



**The South Carolina
State Board of Financial Institutions
Consumer Finance Division**

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**Ronald R Bodvake
Commissioner of
Consumer Finance**

November 1, 2023

Dear Licensee:

The South Carolina Deferred Presentment Service Act ("Act") states that the Board of Financial Institutions ("Board") shall implement a database to prevent a person from having a deferred presentment transaction that exceed statutory limit (one) and to verify whether a person is eligible to enter into a deferred presentment transaction. The Board is further instructed to enter into a contract with a third-party vendor to develop and operate the database. Accordingly, the Board and a third-party vendor, Veritec Solutions, entered into a contract to provide this database.

The Act allows only one means of payment to this third-party database provider: a verification fee of no more than \$1.00 per transaction paid by the licensee to the database provider. Unfortunately, the number of deferred presentment transactions has decreased significantly since 2010 from 1,097,754 transactions to a projected 95,000 transactions in 2023. Accordingly, the database provider's annual revenues have decreased significantly.

The Board's current contract with the database provider expires on December 8, 2023. We are seeking to renew the contract. However, because the number of transactions and the revenues collected by the database provider have decreased significantly, the database provider has informed the Board that it requires additional annual revenue to continue to provide the database. In addition, after research with other states, we believe that the current database provider is the only provider of this type of database.

Without action by the South Carolina General Assembly during the 2024 legislative session to fund the database, the deferred presentment program may be in jeopardy. Even if the General Assembly takes action, such legislative action may increase your costs by increasing the verification fee that is paid by the licensee.

The Board has been actively working with the database provider and the appropriate committees within the South Carolina General Assembly to address this issue. The purpose of this letter is to inform you of this issue, which may have a significant effect on your deferred presentment business.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ronald Bodvake", is written over a horizontal line.

Ronald Bodvake
Commissioner of Consumer Finance