

Payday Advance Arizona Customer Survey

Conducted December 2005, Cypress Research Group, Shaker Heights, Ohio
Commissioned by CFSA

A random, statistically representative sample of customers who obtained payday advances from CFSA-member companies in Arizona were interviewed by telephone. The primary research objective was to examine industry performance from the customer's perspective, evaluating consumer confidence in and satisfaction with the service. Results from the sample of 600 have a margin of error +/- 5% at the 95% confidence interval.

Key Findings

Younger than average, versus the state's adult population, payday advance customers in Arizona are generally middle-income and educated.

- Sixty-three percent (63%) have annual household incomes of more than \$25,000, with 46% earning \$25,000 to \$50,000 a year.
- More than half (55%) have attended college, and nearly one in five (19%) has a bachelor's degree or above.
- Thirty-eight percent (38%) own their own homes.
- Just under half (48%) of households have children under 18.
- Sixty-three percent (63%) of customers are under the age of 45, compared to 54% of Arizona's adult population as a whole. Only 7% are older than 65 (vs. 18% of the state's adult population).

Arizona's customers have other financial options available – but payday advance can sometimes be a better financial decision and is quick and convenient.

- Fifty-four percent (54%) of payday advance customers have overdraft protection on their checking accounts.
- Fifty-four percent (54%) have a major credit card(s), 37% have credit card(s) with credit available.
- In comparison to other credit products with which respondents had recent experience, overall satisfaction with payday advance (68%) was comparable to a personal loan with a bank/credit union (76%), home mortgage (76%), car title loan (68%) and major credit card (67%). Satisfaction levels with a home equity line of credit and overdraft protection on a checking account were higher at 85% and 80%, respectively.

Consumers weigh the benefits against the costs.

- Ninety-five percent (95%) believe payday advance is a useful service to consumers.
- Most (74%) cited convenience-related factors (quick and easy process 42%, convenient location 13%, fast approval 17% and less paperwork 2%) as the major reason for choosing a payday advance. Customers were highly satisfied with the convenience of the lenders' hours (81%) and locations (83%), as well as the location's safety (83%).
- Seven percent (7%) cited comparisons to other financial services and providers, such as less harm to their credit, less expensive than other sources of short-term cash, the lack of revolving debt, greater privacy and more respectful employees.
- A large majority of customers said a payday advance had helped them: cover an unexpected expense (81%); avoid late charges on bills (68%); and avoid bouncing checks (66%).
- Nearly three-quarters were satisfied with the repayment schedule (73%), the amount they could borrow (82%) and their ability to refinance or renew if they chose (83%).

Consumers understand the fee and payback structures.

- Eighty-nine (89%) were satisfied with their understanding of the terms and cost of their payday advance, although only 42% were satisfied with the fee amount.

Consumers are pleased with the service they receive from lending staff.

- Customers were highly satisfied with all aspects of service received during the payday advance experience (83% during application, 82% during the loan term, and 90% when called during the payback or collection period).
- Eighty-seven percent (87%) were satisfied with the courtesy and professionalism of the lending staff.
- During collection, 81% were satisfied with the frequency of reminder calls and 90% were satisfied with the courteousness of staff who called.

Consumers are skeptical of government involvement in payday lending.

- Most customers don't want officials limiting the frequency of their loans (84%) or monitoring their payday advance records/use of service (88%), although only 34% disagree with the government's limiting fees.