



2012 Payday Loan Industry Sentiment

Survey Analysis



Introduction

Since 2010, 100 Day Loans has provided consumers with access to short-term loans online. Though founded in the U.S., the company now operates in the United Kingdom, providing British consumers with a way to quickly and conveniently find temporary borrowing solutions.

Payday Loan Industry Sentiment Survey

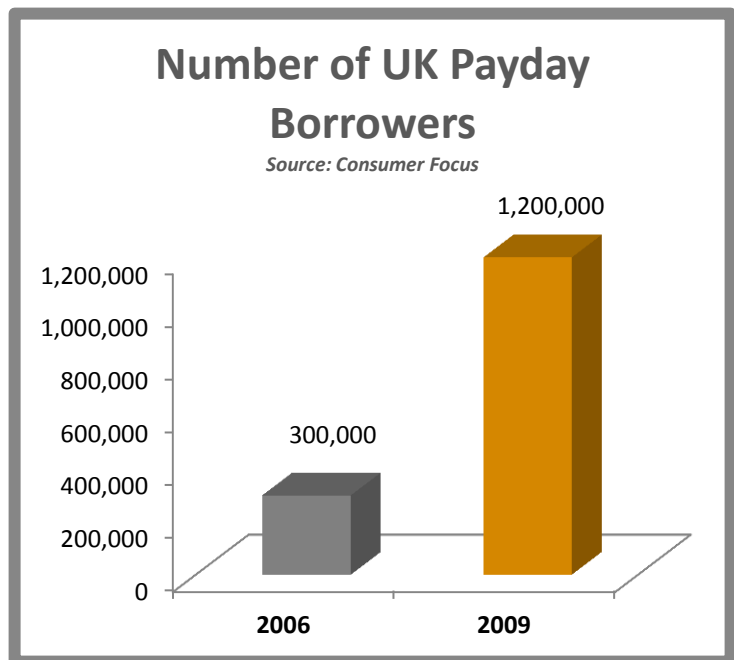
100 Day Loans UK performs surveys to collect demographic data, make its services more effective, and better serve the needs of today's consumers. The **2012 I Hate You Payday Loans Survey** revealed insight into how payday lending is perceived, both by those who take out loans and those who haven't.

The survey revealed that perceptions of the payday industry vary significantly between borrowers and non-borrowers.

Those with payday experiences tend to have a more favorable view of short-term lending, while non-borrowers focused more on the negative aspects of the industry.

According to estimates, Brits take out more than **£2 billion in payday loans each year**, with more than one million consumers using payday loans each month. The expanding market has made payday lending one of today's most hotly debated financial topics.

With this survey, 100 Day Loans UK hopes to highlight the perceptions of the industry, the causes of these perceptions and ultimately, what can be done to improve the payday lending industry.



Survey Summary

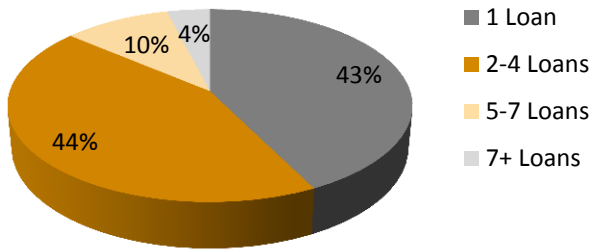
100 Day Loans UK collected survey results from 261 consumers, 130 of whom had taken out a payday loan in the last year. Both groups had similar demographics in age, gender, income level and employment status. The largest differences occurred with home ownership and personal debt:

- 57 percent of non-borrowers owned a home, 64 percent of borrowers rented
- 40 percent of non-borrowers reported no debt, 46 percent of borrowers had more than £3,000 in debt

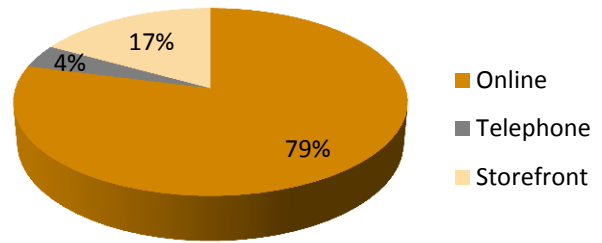
Each group was asked questions specific to their group, as well as six questions answered by all participants. For a complete demographic breakdown, visit the Payday Loan Industry Sentiment demographics page.

Payday Borrowers

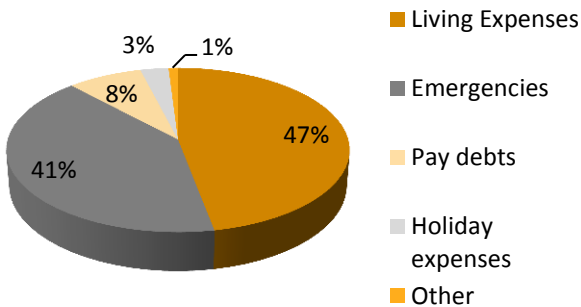
How many payday loans have you taken out?



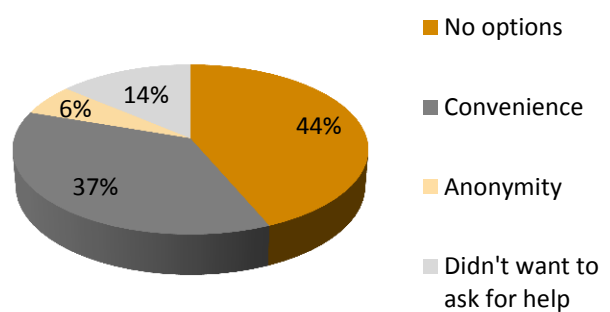
How did you apply for your loan?



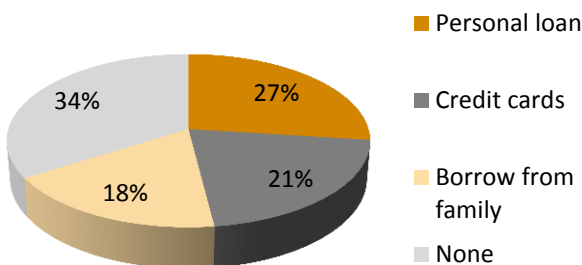
Why did you take out a payday loan?



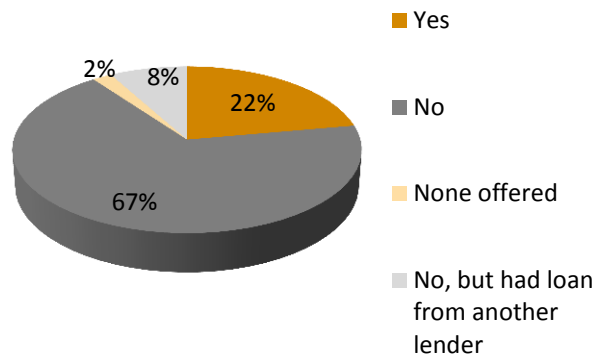
Why choose a payday loan over other options?



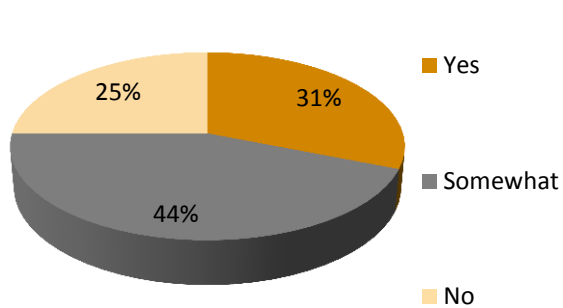
Options explored before taking out payday loan



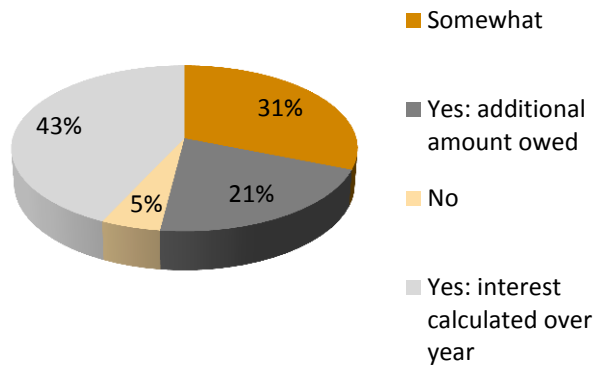
Did you require a payday loan extension?



Are lenders clear in their terms of service?

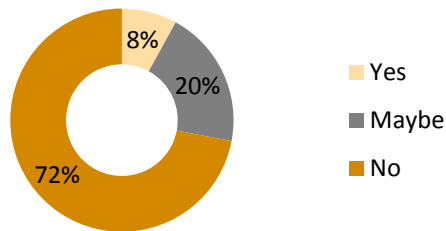


Do you understand payday loan APRs?

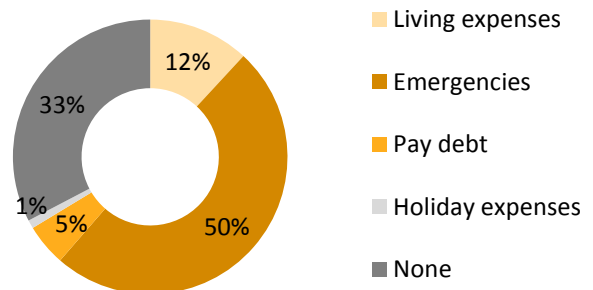


Non-Borrowers

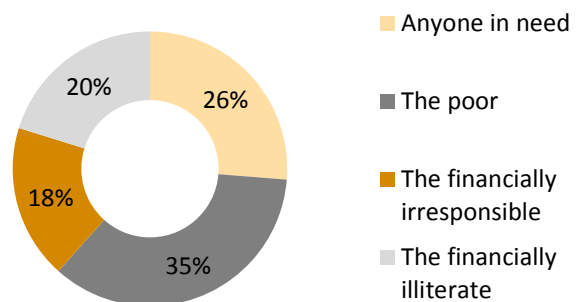
Would you consider taking out a payday loan?



For which would you take out a loan?



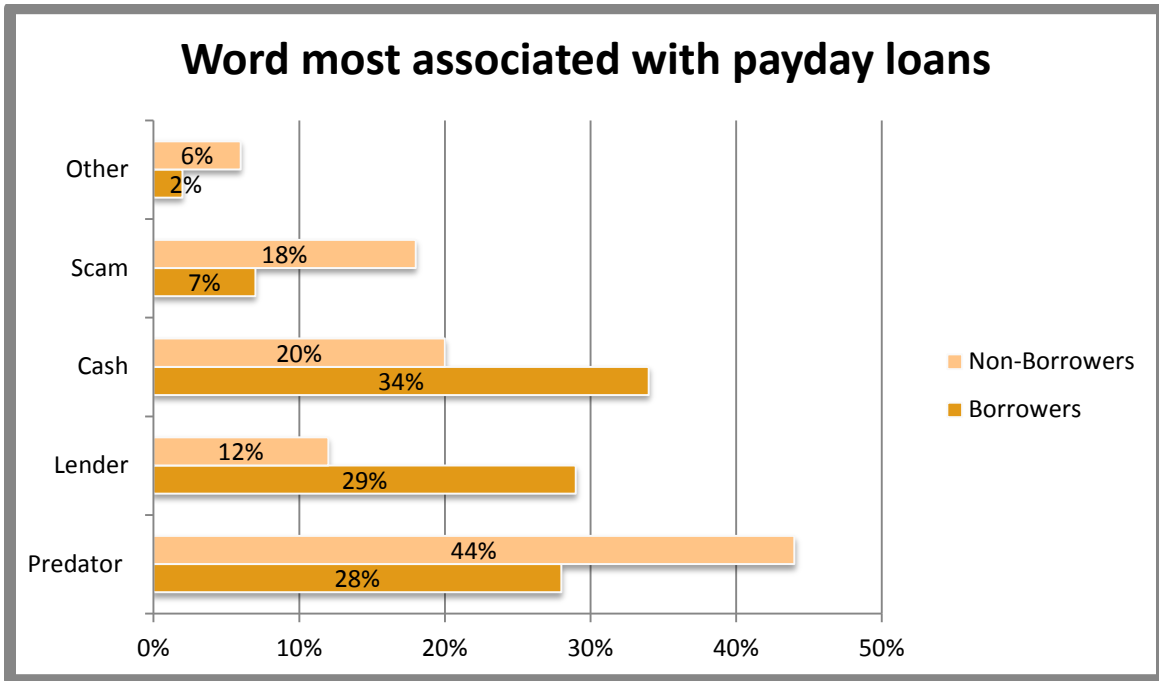
Who do you think relies on payday loans most?



"I think they [lenders] are known for taking advantage of people who do not have much and who do not understand the terms of their agreement."

-Survey participant

Perceptions of Payday Loans



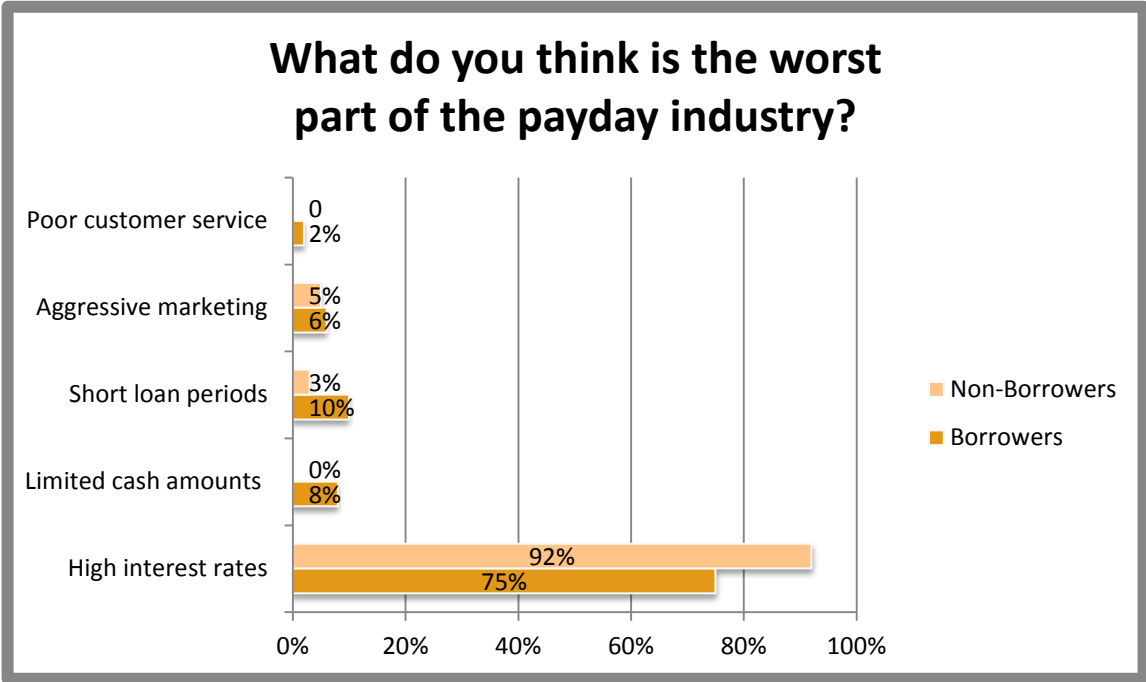
When asked to describe payday loans, borrowers more often chose objective, neutral words related to their direct experiences. On the other hand, non-borrowers chose subjective words based more on overall perceptions rather than direct, personal experience.

Non-borrowers responses also included:

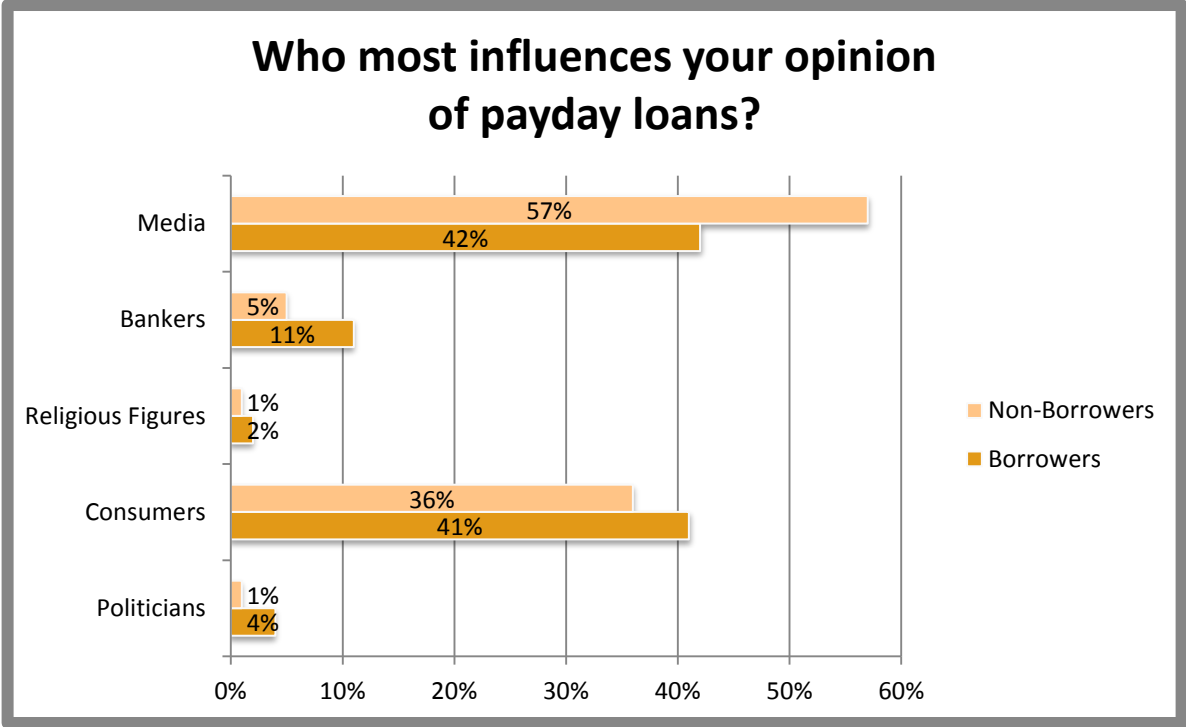
IRRESPONSIBLE DESPERATION
UNETHICAL EXPENSIVE
CLEVER SUB-PRIME

“People tend to take out this type of loan to get through to the next payday, but what happens next month? After paying the money back and the extortionate interest, they find themselves in a worse situation than they were before...so the cycle begins.”

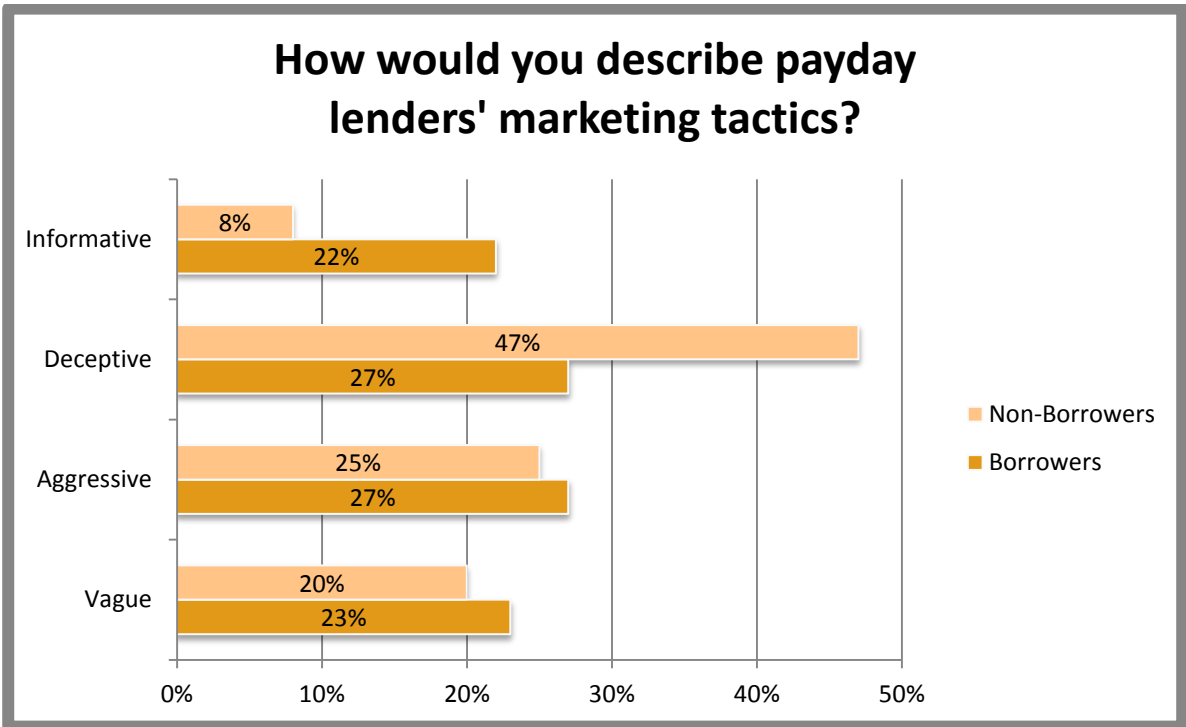
- Survey participant



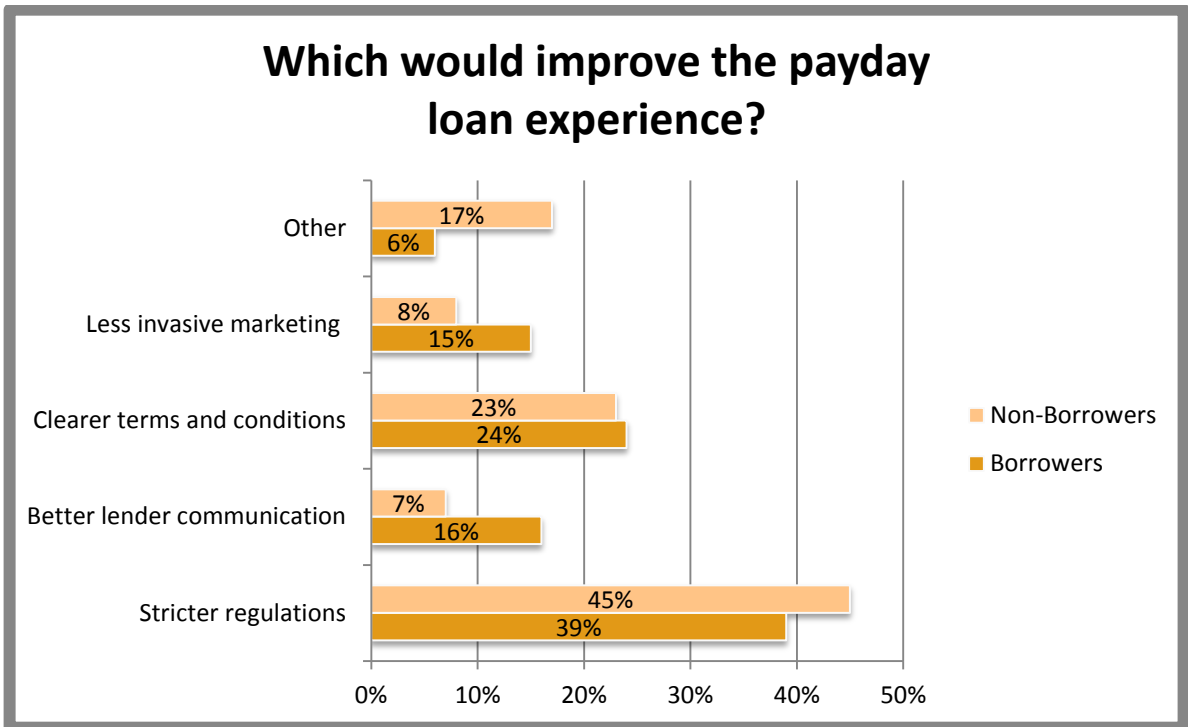
Though both groups overwhelmingly chose high interest rates as the worst part of the industry, borrowers were more likely to point out lesser-known disadvantages of the loans: short loan periods, limited cash amounts and poor customer service.

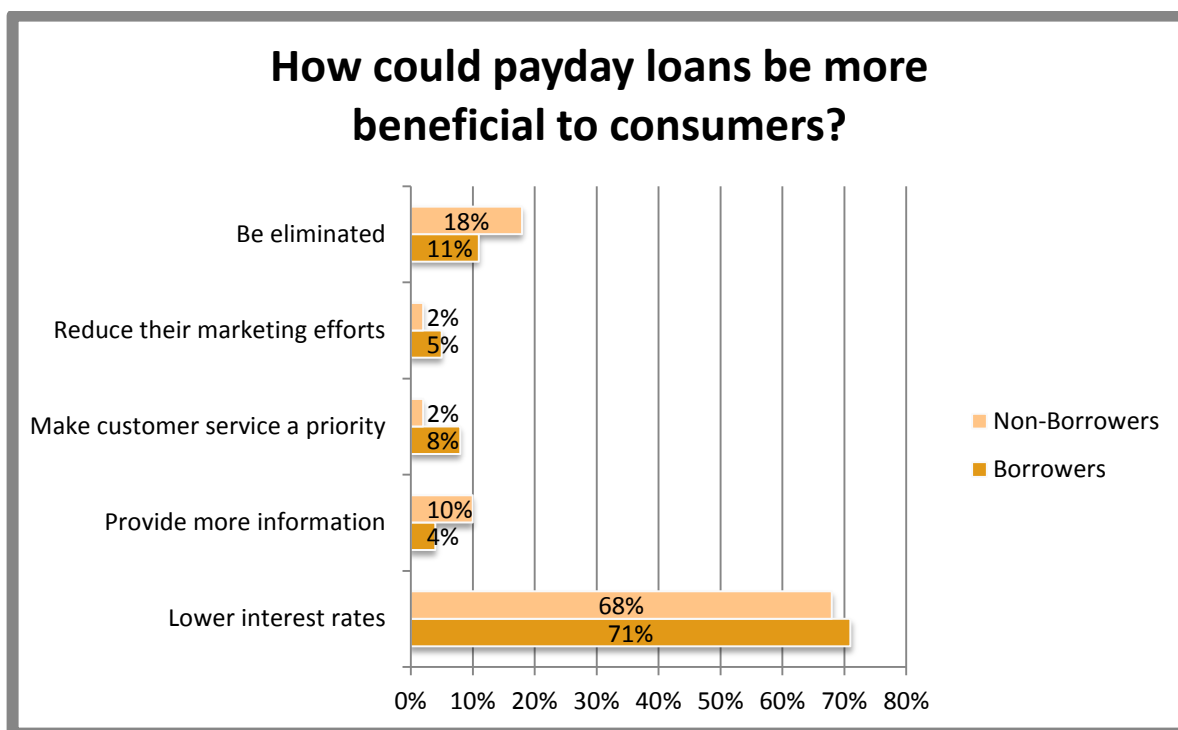


Both groups described the media and other consumers as being the most influential on their payday loan perceptions. Because nearly all media and consumer views on payday loans is negative, this would explain the overriding perceptions of the payday industry.



As expected, more non-borrowers described lenders' marketing tactics as deceptive. Similarly, borrowers were more likely to describe tactics as informative.





Both groups were for stricter regulations, lower interest rates and clearer loan terms and conditions. Borrowers were also in favor of making improvements to communication and customer service, which are typically issues after a loan has already been taken out.

Borrower's Opinions

"Okay if used once in a while, but not for long-term borrowing."

"High interest rates mean they should be used only if no other option is available."

"They are no better than loan sharks and should be gotten rid of."

"It [payday loan industry] has been given very bad press by the media, but the truth is that only some of the companies in the industry offer shoddy services."

Non-Borrower's Opinions

"Payday loans are convenient except the interest rates are ridiculous and always printed in the smallest text at the bottom of the screen, making it deceptive."

"Borrowing of [the] last resort that needs to be better regulated."

"They only exist because there is a demand, and that's the sad thing!"

"I can see how payday loans can be a blessing to people with money problems, but it doesn't teach them how to manage their finances in the long-term."

Final Insights

The 2012 I Hate You Payday Loans Survey revealed key insight into the various perceptions of the payday loan industry. The most telling takeaways include:

- ✓ **Non-borrowers tend to have a more negative view of payday loans.** More non-borrowers associated the industry with negative words like “predator” and “scam.” Borrowers, on the other hand, used objective words like “cash” and “lender.” Non-borrowers also found marketing tactics more “deceptive,” while more borrowers thought they were “informative.”
- ✓ **Stricter regulations and lower interest rates could improve consumer perceptions.** Both groups of participants viewed interest rates and regulations as key factors in the short-term lending industry. Both also described the media and consumers as the most influential groups, and one could argue that the media, because it influences consumers, is the most powerful of these audiences.
- ✓ **Payday loan use isn’t restricted to one demographic.** Contrary to popular opinion, payday loans aren’t used solely by the poor or financially incapable. Payday borrowers from different income brackets use them for various reasons, and the average borrower isn’t as well-defined as the media would have consumers believe.

Though nearly 50 percent of non-borrowers assumed borrowers are poor or desperate, most borrowers used payday loans to cover everyday living expenses, suggesting that payday loan use is a reflection of short-term financial struggles rather than long-term poverty.

You don’t have to love payday loans, you just have to understand them.

Learn more about responsible short-term borrowing at 100DayLoans.co.uk.

