



Ohio Payday Loans — Strategic Survival & Diversification Report

For Ashish, an Ohio Payday Loan Lender | Trihouse Consulting – Ver 1.0 | June 2026

CONFIDENTIAL STRATEGY REPORT

TRIHOUSE CONSULTING

A Message from the Desk of Jer — Plain Truth, No Varnish

"The consumer is not a moron. She is your wife." — David Ogilvy

Ashish, you're not in trouble because you made bad decisions. You're in trouble because Ohio changed the rules after you built your business around them. That's the situation. Don't waste energy resenting it.

The regulator is not your enemy. But they're not your friend either. They're a force of nature, like weather. You don't argue with a thunderstorm. **You build a better roof.**

Your roof — the Short-Term Loan Act (STLA) — still stands. Right now, today, you are legally operating. That's your most important asset. The question is not whether to survive. The question is: **what does survival look like in 2026, 2027, and beyond?** This Report answers that question directly, without padding, hedging, or legalese designed to make consultants sound smart.

 Let's get to work.

Section 1: Your Situation Right Now

The Ohio Payday Market — Before and After HB 123

Ohio's consumer lending market went through one of the most dramatic restructurings of any state in the country. In 2018, HB 123 dismantled the old CSO/Credit Services Organization model that allowed payday lenders to charge triple-digit APRs outside the interest rate framework. The market response was swift and brutal.

| Metric | Detail |
|-------------------------------------------|--------------------------------------------------------------------------------------|
| Licensed Storefronts — Pre-HB 123 | Approximately 650+ active Ohio locations |
| Licensed Storefronts — Post-HB 123 (2024) | ~66 active STLA licensees — a 90% market contraction |
| Your Position | Single-location STLA licensee; no internet delivery channel |
| Competitive Landscape | Online lenders are dominating the remaining volume; storefront operators are exiting |
| Current Law | STLA governs your product: ≤\$1,000, 91 days–12 months, 28% APR + allowable fees |
| Effective APR Range (STLA) | ~100–226% depending on loan amount and term structure |

i You are one of 66. That is a small club. The operators who remain are either large multi-state platforms with internet-delivery infrastructure or resilient single-location operators like you. Your advantage is **local relationships, walk-in trust, and customer service that no app can replicate.**

The Slow Death — What Is Happening to Your Revenue

Here is the honest picture. Under the STLA, your loan economics are compressed versus the pre-HB 123 era. The allowable fee structure, 28% annual interest, monthly maintenance fee (lesser of 10% of loan amount or \$30), and a 2% origination fee on loans over \$500, produces effective APRs that are a fraction of what was achievable under the old CSO structure.


The Fee Squeeze

- 28% annual interest rate cap
- Monthly maintenance: lesser of 10% or \$30
- 2% origination fee on loans over \$500 only
- Fixed costs have NOT shrunk with revenue

The Erosion Equation

Fewer allowable fees + rising operating costs = **declining margin per loan.**

That is the slow death. It is not a crisis. It is erosion. And erosion is actually manageable if you act now rather than waiting until the margin disappears entirely.

 Rent, payroll, insurance, and licensing have not shrunk. The math is unforgiving.

Section 2: The Regulatory Horizon — What Is Coming

Ohio SB 269 — Bank Partnership Scrutiny

Ohio Senate Bill 269 is currently pending. It introduces a multi-factor **"true lender" test** targeting bank-partnership loan structures used to circumvent state rate caps. This does not directly affect your storefront operation, you are already licensed under the STLA. However, it signals that Ohio's DFI is in an **active regulatory posture**. Examinations are increasing.

What SB 269 Does

Introduces a multi-factor "true lender" test targeting bank-partnership structures used to evade state rate caps.

Direct Impact on You

Does not directly threaten your STLA storefront operation. You are already properly licensed.

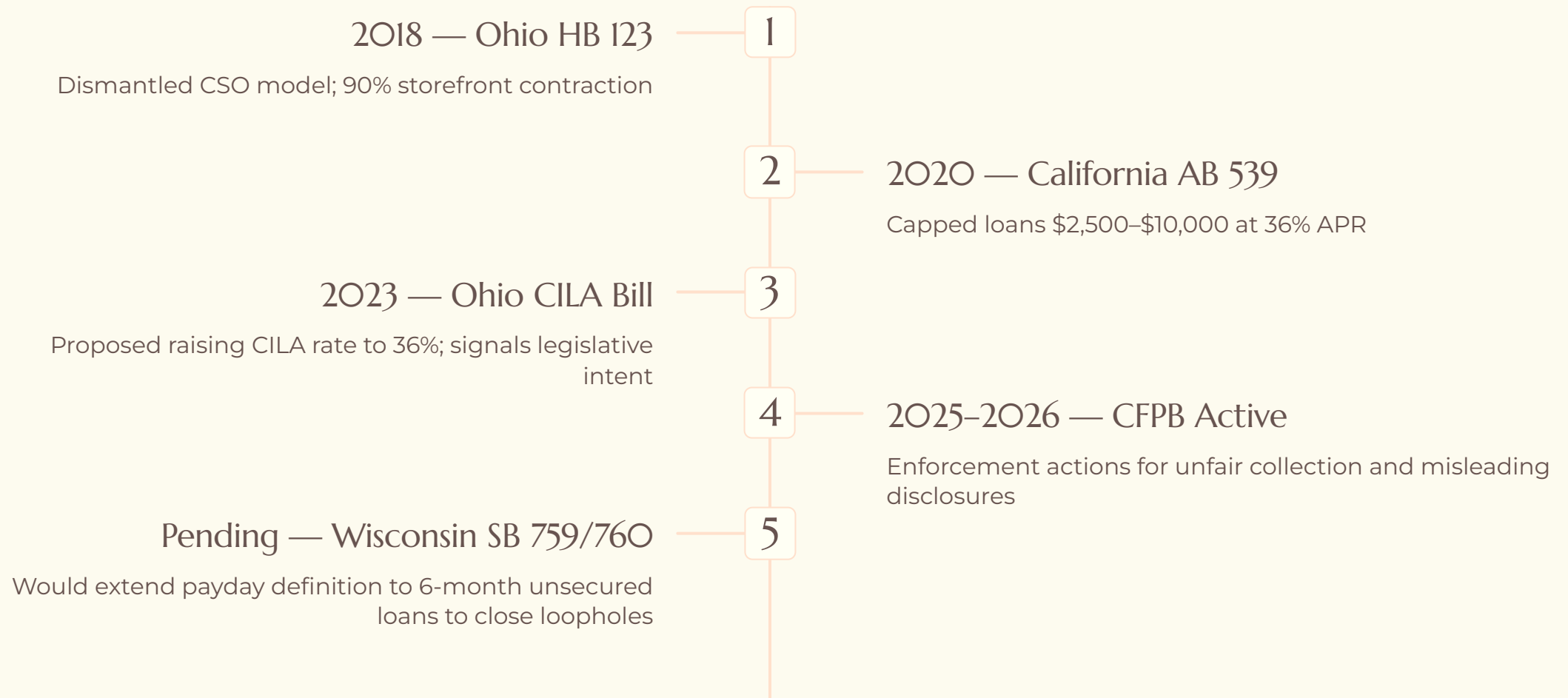
The Signal

Ohio's DFI is in an active regulatory posture. Examination frequency is increasing across all remaining licensees.

The 36% APR Momentum — Federal and State

The broader national trend is unmistakable. The CFPB's Payday Rule (12 CFR §1041) established federal payment restrictions for any loan exceeding 36% APR with a leveraged payment mechanism, regardless of term.

⊗ **States are not stopping at payday. They are working down the product stack toward installment lending.**



Ohio has not yet passed a comprehensive 36% rate cap on installment products, but the 2023 bill to raise the CILA rate to 36% demonstrates that the legislature has this on its agenda. A future session could dramatically change the installment lending landscape.

Section 3: The >12-Month Installment Loan at 200% APR Question

"Does it make sense to offer an installment loan with a term greater than 12 months at a 200% APR?"

❌ **The direct answer: No.** This is not legally available to a licensed Ohio lender under any current statute.

Why the Myth Exists

The logic behind this question is sound in theory. Ohio's Short-Term Loan Act covers loans with terms of less than 12 months. Therefore, a loan with a term exceeding 12 months falls outside the STLA definition. In states with no general installment rate cap — certain periods in California pre-2020, and in Missouri, this created a real opportunity. Lenders structured products to exceed the statutory threshold and operated in an unregulated lane at high APRs.

The Theory

Loans over 12 months fall outside the STLA definition so they must be unregulated, right?

The Ohio Reality

Ohio closed that lane with its other statutory frameworks. A loan exceeding 12 months does not fall into a rate-free void, it falls into one of several regulated categories, each with strict rate ceilings.

Why It Does Not Work in Ohio — The Rate Cap Matrix

| Loan Law | Loan Amount | Max Term | Max APR | Status |
|--------------------------------------|-------------|-------------------------|---------------------------|--------------------------------------|
| Short-Term Loan Act (STLA) | ≤ \$1,000 | 91 days – 12 months | ~100–226% (fee-inclusive) | AVAILABLE to current licensee |
| Consumer Installment Loan Act (CILA) | ≤ \$5,000 | 6 months+ | 25% (36% proposed) | Requires separate CILA license |
| Small Loan Act (SLA) | ≤ \$5,000 | 180 days+ (post-HB 123) | 28% (≤\$1K) / 22% (>\$1K) | Min term 180 days; low rates |
| General Loan Law (GLL) | ≤ \$5,000 | 180 days+ (post-HB 123) | 21–25% | Requires separate registration |
| 200% APR >12-Month Product | Any | >12 months | ILLEGAL | NOT a viable path |

⊗ There is no Ohio license under which a 200% APR >12-month product is permissible. The CILA caps at 25%. The SLA caps at 28%/22%. The GLL caps at 21–25%.

The Title Loan Question & What Lenders Are Actually Doing

The Title Loan Question

Ohio does not have a standalone motor vehicle title loan statute. Title loans have historically been structured under the STLA or the SLA using the vehicle as collateral. Under the current DFI examination posture and post-HB 123 enforcement emphasis, attempting a title loan workaround carries a **significant risk of license revocation.**

⊗ This is not a path worth pursuing for a single-location operator whose primary asset is the license itself.

What Lenders Are Actually Doing

The documented evasion vector in Ohio, as tracked by Policy Matters Ohio (Feb 2025) involves pivoting to the SLA or GLL for products with terms of 180 days to 13–14 months, but at the statutory rate ceiling of 25–28%.

These are not high-margin products. The margin compression is real. That is precisely why the most sophisticated surviving Ohio operators are not trying to re-engineer their loan product. **They are diversifying their revenue base.**

Section 4: The Smart Strategy — Keep the Location, Feed It New Revenue

Ashish, your storefront is not a liability. **It is a distribution channel.** The customers walking through your door are underbanked, cash-reliant, and underserved by mainstream financial institutions. That customer relationship has real economic value. The question is how many products and services you can run through that channel.

The ACE Cash Express model is instructive. In 1998, payday lending accounted for 10% of ACE's revenue; check cashing was the rest. By 2002, payday had grown to 32%, but **total revenue per store climbed from \$154,000 to \$230,000** because they layered services. That is the playbook.

\$154K

ACE Revenue/Store

1998 baseline — check cashing dominant

\$230K

ACE Revenue/Store

2002 — after layering services

66

Active STLA Licensees

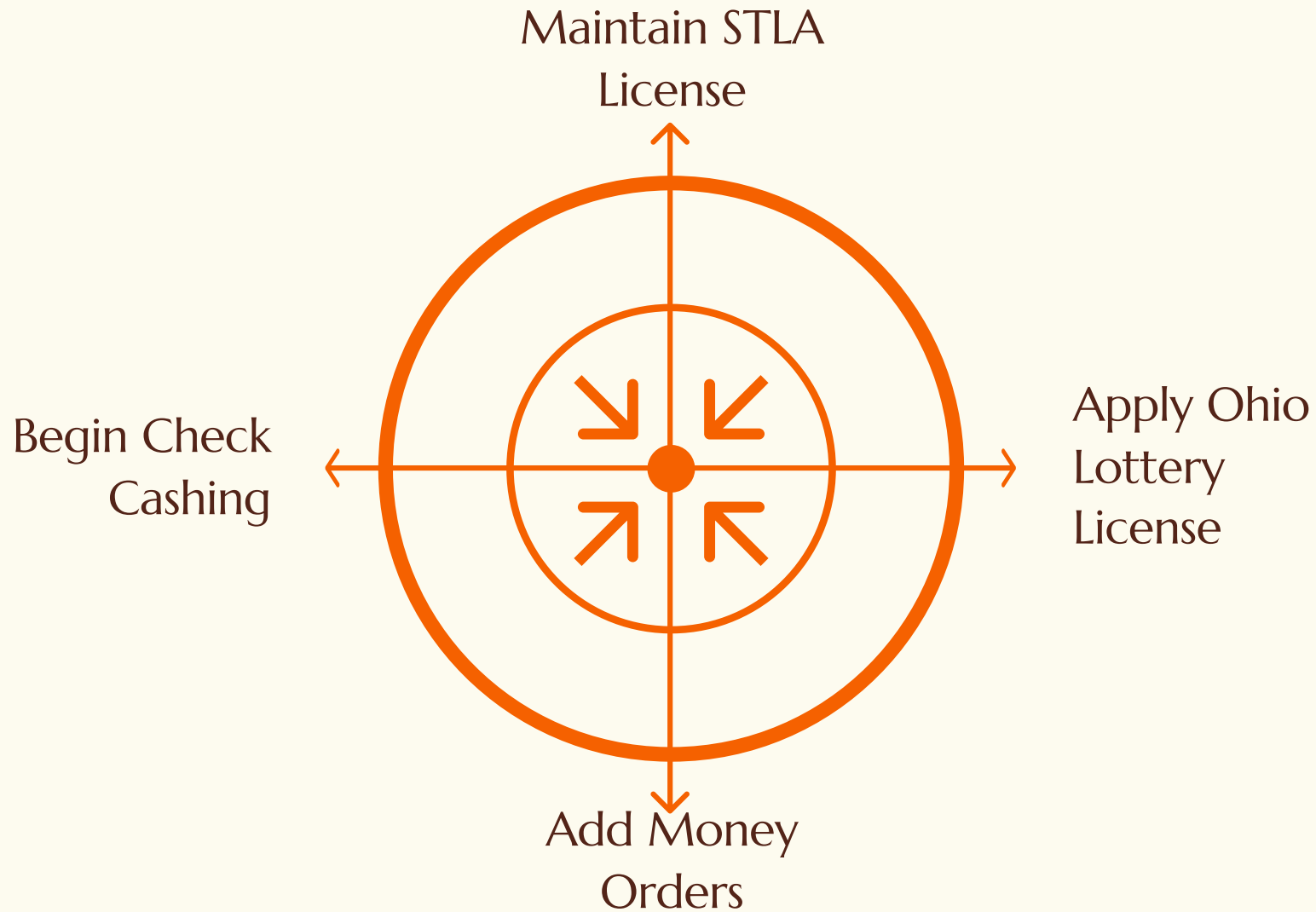
You are one of only 66 remaining in Ohio

90%

Market Contraction

Post-HB 123 storefront reduction

Immediate Priorities — Do This in 30 Days



Stay Current on Your STLA License

This is non-negotiable. Your license is your most valuable asset. Do not let it lapse, do not let examinations catch compliance gaps, and do not attempt product structures that could trigger DFI scrutiny.

Apply for an Ohio Lottery Retailer License

Low cost, fast approval, and drives daily foot traffic. Customers who buy lottery tickets are the same customers who borrow money. You want them in your store every day, not just on loan day.

Add Money Orders Immediately

Western Union or MoneyGram money orders with almost no capital investment. This adds a transaction-based revenue layer with zero credit risk.

Begin Check Cashing

A 1-2% fee on an \$800 paycheck is \$8-\$16 per transaction. Your current loan customers likely cash checks elsewhere — capture that fee.

90-Day Priorities — Build the Stack



Tax Preparation (Seasonal)

Partner with a tax franchise or set up independently. Jackson Hewitt and Liberty Tax both have low-entry franchise structures. Tax prep is the single highest-revenue seasonal add-on for your customer base, refund anticipation checks are the natural complement for customers without bank accounts.



Bill Payment Services

Integrate CheckFreePay or a similar network. Customers who pay utility, rent, and phone bills in your store become weekly visitors rather than monthly borrowers. Frequency drives loyalty.



Evaluate Pawnbroker License

Ohio requires a separate pawnbroker license, but the application process is straightforward. Pawnbroking provides secured, no-credit-check lending that complements your unsecured loan product without competing with it.



Non-Standard Auto Insurance

SR-22 and non-standard policies are a natural fit. Your customer base skews toward drivers with license suspensions or accidents. An independent insurance agent license in Ohio is obtainable; the revenue per policy is meaningful and recurring.

Strategic Medium-Term — 6–12 Months

Earned Wage Access (EWA) Referral Partnerships

Platforms like DailyPay and Branch serve employers whose workers overlap heavily with your customer base. A referral arrangement brings commission income and positions you as a financial services hub, not just a lender.

Prepaid Debit Card Distribution

NetSpend and Green Dot both have retail partner programs. Activation and reload fees accumulate. A customer who loads their paycheck onto a card in your store is a customer you see multiple times per month.

ATM Placement

A single ATM generating \$1.50–\$3.00 per surcharge transaction with 50+ transactions per day is meaningful passive income. Your existing foot traffic is the asset — the ATM just monetizes it.

\$3.00

Max ATM Surcharge

Per transaction passive income

50+

Daily Transactions

Realistic ATM volume from existing foot traffic

12mo

Payback Period

Typical ATM equipment lease payback window

Section 5: Alternative Services — Full Catalog

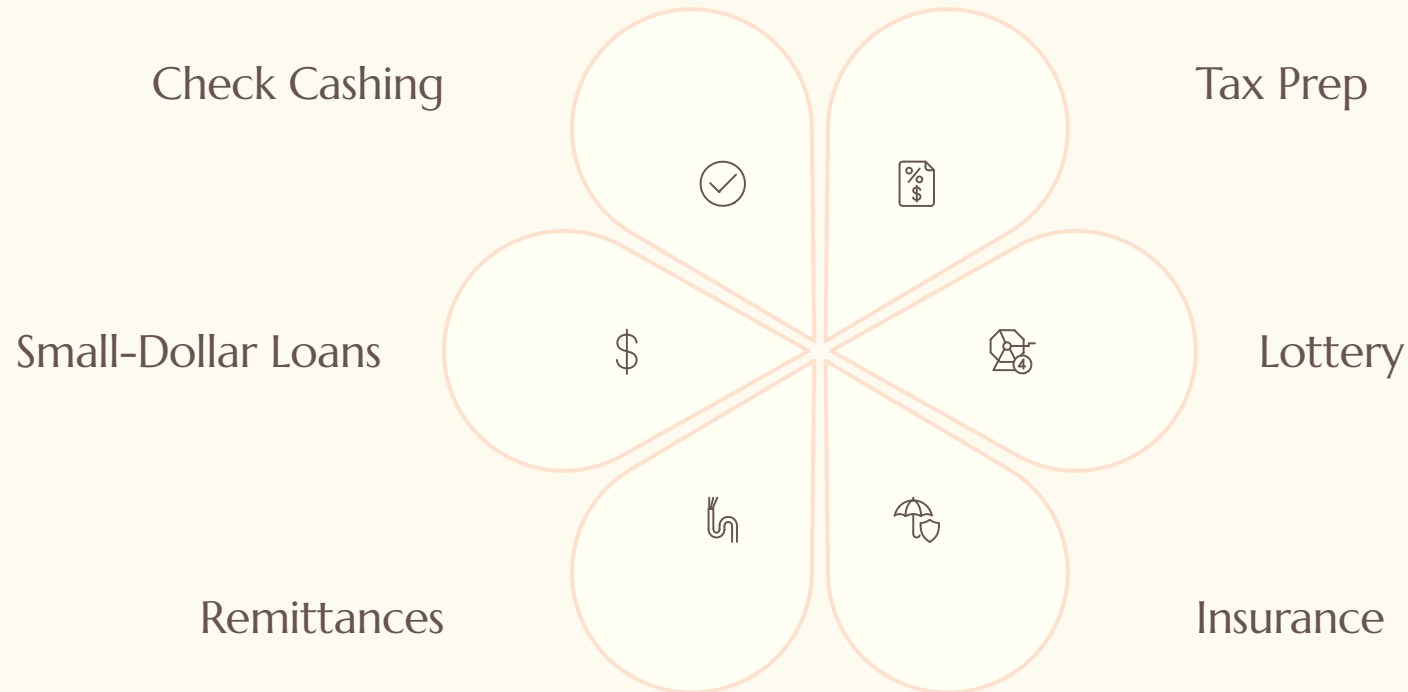
The following table presents all identified service options with revenue potential and startup cost assessments. Ratings are relative to the typical single-location AFS operator scale.

| Service | Category | Description | Revenue Potential | Startup Cost |
|-------------------------------------------|--------------------|-------------------------------------------------------------------------------------------------------------|-------------------|--------------|
| Check Cashing | Financial Services | Payroll, government & insurance checks; 1–3.5% fee; zero credit risk; high repeat volume | High | Low |
| Money Orders | Financial Services | Sold at \$1–\$2 flat fee; near-zero overhead; daily transactions | Medium | Very Low |
| Bill Payment | Financial Services | Utility, rent, phone via ACH networks (CheckFreePay); fee per transaction; drives repeat visits | Medium | Low |
| Wire Transfers / Remittances | Financial Services | MoneyGram or Western Union agency; strong demand in urban underbanked markets; commission per send | High | Low |
| Prepaid Debit Cards | Financial Services | Green Dot, NetSpend; activation + reload fees; builds customer stickiness | Medium | Low |
| ATM Placement | Financial Services | Surcharge revenue; no floor staff needed; passive income | Low–Medium | Very Low |
| Tax Preparation | Tax Services | Seasonal anchor; pairs perfectly with customer base; independent or franchise (Jackson Hewitt, Liberty Tax) | High | Medium |
| Refund Anticipation Checks | Tax Services | Bridge for unbanked tax clients; fee-based; wraps tax prep revenue | Medium | Low |
| Lottery Ticket Sales | Retail | Ohio Lottery retailer license; commission on sales; daily traffic driver; no credit exposure | Medium | Very Low |
| Pawnbroking | Secured Lending | Requires separate Ohio pawnbroker license; secured loans against jewelry/electronics; no credit check | High | Medium |
| Auto Insurance (Non-Standard / SR-22) | Insurance | Non-standard policies; independent agent license; strong demographic fit | High | Medium |
| Notary Public Services | Retail Services | Minimal cost; recurring customer need; \$2–\$15 per notarization | Low | Very Low |
| Prepaid Cell / SIM Cards | Retail | Activation commissions; prepaid brand partner | Low–Medium | Very Low |
| Shipping / Mailbox (UPS/FedEx Authorized) | Retail Services | Counter add-on; low overhead | Low–Medium | Low |
| Credit Repair Referrals | Financial Services | Referral arrangement with licensed CRO; zero compliance burden; passive fee income | Low | Very Low |
| Earned Wage Access (EWA) Referrals | Emerging | Partner with DailyPay or Branch; refer employer clients; commission-based; CFPB-compliant | Medium | Low |

The "Financial Supermarket" Model

The industry term for what you are building is a **Financial Supermarket**; a single storefront where underbanked customers can handle every financial transaction they need. Check cashing, money orders, bill pay, tax prep, lottery, insurance, remittances, prepaid cards, and small-dollar loans.

The model works because it maximizes revenue per customer visit and creates switching costs: once a customer does five things in your store, they stop shopping elsewhere.



✔ This is not a new concept. It is the proven survival strategy of every storefront AFS operator who successfully navigated state-level payday restrictions. The operators who failed tried to fight the regulation or find a new high-rate product. **The operators who survived built the supermarket.**

Section 6: Risks to Monitor



Legislative Risk — Ohio

Ohio SB 269 (bank partnership true lender test) and any future CILA rate cap legislation represent the primary legislative risks. Neither directly threatens your current STLA operation, but a CILA rate cap reduction would close the installment lending migration lane that some Ohio lenders are using.



Federal Risk — CFPB

The CFPB Payday Rule's payment provisions (12 CFR §1041) apply to your loans. ACH repayment restrictions are already in effect after two consecutive failed attempts. Ensure your loan agreements and collection procedures are fully compliant.



Operational Risk — Single Location

A single-location operation has no geographic diversification. If your landlord raises rent materially or a new competitor opens nearby, your margin structure does not leave room for absorption. Diversified revenue reduces this vulnerability, a store generating \$80K/year from non-lending services is far more resilient than one generating \$80K from loans alone.



Compliance Risk — License Preservation

The DFI has increased examination frequency for remaining STLA licensees. Ensure your documentation, loan agreements, disclosure forms, fee disclosures, and collection records are current and audit-ready. Your license is your business. Protect it.

Section 7: Ashish's 90-Day Action Plan

| Timeline | Action | Details | Priority |
|----------|---------------------------------|-------------------------------------------------------------------------------------------------------------------------|-----------------|
| Week 1 | Compliance Audit | Review all STLA loan files, disclosure forms, and collection procedures against current Ohio DFI requirements | CRITICAL |
| Week 1 | Ohio Lottery Application | Submit Ohio Lottery retailer license application — low cost, fast, drives daily traffic | HIGH |
| Week 2 | Money Order Partnership | Apply as MoneyGram or Western Union agent; setup takes 1-2 weeks | HIGH |
| Week 2-3 | Check Cashing Launch | Establish check cashing fee schedule; confirm money transmitter compliance with Ohio Division of Financial Institutions | HIGH |
| Week 3-4 | Tax Prep Research | Evaluate Jackson Hewitt / Liberty Tax franchise options; or independent EFIN application with IRS | MEDIUM |
| Month 2 | Bill Payment Integration | Contact CheckFreePay or similar processor for storefront setup | MEDIUM |
| Month 2 | ATM Placement | Negotiate ATM placement agreement; minimal capital required if equipment is leased | MEDIUM |
| Month 3 | Pawnbroker License | File Ohio pawnbroker license application; begin inventory sourcing plan | MEDIUM |
| Month 3 | Insurance Agent License | Enroll in Ohio pre-licensing course for Property & Casualty; focus on SR-22/non-standard auto | MEDIUM |
| Ongoing | Legislative Monitoring | Track Ohio SB 269, CILA rate cap bills, and CFPB activity quarterly | ONGOING |

What Success Looks Like at 90 Days

License Clean

STLA license confirmed clean and audit-ready

3 New Services Live

Lottery + money orders + check cashing operational

Tax Prep Locked

Partnership structure determined and agreement in place for upcoming filing season

Bill Pay Live

Bill payment integration live or in final onboarding

Pawn Filed

Pawnbroker license application filed with Ohio

✔ The goal is not to become a different business. The goal is to become a **broader business** built around the same customer, the same location, and the same trust you have already earned.

Section 8: Optimize What You Already Have — The Small Loan / Short Term Strategy

Before you add a single new service, there is a **yield improvement hiding inside your existing STLA license** that costs nothing to implement. It requires no new application, no new compliance program, and no new staff. It is purely a product design decision and it may be the single highest-impact move Ashish can make in the next 30 days.

The Core Insight — Your Fees Are Fixed, Not Proportional

Under the STLA, Ohio law allows three charges on top of the 28% annual interest rate:

Monthly Maintenance Fee

The lesser of 10% of the original loan amount or **\$30 per month** — this fee hits a hard ceiling at \$30 regardless of loan size.

Origination Fee

2% of the loan amount, but only on loans greater than \$500.

Check Collection Fee

A flat one-time fee if applicable.

i The critical point: The \$30/month maintenance fee does not grow with the loan principal. It caps out. On a \$300 loan, \$30/month represents 10% of principal per month. On a \$1,000 loan, \$30/month represents only 3% of principal per month. **The smaller the loan, the harder that fixed fee works for you.**

The Math — Explained Like You're 10

Imagine you rent out a lawnmower. Whether you rent it to someone for their small backyard or their large backyard, your rental fee is the same, \$30. Renting to the small backyard owner is a better deal for you, because that \$30 fee is a bigger percentage of what the job is worth to them. That is exactly what is happening with Ashish's loan product.

| Loan Amount | Term | 28% Annual Interest | Monthly Fees (*months) | Total Cost to Borrower | Effective APR |
|-------------|--------------------|---------------------|------------------------------------------------|------------------------|---------------|
| \$300 | 91 days (3 months) | ~\$21 | $\$30 \times 3 = \90 | ~\$111 | 200%+ |
| \$500 | 6 months | ~\$70 | $\$30 \times 6 = \180 | ~\$250 | ~162% |
| \$1,000 | 12 months | ~\$280 | $\$30 \times 12 = \$360 + \$20$ origination | ~\$660 | ~100% |

✓ The \$300 / 91-day loan generates more than **twice the effective yield** of the \$1,000 / 12-month loan on the same license, under the same law, with the same disclosure requirements.

What This Means for Ashish's Loan Mix

If Ashish's current portfolio skews toward larger loans (\$700–\$1,000) with longer terms (6–12 months), he is leaving yield on the table. Shifting his average loan toward \$300–\$500 principals with 91–120 day terms does the following:



Higher Effective APR

Increases effective APR per loan from the ~100% range into the 162–200%+ range



Simpler Closings

Eliminates the origination fee paperwork on loans under \$500 — faster, cleaner transactions



Faster Capital Turns

A 91-day loan cycle means the same dollar can be lent approximately 4 times per year vs. once on a 12-month loan



Lower Default Exposure

Reduces total dollar exposure per default — a \$300 default costs less than a \$1,000 default

The Capital Velocity Argument

\$1,000 at 12 Months

Generates approximately **\$660 in total fees and interest** over the year, tied up in one borrower for 12 months.

\$1,000 as Three Sequential \$300 / 91-Day Loans

Generates approximately **\$333 in fees per cycle × up to 4 cycles = ~\$1,332 in fees per year** on the same \$1,000 of capital assuming successful repayment each cycle.

Even at a conservative 3 cycles per year (accounting for gaps between loans), that is **~\$999 in fee revenue vs. \$660. Same capital. Same license. Nearly 50% more revenue.**

The Trade-Off — Default Risk

Shorter terms mean the borrower must repay faster. Ashish must tighten his underwriting on shorter-term loans:

→ Verify Income and Pay Frequency

Before setting the term, a borrower paid bi-weekly can reasonably handle a 91-day loan; a borrower paid irregularly may need 120–150 days.

→ Track Repeat Customer Repayment History

Your best short-term borrowers are customers who have already proven they repay on time.

→ Value the Repeat Borrower

A customer who repays a \$300 / 91-day loan and returns next month is worth more than a \$1,000 / 12-month loan that defaults at month 4.

📌 The goal is not to make every loan \$300. The goal is to make \$300–\$500 your **default offer**, with larger amounts reserved for repeat customers with a clean repayment history.

Why This Beats Chasing a New Product

Many Ohio lenders in Ashish's position have looked at the CILA (Consumer Installment Loan Act) as an escape route — getting a separate license to offer installment loans up to \$5,000 at 25% APR. The CILA has its place, but consider the yield comparison:

| Product | Principal | Term | Max APR | Annual Revenue per \$1K Capital |
|----------------------------------|-----------|-----------|---------|---------------------------------|
| STLA optimized (\$300 / 91 days) | \$300 | 91 days | 200%+ | ~\$999–\$1,332 (3–4 cycles) |
| CILA installment loan | \$3,000 | 18 months | 25% | ~\$375 total over term |

✔ The STLA product, properly sized, **outperforms the CILA product by 3–4x** on a per-capital-deployed basis. Adding a CILA license makes sense eventually as part of the full-service financial supermarket, but it should not be pursued as a replacement for the STLA product. It is an addition, not a substitute.

Implementation — How to Shift the Loan Mix

1 Lead with \$300 as the Standard First-Time Loan Offer

Frame it as the fastest approval, simplest terms product. New customers start here.

2 Reserve \$500–\$1,000 for Repeat Customers

Who have demonstrated on-time repayment across at least two prior loan cycles.

3 Train Staff to Present the 91-Day Term as Standard

With longer terms offered only when the customer's income verification clearly supports a slower repayment schedule.

4 Track Your Portfolio Metrics

Average principal, average term, default rate by loan size. If you are not measuring this, you cannot optimize it.

5 Do Not Apologize for the Smaller Loan

"We start everyone at \$300 so we can get you approved quickly and build your history with us. After two successful loans, you qualify for more." That is not a limitation, that is a credit-building program.

Closing: The House Always Wins — If You Build the Right House

"Do not compete with your agency in the creative process. Give the professionals their head. And then judge the result." — David Ogilvy

Ashish, you are not in a dying business. You are in a business whose primary product has been legally constrained. That is a fundamentally different problem. A constrained product is a sales and diversification challenge. A dying business is an exit situation.

The underbanked customer is not going anywhere. They still need to cash checks. They still need to pay bills without a bank account. They still need a loan when the car breaks down two days before payday. They still need insurance, tax prep, a money order. **The demand is real, recurring, and largely immune to economic cycles** because your customers are the ones who feel every economic cycle hardest.

You Have the Location

A physical presence that no app can replicate

You Have the Relationships

Customer trust built over years of service

You Have the License

One of only 66 active STLA licensees in Ohio

✔ **Build the Financial Supermarket.** Do not try to find the next high-rate product. There is no magic loophole waiting for you in Ohio statutes; we checked carefully, and the answer is no. The path forward is diversification, volume, and customer loyalty. The operators who will still be standing in five years are the ones who clearly assessed the regulatory environment, made no bets on loopholes, and built a business that serves their community well enough that the community keeps coming back. **That can be you. Start with the 30-day list. One step at a time. The house wins when it offers the most services.**

— Jer, Trihouse Consulting | June 2026

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