



Canadian Payday
Loan Association

Association canadienne
des prêteurs sur salaire

Payday Loan Users Study Manitoba



ENVIRONICS
R E S E A R C H G R O U P

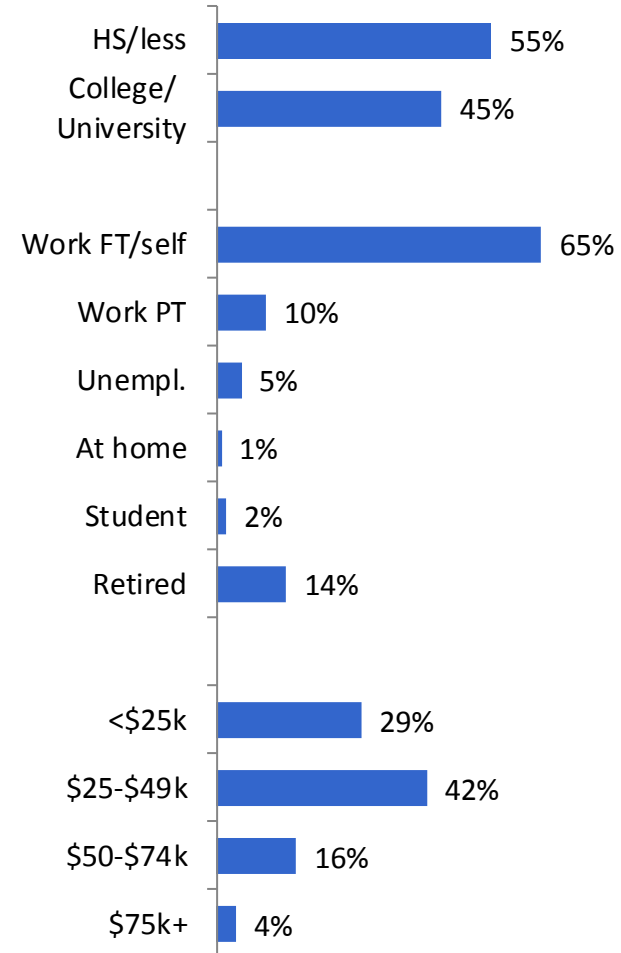
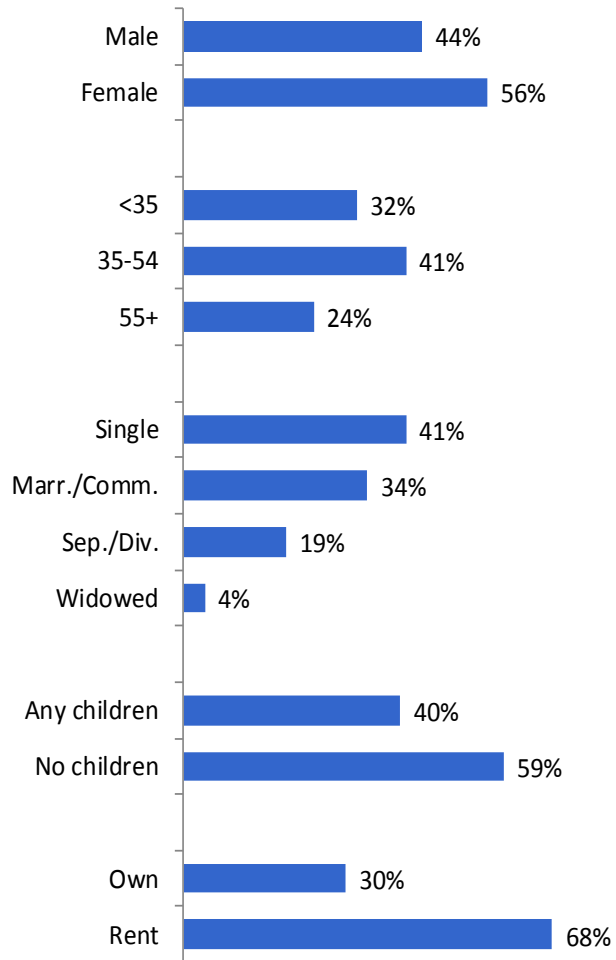
Methodology & Sampling



Methodology and Sampling

Method	The Canadian Payday Loan Association (CPLA) commissioned Environics Research Group to design and field a telephone survey of recent payday loan customers.
Field Dates	May 6-9, 2013
Sample	Sample was provided directly to Environics from CPLA members and non-members. For Manitoba, a total of 8,838 records were provided.
Sample Size & Statistical Significance	A total sample size of 251 interviews was conducted among Manitoba payday loan users. Results are considered accurate to within +/-6.2 percentage points, 19 times out of 20. The margin of error for subgroups will be wider.

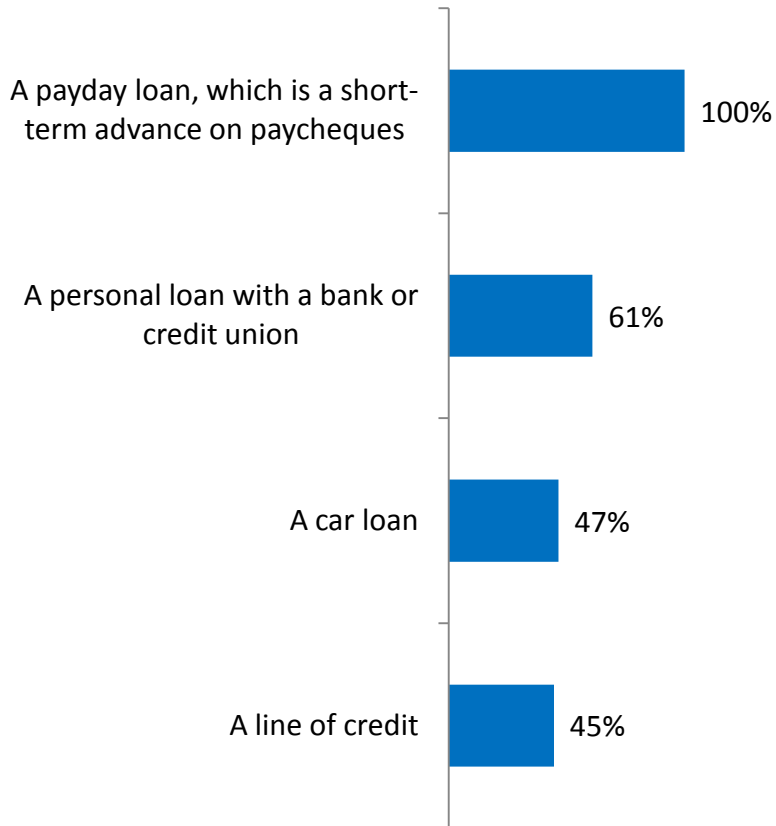
RESPONDENT PROFILE



Payday Loan Users Survey



TYPES OF LOANS USED



Findings:

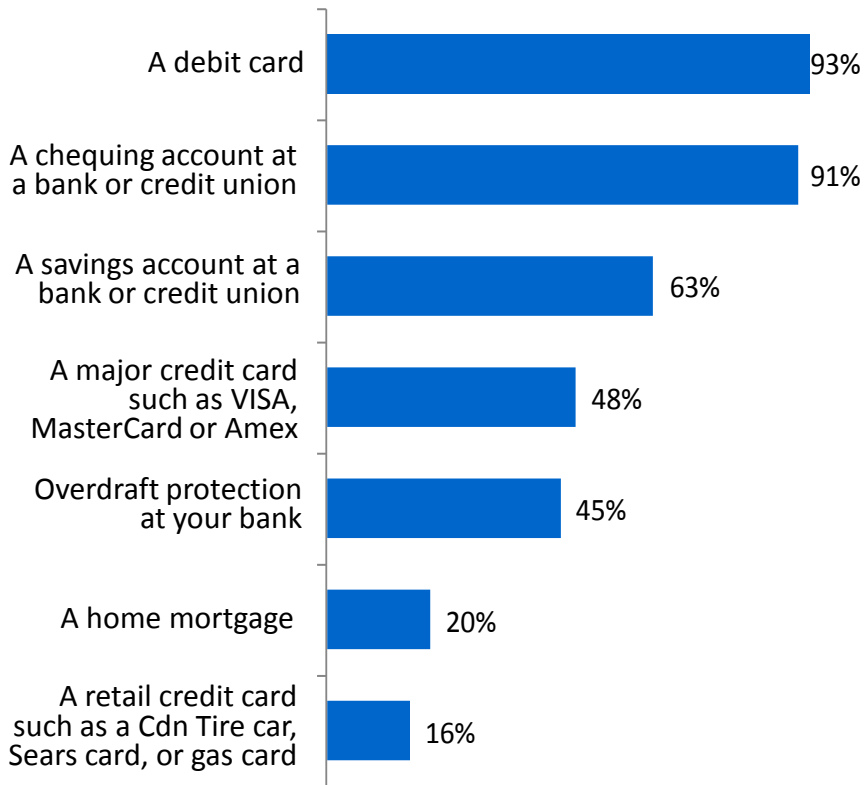
- By screening, all respondents have had payday loans in the past.
- Six in ten (61%) of payday users have also had in the past, or currently have, a personal loan from a bank or credit union. A further 47 percent have or have used car loans (47%) while 45 percent have used lines of credit.

Key Differences:

- Those aged 35-54 are more likely to have had a personal loan with a bank or credit union (71%) and a car loan (54%).
- Men are more likely than women to have ever had a car loan (56% vs. 39%).

Q1. Our survey will focus on various products and services you may be familiar with. Please indicate which of the following financial products or services have you ever had or used.

FINANCIAL SERVICES USED



Findings:

- The vast majority of payday loan respondents have had both debit cards (93%,) and chequing accounts at a bank or credit union (91%).
- More than six in ten (63%) have a savings account at a bank or credit union, while just under half have a major credit card (48%) or overdraft protection at their bank (45%).
- Small proportions have a retail credit card (16%) or a home mortgage (20%).

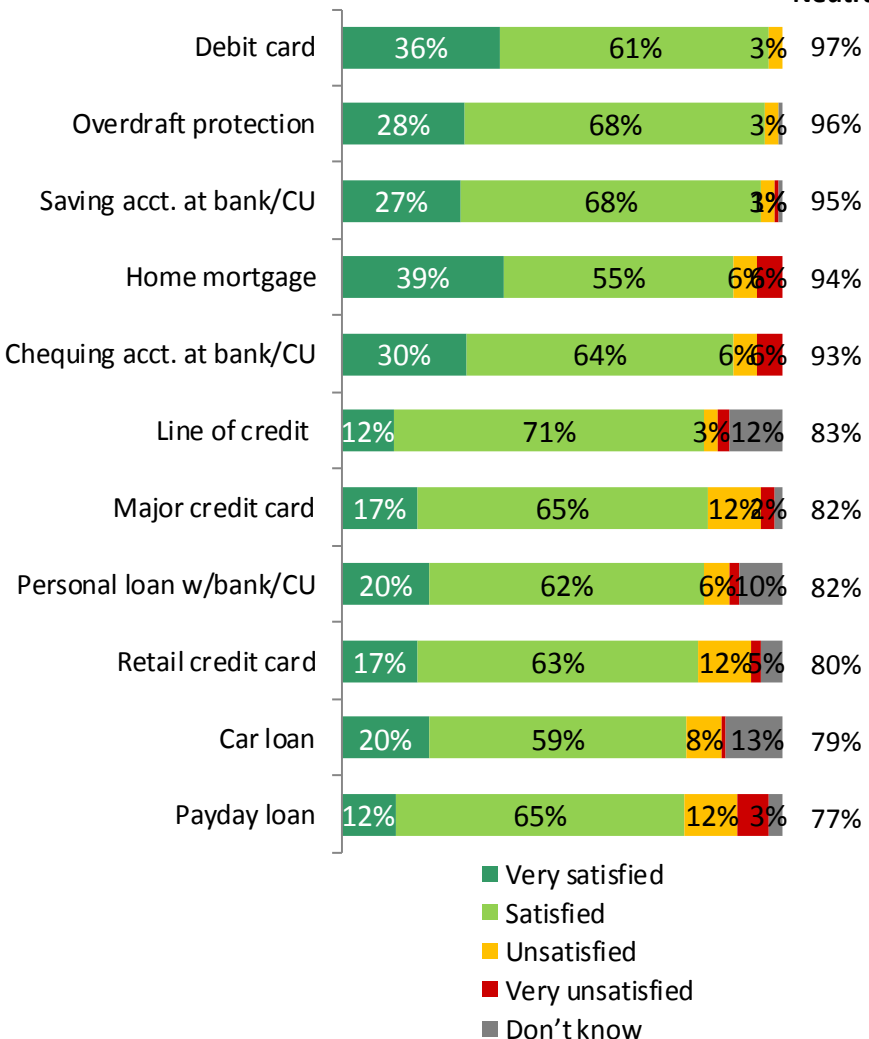
Key Differences:

- Those under 35 (100%) are more likely than those aged 55+ (82%) to have a debit card.
- Those 35-54 are more likely than those 55+ to have a major credit card (57% vs. 39%).
- Women are more likely than men to say they have a chequing account at a bank or credit union (94% vs. 87%) or overdraft protection (52% vs. 36%).

Q2. Which of the following financial products or services do you currently have?

SATISFACTION WITH FINANCIAL PRODUCTS

NET Positive/
Neutral



Findings:

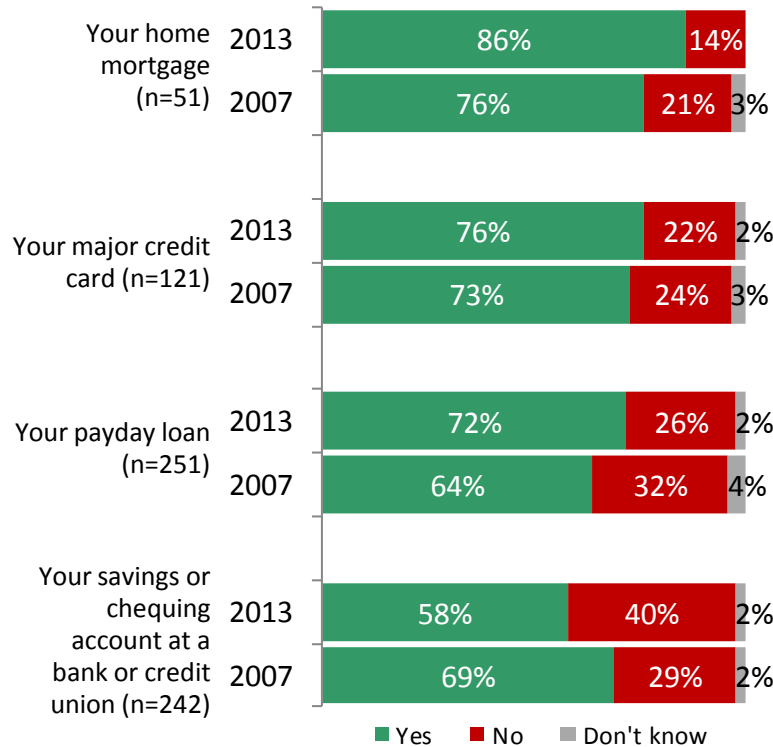
- Thinking about all the financial products and services used, more than three-quarters (77%) of payday loan users are satisfied with their payday loan, including 12 percent who are very satisfied.
- Respondents report highest satisfaction levels with debit cards (97%), overdraft protection (96%) and savings accounts (95%).

Key Differences:

- Women are more likely than men to say they are satisfied with their payday loan (82% vs. 71%), as are those aged 55+ more than those aged 35-54 (85% vs. 71%)
- Those aged less than 35 are more likely than those aged 55+ to be satisfied with their personal loans (95% vs. 69%) and their line of credit (94% vs. 75%).

Q3. Thinking about the following financial products or services overall, please tell me how satisfied you are with each product or service that you use.

AWARENESS OF FEES



Findings:

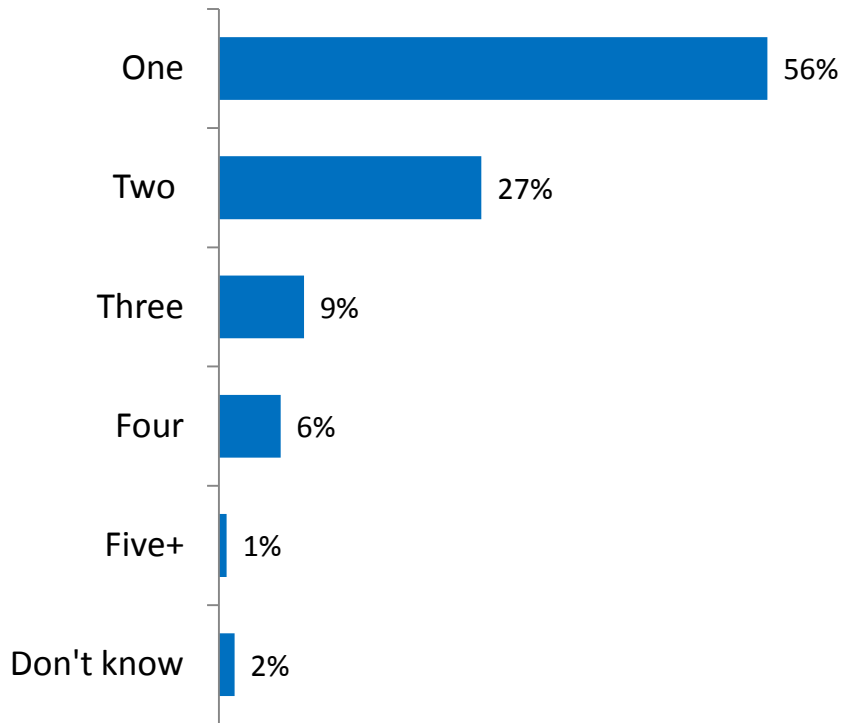
- Compared to 2007, respondents are more likely to report being aware of the fees, including administration fees and interest charges on their payday loan (72% vs. 64%).
- Also increasing is awareness of fees on home mortgages (86%, up from 76%). However, fewer are aware of the fees on their savings or chequing accounts (58% vs. 69%).

Key Differences:

- Those under 35 are more likely than those 55 and older to be aware of the fees on their savings or chequing account (70% vs. 44%).

Q4. Thinking about the various financial products that you hold, do you know the approximate amount that you pay for all fees, including administration fees and interest charges on?

CREDIT CARD OWNERSHIP



Findings:

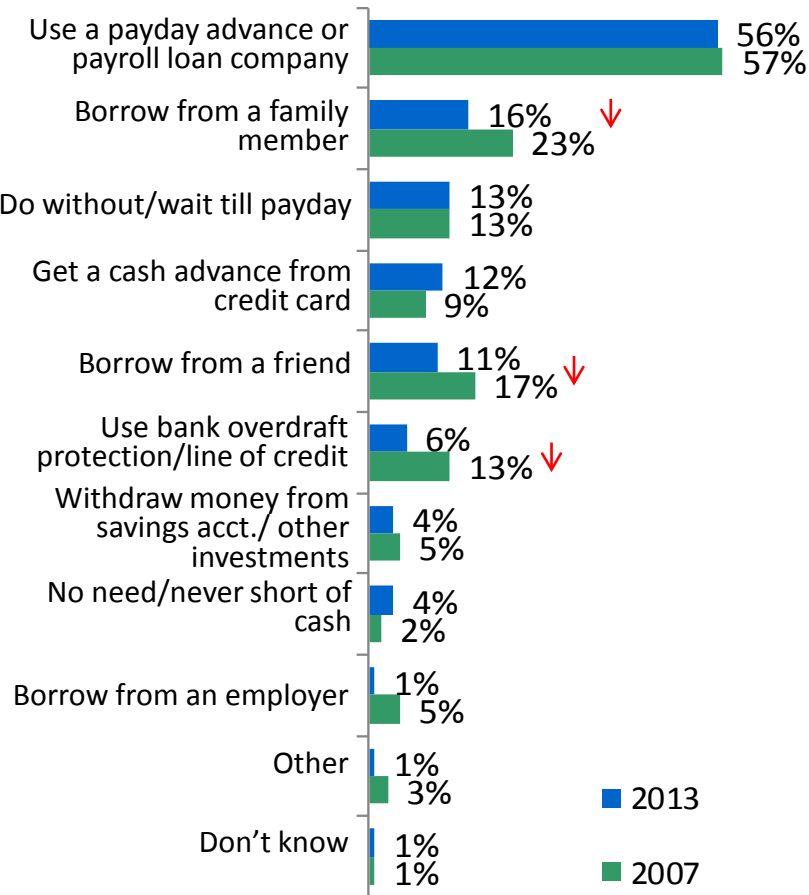
- Over half (56%) of respondents with credit cards say they own just one. A quarter (27%) have two, while 14 percent have three or more.

Key Differences:

- Users aged less than 35 are more likely than those aged 55+ to have just one card (69% vs. 42%).
- Men are more likely than women to have just one card (69% vs. 47%).

Q5. How many active credit cards do you own currently? *Base: Have credit cards (n=127)*

RESPONSE IF NEED \$300



Findings:

- More than half say that if they needed \$300 a few days before their next payday, they would use a payday loan company (56%, unchanged from 57% in 2007).
- Fewer say they would borrow from a family member (16%, down from 23%), borrow from a friend (11%, down from 17%) or use bank overdraft protection (6%, down from 13%).

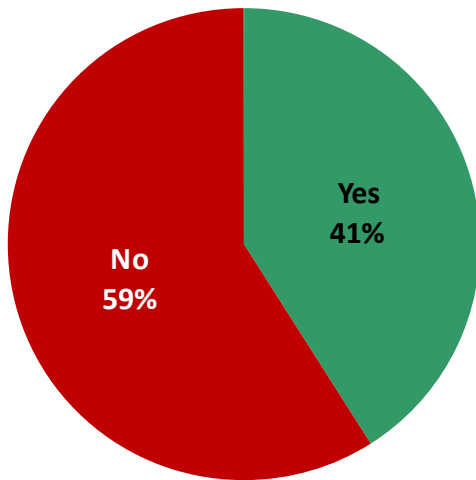
Key Differences:

- Those aged 35-54 are more likely to say they would use a payday loan company (66%) or get a cash advance from a credit card (16%).
- Those under 35 are more likely than those 55 or older to say they would borrow from a friend (16% vs. 5%).

Q6. If you needed, say \$300 a few days before your next payday, what would you do? *Multiple response.*

↑ Indicates significantly higher and ↓ indicates significantly lower than the previous wave at the 95% confidence level.

AWARENESS OF PAYDAY LOAN LEGISLATION



Findings:

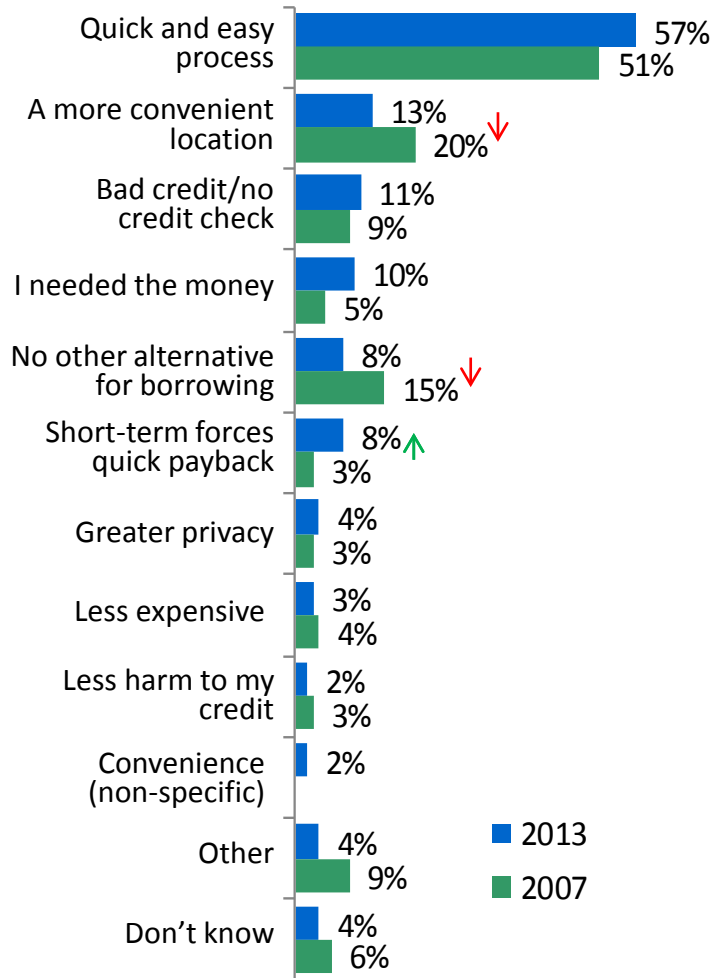
- Four in ten (41%) payday loan users say they were aware payday lending had become a licensed and regulated industry in 2010. Most of the balance (59%) were not.

Key Differences:

- There are no significant differences by subgroup.

Q7. Before today, did you know that payday lending became a licensed and regulated industry in 2010?

REASONS FOR TAKING PAYDAY LOAN



Findings:

- The quick and easy process of obtaining a payday loan is, by far, the main reason for choosing a payday loan over other financial products or services. Six in ten (57%) indicate this was the main reason for choosing one, up slightly from 51 percent in 2007.
- Other main reasons for choosing a payday loan include being a more convenient location (13%, down from 20%), having bad credit or no credit check (11%), simply needing the money (10%, up from 5%) and having no other alternative source for borrowing (8%, down from 15%). Eight percent, up from 3 percent in 2007, say the discipline of a short-term loan forces them to pay it back more quickly.

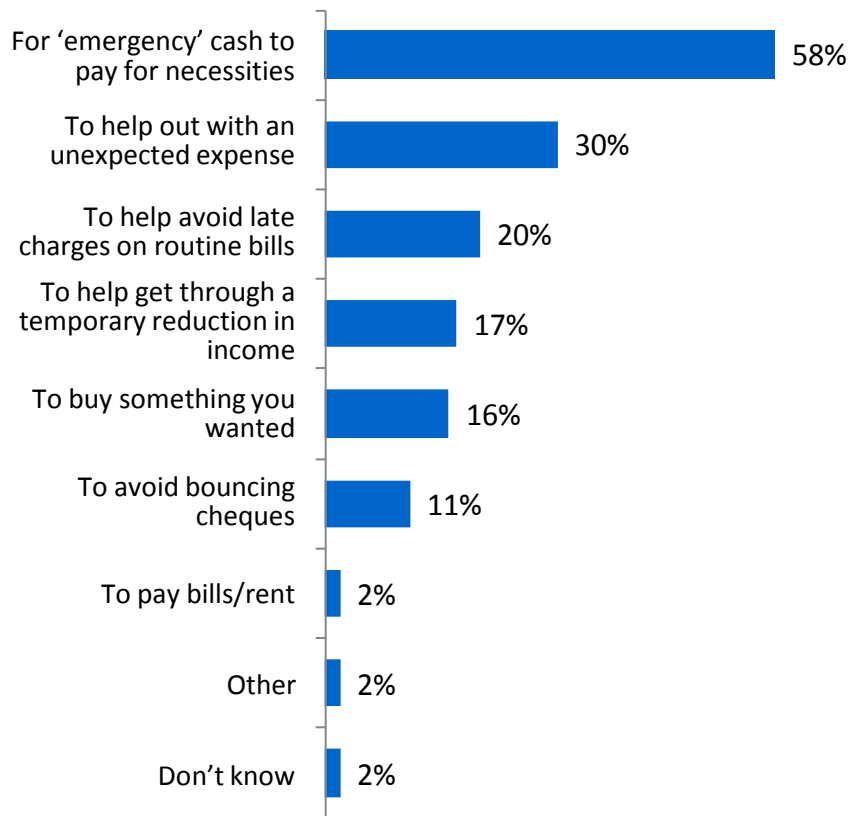
Key Differences:

- Those under 35 are more likely to cite a more convenient location than those aged 55+ (18% vs. 8%) or having bad credit/no credit (16% vs. 5%). Those aged 55+ are more likely to say they simply needed the money (18%).

Q8. There are many reasons why people choose to obtain a payday loan instead of getting other financial products or services. What was the most important reason you chose to obtain a payday loan in the past rather than using another source of financing? *Multiple response*

↑ Indicates significantly higher and ↓ indicates significantly lower than the previous wave at the 95% confidence level.

MAIN REASON FOR TAKING PAYDAY LOAN



Findings:

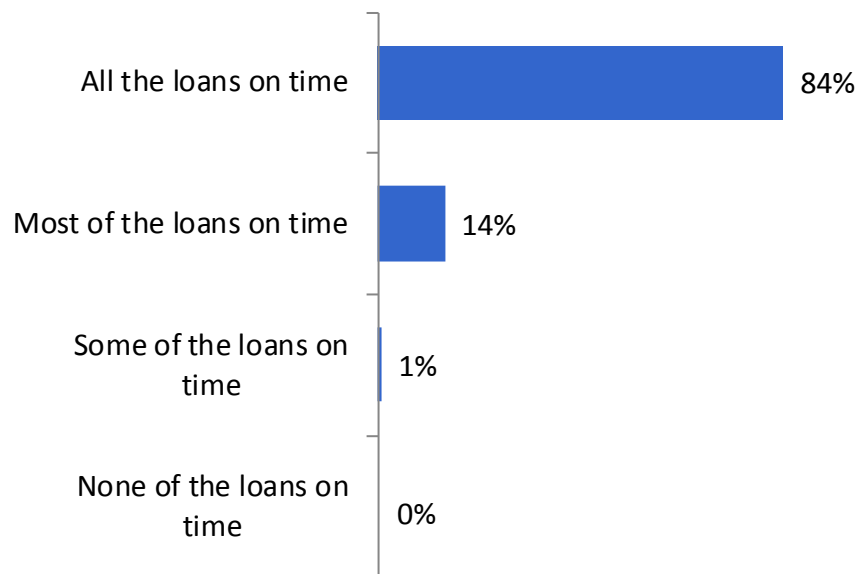
- When asked to identify all the main reasons they needed a payday loan, needing one for 'emergency' cash for necessities was mentioned by nearly six in ten (58%), followed by needing the money to help out with an unexpected expense (30%), and to help avoid late charges on routine bills (20%).
- Few say they needed the loans to buy something they wanted (16%) or to avoid bouncing cheques (11%).

Key Differences:

- Women are more likely than men to say they took a payday loan to help with an unexpected expense (39% vs. 23%).
- Those under 35 are more likely than those 55 or older to say they took a payday loan to help with an unexpected expense (30% vs. 13%) or to help avoid late charges on routine bills (30% vs. 13%).

Q9. Which one of the following was the main reason why you needed a payday loan? *Multiple response.*

PAYDAY LOAN REPAYMENT



Findings:

- A large majority of payday loan users paid back their loans in full (84%).
- A further 14 percent say they paid most of their loans on time. Few (1%) say they paid some of their loans on time. No one in 2013 say they paid none of their loans on time.

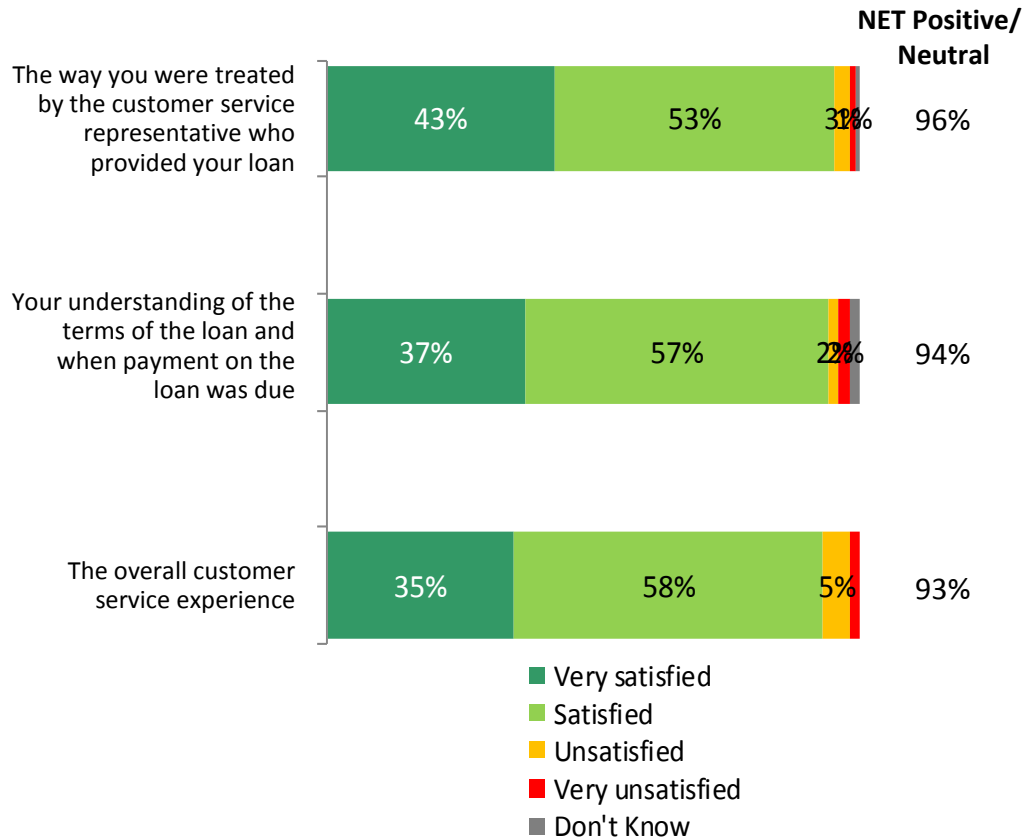
Key Differences:

- Those aged 55+ are more likely than those aged 35 or less to say they paid back all the loans on time (93% vs. 76%).

Q10. Thinking about all the payday loans you received in the past, did you pay back all, most, some, or none of the loans on time?

↑ Indicates significantly higher and ↓ indicates significantly lower than the previous wave at the 95% confidence level.

SATISFACTION WITH PAYDAY LOANS



Findings:

- Payday loan users report high levels of satisfaction on all attributes, including the way they were treated by the customer service representative who provided their loan (96%), their understanding of the terms of the loan and when payment on the loan was due (94%), and the overall customer service experience (93%).

Key Differences:

- Women are more likely than men to be satisfied with both their understanding of the terms of the loan and when payment on the loan was due (97% vs. 91%) and the overall customer service experience (96% vs. 90%).
- Those aged 55+ are more likely to be satisfied with all aspects including the way they were treated (100%), their understanding of the terms of the loan (98%) and the overall customer experience (98%).

Note* NET Positive includes *Neutral*

Q11. Thinking about all the payday loans you received, please indicate your overall level of satisfaction with each of the following attributes.

↑ Indicates significantly higher and ↓ indicates significantly lower than the previous wave at the 95% confidence level.

ATTITUDES TOWARDS PAYDAY LOANS

Net: Agree

93%	Since credit cards can be used at any time, as long as the credit limit is not exceeded, you should also be allowed to get a payday loan whenever you need it, as long as you repay the loan.
92%	Payday loans are a better option for people who need a fast and convenient loan than pawnbrokers or title loans.
89%	The maximum amount that you can borrow as a payday loan should be a matter for you and your lender to agree on
88%	Other financial institutions such as banks, credit card companies, and retailers who you have a credit card with should <u>not</u> have access to information on the number of payday loans you have taken

Findings:

- Vast majorities of payday loan users agree that like credit cards, you should be able to get a payday loan as long as you repay it (93%, with 33% strongly agreeing), payday loans are a better option than borrowing money from pawn shops and title loans (92%), and the maximum amount you can borrow should be a matter between you and your lender (89%).

Key Differences:

- Those aged 55+ are more likely than those under 35 to agree that the maximum amount you can borrow should be a matter between you and your lender (98% vs.78%).

Q12. I'm going to read you a list of statements. For each, please indicate whether you agree or disagree, using a scale from 1 to 10, where 1 means you disagree strongly and 10 means you agree strongly.

ENVIRONICS

R E S E A R C H G R O U P

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