Bellwether
Research & Consulting

To: Interested Parties
From: Christine Matthews
Date: January 22, 2018
Subject: Overwhelming public support for payday lending reform.

On behalf of the Indiana Institute for Working Families, Prosperity Indiana, and Brightpoint, Bellwether Research conducted a telephone survey of 600 registered voters in Indiana. The survey was conducted January 3-7, 2018 and has a ±4% margin of error.

Key Findings

It is rare to see public consensus on an issue to the extent found in this survey. We find nearly universal and broad-ranging support for increased regulation and reform of payday lending in Indiana. Nearly nine-in-ten (88%) support capping the maximum interest on payday loans to 36% - support that remains fixed even after hearing arguments the industry has made against making this change.

- Hoosier voters overwhelmingly think payday loans – as they exist today – are bad. Among those who have received a payday loan, or know someone who has (35%), their ratings are as negative as those who have never taken out a payday loan:
    - 94% say they are expensive vs. inexpensive (2%).
    - 87% say they are a financial burden vs. financial relief (7%)
    - 84% say they are harmful vs. helpful (12%).

- The payday lending industry has a poor reputation: 63% view payday lenders unfavorably (46% very unfavorably) while just 11% have a favorable rating. Comparatively, banks are viewed favorably by voters (78% favorable – 11% unfavorable), as are auto dealers (67% favorable – 20% unfavorable).

- Eight-in-ten voters support more regulation (77% of Republicans, 79% of Independents, 83% of Democrats) of the payday lending industry after hearing this statement:

  As you may know, a payday loan is a small loan that has a payment due on the borrower's next payday and the payday lender takes payment directly from the borrower's checking account. Payday lenders can charge Hoosiers up to 391% annual percentage rate, or APR. Knowing this, do you think there should be (**rotate**) more (or) less state regulation of the payday lending industry?

- Three out of four voters would oppose a new payday lending store opening in their community – 56% would be strongly opposed.

- Voters support (78% overall, 53% strongly) requiring payday loan lenders to first determine a borrower's ability to pay back a loan without defaulting on or delaying other expenses.

- Voters overwhelmingly favor lowering the maximum interest rate on payday loans and their support remains constant even when they are presented with reasons against capping the rate:

  Initial question:
  Would you favor or oppose lowering the maximum interest that can be charged on payday loans from 391% APR to a 36% rate cap, which is the state interest rate cap for other loans?

  88% Favor (68% strongly)
  7% Oppose (3% strongly)

  Paired Statement Question I:
  (Some/other) people say that payday loans provide people a helpful source of credit in a financial emergency and that reducing the cost of payday loans to 36% APR would cause payday lenders to go out of business, leaving these people with no good options.

  (Other/some) people say that the cost of payday loans is too high, intentionally causing people to be trapped in an unaffordable cycle of debt, and that lowering the cost of payday loans to 36% APR is the most effective way to prevent the debt trap.

  After hearing these two statements, would you favor or oppose lowering the maximum interest on payday loans to 36% APR?

  87% Favor (62% strongly)
  9% Oppose (5% strongly)

  Paired Statement Question II:
  (Some/other) people say that payday loans provide a safe, regulated and legal place for people in need to get credit when they may have no other legitimate option. They say it is necessary to charge high interest rates because these are unsecured loans and payday lenders are assuming greater risk.

  (Some/other) people say that a 36% rate cap has been successfully adopted in a number of states such as Montana, South Dakota, and New Jersey. It is also the maximum limit that can be charged to active duty military families and more closely aligned to what other lenders can charge in Indiana. They say a 36% rate cap on payday loans should be in place to protect all Hoosiers.

  After hearing these two statements, would you favor or oppose lowering the maximum interest on payday loans to 36% APR?

  88% Favor (66% strongly)
  7% Oppose (4% strongly)

- Given the strong support for payday lending reform, it's not at surprising to see that 76% would be more likely to vote for a state legislative candidate who favors lowering interest rates on payday loans to 36% compared to 7% who would vote for the legislative candidate who opposes lowering interest rates.