

By Allan Jones
Founder and Chairman of Check Into Cash, Inc.

Is a store that earns eight dollars and ninety six cents for a 45 hour work week “raking it in?” Believe it not, some elitist people and the mainstream media think so.

Advance America, the nation’s largest payday lending company, recently reported a 40 percent boost in annual net income to \$54.2 million. That is a drop in the bucket compared to banks with billion-dollar incomes. Some of these banks even offer payday loans under different names.

Break down the profits of the nation’s largest payday lender and it becomes clear that this industry isn’t raking in heaps of money.

Publicly-traded Advance America operates 2,587 centers and is the nation’s largest payday lender. In 2009 they earned \$54.2 million on \$647.47 million in revenue. This shows the company’s 2,587 centers earned an average of \$20,950 per year per branch location. If you look at it on a monthly basis these centers earned \$1,745.90 per month. If you divide that by 4.33 weeks in a month you come to \$403.21 per week per branch location.

Based on a 45-hour weekly operating schedule, Advance America earns \$8.96 per location. This is hardly “raking in the cash.” In fact, I would dare say you can not find another financial services segment even close to the small number payday loan companies earn. That may be why they call it micro lending.

It’s hard to feel like a predatory lender when you make about the same wage as the average employee at Burger King – a company which, by the way, netted \$200 million last year. Whoppers are clearly more profitable than payday loans.

Last year, payday lenders actually made less than the burger chain's employees. Advance America's earnings last year were \$38.5 million, which calculates down to \$5.88 per hour. That's 23 percent less than the federal minimum wage.

Despite the hyperbole about our bottom line, the truth remains that payday lending companies operate on a thin profit margin. Even the most liberal, left-wing group would surely support a business making at least the minimum wage.