

To: Interested Parties
From: Lake Research Partners and Chesapeake Beach Consulting
Re: Support Among Christian Voters for Financial Regulation and Enforcement
Date: January 30, 2015

Our new bipartisan poll of likely 2016 voters nationwide¹ finds that Christian voters strongly oppose numerous payday lending practices and support financial regulations and enforcement by the Consumer Financial Protection Bureau (CFPB).

Opposition to Payday Lending and Support for Reforms

Although voters across constituencies have unfavorable impressions of payday lenders, Christians are especially negative towards this group. 66% of Protestants and 57% of Catholics have unfavorable views of payday lenders, as compared to 52% of non-religious voters. Half of all Christians have *intensely* negative views of payday lenders, as compared to 41% of non-religious voters.

Four in five Christian voters (79%) would support a cap on the amount of interest payday lenders are allowed to charge, including over two-thirds who would strongly support such a rate cap.² Support for a rate cap is consistent between Catholics and Protestants, and between Christian and non-religious voters.

Four-fifths (78%) of Christians would also support a proposal that payday lenders be required to check a borrower's ability to repay a loan, including over three-fifths who are strongly supportive.³ Levels of overall support are similar between Christian and non-religious voters.

Christian voters offer a similar level of support for a rule that payday lenders be required to check a borrower's ability to repay a loan *within that loan's stated time*

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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%. The survey included voters of all faiths as well as non-religious voters; however, the samples of Muslims, Jews, and other minority religions are too small to break out for analysis.

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/a cap on the interest rates that payday lenders may charge to no more than 36 percent], or aren't you sure?

³ 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?

period.⁴ Over two-thirds of Catholics (68%) and three-fifths of Protestants (60%) strongly support this proposal.

Christian voters are deeply concerned about payday lenders having access to borrowers' bank accounts, though the intensity of their reactions varies depending on how the consequences of this direct access are explained. The risk of overdraft fees as a result of payday lender withdrawals is very concerning to Christian voters, nearly three-quarters (73%) of whom oppose the arrangement, compared to 55% of non-religious voters who oppose this access in response to the overdraft frame. The budget priorities frame elicits an even more intense response from Christian voters: three-quarters (75%) of Protestants, and four-fifths (80%) of Catholics oppose a situation in which a payday lender withdrawal could come before food, utilities, or other budget priorities. This frame is even more effective among non-religious voters, 83% of whom oppose lenders' bank account access following the budget priorities frame.⁵

Christians strongly support regulation after they hear a debate between an argument for regulating payday loans and a counterargument defending the usefulness of these loans and the advantages of more latitude for lenders. Protestants are especially supportive of regulation, splitting in favor of that argument more than 3:1 regulation (64% to 20%). Catholics also support regulation by roughly a 2:1 margin (61% to 31%), similar to the margin among non-religious voters.

⁴ 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?

⁵ 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, [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?

Payday Loan Head-to-Head Text

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.

Christians also favor prohibiting “unfair and abusive rates” altogether—and by a much wider margin than non-religious voters. In a head-to-head debate between making “unfair” rates illegal and the counterargument that it is the borrowers’ responsibility to read the terms of their loans and make informed decisions, Christian voters agree with prohibiting excessive rates 53% to 36%, while non-religious voters are more evenly divided (48% for prohibition versus 43% for consumer responsibility).⁶

Christian voters strongly support proposals to cap interest rates on car title loan practices. On the matter of capping interest rates on these loans, Protestants are especially supportive (82% agree, while only 12% disagree). Catholics also support the proposal by a large margin (75% to 19%), but they show slightly more opposition than Protestants. Protestants also express more intense agreement (70% *strongly* agree), but three-fifths of Catholics (61%) also strongly agree that car loan interest rates should be capped.⁷

⁶ 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.

⁷ 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?

A requirement that car title lenders assess a borrower's ability to repay before issuing a loan also appeals to Christian voters (72% agree, 64% strongly). Non-religious voters are even more enthusiastic (83% agree, 63% strongly).⁸

CFPB Enforcement and Regulation

Like non-religious voters, a majority (55%) of Christian voters have no opinion or have never heard of the CFPB. Those who are familiar rate it net favorably (35% favorable, 10% unfavorable).

Catholic and Protestant voters vary widely in their responses to a debate between an argument about the importance of the CFPB and a counterargument calling the CFPB an unaccountable government bureaucracy. While both groups favor the pro-CFPB argument by comfortable margins, Catholic voters support the pro-CFPB argument 74% to 14%, while Protestant voters favor it 55% to 32%. Two-thirds of non-religious voters also agree with an argument about regulating unsafe financial products. A majority of Protestants and Catholics also agree with an argument about the need to enforce rules to check the power of Wall Street.

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 lenders should be required to assess a borrower's ability to repay before making a car title loan, or aren't you sure?

CFPB Head-to-Head Text

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.

(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. 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.

Two-thirds of Christians support CFPB enforcement in the areas of racial discrimination and mistreatment of servicemembers, with support especially strong among Catholic voters. Catholic voters support the CFPB's policing of racial discrimination over a counterargument accusing the CFPB of overstepping by a +65 point margin (76% to 11%), while Protestants support this action 59% to 26%. An example about the CFPB cracking down on companies that mistreated servicemembers is also especially compelling to Catholic voters (72% to 15%), but also strong among Protestants (61% to 20%).

CFPB Enforcement Head-to-Head Text

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.

(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.

(Some/other people say) Companies that violate the law should be held accountable and made to pay. 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.

CONCLUSION

Christian voters oppose a range of common payday lending practices, and a strong majority want the CFPB to enforce tougher regulations to protect consumers from financial abuse. As compared to voters overall, Christians are especially negative towards payday lenders and especially in favor of prohibiting excessive interest rates. On some issues, Catholics show even more intense support than Protestants,

but Christians of all denominations show widespread support for payday lending reform and CFPB enforcement.

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.