

PAYDAY LENDING MARKET INVESTIGATION

Appointment of market research agency and invitation to comment on survey methodology

20 August 2013

On 7 August 2013 the Competition Commission (CC) issued a notice stating its intention to carry out market research.

The CC has now appointed a market research agency, TNS UK, 6 More London Place, London, SE21 2QY (www.tnsglobal.com).

The contract includes the requirement that TNS UK work for the CC will be tightly controlled and segregated from any existing client business, that TNS UK will not take on new clients in this area for a specified time and that TNS UK will notify the CC of any proposed work for the duration of the inquiry, such work being declined where a conflict of interest is mutually agreed to exist.

Our intention is to carry out qualitative and quantitative work among consumers. The outline design for the research is described below and we invite comments on this.

Any comments on the design or conduct of the research should be made by email to the Inquiry Manager, (Matthew.Weighill@cc.gsi.gov.uk) as soon as possible and in any event **no later than 12pm on Friday 23 August 2013**. Unfortunately we will be unable to consider any comments made after that deadline.

We also intend to consult interested parties on the draft questionnaire for the main quantitative stage of the research. This will be published on the CC website w/c 23 September 2013. In accordance with the tight timetable which is necessary for this work there will only be a brief period for comment on the questionnaire.

Research objectives

To understand the payday lending market from a consumer perspective; more specifically:

- the context—how payday lending fits into the broader credit market;
- online and retail payday lending;
- consumer segmentation;
- the decision-making process;
- longitudinal patterns of borrowing;
- switching between suppliers;
- understanding of interest and fee structures; and
- differentiation between companies and brands within companies.

Methodology

Qualitative

- 12 exploratory depth interviews (face to face, 1 hour duration) to inform the design of the quantitative stage and the substantive qualitative research;
- 28 main stage depth interviews (face to face, 1 hour duration); and
- telephone follow up of those interviewed to assess any changes post-interview and the impact on the loan and the repayment.

Quantitative

- 1,500 payday loan customers;
- sample to be drawn from customer database;
- telephone interviews (CATI);
- interview length anticipated to be around 20 minutes; and
- pilot (50 interviews) prior to main fieldwork.

We may also consider using a general population survey tool, for example Omnibus to augment the customer-specific information above.