

Part II – Pollara

CPLA Pre-filed Evidence

Part II.1 – C.V. of Michael Marzolini

**Michael Marzolini**  
Chairman of POLLARA Strategic Public Opinion & Market Research

Michael Marzolini is Chairman of POLLARA Strategic Public Opinion & Market Research, which he founded in 1985.

His vision for POLLARA was to build a unique organization that manages public opinion, rather than just measuring it. Though most of his work involves designing marketing, branding, advertising, public affairs and media strategies, Marzolini is best known for his political strategies in Canada and internationally.

For twelve years he served as chief pollster and strategist to the Prime Minister of Canada, and was the architect of the electoral strategies for the Liberal Party of Canada's three back-to-back election victories between 1993 and 2000. Over the past twenty years, he has provided data-driven electoral strategies to some 410 political candidates across North America and Europe, 86% of whom were elected to office.

Despite Marzolini's close involvement with government decision-makers, it is a source of pride within POLLARA that no more than 2% of the firm's revenues are allowed to come from the public sector.

Most of Marzolini's day-to-day work involves designing strategies based on public opinion for organizations that range from financial services, to pharmaceuticals, environmental, energy, entertainment, healthcare and wellness, tourism, consumer products, special interest groups, and emerging technology.

He also provides advice on managing public opinion issues to a host of Fortune 500 CEOs, as well as half a dozen heads of government and three heads of state.

Prior to establishing POLLARA, with offices coast-to-coast and close to seven hundred employees, Michael Marzolini was a consultant with several market and behavioral research organizations in Canada and the United States. Before this he provided demographic analysis to former Prime Minister Pierre Trudeau, and was an apprentice pollster for Ronald Reagan's first successful campaign for US President. He has also served as media pollster to CTV News, the Toronto Star, Southam Newspapers, Canwest-Global News, Sun Media and Macleans.

As pollster for CTV News in 1988, Marzolini and POLLARA called the federal election of that year "dead-on" with a 0.0% margin of error. He is the only pollster in the world ever to call a national election perfectly.

A speaker, commentator and author, Marzolini has contributed to four books and written numerous articles and columns for newspapers and trade journals. The CBC award-winning documentary on Marzolini "Ask a Silly Question", described him as "the first of a new breed of Super-Pollsters", while Claire Hoy's book "Margin of Error" referenced him as "having proved to be the most reliable of Canada's pollsters." Steve Paikin's biographical compilation "The Life" claims Marzolini "does amazing things with public opinion". Columnist Alan Fotheringham once penned "Marzolini is not only a Machiavellian whiz kid; he is also a very nice guy." On the other hand, Mark Bonokowski, in the Ottawa Sun once labeled Marzolini "the second most arrogant man in Canada."

Michael Marzolini is a graduate of University of Toronto, and was awarded the Canadian Peacekeeping Medal for military service to his country, as well as the Queen's Jubilee Medal for public service.

He lives primarily in Toronto, and has a young son.

Part II.2 – Pollara Poll Results



**Payday Loan Customer Survey**  
**~ Manitoba ~**

Presented to:  
**Canadian Payday Loan Association**  
September 2007

# Methodology

- The Canadian Payday Loan Association (CPLA) commissioned POLLARA to conduct a telephone survey of payday loan customers in Manitoba to develop an understanding of payday loan customers' perceptions of the payday loan industry.
- Lists of payday loan customers were provided by CPLA members. In total, more than 7,000 usable records were provided for this study.
- POLLARA conducted a total of 350 telephone interviews with payday loan customers in Manitoba between September 6<sup>th</sup> and 13<sup>th</sup>, 2007, resulting in an overall margin of error of plus or minus 5.2%, nineteen time out of twenty.

# Key Findings

## *Profile of Payday Loan Customers in Manitoba*

- The average age of payday loan customers in Manitoba is 38 years.
- The vast majority are employed full-time (77%).
- About one-half (46%) of payday loan customers have a post-secondary education from community college (23%), university (19%) or post-graduate/professional programs (4%).
- About one-half (48%) are married, while 16% are separated or divorced and 35% have never been married.
- Households of payday loan customers are largely comprised of adults. Two-in-three (64%) live in households with no children under the age of 10, and 74% say they do not have any children ages 10 to 17 in their households.
- Overall household income reported for payday loan customers tends to be either on par with – or ahead of – the general Manitoba population. Notably, only 13% of payday customers reported household income of less than \$25,000 compared to 28% of the general Manitoba population. 39% of payday loan customers reported household income in the \$25,000-\$50,000 bracket compared to 30% of the general Manitoba population. Another 39% of payday loan customers reported income of \$50,000 or more compared to 42% of the Manitoba population with the same household income.
- The average amount of money that respondent payday loan customers in Manitoba currently owe to financial institutions, excluding mortgages, is \$24,356.69.
- Respondent payday loan customers would expect to pay, on average, \$24.67 for interest and administration fees to borrow \$100 for two weeks.
- Almost all payday loan customers currently have a debit card (96%) and a chequing account at a bank or credit union (94%). Two-in-three (65%) have a savings account at a bank or credit union and 50% have a major credit card. Less than one-in-three (27%) payday loan customers in Manitoba currently have a home mortgage.

# Key Findings

## **Payday Loans Companies vs. Other Financial Institutions**

- Respondent payday loan customers rate their impressions of payday loan companies slightly lower than other financial institutions, and the same as credit card companies (Payday loans companies and credit card companies receive average impression ratings of 5.0 out of 10, while Credit Unions receive the highest average impression rating at 6.8).
- There is no significant difference in awareness of the approximate amount of money payday loan customers pay for all fees for their loans with various financial institutions. A similar proportion of respondents are aware of the approximate amount they pay for all fees, including administration fees and interest charges on their payday loans (64%), for their various bank accounts (69%) and credit cards (73%).

## **Why Payday Loans?**

- According to the majority of respondents, the attraction of payday loans has to do with the process being quick and easy (51%), while about two-in-five say the most important reason for their acquiring a payday loan is that they have more convenient locations (20%).
- Only 15% of respondent payday loan customers indicate that they use payday loans because they have no other alternative sources for borrowing.
- The main reason for securing a payday loan, according to respondents, is that they needed money to pay for necessities (35%). One-in-four (24%) say they needed a payday loan to help with an unexpected expense, like a car or household expense.
- Four-in-five (79%) respondent payday loan customers say they paid all of the loans that they received in the past back on time, while 18% report that they paid most of the loans back on time.

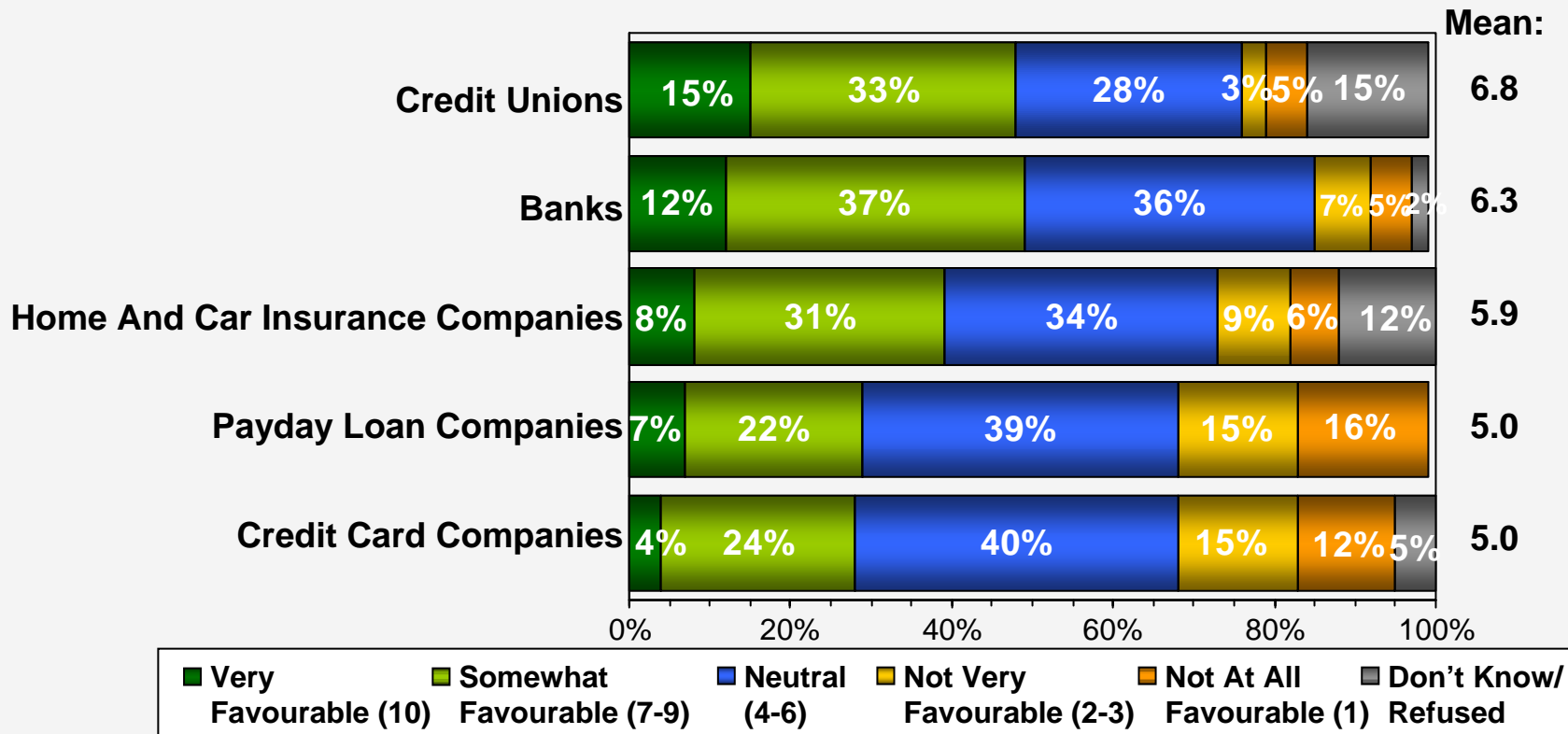
# Key Findings

## **Satisfaction with Payday Loan Experience**

- On average, payday loan customers rate their satisfaction with the understanding of the terms of their payday loan and when payment on the loan was due at 8.5 out of 10.
- Also rated high is satisfaction with the way they were treated by the customer service representative who provided the loan (8.2) and the overall customer service experience (7.9).
- More than two-thirds of respondent payday loan customers in Manitoba think “easy to use”, “convenient”, “fast” and “long hours of operation” best describe payday loan providers, compared to other financial institutions.

# Impressions of Institutions

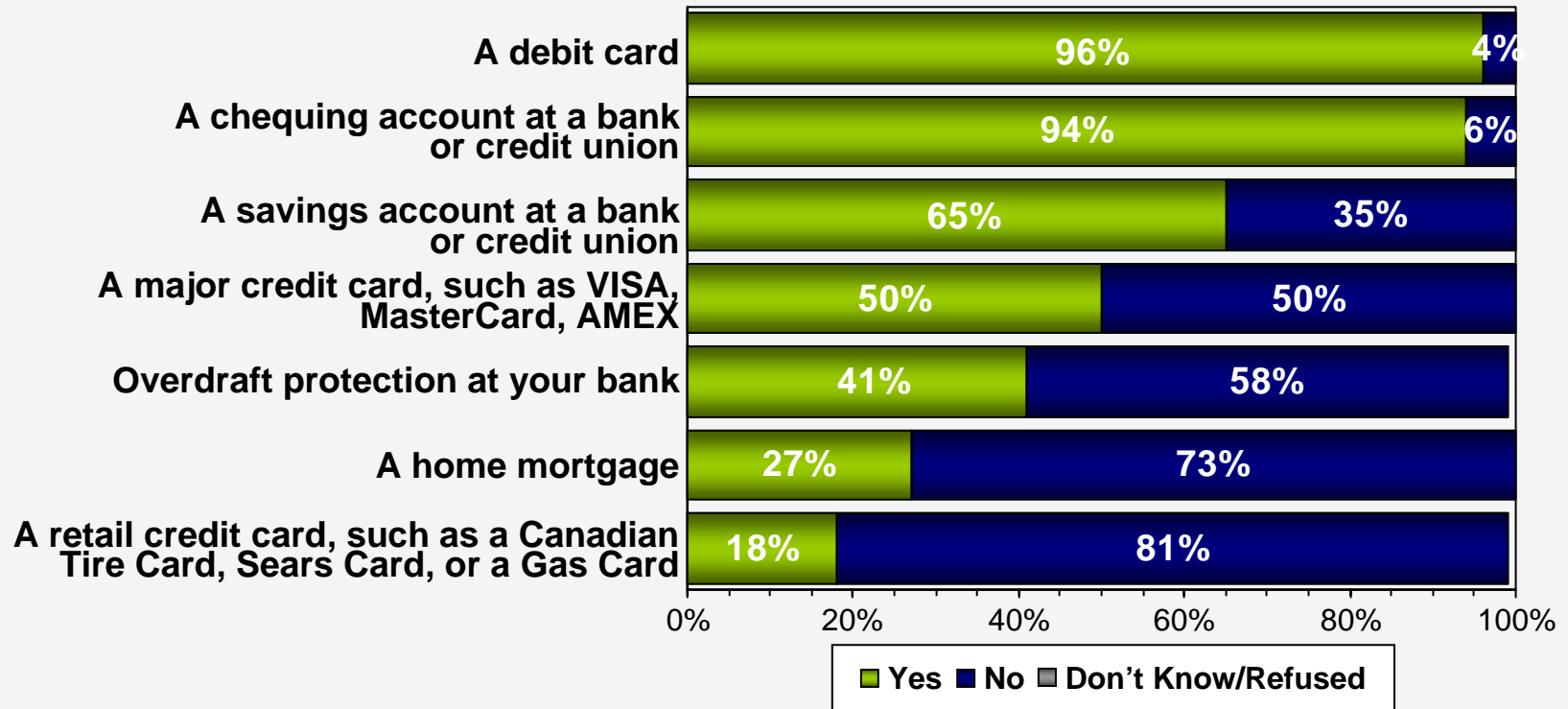
- Respondent payday loan customers rate their impressions of payday loan companies lower than other financial institutions, and the same as credit card companies.
- Payday loans companies and credit card companies receive average impression ratings of 5.0 out of 10, while Credit Unions receive the highest average impression rating at 6.8.



Q3-7. I'd like to ask you some questions about different kinds of companies in Canada. Using a scale of 1 to 10, where one is "not at all favourable" and ten is "very favourable", how would you rate your impression of each of the following groups of businesses in Canada? (READ AND ROTATE)

# Financial Products or Services Currently Use

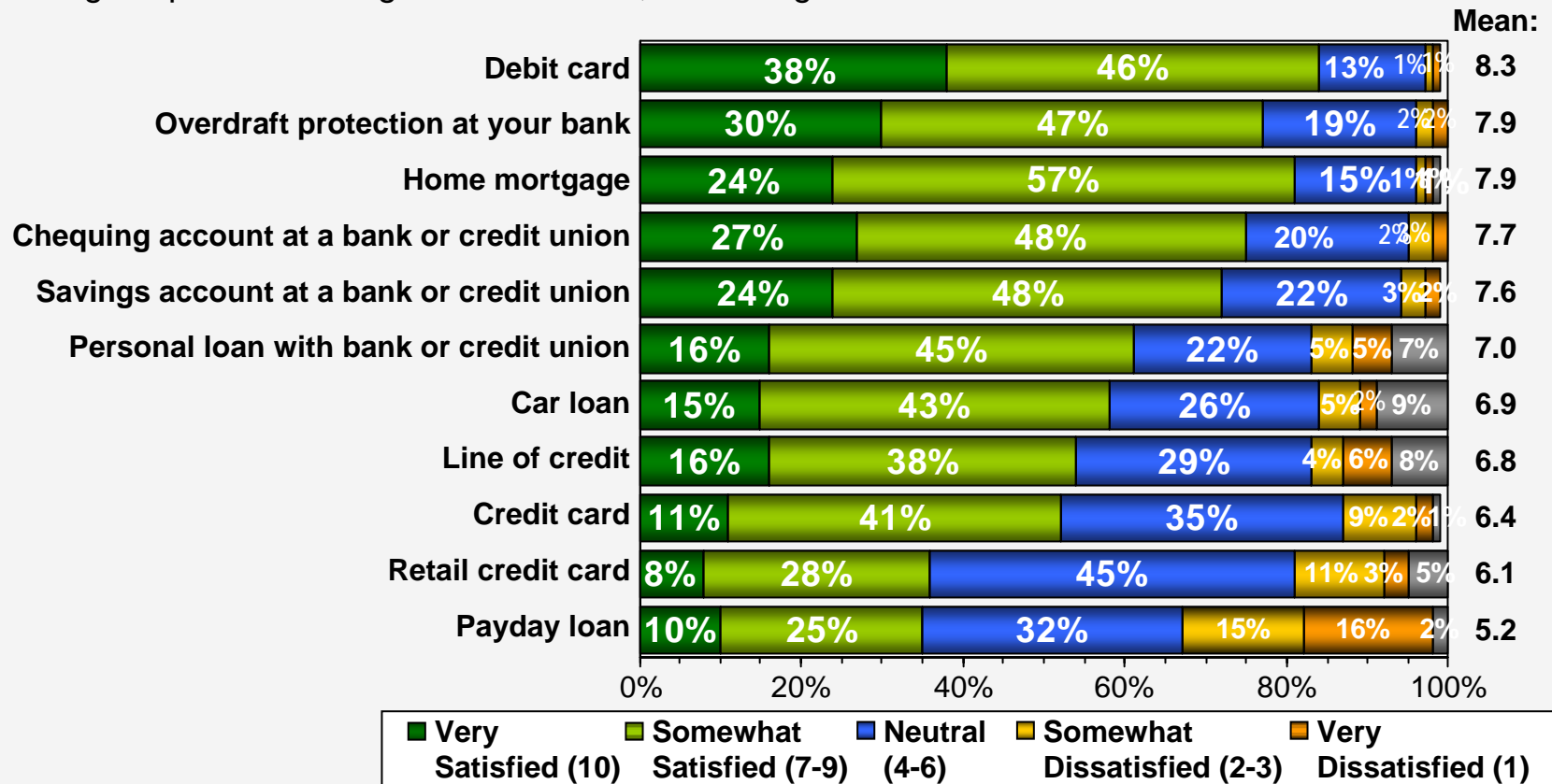
- Almost all payday loan customers currently have a debit card (96%) and a chequing account at a bank or credit union (94%).



Q8A-G. Which of the following financial products or services do you currently have? (READ AND ROTATE LIST; ALLOW MULTIPLE MENTIONS)

# Satisfaction with Financial Services & Products

- Payday loan customers in Manitoba are most likely to express satisfaction with their debit card (giving it an average rating of 8.3 out of 10).
- Satisfaction with payday loans is rated lowest of all the financial products evaluated, with a neutral average impression rating of 5.2 out of 10, on average.

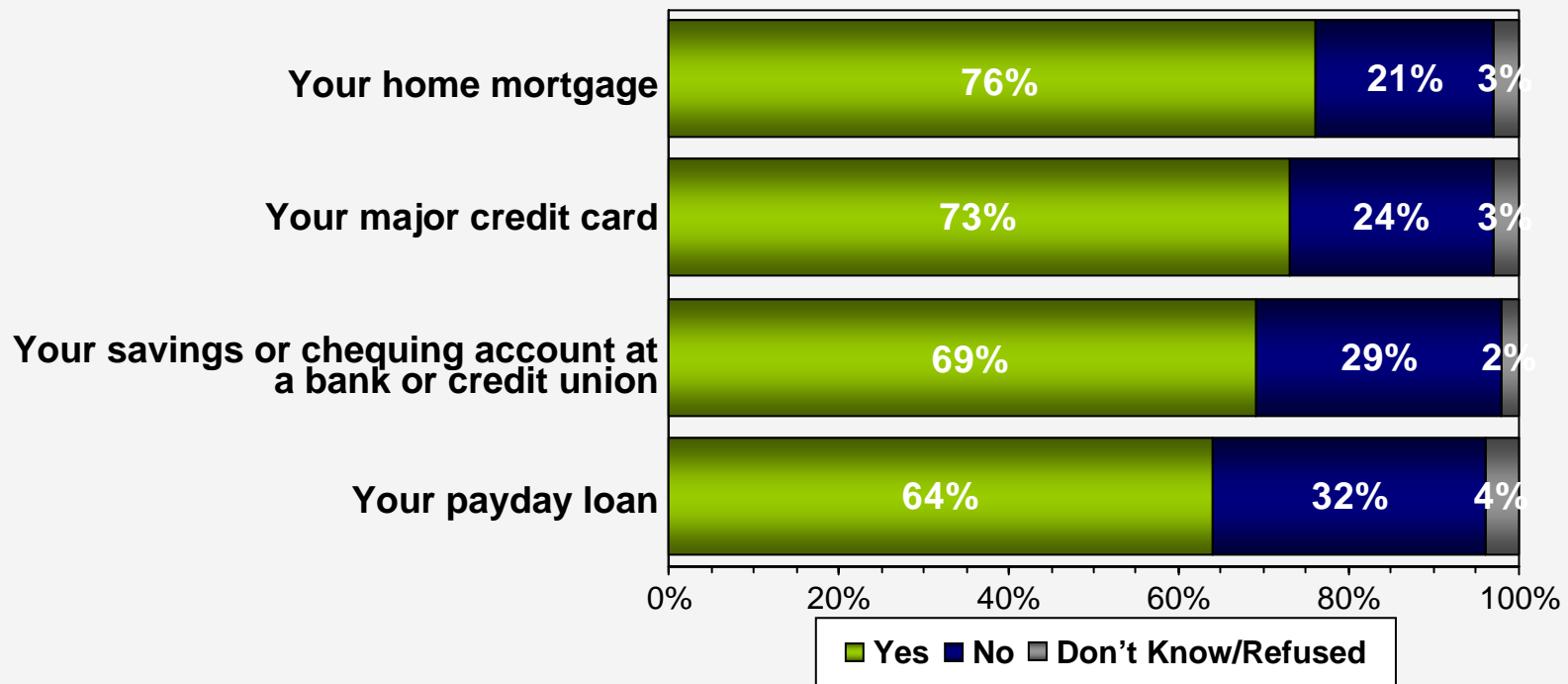


Q9-19. Thinking about the following financial products or services overall, please tell me how satisfied are you with each product or service that you use? Please use a scale from one to ten where 1 means you are "very dissatisfied" and 10 means you are "very satisfied" with the product or service. (READ AND ROTATE)



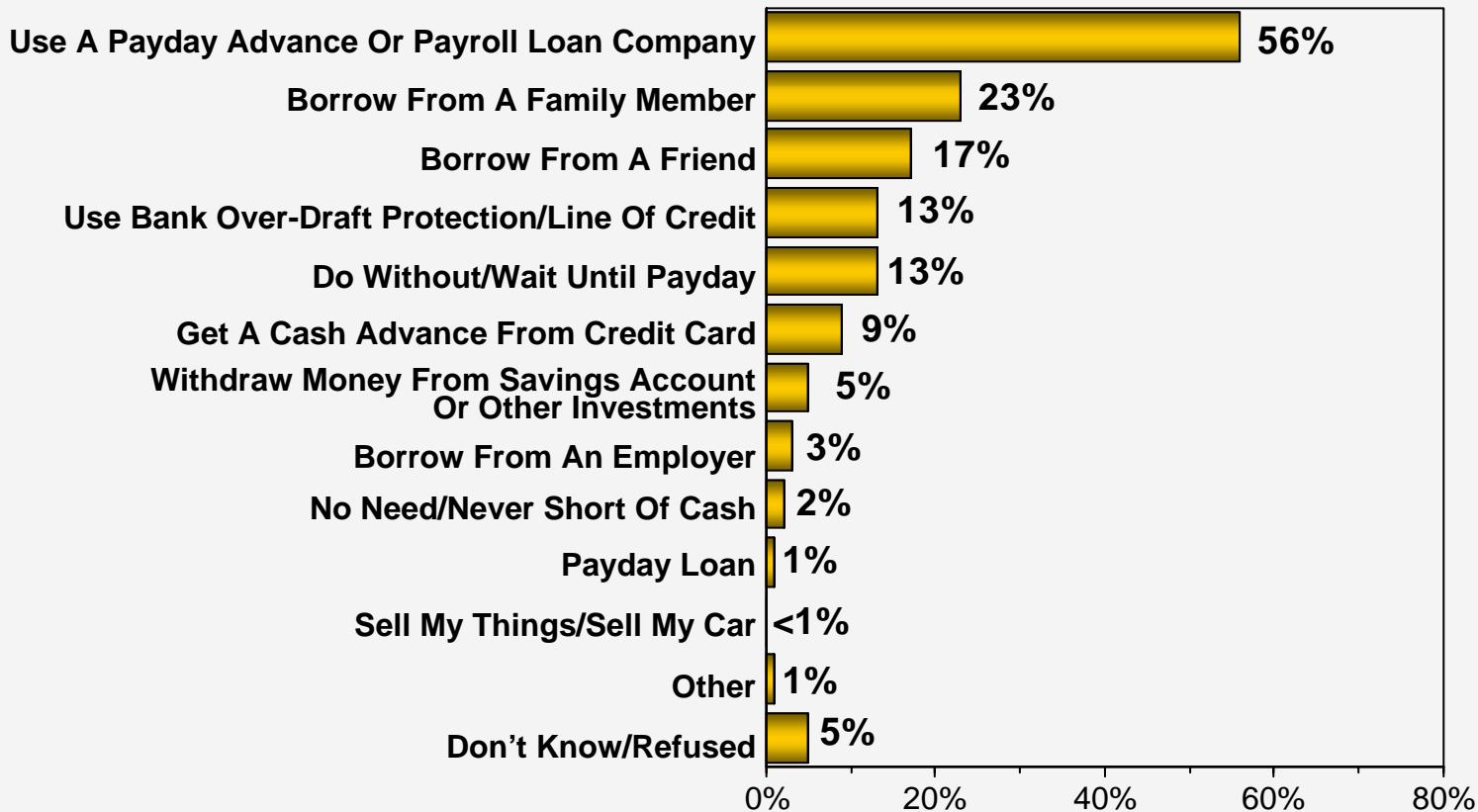
# Knowledge of Fee Payment

- The majority of respondent payday loan customers report that they are aware of the approximate amount that they pay for all fees, including administration fees and interest charges on their mortgages, major credit cards, savings and chequing accounts, and payday loans.



# Solution to Short Term Financial Need

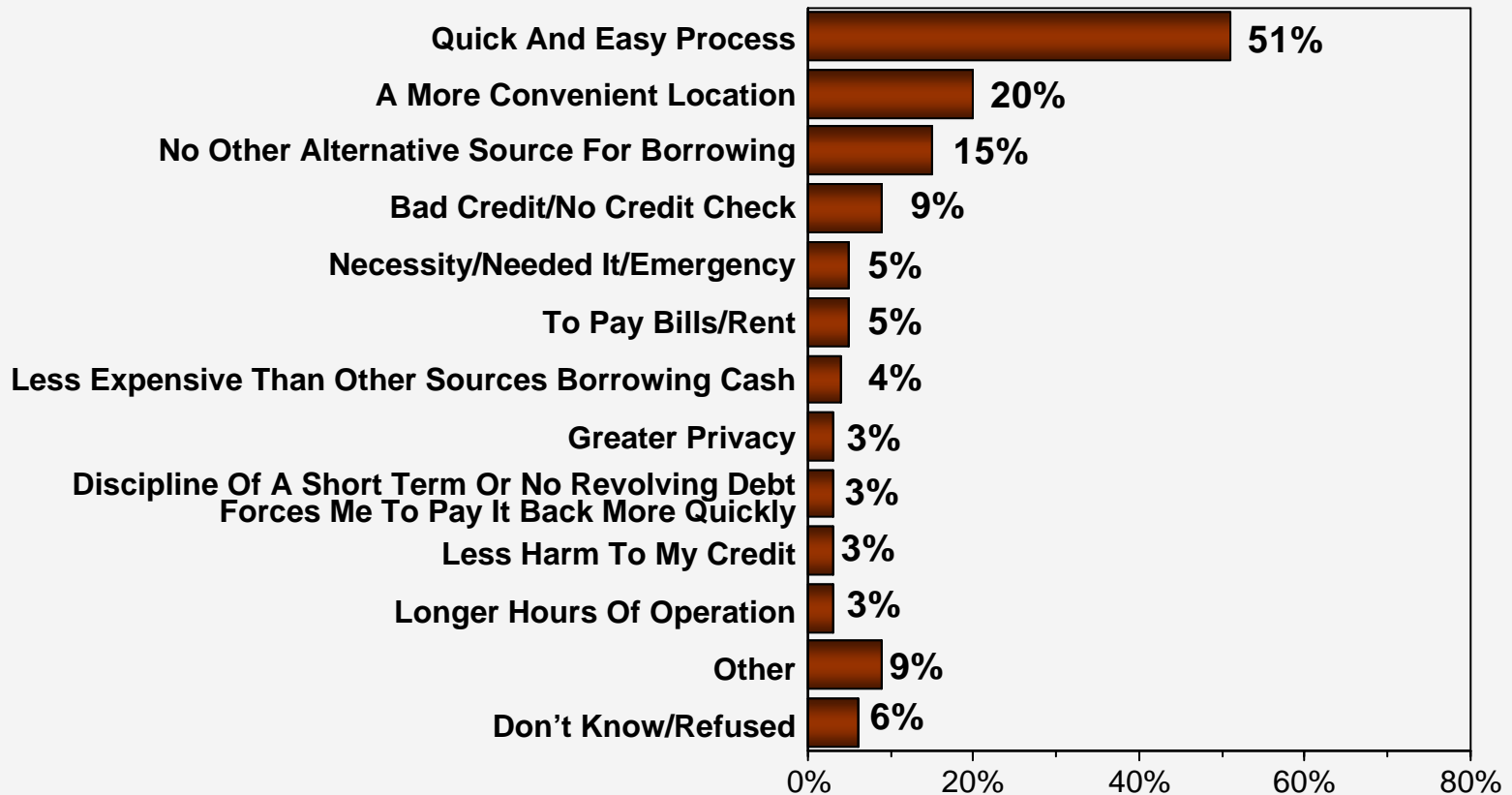
- One-half (56%) of respondent payday loan customers in Manitoba say that they would use a payday advance or payroll loan company if they needed \$300 a few days before their next payday.
- Two-in-five (40%) say they would borrow the money from a family member (23%) or a friend (17%).



Q25. If you needed, say, \$300 a few days before your next payday, what would you do? (DO NOT READ; PROBE: "Is there anything else?"; ALLOW MULTIPLE MENTIONS)

# Reason to Choose Payday Loan

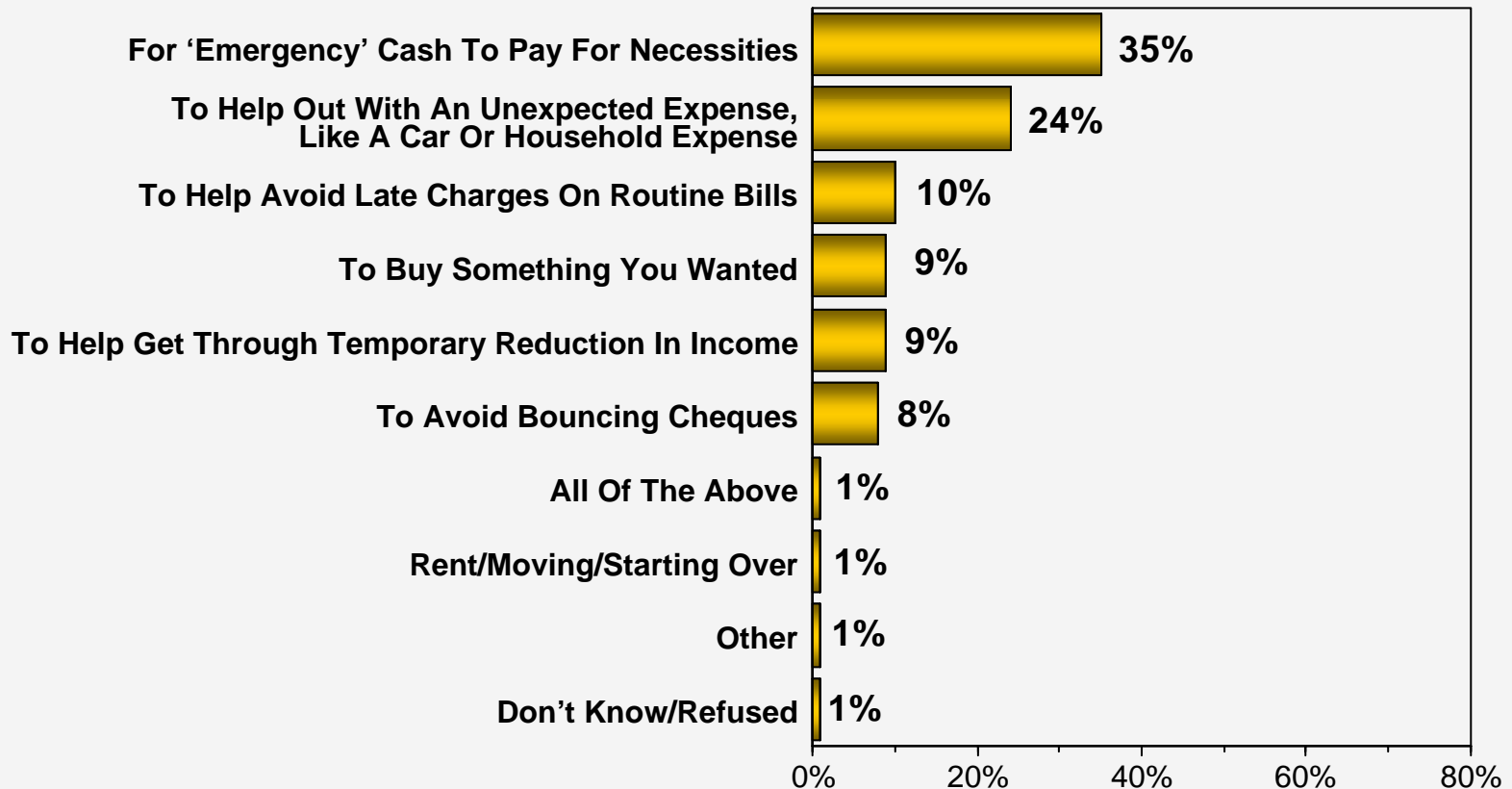
- The majority of respondent payday loan customers report that the most important reason to their choosing to obtain a payday loan in the past rather than using another source of financing was because it is a quick and easy process (51%).



Q27. There are many reasons why people choose to obtain a payday loans 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? (DO NOT READ LIST; PROBE: Any other reasons?)

# Reasons Payday Loan is Needed

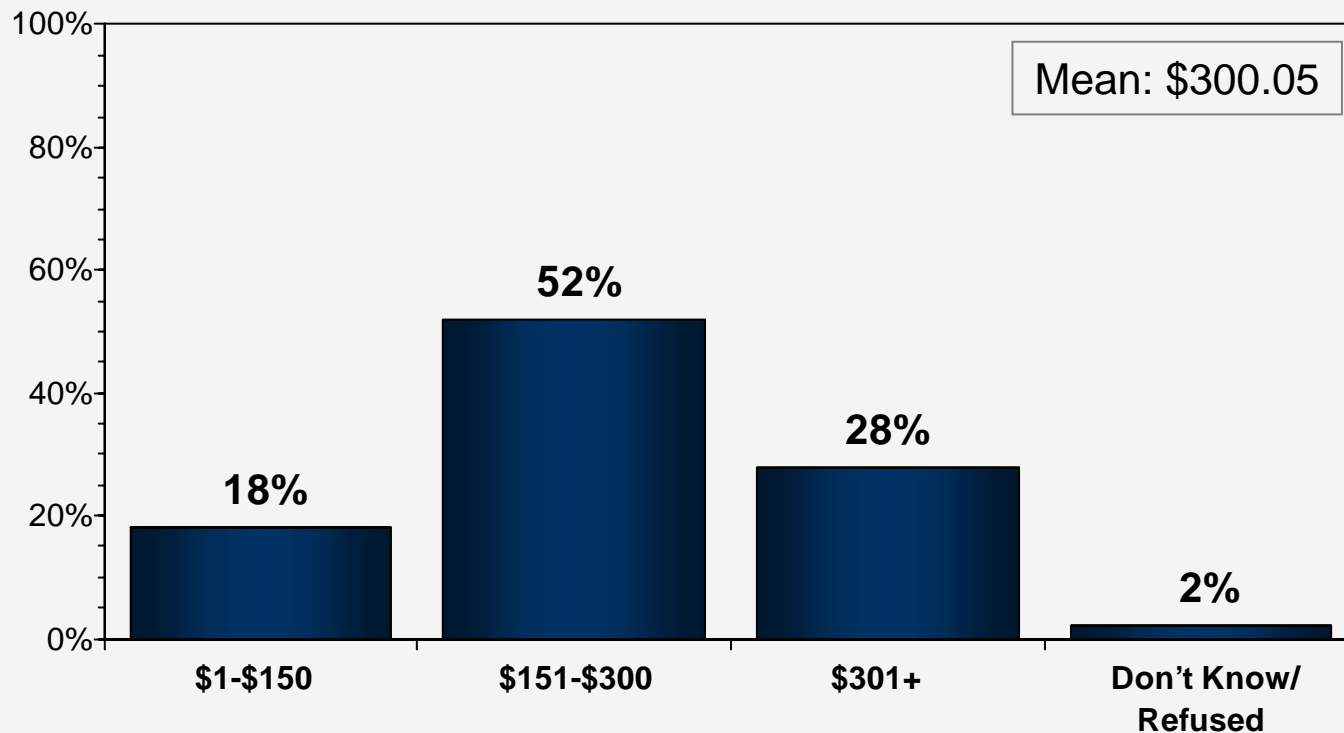
- One-in-three respondent payday loan customers in Manitoba report that the main reason why they needed a payday loan related to needing emergency cash to pay for necessities (35%).



Q28. Which of the following was the main reason why you needed a payday loan? (READ LIST)

# Amount Normally Borrowed with Payday Loans

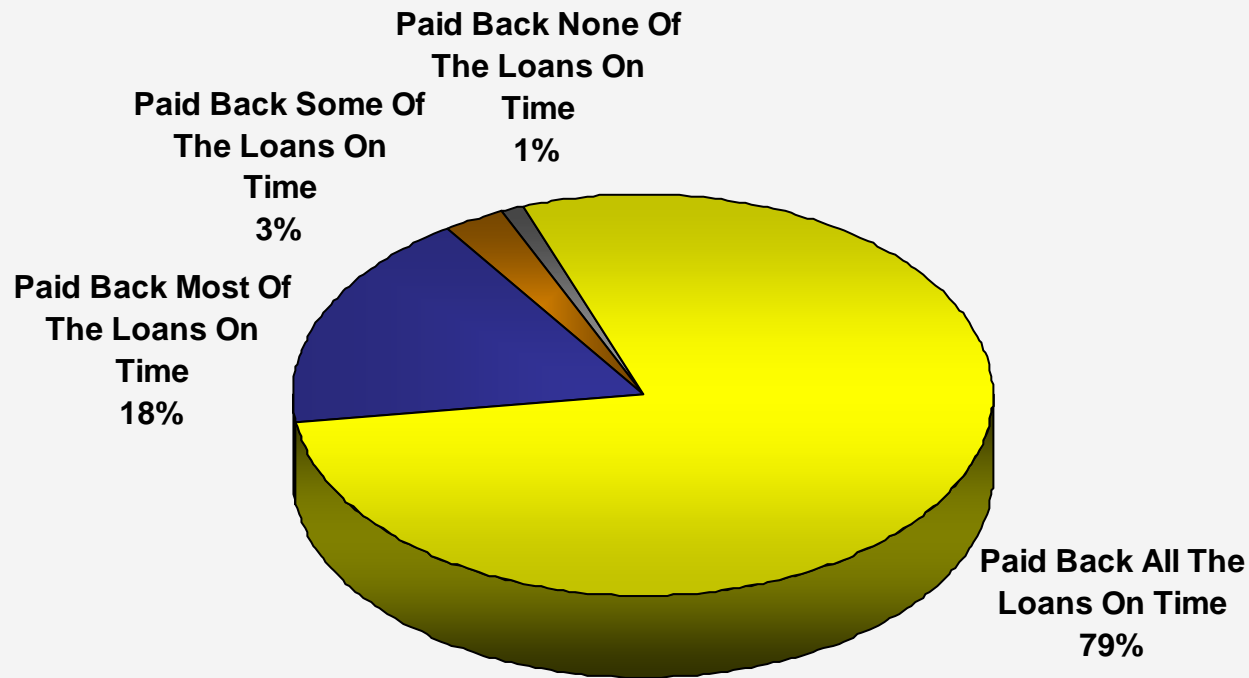
- On average, respondent payday loan customers normally borrow \$300.05 when they get a payday loan.



Q29. On average, how much money do you normally borrow when you get a payday loan? (ENTER DOLLAR AMOUNT ONLY. NO CENTS)

# Payday Loan Payments

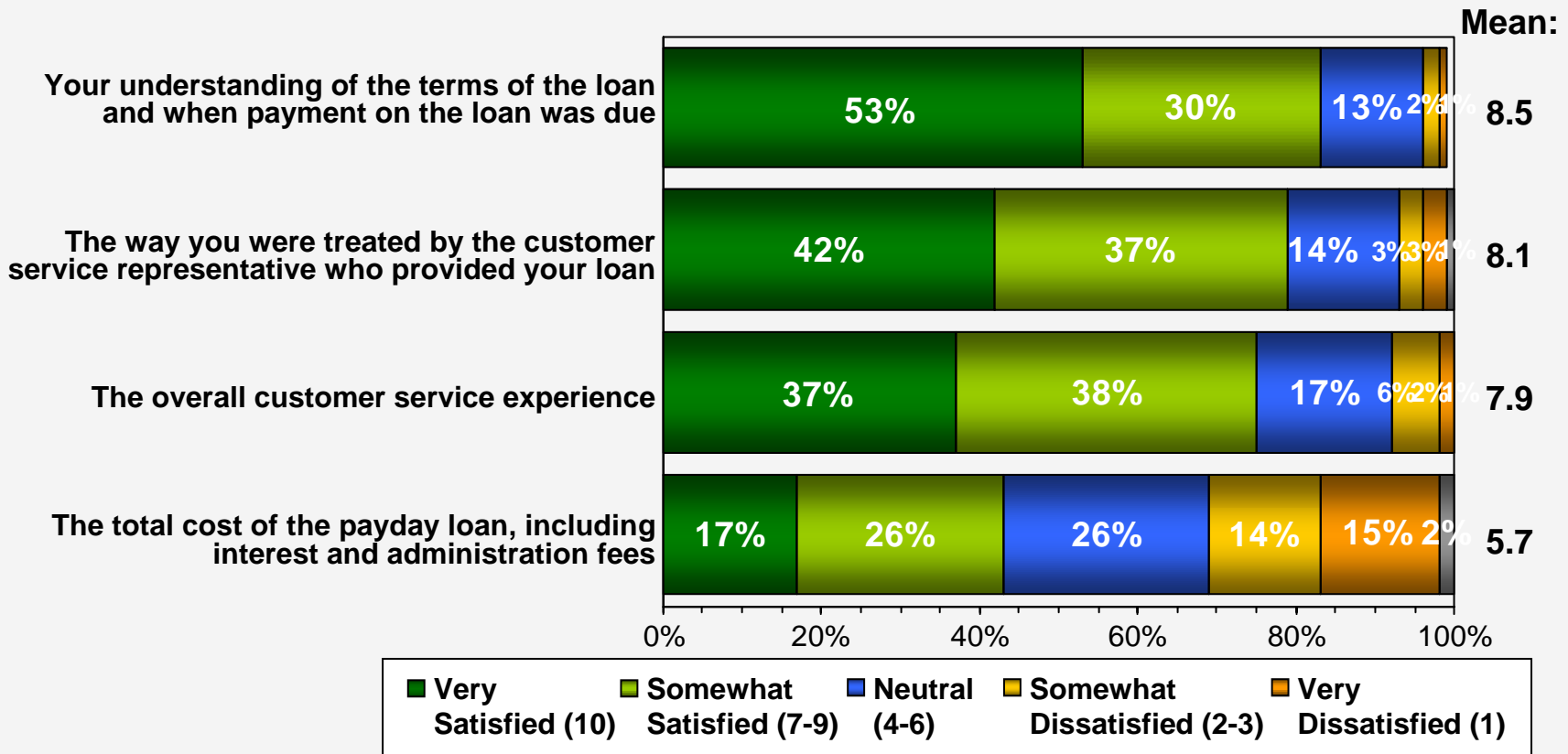
- Almost all respondent payday loan customers in Manitoba indicate that they paid all the loans they received in the past back on time (79%) or paid most of the loans back on time (18%).



Q30. Thinking about all the payday loans you received in the past, did you pay back all, most, some, or none of the loans back on time?

# Satisfaction with Payday Loan Experience

- The vast majority of respondents say they are satisfied with their understanding of the terms of their payday loan and when payment on the loan was due (83%). About three-in-four are satisfied with the way they were treated by the customer service representative who provided their loan (79%) and the overall customer service experience (75%).

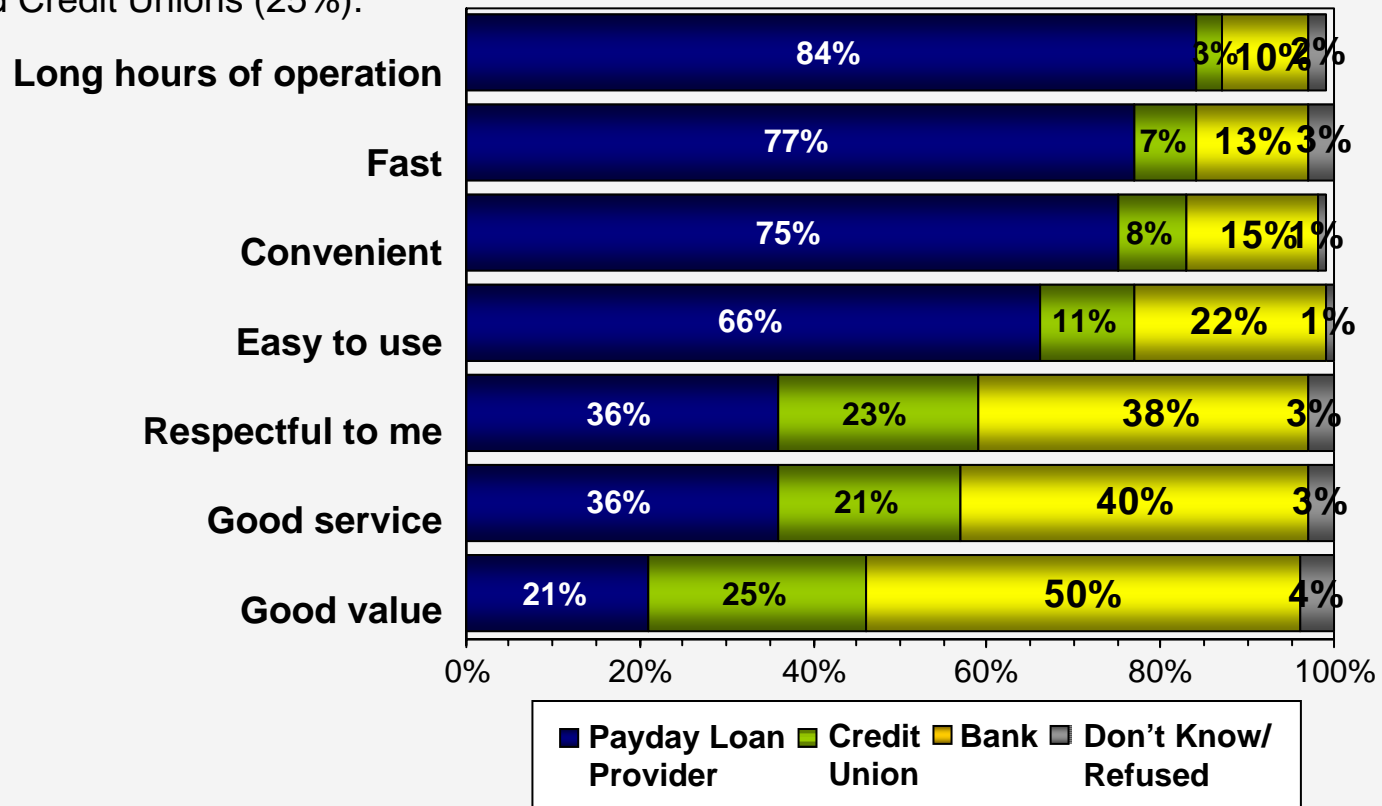


Q31-34. Thinking about all the payday loans you received, please indicate your overall satisfaction with each of the following attributes. Please use a scale from 1 to 10 where 1 means you are "very dissatisfied" and 10 means you are "very satisfied". (READ AND ROTATE)



# Attributes of Financial Institutions

- More than two-thirds of respondent payday loan customers in Manitoba think “easy to use”, “convenient”, “fast” and “long hours of operation” best describe payday loan providers, compared to other financial institutions.
- A similar proportion of payday loan customers think “good value” best describes Payday Loan Providers (21%) and Credit Unions (25%).

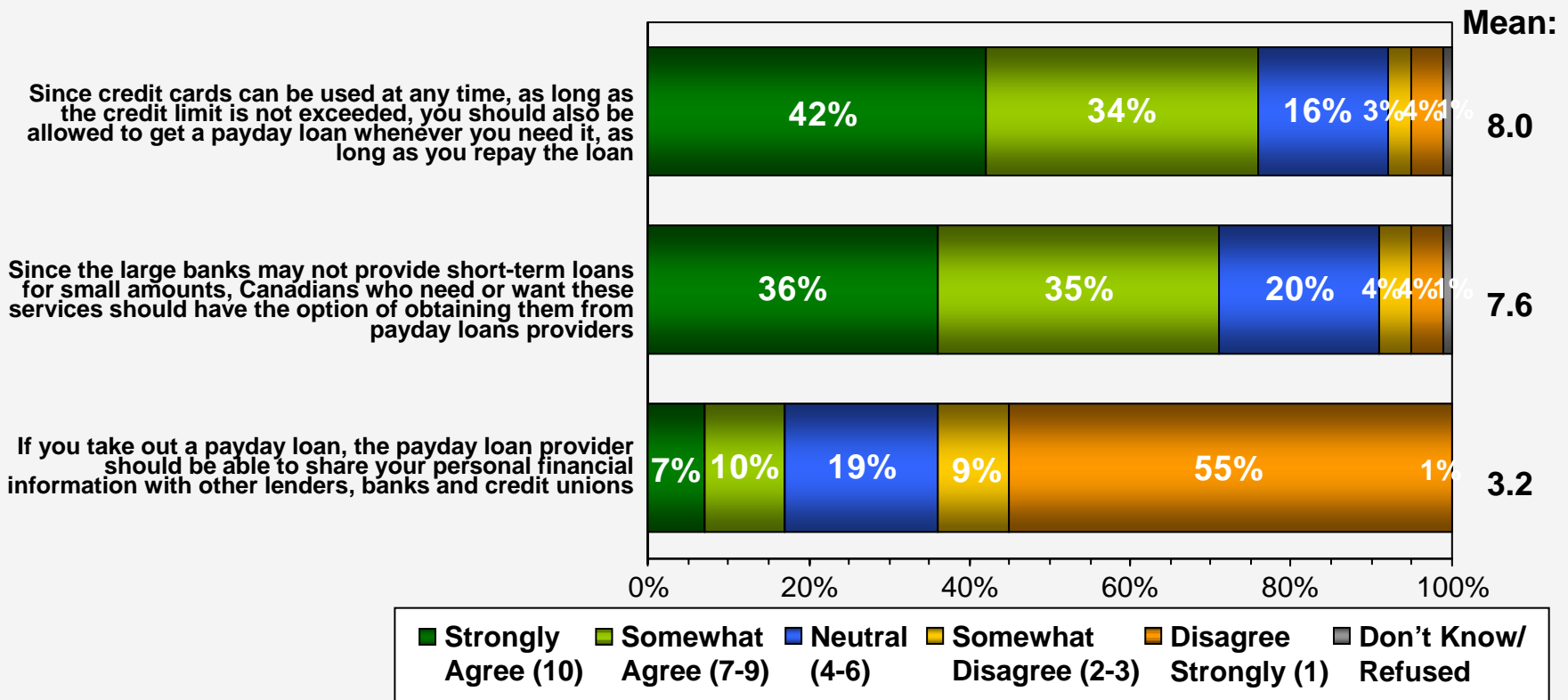


Q35-41. (READ AND ASK ALL) Now I would like you to think about three types of companies that offer cash advances or loans, namely, banks, credit unions, and payday loan providers. I am going to read you a list of attributes that you might consider when getting a cash advance or short-term loan, and I would like you to tell me which of the three providers you think is best described by the attribute. (READ AND ROTATE)



# Payday Loans & Related Issues

- More than three-in-four respondent payday loan customers agree that since credit cards can be used at any time, they should also be able to get a payday loan whenever they need it, as long as they repay the loan (76%). Seven-in-ten also agree that since banks may not provide short-term loans for small amounts, Canadians who need or want these services should have the option of obtaining them from payday loans providers (71%).



Q42-44. I'm going to read you a list of statements. For each, please indicate whether you agree or disagree, using a scale from one to ten where one means you "disagree strongly" and ten means you "agree strongly". (READ AND ROTATE)





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CPLA Pre-filed Evidence

## Part II.2 – Pollara Focus Group Report



## **Payday Loans Manitoba Focus Groups**

Fleishman-Hillard Canada

September 2007

# Methodology and Objectives for Research

## Methodology

- Two (2) focus groups were held on Thursday September 13<sup>th</sup> in Winnipeg, Manitoba.
- A mix of participants were recruited, based on gender and age.
  - All participants were payday loan users, having used at least one payday loan in the past 12 months.
- Participants received \$60 for their participation.

## Objectives for Research

- The objectives of the focus groups were to:
  - Gain an understanding of different credit options available to payday loan users, in addition to payday loans
  - Understand reasons for using payday loans
  - Determine experience and knowledge of short-term borrowing through payday loans
  - Gain general perceptions of payday customers
  - Determine how important access to payday loan option really is

# Credit Options Available for Payday Loan Users

- Almost all participants, except 1, had a bank account.
- Participants identified a number of different short-term borrowing options available to them, including:
  - Payday loans
    - *“Before payday loans, I used pawnshops.”*
  - Lines-of-credit
  - Credit cards
  - Personal loans
  - Overdraft protection
  - Borrowing money from friends and family

# Credit Options Available for Payday Loan Users

- Participants mentioned running into a number of different financial emergencies, which caused them to take out a payday loan, including, but not limited to:
  - Unexpected car maintenance
    - *“My car broke-down.”*
  - Extended sick-leave from work
    - *“I had a bad flu and missed two weeks of work so I had to make \$2000 up somewhere.”*
  - Lost job/Job transition
    - *“I just ended a job and I am starting a new one.”*
  - Unexpected medical expenses
    - *“I used it to pay for an ambulance.”*
    - *“To pay for my boyfriend’s medical expenses.”*

# Use of Payday Loans

- Most participants felt that if they needed, say \$300 before their next payday, they would use a payday loan.
  - *“I would use a payday loan.”*
  - *“I would use a payday loan, I don’t want to bounce a cheque, it costs \$35!”*
- A few participants said they would take an advance on their credit card, use a post-dated cheque, borrow money from a friend or their employer, or use a pawnshop.
  - *“I’d ask my boss for an advance.”*
- A few participants mentioned they would wait until they got paid, depending on the urgency.
  - *“I would just wait and stick-it-out, it would depend on the emergency.”*

# Use of Payday Loans

- Many participants felt they paid their loans back on time.
  - *“I pay all my loans back on time, 99 percent of the time.”*
  - In fact, some participants mentioned they try to pay back most of their loans back before they are due, in order to pay as little interest as possible.
    - *“I paid my payday loan back before (it was due) to save some of the charges”.*
  - A few participants mentioned they paid back most of their loans on time, however, a few did admit that they have missed a small number of payments in the past.
  - A few participants mentioned that a payday loan provider made it easier for them to pay back their loans.
    - *“They told me that I could close my account if I signed a bunch of documents and they set-up a schedule where I could pay it back in installments and I closed my account, that’s the last time I used it.”*

# Use of Payday Loans

(Continued)

- Almost all participants understood the importance in paying their loans back on time, primarily to:
  - Save added interest charges and late fees
  - Protect their credit rating
  - A requirement to take more loans in the future
    - *“If your cheque bounces, you have to pay more fees.”*
    - *“It’s the right thing to do.”*
    - *It’s a moral issue – you agreed to the terms.”*
    - *“It can hurt your credit rating.”*
    - *“No one wants to pay more interest.”*

# Use of Payday Loans

- Many participants felt they tended to go to a payday loan company instead of a bank or credit union because they only wanted to borrow a small amount of money and felt that banks did not offer short-term loans in smaller amounts (under \$500).
  - *“I went to the bank and the minimum they would lend me was \$1000, I only need a couple hundred.”*
  - *“I don’t want to borrow too much, I can get a smaller loan (through payday loans).”*
- Other reasons for choosing a payday loan over a loan from a bank or credit union included:
  - Convenience, quick and easy process
  - No money down
  - No credit check required
  - No explanation/justification for why they need the loan
  - Better customer service
    - *“(Payday loans) are more convenient because sometimes you go to the bank and no one is there.”*
    - *“Generally very good service.”*
    - *“When something comes up, it’s right there.”*
    - *“You don’t have to explain yourself.”*

# Other Reasons for Using Payday Loans

- Participants mentioned a number of reasons why they used payday loans in the past, including:
  - To pay for unexpected expenses such as car breakdowns, medical emergencies (including medication and services), lost jobs/job transitions (including time lost on extended sick leave).
  - To pay for necessities such as rent, food, and financial support for siblings.
    - *“I’ve bought food with it.”*
  - To avoid charges on routine bills such as hydro and other utilities.
    - *“A cheque went through that I didn't expect on Sunday, so I used a payday loan company to cover it.”*
    - A few participants mentioned they used a payday loan to help pay for other loans in emergency situations.

# Perceptions of Payday Loan Users

- Almost all participants disagreed with the notion that payday loan users were generally poor, uneducated, and didn't know what they were getting into when choosing to use payday loans.
  - Participants felt that payday loans customers, like themselves, were aware of the terms and requirements of payday loans and felt it was a necessary source of money for them, when they needed it.
    - *“I read it very carefully.”*
  - Many participants agreed that they only used payday loans for emergency situations and paid back the loans on time.
    - A few participants noted the importance of paying back payday loans and avoiding the ‘cycle’ of long-term payday loan use.
  - Almost all participants felt the terms of their payday loan was made clear to them and felt they made an informed choice in deciding to use payday loans.

# Perceptions of Payday Loan Users

- Comments made by participants regarding perceptions of payday loan users included:
  - *“Are normal, everyday people.”*
  - *“People who need paydays loans are mostly working class.”*
  - *“It has been a lifesaver for me.”*
  - *“I am grateful to get out of a bind. I got myself into a bind, but I was able to take care of it. I am grateful to get out of that situation.”*
  - *“(users) Are not uneducated, but I don’t want to starve for a month to wait.”*
  - *“Middle class people make enough money, but things are very expensive.”*

# Importance of Payday Loans

- Many participants felt it was important for them to continue to have payday loans as an option for borrowing money in the future.
  - Participants mentioned a number of reasons, primarily because they had a weak credit rating and required quick access to money in emergency situations.
    - *“It’s important because it is convenient if you can’t get the money anywhere else on the spot.”*
    - *“It’s an absolutely necessary option.”*
- Participants had mixed feelings about implementing a consolidated, all-in-one, charge for payday loan users.
  - Some participants felt it was a good idea to force payday loan providers to consolidate all loan fees into a per dollar rate, such as \$20 or \$25 per \$100 to avoid the allowance of addition ‘brokerage fees’ that some providers charge in addition to the allowable maximum interest charge.

# Perceptions of Payday Loan Users

- Some participants felt it was not important to them because it doesn't change the actual amount they are required to pay for the loan, whether they are charged a % or \$ amount.
  - *"I don't care either way you are going to have to pay it."*
- A few participants mentioned that it was important to ensure that payday loan providers follow the rules and charge only up to the maximum allowable charge without adding additional hidden fees.
  - *"If it came to passing a law, they should make it a percentage or a dollar amount, but eliminate any extra fees."*
- Many participants felt it was important for them to have choice when choosing a payday loan provider.
  - *"I think it is very important to have options."*
  - A few participants felt this would lead to more competition in the marketplace and thus, lower service fees for payday loan users.



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