Research on the Sustainability of the Money Lending Market in View of the Infiltration of Loan Sharks (*Yamikin*)

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Abstract

Since the money lending business law, which includes extremely strict regulations, was revised in 2006, it is said that the money lending market has remained stable without causing major social problems. On the other hand, as feared since the revision of the law, loan sharks (*Yamikin*) begun to actively operate behind the scenes in the official money lending market, and their criminal methods are becoming more and more sophisticated.

In recent years, various new types of loan sharks disguised as factoring are growing as alternatives to money lending functions. For example, since around 2018, the social damage caused by *Payroll Factoring (Kyuyo-Factoring)*, a new type *Yamikin* that provides funds to consumers with salary income, has been reported in the media. So, in March 2020, the Financial Services Agency of Japan issued a non-action letter to the effect that *Payroll Factoring's* scheme is equivalent to the money lending business disguised as fixed wage receivable transfer. As a result, many *Payroll Factoring* firms have exited from the market.

However, some of the *Payroll Factoring* firms that had withdrawn from the market have evolved the know-how of credit check and collection cultivated on *Payroll Factoring's* business into new *Yamikin's* business-schemes. Representatives of these are the even newer types of loan sharks known as *Deferred Payment Cashing (Atobarai-Genkinka) Yamikin, and Advance Payment Purchase (Sakibarai-Kaitori) Yamikin*. Today, this phenomenon emerges as social problems and is not only gradually increasing the difficulty of police crackdowns, but also often taken up as a theme in the Diet of Japan.

The Effect of Financial Education on Financial Literacy and Financial Behavior: A Review of Meta-Analyses

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Abstract

In this review, we summarize the results of 5 methodologically rigorous meta-analyses on financial education, financial literacy and financial behavior. We find that financial education significantly impacts financial literacy and financial behavior. These results hold for the studies using RCTs. However, the impacts on financial behavior are miniscule. Financial literacy significantly impacts financial behavior, but the effects are very small for the studies using instrumental variables. The effects on improving savings and budgeting are much larger than on debt related behavior. The effects for low-income consumers are smaller. The effects for children and youth are higher or at least identical to those for adults. The effects decay over time. The effects increase with intensity (hours taught), and this increase declines with intensity. Brief financial education at short delays has equal to more intensive financial education at long delays. Finally, we discuss implications for future research and policy to help consumer decisions.