

EXHIBIT 9



**Analysis of Currency Exchange
Revenue, Expenses, and
Profitability: 2008 - 2015**

Prepared for

**Jenner & Block, LLP
and
Community Currency Exchange
Association of Illinois, Inc.**

Prepared by

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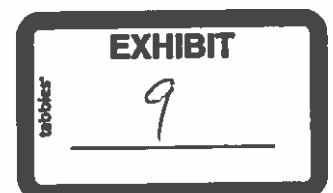


Table of Contents

1.0 EXECUTIVE SUMMARY 1

 1.1 PURPOSE OF THE ENGAGEMENT 1

 1.2 NAVIGANT CONSULTING OVERVIEW 1

 1.3 SUMMARY OF PROFESSIONAL QUALIFICATIONS 1

 1.4 PROCEDURES AND CRITERIA FOR RATE MAKING 2

 1.5 SUMMARY OF FINDINGS AND CONCLUSIONS 3

2.0 ANALYSIS AND FINDINGS 7

 2.1 INTERVIEW FINDINGS 7

 2.2 ANALYSIS OF CHECK CASHING RATES 11

 2.4 INCOME, COST, AND EXPENSES OF CURRENCY EXCHANGES 18

 2.5 ANALYSIS OF REASONABLE PROFIT 21

3.0 CONCLUSION 27

 3.1 DESCRIPTION OF FINDINGS 27

 3.2 CONCLUSION 29

1.0 Executive Summary

1.1 Purpose of the Engagement

Navigant Consulting, Inc. ("Navigant") was engaged by Jenner & Block, LLP on behalf of the Community Currency Exchange Association of Illinois, Inc. ("CCEA") to analyze the historical financial results of the Illinois currency exchange industry and to determine a range of reasonable profits to be earned by Illinois' currency exchanges. The CCEA is a trade association that represents member currency exchanges throughout the state of Illinois. The purpose of this report is to present data and Navigant's analyses to the Division of Financial Institutions ("DFI") of the State of Illinois Department of Financial and Professional Regulation in connection with the verified Petition to Increase the Maximum Allowable Check-Cashing Rate for Community Currency Exchanges dated February 10, 2017 filed by the CCEA and currency exchange members with the DFI (the "Rate Petition").

1.2 Navigant Consulting Overview

Navigant is a specialized, global professional services firm with over 5,700 professionals across more than 60 offices worldwide. Our clients range in size from Fortune 10 corporations to smaller companies, partnerships and governmental agencies that operate in a variety of industries, including financial services, real estate, health care, energy, telecommunications, manufacturing, defense, construction, transportation, and entertainment, among others. In addition to providing general business and financial consulting, Navigant also assists clients with the analytical and informational elements of business disputes and litigation.

1.3 Summary of Professional Qualifications

Bernard J. Ford is a Managing Director at Navigant with over thirty years of business consulting experience. He regularly leads large, complex litigation, compliance, and advisory services engagements and has significant experience in investigations, litigation, and compliance matters. Mr. Ford has performed analyses and provided testimony for the CCEA rate hearings before the DFI in 1996 and 2007. He regularly combines skilled interviewing, and extensive fraud detection experience, to evaluate and uncover facts relevant to solving challenging operational and financial investigations. Mr. Ford also performs sophisticated data analysis and modeling to support client defense in litigation, determine potential financial exposures in litigation and investigations, and identify compliance process defects. He has applied the knowledge gained in analyzing disputes by assisting companies in compliance assessments and implementation engagements. He has assisted clients in many high-profile US civil and criminal investigations including matters involving alleged bribery and alleged violations of the False Claims Act, Anti-Kickback Statute, and Foreign Corrupt Practices Act. His role on engagements often requires preparing analyses and findings for presentation to and discussion with executive management, Boards of Directors, regulators and enforcement agencies, including delivering expert testimony.

1.4 Procedures and Criteria for Rate Making

The Currency Exchange Act and the Illinois Administrative Code give the DFI its authority to license and regulate currency exchanges.¹ The DFI licenses and regulates the currency exchange industry, including the rates they charge for check cashing. The DFI is charged with the duty to ensure the viability of the currency exchange system in Illinois so that they are able to serve the needs of the public. The DFI regulates check cashing rates to aid the public by assuring they do not pay disproportionate fees for check cashing services, a primary source of revenue for currency exchanges, as determined by six factors.

According to Title 38, Section 125.30 of the Currency Exchange Act, the Director of the DFI establishes maximum rate schedules for check cashing and the issuance of money orders by currency exchanges. These rates are established according to the following criteria:

1. Rates charged in the past for the cashing of checks and the issuance of money orders.
2. Rates charged by banks and other business entities for rendering the same or similar services and the basis for those rates.
3. Rates charged by the United States Postal Service for the issuance of money orders.
4. Rates charged by currency exchanges or other similar entities located in other states for the same or similar services, and the basis for those rates.
5. The income, cost, and expenses of the operation of currency exchanges.
6. A reasonable profit for a currency exchange operation.

This report addresses each of the above criteria, except the criteria for money order issuances as the CCEA is not asking for a rate increase for the issuance of money orders. In addition, this report describes current operations of currency exchanges, issues facing the industry, and the financial performance of the industry during the period 2008 through 2015. The information used for this analysis includes aggregate annual data compiled by the DFI from individual annual report submissions for the years 2008 through 2015 ("Aggregate Data") and interviews and discussions conducted with various currency exchanges owners.² This analysis also includes data and information gathered by Navigant related to the Consumer Price Index, comparable company financial results, regulatory information from other states, and prices charged by entities providing currency exchange services.

¹ See the Currency Exchange Act, 205 ILCS 405/2 et seq., (<http://www.ilga.gov/legislation/ilcs/ilcs3.asp?ActID=1186&ChapAct=205%26nbsp%3BILCS%26nbsp%3B405%2F&ChapterID=20&ChapterName=FINANCIAL%26REGULATION&ActName=Currency%26Exchange%26Act%2E>).

² Navigant conducted interviews with four separate owners who own more than half the currency exchanges in Illinois.

1.5 Summary of Findings and Conclusions

In this report Navigant reviewed key areas of currency exchanges to understand the business structure, the profitability, and other factors affecting these stores' ability to operate a viable business within the State of Illinois. We conducted our review bearing in mind the six criteria to be used by the DFI to establish check cashing rates. Our findings are set forth below in response to each rate-making criterion:

1. Rates charged in the past for the cashing of checks and the issuance of money orders

Rates set historically by the DFI are instructive in that they point out the periodic need for an increase in the maximum rate that can be charged to cash a check. Rates have been increased twice in over thirty years. The fact that rates had to be increased demonstrates the percentage-based fee structure cannot provide a stable, predictable return for currency exchanges. If the percentage-based fee structure were adequate the industry's profitability would be relatively constant, thus eliminating the need for rate increases. This is not the case as witnessed by the dramatic decline in average store profitability, as well as the number of store closings from 2008 to 2015 (approximately 159 closings).

The last rate increase for the industry occurred in December 2007. During the intervening period, the nature of the business and related expenses have changed dramatically. Technology continues to impact the volume of check cashing business at currency exchanges, the risks associated with cashing a check, and the process by which day-to-day currency exchange operations are executed. Additionally, the location of currency exchanges and population shifts in those areas, as well as the increased number of regulations and compliance measures currency exchanges are subjected to, has impacted currency exchange profitability. The fundamental changes in the currency exchange market since 2007 have rendered the current rate inadequate to afford the average currency exchange to earn a reasonable profit.

2. Rates charged by banks and other business entities for rendering the same or similar services and the basis for those rates.

The cashing of checks by non-customers at Illinois banks is not a core service of these banks. This fact was borne out by our research. Navigant contacted thirty banks across the Chicago, Rockford, Quad Cities, Central Illinois, and East St. Louis markets to determine what banks charge for check cashing. The majority of banks contacted will not cash non-customer checks if it is not drawn on the bank as they deem the activity too risky. Only one bank surveyed will cash non-customer checks not drawn on the bank. Other banks will cash checks issued by the bank ("On-us Checks") but charge fees between \$2.50 and up to \$15 for larger check values. Furthermore, in contacting multiple branches, Navigant noted there was no consistency in each bank's policy regarding check cashing. Those banks that cash a non-customer check require multiple forms of identification. Similarly, check cashing by grocery stores and big box retailers is an incidental service provided as a convenience to customers. It is neither a primary business activity nor does it contribute a material percentage of total revenue for these businesses. Currency Exchanges provide an essential service to consumers who otherwise would have difficulty accessing check cashing services. Currency Exchanges offer consistency in check cashing policies, customer accessibility, and check cashing fees in contrast to the varying policies and fees charged banks, grocers, and big box retailers. Currency exchanges are subject to additional compliance requirements which make it costlier to provide check cashing services. Therefore, the rates charged by banks and big box retailers for check cashing services should not be used as a proxy for currency exchange check cashing rates.

3. Rates charged by the United States Postal Service for the issuance of money orders.

Navigant did not study the rates charged by the United States Postal Services for money orders as the Rate Petition does not request a rate increase for this service.

4. Rates charged by currency exchanges or other similar entities located in other states for the same or similar services, and the basis for those rates.

Navigant researched check cashing rates in other states in order to provide a comparison of rates in Illinois. We found that seventeen states have no regulation of currency exchanges leaving the prices charged by businesses in those states to market forces. We also determined that eight states that regulate currency exchanges have no limit on the amount a currency exchange can charge for check cashing.

As shown in **Table 3** of this report there are many nuances to check-cashing rate structures in other states and the table should be considered carefully. Many regulatory schemes regarding check cashing differentiate the rate that can be charged based on government versus private checks, as well as the type and sufficiency of personal identification. These approaches all recognize the risks inherent in check-cashing and attempt to compensate the check casher accordingly. Of the twenty-four states and the District of Columbia (not including Illinois) that regulate currency exchanges and have set rates, fourteen states allow fees of at least 3% of the value of government-issued checks, and seventeen states plus the District of Columbia allow currency exchanges to charge 10% of the face value of personal checks (subject in some instances to a dollar value limitation).³ It is clear in all these cases that a risk-return criterion has been considered and addressed. Our review demonstrates Illinois ranks near the very bottom in providing an adequate check cashing rate and an approach to the check cashing market that permits currency exchange owners to mitigate the risks of cashing certain types of checks.

5. The income, cost, and expenses of the operation of currency exchanges.

A review of DFI compiled data for 2008 through 2015 yielded compelling results. By 2015, the average return on revenue was 2.9% for the average currency exchange. The return on revenue for a typical store averaged 4.8% for the period 2008 to 2015. Additionally, average check cashing revenue for currency exchanges decreased approximately 23% from 2008 to 2015, which correlates into a compound growth rate of -3.6% for the period. These figures clearly highlight the distressed state of the industry and provide ample evidence of the need for rate relief.

The total number of currency exchanges reporting financial results to the DFI declined from 580 to 421 currency exchanges from 2008 to 2015, a loss of 159 stores, or approximately 27.4% of the exchanges.⁴ The loss of stores from 2008 to 2009 totaled 45 stores and represents a one year change of nearly 8%. This loss of stores comes as no surprise given that the average store's profitability was merely 3.1% in 2009. The low profitability for an average store demonstrates the financial strains of Illinois currency exchanges. The average of 3.1% is the mid-point profitability since the average was calculated from aggregate financial data provided by the DFI. This suggests some currency exchanges are operating at lower margins and profitability, or are not profitable.

During the period 2008 through 2015 and expressed in nominal dollars, the average store's Total Revenue increased by only 0.22% per year, while Total Expenses increased by 0.80% per year, resulting in a decline of Net Income of 8.25% per year. Expressed in constant dollars, the average store's Total Income decreased by 1.5% per year, while Total Expenses decreased by only 0.9% per year, resulting in a decline of Net Income of 9.8% per year. During this same time, industry-wide average net income per currency exchange declined by over 50%, and total expenses as a percentage of revenue ranged from 93.02% in 2012 to 98.47% in 2015. Due to industry changes, fixed costs have increased significantly while revenues have grown only marginally, eroding profitability for currency exchanges. Since increasing costs are fixed, currency exchange owners have minimal ability to manage these costs in relation to revenue. The weak and eroding financial results for the industry have impacted the viability of many stores.

³ Including Arizona and Ohio which do not cap the rates charged for personal checks.

⁴ Another 28 stores have closed during the calendar year 2016 (Rate Petition, Tab 6, Table A).

6. A reasonable profit for a currency exchange operation.

The estimation of a reasonable profit for Illinois currency exchanges requires the blending of many sources of data and information. The five criteria above must all be examined and considered, as well as rates of return that have been earned by comparable business. In parsing the description of this criterion, two words – reasonable and profit – must be defined and considered. First, “profit.” A business earns a profit when its revenue for a given time period (quarterly or yearly by most accounting conventions and practice) exceeds its expenses. In other words, there is money left to distribute to owners, reinvest in the business, or invest in other assets.

The second term to consider is reasonable. A reasonable profit is one that compensates a business owner or investor commensurate with the risks to which that owner or investor subjects their investment (capital). Many of the risks faced by a currency exchange owner are identical to those of any other small business. Currency exchange owners face the added risks to their investments of check forgeries, theft, and other frauds that are perpetrated on them because of the very nature of their business. These risks and costs are not insignificant and they will continue to grow. Not only do the inherent risks of the business need to be considered, but so does the investment needed to operate the business. A business owner expects to earn a periodic amount equal to the operating costs of the business plus their expected profit. The owner will leave their money invested in their business only if they believe they are compensated with an adequate profit. Otherwise, the business owner will invest in other assets that provide a greater return, bear less risk, and take less time and effort.

We have analyzed the level and nature of the currency exchange industry's costs in great detail. Total Expenses have risen faster than Total Revenue for the industry since 2008. Since the operating costs of the currency exchanges must be paid to creditors and vendors before any profit can be earned, this continued increase in costs has caused profits to diminish for the average store today as compared to that same store in 2008. When considering recent industry financial trends for the entire period, one needs to realize the modest increases in average store profitability in 2012 and 2014 (compared to 2008) were unsustainable, as evidenced by profitability declines in the subsequent year, and the industry losing 28 exchanges between 2013 and 2014.

In conjunction with our evaluation of the first five criteria for rate setting, we conducted a review of comparable businesses as part of our attempt to determine a reasonable rate of return for currency exchanges in Illinois. Due to the unique combination of financial markets and risks associated with currency exchanges, no one industry reflects all the conditions and features of a currency exchange. Therefore, we used multiple industry averages that reflect different aspects of a currency exchange's business, including rates of return for businesses involved in credit intermediation and financial institutions. Using both the Statistics on Income published by the Internal Revenue Service of the US Department of the Treasury and data from the Risk Management Association Annual Statement Studies, we determined that profitability, as measured by the average return on revenue for the period 2008 through 2014, ranged from 14.7% to 20.8% for businesses comparable to currency exchanges. The midpoint of this range is a return on revenue of 17.8%.

The return on revenue for currency exchanges in Illinois is significantly lower at between 3.0% and 7.1% during the period 2008 to 2015. The midpoint for the range of Illinois currency exchanges' return on revenue is 5.0%, or 12.8% lower than the midpoint for comparable companies for the same period. We believe that a reasonable return on revenue for currency exchanges in Illinois ranges from 10.0% to 20.8%. Given the nature of currency exchange operations; the inherent risks in the business; the rates allowed and profit earned historically by the industry; the rates allowed in other regulated states; and the rate of return earned by comparable businesses, we believe this range of profit with a midpoint of 15.4% to be a reasonable rate of return for currency exchanges. The actual currency exchange rate of return for the period in question is about one third of this midpoint, strongly suggesting the need for currency exchanges to be able to charge more for their services.

Conclusion

Based on our review of the six criteria for rate setting, the Illinois Currency Exchanges should be afforded rate relief for check cashing services. The requested increase in check cashing rate will assist currency exchanges in remaining viable as an industry, while providing customers with a convenient and readily accessible service. The increase will still leave Illinois near the low end of the spectrum in terms of check cashing rates allowed by other states.

2.0 Analysis and Findings

2.1 Interview Findings

Navigant gathered information about the operations of currency exchanges and the current state of the industry through interviews and discussions with currency exchange owners. A summary of findings is presented.

According to the currency exchange owners interviewed by Navigant, the current volume of check cashing at Illinois currency exchanges is significantly less than the volume in 2008. This fact is supported by data received from the DFI, which shows 2015 check cashing volume was approximately 60% of the 2008 level. The volume of check cashing has been affected by location, population shifts, and the development of electronic transactions and processing. Technology has also produced new means by which check fraud can be accomplished by fraudsters.

In addition to the decreased check cashing volume, the financial performance of currency exchanges has been strained by multiple layers of regulation and increased operating costs. This has led to further consolidation of currency exchange locations in Illinois.

2.1.1 Location and Customer Traffic

As with any business dependent on customer traffic, the location of a store greatly affects its revenues and profitability. Due to differences in the demographic mix of the populations between the suburbs and the city, the services provided at these currency exchanges tend to vary. In many of the suburban neighborhoods license plates and sticker services are more popular, while check-cashing tends to be more prevalent within city stores. These types of checks include insurance, tax refund, pension, and payroll checks. Furthermore, due to the increased distance between stores in the suburbs, the customer base is typically less concentrated and more geographically diverse.

The decline in currency exchange locations has been affected by population shifts in the City of Chicago, and Illinois as a whole. Currency exchanges typically operate in middle and working class neighborhoods, which have been significantly impacted by the loss of manufacturing jobs in the state. These manufacturing jobs have been moved out of Illinois. In January 2008 statewide manufacturing totaled approximately 670,900 employees. As of December 2016, approximately 568,900 people are employed in manufacturing jobs (a loss of approximately 102,000 blue-collar jobs).⁵ Manufacturing jobs within the Chicago metropolitan area have decreased by approximately 60,000 jobs over the same time period.⁶

One owner discussed the operations of a store located in an industrial park near O'Hare Airport. The owner stated the store relied heavily upon foot traffic from nearby industrial businesses, particularly on Fridays when workers in the industrial park cashed payroll checks at the store. However, the industrial park now has many vacancies and the check cashing volume at the store has decreased dramatically.

⁵ Bureau of Labor Statistics, "State and Area Employment, Hours, and Earnings", (https://data.bls.gov/timeseries/SMS17000003000000001?amp%253bdata_tool=XGtable&output_view=data&include_graphs=true)

⁶ Defined by the Bureau of Labor Statistics as the Chicago-Naperville-Arlington Height, IL Metropolitan Division. The area had 338,100 manufacturing jobs in January 2008 compared to 277,300 in December 2016. (https://data.bls.gov/timeseries/SMU17169743000000001?amp%253bdata_tool=XGtable&output_view=data&include_graphs=true)

2.1.2 Electronic Payments

While location and foot traffic continue to affect the currency exchanges, store owners also have to face additional technology hurdles in order to remain competitive. The increased use of electronic payment options is one of the main factors negatively affecting currency exchange check cashing volume. This trend has been observed for several years but continues to permeate the industry. Today, both federal and state government assistance checks are distributed via prepaid cards. In addition, employee payroll is increasingly being paid using direct deposit and prepaid cards.

Payroll checks are the largest source of checks cashed at Illinois currency exchanges. According to owners interviewed, payroll checks previously accounted for 75-90% of all checks cashed at exchanges. However, today the percentage is closer to 55-60% of total checks cashed. The decrease has been most notable in the last 4-5 years, which is supported by data from the DFI itself. As stated previously, 2015 check cashing volume was approximately 60% of the 2008 level, which correlates to a -7% compounded growth rate in check cashing volumes from 2008 to 2015. Owners have stated they could not remain in business without the revenue from payroll check cashing.

Since the last rate request, payroll checks have been more frequently directly deposited or distributed on payroll/prepaid cards. Direct deposit and payroll cards are more efficient and safer for both employers and employees. However, employees still need access to a bank account in order to utilize direct deposit. Therefore, some currency exchanges have implemented services whereby customers can cash payroll/prepaid cards, similar to withdrawing funds from a debit card. This new source of revenue has not made up for the significant losses from the declines in payroll check cashing.

2.1.3 Remote Deposit Capture Fraud

A third factor affecting currency exchanges is the rapid rise in the use of remote deposit capture ("RDC") to fraudulently cash checks that have already been scanned and deposited by a mobile device. RDC enables check payees to scan and deposit their checks by mobile device or desktop computer and then take paper checks to a different check casher. The number of duplicate presentments of checks has increased from 5-7 items per million payments in 2006 to 40-100 duplicate items per million payments currently in 2010, an increase of 1,100%.⁷ These numbers do not even capture the implementation of mobile check capture in the consumer market.⁸ According to the owners of Illinois currency exchanges that were interviewed, RDC is one of the biggest threats to the industry, and has not been, but need to be addressed by federal or state regulators, leaving currency exchanges exposed to the risks and losses from remote deposit capture fraud.

Remote deposit capture is a service which allows consumers to scan and transmit images of checks to a bank for posting to a customer's account. Fraudsters use remote deposit capture to deposit checks in their bank accounts, then subsequently cash the checks at a currency exchange ("second presentment"). Currency exchanges have no way of knowing the check has already been presented for payment, paid and the proceeds deposited into the customer's bank account. Exchange owners do not identify a problem until they attempt to deposit the cashed check into their own accounts and the check is later returned for having been previously paid by the drawee bank. It can take several months after a check was cashed by a currency exchange after the customer had already used RDC to scan and deposit the check with his or her own bank to identify second presentment and bank of first deposit and notify that bank and try to prove up the currency exchange's loss and how it occurred. By this time the customer who presented the check has disappeared and recovery is no longer feasible. Furthermore, owners have stated they believe the police, particularly in the City of Chicago, are not interested in investigating these type of crimes.

⁷ Muttera, Flavia C., Bank of the West, "Duplicate Payment Detection Paying Off for Bank of the West", August 24, 2012.

⁸ Muttera, Flavia C., Bank of the West, "Duplicate Payment Detection Paying Off for Bank of the West", August 24, 2012.

Therefore, owners are forced to seek recovery from the customer's bank (the bank of first deposit) or from the bank on which the check was drawn. The process to recover can be time-consuming, and expensive. Owners need to take time from their typical day to day activities to investigate the issue and fill out required paperwork, and locate and pursue claims against the bank of first deposit and the drawee bank in order to recover its losses. Additionally, attorney fees are often times incurred during the recovery process. While some banks respond and make good on the paper check, most banks do not make it easy for currency exchange owners to recover funds due to RDC payment previously made on the same check. Even if a currency exchange recovers from the maker's or customer's bank, it is frequently not on a dollar-for-dollar basis. The exchange owners have lost the benefit of the underlying check cashing transaction for several months, if they recover at all. This in turn has increased the risks and costs associated with bad checks inherent in the currency exchange business.

2.1.4 Regulations

In order to be in compliance with regulations from multiple stakeholders, depending on the number of currency exchanges under common ownership, the currency exchange owners employ part time or full-time, salaried compliance officers and outside consultants or contractors to run compliance programs and initiatives. These highly paid, management level positions add an additional cost layer to the business and is required in order for currency exchanges to respond to numerous compliance issues and regulations.

For example, currency exchanges are subject to audits by the IRS, banks, and Western Union. Banks are required to audit currency exchanges under the Dodd-Frank Act, which also regulates the largest national banks. These time-intensive audits require currency exchanges to devote significant resources in order to both perform the audit and remain in compliance. Unfortunately, currency exchanges do not have the balance sheets or service offerings of large national banks to cover the costs of compliance. Exchanges are also audited by Western Union and a currency exchange's bank to ensure operators are in compliance with Western Union and banking regulations surrounding money transfers.

Other regulations and compliance issues which impact currency exchange operations and profitability include anti-money laundering compliance, cyber security/technology compliance, Europay, MasterCard, and Visa (chip card) standards compliance, contingency planning, and, in the City of Chicago, recycling program compliance. One currency exchange owner estimated spending \$100,000 per year on cyber security, including firewall protection equipment and software. Another exchange owner stated his city locations face a \$1,000 fine if recyclable materials are not properly separated from other waste.

2.1.5 Increased Operating Costs

The operating costs of a currency exchange are largely fixed costs, meaning when a store is open, owners and management have little ability to reduce costs. For example, currency exchanges will incur the same rent and insurance charges whether or not there is foot traffic in the store.

In addition, currency exchanges must be staffed in order to serve customers. The needs of the customer drive staffing in each store. In order to best serve customers while minimizing overall labor costs, owners review revenue per hour statistics in order to match staffing to store foot traffic. However, this is not a short-term decision and must be done over a longer period of time when staffing and costs are more known. Currency exchange owners stressed the difficulty of balancing the uneven flow of business while minimizing labor costs. Owners of multiple stores tend to shift employees from one store to another depending on staffing needs. This again points out the highly fixed nature of the currency exchange cost structure.

Although most stores consistently operate with one or two people, each store has its specific revenue cycles and owners of stores must adjust staffing for known busy periods and seasonality. Examples of time periods in which additional staff may be needed include lunch and evening rush hour. In addition,

stores will need extra staff during tax refund season and when deadlines on vehicle city stickers approach. The consistent staffing needs cause labor costs to be a fixed operating costs for store owners. The owners Navigant spoke with stated they are already operating their stores on a least cost basis and are staffed at the minimum number of personnel required to service their customers.

In addition to the number of hours a store must be staffed, labor costs are also being driven higher by the hourly rates for employees. Employers need to pay employees a reasonable market rate for their services in order to retain staff. Currency exchanges operate on the basis of providing a superior level of customer service. Customers at currency exchanges expect this higher level of customer service and enjoy seeing familiar faces at their exchange. It is essential for currency exchanges to maintain good morale amongst its employees in order to ensure customer service is not threatened by disgruntled employees. Therefore, it is essential for owners to pay their best employees a competitive rate in order to maintain customer service and prevent employees from pursuing other employment.

Banks have been hiring at competitive rates, and often times have more favorable working hours for employees as opposed to currency exchanges. Currency exchange hours of operations vary between locations. Some stores operate on a more traditional schedule of 9:00 am to 6:00 or 7:00 pm, while other locations offer 24-hour operations to accommodate the needs of the neighborhood. The decision regarding the hours of operation is up to the store owner, who evaluates the incremental revenue collected during those additional hours versus the incremental costs of maintaining staff. Currency exchange owners stated they have increased their hourly rates in order to stay competitive.

Currency exchange owners in the City of Chicago will be particularly challenged in responding to the city's minimum wage increase. On July 1, 2015 the minimum wage increased from \$8.25 to \$10.00, and was subsequently increased another \$0.50 to \$10.50 on July 1, 2016. The minimum wage will increase \$0.50 every July 1st through 2019, after which the minimum wage will be tied to the increase in the Consumer Price Index.⁹

2.1.6 Industry Consolidation

Although there are numerous stores in the city serving many diverse neighborhoods, the number of locations has declined, as more and more stores are forced to close. Store closures decrease the number of stores within a geographic area and reduces convenience for the customers. According to the currency exchange owners interviewed by Navigant, the closing of currency exchanges will continue as single-store and small chain owners and even larger chains struggle to operate with decreasing revenue, increased costs, and the inability to leverage operations across multiple locations. These less profitable locations will be closed or consolidated into chain-operated stores. Unfortunately, the closure of currency exchanges has not resulted in any significant increase in revenue per store for the remaining stores. One owner stated his company is always looking at single-store competitors and their locations in order to identify opportunities to acquire new licensees.

⁹ https://www.cityofchicago.org/city/en/depts/mayor/supp_info/minimum-wage.html. Additionally, the Illinois House Labor and Commerce Committee recently recommended a bill which will increase the state's hourly minimum wage from \$8.25 to \$15 by 2022. The bill would still need to be passed by the full House and State Senate, and signed by the Governor. (<http://www.chicagotribune.com/business/ct-illinois-minimum-wage-house-committee-vote-0406-biz-20170405-story.html>)

2.2 Analysis of Check Cashing Rates

2.2.1 Current and Past Check Cashing Rates

Currently in the state of Illinois, the check cashing fees are as follows:

- 1.4% of the face amount of the check on all checks of \$100 or less, plus a \$1.00 charge.
- 2.25% on checks above \$100.

The last rate increase was approved in May 2007 and became effective December 21, 2007. The history of rate regulation for check cashing fees is presented in Table 1 below:

Table 1: History of Check Cashing Fee Rate Regulation

	Effective Date of Increase			
	1980	1985	1996	2007
Handling Fee	\$0.75	\$0.90	\$0.90 for checks of \$500 or less;	\$1.00 for checks \$100 or less;
Percent of Face Value of Check	1.1%	1.2%	1.4% for checks of \$500 or less; 1.85% for check above \$500	1.4% for checks of \$100 or less; 2.25% on checks above \$100

2.2.2 Rates Charged by Banks

One of the criteria listed in the Currency Exchange Act relates to the rates charged by banks and other business entities for rendering the same or similar services as well as the basis for those rates. Navigant contacted thirty Illinois banks and branches of banks to determine the cost to cash a check for non-customers of the banks. To obtain the most comprehensive information, Navigant contacted branches of common retail banks in Illinois within the Chicago, Chicago suburbs, Rockford, Quad Cities, Central Illinois, and East St. Louis markets.

The majority of banks will not cash a non-customer check unless the check is drawn on the bank cashing it, i.e., it was drawn by a customer that maintained the account with that bank from which the check is payable ("On-us check"). Fifth Third Bank, the only bank we surveyed that will cash non-customer checks generally, requires customers to present identification and charges \$4 or 1% of the face amount of the check. First American Bank stated they will cash non-customer payroll checks not drawn on the bank only for commercial enterprises that have signed an indemnity with First American, not likely to be a very common occurrence. Table 2 provides a summary of check cashing policies at surveyed banks.

Table 2: Summary of Check Cashing Policies at Illinois Banks

No.	Bank	Address	City	Phone Number	Cash Non-Customer Checks ¹	Restrictions/ Check Limits
1	Chase	4809 S Ashland Ave	Chicago	(773) 247-1551	On-us Checks	\$2,500
2	Chase	3200 S Chicago Rd, Ste A	S. Chicago Heights	(708) 754-7152	On-us Checks	No Limit
3	Chase	401 E State St	Rockford	(815) 987-2424	On-us Checks	\$2,000
4	Chase	501 15th St	Moline	(309) 757-8462	On-us Checks	No Limit
5	Chase	2801 Greenbriar	Springfield	(217) 787-9378	On-us Checks	\$2,500
6	US Bank	600 W 37th St	Chicago	(773) 376-4808	On-us Checks	No Limit
7	US Bank	2600 E Sauk Trl	Sauk Village	(708) 758-0094	On-us Checks	No Limit
8	US Bank	1107 E State St	Rockford	(815) 987-2200	On-us Checks	No Limit
9	US Bank	4701 22nd Ave	Moline	(309) 762-1334	On-us Checks	No Limit
10	US Bank	2501 S Veterans Pkwy	Springfield	(217) 862-7311	On-us Checks	No Limit
11	US Bank	1050 Camp Jackson Rd	Cahokia	(618) 337-1555	On-us Checks	No Limit
12	Bank of America	4200 S Ashland Ave	Chicago	(773) 847-6748	On-us Checks	No Limit
13	Bank of America	18460 Governors Hwy	Homewood	(708) 957-4200	On-us Checks	No Limit
14	Bank of America	6958 Spring Creek Rd	Rockford	(815) 877-6530	On-us Checks	No Limit
15	Bank of America	248 Harvard Dr	Edwardsville	(618) 659-4018	On-us Checks	No Limit
16	BMO Harris	5401 S Wentworth Ave #13	Chicago	(773) 548-5948	On-us Checks	\$3,000
17	BMO Harris	1630 Chicago Road	Chicago Heights	(708) 755-9063	On-us Checks	No Limit
18	BMO Harris	501 Seventh St	Rockford	(815) 969-1500	On-us Checks	No Limit
19	BMO Harris	#2 Carlyle Plaza Dr.	Belleville	(618) 233-9288	On-us Checks	\$3,000
20	Fifth Third	1950 West 33rd Street	Chicago	(773) 650-1408	Yes	No Limit
21	Fifth Third	3307 Chicago Road	S. Chicago Heights	(708) 756-2815	Yes	No Limit
22	Fifth Third	3936 West Riverside Blvd	Rockford	(815) 964-7287	Yes	No Limit
23	First Midwest	3220 West 26th Street	Chicago	(773) 804-3492	On-us Checks	No Limit
24	First Midwest	1030 Dixie Highway	Chicago Heights	(708) 754-2500	On-us Checks	\$5,000
25	First Midwest	2222 41st Street	Moline	(309) 797-7500	On-us Checks	No Limit
26	MB Financial ²	1542 W. 47th Street	Chicago	(888) 422-6562	On-us Checks	Undisclosed
27	MB Financial ²	18301 S Halsted Street	Glenwood	(888) 422-6562	On-us Checks	Undisclosed
28	MB Financial ²	2607 Lincoln Highway	St. Charles	(888) 422-6562	On-us Checks	Undisclosed
29	First American Bank	1650 Louis Avenue	Elk Grove Village	(847) 427-5000	On-us Checks & Limited Payroll	Undisclosed
30	First Bank & Trust	55 Shuman Boulevard	Naperville	(630) 348-2300	On-us Checks	\$3,500

Based on the information listed above, customers without a bank account will have a difficult time finding a bank to cash a non-customer check, regardless of fees associated with the transaction. Currency Exchanges provide their customers consistency and convenience without insisting on additional requirements, something that few banks seem to offer.

In addition to banks, Navigant also contacted various big box and grocery stores to determine if these types of stores provide check cashing services as well as the fees charged and restrictions placed on the services.¹⁰ Navigant's survey revealed the unavailability of the check cashing services at Target and Home Depot stores nationwide. Additionally, those stores which did provide check cashing had policies which varied by location, required various forms of identification to cash a check, and restricted the availability of services. For instance, although Walmart stores will cash checks for a 1-2% fee,¹¹ the company will only cash government and payroll check below certain limits (\$1,500 to \$10,000 limits of check values). Furthermore, Meijer required customers to apply and be approved by the company's check cashing program in order to cash checks at its stores. Additionally, the company will only cash checks below \$2,000 and charges a fee of \$4.

¹⁰ Navigant surveyed numerous stores in Chicago, Chicago suburbs, East St. Louis, Rockford, Quad Cities, and central Illinois markets. A summary of the survey results can be found in Schedule 13.

¹¹ The majority of Walmart stores surveyed charged \$3 for checks less than \$300, and \$6 for checks greater than \$300. However, a Walmart store in the Chicago charged up to 10% for amounts greater than \$400.

The availability of check cashing at grocery stores varied significantly amongst stores and locations.¹² Only two of the six Jewel Osco stores surveyed will cash checks (locations in Lake Forest and Moline).¹³ The two surveyed Kroger stores in Springfield and Ottawa provided check cashing services but limited the services to checks less than \$750.

While the fees charged by big box stores and grocers may be less than the current rates charged by currency exchanges, it is important to recognize these stores are not subject to the same compliance requirements as currency exchanges, and also assume less risk associated with check cashing services. In addition, check cashing by grocery stores and big box retailers is furnished as a convenience to the customers to encourage them to come into their stores to purchase their goods and services; it is not a primary business activity; only an incidental one which presumably makes up only a miniscule portion of their revenues when compared to the sales of their goods and services.

2.2.3 Check Cashing Fees in Other States

Navigant received a summary of rates charged by check cashing companies in other areas throughout the United States compiled by the Financial Services Center of America.¹⁴ Table 3 provides an overview of check cashing fees in other states:

Table 3: Check Cashing Fees in Other States

State	Description
Arizona	3% of the face amount or \$5, whichever is greater for cashing any payment instrument issued by an agency or political subdivision of the U.S. or Arizona; no limit otherwise.
California	3% with Identification for payroll or government checks, or 3.5% without Identification, or \$3, whichever is greater; 12% of the face value of a personal check; Permitted to charge an amount no greater than \$10 to set up initial account and issue optional ID card.
Connecticut	1% for state-drawn checks payable within the state to recipients of public assistance; 2% or \$1, whichever is greater for all other checks.
Delaware	2% or \$4, whichever is greater for cashing a check, draft or money order.
Florida	3% or \$5, whichever is greater, if payment instrument is for state public assistance or social security; 10% or \$5, whichever is greater, for personal checks and money orders; 5% or \$5, whichever is greater for all other checks; Direct costs of verification, not to exceed %5, as established by rule for account set-up or membership fee.
Georgia	3% or \$5 whichever is greater for state public assistance or social security checks; 10% or \$5 whichever is greater for personal checks or money orders; 5% of the face amount of the check or draft or \$5, whichever is greater for all other checks (payroll).
Hawaii	3% of face amount of the check or \$5, whichever is greater, for state public assistance or social security; 10% or \$5, whichever is greater, for personal checks; 5% or \$5 of face amount, whichever is greater, for all other checks; Limit of \$10 to set up initial account and issue an optional ID or membership card.
Illinois	1.4% of face amount plus a \$1 service charge on all checks \$100 or less; 2.25% on checks above \$100.
Indiana	10% or \$10, whichever is greater for personal check; 5% of the face amount or \$5, whichever is greater, for government issued checks and all other checks.

¹² All Mariano's, Save-A-Lot, Fairway Grocery and Hy-Vee stores surveyed did not provide check cashing services.

¹³ Jewel Osco locations in Chicago, Alsip, Clarendon Hills, and DeKalb will not cash checks.

¹⁴ Financial Services Centers of America, Inc., "Summary of State Check Cashing Laws – Updated August 2013", <https://www.natcnc.com/wp-content/uploads/2016/10/FISCA-State-CC-Laws-2013.pdf>

State	Description
Louisiana	2% of face amount of the check or \$5, whichever is greater, for government issued checks; 10% of the total amount of the check or \$5, whichever is greater, for all other checks.
Maine	3% with ID, or 4% without ID, or \$5, whichever is greater, if state public assistance or social security; 10% or \$5, whichever is greater, for personal checks and money orders; 5% of the face amount of the payment instrument with ID or 6% without ID, or \$5, whichever is greater for all other checks.
Maryland	2% of the face amount or \$3, whichever is greater, for government checks; 10% of the face amount or \$5 for personal checks; 4% of the face amount or \$5 for all other payment instruments; A licensee may charge a one-time membership fee not to exceed \$5.
Mississippi	3% or \$5, whichever is greater, for government checks; 10% or \$5, whichever is greater, for personal checks; 5% or \$5 whichever is greater for all other checks.
New Jersey	1% or 90 cents, whichever is greater, for public assistance checks, and 1.5% or 90 cents, whichever is greater, for social security checks; 2.21% or \$1, whichever is greater, of the face amount for checks drawn on a depository institution or other financial entity.
New York	1.95% of the amount on the check, draft, or money order or \$1, whichever is greater (fee is subject to annual adjustment based on increase in regional CPI); no fee limitation for the cashing of commercial checks.
North Carolina	3% of the face value or \$5, whichever is greater, for all government checks; 10% or \$5, whichever is greater, for personal checks; 5% or \$5, whichever is greater, for all other checks.
North Dakota ¹⁵	5% or \$5, whichever is greater for cashing a draft, personal check, payroll check, traveler's check, or money order; 3% or \$5, whichever is greater for cashing a state public assistance check or a federal social security check.
Ohio	3% of the face value for state and federal government checks; no limit otherwise.
Oregon	\$5 or 2% of the face value of the payment instrument, whichever is greater, for federal/state government checks with ID; \$5 or 2.5% of the face value of the payment instrument if without ID; \$5 or 3% of the face value of the payment instrument, whichever is greater, for government checks issued by other states and payroll checks with ID; \$5 or 3.5% of the face value of the payment instrument, whichever is greater, for government checks issued by other states and payroll checks without ID; \$5 or 10% of the face value of the payment instrument, whichever is greater for personal checks; \$5 or 3%, whichever is greater for payroll checks with ID; \$5 or 3.5%, whichever is greater, for payroll checks without ID; any other payment instrument is \$5 or 10% of face value, whichever is greater; Total amount charged for cashing any check cannot be more than \$100.
Pennsylvania	2.5% of the face value for government assistance checks with valid ID; 10% for personal checks; 3% for payroll checks; A fee not to exceed \$10 is permitted to investigate a new customer's credit.
Rhode Island	3% of face value or \$5, whichever is greater, for state public assistance or social security checks; 10% or \$5 whichever is greater for personal checks; and 5% or \$5, whichever is greater, for all other checks.
South Carolina	2% of face value or \$3, whichever is greater, for government or electronically printed payroll checks; 7% or \$5 whichever is greater for personal checks and all other checks, including handwritten payroll checks.

¹⁵ <http://www.legis.nd.gov/cencode/t51c17-1.pdf#nameddest=51-17p1-01>

State	Description
Tennessee	3% or \$2, whichever is greater, for public assistance or social security checks; 10% or \$5, whichever is greater, for personal checks; 5% or \$5 whichever is greater for all other checks; Licensee may charge a membership fee not to exceed \$10 for account start-up or membership fees.
Vermont	3% or \$2, whichever is greater, for state public assistance or social security checks with Identification; 10% or \$5 whichever is less for personal checks; 5% or \$5 whichever is greater for all other checks; Licensee may charge a membership fee not to exceed \$10.
Washington, DC	2% of the face amount or \$3 for government issued checks, 10% of the face amount or \$5 for personal checks; 4% or \$5 of the face amount for payroll and all other checks; Licensee may charge a customer a one-time membership fee not to exceed \$5.
West Virginia	1% of the face value cashed or \$1, whichever is greater.

The following states, which license check cashing, currently have no limits on how much a check casher, such as a currency exchange, can charge for the cashing of a check:

- Kentucky
- Massachusetts
- Minnesota
- Nevada
- Utah
- Virginia
- Washington
- Wisconsin

Additionally, the following states do not license check cashing services, or, impose any limits on check cashing rates:

- Alabama
- Alaska
- Arkansas
- Colorado
- Idaho
- Iowa
- Kansas
- Michigan
- Missouri
- Montana
- Nebraska
- New Hampshire
- New Mexico
- Oklahoma
- South Dakota
- Texas
- Wyoming

In order to provide comparability among the maximum rates charged in regulated states, we have created Table 4 below which depicts the fee that would be charged by a currency exchange in each regulated state using the 2008 - 2015 average check value for Illinois stores. Table 4 shows the average fee for all types of checks assuming an equal weighting for this table among check types (public, private, personal). The table depicts the results in descending order and shows that the fee charged to consumers in Illinois is lower than all but four other states in the US.

Table 4: Customer Payment for Check = \$463.83¹⁶

State	Public		Private		Personal Checks		Average	
	Fee	Effective Rate	Fee	Effective Rate	Fee	Effective Rate	Fee	Effective Rate
Kentucky	\$46.38	10.00%	\$46.38	10.00%	\$46.38	10.00%	\$46.38	10.00%
Massachusetts	\$46.38	10.00%	\$46.38	10.00%	\$46.38	10.00%	\$46.38	10.00%
Minnesota	\$46.38	10.00%	\$46.38	10.00%	\$46.38	10.00%	\$46.38	10.00%
Nevada	\$46.38	10.00%	\$46.38	10.00%	\$46.38	10.00%	\$46.38	10.00%
Utah	\$46.38	10.00%	\$46.38	10.00%	\$46.38	10.00%	\$46.38	10.00%
Virginia	\$46.38	10.00%	\$46.38	10.00%	\$46.38	10.00%	\$46.38	10.00%
Washington	\$46.38	10.00%	\$46.38	10.00%	\$46.38	10.00%	\$46.38	10.00%
Wisconsin	\$46.38	10.00%	\$46.38	10.00%	\$46.38	10.00%	\$46.38	10.00%
Arizona	\$13.91	3.00%	\$46.38	10.00%	\$46.38	10.00%	\$35.56	7.67%
Ohio	\$13.91	3.00%	\$46.38	10.00%	\$46.38	10.00%	\$35.56	7.67%
Louisiana	\$9.28	2.00%	\$46.38	10.00%	\$46.38	10.00%	\$34.01	7.33%
Indiana	\$23.19	5.00%	\$23.19	5.00%	\$46.38	10.00%	\$30.92	6.67%
California	\$13.91	3.00%	\$13.91	3.00%	\$55.66	12.00%	\$27.83	6.00%
Florida	\$13.91	3.00%	\$23.19	5.00%	\$46.38	10.00%	\$27.83	6.00%
Georgia	\$13.91	3.00%	\$23.19	5.00%	\$46.38	10.00%	\$27.83	6.00%
Hawaii	\$13.91	3.00%	\$23.19	5.00%	\$46.38	10.00%	\$27.83	6.00%
Maine	\$13.91	3.00%	\$23.19	5.00%	\$46.38	10.00%	\$27.83	6.00%
Mississippi	\$13.91	3.00%	\$23.19	5.00%	\$46.38	10.00%	\$27.83	6.00%
North Carolina	\$13.91	3.00%	\$23.19	5.00%	\$46.38	10.00%	\$27.83	6.00%
Rhode Island	\$13.91	3.00%	\$23.19	5.00%	\$46.38	10.00%	\$27.83	6.00%
Tennessee	\$13.91	3.00%	\$23.19	5.00%	\$46.38	10.00%	\$27.83	6.00%
Vermont	\$13.91	3.00%	\$23.19	5.00%	\$46.38	10.00%	\$27.83	6.00%
Maryland	\$9.28	2.00%	\$18.55	4.00%	\$46.38	10.00%	\$24.74	5.33%
Washington, DC	\$9.28	2.00%	\$18.55	4.00%	\$46.38	10.00%	\$24.74	5.33%
Pennsylvania	\$11.60	2.50%	\$13.91	3.00%	\$46.38	10.00%	\$23.96	5.17%
Oregon	\$9.28	2.00%	\$13.91	3.00%	\$46.38	10.00%	\$23.19	5.00%
New York	\$9.04	1.95%	\$46.38	10.00%	\$9.04	1.95%	\$21.49	4.63%
North Dakota	\$13.91	3.00%	\$23.19	5.00%	\$23.19	5.00%	\$20.10	4.33%
South Carolina	\$9.28	2.00%	\$9.28	2.00%	\$32.47	7.00%	\$17.01	3.67%
Illinois	\$10.44	2.25%	\$10.44	2.25%	\$10.44	2.25%	\$10.44	2.25%
Delaware	\$9.28	2.00%	\$9.28	2.00%	\$9.28	2.00%	\$9.28	2.00%
New Jersey	\$4.64	1.00%	\$10.25	2.21%	\$10.25	2.21%	\$8.38	1.81%
Connecticut	\$4.64	1.00%	\$9.28	2.00%	\$9.28	2.00%	\$7.73	1.67%
West Virginia	\$4.64	1.00%	\$4.64	1.00%	\$4.64	1.00%	\$4.64	1.00%

¹⁶ Based on the total dollar amount of checks cashed by currency exchanges in Illinois from 2008-2015 (\$49,853,995,320) divided by the total number of checks cashed by Illinois currency exchanges in that same period (107,482,725).

2.3 Functional Analysis

2.3.1 Currency Exchanges Operations

Currency exchanges derive revenue from a number of transactions including check cashing, money order sales, utility bill payments, prepaid phone cards, and city sticker and license plate sales. The first currency exchanges in Illinois opened in 1937 to assist community residents with a variety of financial needs. Currency exchanges offer services to customers that banks generally do not provide. They operate in locations and during hours that are more convenient for consumers than those traditionally offered by banks. In addition, unlike banks, currency exchanges assume the risk of insufficient funds associated with checks in exchange for a check cashing fee.

As previously described, banks often refuse to cash checks for people who do not maintain an account with the bank. For account holders, some banks will require them to maintain sufficient funds to cover a check as well as charge fees for non-sufficient funds/overdrafts, check printing, deposited checks returned unpaid as well as ATM fees, maintenance fees, reopening fees, and debit card re-issuing fees. Currency exchanges provide an alternative to customers with relatively small account balances or without bank accounts. The fees charged for this service are intended to cover operating expenses, including any interest expense incurred on the funds covered. The fee is also intended to cover the risks associated with cashing a check that may not be collected as a result of insufficient funds, stop payment orders, or fraud. Finally, the fee is intended to provide a reasonable profit to the business owner for putting his or her capital at risk.

The Division of Financial Institutions issues licenses on the basis of a "Need of Community" investigation. The DFI assesses whether the community needs the proposed currency exchange and the effect it will have on the financial stability of existing currency exchanges. Licenses are valid for one year and may be renewed. A separate license is required for each exchange, so if the store has moved, or merged with another one, a new license and license number would be issued.

The currency exchanges offer a portfolio of services, including:

- Cashing checks;
- Processing of money transfers;
- Electronic bill payments;
- Sale of money orders;
- Sale of transit fare cards;
- Sale of pre-paid telephone cards;
- Sale of postage stamps and envelopes;
- Sale of city stickers;
- Notary Public services;
- License and title services for automobiles and boats;
- Issuance of copy of death/marriage/birth certificate for the Cook County;
- Income tax preparation;
- Direct deposit services;
- Private mail box services;
- Photocopier and fax services;
- Coin counting and exchange,
- Debit card loading and cash dispensing
- Credit card cash advances, and
- Sale of candy, gum and pop from vending machines

Currency exchange owners have severely limited control over the pricing of check cashing services since the maximum rate is determined by the DFI. There are fee ceilings established for the sale of licenses and city stickers, and other potential sources of revenue are prohibited by law, such as the sale of lottery tickets. Very few services provided by currency exchanges, such as wire transfers or photocopying, are offered at a market rate. This all means that a periodic assessment of the financial condition of the industry must be done to determine the sufficiency of rates as the state controls nearly all currency exchange pricing of services.

2.4 Income, Cost, and Expenses of Currency Exchanges

2.4.1 Sources of Data for the Analyses

Navigant has conducted its analyses of currency exchanges utilizing aggregated annual data compiled from the DFI annual report information for all currency exchanges for the years 2008 - 2015 ("Aggregate Data"). Navigant used the Aggregate Data to analyze annual changes of revenues, expenses, and corresponding profitability. The results of Navigant's analysis of Aggregate Data can be found in Schedules 1 - 8 at the end of this report.

2.4.2 Revenue Analysis¹⁸

Two services offered by currency exchanges have been the source of the majority of revenues.¹⁹ These services are:

- Check Cashing Fees,
- License Plate & City Sticker Fees.

Combined, these two totaled over 65% of total revenue for each of the analyzed eight years. Other Income, which accounted for over 14% of the total revenue in 2008 and 26% in 2015, is comprised of the bulk of other services, as described in more detail in the Functional Analysis section. The aggregate data does not provide sufficient details to draw further conclusions relating to what actually is included in the Other Income line.

Check cashing fees remain the main source of revenue for the average currency exchange; however, the percentage of revenue derived from check cashing has decreased from 67% in 2008 to just over 50% in 2015. Average check-cashing fees decreased by 3.6% from 2008 to 2015 (compounded annually). The greatest decrease in check cash fees between 2008 and 2015 occurred between 2008 and 2009, shortly after the last check cashing rate increase became effective December 21, 2007. Excluding that change, check-cashing fees still decreased by 2.1%.

Furthermore, once adjusted for inflation, average check-cashing fees decreased 5.2% from 2008 through 2015, and by 3.6% from 2009 through 2015. See Table 5 for a summary.

Table 5: Average Revenue for Check Cashing Fees

Type	2008	2009	2010	2011	2012	2013	2014	2015	Compound Growth 2008 - 2015	Compound Growth 2009 - 2015
Nominal	\$224,903	\$197,973	\$197,982	\$193,523	\$174,700	\$177,041	\$180,264	\$174,108	-3.6%	-2.1%
Adjusted to 2008 \$	\$224,903	\$192,729	\$189,897	\$180,279	\$159,959	\$159,705	\$161,391	\$154,750	-5.2%	-3.6%

¹⁸ When discussing revenue, the phrase "Total Revenue" includes all revenue, which is comprised of Check Cashing Fees, Money Order Fees, License Plate & City Sticker Fees, Utilities, Other Income, and Revenue Adjustment.

¹⁹ Unless otherwise noted, the revenue analysis was conducted using Aggregate Data. (Tab 7, Tables A-K, Appendices, Rate Petition)

Since currency exchanges obtained over 50% of total revenue from check cashing fees, the significant decrease in this income is a serious concern, as it is the primary source of profitability. As mentioned previously, some reasons for the lack of growth in check cashing fees are the increase in direct deposit/payroll cards, electronic payment processing, and the governmental change in offering electronic payment for public assistance.

License Plate & City Sticker Fees revenue grew as opposed to the decline in check cashing fees. Average fees increased by 5.9% from 2008 to 2015. When growth is calculated from 2009 through 2015, License Plate & City Sticker Fees revenue increased by 5.7%. Once adjusted for inflation, the growth rate from 2008 to 2015 for License Plate & City Sticker Fees revenue increased by 4.1%, and from 2009 through 2015 the fees increased by the same percentage. Table 6 below summarizes this information.

Table 6: Average Revenue for License Plate & City Sticker Fees

Type	2008	2009	2010	2011	2012	2013	2014	2015	Compound Growth 2008 - 2015	Compound Growth 2009 - 2015
Nominal	\$ 35,026	\$ 37,428	\$ 39,891	\$ 41,191	\$ 40,794	\$ 49,883	\$ 58,210	\$ 52,279	5.9%	5.7%
Adjusted to 2008 \$	\$ 35,026	\$ 36,436	\$ 38,262	\$ 38,372	\$ 37,352	\$ 44,998	\$ 52,116	\$ 46,467	4.1%	4.1%

Overall, average total revenue increased by 0.2% from 2008 through 2015. The majority of that increase is attributable to the growth in Other Income. From 2009 through 2015, average total revenue increased 1.5% before any inflation adjustment. Once average total revenue is adjusted for inflation to 2008 dollars, revenue actually decreased by 1.5% from 2008 through 2015, and declined by 0.1% from 2009 through 2015. Table 7 summarizes this decline in total revenue

Table 7: Average Total Revenue

Type	2008	2009	2010	2011	2012	2013	2014	2015	Compound Growth 2008 - 2015	Compound Growth 2009 - 2015
Nominal	\$ 338,167	\$ 314,790	\$ 317,232	\$ 322,095	\$ 310,530	\$ 323,886	\$ 345,861	\$ 343,359	0.2%	1.5%
Adjusted to 2008 \$	\$ 338,167	\$ 306,450	\$ 304,277	\$ 300,053	\$ 284,328	\$ 292,169	\$ 309,650	\$ 305,184	-1.5%	-0.1%

2.4.3 Expense Analysis

Based on Navigant's analysis of the Aggregate Data, two categories consistently comprised the majority of total expenses:

- Employee Payroll
- Rent Expense

These two expenses accounted for at least 40% of total expenses during the period 2008 through 2015. Furthermore, both are fixed costs, which increased the difficulty for owners to control these expenses and maintain profitability. As shown in Table 8, average employee payroll expense increased over these eight years by 1.1%. When adjusted for inflation, however, Employee Payroll decreased by 0.6%. As a percent of average total revenue, Employee Payroll averaged between 32% and 34% from 2008 to 2015.

Table 8: Average Expense for Employee Payroll

Type	2008	2009	2010	2011	2012	2013	2014	2015	Compound Growth 2008 - 2015	Compound Growth 2009 - 2015
Nominal	\$ 106,744	\$ 106,045	\$ 101,556	\$ 102,822	\$ 99,280	\$ 106,002	\$ 112,099	\$ 115,335	1.1%	1.4%
Adjusted to 2008 \$	\$ 106,744	\$ 103,235	\$ 97,409	\$ 95,785	\$ 90,903	\$ 95,622	\$ 100,363	\$ 102,512	-0.6%	-0.1%

As described in the Interview Findings section (Section 2.1), the owners of currency exchanges always attempt to minimize labor costs. One of the methods employed by multi-store owners is shifting

employees among the stores to minimize employee downtime. However, other changes experienced by the store owners over the last several years, such as rising hourly wages, limited the effectiveness of cost cutting efforts

Average rent expense was approximately 8.6% of revenue over the eight-year period, from 8.0% in 2008 to 8.9% in 2015.

Average insurance expense, including Blanket Bond, Surety Bond and Other, decreased 3.6% over the past eight years. While not a large portion of revenue, insurance expense was just one of many fixed costs that did not decline as rapidly as decline in total revenue and eroded the profitability of currency exchanges.

In total, the average total expense increased 5.7% from 2008 compared to 2015. The average total expenses increased by 0.8% per year from 2008 through 2015 and grew by 0.6% as a percentage of revenue, as shown in Table 9. Once expenses were adjusted for inflation, however, they decreased by 0.9% per year as shown in Table 10.

Table 9: Average Total Expense

Expense	2008	2009	2010	2011	2012	2013	2014	2015	Compound Growth 2008 - 2015
Average Total Expenses	\$319,680	\$305,073	\$299,901	\$308,609	\$288,865	\$310,405	\$325,674	\$338,110	0.8%
As a % of Total Revenue	94.53%	96.91%	94.54%	95.81%	93.02%	95.84%	94.16%	98.47%	0.6%

2.4.4 Profitability Analysis

Overall, average net income declined by 8.2% per year from 2008 to 2015, and net income decline by 51.4% for the eight-year period. When adjusted for inflation, the severity of the situation is further highlighted with average net income declining 9.8% as shown in Table 10.²⁰

Table 10: Average Profitability Adjusted for Inflation

Type	2008	2009	2010	2011	2012	2013	2014	2015	Compound Growth 2008 - 2015
Total Revenue	\$338,167	\$306,450	\$304,277	\$300,053	\$284,328	\$292,169	\$309,650	\$305,184	-1.5%
Total Expense	319,680	296,991	287,654	287,489	264,491	280,009	291,577	300,519	-0.9%
Net Income	\$ 18,244	\$ 9,459	\$ 16,623	\$ 12,564	\$ 19,834	\$ 12,161	\$ 18,574	\$ 8,875	-9.8%

Based on Navigant's analysis of Aggregate Data, 2012 was the strongest year for the currency exchanges. The 7.0% return on revenues in 2012 has not been achieved since. In fact, the following year, the return on revenues dropped to 4.2% and by 2015, the return on revenues was only 2.9%. From 2008 to 2015, net income as a percentage of revenues has steadily declined as a result of declining revenue growth. Table 11 below shows this change.

Table 11: Expenses and Net Income as a Percent of Total Revenue

Type	2008	2009	2010	2011	2012	2013	2014	2015	Compound Growth 2008 - 2015	Compound Growth 2009 - 2015
Expense	94.5%	96.9%	94.5%	95.8%	93.0%	95.8%	94.2%	98.5%	0.6%	0.3%
Net Income	5.4%	3.1%	5.5%	4.2%	7.0%	4.2%	6.0%	2.9%	-8.4%	-1.0%

²⁰ Due to Net Income Adjustments in the Aggregate Data compiled from the DFI, the net of Total Revenue, less Total Expense, will not always equal Net Income.

As a percentage of revenue, total expenses increased from 94.5% to 98.5% of total revenue, eroding profits.²¹ One of the key issues associated with these rising costs is that over 83.4% of average expenses for the period 2008-2015 have been fixed costs. Key expenses such as rent and employee payroll are primarily fixed in nature, so regardless of business volume, store owners have little control to adjust these expenses and maintain profitability. These two expenses alone comprised over 47.5% of average fixed costs. Therefore, the owners become dependent on increasing check-cashing volume to cover these expenses. With external influences decreasing the amount of volume, profitability declines.

2.5 Analysis of Reasonable Profit

The estimation of a reasonable profit for Illinois currency exchanges requires the blending of many sources of data and information. The five criteria above must all be examined and considered, as well as rates of return that have been earned by comparable business. This section of the report serves to examine the factors relevant to determining a reasonable rate of return for Illinois currency exchanges.

2.5.1 Identification of Comparable Companies

We analyzed the services provided by currency exchanges as well as the associated risks in order to identify industries with a similar profile to serve as a basis for comparing profitability. The industry ratios were then used to establish reasonable profitability benchmarks as required by the Currency Exchange Act. Currency exchanges have a unique business model -- they perform many functions associated with a bank, but do not hold deposits or make loans. Instead, the primary function of currency exchanges is check cashing, where stores place their own capital at risk by providing customers with immediate cash without the security of offsetting deposit accounts or a time delay for check clearing. In return, currency exchanges receive a fee that compensates them for the cost of the transaction and its subsequent processing, as well as for the risks they have assumed. Unlike banks, currency exchanges bear the risk of collecting against all checks, rather than having a right to offset against deposit accounts. In addition, cashing non-customer checks is not a core service of banks, whereas currency exchanges rely heavily upon check-cashing services and the fees derived from such services.

Another unique aspect of the currency exchange business is the substantial working capital required to provide check cashing and other services, and the minimal investment in property and equipment.²² Given these facts, it is difficult to isolate businesses that are truly comparable to currency exchanges in order to objectively assess the reasonable return on revenue.

Rather than concentrating on one industry or one group of companies, Navigant established a range of rates of return utilizing various publications collecting industry benchmarks. Most of these publications classify companies according to the North American Industry Classification System ("NAICS"). The NAICS was developed jointly by the U.S., Canada, and Mexico to provide comparability in statistics about business activity across North America, and has replaced the U.S. SIC system.

According to the NAICS definition, check cashing is associated with NAICS code 522390-- Other Activities Related to Credit Intermediation.²³ The companies classified under the 522390 NAICS code engage primarily in facilitating credit intermediation; including, check cashing services, money order issuances, loan servicing, travelers' check issuances, money transmission, and payday lending. The

²¹ Due to Net Income Adjustments in the Aggregate Data compiled from the DFI, the sum of the percentages for Expense and Net Income will not always equal 100% in a given year.

²² With exception of safety considerations, the currency exchanges do not require significant PPE (property, plant, equipment) expenditures. The expenses associated with increased security are more significant in less affluent urban areas.

²³ According to the US Census at <http://www.census.gov/cgi-bin/sssd/naics/naicsrch?code=522390&search=2017%20NAICS%20Search>

NAICS Codes are classified vertically, meaning that the 522390 NAICS code is classified in Sector 52 – Finance and Insurance and group 522 - Credit Intermediation and Related Activities.²⁴

According to the U.S. Census Bureau, “the Finance and Insurance sector comprises establishments primarily engaged in financial transactions (transactions involving the creation, liquidation, or change in ownership of financial assets) and/or in facilitating financial transactions in one of the three principal activities:

1. Raising funds by taking deposits and/or issuing securities and, in the process, incurring liabilities. Establishments engaged in this activity use raised funds to acquire financial assets by making loans and/or purchasing securities. Putting themselves at risk, they channel funds from lenders to borrowers and transform or repackage the funds with respect to maturity, scale, and risk. This activity is known as financial intermediation.
2. Pooling of risk by underwriting insurance and annuities. Establishments engaged in this activity collect fees, insurance premiums, or annuity considerations; build up reserves; invest those reserves; and make contractual payments. Fees are based on the expected incidence of the insured risk and the expected return on investment.
3. Providing specialized services facilitating or supporting financial intermediation, insurance, and employee benefit programs.”²⁵

The currency exchanges are classified within this third principal activity.

According to the NAICS definition, companies engaged in activities that facilitate various types of intermediation have been included in individual sub-sectors because these services are performed by intermediaries, as well as by specialist establishments.²⁶

More specifically, check cashing services are classified under the group 522 - Credit intermediation and related activities. According to NAICS definitions, companies classified in this group:

1. Lend funds raised from depositors;
2. Lend funds raised from credit market borrowing; or
3. Facilitate the lending of funds or issuance of credit by engaging in such activities as mortgage and loan brokerage, clearinghouse and reserve services, and check cashing services.²⁷

Table 12 below outlines some of the functional similarities and differences between currency exchanges and the selected industry benchmarks. Because of the vertical nature of the NAICS codes, organizations classified under any of the 6-digit codes are also included in the 2- or 3-digit codes.

²⁴ According to the US Census at http://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart_code=52&search=2017%20NAICS%20Search

²⁵ According to the US Census at <http://www.census.gov/cgi-bin/sssd/naics/naicsrch?code=52&search=2017%20NAICS%20Search>

²⁶ According to the US Census at <http://www.census.gov/cgi-bin/sssd/naics/naicsrch?code=52&search=2017%20NAICS%20Search>

²⁷ <http://www.census.gov/cgi-bin/sssd/naics/naicsrch?code=522&search=2017%20NAICS%20Search>

Table 12: Functional Analysis for Illinois Currency Exchanges and Comparable Industries

Function	Currency Exchanges	NAICS 52	NAICS 522	NAICS 522390	NAICS 522298 & 522320
Description of institutions classified within the industry	Provide check cashing services.	Institutions engaged in financial transactions and/or facilitation of financial transactions.	Institutions lending funds raised from depositors or from market borrowing and/or facilitating lending of funds.	Institutions engaged in facilitating credit intermediation such as check cashing services, money order issuance services and loan processing.	Institutions engaged in providing non-depository credit and in transaction processing.
Provide check cashing services	Yes	Yes (those classified in NAICS 522390)	Yes (those classified in NAICS 522390)	Yes	No
Facilitate lending of funds or issuance of credit	No	Yes	Yes	Yes	Yes
Engage in transaction processing	Yes	Yes	Yes	Yes	Yes
Lend funds or collect deposits	No	Yes	Yes	No	No
Provide auxiliary services	Yes	No	No	No	No
Provide support services	Yes	Yes	Yes	Yes	No

Navigant selected return on revenue (“ROR”) as a basis of comparing the profitability of selected industries with the profitability of currency exchanges.²⁸ By selecting the return on revenue, Navigant has eliminated issues related to varying asset compositions among the industries. Additionally, in order to best evaluate reasonable profit earned by currency exchanges as well as to avoid any data limitation inherent in any industry financial statements compilation, Navigant has selected two widely recognized and applied sources of financial ratios. Each of these resources calculates industry ratios based on a different set of data sources, different ownership form, and for different time periods.

Also, although all publications follow the NAICS industry classification system, each of them includes a slightly different set of industries. As a result, the results vary depending on the data sources used. Navigant decided it was prudent to first review the applicability of resources used for the analysis and then construct a range of results rather than a single number to estimate a reasonable profit for currency exchanges. The following paragraphs describe the sources of data for comparable industry benchmarks as well as limitations of that data, and the results of these analyses, including determination of reasonable profit to be earned by the currency exchanges.

2.5.2 The Internal Revenue Service Statistics of Income

One of the benchmarks used by Navigant was a set of data compiled from the Internal Revenue Service Statistics of Income (“SOI”) Bulletin Articles on Sole Proprietorship Returns from tax years 2008 – 2014 for companies classified in the financial and insurance services industry.²⁹ As the information contained in these Bulletin Articles is organized by NAICS, these industries would be equivalent to considering

²⁸ More specifically, the return on revenue, also sometimes referred to return on sales or a profit margin, was calculated by dividing net income by total revenue for a given period. The profit reported in the DFI data is “FINAL Net Income”.

²⁹ The 2014 Bulletin is the most current IRS published Sole Proprietorship Bulletin to date. The data in SOI is based on a stratified probability sample of unaudited Individual Income Tax Returns Form 1040 and 1040PC, where schedule C Profit or Loss from Business (Sole Proprietorship), or Schedule C-EZ, Net Profit from Business and Schedule F, Farm Income and Expenses were either present or absent. The 2014 non-farm sole proprietorship data is based on a sample of 91,665 returns and a population of 25,010,078 returns. The corresponding sample and population for the 2013 data were 88,237 returns and 24,398,535 returns, respectively.

companies classified in the NAICS code 52 and NAICS Code 522. The form of ownership of these businesses was an additional consideration since the data collected by SOI was from sole proprietorships, which is similar to the organization of many currency exchanges. Using information in the SOI, Navigant compared ROR percentages of currency exchanges with the benchmark industries.³⁰ The details of the calculation can be found in Schedule 10, and the summary of the SOI analysis is presented in Table 13 below.

Table 13: Internal Revenue Service SOI Data – Pre-Tax Return on Revenue³¹

	2008	2009	2010	2011	2012	2013	2014	2015
Finance and Insurance (NAICS 52)	16.0%	11.4%	21.2%	21.6%	25.4%	24.6%	25.1%	
Credit Intermediation and Related Activities (NAICS 522)	7.2%	15.3%	20.4%	13.8%	15.5%	15.8%	17.7%	
Currency Exchange (Return on Revenue)	5.5%	3.2%	5.6%	4.3%	7.1%	4.4%	6.1%	3.0%
Average for All Years:								
Finance and Insurance	20.8%							
Credit Intermediation and Related Activities	15.1%							
Illinois Currency Exchanges	5.2%							

As shown in Table 13, the pre-tax ROR for the sample of financial and insurance services companies averaged 20.8% for the period 2008 through 2014. Companies classified within the NAICS code 522, which provide credit intermediation and related services, including companies that provide check cashing services, averaged a 15.1% return on revenue over the 2008 through 2014 period. During that same time, currency exchanges averaged a return on revenue of 5.2%, and 4.9% including 2015 data. Moreover, while the returns in the finance and insurance industry and credit intermediation industry have been increasing over the analyzed period, the currency exchange returns have remained stagnant with slight year-to-year variation. Additional details of this analysis are provided in Schedule 10.

2.5.3 The RMA Annual Statement Study

In addition to analyzing the benchmark established by the IRS’s SOI, Navigant utilized Risk Management Association Annual Statement Studies, Financial Ratio Benchmarks (“RMA Study”), a widely accepted publication prepared annually.³² Navigant again used ROR as the appropriate benchmark for comparing currency exchanges’ profitability with the profitability experienced by comparable industries.³³ The RMA study is also organized by NAICS codes. The data used by RMA come from the financial statements of small and medium-size businesses provided by RMA’s member institutions. The majority of companies represented in the RMA studies are nonpublic companies. The statements used to calculate RMA’s ratios include tax returns and unqualified, reviewed and compiled annual financial reports. The number of statements used to calculate ratios for a given industry varies from year to year and from industry to industry.

As previously defined, NAICS 522390 consists of establishments facilitating credit intermediation including check cashing services, loan servicing, money order issuance services, and travelers’ check issuance services. This is the most relevant code for the comparison of functions and risks. The other codes, industries classified under NAICS 522, were selected to provide broader industry benchmarks

³⁰ To calculate Return on Revenue, Navigant divided each sector’s Business receipts (or Revenue) by Net Income less deficit (or Profit). Business receipts represent total receipts of the business: mainly gross receipts from sales and operations, and also miscellaneous business receipts, but exclude incidental investment income received through the business. This data was compiled for businesses with and without net income.

³¹ Navigant calculated the ROR based upon the revenue and net income amounts presented in the Table 1, Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income by Industrial Sectors (Businesses with and without net income).

³² Risk Management Association, Annual Statement Studies, Financial Ratio Benchmarks.

³³ The Risk Management Association calculates return on revenue as profit before taxes divided by net sales.

closely-related industries. The details of the RMA analysis, including individual ratios that went into the calculation of code averages, can be found in Schedule 11. Table 14 below summarizes the results of RMA Study analysis.

Table 14: RMA Industry Profit as a Percentage of Total Revenue

NAICS Code	NAICS Code Description	Profit Before Tax as a Percentage of Total Revenue						Average
		4/1/08 - 3/31/09	4/1/09 - 3/31/10	4/1/10 - 3/31/11	4/1/11 - 3/31/12	4/1/12 - 3/31/13	4/1/13 - 3/31/14	
522390	Other Activities Related to Credit Intermediation	10.7%	11.7%	9.4%	9.8%	12.3%	13.7%	11.3%
522298	All Other Nondepository Credit Intermediation	12.9%	16.5%	16.7%	18.2%	20.9%	20.2%	17.6%
522	Credit Intermediation and Related Activities - Average	11.9%	12.0%	15.5%	16.3%	15.9%	16.6%	14.7%
	Currency Exchanges	3.2%	5.6%	4.3%	7.1%	4.4%	6.1%	5.1%

The average profitability of comparable companies ranged from 11.9% to 16.6% for companies in the Credit Intermediation and Related Activities industry (NAICS 522). The profitability of the companies classified in the NAICS code 522390, Other Activities Related to Credit Intermediation, ranges from 9.4% to 13.7% which is slightly lower than the industry but more than double the currency exchange rates of return in all but one year. Moreover, the results from April 2008 through March 2013 show other non-depository credit intermediation establishments realized over a seven-point percentage increase in return on revenue, with a slight decline in March 2014. This compared to the inconsistent growth rates for currency exchanges. The rate of return for currency exchanges reached 7.1% in 2012; however, profitability quickly declined in 2013 and only recovered to 6.1% in 2014. In comparison, other non-depository credit intermediation establishments realized the consistent year-over-year growth from 2009 to 2013, and over a 7-point gain for the period. Additionally, companies classified in Other Activities Related to Credit Intermediation reached the peak of profitability in 2014.

2.5.4 Determination of Reasonable Profit

Reasonable profit is one of the six criteria to be used in establishing the maximum check cashing rate. Reasonable profit should compensate the investor for the risk taken when investing cash in a business such as a currency exchange. Navigant attempted to determine reasonable profit by analyzing the other five criteria and by comparing the historical and most recent returns earned by Illinois currency exchanges to returns earned in industries that shared similar functional and risk profiles.

As previously described, these industries were determined to be: Finance and Insurance industry as defined by NAICS code 52, Credit Intermediation sub-sector as defined by NAICS code 522 and Other Non-Depository Credit Intermediation group as defined by NAICS code 522298. This group consists of establishments providing check cashing services as well as money order and traveler’s checks issuance services as defined by NAICS.

Of the two comparable company data sources that we relied upon, the RMA provides the broadest financial picture of the industry since it covers the widest array of data sources over the longest time frame. According to the RMA publication, companies providing check cashing services earned an average 11.3% return on revenue over the last six years. The rate of return on revenue for all companies engaged in activities similar Illinois currency exchanges ranged from 10% to 17.8% on average for the years 2008 to 2014.³⁴

The IRS’s SOI publication presents a similar picture, but has the advantage of presenting information for businesses – sole proprietorships – that are more similar in size and scale than many of those

³⁴ See Schedule 11.

reported on by RMA. The return on revenue for comparable companies presented in the SOI publication have returns ranging from 15.1% to 20.8% on an average basis from 2008 through 2014.³⁵

We know from our analyses of the revenue, expenses, and profits of Illinois currency exchanges since 2008 that the average industry store has had a maximum return on revenue during that time of 7.1% in 2012. Since the prior rate increase, return on revenue has eroded. From 2008 through 2015, 159 licensees have ceased operating within the state.³⁶ Our analyses of industry results show that the threshold reasonable return on revenue approximates 15% on an average basis for the industry. Our analyses also determined that comparable companies have earned on average anywhere from 10.0% to 20.8% between 2008 and 2014. Consequently, we conclude that the reasonable return on revenue for Illinois currency exchanges ranges from 10.0% to 20.8%, with the midpoint of that range being 15.4%. The current rates of return for Illinois currency exchanges range from 3.0% to 7.1% for the period 2008 – 2015 with a midpoint return on revenue of 5.0%. The comparison shows currency exchanges are not realizing a comparable rate of return to similar business, thus justifying the need for the proposed rate increase.

³⁵ See Schedule 10.

³⁶ Another 28 closed in 2016. See Rate Petition, Tab 7, Table A.

3.0 Conclusion

3.1 Description of Findings

In this report Navigant reviewed key areas of currency exchanges to understand the business structure, the profitability, and other factors affecting these stores' ability to operate a viable business within the State of Illinois. We conducted our review bearing in mind the six criteria to be used by the DFI to establish check cashing rates. Our findings are set forth below in response to each rate-making criterion:

1. Rates charged in the past for the cashing of checks and the issuance of money orders

Rates set historically by the DFI are instructive in that they point out the periodic need for an increase in the maximum rate that can be charged to cash a check. The percentage-based fee structure has not been adequate as demonstrated by the diminished profitability and number of store closing for Illinois currency exchanges. Therefore, periodic rate increases are necessary in order for currency exchanges to realize a reasonable rate of return for the risks undertaken and investments necessary to operate a currency exchange. The rate increase will reflect an adequate rate to compensate Illinois currency exchanges for the changes in the nature of the business and related expenses since the last rate increase.

2. Rates charged by banks and other business entities for rendering the same or similar services and the basis for those rates.

The cashing of checks by non-customers at Illinois banks is not a core service of these banks, as evidenced in the survey conducted. All but one bank surveyed do not provide check-cashing services for non-customers unless they are cashing checks drawn on that bank. Thus, Illinois currency exchanges provide a resource to individuals without access to a bank account. Additionally, the bank that do cash non-customer checks drawn on the bank does not have consistent check cashing fees or rates, may charge more than currency exchanges, and require customers to present multiple forms of identification. Currency Exchanges offer consistency in check cashing policies, customer accessibility, and check cashing fees.

Big box retailers and grocery stores do charge less for check cashing when they cash checks for customers who come into their stores. Many retailers and grocery stores do not cash checks for their customers. Most importantly, retailers and grocery stores cash checks as a convenience for their customers to encourage them to shop in their stores and buy their products and goods. Check cashing is not a primary revenue generator but only incidental to their business, and therefore the rates they charge should not be used to compare with and limit the rates that currency exchanges are allowed to charge for check cashing.

3. Rates charged by the United States Postal Service for the issuance of money orders.

Navigant did not study the rates charged by the United States Postal Services for money orders as the Rate Petition does not request a rate increase for this service.

4. Rates charged by currency exchanges or other similar entities located in other states for the same or similar services, and the basis for those rates.

Navigant researched check cashing rates in other states in order to provide a comparison of rates in Illinois. We found that where states regulate check cashing, there are different regulatory schemes regulating check cashing. Rates that can be charged can be based on government v. private checks, as well as the type and sufficiency of personal identification. Seventeen states have no regulation of currency exchanges leaving the prices charged by businesses in those states to market forces. In addition to the seventeen states that have no regulatory scheme limiting check cashing rates, another eight states that regulate currency exchanges have no limit on the amount a currency exchange can charge for check cashing – making the rule in the majority of states is that check cashing rates are determined by market forces. Most of the remaining 24 states, plus the District of Columbia, that impose limits on check cashing rates, allow for limits of 3-10% – much higher than what Illinois currently allows and even what Illinois would allow were the request for increase in the Rate Petition granted. These different approaches all recognize the risks inherent in check-cashing and attempt to compensate the check casher accordingly. Our review demonstrates Illinois ranks near the very bottom in providing an adequate check cashing rate and an approach to the check cashing market that permits currency exchange owners to mitigate the risks of cashing certain types of checks.

5. The income, cost, and expenses of the operation of currency exchanges.

A review of DFI compiled data for 2008 through 2015 yielded compelling results. By 2015, the average return on revenue was 2.9% for the average currency exchange, and the average check cashing revenue for currency exchanges decreased approximately 23% from 2008 to 2015. Additionally, the total number of currency exchanges reporting financial results to the DFI declined from 580 to 421 currency exchanges from 2008 to 2015, a loss of 159 stores, or approximately 27.4% of the exchanges.³⁷ The financial information from the DFI also shows expenses have grown faster than revenue for currency exchanges from 2008 to 2015, thus highlighting the distressed state of the industry. Since increasing costs that currency exchanges must incur are fixed, currency exchange owners have minimal ability to manage these costs in relation to revenue. The weak and eroding financial results for the industry have impacted the viability of many stores. The figures provide ample evidence of the need for rate relief for check cashing.

6. A reasonable profit for a currency exchange operation.

The estimation of a reasonable profit for Illinois currency exchanges requires the blending of many sources of data and information. The five criteria above must all be examined and considered, as well as rates of return that have been earned by comparable business. Many of the risks faced by a currency exchange owner are identical to those of any other small business. Currency exchange owners face the added risks to their investments of check forgeries, theft, and other frauds that are perpetrated on them because of the very nature of their business. These risks and costs are not insignificant and they will continue to grow. Not only do the inherent risks of the business need to be considered, but so does the investment needed to operate the business. Otherwise, the business owner will invest in other assets that provide a greater return, bear less risk, and take less time and effort.

We have analyzed the level and nature of the currency exchange industry's costs in great detail. Total Expenses have risen faster than Total Revenue for the industry since 2008. Since the operating costs of the currency exchanges must be paid to creditor and vendors before any profit can be earned, this continued increase in costs has caused profits to diminish for the average store today as compared to that same store in 2008.

In conjunction with our evaluation of the first five criteria for rate setting, we conducted a review of comparable businesses as part of our attempt to determine a reasonable rate of return for currency

³⁷ Another 28 stores have closed during the calendar year 2016 (Rate Petition, Tab 6, Table A).

exchanges in Illinois. We used multiple industry averages that reflect different aspects of a currency exchange's business, including rates of return for businesses involved in credit intermediation and financial institutions. Using both the Statistics on Income published by the Internal Revenue Service of the US Department of the Treasury and data from the Risk Management Association Annual Statement Studies, we determined that profitability, as measured by the average return on revenue for the period 2008 through 2014, ranged from 14.7% to 20.8% for businesses comparable to currency exchanges. The midpoint of this range is a return on revenue of 17.8%. The return on revenue for currency exchanges in Illinois is significantly lower at between 3.0% and 7.1% during the period 2008 to 2015. The midpoint for the range of Illinois currency exchanges' return on revenue is 5.0%, or 12.8% lower than the midpoint for comparable companies. We believe that a reasonable return on revenue for currency exchanges in Illinois ranges from 10.0% to 20.8%. Given the nature of currency exchange operations; the inherent risks in the business; the rates allowed and profit earned historically by the industry; the rates allowed in other regulated states; and the rate of return earned by comparable businesses, we believe this range of profit to be reasonable.

3.2 Conclusion

Based on our review of the six criteria for rate setting, the Illinois Currency Exchanges should be afforded rate relief for check cashing services. The requested increase in check cashing rate will assist currency exchanges in remaining viable as an industry, while providing customers with a convenient and readily accessible service. The increase will still leave Illinois near the low end of the spectrum in terms of check cashing rates allowed by other states.

Community Currency Exchange Association of Illinois, Inc.
Analysis of Revenues, Expenses and Profits

DFI Data: Aggregate Results
 2008 through 2015 ¹

	2008	2009	2010	2011	2012	2013	2014	2015
Income								
Check Cashing Fees	\$130,443,602	\$105,915,712	\$100,179,059	\$93,665,180	\$85,253,613	\$79,137,344	\$75,530,525	\$73,299,270
Money Order Fees	8,908,100	7,891,067	7,261,381	6,392,682	5,944,594	5,645,444	5,562,410	5,365,258
License Plate & City Sticker Fees	20,314,859	20,023,924	20,184,775	19,936,592	19,907,409	22,297,702	24,390,085	22,009,646
Utilities	8,526,021	8,673,743	8,559,740	8,419,688	8,449,280	8,305,383	8,111,355	8,727,344
Other Income	27,944,051	25,811,835	24,332,347	27,479,729	31,983,730	29,329,378	31,320,724	37,146,866
Revenue Adjustment	176	235,580	195	313	(3)	61,491	483	0
Reconciliation - Adjustments	0	(139,292)	1,862	0	1	89	(3)	(1,994,326)
Total Income	\$196,136,809	\$168,412,569	\$160,519,359	\$155,894,184	\$151,538,624	\$144,776,831	\$144,915,579	\$144,554,058
Expenses								
Employee Payroll	\$61,911,286	\$56,733,852	\$51,387,437	\$49,765,767	\$48,448,658	\$47,382,775	\$46,969,662	\$48,555,847
Employee Benefits	2,473,524	2,091,107	2,046,953	2,083,355	2,019,303	1,818,703	1,833,228	1,815,172
Payroll Taxes	4,681,200	4,298,771	4,159,871	4,166,380	4,030,769	3,772,068	3,760,136	4,199,792
Bank Charges - Money Orders	1,709,256	1,480,268	1,722,477	1,123,644	1,069,789	765,791	623,090	463,462
Bank Charges - Check & Other Services	9,105,074	8,521,041	8,374,783	8,226,475	8,087,755	8,385,057	8,726,344	9,373,789
Armored Car Expense	3,192,228	3,016,159	2,313,138	1,855,955	1,668,882	1,474,580	1,406,138	1,363,439
Telephone & Telegram Expense	3,329,497	3,056,326	2,685,337	2,511,689	2,374,312	2,277,607	2,069,575	1,913,334
Collection and Bad Debt Expense	9,819,298	6,034,231	6,340,925	4,828,507	4,949,168	4,659,961	4,358,257	4,955,897
Rent Expense	15,666,955	14,642,750	13,982,483	13,377,338	12,821,447	12,718,120	12,442,773	12,847,452
Equipment Expense Including Leasing Cost	88,414	61,353	80,827	30,529	367,666	104,596	170,772	157,996
Depreciation Expense (Equipment)	4,423,767	4,626,575	3,734,601	4,761,563	3,108,559	2,786,617	2,505,991	2,575,613
Maintenance Expense	5,064,170	4,995,908	4,713,163	4,466,669	3,985,645	4,264,023	4,733,955	5,061,579
Depreciation (Auto)	101,293	96,985	140,402	108,472	48,915	46,251	10,377	14,715
Amortization (Leasehold Improvements)	1,359,899	1,880,370	1,055,180	1,087,557	826,498	691,112	783,765	699,502
Depreciation (Buildings)	39,023	41,653	51,187	26,947	34,777	24,519	25,539	22,697
Postage Expense	141,289	140,007	124,463	125,272	169,808	130,534	82,927	35,917
Supplies	5,142,703	4,378,513	3,909,136	3,288,201	3,040,947	3,230,136	3,141,223	3,272,833
Security & Alarm Expense	2,394,093	2,210,541	1,947,490	1,825,790	1,797,929	1,744,040	1,745,797	1,669,270
Utilities Expense	3,708,504	3,491,409	3,436,992	3,106,192	2,582,128	2,547,422	2,687,283	2,546,293
Auto Expense	1,370,175	1,181,771	946,387	863,712	663,130	573,930	480,916	469,088
Cash Difference	2,966,511	2,040,233	1,940,318	1,869,280	1,865,501	1,924,518	1,239,968	1,414,680
Blanket Bond Expense	1,902,563	1,621,029	1,455,997	1,277,110	1,137,776	968,904	891,220	743,239
Surety Bond Expense	608,236	655,980	523,000	505,239	502,342	600,577	374,223	332,295
Other Insurance Expense	3,318,967	3,107,005	2,914,722	2,633,844	2,486,916	2,207,025	2,144,064	2,201,266
Income Taxes (Federal, State)	166,180	208,895	280,567	249,649	155,198	392,936	191,584	141,234
Other Taxes	297,121	603,439	617,549	1,240,258	854,082	852,902	1,293,562	724,090
Legal & Accounting Fees	3,975,432	3,650,969	3,352,996	3,329,603	3,071,414	2,961,195	2,813,330	2,714,243
Association Dues	988,616	1,163,599	1,088,999	970,049	933,710	789,249	677,585	728,547
State License	395,584	394,867	251,824	227,747	328,149	259,783	270,258	229,919
Interest Expense	3,246,448	2,237,060	2,260,113	2,972,489	2,170,042	1,534,695	1,512,403	1,581,164
Advertising	3,130,613	1,886,887	1,871,984	1,861,239	1,612,436	1,521,226	811,175	768,302
Contributions	146,010	85,349	110,939	83,059	117,527	64,576	76,416	61,357
License Service Expense	1,345,967	1,317,720	1,335,810	1,739,320	1,667,386	2,090,967	2,108,095	2,109,433
Miscellaneous Expense	9,579,665	7,220,694	7,232,958	8,180,367	10,000,077	7,873,666	7,116,214	6,937,074
Officer(s) / Owner(s) Salaries	5,944,561	5,534,732	4,714,682	4,856,647	3,996,434	3,807,060	4,205,142	3,475,198
Management Fee for Working Officer / Owner	11,770,764	8,643,186	8,644,540	9,740,752	7,972,629	11,503,730	12,173,842	16,168,688
Expense Adjustment	(8)	51	(197)	8	(4)	76	53	N/A
Reconciliation - Adjustments	(91,465)	(136,995)	1	1	(1,673)	296	381	0
Total Expenses	\$185,414,413	\$163,214,220	\$151,750,034	\$149,366,675	\$140,966,027	\$138,751,223	\$136,457,263	\$142,344,416
Net Income (Loss)	\$10,722,396	\$5,198,279	\$8,769,325	\$6,527,509	\$10,572,597	\$6,025,608	\$8,458,316	\$2,209,642
Reconciliation - Net Income Adjustment	(140,981)	(2)	(201)	2	(1,841)	209	234,199	1,994,326
Final Net Income (Loss)	\$10,581,415	\$5,198,277	\$8,769,124	\$6,527,511	\$10,570,756	\$6,025,817	\$8,692,515	\$4,203,968
Exchanges Reporting	580	535	506	484	488	447	419	421

Notes:

1) Based on aggregate data received from The Illinois Department of Financial Institutions.

Schedule 2

Community Currency Exchange Association of Illinois, Inc.
Analysis of Revenues, Expenses and Profits

DFI Data: Average Store Results
2008 through 2015¹

	2008	2009	2010	2011	2012	2013	2014	2015	Compound Growth 2008 - 2015	Average 2008 - 2015
Income										
Check Cashing Fees	\$224,903	\$197,973	\$197,982	\$193,523	\$174,700	\$177,041	\$180,264	\$174,108	-3.59%	\$190,062
Money Order Fees	15,359	14,750	14,351	13,208	12,182	12,630	13,275	12,744	-2.83%	13,562
License Plate & City (Clicker) Fees	35,026	37,428	39,891	41,191	40,794	49,863	58,219	52,279	5.89%	44,338
Utilities	14,709	16,213	16,916	17,308	17,314	16,580	19,359	20,730	5.03%	17,651
Other Income	48,179	48,246	48,068	56,776	65,540	65,614	74,751	86,235	9.03%	61,929
Revenue Adjustment	0	440	0	1	(0)	138	1	N/A	N/A	83
Reconciliation - Adjustments	0	(260)	4	0	0	0	(5)	(4,737)		(824)
Total Income	\$338,167	\$314,700	\$317,232	\$322,095	\$310,530	\$323,886	\$345,861	\$343,359	0.22%	\$327,000
Expenses										
Employee Payroll	\$106,744	\$106,045	\$101,556	\$102,822	\$99,280	\$108,002	\$112,090	\$115,335	1.11%	\$106,235
Employee Benefits	4,268	3,909	4,045	4,304	4,138	4,069	4,375	4,312	0.16%	4,177
Payroll Taxes	8,071	8,035	8,221	8,808	8,280	8,439	8,974	9,976	3.97%	8,573
Bank Charges - Money Orders	2,947	2,767	3,404	2,322	2,192	1,713	1,487	1,101	-13.12%	2,242
Bank Charges - Check & Other Services	15,700	15,927	16,551	16,997	16,573	18,759	20,827	22,266	5.12%	17,950
Armored Car Expense	5,504	5,638	4,571	3,835	3,420	3,299	3,356	3,239	-7.30%	4,108
Telephone & Telegram Expense	5,741	5,713	5,307	5,189	4,865	5,095	4,930	4,545	-3.28%	5,174
Collection and Bad Debt Expense	16,930	11,279	12,531	9,976	10,142	10,425	10,402	11,772	-5.06%	11,682
Rent Expense	27,012	27,370	27,633	27,639	26,273	26,452	29,696	30,517	1.76%	26,774
Equipment Expense Including Leasing Cost	152	115	160	83	753	234	408	375	13.74%	263
Depreciation Expense (Equipment)	7,627	8,648	7,381	8,638	9,370	6,234	5,981	6,118	-3.10%	7,275
Maintenance Expense	8,731	9,338	9,315	9,229	8,167	9,539	11,298	12,023	4.68%	9,705
Depreciation (Auto)	175	181	277	224	100	103	25	35	-20.53%	140
Amortization (Leasehold Improvements)	2,345	3,515	2,085	2,247	1,894	1,548	1,871	1,662	-4.80%	2,120
Depreciation (Buildings)	67	78	101	56	71	55	61	54	-3.12%	68
Postage Expense	244	262	246	259	348	292	198	85	-13.92%	242
Supplies	8,867	8,184	7,726	6,794	6,231	7,226	7,497	7,774	-1.86%	7,537
Security & Alarm Expense	4,128	4,132	3,849	3,772	3,684	3,902	4,187	3,965	-0.57%	3,950
Utilities Expense	6,394	6,526	6,792	6,418	5,291	5,699	6,414	6,048	-0.79%	6,198
Cash Difference	2,362	2,209	1,870	1,785	1,359	1,284	1,148	1,114	-10.18%	1,641
Blanket Bond Expense	5,115	3,614	3,835	3,862	3,823	4,305	2,959	3,360	-5.82%	3,884
Surety Bond Expense	1,049	1,220	2,877	2,639	2,332	2,188	2,127	1,765	-8.47%	2,527
Other Insurance Expense	5,722	5,807	5,780	5,442	5,096	4,937	5,117	5,229	-1.28%	5,389
Income Taxes (Federal, State)	287	290	554	516	318	679	457	335	2.28%	467
Other Taxes	512	1,128	1,220	2,563	1,750	1,908	3,087	1,720	18.88%	1,736
Legal & Accounting Fees	6,854	6,824	6,626	6,879	6,294	6,825	6,714	6,447	-0.87%	6,658
Association Dues	1,705	2,175	2,152	2,004	1,913	1,766	1,617	1,731	0.22%	1,853
State License	682	738	498	471	672	581	645	546	-3.12%	604
Interest Expense	5,597	4,181	4,467	6,142	4,447	3,433	3,610	3,756	-5.54%	4,454
Advertising	5,398	3,527	3,700	3,846	3,304	3,403	1,936	1,825	-14.35%	3,367
Contributions	252	160	219	172	241	144	182	148	-7.51%	189
License Service Expense	2,321	2,463	2,640	3,594	3,417	4,678	5,031	5,111	11.62%	3,644
Miscellaneous Expense	16,517	13,497	14,294	16,902	20,482	17,614	16,984	16,478	-0.03%	16,597
Officer(s) / Owner(s) Salaries	10,249	10,345	9,318	10,034	8,189	8,517	10,036	8,255	-3.04%	9,368
Management Fee for Working Officer / Owner	20,294	16,155	17,064	20,126	18,337	25,735	29,055	38,405	9.54%	22,899
Expense Adjustment	(0)	0	(0)	0	(0)	0	0	N/A	N/A	(0)
Reconciliation - Adjustments	(158)	(256)	0	0	(3)	1	1	0	-100.00%	(52)
Total Expenses	\$319,680	\$305,073	\$299,601	\$308,609	\$288,665	\$310,405	\$325,674	\$338,110	0.80%	\$312,040
Net Income (Loss)	\$18,487	\$9,716	\$17,331	\$13,487	\$21,665	\$13,480	\$20,187	\$5,249	-16.46%	\$14,961
Reconciliation - Net Income Adjustment	(243)	(0)	(0)	0	(4)	0	559	4,737		631
Final Net Income (Loss)	\$18,244	\$9,716	\$17,330	\$13,487	\$21,661	\$13,481	\$20,746	\$9,986	-8.25%	\$15,592
Exchanges Reporting	580	838	806	484	488	447	419	421		485

Notes:

1) Based on aggregate data received from The Illinois Department of Financial Institutions.

Community Currency Exchange Association of Illinois, Inc.
Analysis of Revenues, Expenses and Profits

DFI Data: Common Size Income Statements
 2008 through 2015 ¹

	2008	2009	2010	2011	2012	2013	2014	2015
Income								
Check Cashing Fees	66.5%	62.9%	62.4%	60.1%	56.3%	54.7%	52.1%	50.7%
Money Order Fees	4.5%	4.7%	4.5%	4.1%	3.9%	3.9%	3.8%	3.7%
License Plate & City Sticker Fees	10.4%	11.9%	12.6%	12.8%	13.1%	15.4%	16.8%	15.2%
Utilities	4.3%	5.2%	5.3%	5.4%	5.6%	5.7%	5.6%	6.0%
Other Income	14.2%	15.3%	15.2%	17.6%	21.1%	20.3%	21.6%	25.7%
Revenue Adjustment	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	N/A
Reconciliation - Adjustments	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	-1.4%
Total Income	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Expenses								
Employee Payroll	31.6%	33.7%	32.0%	31.9%	32.0%	32.7%	32.4%	33.6%
Employee Benefits	1.3%	1.2%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Payroll Taxes	2.4%	2.6%	2.6%	2.7%	2.7%	2.6%	2.6%	2.9%
Bank Charges - Money Orders	0.9%	0.9%	1.1%	0.7%	0.7%	0.5%	0.4%	0.3%
Bank Charges - Check & Other Services	4.6%	5.1%	5.2%	5.3%	5.3%	5.8%	6.0%	6.5%
Armored Car Expense	1.6%	1.8%	1.4%	1.2%	1.1%	1.0%	1.0%	0.9%
Telephone & Telegram Expense	1.7%	1.8%	1.7%	1.6%	1.6%	1.6%	1.4%	1.3%
Collection and Bad Debt Expense	5.0%	3.6%	4.0%	3.1%	3.3%	3.2%	3.0%	3.4%
Rent Expense	8.0%	8.7%	8.7%	8.6%	8.5%	8.8%	8.6%	8.9%
Equipment Expense Including Leasing Cost	0.0%	0.0%	0.1%	0.0%	0.2%	0.1%	0.1%	0.1%
Depreciation Expense (Equipment)	2.3%	2.7%	2.3%	3.1%	2.1%	1.9%	1.7%	1.8%
Maintenance Expense	2.6%	3.0%	2.9%	2.9%	2.6%	2.9%	3.3%	3.5%
Depreciation (Auto)	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Amortization (Leasehold Improvements)	0.7%	1.1%	0.7%	0.7%	0.5%	0.5%	0.5%	0.5%
Depreciation (Buildings)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Postage Expense	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%
Supplies	2.6%	2.6%	2.4%	2.1%	2.0%	2.2%	2.2%	2.3%
Security & Alarm Expense	1.2%	1.3%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
Utilities Expense	1.9%	2.1%	2.1%	2.0%	1.7%	1.8%	1.8%	1.8%
Auto Expense	0.7%	0.7%	0.6%	0.6%	0.4%	0.4%	0.3%	0.3%
Cash Difference	1.5%	1.2%	1.2%	1.2%	1.2%	1.3%	0.9%	1.0%
Blanket Bond Expense	1.0%	1.0%	0.9%	0.8%	0.8%	0.7%	0.6%	0.5%
Surety Bond Expense	0.3%	0.4%	0.3%	0.3%	0.3%	0.4%	0.3%	0.2%
Other Insurance Expense	1.7%	1.8%	1.8%	1.7%	1.6%	1.5%	1.5%	1.5%
Income Taxes (Federal, State)	0.1%	0.1%	0.2%	0.2%	0.1%	0.3%	0.1%	0.1%
Other Taxes	0.2%	0.4%	0.4%	0.8%	0.6%	0.6%	0.9%	0.5%
Legal & Accounting Fees	2.0%	2.2%	2.1%	2.1%	2.0%	2.0%	1.9%	1.9%
Association Dues	0.5%	0.7%	0.7%	0.6%	0.6%	0.5%	0.5%	0.5%
State License	0.2%	0.2%	0.2%	0.1%	0.2%	0.2%	0.2%	0.2%
Interest Expense	1.7%	1.3%	1.4%	1.9%	1.4%	1.1%	1.0%	1.1%
Advertising	1.6%	1.1%	1.2%	1.2%	1.1%	1.1%	0.6%	0.5%
Contributions	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%	0.0%
License Service Expense	0.7%	0.8%	0.8%	1.1%	1.1%	1.4%	1.5%	1.5%
Miscellaneous Expense	4.9%	4.3%	4.5%	5.2%	6.6%	5.4%	4.9%	4.8%
Officer(s) / Owner(s) Salaries	3.0%	3.3%	2.9%	3.1%	2.6%	2.6%	2.9%	2.4%
Management Fee for Working Officer / Owner	6.0%	5.1%	5.4%	6.2%	5.3%	7.9%	8.4%	11.2%
Expense Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	N/A
Reconciliation - Adjustments	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Expenses	94.5%	96.9%	94.5%	95.8%	93.0%	95.8%	94.2%	98.5%
Net Income (Loss)	5.5%	3.1%	5.5%	4.2%	7.0%	4.2%	5.8%	1.5%
Reconciliation - Net Income Adjustment	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	1.4%
Final Net Income (Loss)	5.4%	3.1%	5.5%	4.2%	7.0%	4.2%	6.0%	2.9%
Exchanges Reporting	590	535	506	484	488	447	419	421

Notes:

1) Based on aggregate data received from The Illinois Department of Financial Institutions.

Community Currency Exchange Association of Illinois, Inc.
Analysis of Revenues, Expenses and Profits

DFI Data: Average Store Annual Percentage Change ²
 2009 through 2015 ¹

	2009	2010	2011	2012	2013	2014	2015	Percentage Change 2008 - 2015
Income								
Check Cashing Fees	-12.0%	0.0%	-2.3%	-9.7%	1.3%	1.8%	-3.4%	-22.6%
Money Order Fees	-4.0%	-2.7%	-8.0%	-7.8%	3.7%	5.1%	-4.0%	-17.0%
License Plate & City Sticker Fees	6.9%	6.6%	3.3%	-1.0%	22.3%	16.7%	-10.2%	49.3%
Utilities	10.3%	4.3%	2.8%	-0.5%	7.3%	4.2%	7.1%	41.0%
Other Income	0.1%	-0.3%	18.1%	15.4%	0.1%	13.9%	18.0%	83.1%
Revenue Adjustment ³								
Reconciliation - Adjustments ³								
Total Income	-6.9%	0.8%	1.5%	-3.6%	4.3%	6.8%	-0.7%	1.5%
Expenses								
Employee Payroll	-0.7%	-4.2%	1.2%	-3.4%	6.8%	5.8%	2.9%	8.0%
Employee Benefits	-8.3%	3.5%	6.4%	-3.9%	-1.7%	7.5%	-1.5%	1.1%
Payroll Taxes	-0.4%	2.3%	4.7%	-4.0%	2.2%	6.3%	11.2%	23.6%
Bank Charges - Money Orders	-6.1%	23.0%	-31.8%	-5.6%	-21.9%	-13.2%	-26.0%	-62.6%
Bank Charges - Check & Other Services	1.4%	3.9%	2.7%	-2.5%	13.2%	11.0%	6.9%	41.8%
Armored Car Expense	2.4%	-18.9%	-16.1%	-10.8%	-3.5%	1.7%	-3.5%	-41.2%
Telephone & Telegram Expense	-0.5%	-7.1%	-2.2%	-6.2%	4.7%	-3.1%	-8.0%	-20.8%
Collection and Bad Debt Expense	-33.4%	11.1%	-20.4%	1.7%	2.8%	-0.2%	13.2%	-30.5%
Rent Expense	1.3%	1.0%	0.0%	-4.9%	8.3%	4.4%	2.8%	13.0%
Equipment Expense Including Leasing Cost	-24.8%	39.3%	-60.5%	1094.4%	-68.9%	74.2%	-7.9%	146.2%
Depreciation Expense (Equipment)	13.4%	-14.7%	33.3%	-35.3%	-2.1%	-4.1%	2.3%	-19.8%
Maintenance Expense	6.9%	-0.3%	-0.9%	-11.5%	16.8%	18.4%	6.4%	37.7%
Depreciation (Auto)	3.8%	53.1%	-19.2%	-55.3%	3.2%	-76.1%	41.1%	-80.0%
Amortization (Leasehold Improvements)	49.9%	-40.7%	7.8%	-24.6%	-8.7%	21.0%	-11.2%	-29.1%
Depreciation (Buildings)	15.7%	29.9%	-45.0%	28.0%	-23.0%	11.1%	-11.6%	-19.9%
Postage Expense	7.4%	-6.0%	5.2%	34.4%	-16.1%	-32.2%	-56.9%	-65.0%
Supplies	-7.7%	-5.6%	-12.1%	-8.3%	16.0%	3.7%	3.7%	-12.3%
Security & Alarm Expense	0.1%	-6.9%	-2.0%	-2.3%	5.9%	6.8%	-4.8%	-3.9%
Utilities Expense	2.1%	4.1%	-5.5%	-17.6%	7.7%	12.5%	-5.7%	-5.4%
Auto Expense	-6.5%	-15.3%	-4.6%	-23.9%	-5.5%	-10.6%	-2.9%	-52.8%
Cash Difference	-25.4%	0.6%	0.7%	-1.0%	12.6%	-31.3%	13.5%	-34.3%
Blanket Bond Expense	-7.6%	-5.0%	-8.3%	-11.6%	-7.0%	-1.9%	-17.0%	-46.2%
Surety Bond Expense	16.9%	-15.7%	1.0%	-1.4%	30.5%	-33.5%	-11.6%	-24.7%
Other Insurance Expense	1.5%	-0.8%	-5.5%	-6.4%	-3.1%	3.6%	2.2%	-8.6%
Income Taxes (Federal, State)	36.3%	42.0%	-7.0%	-38.3%	176.4%	-48.0%	-26.6%	17.1%
Other Taxes	120.2%	8.2%	110.0%	-31.7%	9.0%	61.8%	-44.3%	235.7%
Legal & Accounting Fees	-0.4%	-2.9%	3.8%	-8.5%	5.3%	1.4%	-4.0%	-5.9%
Association Dues	27.6%	-1.0%	-6.9%	-4.5%	-7.7%	-8.4%	7.0%	1.5%
State License	8.2%	-32.6%	-5.5%	42.9%	-13.6%	11.0%	-15.3%	-19.9%
Interest Expense	-25.3%	6.8%	37.5%	-27.6%	-22.8%	5.1%	4.0%	-32.9%
Advertising	-34.7%	4.9%	3.9%	-14.1%	3.0%	-43.1%	-5.7%	-66.2%
Contributions	-36.6%	37.4%	-21.7%	40.3%	-40.0%	26.2%	-20.1%	-42.1%
License Service Expense	6.1%	7.2%	36.1%	-4.9%	36.9%	7.6%	-0.4%	115.9%
Miscellaneous Expense	-18.3%	5.9%	18.2%	21.2%	-14.0%	-3.6%	-3.0%	-0.2%
Officer(s) / Owner(s) Salaries	0.9%	-9.9%	7.7%	-18.4%	4.0%	17.8%	-17.8%	-19.5%
Management Fee for Working Officer / Owner	-20.4%	5.7%	17.8%	-18.8%	57.5%	12.9%	32.2%	89.2%
Expense Adjustment ³								
Reconciliation - Adjustments ³								
Total Expenses	-4.6%	-1.7%	2.9%	-6.4%	7.5%	4.9%	3.8%	5.8%
Net Income (Loss)	-47.4%	78.4%	-22.2%	60.6%	-37.8%	49.8%	-74.0%	-71.6%
Reconciliation - Net Income Adjustment								
Final Net Income (Loss)	-46.7%	78.4%	-22.2%	60.6%	-37.8%	53.9%	-51.9%	-45.3%
Exchanges Reporting	535	506	484	488	447	419	421	

Notes:

1) Based on aggregate data received from The Illinois Department of Financial Institutions.

2) Percentage change is based on Average Store Results (Schedule 2).

3) The annual percentage change was not evaluated for adjustment line items.

Community Currency Exchange Association of Illinois, Inc.
Analysis of Revenues, Expenses and Profits

 DFI Data: Aggregate Results Discounted to 2008 Dollars²
 2008 through 2015¹

	2008	2009	2010	2011	2012	2013	2014	2015	Compound Growth 2008 - 2015
CPI Adjustment Factor ³	1.00000	0.97351	0.95916	0.93158	0.91582	0.90208	0.89530	0.88882	
Income									
Check Cashing Fees	\$130,443,602	\$103,109,754	\$96,087,870	\$87,255,147	\$78,060,185	\$71,387,929	\$67,822,742	\$65,149,811	-9.44%
Money Order Fees	8,908,100	7,682,014	6,964,835	5,955,195	5,443,008	5,092,822	4,980,045	4,768,745	-8.54%
License Plate & City Sticker Fees	20,314,859	19,493,443	19,360,454	18,572,219	18,227,885	20,114,230	21,836,528	19,562,600	-0.54%
Utilities	8,526,021	8,443,955	8,210,171	7,843,482	7,736,357	7,492,090	7,262,124	7,757,032	-1.34%
Other Income	27,944,051	25,128,018	23,338,644	25,599,137	29,285,045	26,457,339	28,041,553	33,018,854	2.41%
Revenue Adjustment	178	229,339	187	292	(3)	55,470	432	0	(1)
Reconciliation - Adjustments	0	(135,602)	1,786	0	1	80	(3)	(1,772,596)	N/A
Total Income	\$196,136,809	\$163,950,922	\$153,993,946	\$145,225,471	\$138,752,278	\$130,599,761	\$129,743,422	\$128,482,446	-5.88%
Expenses									
Employee Payroll	\$61,911,286	\$55,230,838	\$49,288,837	\$46,360,017	\$44,360,715	\$42,742,882	\$42,052,102	\$43,157,377	-5.02%
Employee Benefits	2,473,524	2,035,709	1,963,358	1,940,779	1,848,921	1,640,609	1,641,295	1,613,360	-5.92%
Payroll Taxes	4,881,200	4,184,886	3,989,987	3,881,251	3,690,660	3,402,693	3,366,463	3,732,856	-3.18%
Bank Charges - Money Orders	1,709,256	1,441,052	1,652,133	1,046,747	979,524	690,802	557,855	411,934	-18.30%
Bank Charges - Check & Other Services	9,106,074	8,295,298	8,032,767	7,663,491	7,405,336	7,563,962	7,812,726	8,331,605	-1.28%
Armored Car Expense	3,192,228	2,936,254	2,218,672	1,728,942	1,528,067	1,330,184	1,258,920	1,211,851	-12.92%
Telephone & Telegram Expense	3,329,497	2,975,357	2,575,671	2,339,800	2,173,975	2,054,575	1,852,898	1,700,600	-9.15%
Collection and Bad Debt Expense	9,819,298	5,874,370	6,081,969	4,498,065	4,531,573	4,203,641	3,901,963	4,404,897	-10.82%
Rent Expense	15,666,955	14,254,829	13,411,456	12,461,852	11,738,614	11,472,716	11,140,056	11,419,064	-4.42%
Equipment Expense including Leasing Cost	88,414	59,728	77,526	28,440	338,644	94,354	152,893	140,430	8.83%
Depreciation Expense (Equipment)	4,423,787	4,504,006	3,582,085	4,435,703	2,848,269	2,513,741	2,243,622	2,289,255	-8.98%
Maintenance Expense	5,064,170	4,863,555	4,520,683	4,160,990	3,649,349	3,840,474	4,238,326	4,468,629	-1.68%
Depreciation (Auto)	101,293	94,416	134,668	101,049	44,788	41,722	9,291	13,079	-25.36%
Amortization (Leasehold Improvements)	1,359,899	1,830,555	1,012,088	1,013,129	756,761	623,436	701,708	621,731	-10.58%
Depreciation (Buildings)	39,023	40,550	49,097	25,103	31,843	22,118	22,865	20,174	-8.99%
Postage Expense	141,289	136,298	119,380	118,699	155,480	117,752	74,245	31,924	-19.14%
Supplies	5,142,703	4,262,516	3,749,492	3,063,171	2,784,382	2,913,829	2,812,348	2,908,957	-7.82%
Security & Alarm Expense	2,394,093	2,151,979	1,867,957	1,700,841	1,646,225	1,573,257	1,563,018	1,463,970	-8.61%
Utilities Expense	3,708,504	3,398,913	3,296,629	2,893,818	2,364,256	2,297,969	2,405,934	2,263,195	-8.81%
Auto Expense	1,370,175	1,150,463	907,738	804,603	607,177	517,729	430,566	416,834	-15.63%
Cash Difference	2,966,511	1,986,182	1,861,178	1,741,355	1,708,096	1,736,062	1,110,148	1,257,395	-11.54%
Blanket Bond Expense	1,902,563	1,578,084	1,396,538	1,189,710	1,041,774	874,025	797,912	660,805	-14.03%
Surety Bond Expense	608,236	638,602	501,641	470,663	459,956	541,766	335,043	295,350	-9.81%
Other Insurance Expense	3,318,967	3,024,603	2,795,688	2,453,595	2,277,078	1,990,905	1,919,588	1,956,528	-7.27%
Income Taxes (Federal, State)	166,180	203,361	269,109	232,564	142,103	354,458	171,528	125,532	-3.93%
Other Taxes	297,121	587,452	592,329	1,155,380	782,017	769,383	1,158,131	643,585	11.87%
Legal & Accounting Fees	3,975,432	3,554,246	3,216,064	3,101,740	2,812,258	2,671,224	2,518,784	2,412,472	-6.89%
Association Dues	988,816	1,132,773	1,044,526	903,663	854,927	711,963	606,644	647,547	-5.87%
State License	395,584	384,406	241,540	212,161	300,481	234,344	241,983	204,356	-9.00%
Interest Expense	3,246,448	2,177,795	2,167,813	2,769,065	1,898,941	1,384,412	1,354,060	1,405,369	-11.27%
Advertising	3,130,813	1,836,899	1,795,534	1,733,864	1,476,384	1,372,262	726,248	682,862	-19.55%
Contributions	148,010	83,088	108,408	77,375	107,610	58,252	68,416	54,535	-13.12%
License Service Expense	1,345,967	1,282,810	1,261,257	1,620,289	1,526,697	1,886,212	1,887,385	1,874,905	4.85%
Miscellaneous Expense	9,579,665	7,029,401	6,937,573	7,820,539	9,156,302	7,102,648	6,371,171	6,165,808	-8.10%
Officer(s) / Owner(s) Salaries	5,944,561	5,388,104	4,522,140	4,524,279	3,859,226	3,434,259	3,764,878	3,088,823	-8.93%
Management Fee for Working Officer / Owner	11,770,764	8,414,208	8,291,508	9,074,138	7,299,924	10,377,243	10,899,283	14,371,043	2.89%
Expense Adjustment	(8)	50	(189)	7	(4)	69	N/A	N/A	N/A
Reconciliation - Adjustments	(91,465)	(133,366)	1	1	(1,532)	267	47	0	-100.00%
Total Expenses	\$185,414,413	\$158,890,357	\$145,552,750	\$139,144,676	\$129,071,703	\$125,164,202	\$122,170,662	\$126,518,473	-5.31%
Net Income (Loss)	\$10,722,396	\$5,060,564	\$8,411,197	\$6,080,795	\$9,680,515	\$5,435,559	\$7,572,760	\$1,963,973	
Reconciliation - Net Income Adjustment	(140,981)	(2)	(193)	2	(1,686)	189	209,679	1,772,596	
Final Net Income (Loss)	\$10,581,415	\$5,060,562	\$8,411,004	\$6,080,797	\$9,678,829	\$5,435,747	\$7,782,439	\$3,736,569	-13.82%
Exchanges Reporting	580	535	506	484	488	447	419	421	

Notes:

- 1) Based on aggregate data received from The Illinois Department of Financial Institutions.
- 2) Based on Aggregate Results (Schedule 1).
- 3) December 31, 2008 CPI Index divided by the CPI Index at December 31st of each year (from Bureau of Labor Statistics).
https://www.bls.gov/regional/midwest/data/consumerpriceindexhistorical_us_table.pdf

Schedule 6

Community Currency Exchange Association of Illinois, Inc.
Analysis of Revenues, Expenses and Profits

DFI Data: Average Store Results Discounted to 2008 Dollars ²
2008 through 2015 ¹

	2008	2009	2010	2011	2012	2013	2014	2015	Compound Growth 2008 - 2015
CPI Adjustment Factor ³	1.00000	0.97351	0.95916	0.93156	0.91562	0.90206	0.89530	0.88882	
Income									
Check Cashing Fees	\$224,903	\$192,729	\$189,897	\$180,279	\$159,959	\$159,705	\$161,391	\$154,750	-5.20%
Money Order Fees	15,359	14,359	13,764	12,304	11,154	11,393	11,886	11,327	-4.26%
License Plate & City Sticker Fees	35,026	36,436	38,262	38,372	37,352	44,998	52,116	46,467	4.12%
Utilities	14,700	15,783	16,226	16,206	15,853	18,761	17,332	18,425	3.28%
Other Income	48,179	48,968	48,124	52,891	60,010	59,189	66,925	78,425	7.21%
Revenue Adjustment	0	429	0	1	(0)	124	1	N/A	N/A
Reconciliation - Adjustments	0	(253)	4	0	0	0	(0)	(4,210)	
Total Income	\$338,167	\$306,450	\$304,277	\$300,053	\$284,328	\$292,189	\$309,650	\$305,184	-1.46%
Expenses									
Employee Payroll	\$106,744	\$103,235	\$97,409	\$95,785	\$90,903	\$95,622	\$100,363	\$102,512	-0.58%
Employee Benefits	4,265	3,805	3,880	4,010	3,789	3,670	3,917	3,832	-1.52%
Payroll Taxes	8,071	7,822	7,885	8,019	7,563	7,812	8,035	8,867	1.35%
Bank Charges - Money Orders	2,947	2,894	3,265	2,163	2,007	1,545	1,331	978	-14.57%
Bank Charges - Check & Other Services	15,700	15,505	15,875	15,834	15,175	16,922	18,646	19,790	3.36%
Armored Car Expense	5,504	5,488	4,385	3,572	3,131	2,978	3,005	2,879	-8.84%
Telephone & Telegram Expense	5,741	5,581	5,090	4,834	4,455	4,598	4,422	4,039	-4.90%
Collection and Bad Debt Expense	16,930	10,980	12,020	9,294	9,288	9,404	9,313	10,463	-6.64%
Rent Expense	27,012	26,645	26,505	25,748	24,057	25,686	26,587	27,124	0.06%
Equipment Expense Including Leasing Cost	152	112	153	59	690	211	365	334	11.84%
Depreciation Expense (Equipment)	7,627	8,419	7,079	9,165	5,833	5,624	5,355	5,438	-4.72%
Maintenance Expense	8,731	9,091	8,934	8,597	7,478	8,605	10,115	10,686	2.93%
Depreciation (Auto)	175	176	266	209	92	93	22	31	-21.86%
Amortization (Leasehold Improvements)	2,345	3,422	2,000	2,093	1,551	1,395	1,675	1,477	-6.39%
Depreciation (Buildings)	67	76	97	52	85	49	55	48	-4.73%
Postage Expense	244	255	236	241	319	263	177	76	-15.36%
Supplies	8,867	7,967	7,410	6,329	5,706	6,519	6,712	6,910	-3.50%
Security & Alarm Expense	4,128	4,022	3,692	3,514	3,373	3,520	3,730	3,524	-2.23%
Utilities Expense	6,394	6,353	6,515	5,979	4,845	5,141	5,742	5,378	-2.45%
Auto Expense	2,362	2,150	1,794	1,662	1,244	1,158	1,028	990	-11.68%
Cash Difference	5,115	3,712	3,678	3,598	3,500	3,884	2,650	2,987	-7.40%
Blanket Bond Expense	3,280	2,950	2,760	2,458	2,135	1,955	1,904	1,569	-10.00%
Surety Bond Expense	1,049	1,194	991	972	943	1,212	800	702	-5.58%
Other Insurance Expense	5,722	5,654	5,525	5,069	4,668	4,454	4,581	4,647	-2.93%
Income Taxes (Federal, State)	287	380	532	481	291	793	409	298	0.57%
Other Taxes	512	1,098	1,171	2,387	1,602	1,721	2,764	1,529	16.90%
Legal & Accounting Fees	6,854	6,643	6,356	6,409	5,763	5,976	6,011	5,730	-2.53%
Association Dues	1,705	2,117	2,064	1,867	1,752	1,593	1,448	1,538	-1.46%
State License	682	719	477	438	616	524	577	485	-4.74%
Interest Expense	5,597	4,071	4,284	5,721	4,072	3,097	3,232	3,338	-7.12%
Advertising	5,398	3,433	3,548	3,582	3,025	3,070	1,733	1,622	-15.78%
Contributions	252	155	210	160	221	130	163	130	-9.06%
License Service Expense	2,321	2,398	2,532	3,348	3,128	4,220	4,504	4,453	9.76%
Miscellaneous Expense	16,517	13,139	13,711	15,745	18,763	15,890	15,206	14,646	-1.70%
Officer(s) / Owner(s) Salaries	10,249	10,071	9,937	9,348	7,498	7,683	8,985	7,337	-4.66%
Management Fee for Working Officer / Owner	20,294	15,727	16,388	18,748	14,959	23,215	26,013	34,135	7.71%
Expense Adjustment	(0)	0	(0)	0	(0)	0	0	N/A	N/A
Reconciliation - Adjustments	(158)	(249)	0	0	(3)	1	1	0	-100.00%
Total Expense	\$319,680	\$296,991	\$287,654	\$287,489	\$264,491	\$280,009	\$291,577	\$300,519	-0.88%
Net Income (Loss)	\$18,487	\$9,459	\$16,623	\$12,564	\$19,837	\$12,160	\$18,073	\$4,665	-17.86%
Reconciliation - Net Income Adjustment	(243)	(0)	(0)	0	(3)	0	500	4,210	
Final Net Income (Loss)	\$18,244	\$9,459	\$16,623	\$12,564	\$19,834	\$12,161	\$18,574	\$8,875	-9.78%
Exchanges Reporting	580	535	506	484	488	447	419	421	

Notes:

- 1) Based on aggregate data received from The Illinois Department of Financial Institutions.
- 2) Based on Average Store Results (Schedule 2).
- 3) December 31, 2008 CPI Index divided by the CPI Index at December 31st of each year (from Bureau of Labor Statistics).
https://www.bls.gov/regions/midwest/data/consumerpriceindexhistorical_us_table.pdf

Schedule 7

Navigant Consulting, Inc.

Community Currency Exchange Association of Illinois, Inc. Analysis of Revenues, Expenses and Profits

DFI Data: Analysis of Fixed and Variable Check Cashing Costs
2008 through 2015 Average

	Average 2008 - 2015 ¹	Estimated Percentages: ²		Estimated Dollars:	
		Fixed	Variable	Fixed	Variable
Expenses					
Employee Payroll	\$106,235	90%	10%	\$95,612	\$10,624
Employee Benefits	4,177	90%	10%	3,759	418
Payroll Taxes	8,573	90%	10%	7,716	857
Bank Charges - Money Orders	2,242	0%	100%	0	2,242
Bank Charges - Check & Other Services	17,950	0%	100%	0	17,950
Armored Car Expense	4,108	75%	25%	3,081	1,027
Telephone & Telegram Expense	5,174	90%	10%	4,657	517
Collection and Bad Debt Expense	11,682	0%	100%	0	11,682
Rent Expense	28,074	100%	0%	28,074	0
Equipment Expense Including Leasing Cost	283	100%	0%	283	0
Depreciation Expense (Equipment)	7,275	100%	0%	7,275	0
Maintenance Expense	9,705	100%	0%	9,705	0
Depreciation (Auto)	140	100%	0%	140	0
Amortization (Leasehold Improvements)	2,120	100%	0%	2,120	0
Depreciation (Buildings)	68	100%	0%	68	0
Postage Expense	242	90%	10%	217	24
Supplies	7,537	90%	10%	6,784	754
Security & Alarm Expense	3,950	100%	0%	3,950	0
Utilities Expense	6,198	100%	0%	6,198	0
Auto Expense	1,641	100%	0%	1,641	0
Cash Difference	3,884	0%	100%	0	3,884
Blanket Bond Expense	2,527	90%	10%	2,275	253
Surety Bond Expense	1,051	90%	10%	946	105
Other Insurance Expense	5,389	100%	0%	5,389	0
Income Taxes (Federal, State)	467	0%	100%	0	467
Other Taxes	1,736	100%	0%	1,736	0
Legal & Accounting Fees	6,658	100%	0%	6,658	0
Association Dues	1,883	100%	0%	1,883	0
State License	604	100%	0%	604	0
Interest Expense	4,454	75%	25%	3,341	1,114
Advertising	3,367	100%	0%	3,367	0
Contributions	189	100%	0%	189	0
License Service Expense	3,644	100%	0%	3,644	0
Miscellaneous Expense	16,597	100%	0%	16,597	0
Officer(s) / Owner(s) Salaries	9,368	100%	0%	9,368	0
Management Fee for Working Officer / Owner	22,899	100%	0%	22,899	0
Expense Adjustment ³	N/A	0%	100%	N/A	N/A
Reconciliation - Adjustments	(52)	0%	100%	0	(52)
Total Expenses	\$312,040			\$260,175	\$51,865
Average Number of Exchanges Reporting ⁴	485	Percent of Total Expenses:		83.4%	16.6%

Notes:

- 1) Average data calculated from aggregate data received from The Illinois Department of Financial Institutions.
- 2) Estimated percentages for fixed and variable costs are based on CCEA's June 1995 Report of Findings submitted to the DFI.
- 3) Based on CCEA's June 1995 Report of Findings submitted to the DFI, this cost is unrelated to check cashing services and has therefore been excluded from the analysis.
- 4) The average of number of exchanges reporting for the years 2008 to 2015.

Community Currency Exchange Association of Illinois, Inc.
Review of CPI Level (2008 - 2015)

	Annual CPI Growth								Compound Growth 2008 - 2015
	2008	2009	2010	2011	2012	2013	2014	2015	
CPI Level ¹	210,228	215,949	219,179	225,672	229,601	233,049	234,812	236,525	1.70%
CPI Percentage Change	-	2.72%	1.50%	2.96%	1.74%	1.50%	0.76%	0.73%	
Aggregate -- Average Store Results ²									
Check Cashing Revenues	\$224,903	\$197,973	\$197,982	\$193,523	\$174,700	\$177,041	\$180,264	\$174,108	-3.59%
Check Cashing Revenue Growth		-11.97%	0.00%	-2.25%	-9.73%	1.34%	1.82%	-3.42%	
Total Revenue	\$338,167	\$314,790	\$317,232	\$322,095	\$310,530	\$323,886	\$345,861	\$343,359	0.22%
Total Revenue Growth		-6.91%	0.78%	1.53%	-3.59%	4.30%	6.78%	-0.72%	
Total Expenses	\$319,680	\$305,073	\$299,901	\$308,609	\$288,865	\$310,405	\$325,674	\$338,110	0.80%
Total Expense Growth		-4.57%	-1.70%	2.90%	-6.40%	7.46%	4.92%	3.82%	

Notes:

1) CPI Index at December 31st of each year (from Bureau of Labor Statistics). https://www.bls.gov/regions/midwest/data/consumerpriceindexhistorical_us_table.pdf

2) Based on aggregate data received from The Illinois Department of Financial Institutions.

Community Currency Exchange Association of Illinois, Inc.
Review of CPI Adjustment Factor (2008 - 2015)

	CPI Adjustment Factor							
	2008	2009	2010	2011	2012	2013	2014	2015
Ending CPI Level ¹	210.228	215.949	219.179	225.672	229.601	233.049	234.812	236.525
Beginning CPI Level ²	210.228	210.228	210.228	210.228	210.228	210.228	210.228	210.228
CPI Adjustment Factor ³	<u>1.0000</u>	<u>0.9735</u>	<u>0.9592</u>	<u>0.9316</u>	<u>0.9156</u>	<u>0.9021</u>	<u>0.8953</u>	<u>0.8888</u>

Notes:

- 1) CPI Index at December 31st of each year
- 2) December 31, 2008 CPI Index
- 3) December 31, 2008 CPI Index divided by the CPI Index at December 31st of each year (from Bureau of Labor Statistics).
https://www.bls.gov/regions/midwest/data/consumerpriceindexhistorical_us_table.pdf

Community Currency Exchange Association of Illinois, Inc.

Return on Revenue for Nonfarm,

Sole Proprietorship, Service Businesses: 2008 - 2014 and Comparison to Currency Exchange Return on Revenue

(Dollars in 000s)

	2008	2009	2010	2011	2012	2013	2014	2015
Internal Revenue Service SOI Data ¹:								
Finance and Insurance (NAICS 52) ^{2, 5}								
Business Receipts	\$112,312,139	\$90,894,838	\$75,141,560	\$83,298,874	\$74,450,571	\$78,556,214	\$81,021,232	
Net Income ³	\$18,004,035	\$10,349,871	\$15,935,211	\$18,022,981	\$18,909,379	\$19,353,177	\$20,364,729	
Return on Revenue ⁴	16.0%	11.4%	21.2%	21.6%	25.4%	24.6%	25.1%	
Credit Intermediation and Related Activities (NAICS 522) ^{2, 6}								
Business Receipts	\$3,166,910	\$2,951,452	\$2,711,768	\$3,198,163	\$3,316,291	\$2,732,771	\$2,716,778	
Net Income ³	\$229,170	\$451,870	\$554,126	\$439,831	\$513,309	\$431,649	\$479,969	
Return on Revenue ⁴	7.2%	15.3%	20.4%	13.8%	15.5%	15.6%	17.7%	
Currency Exchange Data ⁷:								
Total Revenue	\$196,137	\$168,413	\$160,519	\$155,894	\$151,539	\$144,777	\$144,916	\$144,554
Net Income ⁸	\$10,748	\$5,407	\$9,050	\$6,777	\$10,726	\$6,419	\$8,884	\$4,345
Return on Revenue ⁴	5.5%	3.2%	5.6%	4.3%	7.1%	4.4%	6.1%	3.0%
Average Pre-Tax Return on Revenue for All Years:								
Finance and Insurance	20.8%							
Credit Intermediation and related activities	15.1%							
Currency Exchanges ⁹	5.2%							

Notes:

- 1 Statistics of Income (SOI) Bulletins from Year 2008 - 2014 Published by the Department of The Treasury, Internal Revenue Service. Per the IRS, "the Sole Proprietorship study covers basic data, including business receipts, deductions, and net income reported by an individual taxpayer on Schedule C of Form 1040. The information is for nonfarm sole proprietorships and is broken down by industrial groups for analysis of the data."
- 2 Data from SOI Sole Proprietorship Returns Bulletins, Table 1, Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income by Industrial Sectors (Businesses with and without net income).
- 3 Net income less deficit (loss) before federal income tax yields profits.
- 4 Net Income divided by Revenue (Business Receipts).
- 5 Per the United State Census Bureau, Sector 52 comprises establishments primarily engaged in financial transactions (transactions involving the creation, liquidation, or change in ownership of financial assets) and/or in facilitating financial transactions. (<http://www.census.gov/cpi-bin/sssd/naics/naicsrch?code=52&search=2017%20NAICS%20Search>)
- 6 Per the United State Census Bureau, industries in the Credit Intermediation and Related Activities subsector group establishments that (1) lend funds raised from depositors; (2) lend funds raised from credit market borrowing; or (3) facilitate the lending of funds or issuance of credit by engaging in such activities as mortgage and loan brokerage, clearinghouse and reserve services, and check cashing.
- 7 Based on aggregate data received from The Illinois Department of Financial Institutions.
- 8 Net Income plus Income Taxes (Federal, State) from aggregate data.
- 9 Currency exchange average return on revenue was 5.2% from 2008 to 2014. With the inclusion of 2015 financial information, the average return on revenue drops to 4.9% for the period 2008 to 2015.

Community Currency Exchange Association of Illinois, Inc.
Profit Before Taxes as Percentage of Sales by NAICS^{1,2}

NAICS Code	NAICS Code Description	4/1/08 - 3/31/09	4/1/09 - 3/31/10	4/1/10 - 3/31/11	4/1/11 - 3/31/12	4/1/12 - 3/31/13	4/1/13 - 3/31/14	Average	NAICS Definition
522210	Credit Card Issuing	11.7	9.7	24.7	24.9	N/A	N/A	17.8	Banks, credit card; Charge card issuing
522220	Sales Financing	15.2	13.2	17.2	20.3	19.8	19.1	17.5	Automobile financing; Equipment finance leasing; Leasing in combination with sales financing
522291	Consumer Lending	9.9	13.0	15.9	18.4	19.0	16.5	15.5	Consumer finance companies; Loan companies; Personal credit institutions; Small loan companies
522292	Real Estate Credit	8.9	15.3	14.0	12.9	21.3	15.6	14.7	Construction lending; Federal Land Banks; Mortgage companies; Real estate credit lending
522294	Secondary Market Financing	18.5	9.7	18.3	19.7	6.5	N/A	14.5	Collateralized mortgage obligation (CMO) issuing; Federal Home Loan Mortgage Corporation; Real estate mortgage investment conduits
522298	All Other Nondepository Credit Intermediation	12.9	16.5	16.7	18.2	20.9	20.2	17.6	Agricultural credit institutions; Commodity Credit Corporation; Industrial loan companies - nondepository; Pawnshops; Short-term inventory credit lending
522310	Mortgage and Nonmortgage Loan Brokers	8.7	12.1	13.4	11.8	17.0	20.0	13.8	Brokerages - loan, mortgage; Brokers' offices, mortgage; Mortgage brokerages
522320	Financial Transactions Processing, Reserve, and Clearinghouse Activities	10.9	7.0	9.7	10.7	10.3	11.4	10.0	Automated clearinghouses; Automated Teller Machine; Clearinghouses - bank or check; Credit card processing services; Financial transactions processing (except central bank)
522390	Other Activities Related to Credit Intermediation	10.7	11.7	9.4	9.8	12.3	13.7	11.3	Check cashing services; Money order issuance services; Loan servicing; Travelers' check issuance services; Money transmission services; Payday lending services
Average for NAICS 522³		11.9	12.0	15.5	16.3	15.9	16.6	14.7	
Currency Exchanges⁴		3.2	5.6	4.3	7.1	4.4	6.1	5.1	

Notes:

- 1 As provided in Risk Management Association's Annual Statement Studies.
- 2 Profit Before Taxes is provided in the Annual Statement Studies. The percentage is based upon national data for all regions and entity size.
- 3 The Average for NAICS 522 includes codes listed under NAICS, 5222 - Nondepository Credit Intermediation and 5223 - Activities Related to Credit Intermediation. Codes for 5221 - Depository Credit Intermediation were excluded, as well as 522293 - International Trade Financing, as these codes relate to depository institutions and international trade.
- 4 Based on aggregate data received from The Illinois Department of Financial Institutions.

Community Currency Exchange Association of Illinois, Inc.
Summary of Check Cashing Policies at Illinois Banks ¹

No.	Bank	Address	City	Phone Number	Cash Non-Customer Checks ²	Restrictions/ Check Limits
1	Chase	4809 S Ashland Ave	Chicago	(773) 247-1551	On-us Checks	\$2,500
2	Chase	3200 S Chicago Rd, Ste A	S. Chicago Heights	(708) 754-7152	On-us Checks	No Limit
3	Chase	401 E State St	Rockford	(815) 987-2424	On-us Checks	\$2,000
4	Chase	501 15th St	Moline	(309) 757-8462	On-us Checks	No Limit
5	Chase	2801 Greenbriar	Springfield	(217) 787-9378	On-us Checks	\$2,500
6	US Bank	600 W 37th St	Chicago	(773) 376-4808	On-us Checks	No Limit
7	US Bank	2600 E Sauk Trl	Sauk Village	(708) 758-0094	On-us Checks	No Limit
8	US Bank	1107 E State St	Rockford	(815) 987-2200	On-us Checks	No Limit
9	US Bank	4701 22nd Ave	Moline	(309) 762-1334	On-us Checks	No Limit
10	US Bank	2501 S Veterans Pkwy	Springfield	(217) 862-7311	On-us Checks	No Limit
11	US Bank	1050 Camp Jackson Rd	Cahokia	(618) 337-1555	On-us Checks	No Limit
12	Bank of America	4200 S Ashland Ave	Chicago	(773) 847-6748	On-us Checks	No Limit
13	Bank of America	18460 Governors Hwy	Homewood	(708) 957-4200	On-us Checks	No Limit
14	Bank of America	6958 Spring Creek Rd	Rockford	(815) 877-6530	On-us Checks	No Limit
15	Bank of America	248 Harvard Dr	Edwardsville	(618) 659-4018	On-us Checks	No Limit
16	BMO Harris	5401 S Wentworth Ave #13	Chicago	(773) 548-5948	On-us Checks	\$3,000
17	BMO Harris	1630 Chicago Road	Chicago Heights	(708) 755-9063	On-us Checks	No Limit
18	BMO Harris	501 Seventh St	Rockford	(815) 969-1500	On-us Checks	No Limit
19	BMO Harris	#2 Carlyle Plaza Dr.	Belleville	(618) 233-9288	On-us Checks	\$3,000
20	Fifth Third	1950 West 33rd Street	Chicago	(773) 650-1408	Yes	No Limit
21	Fifth Third	3307 Chicago Road	S. Chicago Heights	(708) 756-2815	Yes	No Limit
22	Fifth Third	3936 West Riverside Blvd	Rockford	(815) 964-7287	Yes	No Limit
23	First Midwest	3220 West 26th Street	Chicago	(773) 804-3492	On-us Checks	No Limit
24	First Midwest	1030 Dixie Highway	Chicago Heights	(708) 754-2500	On-us Checks	\$5,000
25	First Midwest	2222 41st Street	Moline	(309) 797-7500	On-us Checks	No Limit
26	MB Financial ³	1542 W. 47th Street	Chicago	(888) 422-6562	On-us Checks	Undisclosed
27	MB Financial ³	18301 S Halsted Street	Glenwood	(888) 422-6562	On-us Checks	Undisclosed
28	MB Financial ³	2607 Lincoln Highway	St. Charles	(888) 422-6562	On-us Checks	Undisclosed
29	First American Bank	1650 Louis Avenue	Elk Grove Village	(847) 427-5000	On-us Checks	Undisclosed
30	First Bank & Trust	55 Shuman Boulevard	Naperville	(630) 348-2300	On-us Checks	\$3,500

Notes:

- 1) Information was obtained via telephone interviews with representatives from each location.
- 2) The banks which will cash "On-us Checks" will not cash government issued checks.
- 3) Telephone numbers for individual MB Financial branches were unavailable. The MB Financial representative confirmed the check cashing policies presented are applicable for all branches.

Community Currency Exchange Association of Illinois, Inc.
Summary of Check Cashing Policies at Illinois Retail Stores¹

No.	Store Name	Address	City	Phone No.	Check Cashing Services	Type of Checks	ID Necessary
1	Walmart	8331 S Stewart Ave	Chicago	(773) 358-9000	Yes	Government and payroll only	Yes
2	Walmart	8500 W Golf Rd	Niles	(847) 966-7904	Yes	Government and payroll only	Yes
3	Walmart	4700 135th St	Crestwood	(708) 489-5547	Yes	Government and payroll only	Yes
4	Walmart	5307 IL-251	Peru	(815) 224-2396	Yes	Government and payroll only	Yes
5	Walmart	8915 N Allen Rd	Peoria	(309) 693-0525	Yes	Government and payroll only	Yes
6	Walmart	3930 44th Avenue Dr	Moline	(309) 736-2270	Yes	Government and payroll only	Yes
7	Walmart	3902 W Riverside Blvd	Rockford	(815) 962-4071	Yes	Government and payroll only	Yes
8	Walmart	2189 75th St	Darien	(630) 434-0490	Yes	Government and payroll only	Yes
9	Target	1940 W 33rd St	Chicago	(773) 843-3250	No		
10	Target	7300 W 191st St	Tinley Park	(815) 806-3210	No		
11	Target	2099 Skokle Valley Rd	Highland Park	(847) 266-8022	No		
12	Target	5601 Belleville Crossing St	Belleville	(618) 310-1901	No		
13	Target	4370 Venture Dr	Peru	(815) 224-2442	No		
14	Target	5001 N Big Hollow Rd	Peoria	(309) 691-9030	No		
15	Target	900 42nd Ave Dr	Moline	(309) 764-7500	No		
16	Target	6560 E State St	Rockford	(815) 227-9788	No		
17	Target	2333 63rd St	Woodridge	(630) 434-0909	No		
18	Meijer	15701 71st Court	Orland Park	(708) 342-9900	Yes	Government and payroll only	Yes
19	Meijer	950 Winston Plaza	Melrose Park	(708) 338-5600	Yes	Government and payroll only	Yes
20	Meijer	2500 S Philo Rd	Urbana	(217) 365-5200	Yes	Government and payroll only	Yes
21	Meijer	2013 McFarland Rd	Rockford	(815) 721-8600	Yes	Government and payroll only	Yes
22	Home Depot	1300 S. Clinton	Chicago	(312) 850-4836	No		
23	Home Depot	621 Brook Forest Ave	Shorewood	(815) 725-6301	No		
24	Home Depot	6930 Argus Dr	Rockford	(815) 391-8880	No		
25	Home Depot	5501 Belleville Crossing	Belleville	(618) 239-3351	No		
26	Home Depot	795 Veterans Pkwy	Normal	(309) 452-4031	No		
27	Home Depot	4242 Venture Dr	Peru	(815) 224-2968	No		
28	Jewel-Osco	1341 North Paulina	Chicago	(773) 342-3410	No		
29	Jewel-Osco	890 N Western Ave	Lake Forest	(847) 735-8018	Yes	Government and payroll only	Yes
30	Jewel-Osco	12003 S Pulaski Rd	Alsip	(708) 371-3460	No		
31	Jewel-Osco	303 Holmes Ave	Clarendon Hills	(630) 654-3455	No		
32	Jewel-Osco	2010 1st Street A	Moline	(309) 797-0558	Yes	Government and payroll only	Yes
33	Jewel-Osco	1320 Sycamore Rd	DeKalb	(815) 758-5478	No		
34	Mariano's	3857 South King Dr	Chicago	(773) 268-2839	No		
35	Mariano's	1350 E Route 22	Lake Zurich	(847) 438-4003	No		
36	Mariano's	4700 Gilbert Ave	Western Springs	(708) 246-6210	No		
37	Save-A-Lot	4701 S Cottage Grove Ave	Chicago	(773) 548-1634	No		
38	Save-A-Lot	4425 N Prospect Rd	Peoria	(309) 686-1349	No		
39	Schnucks	1615 Camp Jackson Rd	East St. Louis	(618) 332-0060	No		
40	Schnucks	200 N Vine St	Urbana	(217) 337-6016	No		
41	Schnucks	1750 Bradford Ln	Normal	(309) 451-7100	No		
42	Ruler Foods	2711 East Sangamon	Springfield	(217) 753-4290	Yes	Government and payroll only	Yes
43	Ruler Foods	301 E McKinley Rd	Ottawa	(217) 373-1450	Yes	Government and payroll only	Yes
44	Fairway Grocery	3705 25th St	Moline	(309) 797-1468	No		
45	Hy-Vee	4218 Avenue of the Cities	Moline	(309) 762-0200	Yes	Government and payroll only	Yes

Notes:

1) Information was obtained via telephone interviews with representatives from each location.