

Comparison of Consumer Research Responses **2002 State Surveys and 2001 Georgetown National Study**

Research on payday advance has been conducted by a number of sources. Most notably, the Credit Research Center at Georgetown University's McDonough School of Business produced the first impartial observation of payday advance in America. Until the release of this study, only anecdotal evidence had been used to discuss the payday advance consumer.

Following release of the national "Georgetown study", an independent research firm, IoData Corporation, was commissioned by the industry to conduct similar customer surveys in six geographically dispersed states (CA, CO, IL, NC, UT, WA). The Georgetown study was used to validate findings in the state studies by comparing payday advance customers in each state to the national customer sample.

In the national and state studies combined, more than 3,000 payday advance customers were surveyed and the results were strikingly similar. Below are consolidated average results of the state reports, compared to those of the national Georgetown study.

Customer Demographics

2002 IO Data Cumulative State Report

- 60% of respondents are female and 60% have children under the age of 18 living at home.
- 71% of respondents are 44 years of age or younger
 - only 2% are 65 or older
- Average household income is approximately \$40,594
 - 25% are \$25,000 or less
 - 39% are between \$25,000 and \$50,000
 - 23% are greater than \$50,000
- 88% of respondents are high school graduates
 - 55% attended some college
 - 21% are college graduates
- 34% are homeowners
 - 76% have lived in their current residence for at least one year
 - 74% have held their current job for at least one year
- 41% belong to a credit union, 12% are members of

2001 National Georgetown Study

- 59% are female and 64% have children at home.
- 68% are 44 or younger
 - only 3.5% are 65 or older
- Majority have incomes between \$25,000 and \$50,000
- 94% of respondents are high school graduates
 - 56% attended college
 - 19% are college graduates
- 42% are homeowners.
- 49% belong to a credit union and 2% are members

a labor union and 4% are members of the military

of the military on active duty

Customer motives for obtaining a payday advance

Respondents gave the following information about obtaining payday advances:

2002 IO Data Cumulative State Report

- 89% said that payday advance companies provide a useful service
- 70% took out a payday advance for an unexpected expense, including a temporary reduction in income
- 54% had outstanding payday advances at the time of the survey
 - average advance amount is \$321
 - average fee is \$50
- 56% said that their most recent payday advance was a renewal of an existing payday advance, while 40% said that their most recent payday advance was new
 - Of those renewing, 68% had a renewed payday advance outstanding for four weeks or less, and 45% were outstanding for two weeks or less
- 82% said they were given "information on the annual percentage rate of interest" when they obtained the payday advance
- 43% said they considered other borrowing alternatives to a payday advance
 - Of those considering alternatives, 39% said they considered going to a bank or savings & loan, 32% said they considered asking a friend or relative for the money
- 56% of respondents said the most important reason they chose a payday advance was for reasons of convenience
 - Only 10% said no other alternative existed
 - 57% said the lack of collateral requirements influenced their selection
- 85% of respondents said they had not been late in paying back a payday advance in the last 12 months
- 74% gave a "Satisfied" rating on their payday advance experience
 - only 8% gave a "Dissatisfied" rating

2001 National Georgetown Study

- 92% said that payday advance companies provide a useful service
- 66% took out a payday advance for an unexpected expense
- 53% had outstanding payday advances
- 68% said that their most recent payday advance was a renewal of an existing payday advance
 - Of those renewing, 70% had a renewed payday advance outstanding for four weeks or less, and 47% were outstanding for two weeks or less
- 78% recalled receiving information on the annual percentage rate
- 38% said they considered other alternatives
 - Of those considering alternatives, 30% said they considered a finance company, 5% said they considered asking a friend or relative
- 70% of respondents said they chose a payday advance for reasons of convenience
 - 6% said no other alternative existed
- 76% of respondents said they had not paid off late
- 75% gave a "Satisfied" rating
 - 12% gave a "Dissatisfied" rating

Customer perceptions of various borrowing options, including payday advances

Survey respondents related the following perceptions and circumstances:

2002 IO Data Cumulative State Report

- 55% of respondents have a major credit card
- 19% of respondents "almost always" pay their credit card balances in full each month
 - 63% pay these balances "sometimes" or "hardly ever"
- 67% reported that during the last five years, they had wanted to apply for credit but did not for fear of being turned down

2001 National Georgetown Study

- 57% of respondents have a major credit card
- 25% of respondents almost always pay their credit card balances in full each month
 - 55% pay these balances hardly ever
- 68% reported that during the last five years, they had wanted to apply for credit but did not for fear of being turned down.

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