

Payday Loan

Brief description of the industry

Payday Loans are also known as HCSTC (High-Cost Short-Term Credit Lending). HCSTC loans are unsecured loans with an annual percentage interest rate (APR) of 100% or more and where the credit is due to be repaid, or substantially repaid, within 12 months.

Conditions applicable

- MCC 6012.
- Verify that the merchant has a valid License.
- Website must clearly state the APR (Annual Percentage Rate) – the aim being that people have a clear understanding of the actual rate that they will be paying (factoring in charges and daily interest rates).
- Applicable to B2C model:
 - Must include a policy stating that they do not collect funds more than twice in the repayment period from the same Card
- Applicable to B2B model:
 - Must provide lending criteria and the repayment plan information, including percentage rate for the loan.
- Debit Cards only.
- Processing history for the last 3 months (minimum period).
- Transactions need to be flagged as Debt repayment for the schemes.

Geographical restrictions/BIN Blocks applicable

- None.

Risk Mitigation

- UBOs to be scanned and confirmed that historically they are not involved with any Company having the same business model which went bust. This is to lower the Reputational Risk.
- 3DS Mandatory.

