



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 6th and 13th, 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.

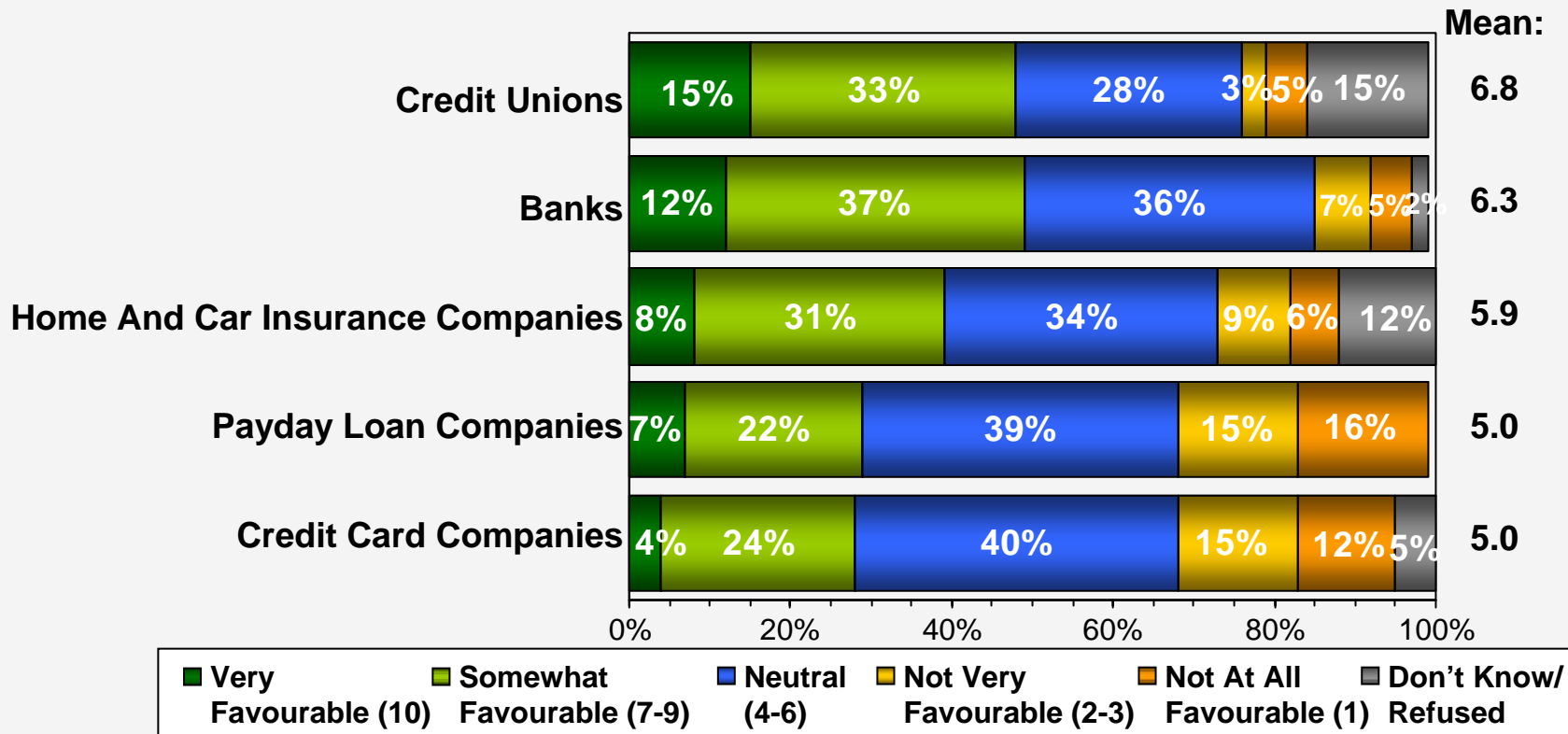
Key Findings

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

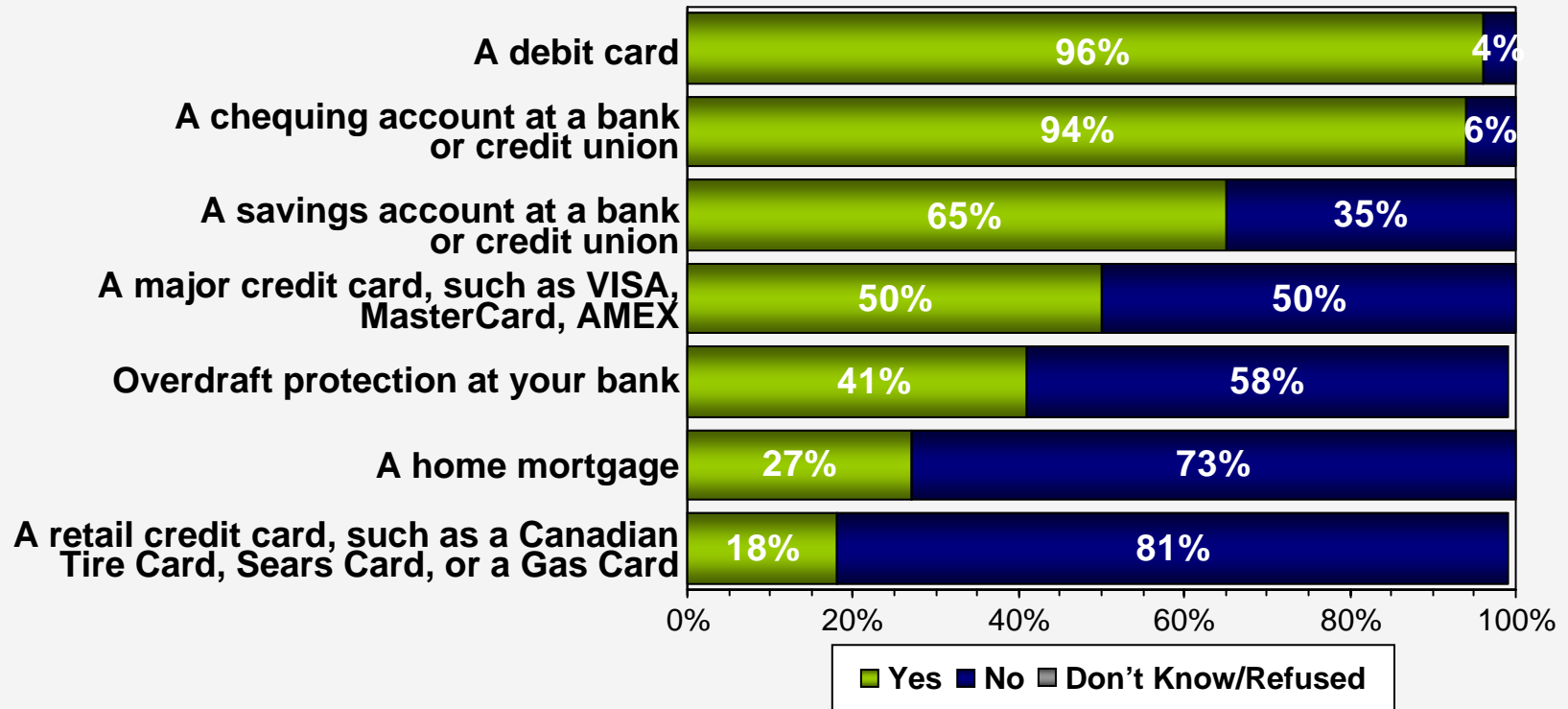
- Respondent payday loan customers rate their impressions of payday loan companies lower than other financial institutions, and the same as credit card companies.
- Payday loans companies and credit card companies receive average impression ratings of 5.0 out of 10, while Credit Unions receive the highest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

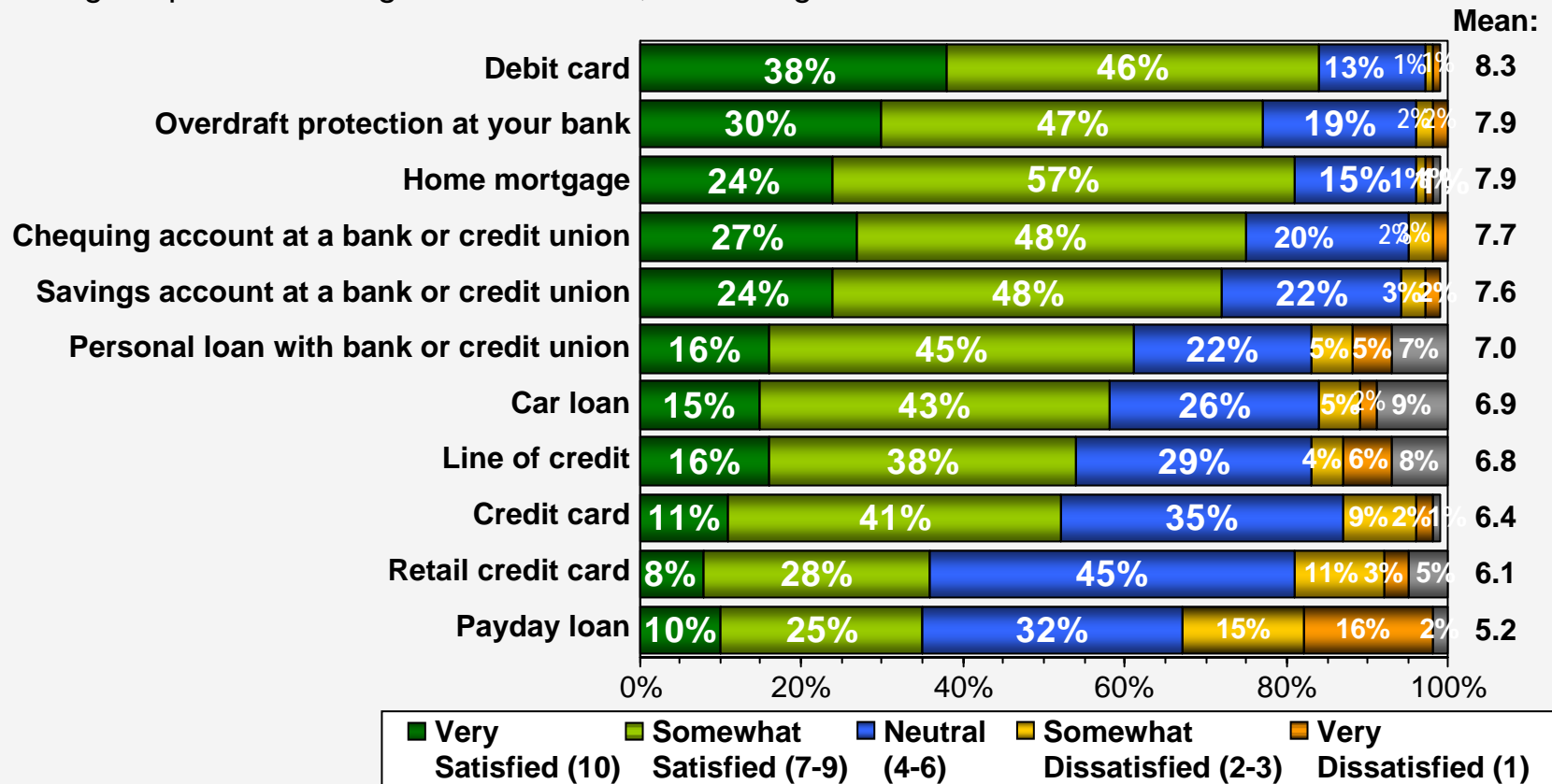
- Almost all payday loan customers currently have a debit card (96%) and a chequing account at a bank or credit union (94%).



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.

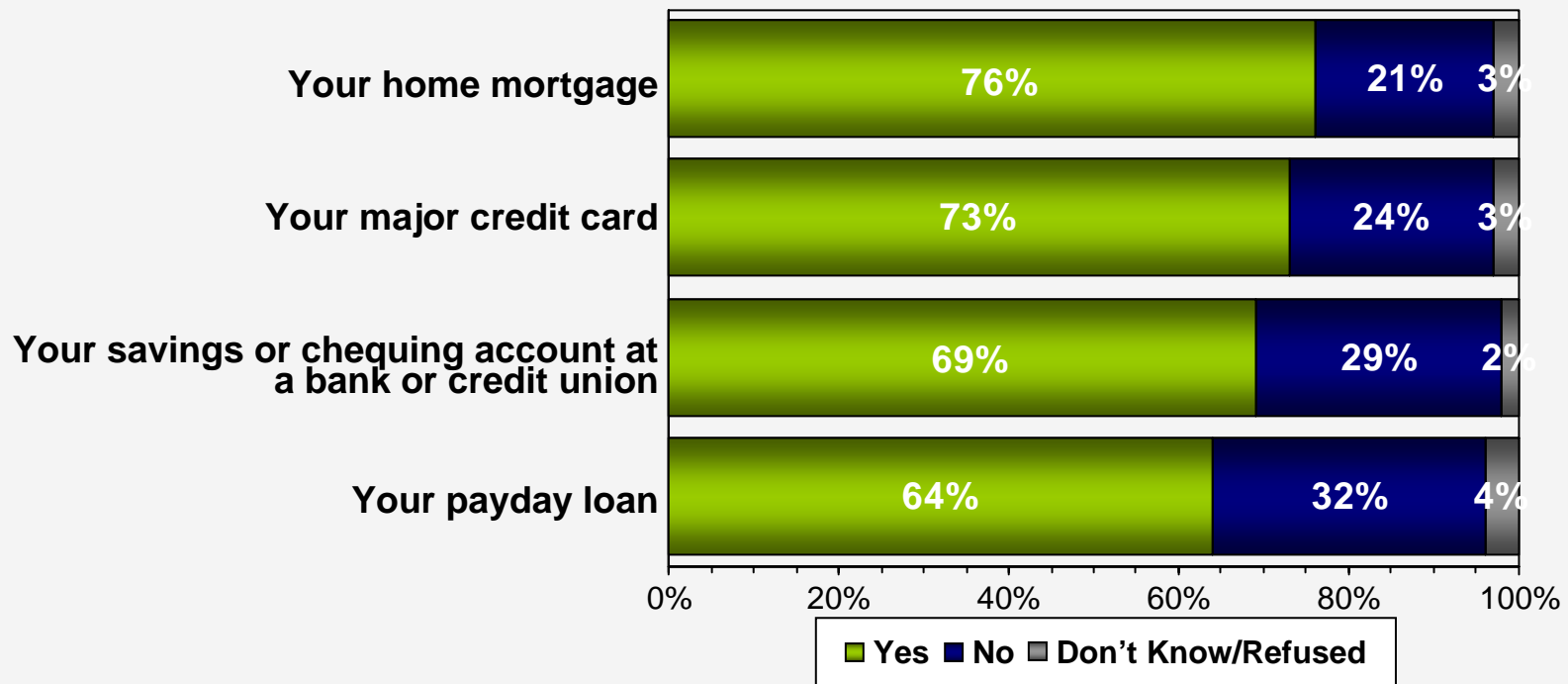


Q9-19. Thinking about the following financial products or services overall, please tell me how satisfied are you with each product or service that you use? Please use a scale from one to ten where 1 means you are "very dissatisfied" and 10 means you are "very satisfied" with the product or service. (READ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



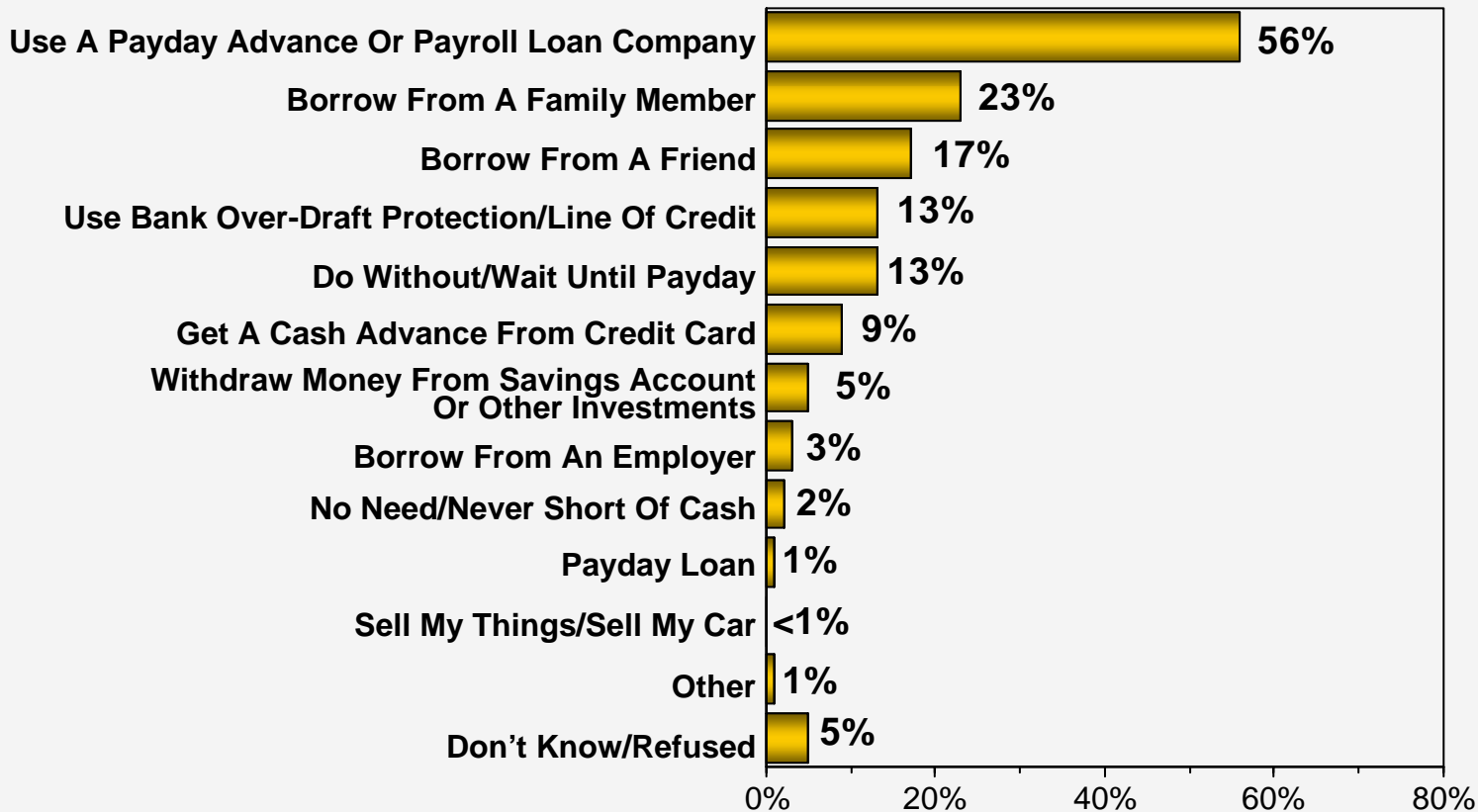
Knowledge of Fee Payment

- 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

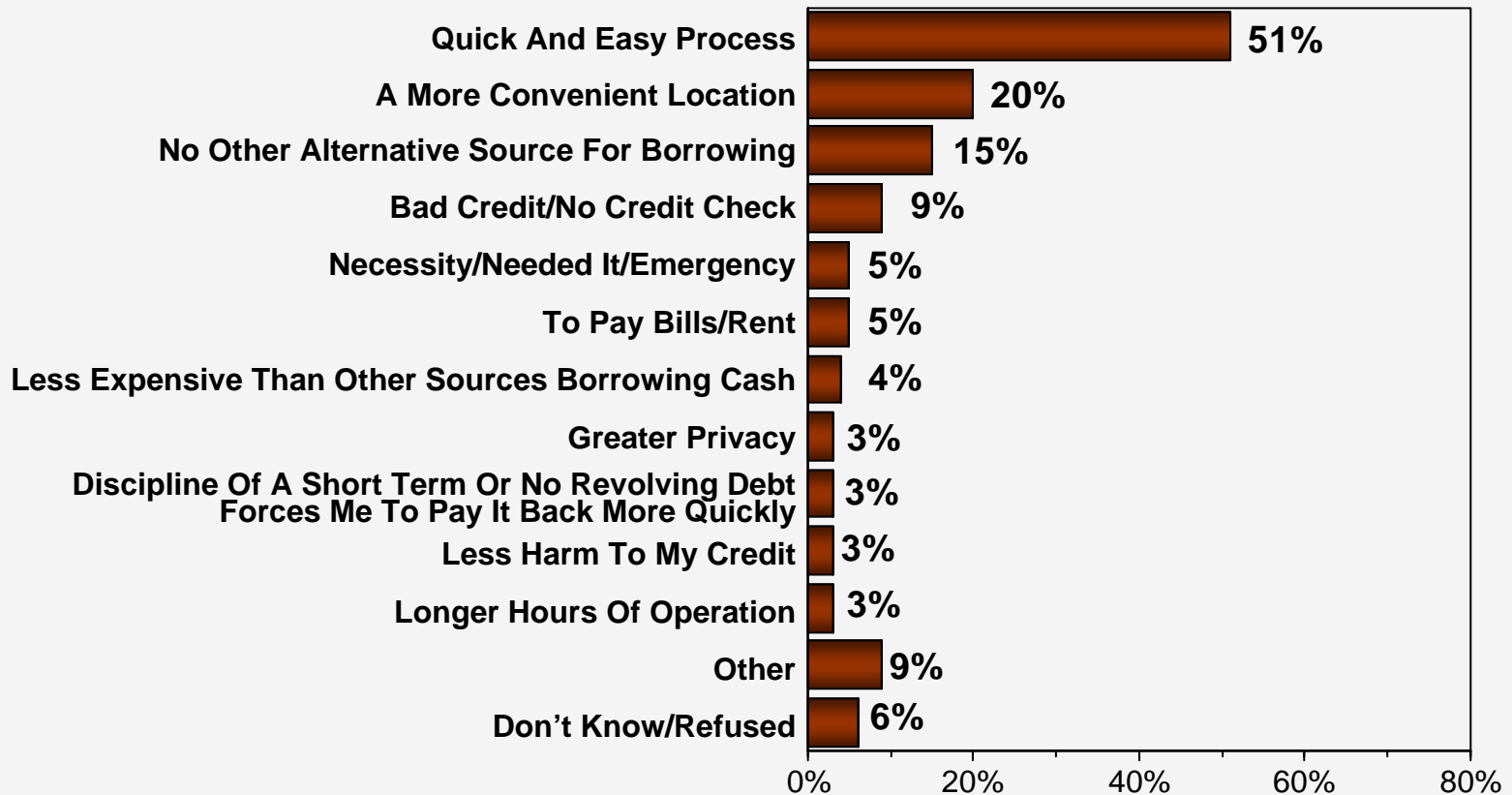
- One-half (56%) of respondent payday loan customers in Manitoba say that they would use a payday advance or payroll loan company if they needed \$300 a few days before their next payday.
- Two-in-five (40%) say they would borrow the money from a family member (23%) or a friend (17%).



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%).

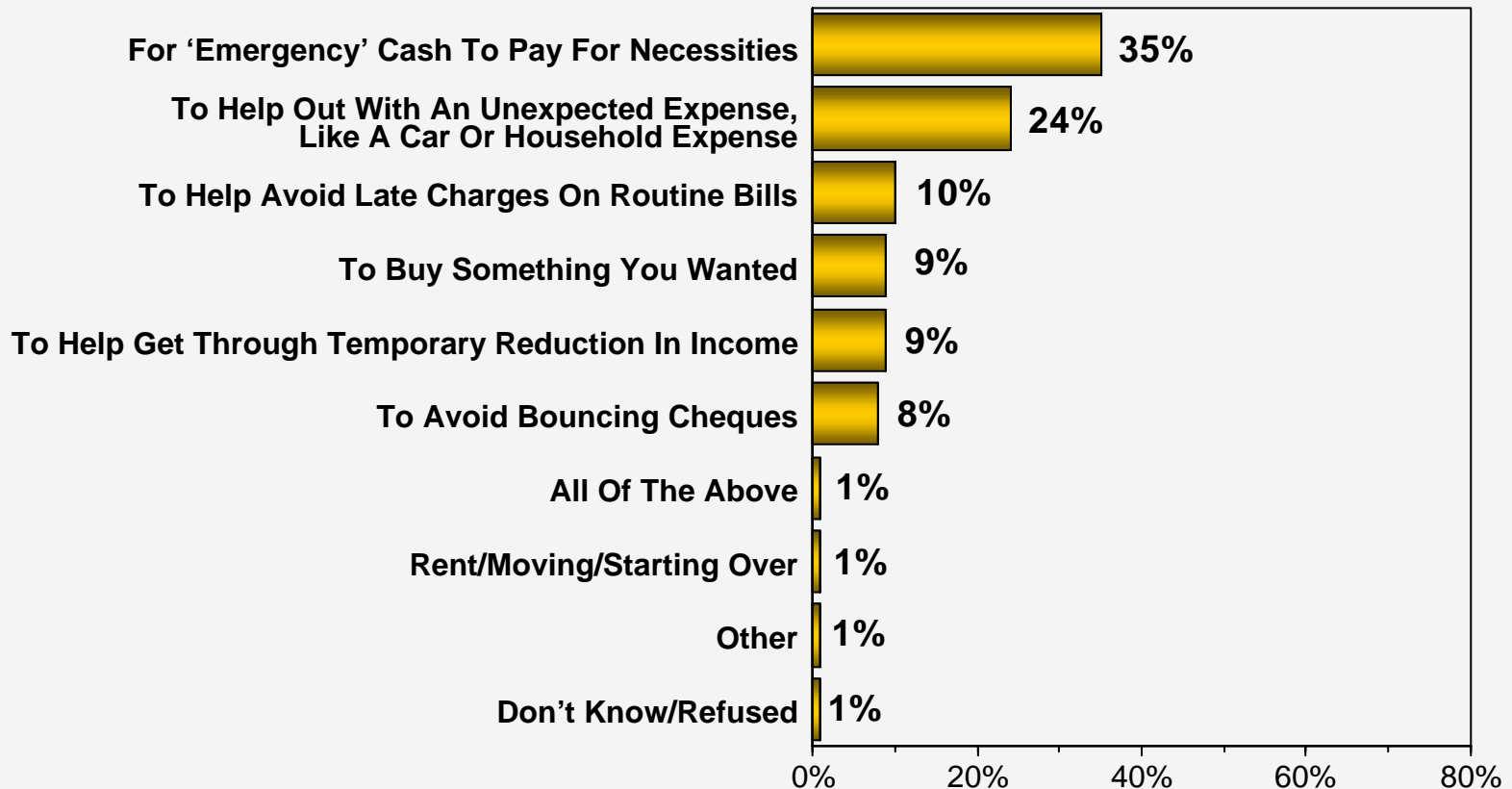


Q27. There are many reasons why people choose to obtain a payday loans instead of getting other financial products or services. What was the most important reason you chose to obtain a payday loan in the past rather than using another source of financing? (DO NOT READ LIST; PROBE: Any other reasons?)



Reasons Payday Loan is Needed

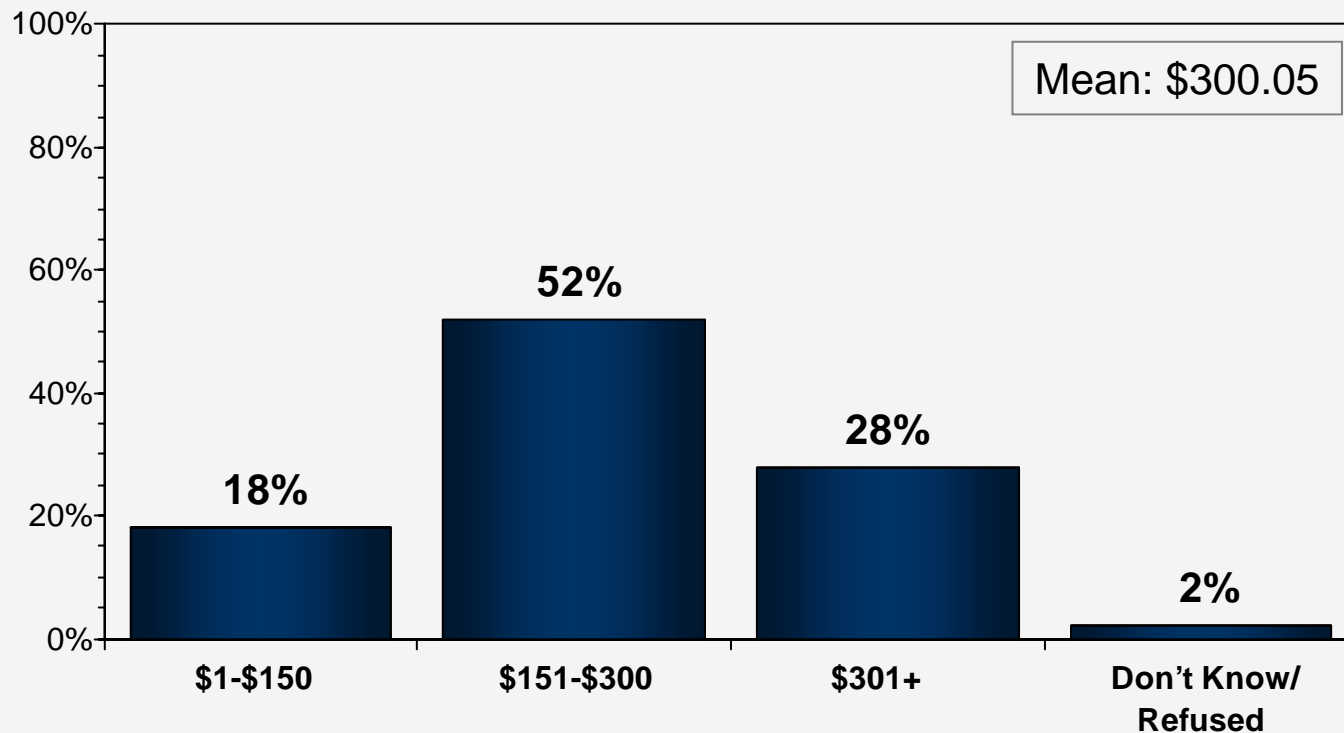
- One-in-three respondent payday loan customers in Manitoba report that the main reason why they needed a payday loan related to needing emergency cash to pay for necessities (35%).



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

Amount Normally Borrowed with Payday Loans

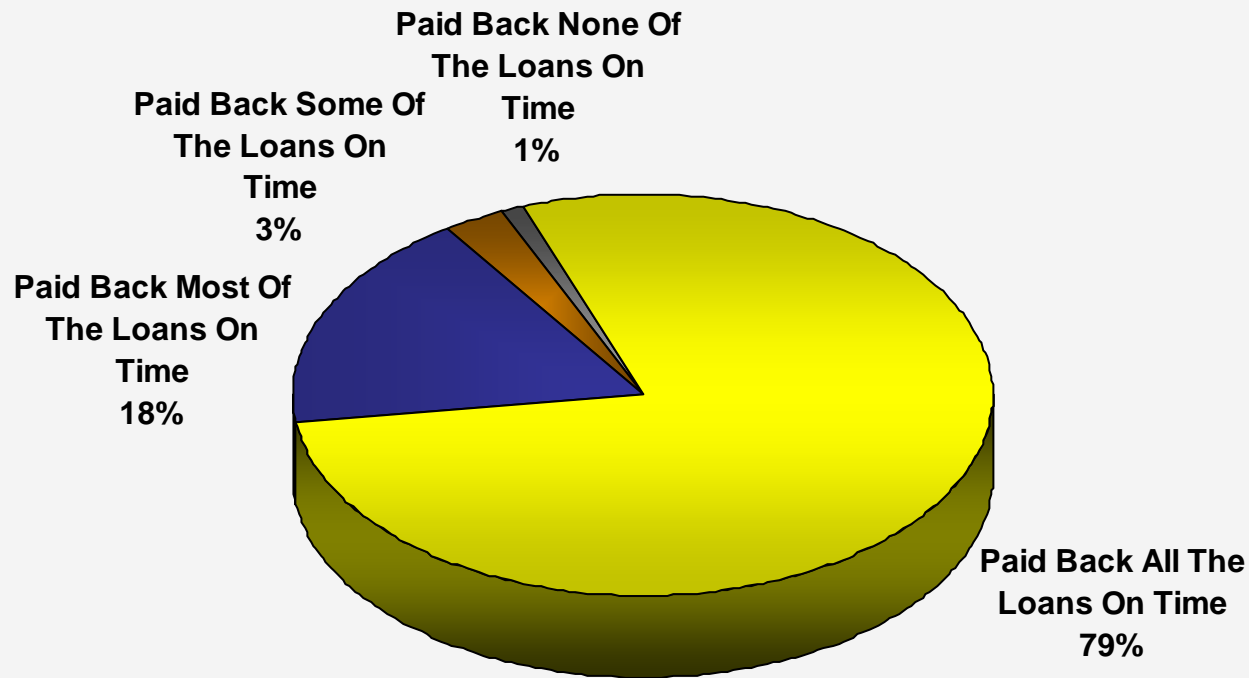
- On average, respondent payday loan customers normally borrow \$300.05 when they get a payday loan.



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

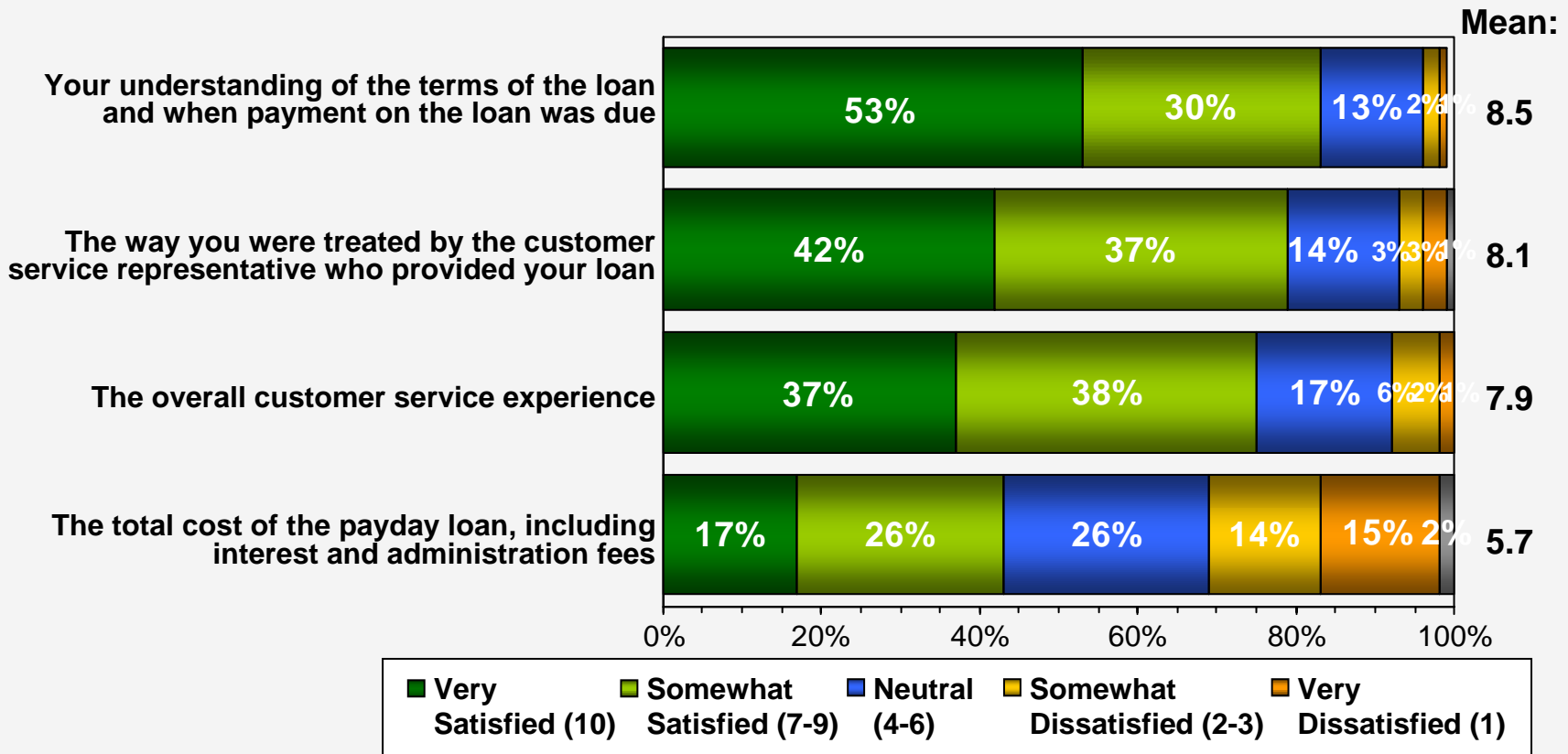
- Almost all respondent payday loan customers in Manitoba indicate that they paid all the loans they received in the past back on time (79%) or paid most of the loans back on time (18%).



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%).

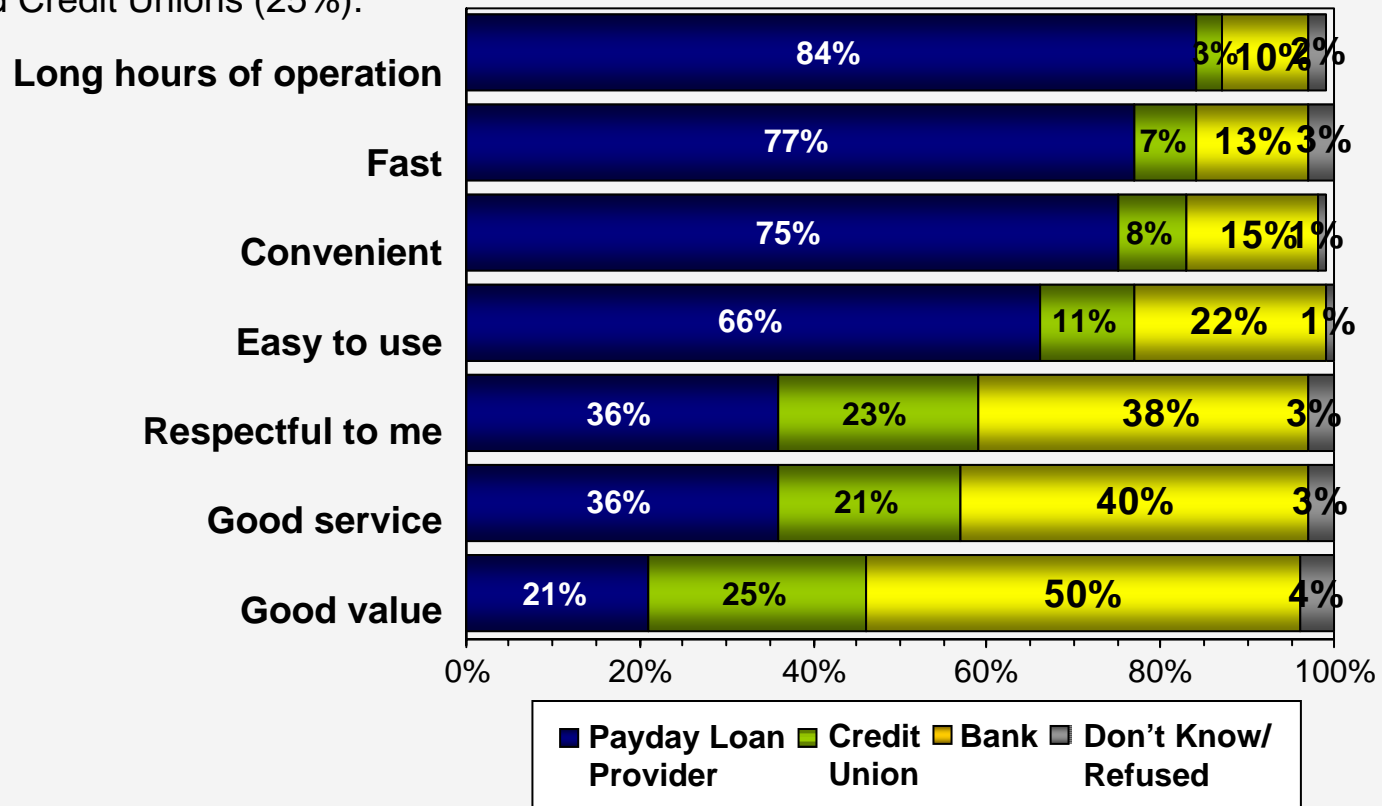


Q31-34. Thinking about all the payday loans you received, please indicate your overall satisfaction with each of the following attributes. Please use a scale from 1 to 10 where 1 means you are "very dissatisfied" and 10 means you are "very satisfied". (READ AND ROTATE)



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%).

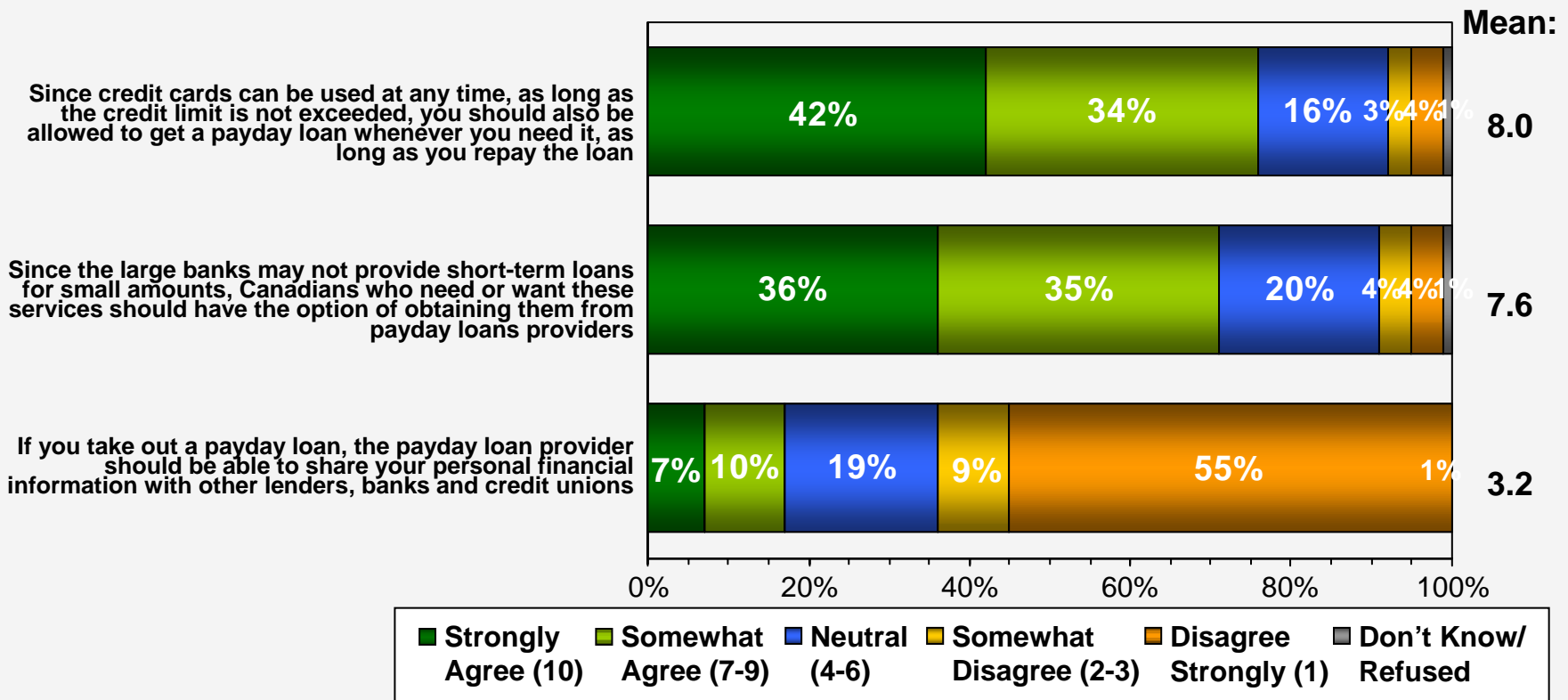


Q35-41. (READ AND ASK ALL) Now I would like you to think about three types of companies that offer cash advances or loans, namely, banks, credit unions, and payday loan providers. I am going to read you a list of attributes that you might consider when getting a cash advance or short-term loan, and I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