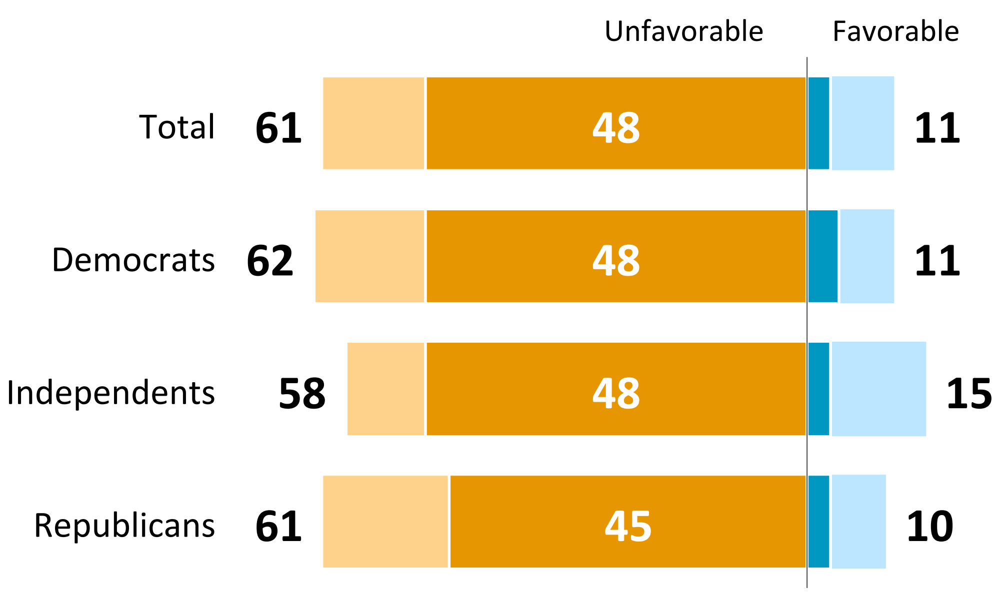
To: Interested Parties
From: Lake Research Partners and Chesapeake Beach Consulting
Re: Bipartisan Support for Financial Regulation and Enforcement
Date: January 22, 2015

Our new bipartisan poll of likely 2016 voters nationwide[1] finds that voters across party lines strongly oppose unfair lending practices and support financial regulations and enforcement by the Consumer Financial Protection Bureau (CFPB). In particular, voters of all parties oppose a range of common payday lending practices, and strong majorities across party lines want the CFPB to enforce tougher regulations to protect consumers from financial abuse.

OPPOSITION TO PAYDAY LENDING ABUSES AND SUPPORT FOR REFORMS

Voters of all parties are broadly unfavorable toward payday lenders (61% unfavorable), including nearly half (48%) who report *very* unfavorable views. Democrats, Independents, and Republicans alike dislike payday lenders and support a range of policies to check payday lending abuses.

Favorability: Payday Lenders



Lake Research Partners
1726 M St., NW
Suite 1100
Washington, DC 20036

Tel: 202.776.9066
Fax: 202.776.9074

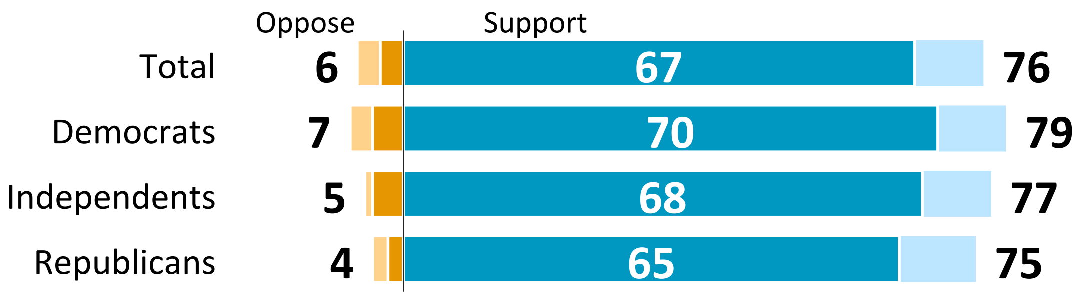
Partners
Celinda Lake
Alysia Snell
David Mermin
Dr. Robert G. Meadow
Daniel Gotoff
Joshua Ulibarri

[1] Lake Research Partners and Chesapeake Beach Consulting conducted a survey of 800 likely 2016 voters nationwide, from January 13-19, 2015. The margin of error of the survey is +/- 3.5%.

Abusive Rates

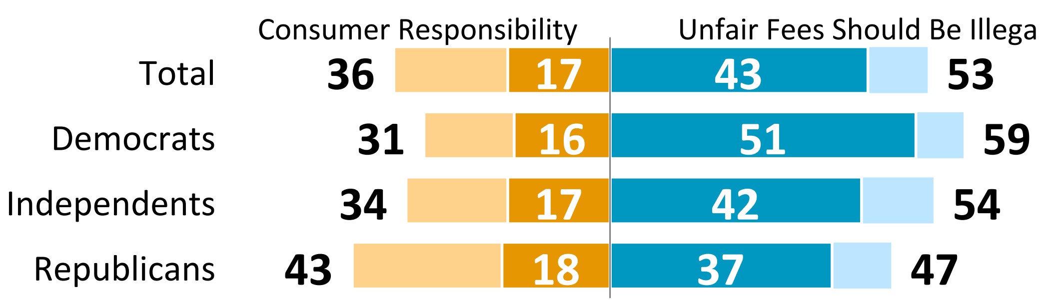
Voters are deeply concerned about common payday loan practices. Over three quarters of likely voters across party lines would support a much lower cap on payday loan interest rates.[2] Intensity is high with 70% of Democrats, 68% of Independents, and 65% of Republicans *strongly* supporting a proposal to put a much lower cap on the interest rates that payday lenders may charge.

Payday Loan Rate Cap



In a head-to-head argument pitting borrowers' responsibility to read the fine print against the argument that unfair fees should not only be disclosed but prohibited, Democrats and Independents agree more with the statement that unfair and abusive rates should be illegal.[3] Republicans are split, but express more intense agreement with the statement about outlawing unfair fees.

Payday Loan Fee Head-to-Head



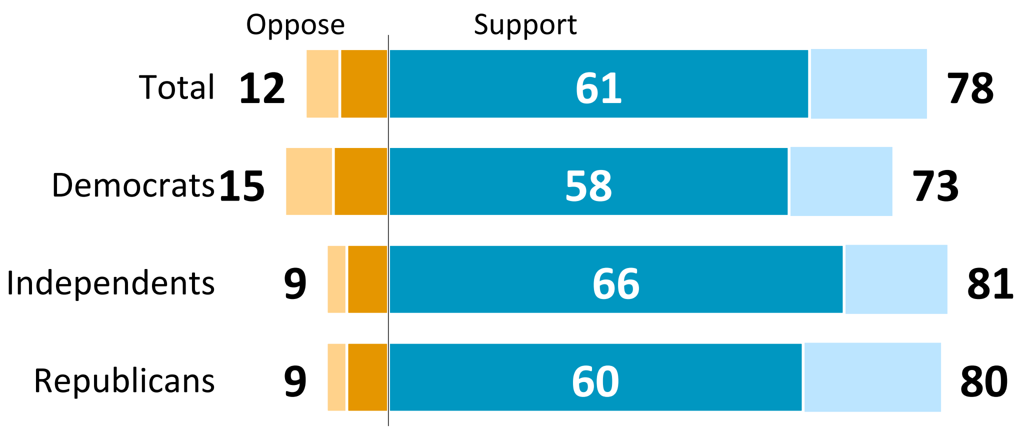
[2] Currently, the average annual interest rate on payday loans is 391 percent. Would you support or oppose a proposal to put a much lower cap on the interest rates that payday lenders may charge, or aren't you sure?

[3] Next I'd like to read you a pair of statements about payday loan fees. Of the two, please tell me which statement is closer to your own views. [ROTATED] (Some/other people say) Disclosure of fees and charges is not enough to protect borrowers from unfair and abusive payday loan fees. Regular consumers can't be expected to recognize fees hidden in fine print and written in legalese. We shouldn't just require lenders to disclose fees; unfair and abusive rates should be illegal. (Some/other people say) It is the responsibility of consumers to make educated borrowing decisions. When you take out a payday loan, it's your job to read the terms of the loan. If payday lenders follow the rules and disclose the fees associated with the loan, they should not be blamed when a consumer fails to read the fine print.

Ability to Repay

Voters also offer widespread support to a proposal that payday lenders be required to check a borrower's ability to repay a loan.[4] Notably, support for this proposal is even stronger among Independents (81%) and Republicans (80%) than among Democratic voters (73%).

Requiring Lenders to Check Borrowers' Ability to Repay



Three-quarters of voters across party lines would also support a rule that payday lenders be required to check a borrower's ability to repay a loan *within that loan's stated time period*.[5]

Bank Account Access

Seven in ten voters oppose the current system allowing payday lenders direct access to borrowers' bank accounts, suggesting that they would support reforms in this arena as well.[6]

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[4] The Consumer Financial Protection Bureau is currently writing new rules for payday lending. One new requirement may be that, before issuing a loan, payday lenders would have to consider the borrower's current expenses and income, and only issue loans to those likely to be able to repay their loans. Currently there is no requirement that payday lenders make any effort to verify borrowers' ability to repay loans. Would you support or oppose this new rule that payday lenders be required to check a borrower's ability to repay a loan before lending the money, or aren't you sure?

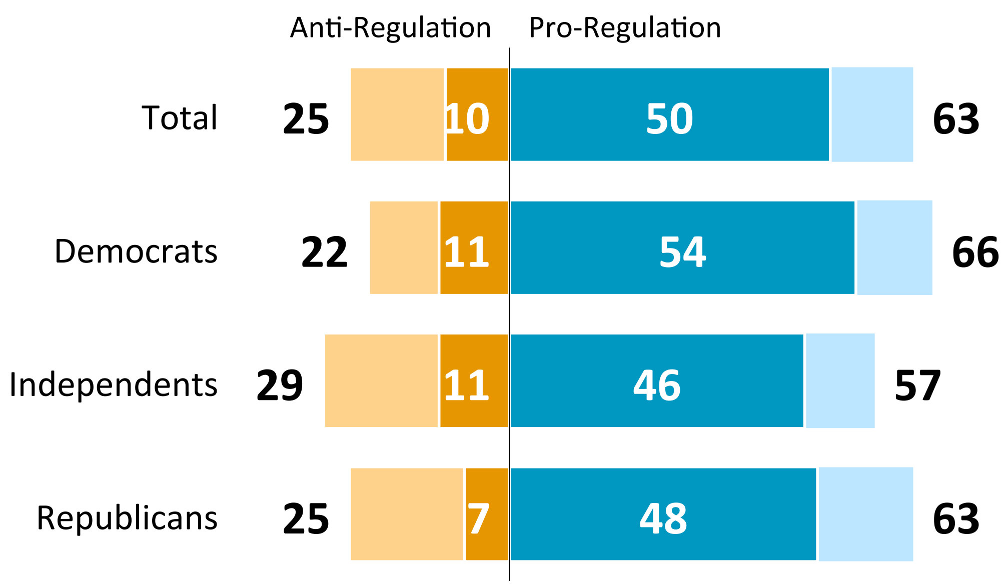
[5] Payday loans are sold as two week loans, due on the borrower's next payday. However, many borrowers cannot repay these loans after two weeks. So, payday lenders re-lend to the borrower, charging new interest each time. On average, borrowers end up being in debt for an average of six months. Would you support or oppose a new rule that payday lenders be required to check a borrower's ability to repay a payday loan within that loan's stated time period before lending the money, or aren't you sure?

[6] When borrowers take out payday loans, payday lenders receive direct access to their bank accounts. As soon as new money is deposited in the bank account, lenders are able to withdraw this money,

Payday Loans Head-to-Head

Even when presented with a counterargument defending the usefulness of payday loans and the advantages of more latitude for lenders, voters of all parties favor regulation by a wide margin (3:1 among Democrats and 2.5:1 among Republicans).[7]

Payday Loans Head-to-Head



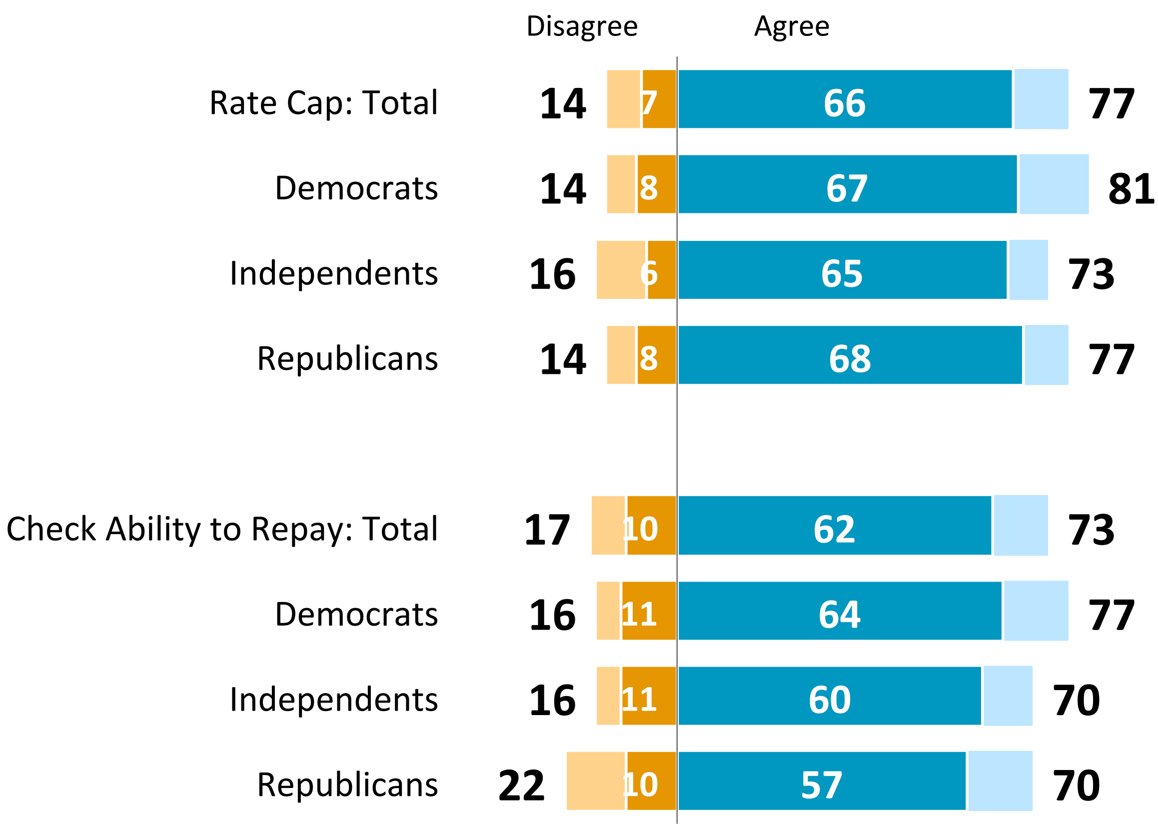
[which often triggers overdraft fees because there is not enough money in the account/putting lenders first in line, ahead of borrowers' food, utilities, and other expenses.] Do you support or oppose this arrangement, allowing payday lenders direct access to borrowers' bank accounts, or aren't you sure?

[7] Next I'd like to read you a pair of statements about payday loans. Of the two, please tell me which statement is closer to your own views, even if neither is exactly right. [ROTATED] (Some/other people say) Too often, high-cost payday loans trap people in a long-term cycle of debt. When borrowers struggle to repay, lenders gladly extend the loans they know borrowers can't afford, adding more fees and interest and eventually forcing borrowers to default on other bills. Before issuing a loan, payday lenders should have to make sure the loan is not likely to trap the borrower in a cycle of debt. (Some/other people say) Payday loans are a helpful source of credit for low-income workers and families who don't have access to full-service banks. People rely on these loans when they are short on cash and have nowhere else to turn. The big government regulations some are proposing will put most payday lenders out of business, which will mean less access to credit and fewer options for consumers.

Car Title Loans

Voters also support proposals to curb car title loan practices. Over seven in ten voters across party lines agree that car title lenders should also have a cap on the interest rates they are allowed to charge and be required to assess borrowers' ability to repay their loans.[8]

Car Title Loan Reforms

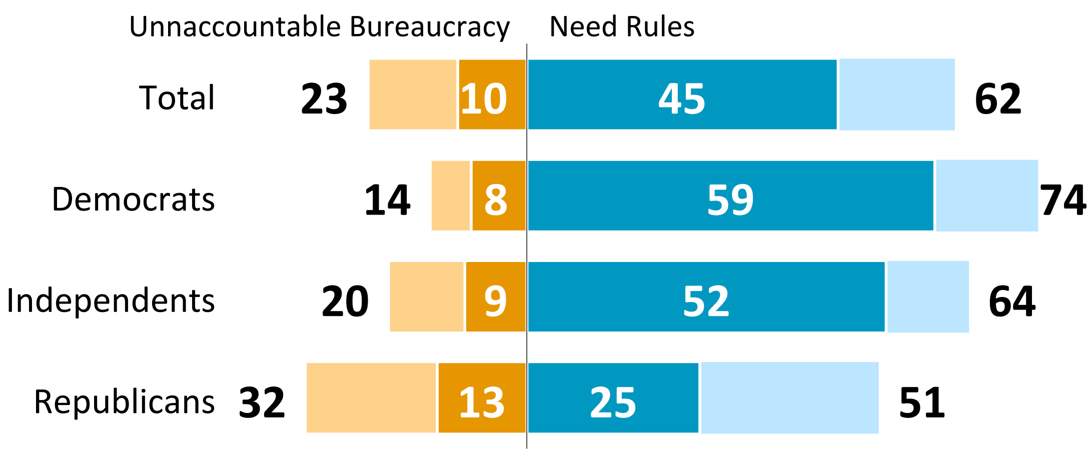


[8] When borrowers take out car title loans, they put up their car as collateral for a loan. These are short-term loans, usually 30 days, and charge annual interest rates over 300 percent. If a borrower defaults on the loan, the lender takes the borrower's car. [Do you agree or disagree that there should be a cap on the interest rates lenders can charge for these car title loans, or aren't you sure?/Do you agree or disagree that lenders should be required to assess a borrower's ability to repay before making a car title loan, or aren't you sure?]

SUPPORT FOR CFPB ENFORCEMENT AND REGULATION

As we have found in previous research, once voters hear an engaged debate over the Consumer Financial Protection Bureau, pitting the need for rules against the accusation that it is an unaccountable government bureaucracy, they broadly agree on the need for rules against dangerous loans.[9] Support for CFPB rules extends across party lines, with nearly three-quarters of Democrats, nearly two-thirds of Independents, and a majority of Republicans in favor of these financial regulations. Every demographic and political group agrees by a substantial margin with this point of view.

CFPB Head-to-Head



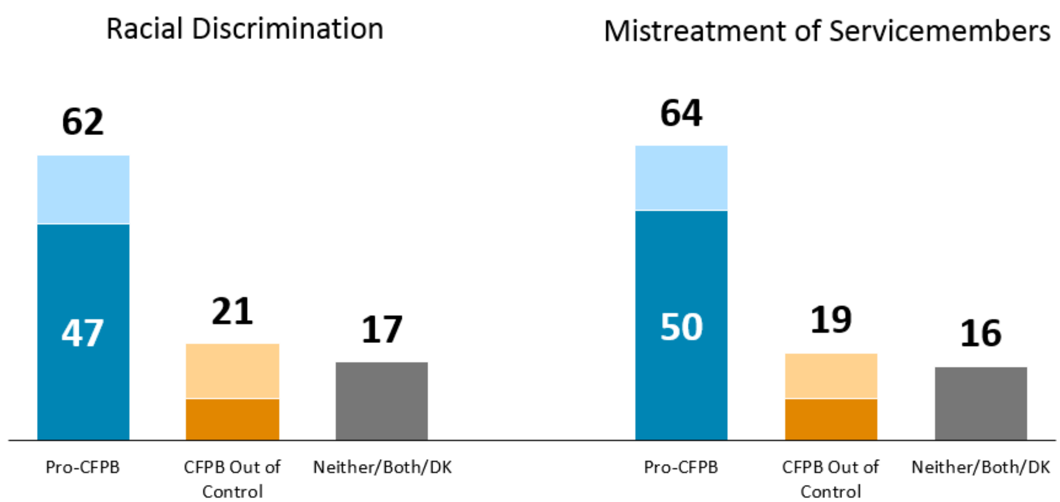
An alternate argument about the CFPB holding financial companies accountable also beats the big government bureaucracy attack 60% to 24%.[10]

[9] I'd like to read you a pair of statements about the Consumer Financial Protection Bureau, which was created by the Wall Street reform law. Of the two, please tell me which statement is closer to your own views. [ROTATED] (Some/other people say) We have rules to guard against unsafe meat, appliances, and automobiles. The CFPB is there to provide similar rules for financial products. Just as it's against the rules to sell dangerous toys, it should be against the rules to sell dangerous loans. (Some/other people say) The CFPB is another unaccountable, expensive, federal bureaucracy we don't need. The financial crisis was caused by government interference. Imposing even more regulation just hurts small businesses, costs jobs, and impedes economic recovery. The CFPB is yet another example of out of control, big federal government.

[10] I'd like to read you a pair of statements about the Consumer Financial Protection Bureau, which was created by the Wall Street reform law. Of the two, please tell me which statement is closer to your own views. [ROTATED] (Some/other people say) Wall Street banks and financial companies have too much power, and, too often, they get away with deceptive and unfair practices to maximize their profits at the expense of regular Americans. We need the CFPB to enforce laws that protect consumers and hold financial companies accountable. (Some/other people say) The CFPB is another unaccountable, expensive, federal bureaucracy we don't need. We are having a difficult enough time coming out of the recession. Imposing even more big federal government regulation just hurts small

Voters also respond favorably to specific examples of CFPB enforcement. 62% of likely voters approve of the CFPB's actions against racially discriminatory auto lenders, and 64% favor CFPB's actions to protect military service members from lawbreaking lenders.[11] With both of these enforcement examples, support for CFPB actions extends across party lines.

CFPB Enforcement Head-to-Head



CONCLUSION

Our survey of likely 2016 voters nationwide shows broad consensus on the need for financial regulations and enforcement, including agreement across party lines on a variety of policy proposals to reduce payday lending abuses and protect consumers

businesses, costs jobs, and impedes economic recovery. The CFPB is yet another example of out of control, big federal government.

[11] The Consumer Financial Protection Bureau has used its enforcement authority to bring lawsuits against companies it found to have violated the law. Please tell me which of the following two statements is closer to your own views about this type of regulatory action. [ROTATED] (Some/other people say) Companies that violate the law should be held accountable and made to pay. [For example, when the CFPB discovered that auto lenders were charging higher interest rates to people in certain racial and ethnic groups, they fined the lenders guilty of this discrimination. We need the CFPB to protect consumers and hold unfair lenders accountable./ For example, when the CFPB discovered that a chain of stores located near military bases were making unauthorized withdrawals from the accounts of service members and their families and contacting commanding officers to pressure service members for payments, the CFPB fined these businesses. We need the CFPB to protect consumers and hold law-breaking businesses accountable.] (Some/other people say) The CFPB is out of control, using taxpayer money to fund expensive lawsuits that hurt regular Americans and businesses. CFPB lawsuits unfairly target businesses that government regulators don't like, preventing these businesses from innovating and prospering. CFPB intrusion costs American jobs and money for consumers and taxpayers.

from unfair financial products. Democrats, Independents, and Republicans alike show widespread enthusiasm for further financial reform and enforcement.

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Please do not hesitate to reach out to Celinda Lake (clake@lakeresearch.com), David Mermin (dmermin@lakeresearch.com), or Bob Carpenter (bobcarpenter1957@gmail.com) with any questions about this research.