

Monthly State Trends in Payday and Subprime Lending

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This analysis contains state by month averages of variables derived from a 1 million random customer sample from the Experian Clarity database. A subset of these data were used in Miller and Soo “Does Increasing Access to Formal Credit Reduce Payday Borrowing?” (2020) to investigate the impact of bankruptcy flag removal on payday loan use. These tables are published in hopes they will be of further interest. Note that I received affirmative consent from Experian to publish these tables.

The tables were constructed as follows. First, a random sample of 1 million users who were active in the Clarity database between 2013 and 2017 were selected, and all tradelines and inquiries associated with these users were provided. I then constructed a balanced panel of users by collapsing to the year by month by user level and filling in zeroes for year/months for which there was no observed activity in the Clarity database for each user. Since state is only observed when a user has activity in the Clarity database, I forward- and back-filled state based on the first observation of Clarity activity. Then, I dropped observations with no state information and users residing in Puerto Rico, the Virgin Islands, or with an unknown state code. Then, I further collapsed the data by state, year, and month of activity. The outcomes I collapsed were: number of payday loan inquiries, average amount of payday loans borrowed, number of subprime installment inquiries, amount of subprime installment borrowed, number of users associated with each state by year/month cell. Note all of these outcomes were inclusive of zeroes. Future iterations may include more variables.

The tables are included on my website in file `claritystatemeans.csv`. Other researchers, as well as Miller and Soo (2020), point many challenges associated with using the Clarity database for research purposes including the presence of outliers, incomplete coverage, over-representation of online lenders, etc. The attached tables did not attempt to account for any of these issues. Caveat emptor.

You may contact me at mille@umich.edu with questions and if you are looking for modifications. I am willing to help as my own bandwidth allows.