

CASHEURONETUK, LLC:

RESPONSE TO PRICES OVER TIME PRESENTATION ISSUED BY THE COMPETITION COMMISSION ON 19 FEBRUARY 2014

CashEuroNetUK, LLC (**CashEuroNet**) appreciates the opportunity to comment on the Competition Commission's (CC) Prices Over Time presentation. These comments are set out below.

1 ANALYSIS OF THE TRENDS IN PRICES BY LENDER

- 1.1 Loan losses are one of the major cost items for payday lenders. [CONFIDENTIAL]. One would expect stable costs to translate into stable average prices over time, [CONFIDENTIAL].
- 1.2 [CONFIDENTIAL]. In particular, we introduced risk-based pricing, with three price tiers, in September 2009. [CONFIDENTIAL].
- 1.3 CashEuroNet has also introduced various enhancements to its products and service (recognised in the CC's Competition in Product Innovation working paper) at no cost to the customer and effectively representing a price reduction (e.g. free same day funding etc.).
- 1.4 [CONFIDENTIAL].

2 MARKET SHARE OF CHEAPER PRODUCTS

- 2.1 The CC states that "the 'cheap' products tend to have relatively small market share."¹ We suspect that this statement may be based on the incomplete analysis of prices in the Payday Lender Pricing working paper.
- 2.2 In our response to that working paper, we explain that only QuickQuid's highest price tier has been included in the analysis. We believe that our £20 and £25 price tiers would represent some of the more competitive prices on offer, but they have been excluded from the analysis. As the second largest online payday lender, it would seem likely that the exclusion of our cheaper price tiers from the analysis will have a real impact on the findings.

3 CONCLUSION

- 3.1 CashEuroNet appreciates the detailed analysis undertaken by the CC in relation to prices over time and the extent to which lenders compete on price and would respectfully ask the CC to address the points raised in this response during the next phase of this inquiry.

¹ Competition Commission, "Prices Over Time Presentation", slide 6.