollover terms, the approach to debt collection or the information customers are provided.²⁰ Consistent with this, Instant Cash Loans said that when it had purchased existing operations it had gradually moved the prices in the acquired store to the uniform level. Most smaller high street lenders also reported not varying their offer locally.²¹ Together, these lenders accounted for over 90 per cent of high street loan revenue in 2012. More detail on the local variations in lenders' competitive offerings is provided in [Annex 2](#).
36. We note, however, that three of the smaller lenders who offered loans from more than one store said that there was local variation in their offer. Specifically, Money Spinner York Limited, which operates a store in Harrogate and York, said that it varied its interest rates by branch. Other aspects of its offer, like other charges, discount policy, loan approval policy, loan application procedure, rollover/extension policy and its approach to debt collection, did not vary by branch.²² MLJ Loans operates two stores, one in Basildon and one in Southend-on-Sea. It told us that it varied many aspects of its offer by location, including interest rates, other charges, loan approval policy, loan application procedure and its approach to debt collection.²³ DTW Associates, which operates 11 stores, said that interest rates varied by location, but no other aspects of the offer varied.²⁴

²⁰ Further detail on the responses from the major lenders is given in [Annex 2](#).

²¹ These were Attenborough Jewellers (two stores), Cash-A-Cheque (UK) Limited (seven stores), Cheque Express Limited (two stores), Chequers Leamington Spa (two stores), IC Loans Limited (two stores), The Cash Shop (12 stores) and Turvers Limited (three stores).

²² Money Spinner told us that it had all but stopped its payday loan service and had very few payday loan customers.

²³ MLJ responded 'not applicable' when asked whether it varied its discount or rollover/extension policy by location.

²⁴ DTW operates stores in Aldershot, Ashford, Aylesbury, Barnet (east London), Basingstoke, Croydon, Eastcote (west London), Greenford (west London), High Wycombe, Surbiton (south-west London) and Watford.

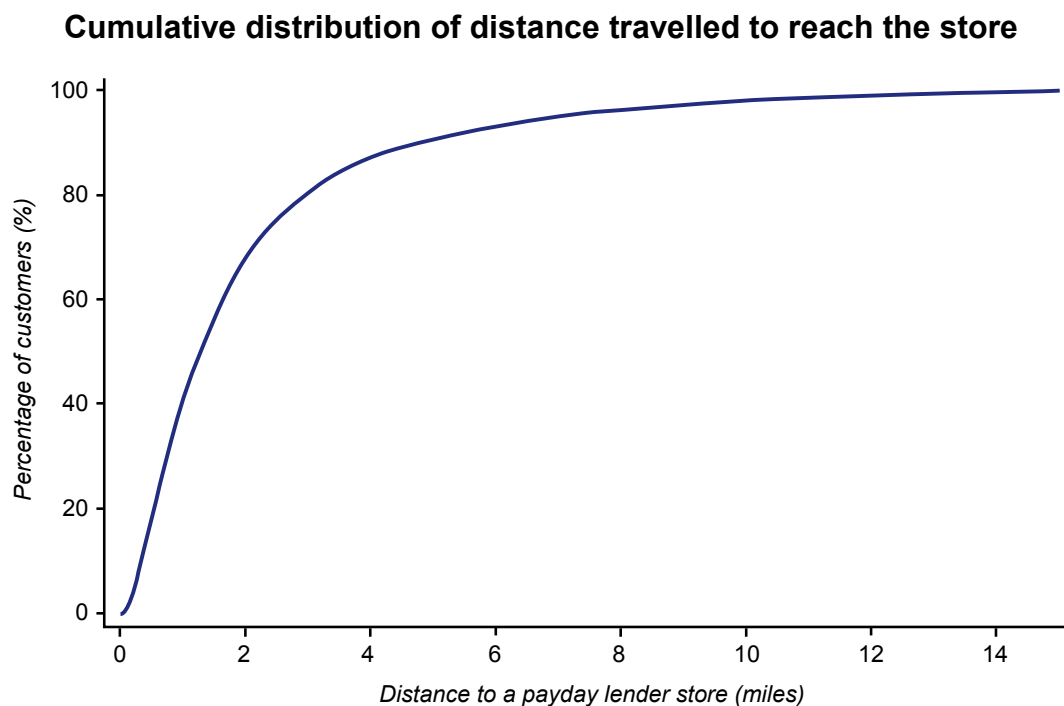
37. We also asked lenders about how they compete with other payday lenders, and what actions they had taken to win customers from other payday loan providers. In general, the commentary provided by lenders in their responses to our questionnaire yielded very little in the way of examples of lenders reacting to local competitive conditions. However, Instant Cash Loans told us that there had been instances when it had reacted to local payday lending competition, [redacted].

Local overlap and concentration

38. To the extent that customers have a preference for high street lenders, then it may be relevant to understand how competitive conditions vary across different local areas. To do this, in this section we consider the extent of overlap between the operations of the different high street lenders.
39. We begin by presenting evidence on the distance that customers travel to take out a payday loan. We then present figures on the number of stores operated by high street lenders and how near these stores are to each other, allowing us to build up a picture of how concentrated the supply of high street payday loans is at a local level.
40. Using information on customers' postcodes, we find that the great majority of borrowers travelled a relatively short distance to take out their loan. Figure 4 shows the cumulative distribution of straight-line distances (ie not road distances, which will be higher) between the addresses of all customers taking out loans from five of the largest high street lenders in the 12 months to August 2013 and the stores from which they took out their payday loan. The data shows that around 80 per cent of loans were taken out by customers that were located within 3.2 miles of the store and

95 per cent by customers within 9 miles.²⁵ Customers' willingness to travel appeared similar across different lenders.

FIGURE 4



Source: CC analysis.

Note: The distribution of distances between customer and store address is shown for all loans issued by five of the largest high street lenders (Instant Cash Loans, Cheque Centre, SRC, H&T and The Cash Store) in the 12 months to August 2013.

41. We also considered the geographic distribution of the stores of the high street lenders. Table 2 summarizes the number of stores operated by five of the largest high street payday lenders. Maps of the locations of these stores are provided in [Annex 3](#).

TAB LE 2 High street payday lending: number of stores as of August 2013

Lender	Cheque Centre	Instant Cash Loans	H&T	SRC	The Cash Store	Other lenders
Number of stores	496	578	196	23	29	89

Source: Main parties' responses to market questionnaire and responses to small lender questionnaire.

²⁵ We also investigated the number of stores of the same lender that customers used. We find that the most customers used only a single store of a lender: on average, customers used 1.09 stores of the same high street lender in the 12 months to August 2013.

42. The maps show that the two largest high street lenders, Instant Cash Loans and Cheque Centre, both operate large numbers of outlets, with stores spread across the UK. H&T also operates a substantial number of stores across England and Scotland. The Cash Store has a relatively small number of stores primarily in the North of England, while SRC operates a similar number of branches, primarily in larger cities in England.
43. In order to assess the extent of overlap between different lenders' operations, we calculated, for each store, how many rival high street lenders operated nearby stores.²⁶ We used a threshold of 3.2 miles, on the basis that 80 per cent of payday loans are taken out by customers located within 3.2 miles (straight-line distance) of the store from which they borrow, and on the assumption that most customers would be unwilling to travel a distance further than this to take out a payday loan.²⁷ Our results are set out in Table 3.

TABLE 3 **Overlap between lenders' stores as of August 2013**

	<i>Cheque Centre</i>	<i>Instant Cash Loans</i>	<i>H&T</i>	<i>SRC</i>	<i>The Cash Store</i>	<i>Small lenders</i>	<i>All lenders</i>
Zero rival fascia within 3.3 miles	69 (13.9%)	48 (8.4%)	1 (0.5%)	0 (0%)	0 (0%)	5 (5.6%)	123 (10.0%)
One rival fascia within 3.3 miles	139 (28.0%)	156 (27.2%)	3 (1.6%)	0 (0%)	1 (3.4%)	8 (9.0%)	307 (25.7%)
Two rival fascias within 3.3 miles	125 (25.2%)	131 (22.9%)	68 (35.2%)	1 (4.3%)	0 (0%)	20 (22.5%)	345 (24.5%)
Three rival fascias within 3.3 miles	106 (21.4%)	107 (18.7%)	59 (30.6%)	6 (26.1%)	19 (65.5%)	18 (20.2%)	315 (20.5%)
Four rival fascias within 3.3 miles	54 (10.9%)	128 (22.3%)	60 (31.1%)	14 (60.9%)	7 (24.2%)	35 (39.3%)	298 (18.6%)
Five rival fascias within 3.3 miles	3 (0.6%)	3 (0.5%)	2 (1%)	2 (8.7%)	2 (6.9%)	3 (3.4%)	15 (0.7%)

Source: CC analysis.

Note: This analysis covers a total of 1,403 stores operated by high street lenders as of August 2013. This is lower than the total in Table 2, due to missing postcode information for a small number of stores.

²⁶ For example, if an H&T store has two Instant Cash Loans stores and one Cheque Centre nearby it would be classed as having two lenders nearby.

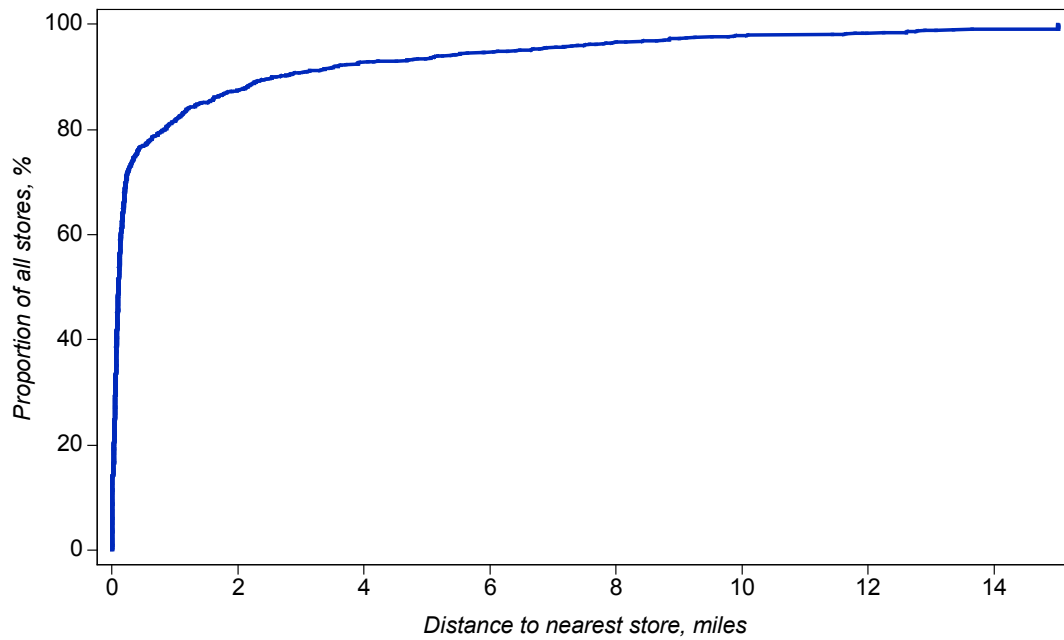
²⁷ This figure is consistent with evidence submitted by payday lenders. The Cash Store told us that the majority of its customers used public transport and therefore anything over a 20-minute travel time to a location from the customer's home address was thought to be too long. [26] research showed that 30 per cent of customers travelled less than a mile and 90 per cent of customers travelled less than 9 minutes.

44. We find that around 90 per cent of the stores operated by high street lenders are located within 3.2 miles of a store of at least one rival high street lender.²⁸ As is evident from an inspection of the maps showing the distribution of Instant Cash Loans and Cheque Centre stores, this is primarily because of the very significant overlap in the location of the operations of these two lenders. A substantial proportion (nearly two-thirds) of the stores of high street lenders are located within 3.2 miles of two or more rival lenders.
45. Finally, we investigated the distribution of distances from the store of each lender to the nearest store of a rival lender. Figure 5 shows the cumulative distribution of the distances between all lenders' stores and the nearest store of a rival lender. The figure suggests that 51 per cent of lenders' stores are within 0.1 miles of the store of another lender. 82 per cent of stores are within 1 mile of a rival lender. The mean distance between a lender's store and the nearest store of a rival is around 1 mile.

²⁸ When a threshold of 5 miles is used, 7 per cent of stores are found not to have any nearby rivals. When the distance is set to 2 miles, the figure is 13 per cent.

FIGURE 5

Cumulative distribution of straight-line distances between lenders' stores and the nearest store of a rival high street lender



Source: CC analysis.

Notes:

1. This analysis covers a total of 1,403 stores operated by high street lenders as of August 2013. This is lower than the total in Table 2, due to missing postcode information for a small number of stores.
2. In addition to those shown in the chart, there are a further 13 stores with the nearest store of a rival located further than 15 miles away (0.9 per cent of all stores). The maximum distance from a store to the nearest store of a rival lender is around 34 miles.

Views on competition between high street and online payday lenders

1. CashEuroNet said that it competed with high street lenders and its market research was consistent with this.
2. Cash Converters told us that it appealed to a slightly different audience than the traditional online payday lenders such as Wonga, Quick Quid and PaydayUK. Its direct main competitors were The Money Shop, Cash Generator and The Cheque Centre, which all had a high street presence like Cash Converters.
3. Dollar, in its submissions to the Office of Fair Trading regarding its purchase of Purpose UK Holdings Limited, stated that there was limited competitive interaction between high street and online payday lenders.
4. Research carried out by [redacted] and submitted by Instant Cash Loans compared the characteristics of Instant Cash Loans customers against the UK national average. This found that The Money Shop customers did not perceive payday lenders as a homogeneous group, with The Money Shop seen as a legitimate secure player. [redacted] This survey also found that there was little crossover between online and high street payday lenders. When asked which payday lending brands customers were aware of, the most popular responses were [redacted]. When asked which they had used, the same four were the most common responses [redacted].
5. When asked who its competitors were, Instant Cash Loans listed high street payday lenders (Albemarle and Bond, Cash Converter, Cash Generator, Cash Shop, Cheque Centre, H&T, Oakam, Ramsdens, Speedy Cash and The Cash Store) and online lenders QuickQuid and Wonga.

6. Instant Cash Loans submitted research carried out by [REDACTED]. This 2011 research showed that [REDACTED] per cent of Instant Cash Loans payday loan customers had only used Instant Cash Loans. Of those payday loan customers who had used an alternative, the most commonly used rivals were [REDACTED].
7. Instant Cash Loans said that the presence of other competitors within a store's catchment area would affect sales and revenues to a greater or lesser degree, dependent upon the quality, customer proposition and pricing of each specific competitor. Instant Cash Loans told us that it produced [REDACTED].
8. H&T told us that most of the significant entries into the sector had not particularly impacted it or been of direct interest, with the main impact coming from those businesses with a high street presence. H&T research showed that its customers had used other brands in the past—17 per cent Cash Converters, 12 per cent The Money Shop and 11 per Wonga. H&T listed both online and high street payday lenders when asked which firms were its competitors.
9. SRC told us that the UK had proved to be a challenging market for its Speedy Cash branches. In July 2013 it had closed two branches that had been unable to develop consistent customer traffic and loan bookings. It did not believe it was alone in facing these difficulties as most of its branches were located in areas where customers had many choices of credit providers, including payday lenders, instalment lenders, pawnbrokers and second-hand goods dealers. Given customers' seeming preference to manage financial transactions online, it was concerned that the retail market in the UK would be a difficult challenge for the foreseeable future and was not planning further expansion.

10. In its market research The Cash Store looked at other high street payday lenders and included The Money Shop, Cash Converters, Cheque Centre, Albemarle Bond, Cash Generator, Speedy Cash, H&T Pawnbrokers, Cash and Cheque Express and Cash Brokers. Research carried out by The Cash Store found that The Cash Store's main competitors were the larger high street payday lending companies.

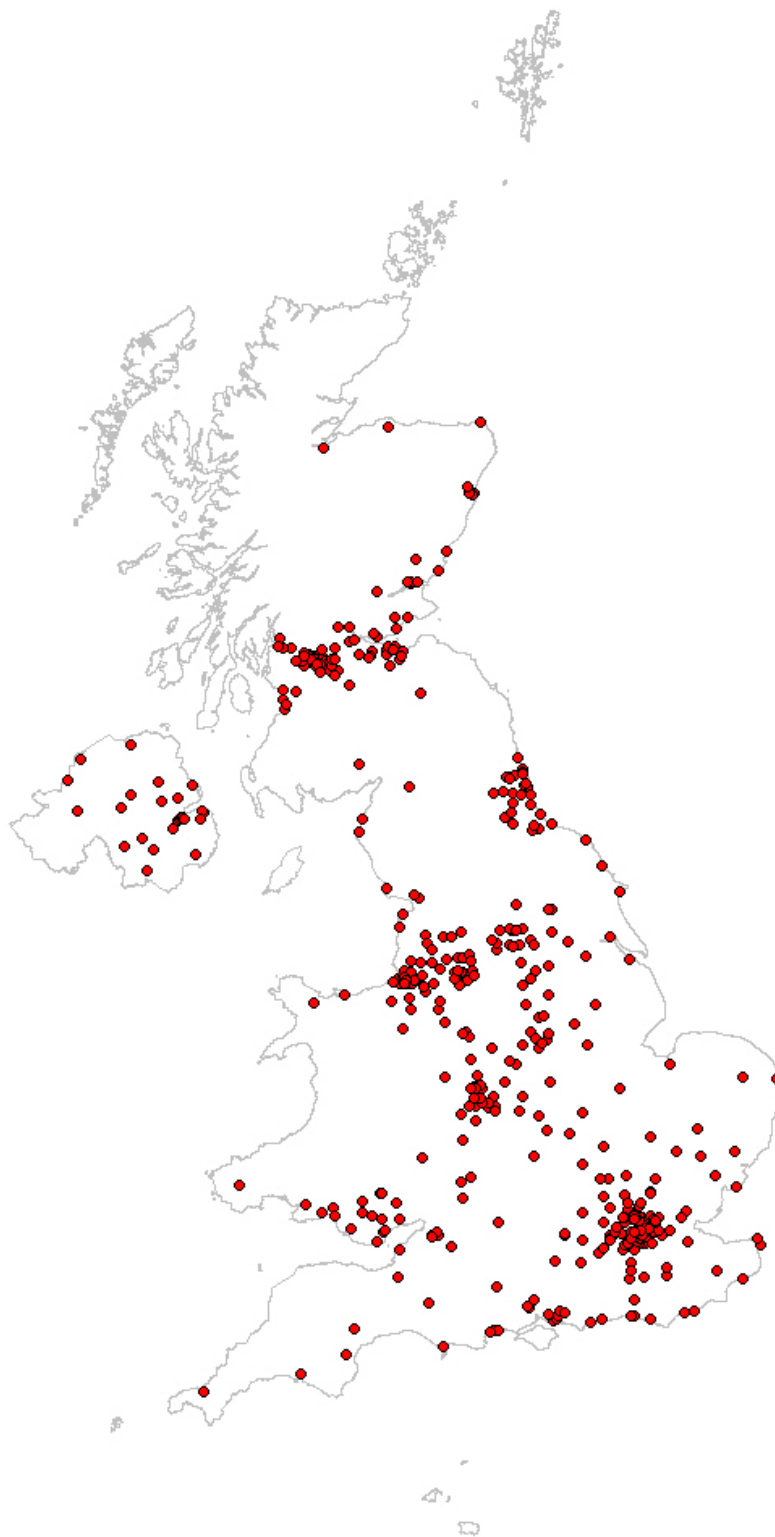
Views on local variation in competitive offers

1. Cheque Centre told us that prices were set centrally and applied consistently to all retail outlets. Cheque Centre told us that it did not change the features of its product in response to competition from other lenders.
2. Instant Cash Loans said that where price differences had existed between stores, these were temporary following acquisitions. Instant Cash Loans gradually moved the price in the newly-acquired stores to the uniform level price. Instant Cash Loans said that there was no local variation in the offer across its high street stores.
3. H&T said that there was no local variation in the offer in its stores.
4. SRC told us that there was no variation in offer between its stores.
5. The Cash Store said that all fees, loan approvals, loan application processes and all policies were the same across all branches.

Maps of local operations

FIGURE 1

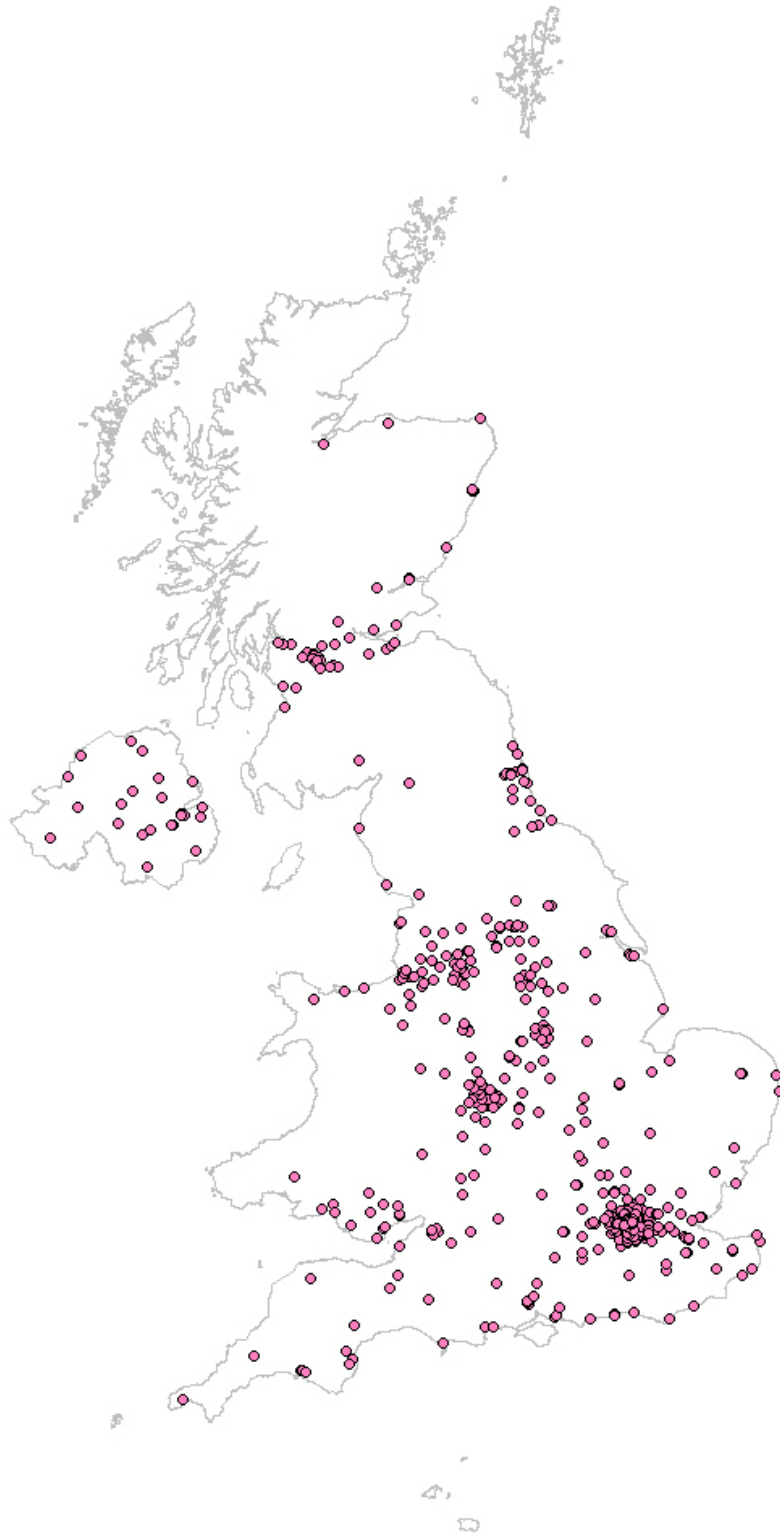
Cheque Centre locations



Source: CC analysis.

FIGURE 2

Instant Cash Loans locations



Source: CC analysis.

FIGURE 3

H&T locations



Source: CC analysis.

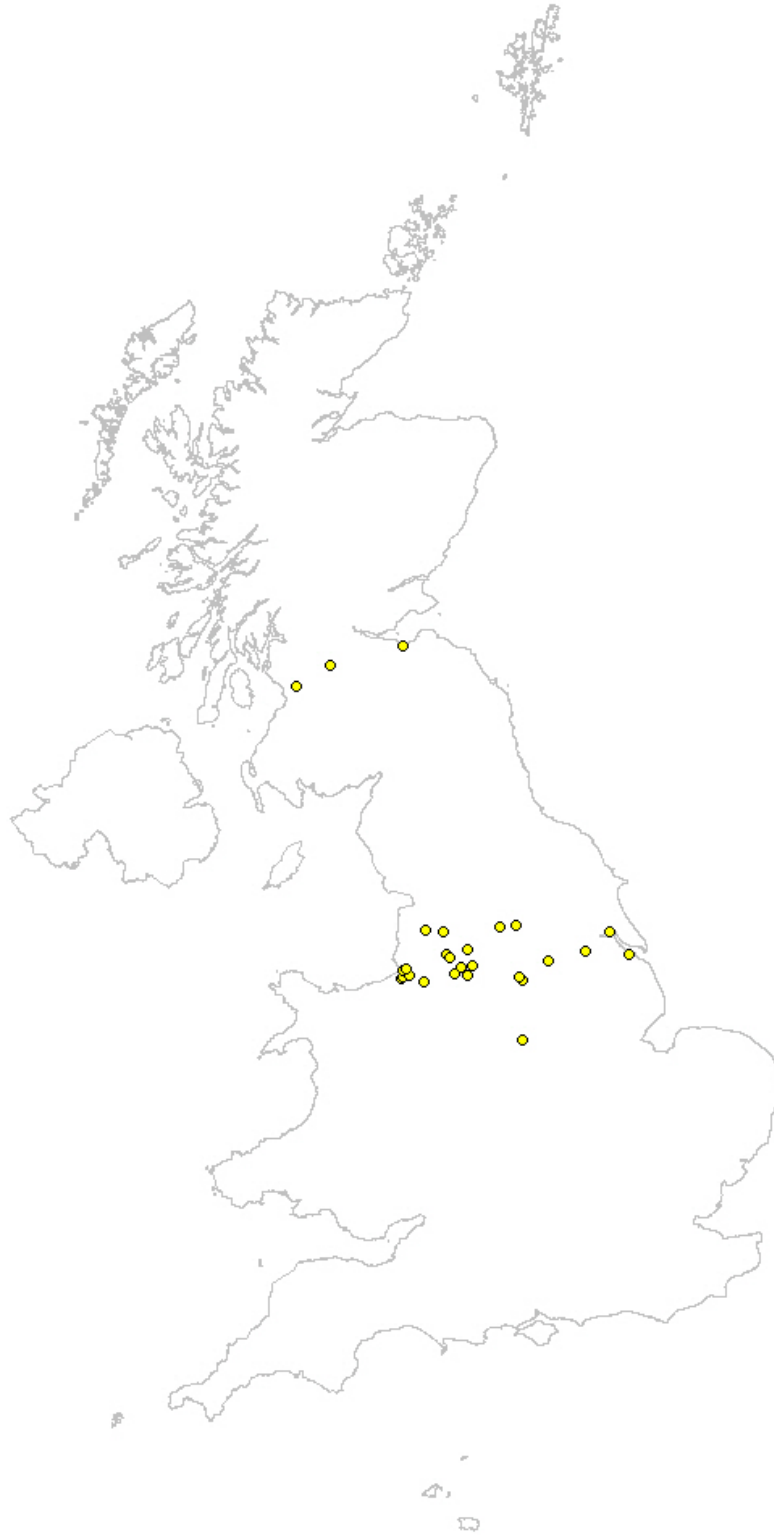
FIGURE 4
SRC locations



Source: CC analysis.

FIGURE 5

The Cash Store locations



Source: CC analysis.

FIGURE 6

Other lenders



Source: CC analysis.