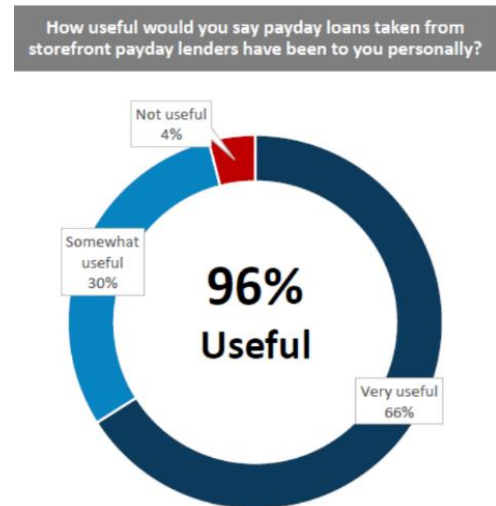


SURVEY: SMALL-DOLLAR LOAN BORROWERS FAR MORE FAVORABLE TOWARD PRODUCTS THAN THOSE WITHOUT SMALL-DOLLAR LOAN EXPERIENCE

A survey released by premier polling firms Global Strategy Group (D) and the Tarrance Group (R) suggests that misperception around payday loans – rather than fact and experience – drive conventional wisdom and fuel regulatory action and political criticism of the product. All groups surveyed are concerned about additional regulations that would restrict access and the ability for consumers to choose small-dollar products.

People who have used small-dollar products have much better perceptions of the product, appreciate having the payday loan option and fully understand the loan terms.

- 94%** Agree that payday loans can be a sensible decision when consumers are faced with unexpected expenses; 58 percent of non-borrowers share this view
- 60%** Believe that payday loans are fairly priced for the value they provide, especially when compared to alternatives; only 30 percent of non-borrowers agree
- 75%** Are likely to recommend payday loans to friends and family
- 96%** Say they fully understood how long it would take to pay off their payday loan and the finance charges they would pay before taking out the loan



This is because non-borrowers often live in a very different financial world than payday loan borrowers.

- When asked what they would do when faced with a short-term financial crisis, the plurality of borrowers (40 percent) would choose a payday loan, while the plurality of general population respondents (49 percent) would just ask a friend or relative for the loan.
- In contrast, almost one-quarter (23 percent) of payday loan customers indicate they have used a payday loan to provide financial assistance to one of their friends or relatives.
- And nearly three-quarters of borrowers (74 percent) say they had no other option available when they go their most recent payday loan.

But both borrowers and non-borrowers are concerned about additional regulations that would restrict access and the ability for consumers to choose these products.

- Non-borrowers (58 percent) expressed some level of concern over the reduced access to credit for the nearly one-in-four Americans who do not qualify for credit from banks, credit unions or credit cards.
- Non-borrowers (60 percent) expressed some level of concern when told that 60-80 percent of the payday loan industry could be wiped out from proposed regulations.
- The general population is evenly split (48 percent/47 percent) as to whether payday lending should be more tightly regulated or not, while 66 percent of borrowers want to preserve current ability to access these loans. And both borrowers (80 percent) and general population groups (47 percent) are more likely to say current payday loan requirements are enough than to say there is a need for stronger requirements.
- Less than one-third of borrowers (26 percent), as well as of the general population (31 percent), say the purpose of payday loan regulation should be to limit borrowing frequency.