

## B. Restatement of Problem Researched

A payday loan is a consumer loan, made for a very short time period (usually 14 days), which is secured by a post-dated check. The interest rate on payday loans varies by state, due to state regulations, but is typically 15% per loan. This finance charge implies a 390% APR. Payday loans are currently banned in 18 states including Arkansas. In 2009, I conducted a controlled research experiment of 837 payday loan customers. In order to receive a payday loan, a borrower is required to show a bank statement in order to prove income and bank account status. As a condition of study participation, research subjects were required to provide me with copies of the most recent bank statement and asked for as many others as possible. As a result, I have a two-foot high stack of bank statements. These bank statements present a valuable source of information which can be applied to answer research questions concerning causes for and consequences of payday loans and their relationship to possible substitute services such as bounced checks, pawn shops, and credit cards. One research project which will come from these data, is to investigate the connection between check bouncing and payday borrowing. However, the data will be useful beyond this first project.

## C. Brief Review of Research Procedure

The goal of the activity being requested here is to create a database from a portion of the personal financial records which I possess. The larger goal is to use this data to conduct publishable research. First, let us address the process of digitizing the records.

- Step 1: Identifying information including name, address, or account numbers have been redacted from the paper records. However, I need to verify that all of this information has been removed.
- Step 2: When a student workers is ready to complete step 3 for a statement, I will distribute that statement to the student along with a flash drive. The student will take the materials to the College of Business student work room.
- Step 3: Student workers will type this information into a spreadsheet and save the spreadsheet on the flash drive.
- Step 4: Student workers will return the flash drive and paper statement to me. I check the work for accuracy and transfer the data into the database.

We will undertake this work from mid-October 2011 to the end of January 2012.

## D. Summary of Outcomes and Experiences

The project was funded for the requested amount of \$1300 which allowed me to employ 2 students for a total of 145.5 hours. In addition, the College of Business committee a their worker to the effort, paid using non-grant funds.

As this was the second time performing this work, I largely knew what to expect. I had some

problems keeping skilled workers. But I largely worked around it.

In the original report I estimated that this labor force would be able to enter 6.33 inches of the now 29.75 inch stack of paper in my possession. The stack of completed paper now measures 15.75 inches tall, 9.5 inches of the project was completed from a previous grant, thus 6.25 of the project was completed with the current grant. We now have a database of 65,871 transactions, 37,273 transactions of which were entered on the previous grant, 28,598 entered using this grant. The previous 177 customers has expanded to 259. The last grant entered data from 3 states; we now have almost 4 states completed.

#### E. Conclusions and Recommendations

We completed work at a faster pace than we did during the April 2011 grant. Therefore, I consider this project to be successful, despite having trouble keeping student workers. The work continues, more than half of the original bank statements are yet to be processed. I will continue adding to this database using departmental resources, albeit at a much slower pace. I may apply for another Faculty Development Grants so that I can eventually complete the database.

#### F. Attachments

It is required that I submit documentation of progress. Since this project was preliminary to any spinoff research, there are not yet any abstracts or manuscripts. And since the result is a database containing sensitive information – personal financial records – I can not duplicate these database results for this report. However, I would be happy to allow the VP-AA or Professional Development Grant committee members to view said database at their convenience.