

## SURVEY: SMALL-DOLLAR LOAN BORROWERS LARGELY POSITIVE ABOUT THE PRODUCT

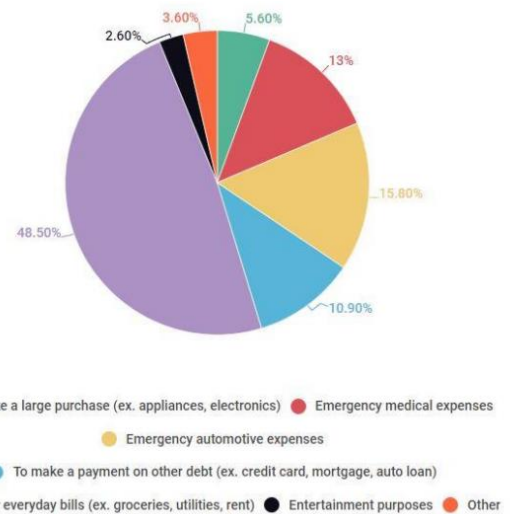
LendEDU, an online marketplace for personal loans dedicated to helping consumers make educated financial decisions, conducted a survey in October 2017 to determine whether payday lenders' poor public perception was attributable to a consistently poor customer experience with the product, or whether the industry is plagued by misinformed stereotypes created by those who don't use the product.<sup>1</sup>

The results of the survey, which polled 1,000 customers who had taken out a payday loan in the past 12 months, found that a majority of borrowers (51 percent) did not regret taking out the loan, and nearly half (44.2 percent) reported being "better off" because of it (a quarter didn't consider themselves better or worse off). Moreover, payday loans are often a less expensive alternative to other financial solutions; two-thirds considered other borrowing options and nearly as many (62.4 percent) confirmed that they saved money on banking fees by taking out a payday loan.

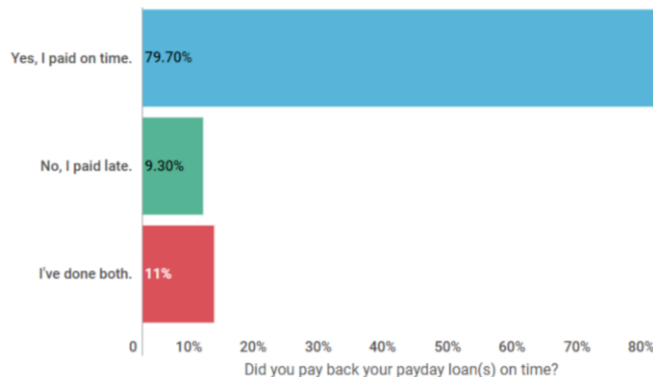
LendEDU's survey found that three-quarters of borrowers considered themselves well-informed at every stage of the borrowing process, and more than 80 percent took into account the interest rate and fees before borrowing. Payday loans were used most often to cover everyday bills during times of periodic credit gaps, or to cover unexpected expenses, including medical or automotive expenses.

Common myths of payday loans creating intentional "debt traps" or "cycles of debt" are fueled by the misperceptions of non-borrowers. From this study, nearly 80 percent reported paying off their loan on time and more than 65 percent said they have never used a payday loan to pay off another loan.

As LendEDU's research shows, consumers value short-term, small-dollar loans as a reliable, transparent form of credit, and are able to responsibly use the product to cover occasional gaps in credit.



Which of the following best describes your reason for using a payday loan?



<sup>1</sup> LendEDU Survey, Payday Loan Borrowers Largely Positive about the Product (October 2017).