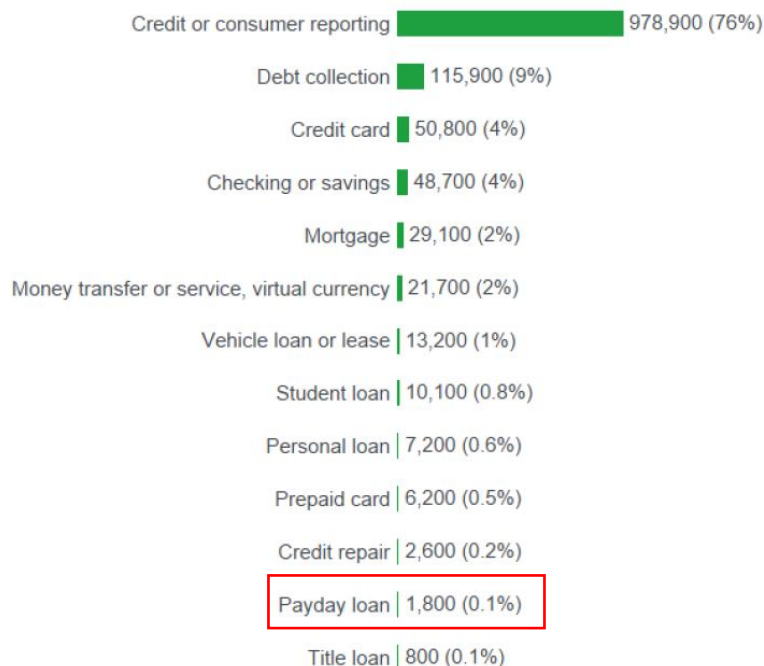


LOW COMPLAINTS, HIGH SATISFACTION

Customer feedback is a priority for the short-term, small-dollar lending industry. While consumer advocates and vocal opponents paint small-dollar lending as rife with complaints, recent data offer a different story. Consumers value having this credit option, and an overwhelming majority of them are satisfied with their experience.

The Consumer Financial Protection Bureau (CFPB) releases periodic reports providing an in-depth examination of data from its consumer complaint database. A report from March 2023 revealed that **only 0.1 percent of all complaints the CFPB received in 2022 were about small-dollar “payday” lenders.**¹ Similarly, payday loans accounted for just 0.14 percent of the 5.1 million total consumer reports the Federal Trade Commission (FTC) received in 2022.² And only 661 complaints – or 0.05 percent of the more than 1.25 million complaints the Better Business Bureau received in 2022 – were about payday loans.³

CFPB 2022 Complaint Volume by Financial Product or Service



Source: CFPB (March 2023), Consumer Response Annual Report Jan 1 – December 31, 2022.

An even deeper dive into the data reveals that a majority of complaints about small-dollar loans are likely related to illegal, unlicensed lenders and scams, not regulated lenders. The dearth of complaints confirms that storefront small-dollar lending is already effectively regulated at the state and national level.

Results from premier polling firms Global Strategy Group (D) and Tarrance Group (R) further reinforce these signs of customer satisfaction, providing further concrete evidence that borrowers value having this credit option, are satisfied with their experience, and feel the current level of regulations adequately protect consumers. In fact, 94 percent of those surveyed feel that small-dollar loans can be a sensible decision when consumers are faced with unexpected expenses.

As regulators – including the CFPB – evaluate laws governing small-dollar lending, they must look to complaints and satisfaction data to understand the clear distinction between regulated and unregulated lenders and to consider the voices and experiences of consumers.

¹ “Consumer Response Annual Report,” Consumer Financial Protection Bureau, March 2023, https://files.consumerfinance.gov/f/documents/cfpb_2022-consumer-response-annual-report_2023-03.pdf

² “Consumer Sentinel Network Data Book 2022,” Federal Trade Commission, February 2023, https://www.ftc.gov/system/files/ftc_gov/pdf/CSN-Data-Book-2022.pdf

³ “US BBB 2022 Inquiry Statistics,” Better Business Bureau, 2023, <https://www.bbb.org/content/dam/iabbb/systemwide-pages/complaint-stats/2022-stats/US%20BBB%202022%20Inquiry%20Statistics.pdf>