



The risk of Yamikin (illegal lenders) market, which is spreading quietly in Japan

Hiroshi Domoto

Professor, Tokyo University of Information Science

1. Large-Scale Shrinkage of Consumer Finance Market

Users of the moneylending market are in turmoil. Five years have passed since the 2006 revision to the Money-Lending Business Law (MLBL). Total loan volume of the 7 largest companies¹ devoted to this type of business has fallen from 8.5 trillion yen at its peak to 2.5 trillion yen. The new-booking rate of those 7 largest lenders has dropped from 55% prior to the revision to just 25%. This law revision has rapidly increased the number of people who "suffer as they are unable to borrow". While the development of consumer credit functions are supposed to redress disparity in standards of living, the current credit squeeze caused by excessive tightening of regulations has triggered a severe credit crunch amongst "small business owners", "temporary workers" and "low income earners". Generally, given that people do not want to consult with others about their debts, it is difficult to fully grasp the state of the credit squeeze in moneylending markets in its entirety. However, according to our Questionnaire Survey², the distress suffered by those seeking financing has become increasingly worse, year after year.

Furthermore, a surge in refund claims for sums of overpaid interest (herein referred to as *Kabarai*) has in effect all but decimated moneylenders' capability to supply funds. *Kabarai* refund claims³

¹ The situation of each of the 7 major lenders engaged in moneylending differs largely from that prior to the revision to the MLBL. In 9/2009, Aiful filed for alternative dispute resolution (ADR). In 9/2010, CFJ discontinued all new lending. Takefuji filed under the Corporate Reorganization Law and its management virtually failed. In 10/2010, Sanyo Shinpan was merged with Promise, and Promise went on to announce it would become a 100% subsidiary of Sumitomo Mitsui Bank Corporation through a take-over bid in 9/2011. In 10/2011, Lake started to accept loan applications at its parent company, Shinsei Bank.

² "Survey on Use of Consumer Finance" (Time period of survey: May in each year from 2006 to 2009 and July of 2010 and 2011) and "Survey on Use of *Yamikin*" (Time period of survey: May in each year of 2008 and 2009, July of 2010, Feb. of 2011 (follow-up survey), June of 2011 (preliminary survey), and in July of 2011). The surveys were conducted via the Internet. Those surveyed were general consumers aged 20 years or older and who were registered with a survey institution.

³ The category of interventions by lawyers and public agencies typically covers instances in which debtors are disinclined to file for personal bankruptcy and instead seek the assistance of an attorney-at-law (*bengoshi*) or judicial scrivener (*shiho-shoshi*, a legal expert in wills, divorces, and other areas) in seeking a reduction in, or exemption from, the loan principal or interest. *Kabarai* claims on the grounds that past interest payments were made at excessive rates in the gray-zone interest band have risen to particular prominence. Such legal moves seek redress from money-lending firms by demanding not just that the excess amount claimed is either deducted from the loan principal, but that the lender is made to pay additional compensation in cases in which the excess exceeds the principal that the entire debt is erased. They are collectively referred to as refunds of overpaid interest (*Kabarai*).

rose rapidly following the Supreme Court's January 2006 ruling⁴ that effectively denies the so-called gray-zone interest rate band (20%-29.2% per annum), which lies between the cap rate of the Interest Rate Restriction Law and that of the Capital Subscription Law, thus raising the sum of *Kabara*i refunds paid out by the 7 largest moneylenders to more than 2 trillion yen since the said judgment.

However, *Kabara*i refund claims are not actually helping those who have "fallen into despair through borrowing". To verify the effectiveness of the *Kabara*i refund claims in redressing this despair, we compared "the ratio of borrowing from illegal lenders (*Yamikin*)" and "the ratio of borrowing from family members or friends" of *Kabara*i refund claimants before and after their filing of refund claims, using the McNemar test, and could not find a significant gap (5%) in either of the groups. The results highlighted the possibility that *Kabara*i refund claims may not be functioning as a measure to address cases of those borrowing from *Yamikin* or family members/friends to resolve debt issues.

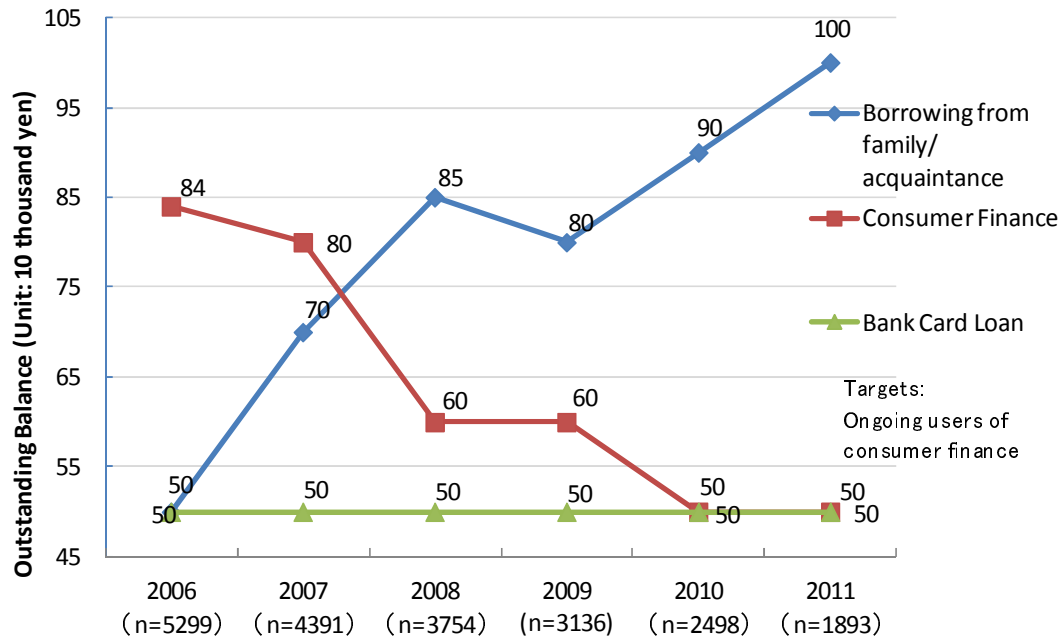
Far from it, those who have "fallen into despair through borrowing" are often exploited by unscrupulous attorneys. A judicial scrivener in Yamaguchi prefecture was arrested in May this year and another judicial scrivener from Nara prefecture was arrested the following month, both for tax evasion concerning *Kabara*i refund claims. Furthermore, in September this year, an attorney in Tokyo was arrested for having made illegal payments to the head of crime syndicate in return for the referral of tens of *Kabara*i refund claimants.

2. *Yamikin* users are gradually increasing

The credit squeeze has influenced the debt behavior of those consumers seeking financing. Figure 1 shows the trend of outstanding loan balances (median) extended to ongoing users of consumer finance through the following three means, "consumer finance", "bank card loan" and "family/acquaintance". According to this figure, when comparing the outstanding loan balance (median) before and after the law revision, the borrowing from consumer finance has declined rapidly from 840,000 yen (2006) to 500,000 yen (2011). On the other hand, while loans from the "bank card loan" segment – which was expected by the government to accept more loan applications after the law revision – are leveling off, loans from family members or friends have rapidly risen from 500,000 yen (2006) to 1,000,000 yen (2011).

⁴ Heisei 16 (Jyu) No. 1518 Loan Claim Case (Supreme Court).

Figure 1 Trend of Outstanding Loan Balance (Median) Held by Current Users of Consumer Finance



Source: "Survey on use of Consumer Finance" in 2006, 07, 08, 09 and 10

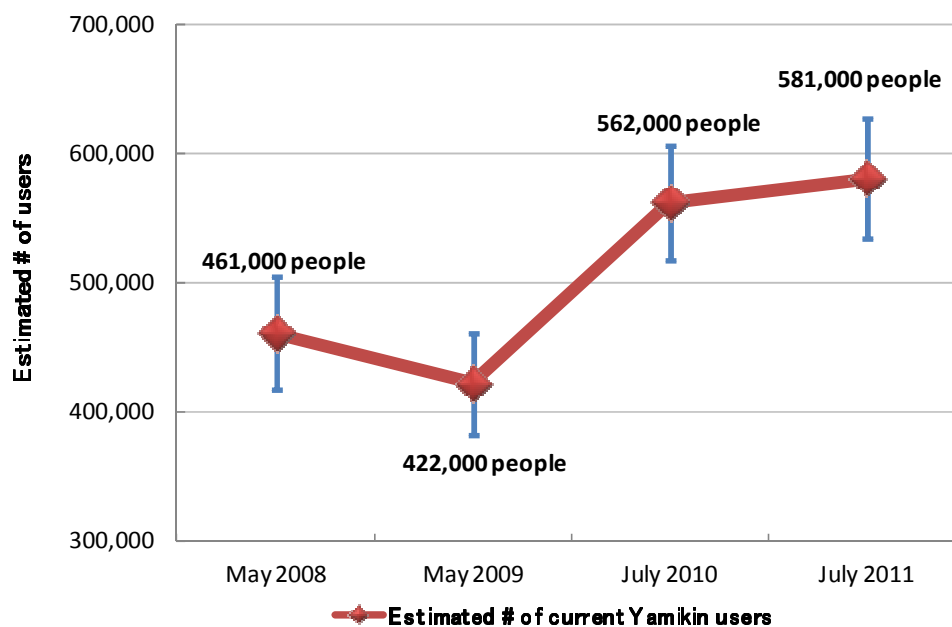
Note: Ongoing usage rate of bank card loan by ongoing consumer finance users is 31.7% (2006), 32.9% (2007), 33.1% (2008), 31.8% (2009), 34.7% (2010), and 36.1% (2011). Similarly, ongoing borrowing rate from family or acquaintance is 21.4% (2006), 24.6% (2007), 20.4% (2008), 22.4% (2009), 20.2% (2010), and 22.1% (2011).

From the outset of the law revision, there have been concerns surrounding so-called *Yamikin* becoming rampant as a result of a credit squeeze. These concerns are well founded as *Yamikin* users are in fact on the increase. Figure 2 shows the estimated shift in the number of current *Yamikin* users (estimated). According to Figure 2, the number of *Yamikin* users increased from 420,000 (2009) to 580,000 (2011). Further, the upward trend of *Yamikin* users can also be seen in surveys on loan users by the Financial Services Agency and Osaka Prefectural Government⁵.

It should be noted that, while loans from family members and friends show a trend of *rapid-increase* as a result of the credit squeeze, the number of *Yamikin* users has shown a *gradual-increase by comparison*. It is here that we can find the traits of *Yamikin* damages caused by the law revision this time.

⁵ Survey on "Money Loan Users" by Financial Services Agency (Mar. and Nov. of 2010, Apr. of 2011) and "Flash Report of Survey on Money Loan Users" by Osaka Prefecture (Sep. of 2011).

Figure 2 Estimated Trend of *Yamikin* Users (Victims)



	Estimated # of users		
	Estimated lower limit	±0	Estimated higher limit
May 2008	418,000	461,000	505,000
May 2009	383,000	422,000	461,000
July 2010	518,000	562,000	607,000
July 2011	534,000	581,000	627,000

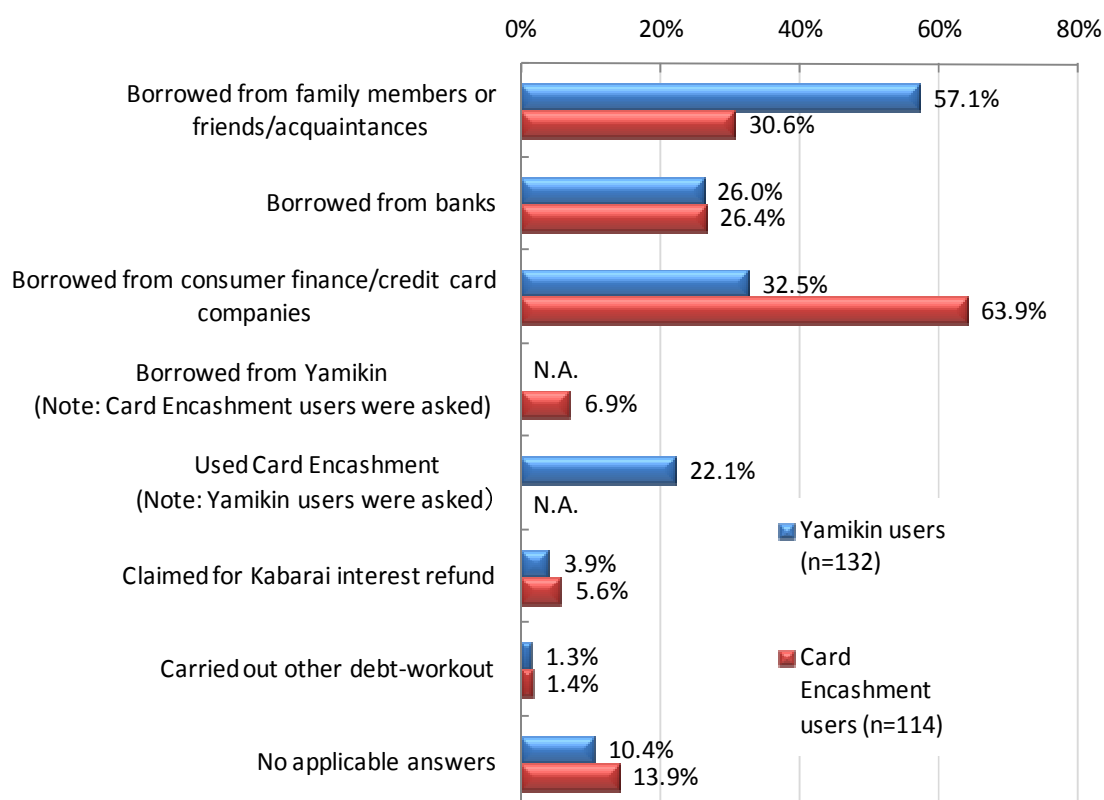
Source: “Survey on Use of *Yamikin*” conducted in May 2008, May 2009, July 2010 and July 2011

Note: (1) The numbers of samples used for these surveys were 82,551 (2008), 93,760 (2009), 93,787 (2010) and 88,968 (2011). (2) Estimates prior to 2010 were modified as the base data used for calculating such estimates was changed from a “National Census” to “Basic Resident Register” from this year.

3. *Yamikin* users are hard-pressed

When looking into debt behavior of *Yamikin* users, comparison with Card Encashment⁶ users is highly suggestive. Despite Card Encashment being pointed out as being "*Yamikin* in disguise", such lenders operated their businesses openly and free of controls on busy downtown streets and online until a crackdown in August of this year. Therefore, since the law revision, Card Encashment had functioned as a new loan supplier for those having problems in borrowing. Figure 3 shows the results of a questionnaire on the loan situation of first time *Yamikin* or Card Encashment users for the six months prior to securing such a loan.

Figure 3 Situation Prior to Use of *Yamikin* or Card Encashment (past 6 months)



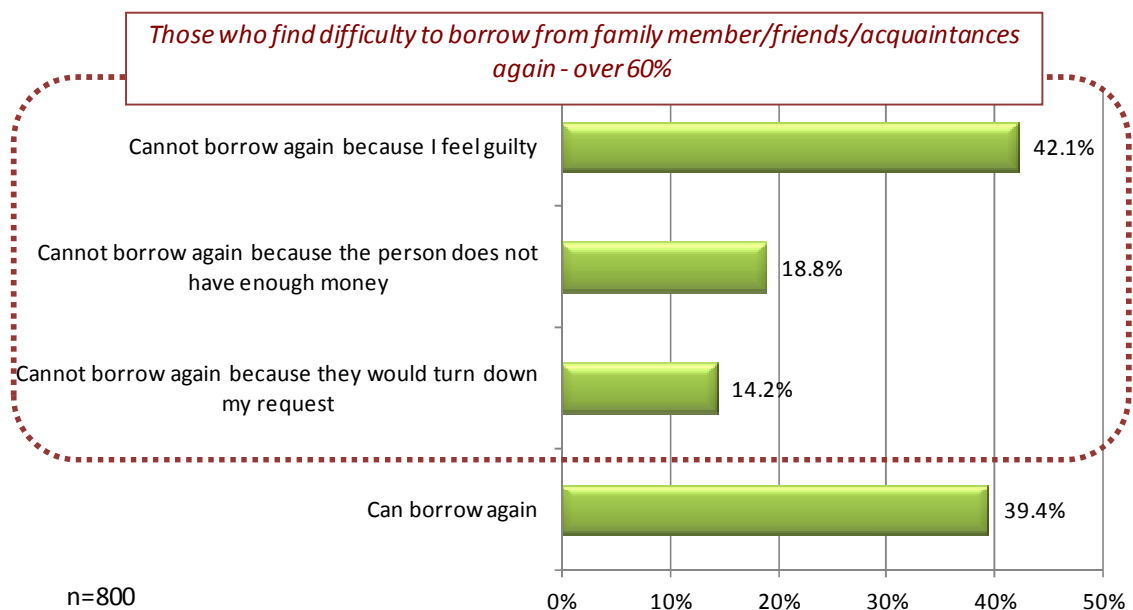
Source: "Survey on Use of *Yamikin* (preliminary survey)" conducted in June 2011

Note: (1) Asked Card Encashment users if they "used *Yamikin*" just before the use of Card Encashment. Also asked *Yamikin* users if they "used Card Encashment" just before the use of *Yamikin*. (2) Samples are the users who have used either *Yamikin* or Card Encashment in the last 3 years. (3) Multiple answers allowed.

⁶ Disguised financial act by purchasing a good by Credit Card shopping credit line at the direction of a moneylender and selling that to the lender for encashment.

According to Figure 3, 63.9% of Card Encashment users "borrowed from consumer finance/credit card companies", which is significantly high compared to that of ratio of *Yamikin* users at 32.5%. On the other hand, the ratio of *Yamikin* users, who borrowed from "family members or friends/acquaintance", is markedly high at 57.1%. Furthermore, while just 6.9% of Card Encashment users borrowed from "*Yamikin*", 22.1% of *Yamikin* users sourced funds through "Card Encashment", which is outstandingly high by comparison. Card Encashment users show a pattern of using this method as a first means at the outset of any difficulties in borrowing from consumer finance. On the other hand, *Yamikin* users show a pattern of temporarily borrowing from family members or friends after having difficulties in borrowing from consumer finance, then trying to manage the situation through Card Encashment before finally turning to *Yamikin* as a last resort, having worked through every other possible financing method.

Figure 4 Whether or not one can borrow from family members/friends again
(Those who have borrowed from family members or friends before)



Source: "Survey on Use of *Yamikin* (preliminary survey)" conducted in June 2011

Note: (1) "Those who have borrowed from family members or friends before" refers to members of the population who have borrowed money from family members or friends in the past. (2) Multiple answers allowed.

Next we surveyed the possibility of those who had borrowed from family members or friends in the past might be turned down for future requests. This was done with the aim of determining the circumstances where the consumers seeking financing would turn to *Yamikin*. According to Figure 4, 39.4% could borrow again, while the remaining 60% plus could not. Reasons given for difficult to borrow again were: "I feel guilty" 42.1%; "The person does not have enough money to lend me," 18.8%; and "The person would turn down my request," 14.2%. Following revision of the MLBL, loans from the family members or friends have rapidly increased. It seems, however, that there is a limit to how many times people can ask for such loans.

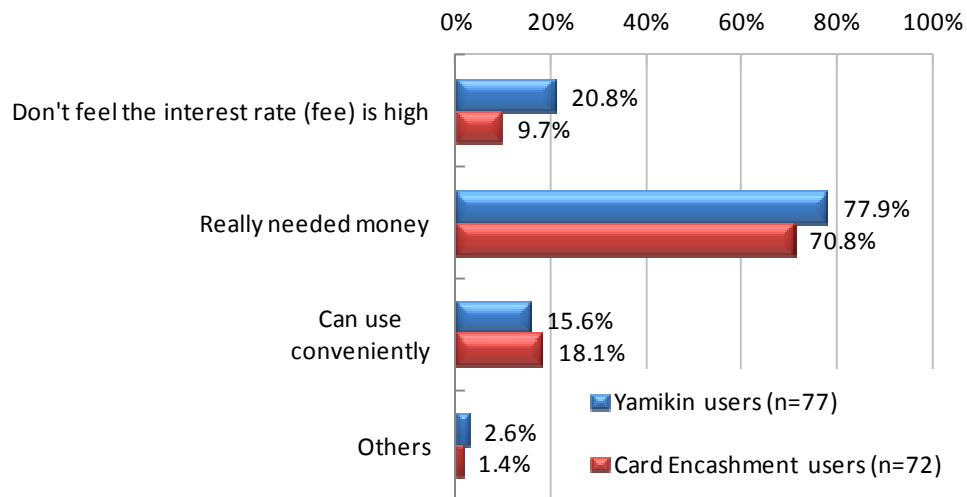
As explained above, it seems there is a certain time lag between when consumers seeking financing run into difficulty borrowing and the time when they finally reach out to *Yamikin*. In order to clarify the difference in the level of constraints among consumers seeking financing, we conducted research into the reasons why *Yamikin* and Card Encashment users used such methods, despite them were illegal. According to Figure 5(a), the ratio of *Yamikin* users who responded that they "really needed" money was 77.9%, higher than the 70.8% of Card Encashment users. Further 20.8% of *Yamikin* users indicated that they "don't feel the interest rate (fee) is high", more than double that of the ratio (9.7%) of Card Encashment users who responded similarly.

We also asked *Yamikin* and Card Encashment users about the level of financial difficulty they would feel if they were no longer able to use those services. According to Figure 5 (b), 71.5% of *Yamikin* users responded that they would "be in trouble", which is far beyond the ratio of 51.4% of Card Encashment users responding similarly. That hints that *Yamikin* users are faced with more severe constraints than those of Card Encashment users and reach out to *Yamikin* when they have exhausted all other options.

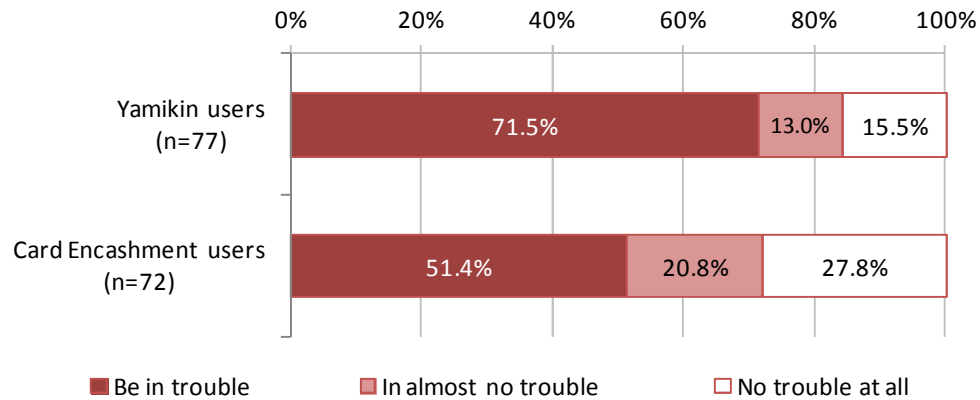
Based on the above, the typical sequence of events seems to be that after 2007 when booking rate of consumer finance companies suddenly declined, consumers facing difficulty securing loans initially relied on family members, friends, or a kind of means to raise funds such as Card Encashment instead of immediately approaching *Yamikin*. They then started using *Yamikin*, only when it became difficult to raise funds from these other such sources continuously and repeatedly. In other words, it is highly likely that there was a time lag of about several months to years between the time when consumers became subject to a credit crunch and the time when they started using *Yamikin*. It is assumed that the consumers seeking financing who have fallen into difficulty securing loans in the past are more likely to rely on *Yamikin* going forward as a last resort to raise funds.

Figure 5 Why did/do you use an illegal means to borrow?

(a) Reason for use despite knowing of its illegality



(b) Level of financial difficulty you feel if it were no longer available



Source: "Survey on Use of *Yamikin* (preliminary survey)" conducted in June 2011

Note: (1) Samples are the users who have used *Yamikin* or Card Encashment in the last 3 years. (2) Multiple answers are allowed for Figure (a) above.

4. Actual status of contracted interest rate in *Yamikin* market

4.1 Mechanism to determine interest rate in *Yamikin* market

We drew up the following hypothesis by focusing on borrowing period and principal as factors to determine the contracted interest rate imposed on borrowing from *Yamikin*.

- n Hypothesis: Contracted interest rate (Y) in *Yamikin* market is determined by borrowing period (X_1) and principal (X_2)

{	Objective variable	Y	.....	Contracted interest rate (Unit: % per annum)
	Explanatory variable 1	X_1	.....	Borrowing period (Unit: Day)
				Note: the effective period in estimation is 2 to 30 days
	Explanatory variable 2	X_2	.....	Principal (Unit: ¥)

Firstly, we draw up a scatter graph to learn the relationship between the objective variable and each explanatory variable based on the hypothesis above. Figure 6(a) is a scatter graph showing the relationship between contracted interest rate (Y) and borrowing period (X_1) and Figure 6(b) is the one showing the relationship between contracted interest rate (Y) and principal (X_2). According to Figure 6(a), contracted interest rate (Y) tends to rapidly rise around zero approximation of a borrowing period (X_1). Similarly, according to Figure 6(b), contracted interest rate (Y) tends to rapidly rise around zero approximation of principal (X_2). Then, we conducted a multiple regression analysis with a value of contracted interest rate (Y) converted to a log scale as an objective variable and borrowing period (X_1) and principal (X_2) as explanatory variables. Figure 7 shows the results.

Measuring the median value of each variable produces the borrowing rate from *Yamikin* (Y) of 913% per annum, borrowing period (X_1) for 10 days, and principal (X_2) of ¥100,000.

The regression formula obtained is shown below (formula (1)).

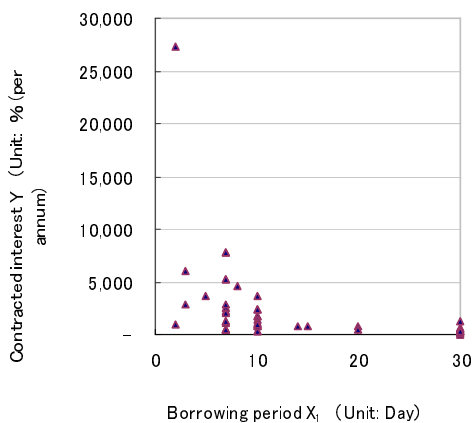
$$\ln Y = -0.0736 * X_1 - 2.26 * 10^{-6} * X_2 + 8.20 \quad \text{..... (Formula 1)}$$

{	Y	.....	Contracted interest rate (Unit: % per annum)
	X_1	.....	Borrowing period (Unit: Day)
			Note: the effective period in estimation is 2 to 30 days.
	X_2	.....	Principal (Unit: ¥)

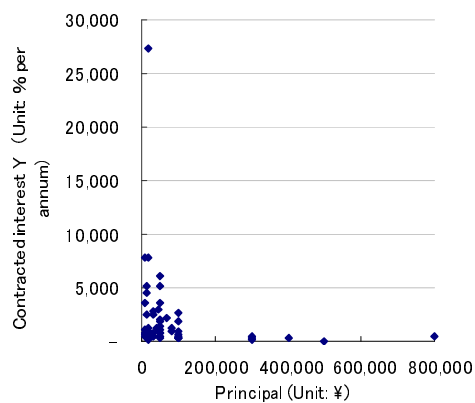
As a result of the above regression analysis (figure 10), since the adjusted- R^2 exceeds 0.5, we can say that (Formula 1) is almost favorable as a prediction formula. And, the statistics of explaining variable shows that t-values of X_1 and X_2 are both explanatory variables. Furthermore, when comparing the absolute values of t-values of X_1 and X_2 , X_1 is larger than X_2 , hence in (Formula 1), we can say borrowing period (X_1) is a relatively more explanatory variable than principal (X_2) as the variable to explain contracted Interest (Y). In other words, relatively the contracted interest in *Yamikin* market is more strongly affected by borrowing period than principal.

Figure 6 Relationship between contracted interest rate (Y) and borrowing period (X_1) or principal (X_2)

(a) Relationship between contracted interest rate (Y) and borrowing period (X_1)



(b) Relationship between contracted interest rate (Y) and principal (X_2)



Source: June 2011, “Survey on Use of *Yamikin* (Pre-survey)”

Note: 1) Samples are limited to those who used *Yamikin* in the previous three years and paid off. (n=50)

2) Samples are limited to those whose borrowing period is 2 to 30 days.

Figure 7 Results of multiple regression analysis

(a) Regression formula n Statistic

Coefficient of Determination, R^2	0.541
Adjusted R^2	0.522
Sample Size, n	50 people

(b) Statistic regarding explanatory variable

	Coefficient	Standard Error	t-value	P-value
Intercept	8.20	0.204	40.2	4.67E-38
Borrowing Period (day), X_1	-0.0736	0.0126	-5.86	4.36E-07
Principal (¥), X_2	-2.26E-06	8.53E-07	-2.65	0.0109

Source: June 2011, “Survey on Use of *Yamikin* (Pre-survey)” and July 2011, “Survey on Use of *Yamikin*”

Note: 1) Samples are limited to those who used *Yamikin* in the previous three years and paid off. (n=50)

2) Samples are limited to those whose borrowing period is 2 to 30 days.

Accordingly, we calculated an estimated standard contracted interest in *Yamikin* market based on principal and borrowing period by using the above (Formula 1). According to Figure 8, contracted interest has a strong tendency that the shorter the borrowing period and the smaller the principal, the higher the interest. The annual interest rate when borrowing 10,000 yen for 7 days becomes 2143% (interest will be 4,110 yen). On the other hand, the annual interest rate when borrowing 300,000 yen for 21 days is 396% (interest will be 68,351 yen).

Figure 8 Contracted Interest (annual rate) in *Yamikin* market estimated by Borrowing Period and Principal

		Principal		
		¥10,000	¥100,000	¥300,000
Borrowing Period	7 days	2144%	1749%	1112%
	10 days	1719%	1402%	891%
	14 days	1280%	1044%	664%
	21 days	764%	623%	396%

Source: created by the writer

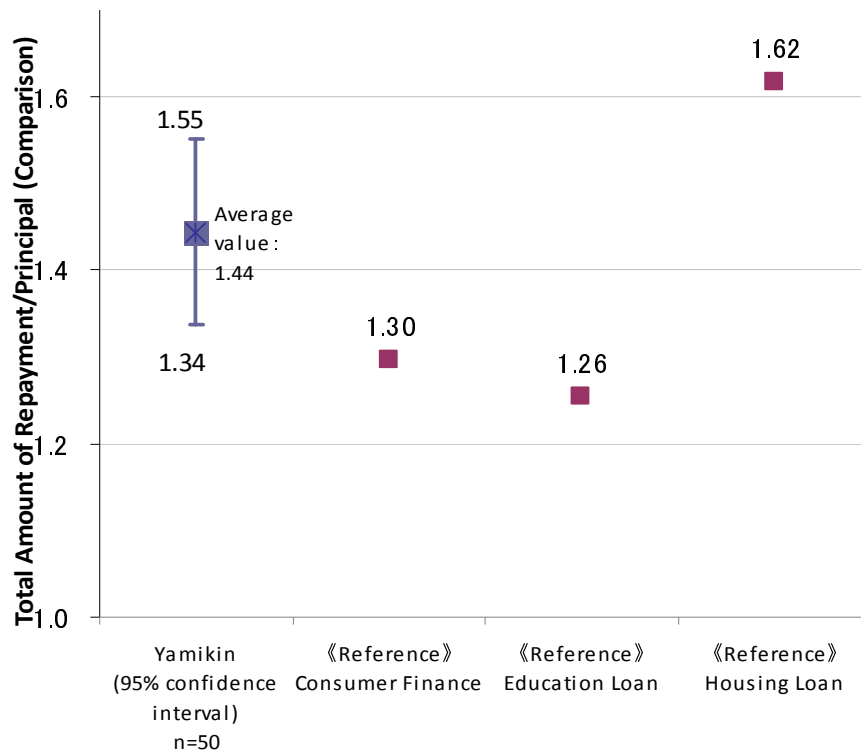
Note: calculated based on the above (Formula 1)

4.2. Relationship between Contracted Interest and Principal of *Yamikin* market

The above results showed the possibility that the interest rate in *Yamikin* market is mainly determined by the borrowing period and principal. While they are often called "softened/gentle *Yamikin*", the estimated interest rate charged is substantially high and highlights the reality of the burden that *Yamikin* users are forced to bear. Meanwhile, although the interest rates of *Yamikin* loans are high, *Yamikin* victims may not accurately recognize the burden of the interest rate correctly. Hence, with a focus on principal and total repayment amount of loans that *Yamikin* victims borrowed from *Yamikin* lenders, we would like to verify the psychological factors that cause *Yamikin* victims under-estimate the degree of burden from repayment to *Yamikin* loans.

First, by applying the Sample used for estimating (Formula 1), we calculated the ratio (total repayment amount/principal) based on total repayment amount and principal (loan amount) which were paid by *Yamikin* users (victims) to *Yamikin* lenders over the past three years. As Figure 9 shows, the ratio of "total repayment amount/principal" of *Yamikin* loans is 1.44 on average (total repayment amount paid becomes 14,400 yen when borrowing 10,000 yen) and 1.34 to 1.55 in the 95% confidence interval (total repayment amount paid becomes 13,400 to 15,500 yen when borrowing 10,000 yen). To make a size comparison of these ratios, together with Figure 9 which shows the ratios of "total repayment amount/principal" of financial products estimated as a reference, the ratio of consumer finance loans (annual rate: 17.8%, borrowing period: 3 years) was 1.30, the ratio of education loans (4.7%, 10 years) was 1.26, and the ratio of housing loans (3%, 35 years) was 1.62. When comparing the ratio of "total repayment amount/principal", the cost for borrowing from *Yamikin* does not show the divergence from other financial products. As a matter of course, when converting into an annualized interest rate, the borrowing cost for *Yamikin* loan becomes exorbitant - hundreds to thousands of percents. When the interest is regarded as an absolute amount of burden in disregard for the time axis, there is no big difference with general financial products.

Figure 9 Ratio of Total Repayment Amount and Principal of *Yamikin* victims
(average value and 95% confidence interval)



Source: “Survey on use of *Yamikin* (preliminary survey)” in June 2011.

- Note: 1) 《Reference》 To compile the data, the conditions of consumer finance (17.8% interest with 3-year borrowing period), education loan (4.7% interest with 10-year borrowing period), and housing loan (3% (fixed) interest with 35-year borrowing period) were applied.
- 2) Samples for data compilation were selected among those who have used *Yamikin* in the last 3 years with a borrowing period of 2 to 30 days and paid off its loan.

4.3 Analysis of the background of why people use *Yamikin* that charge high interest (intended use of funds by *Yamikin* victims)

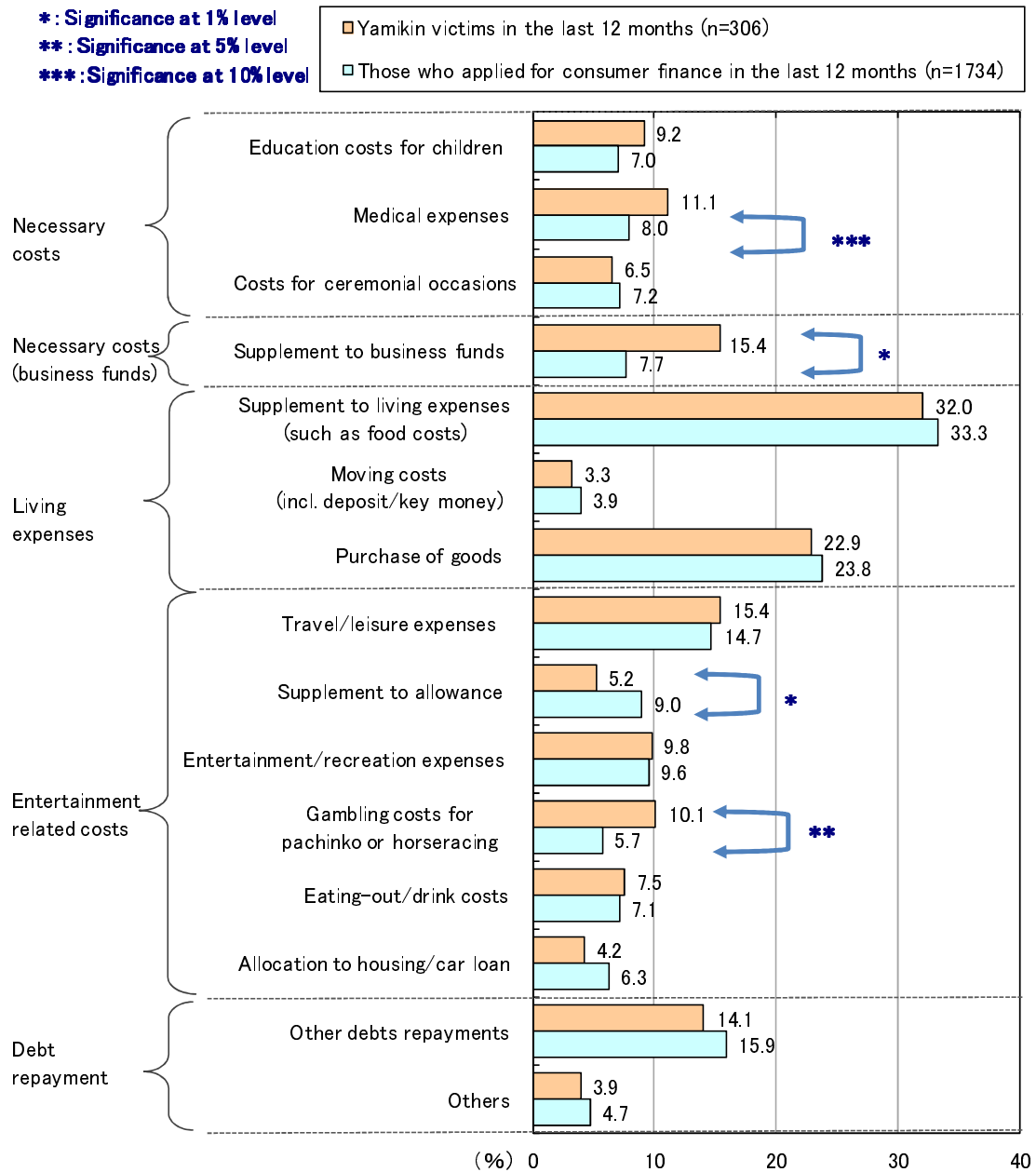
To understand the background of why *Yamikin* victims use *Yamikin* bearing an extremely high interest rate, we asked consumers seeking financing who have used *Yamikin*, what the purpose of their borrowing was and then compared this with the purpose of borrowing given by consumer finance users. Figure 10 shows the comparison of the purposes of borrowing for consumers seeking financing who used *Yamikin* or consumer finance. According to Figure 10 (a), the most common purpose of borrowing for both *Yamikin* and consumer finance users was “supplement to living expenses (such as food costs)” followed by “purchase of goods”.

Next, based on the verification of each purpose for borrowing from *Yamikin* and non-banks, individual purposes that statistically have significant differences at 1%, 5%, and 10% are summarized into Figure 10 (b). You can see that the *Yamikin* user group was statistically positioned higher than the consumer finance user group with significant differences for the purposes of “medical expenses”, “gambling funds for pachinko or horseracing”, and “supplement to business fund”. On the other hand, the consumer finance user group was statistically positioned higher than the *Yamikin* user group with a significant difference for the purpose of “supplement to allowance”. Based on these results, it can be said that consumers seeking financing who drifted toward *Yamikin* have two characteristics; [**Group #1**] they use *Yamikin* to finance urgently-needed costs such as “medical expenses” or “supplement to business fund”, and [**Group #2**] those who may be addicted to gambling use *Yamikin*. In other words, two different types of users seem to gravitate toward the *Yamikin* market these days. The first type of people are those who try to address an unexpected demand for funds based on their actual needs, while the second group needs funds as a result of some sort of addiction and a lack of ability to manage one’s own finances.

The aforementioned **Groups #1** and **#2** share a common characteristic in that they use *Yamikin* despite the high interest rate because they are unable to raise funds from legitimate lenders under the current MLBL. However, we need to apply different approaches to these groups to give them relief. Those categorized in **Group #2** who repeatedly raise funds due to some kind of addiction or habitude should be given counseling as relief, which should be provided as a part of welfare services by the government. On the other hand, for **Group #1**, a system to smoothly provide funds to low income earners has to be built into the market with more relaxed regulations in place. Unless the situation is resolved, there is a high risk that *Yamikin* that charge exorbitantly high interest rates could permeate through the bottom of society in Japan as an underground financial system.

Figure 10 Purpose of application for a borrowing from *Yamikin* or non-bank

(a) Comparison of the purposes of application by those who applied for a loan



(b) Results of the verification on comparison of the proportions of each purpose for application

		Proportion of the purposes of application for Yamikin	
		a relatively low rate shown	a relatively high rate shown
Proportion of the purposes of application for consumer finance	a relatively low rate shown		<ul style="list-style-type: none"> • Medical expenses*** • Gambling costs ** • Supplement to business funds*
	a relatively high rate shown	<ul style="list-style-type: none"> • Supplement to allowance* 	

Source: “Survey on use of *Yamikin*” in 2011.

Note: (1) In the table, “*” indicates the difference has a significance at 1% level, “**” indicates the difference has a significance at 5% level and “***” indicates the difference has a significance at 10% level.

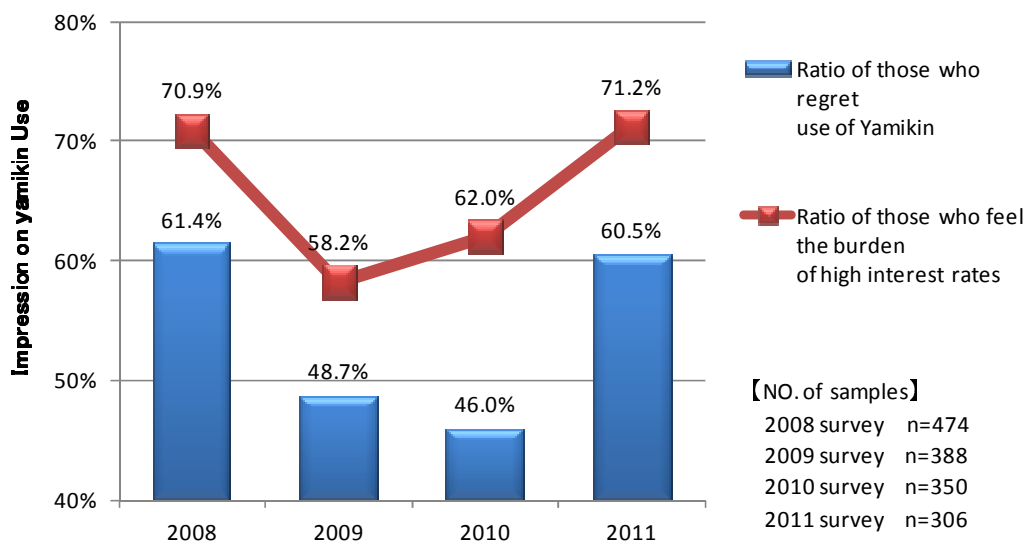
(2) Multiple answers allowed.

5. Clear and Present Danger

A combination of good borrowers being pushed toward *Yamikin* as it becomes difficult for them to borrow money from registered moneylenders, along with *Yamikin* lenders' tightening of screening, has helped reduce troubles between users and lenders. This phenomenon was labeled as “Softened *Yamikin*” by the mass media⁷, and we reported this tendency as an accomplishment of empirical research⁸.

However, recent research indicates that the so-called softening of *Yamikin* might be coming to an end. Figure 11 shows the ratios of responses to a survey that asked *Yamikin* users whether they “feel the burden of high interest rates” and whether they “feel regret for using *Yamikin*.” The ratio of those who “feel the burden of high interest rates” declined temporarily in 2009 but has since gone upward again. Similarly, the ratio of those who answered that they “feel regret for using *Yamikin*” trended upward in 2011. Such trends suggests the possibility that *Yamikin* users are aware that *Yamikin* differs from consumer finance loans and feel the burden of high interest rates more heavily as they use *Yamikin* repeatedly and continuously.

Figure 11 Feeling after use of *Yamikin* (Regret and burden of an interest rate)



Source: “Survey on Use of *Yamikin*” conducted in July 2011

Note: Samples are the users who have used *Yamikin* in the past year.

⁷ For example, “Exposure of Soft *Yamikin*” by ‘Kanagawa Shimbun’ (August 24, 2011) and “‘Soft *Yamikin*’ Masks of Gentlemen” by ‘Shinano Mainichi Shimbun’ (September 26, 2011), etc.

⁸ Hiroshi Domoto (2011), Brief report on displacement of consumer finance market from nonbank to *Yamikin*, *Institute for Research on Credit Business, Waseda University, IRCB11-001*
Please note that this thesis can be downloaded from the following website:
<http://www.waseda.jp/prj-ircfs/pdf/ircb11-001.pdf>

Therefore, the higher the burden of an interest rate felt by *Yamikin* users, the higher their risk of delinquency. *Yamikin* take a soft attitude as long as users don't go delinquent. However, once they go delinquent, *Yamikin* suddenly change their attitude and conduct more coercive collections.

Currently, many *Yamikin* users continue to repay the loan despite feeling the burden of high interest rates. However, such a situation doesn't last for so long. From a consumer/user protection standpoint, a review of the revised MLBL is essential.