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Data Article

# Data obtained with a novel approach to estimate installment loan acquisition costs

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ABSTRACT

The data presented in this study were obtained from a novel approach to estimate a comprehensive loan acquisition cost. The latter includes commute costs and wage losses in addition to the monthly installment payments. These cost estimates represent the monetary value (in U.S. dollars) of the costs of driving to and from the installment lender storefront and that of the potential hourly wage losses, that is, wage loss from the driving time and the time spent at the loan office filling out the required paperwork to obtain the loan. Borrowers only get the net loan proceeds, that is, the original loan amount minus the comprehensive loan acquisition costs. The study area has 160 counties. It was created from the ESRI ArcGIS Map (a mapping software) using the spatial data from the U.S. Census, Topologically Integrated Geographic Encoding and Referencing (TIGER) Cartographic boundary files representing the geographies of states and counties. Using the U.S. road networks, the origin of the trip is a county seat in Arkansas and the destination of the trip is a county seat in a surrounding state of Tennessee, Mississippi, Louisiana, Texas, Oklahoma, and Missouri. The transportation networks were established using Google Earth/ Directions to efficiently measure the travel time (distance). The average cost of a trip of 17 cents (U.S. dollar) was calculated based on the U.S. Department of Transportation Survey data, which identify important attributes of a typical vehicle used in a county such as model make, age of the vehicle, fuel consumption, etc. There are 10 occupational industry sectors where a typical borrower has a job. To estimate wage loss, the data were gathered from the U.S. Department of Labor, Bureau of Labor Statistics, namely, the Occupational Employment Statistics. Putting the

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missing pieces together, the data contain in this study improve our understanding of extra costs borne by borrowers located in the "loan desert" area. As expected, interior counties post high loan acquisition costs compared with border counties. The data from this study are useful to the public, businesses, policymakers, and researchers working on consumer finance.



**Specifications Table**

| | |
|---|---|
| Subject area | Economics, Financial markets |
| More specific subject area | Economics of consumer finance |
| Type of data | Table, figure, Excel file, text |
| How data was acquired | Data were obtained from the U.S. Bureau of Labor Statistics, Google Earth, U.S. Department of Transportation |
| Data format | Raw, estimated |
| Experimental factors | |
| Experimental features | Secondary data on wages by occupational industry, commute costs |
| Data source location | |
| Data accessibility | The data are provided in this article; http://www.bls.gov/oes/current/oes_26300.htm |
| Related research | |

**Value of the data**

- It is the first attempt in the literature to estimate a comprehensive loan acquisition cost, which includes commute costs and wage losses in addition to the monthly installment payments.
- Cost estimates are presented based on the occupational industry sector where a typical borrower has a job.
- It emphasizes the notion that the interest rate cap is unprofitable for businesses and imposes extra costs to borrowers as evidenced by "loan desert" in the interior of Arkansas.
- It is useful to the general public, businesses, policymakers, and researchers working on consumer finance.

## 1. Data

The detailed dataset is reported in the "Loan Acquisition Costs" MS Excel file, which summarizes the average loan acquisition costs for 10 occupational industry sectors (Natural resources and mining; Construction; Manufacturing; Trade, transportation, and utilities; Information; Financial services; Professional and business services; Educational and health services; Leisure and hospitality; and Other services) where a typical borrower has a job. Wages associated with each occupational industry sector are presented in the "Wages" MS Excel file. One of the requirements for loan application packet is that a representative borrower shall present a recent pay stub.

The average loan acquisition costs are presented based on the relative location of counties with respect to Arkansas borders, that is, border and interior counties. Fig. 1 displays loan usage per 10,000 population organized in seven classes, 0; 1–50; 50–300; 300–600; 600–900; 900–1200; 1200–2300. It should be noted that the size of the dot on the map is comparative to the loan usage. Fig. 2 shows the average loan acquisition costs ($) in border and interior Counties, Arkansas by occupational