

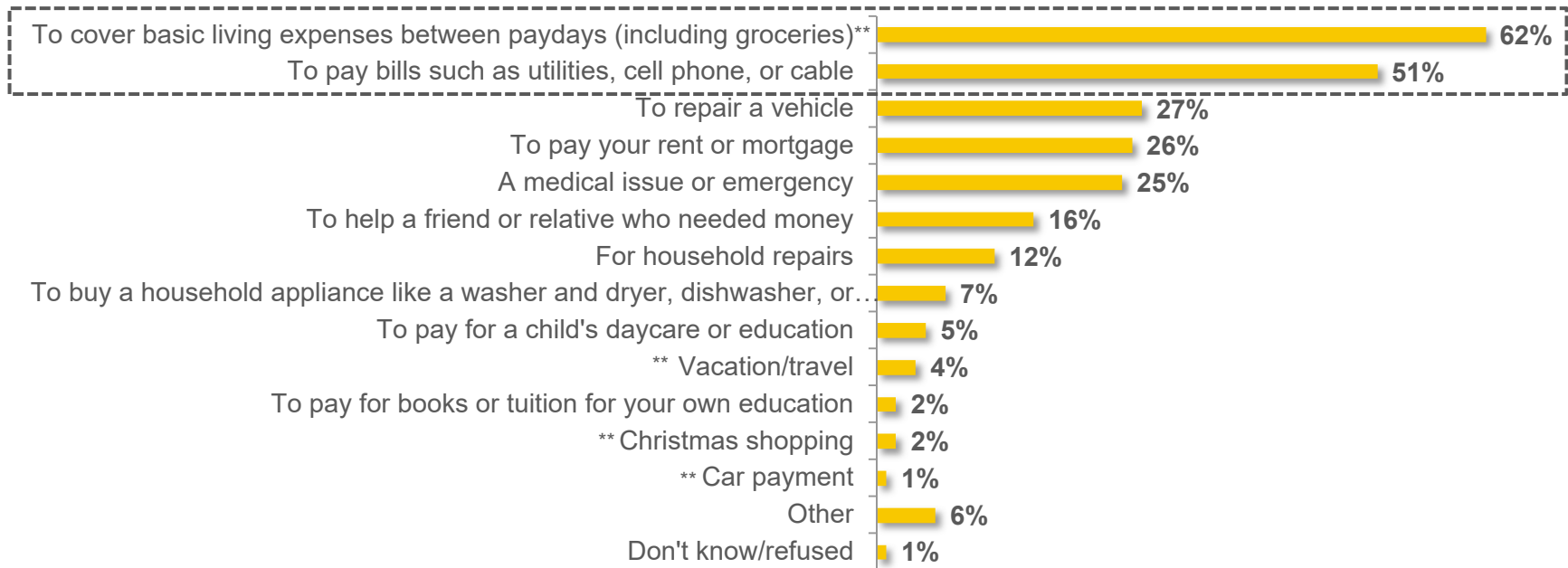
Short-term Loan Ban Impact Study

April 2017

Most Recent Payday Loan Usage

Consumers used payday loans to help manage unexpected financial expenses in between paychecks. Before the state banned them, over half of former Advance America customers in South Dakota used their most recent payday loan to cover basic living expenses and bills like utilities.

Most Recent Payday Loan Usage



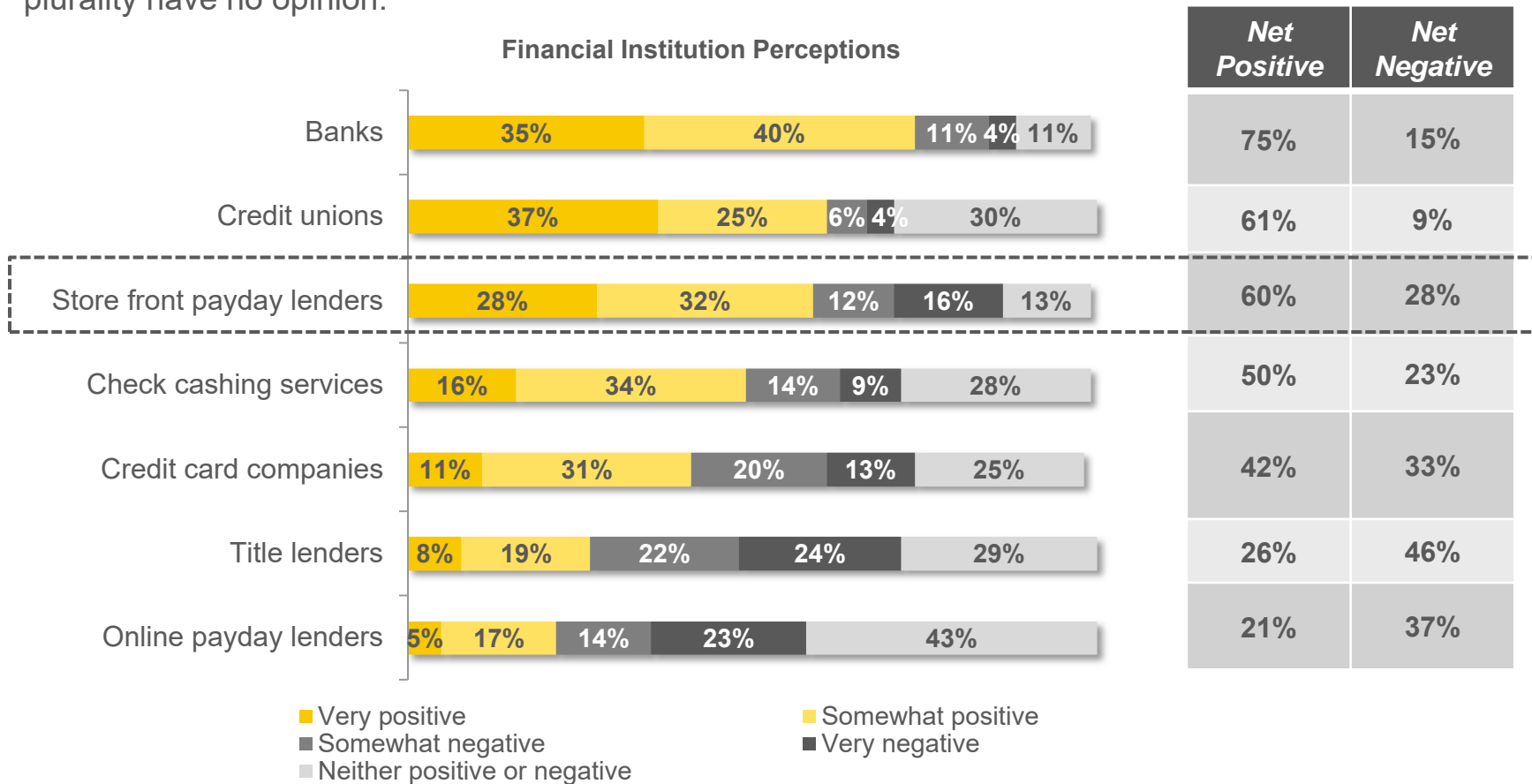
**Additional responses found in "Other (specify)"



If I may ask, what did you use your most recent payday loan for? (N=200)

Perceptions of Financial Institutions

While traditional financial institutions enjoy the highest favorability, three in five former customers view storefront payday lenders positively. Only one-fifth view online payday lenders positively, although a plurality have no opinion.



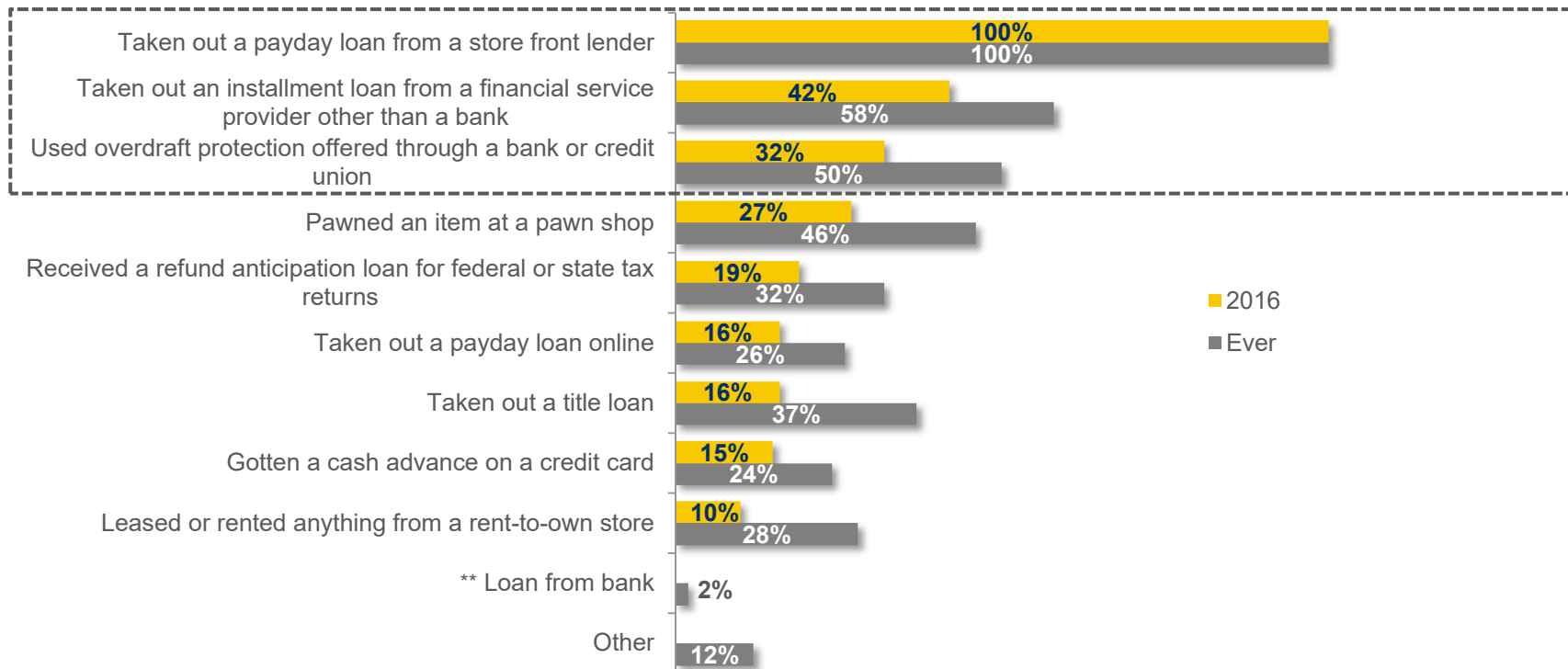
Do you have a very positive, somewhat positive, somewhat negative, or very negative impression of each of the following types of financial institutions? (N=200)



Activities to Address Financial Needs

To address unexpected financial needs, former short-term loan borrowers have taken payday loans from store front lenders, taken out installment loans, and used overdraft protection.

Payday Loan Activity



**Additional responses found in "Other (specify)"

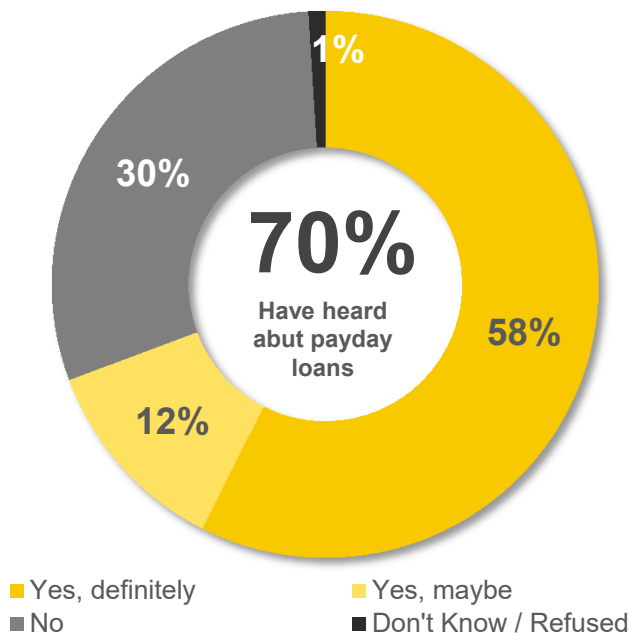


Did you or anyone in your household do any of the following in 2016? (N=200)
 Have you or anyone in your household EVER done any of the following? (N=200)

Awareness of News about Payday Loans in South Dakota

The majority of former borrowers have seen, read, or heard about payday loans in South Dakota and are mostly informed on the recent law and how it will impact their ability to obtain payday loans.

Payday Loans in the News



What they heard...

"They locked in the interest rates and the payday loan people just shut down leaving us in debt."

"They stopped Payday loans. I wish they start them back up. because I really need the money. It helps between paydays."

"From what I understand payday lenders were no longer going to operate in South Dakota because of the new interest rate restrictions."

"The fact that they were voted down in South Dakota. I didn't agree with it personally."



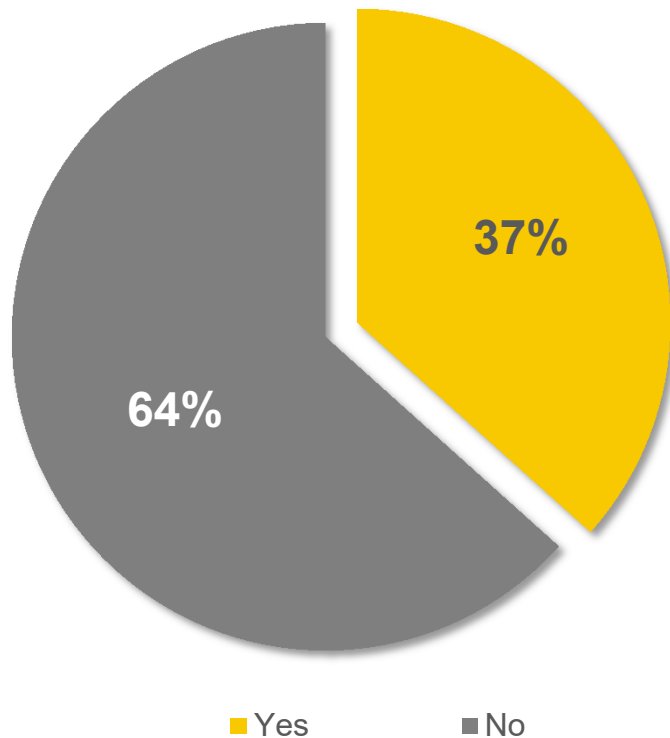
Have you seen, read, or heard anything recently about payday loans in South Dakota? (N=200)

What did you see, read, or hear about payday loans in South Dakota? Please be as specific as possible. (N=140)

Former Borrowers Needed a Payday Loan, But Could Not Obtain One

Eliminating payday lending did nothing to ease the need for short-term credit or relieve financial obligations. Over one-third of former borrowers needed a payday loan in the last five months but could not obtain one in South Dakota.

Storefront Payday Loan Accessibility



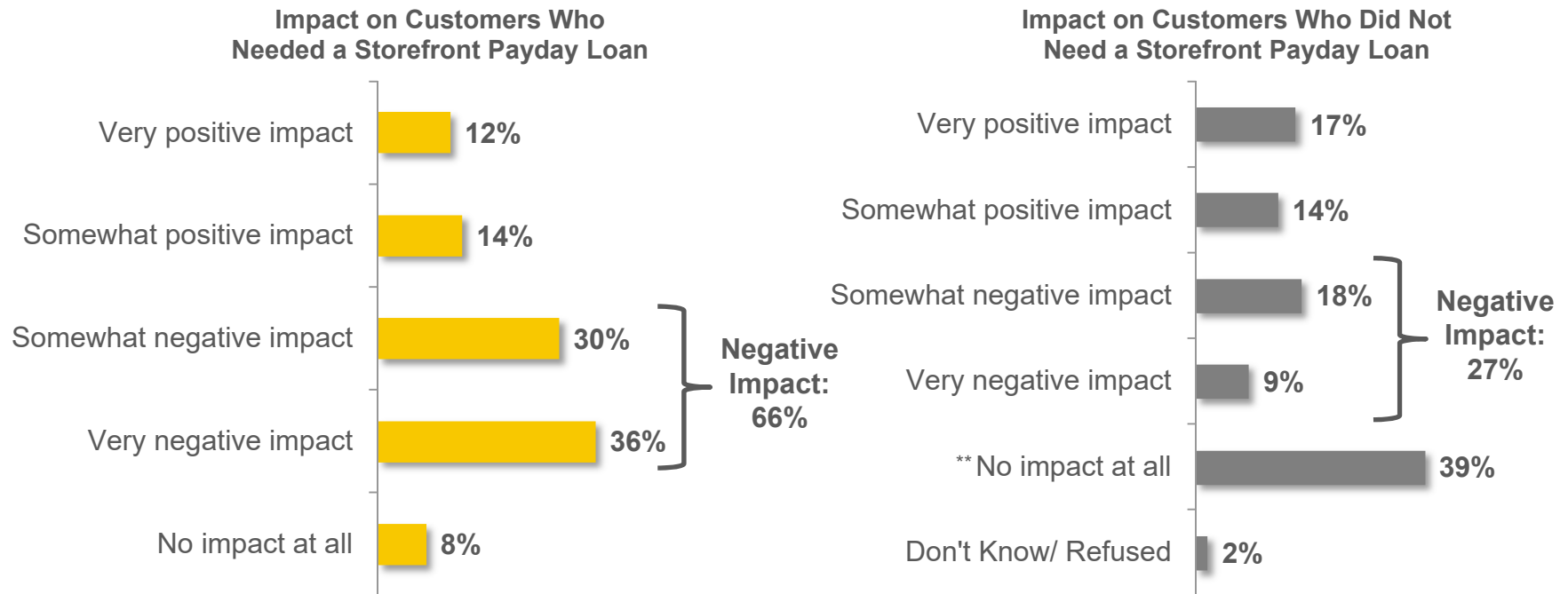
1 in 2 Boomers need a payday loan but could not obtain one – making them the generation most vulnerable to the new payday loan law



Have you needed a storefront payday loan in the past five months and could NOT get one in the state of South Dakota because of the new law eliminating short-term payday lenders in your state? Please do not include any loans you obtained online. (N=200)

Negative Impact of Loan Ban on Former Borrowers

Of those former borrowers who have needed a short-term loan since the ban was enacted, 66 percent say the new law has negatively impacted them, including 36 percent who said it had a very negative impact, while the plurality (39 percent) of those who haven't needed a loan since the ban say it has had no impact on them – yet.



***Note those who state the new law will have no impact at all, it is presumed those would mostly move negative if they needed a payday loan.*

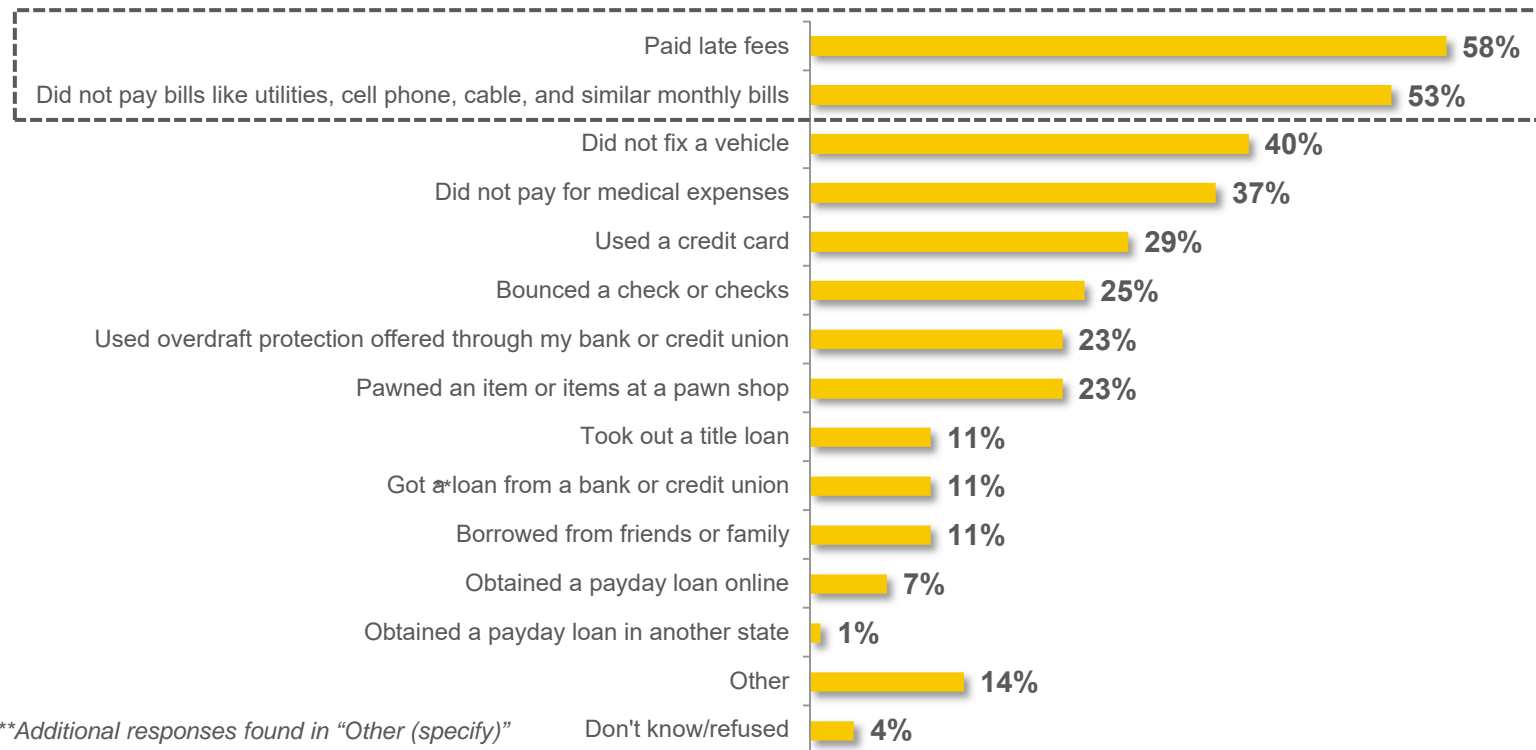


How will the new law that forced all storefront payday lenders in the state out business affect you personally? Will it have a... (N=200)

Short-term Loan Alternatives

The elimination of short-term lending causes financial setbacks and personal hardship among consumers. Taking away someone’s ability to borrow doesn’t erase their need for credit or ease their financial obligations. More than half of those who had taken out a payday loan in the past, and needed to do so again, say they were forced to pay late fees (58 percent) or neglect their bills (53 percent) because they can no longer obtain regulated loans.

Addressing Short-Term Financial Needs
(Asked among those who could not get a storefront payday loan)

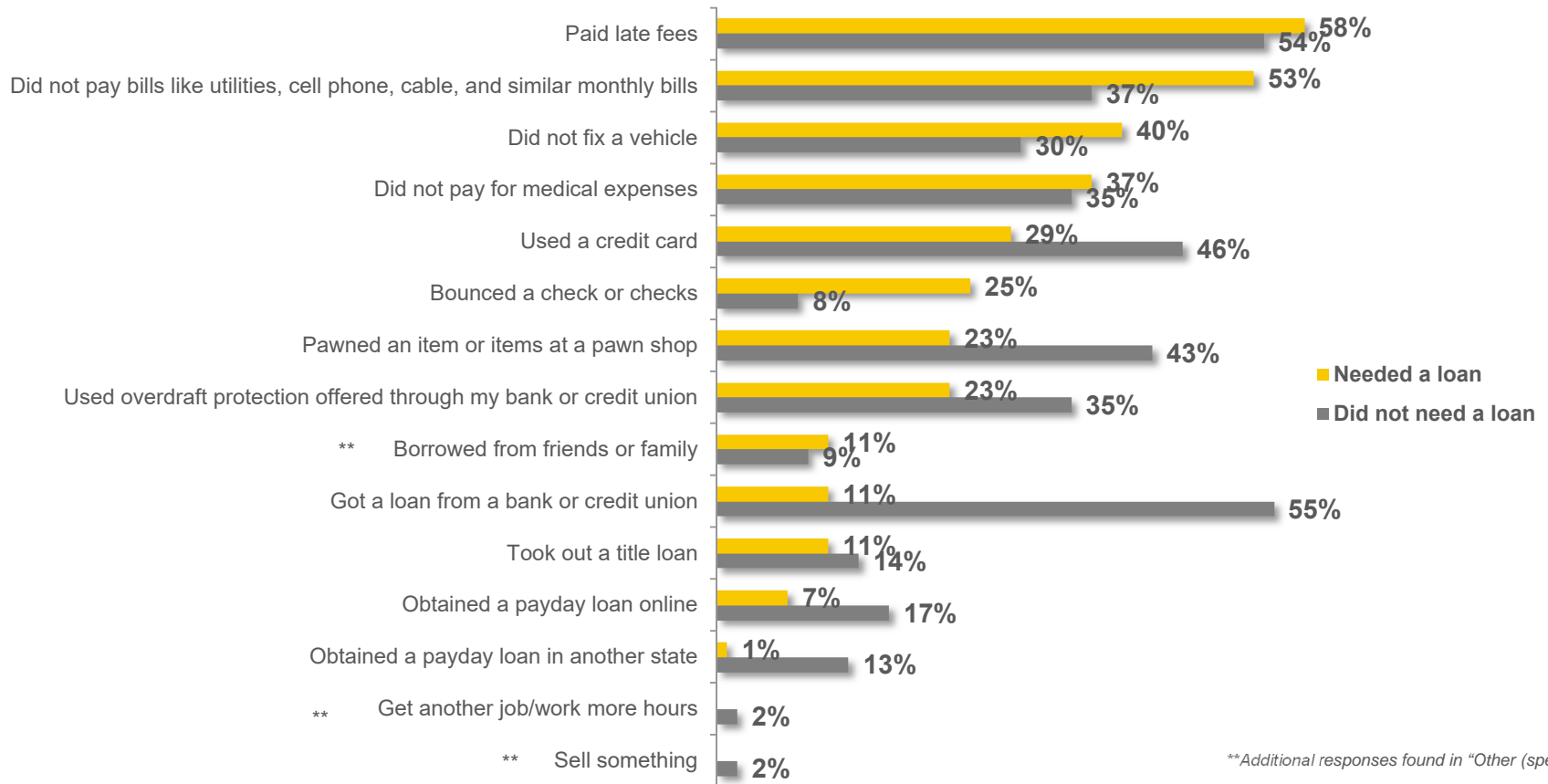


? Following are a list of ways some people address short-term financial needs when they are unable to obtain a payday loan. Which of the following best describes what you did when you needed a short-term loan and could not get one in South Dakota? (N=73)

Short-term Loan Alternatives: Expectation Versus Reality

Of former borrowers who have not needed a payday loan since the ban, over half speculate that if they did need credit they would get a loan from a bank or credit union. However, in reality, only 11 percent of former customers who were unable to obtain a payday loan did so. Rather, most were forced to pay late fees or neglect their bills.

Addressing Short-Term Financial Needs
 (Shown among those who needed and did not need a short-term loan)



Following are a list of ways some people address short-term financial needs when they are unable to obtain a payday loan. Which of the following best describes what you did when you needed a short-term loan and could not get one in South Dakota? (N=73)

Following are a list of ways some people address short-term financial needs when they are unable to obtain a short-term loan. Which of the following best describes what you would MOST LIKELY do if you need a payday loan and could not get one in South Dakota? (N=127)



APPENDIX

Respondent Profile

		N=200
Gender	Male	48%
	Female	53%
Age	Millennial (18-34)	24%
	Gen-x (35-50)	33%
	Boomer (51-64)	25%
	Silent (65+)	19%
Education	College	57%
	Non-college	43%
Ethnicity	White	75%
	American Indian or Alaskan Native	14%
	Black or African American	6%
	Hispanic or Latino	5%
	Asian	1%
	Native Hawaiian or Other Pacific Islander	-

		N=200
Registered to Vote	Registered	72%
	Not registered	26%
Party ID	Democrat	30%
	Republican	28%
	Independent/ Other	29%
Voted	Voted	74%
	Did not vote	26%
Voted for	Republican Donald Trump	48%
	Democrat Hillary Clinton	32%
	Someone Else	12%
Income	Less than \$30k	40%
	\$30k but less than \$75k	42%
	More than \$75k	14%

*Numbers might not add up to 100% due to rounding

Research Objectives & Methodology

Research Objectives

The objectives of the study included:

- Measure storefront payday loan customer attitudes toward the recent law in South Dakota forcing all storefront payday lenders in the state out of business.
- Assess awareness of initiative.
- Determine impact of the recent initiative on payday loan customers who can no longer receive a payday loan in the state.

Research Methodology

KRC Research conducted a phone survey among Advance America Customers in South Dakota who are in good standing from a list provided by Advance America. 200 Advance America Customers completed the survey with a +/- 6.82 percent margin of error. This survey was conducted from March 21st to March 31st, 2017. 19 interviews were completed via landline phones and 181 interviews were completed via cell phones.