

# Research into the payday lending market

Technical report

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**Report prepared by TNS BMRB**

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# 1. Introduction

This report includes technical information on quantitative and qualitative research conducted by TNS BMRB as part of the Competition Commission's payday lending market investigation. The research was conducted between September and December 2013. A separate report covering the findings from the research is published on the Competition Commission website.

The technical report is divided into six chapters, as follows:

1. Introduction
2. Qualitative research
3. Quantitative sample design
4. Quantitative questionnaire development
5. Quantitative fieldwork
6. Quantitative coding, weighting and data production.

Chapter 2 outlines the qualitative research method and the quantitative design is described in chapters 3-6.

## **1.1 Overview of research methods**

The research started with an exploratory qualitative stage (12 face-to-face depth interviews), which aimed to provide an initial overview of the experiences of customers in the payday lending sector and inform the design of the main stages of the project.

The main stage quantitative survey was conducted by telephone and comprised 1,560 interviews in total, split between a main and contemporaneous sample (described in chapter 3). The interview length was approximately 20 minutes.

A total of 25 qualitative interviews were conducted during the main stage, resulting in a total achieved sample for the qualitative strand of 37 face-to-face depth interviews.

Follow-up research has also been conducted for both the quantitative and qualitative strands. A follow-up quantitative telephone survey was conducted among members of the contemporaneous sample to speak to customers very soon after their loan repayment dates. A total of 108 interviews were achieved at this stage.

A total of 23 qualitative follow-up telephone interviews were conducted among members of the main stage sample, shortly after their main stage interview.

## 2. Qualitative research

The qualitative research was conducted in two iterative stages. An exploratory stage of 12 face-to-face depth interviews was conducted first, which informed the qualitative and quantitative main stage, and a further 25 face-to-face depth interviews were conducted at the main stage. The exploratory depth interviews were recruited through face-to-face free-find methods, while the main stage sample was based on the same customer data that the main stage quantitative sample was drawn from (see chapter 3 for further details). We describe the exploratory and main stage qualitative research below.

### 2.1 Exploratory stage

#### 2.1.1 Sample design

Customers were recruited from a number of different areas in Greater London, with the following restrictions:

- The areas should not be exclusively deprived or very deprived; and
- At least two people who were using the loan for 'non-essential' items should be included.

The table below summarises the sample targets for the exploratory interviews. The exploratory stage recruitment questionnaire is included in Appendix A.

User type	Channel	Lender	Payday loan use	Experience of roll-over	Pilot interviews
New customer <sup>1</sup>	Mix of online only and bricks and mortar	A range of lenders	Any	At least 4	At least 4
Repeat customer <sup>2</sup>					At least 4
<b>Total</b>					12

#### 2.1.2 Achieved sample

A total of 12 depth interviews were achieved at the exploratory stage<sup>3</sup>. The achieved sample profile is shown in the table below. The 12 customers had taken out loans from a total of 10 different payday lenders and were spread across eight different areas of London.

New/long term user	Channel	Experience of roll over	Gender	Age
4 x New users	6 x online only	4	9 x female	4 x 18-34
8 x Long term users	5 x online and bricks and mortar		3 x male	7 x 35-54
	1 x bricks and mortar only			1 x 55+

<sup>1</sup> New customers were defined as those whose current payday loan was their first, or who had only ever taken out one payday loan.

<sup>2</sup> Repeat customers were defined as those who had taken out two or more payday loans (including any current loans).

<sup>3</sup> This included one respondent who had taken out a home credit loan, and wrongly defined this as a payday loan.

Customers in the exploratory stage often displayed confusion about their borrowing experience and some did not see different loans as separate loans at first (rather considering them a single experience). This was compounded when the subsequent loans were from the same lender. Careful screening questions were developed for the main stage following this finding, to help unpick the number of loans a customer had taken out. As noted in chapter 4, the exploratory depth interviews also helped inform the design of the quantitative questionnaire.

### **2.1.3 Fieldwork**

The exploratory qualitative fieldwork was conducted in w/c 2<sup>nd</sup> September 2013. Face-to-face interviews lasted for one hour and were digitally recorded. A topic guide, developed by TNS BMRB in consultation with the Competition Commission, was used for the interviews (see Appendix B). Researchers also used journey mapping to sketch out customers' loan history. The purpose of the exploratory depths was partly developmental: to explore the range of issues to be addressed in the survey; identify the language and terminology customers used in relation to their loan/s; to identify any sensitive areas or topics; to consider the most effective types of explanation that would be required by interviewers in the field; to consider the range of pre-codes to be used in the survey; and to explore how best to deal with any potential difference between claimed and actual behaviour in the survey. As such, the guide was developed to allow the customer to lead discussion according to their experiences.

## **2.2 Main stage**

### **2.2.1 Sample design**

The main stage qualitative sample was drawn from the customer data provided by lenders. The qualitative sample was drawn prior to the main stage quantitative sample and was initially limited to five lenders, due to the tight timescales in place for beginning the qualitative stage. There were some difficulties with recruitment for the depth interviews and as a result an additional sample was drawn midway through fieldwork. This comprised customers from some of the other lenders that provided customer data, including some records from the contemporaneous sample that were not selected for the quantitative survey<sup>4</sup>.

The qualitative sample was spread across a broad range of areas:

- Birmingham
- Cambridge
- Reading
- Bristol
- Edinburgh
- Glasgow
- Leeds
- Leicester
- Manchester
- Greater London (Camden and Southwark)<sup>5</sup>.

All sampled customers were sent an advance letter (similar in nature to the quantitative advance letter – see Appendix I) and given two weeks to opt out of the research by phone, letter or email.

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<sup>4</sup> The additional sample drawn for the qualitative stage was targeted to specific groups where there were particular issues with recruitment, primarily new customers.

<sup>5</sup> London locations were used only as mop-up locations at the end of fieldwork.

The target number of interviews for the main stage was 28. The following quotas were set prior to fieldwork:

<b>Experience of market</b>	<b>Online</b>	<b>High St</b>	<b>Total</b>
1 payday loan only	≥6	≥2	≥8
2-3 payday loans in past 2 years	≥5	≥2	≥7
4+ payday loans in past 12 months	≥6, Experience of rollover between 2-4	≥3, Experience of rollover between 1-2	≥8
<b>Total</b>	<b>≥17</b>	<b>≥9</b>	
Experience of rollover	Min 7 in whole sample; Max 9 in whole sample		

The main stage qualitative recruitment questionnaire is included in Appendix C.

### 2.2.2 Achieved sample

A total of 25 interviews were achieved during the main stage. The tables below shows the numbers achieved against the agreed quotas.

<b>Main stage qualitative</b>				
<b>User Type</b>		<b>Online</b>	<b>High street</b>	<b>Total</b>
1 payday loan only		5	4	9
2-3 payday loans in past 2 years		5	1	6
4+ payday loans in past 12 months		6	4	10
Experience of roll-over	4+ loans	2	4	6
	All respondents	6	4	10
<b>Total</b>		<b>16</b>	<b>9</b>	<b>25</b>

Gender	Age	Total
Male	25-34	6
	35-44	3
	45-54	5
<b>Total</b>		<b>14</b>
Female	25-35	5
	35-44	3
	45-54	3
<b>Total</b>		<b>11</b>

Ethnicity	Total
White	<b>19</b>
Black	<b>3</b>
Asian	<b>2</b>
Mixed	<b>1</b>

Income	Total
Under £20,000	11
£20,000 - £29,999	8
£30,000 - £39,999	3
£40,000+	2
DK	1

### 2.2.3 Fieldwork

The main stage topic guide (see Appendix D) was developed from the exploratory guide by TNS BMRB in consultation with the Competition Commission. Journey mapping was used to sketch out a general loan history. Screenshots from lender websites were used during interviews to aid recall and allow commentary of specific aspects of the websites. Interviews lasted for one hour and were digitally recorded.

### 2.2.4 Follow up interviews

Follow-up telephone interviews were conducted with 23 of the 25 main stage participants. The follow-ups followed a short discussion guide (see Appendix E) and were used primarily to check whether customers' repayment (and borrowing) behaviour matched their stated intention. These lasted up to 20 minutes.

### 2.2.5 Incentives

Respondents in the exploratory strand were paid £45. In the main stage incentives were staged; respondents were paid £45 if they completed both the main and follow-up interview. Those who did not complete the follow-up interview received £15.



## 3. Quantitative sample design

### 3.1 Overview of sampling

In this section we describe the steps involved in drawing samples of customers for the quantitative elements of the research.

The research sought to provide an overview of customer behaviour in the UK payday lending sector. Due to practical constraints, it was not possible to obtain customer data from all companies operating in this sector and, as such, a small portion of the sector has been excluded in the research. Nevertheless, the coverage of the research was broad, with customer data obtained from 11 payday lenders, including all of the largest lenders in the sector. The 11 lenders covered 16 different companies, 22 different brands, single repayment and instalment loans and online and high street channels. The Competition Commission estimate that these account for over 90% of both loans issued and payday loan revenue in 2012. We therefore consider that the research covered as large a proportion of the sector as could be reasonably expected given the practical constraints of any research project of this nature.

The quantitative sample comprised two parts:

- A main sample of customers of 11 payday lenders – including the biggest companies in the sector – who had taken out a loan between 1<sup>st</sup> September 2012 and 31<sup>st</sup> August 2013.
- A contemporaneous sample, made up of customers who had taken out loans on four specific dates in October and November 2013. This sample was only provided by the three largest online payday lenders in the sector.

The following lenders were included in the main sample:

- Ariste
- CashEuroNet
- The Cash Store
- CFO Lending
- Cheque Centres
- Dollar
- Global Analytics
- H&T
- MYJAR<sup>6</sup>
- SRC
- Wonga.

The following three companies provided customer data for the contemporaneous sample:

- CashEuroNet
- Dollar
- Wonga.

Both samples were drawn from customer data provided by the lenders. We describe each sample in turn below.

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<sup>6</sup> MYJAR were previously branded as TxtLoan.

### 3.2 Main sample

Customer level data was provided by 11 payday lending companies based on a specification agreed between the Competition Commission and TNS BMRB. Lenders were asked to provide data on all customers who had taken out a loan with them in a 12 month period between 1<sup>st</sup> September 2012 and 31<sup>st</sup> August 2013. For each customer the lender included background information on their loan history with that lender (for example, number of loans taken, number of loans rolled over) and specific details on the most recent loan each customer had taken with that lender in the 12 month period. All customer data files were transferred through secure file transfer systems.

A total of 3,796,358 records were received by TNS BMRB<sup>7</sup>. TNS BMRB were responsible for drawing the sample, based on a specification agreed with the Competition Commission.

Before selecting sample for the main survey, a separate sample was drawn for use during the pilot stage and qualitative research<sup>8</sup>. To meet the timescales for the pilot and qualitative research this selection was restricted to just five of the 11 lenders, ensuring a broad mix in terms of size of lender and channel of purchase offered (online/high street). A total of 750 customers were selected for the pilot sample.

In preparation for drawing the main stage sample it was first necessary to define a sample frame from the customer data. This was done through the following steps:

- The following records were first removed:
  - Any duplicate records (cases where a customer was included more than once in a lender's file). In these cases, the record with the most recent loan date was kept and all other records were removed<sup>9</sup>;
  - Any customer who took out their most recent loan prior to 1<sup>st</sup> September 2012 (i.e. outside of the reference period); and
  - Any customer where the number of loans field in the customer data was equal to 0 (i.e. had not taken out any loans in the reference period).
- This reduced the database to 2,628,036 customers<sup>10</sup>.
- Further exclusions were then applied to create a final sample frame:
  - Any customer without a full name, address and telephone number;
  - Any customer who had already been selected for the pilot sample; and
  - Any customer who had already been selected for the qualitative sample.
- This resulted in a sample frame from which to draw the main stage sample of 2,615,331 customers.

The main stage sample was drawn from the sample frame as follows:

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<sup>7</sup> As noted later in this chapter, the sample frame from which the sample was drawn was somewhat smaller than the total customer data provided by lenders. This was largely due to a number of lenders including customers who had only taken out loans prior to 1<sup>st</sup> September 2012.

<sup>8</sup> See chapter 2 for a full overview of the qualitative sample.

<sup>9</sup> The duplicate check at this stage was limited to within individual lenders. A further duplicate check was conducted following the sample selection to identify any duplicate customers between lenders – cases where a customer had taken out multiple loans with different lenders.

<sup>10</sup> It is likely that this population included a number of customers more than once, in cases where the same customer had taken out loans across multiple lenders in the reference period.

- The sample frame was divided into two separate files – one containing online customers and one containing high street customers (based on the channel of purchase used for the most recent loan);
- Each file (online and high street) was stratified by lender, number of loans, and postcode.
- Within each file a 1 in n selection was carried out with a random start/ fixed interval to deliver 8,750 online records and 6,250 high street records.

Initially 12,000 records were issued for the main sample (7,000 online, 5,000 high street<sup>11</sup>) with the remaining sample allocated as reserve. The reserve sample was ultimately issued, resulting in an additional 3,000 records.

Towards the end of the fieldwork period, in an effort to increase interview numbers among smaller online lenders, additional sample was selected and issued from the unused cases in the sample frame<sup>12</sup>. Customers from five smaller online lenders were stratified by lender, number of loans, and postcode, and a 1 in n selection with a random start/ fixed interval carried out to provide a further 3,000 records.

### 3.3 Contemporaneous sample

The contemporaneous sample was made up of customers who took out loans on four specific dates in October and November 2013. The sample was only provided by the three largest online payday lenders in the sector.

The objective of the contemporaneous sample was to get closer to the mindset of customers at the point the loan was taken out. The exploratory qualitative stage suggested that there may be difficulties in recreating this mindset – including possible post-rationalisation of decisions – and so this extra sample would provide a sub-set of customers who could be interviewed very shortly after their loan dates. All contemporaneous sample customers were interviewed within 10 days of taking out their loan.

The three lenders were asked to provide details for all customers taking out loans within a specified 24 hour period. Four batches of contemporaneous sample were requested, as shown below<sup>13</sup>.

Batch number	Reference period (all times GMT)
1	9am Wed 30 <sup>th</sup> October – 9am Thurs 31 <sup>st</sup> October
2	9am Sun 3 <sup>rd</sup> November – 9am Mon 4 <sup>th</sup> November
3	9am Wed 12 <sup>th</sup> November – 9am Thurs 13 <sup>th</sup> November
4	9am Sun 17 <sup>th</sup> November – 9am Mon 18 <sup>th</sup> November

<sup>11</sup> High street customers were over-sampled compared with online customers. High street customers account for 21% of the population of payday lending customers (based on the customer data supplied by lenders) but comprised 40% of the selected main sample. All customers in the contemporaneous sample had taken out online loans; the overall sample (including both the main and contemporaneous components) was split into 27% high street customers and 73% online customers. This over-sampling was corrected at the post-survey weighting stage, where the achieved sample was weighted back to the customer data based on channel of purchase (and other key variables). See chapter 6 for a full overview of the weighting process.

<sup>12</sup> The sample design did not attempt to over-sample customers of smaller lenders and, as a result, the majority of interviews were conducted with customers of the three largest lenders in the sector. A slightly lower response rate was achieved with customers of smaller lenders. By the scheduled end of fieldwork a total of 63 interviews had been conducted with small online lenders, which would have resulted in these customers receiving very large weights. After the additional sample was drawn and fieldwork was extended, the final achieved sample size among customers of smaller online lenders was 89 interviews.

<sup>13</sup> Due to technical issues, one lender was unable to provide customer information on the Batch 4 delivery date. As a result, sample for this lender was only available for Batches 1 to 3.

On each specified delivery date, customer data was provided by the three lenders to TNS BMRB via secure file transfer. The customer databases were cleaned to remove customers with missing contact details and any duplicate records.

Each batch of the resulting customer data was divided into two files – one containing new customers, and one containing repeat customers (based on the field 'Number of loans taken', where a value of '1' was deemed to signify a new customer<sup>14</sup>). Each file was stratified by lender, number of loans (for the repeat customer file) and postcode. A 1 in n selection with a fixed start/ random interval was then made to select the required numbers of new and repeat customers in each batch.

New customers were oversampled in the contemporaneous sample<sup>15</sup>. This was for two reasons:

- First, it was likely that some of these 'new' customers had previously taken out loans with other lenders. Therefore it was necessary to over-sample 'new' customers (based only on loans taken with the sampled lender) to ensure that there would be a large enough number of truly 'new' payday lending customers (i.e. those taking out a payday loan for the first time) in the survey data; and
- Second, there was an interest in the experience of customers who had taken out a payday loan for the first time, as a number of elements of the research might have particular relevance for this group (for example, reasons for taking out a payday loan rather than another form of credit).

A total of 8,000 customers were selected from the four batches of contemporaneous sample (2,000 per batch). The initial intention was to select 5,000 new customers (1,250 per batch) and 3,000 repeat customers (750 per batch). Prior to the delivery of batch 3, it emerged that the first two batches of customer data for one lender contained an error whereby a number of repeat customers had been mistakenly labelled as new customers. In an effort to redress the split between new and repeat customers overall, the approach was changed for batches 3 and 4 to select all new customers (after sample cleaning). The actual division of new and repeat customers in each batch (reflecting the corrected information) is shown below.

Batch number	New customers	Repeat customers
1	857	1,143
2	650	1,350
3	1,420	580
4	1,306	694
<b>Total</b>	<b>4,233 (53% of total)</b>	<b>3,767 (47% of total)</b>

<sup>14</sup> This distinction was based on the customer's relationship with the lender they were sampled from. Therefore, any customer who had taken out one loan from the lender they were sampled from was defined as 'new', even if they may have taken out loans from other payday lenders prior to this.

<sup>15</sup> This over-sampling was corrected at the post-survey weighting stage, where the achieved sample was weighted back to the population based on number of loans taken (and other key variables). See chapter 6 for a full overview of the weighting process.

## 4. Quantitative questionnaire development

### 4.1 Overview of questionnaire design

The questionnaire for the quantitative survey was developed by TNS BMRB, with involvement and consultation with the Competition Commission throughout the development process.

The questionnaire was broadly designed to address the key research objectives and, specifically, the relevant information needs noted in the Issues Statement. From this a broad structure was developed, which was refined through the questionnaire development stage. The exploratory qualitative research was also used to inform the questionnaire design in a number of respects, including:

- Providing background information on the customer experience of taking out payday loans, that could be used to inform the content and design/wording of questions in the quantitative survey;
- Revealing that some customers may struggle to recall specific details of a single loan, suggesting that clear prompts would need to be included to focus them on this and that a question to assess how well loans could be recalled should be included; and
- Revealing that some customers would struggle to answer hypothetical questions around future loans.

The exploratory qualitative stage also suggested that customers might struggle to recreate their 'mindset' at the point of taking out their loan, even if only a relatively short period had passed between taking out the loan and being interviewed. This suggested that the quantitative research would benefit from some customers being followed-up more quickly after taking out their loans (and it was partly for this reason the contemporaneous sample was introduced – see chapter 3 and section 4.2 for further detail<sup>16</sup>).

At an early stage of questionnaire development it was decided that the bulk of the questionnaire should focus on the experience of taking out a specific loan (the 'sampled loan') – and that this loan should be prompted to the customer at the start of the interview. The 'sampled loan' was the most recent payday loan taken out by customers from the lender that they were sampled from, based on the customer data provided by lenders. This would not always be a customer's most recent payday loan; in some instances customers may have taken out a loan more recently from another lender and in other cases they may have taken out a loan in the period between the sample being drawn and taking part in the survey. However, in most cases the loan they were questioned about in the interview was their most recent loan. By focusing on a specific loan from the customer data this would both ensure that customers were defining 'payday loans' consistently with the definition being used for the investigation and that the survey responses in relation to this loan could be linked back to the customer data.

At the start of the questionnaire a screening question was included to ensure that customers contacted had taken out the sampled loan. Details of the screening process are provided in chapter 5.

A separate section of the questionnaire focused on the broader experience of customers in the payday lending sector. This included the experience of switching between lenders and questions that aimed to assess the degree of overlap between the online and high street

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<sup>16</sup> A single version of the questionnaire was used for the main and contemporaneous samples.

lending channels. Further sections were included on financial behaviour and circumstances and demographics. A full overview of the structure of the final questionnaire is included in section 4.5.

The target questionnaire length for the quantitative survey was 20 minutes. It was evident during the questionnaire development process that there would not be scope to include detailed questions on all of the issues of potential interest in the survey questionnaire. Questions were therefore prioritised in discussions between TNS BMRB and the Competition Commission based on the availability of relevant data elsewhere (e.g. in the customer or transaction data, or from other surveys), the feasibility of covering some of these issues in the qualitative research and the key information needs of the investigation.

In developing the questionnaire, where possible questions were taken from existing surveys to ensure they were tried and tested. Where no relevant questions could be found there was a need to adapt existing questions and in some cases to develop entirely new questions, to ensure the key research needs would be met by the questionnaire.

In the next two sections we discuss some of the key questionnaire design challenges and how these were addressed.

#### **4.2 Recall and potential recall bias**

As noted above, customers were asked to answer questions that related to their experience of taking out a specific payday loan – in most cases the most recent loan they had taken out. In some cases customers were being asked to think back to a loan they had taken out more than a year ago, and this may have resulted in some issues with recall.

To account for potential recall issues, customers interviewed in the main stage quantitative survey were asked to assess how well they remembered their experience of taking out the sampled loan. Overall, more than eight in ten (84%) said they remembered this either very well (50%) or fairly well (34%). Eleven per cent said they did not remember the experience very well and four per cent said they did not remember it at all well.

Recall was better among members of the contemporaneous sample, who were interviewed very shortly after their loan was taken out (97% of customers in the contemporaneous sample remembered their loan very well or fairly well). Nevertheless, even among customers in the non-contemporaneous sample (where a longer period had passed between the loan date and interview date) still eight in ten (79%) said they remembered the experience of taking out the loan very well or fairly well.

A comparison of results between customers in the main and contemporaneous revealed few notable differences between the two groups, suggesting that potential issues with recall (and recall bias) were unlikely to have had a major impact on the survey results.

#### **4.3 Other key challenges in questionnaire development**

There were a number of challenges in developing questionnaires for this research and customer base. This included difficulties with asking customers for very specific and detailed information about loans that they may not be able to provide, concerns over understanding of technical language associated with payday loans and other financial issues and the potential risk of social-desirability bias in answers provided by customers. These challenges were addressed through the survey design:

- Where possible detailed information was taken from the transaction data provided by lenders rather than being asked in the survey;

- Consideration was given to which elements of the design would best deliver reliable information in relation to the key research objectives. For example, it was likely to be easier to cover issues that were likely to be affected by social desirability bias in the qualitative research (through in-depth probing, etc);
- For most parts of the research, customers were asked to answer based on their experience of taking out a specific loan. This approach, as opposed to asking them about more general experience in the sector, is more likely to encourage people to answer questions honestly;
- The questionnaires were written in plain English, with questions presented to respondents as simply and succinctly as possible, while ensuring the key information was included;
- The questionnaires included a number of interviewer prompts and probes that could be used to support completion of the questionnaire;
- There was an extensive drafting period for the questionnaires, with drafts being reviewed by several members of the TNS BMRB and Competition Commission teams and by external stakeholders. The draft questionnaire was published on the Competition Commission website on 26<sup>th</sup> September 2013 and parties were given until 30<sup>th</sup> September 2013 to send comments on the Competition Commission on the questionnaire;
- A qualitative exploratory stage was conducted prior to the main stages of the project, to inform the content and design of the questionnaires (see chapter 2 and section 4.1 for further details);
- A small-scale pilot was conducted prior to the main stage quantitative survey to test understanding of questions (see section 4.4 for further details).

It was noted in the report of findings that there were potential issues with a question that asked customers to assess which alternatives they could have used rather than taking out a payday loan (Qpdsb3 in the main stage questionnaire, reported on page 78 of the report of findings). The focus at this question was on what alternatives customers could have used and not on what alternatives they would have used – and the questionnaire was very carefully designed to encourage respondents to answer the question on the basis of the former. However, from listening to some interviews it was clear that respondents would sometimes think in terms of what they would have done and the task of judging whether you could have used other sources would not always be straightforward (for example, how do you judge if you could have used an unlicensed lender if you had never looked into or considered this?). As a result, some caution needs to be applied when looking at these results; they may tend to under-estimate availability of other sources of credit.

#### **4.4 Pilot**

A small-scale pilot study of was carried out prior to mainstage fieldwork. The main focus of the pilot was to review questionnaire length and content. In particular, the pilot aimed to:

- Test understanding of the questions, with particular reference to more technical terms relating to the payday lending market (e.g. ‘rollover’);
- Test recall of taking out a specific loan, and ability to answer questions on this loan;
- Assess the length of the questionnaire; and
- Provide an indication of the quality of the sample provided by lenders.

The pilot sample selection process is described in chapter 3. All selected customers were sent an advance letter prior to the start of the pilot. The letter (see Appendix H) was sent on Competition Commission letterhead and provided a brief explanation of the research, outlining why the respondent had been selected and referring to the specific lender that the customer had used. A freephone number was provided that customers could call if they wished to opt-out of the research, or wanted further information.

Quotas were set on number of loans taken, channel of purchase, and number of loans rolled over.

Pilot fieldwork took place between 17<sup>th</sup> and 27<sup>th</sup> October. Interviews were conducted from TNS's telephone centre in Hull. All interviewers were briefed by tele-conference by members of the TNS BMRB research team prior to working on the survey. A total of seven interviewers worked on the pilot stage.

The target achieved sample size for the pilot was 50 interviews. By the end of the pilot stage a total of 24 interviews had been achieved<sup>17</sup>.

Members of the TNS BMRB research team monitored a large number of pilot interviews to assess the effectiveness of the questionnaire. Recordings from interviews were also passed to members of the Competition Commission team<sup>18</sup>. A debrief was conducted with members of the pilot interviewing team following pilot fieldwork, to obtain further feedback on the questionnaire and other survey processes.

#### **4.5 Final questionnaire**

Following the pilot, TNS BMRB provided feedback on the questionnaire to the Competition Commission and a meeting was held to agree changes to the questionnaire for the main stage. While on the whole the pilot questionnaire performed well, it was necessary to remove a number of questions to bring the questionnaire length down to nearer the target length of 20 minutes. There were also a number of other questions that had not been fully understood in the pilot; in some cases these questions were reworked while in others they were removed from the questionnaire.

An overview of the final questionnaire agreed between TNS BMRB and the Competition Commission is included below<sup>19</sup>:

- Introduction
- Section 1: Screening
- Section 2: Questions on sampled loan
  - Section 2a: Background to the loan
  - Section 2b: Other ways of getting the money
  - Section 2c: The importance of different features of the payday loan
  - Section 2d: Awareness of payday loan providers and direct offers
  - Section 2e: Shopping around
  - Section 2f: Barriers to shopping around
  - Section 2g: Access to and understanding when comparing lenders
  - Section 2h: Access to information when taking out the loan
- Section 2i: Repaying the loan
- Section 3: Activity in the payday loan sector
- Section 4: Financial circumstances and attitudes
- Section 5: Demographics and recontact.

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<sup>17</sup> The smaller than expected number of interviews was due to issues with sample quality and the learning process of establishing which telephone numbers elicited most successful outcomes. The average pilot interview length was also longer than would be the case at the main stage (c. 27 minutes).

<sup>18</sup> Recordings were only passed over where respondents had given their permission for this to happen.

<sup>19</sup> The full main stage questionnaire is included in Appendix F.



#### **4.6 Follow-up survey questionnaire**

Follow-up quantitative research was conducted among customers who formed part of the contemporaneous sample. The follow-up questionnaire was around five minutes in length and included some questions that were also asked in the main stage interview, around loan repayments. The questionnaire was developed by TNS BMRB, in consultation with the Competition Commission. The structure of the follow-up questionnaire was as follows<sup>20</sup>:

- Introduction
- Section 1: Repaying the loan
- Section 2: Decision making and reflections on the process
- Section 3: Demographics and recontact.

#### **4.7 Questionnaire programming**

The questionnaires for the pilot, main stage and follow-up surveys were programmed in TNS's Quancept scripting software for Computer Assisted Telephone Interview (CATI) surveys. The questionnaires were programmed by members of TNS's Scripting team and extensively checked by members of the TNS BMRB research team. Dummy topline data was checked prior to the release of scripts for fieldwork and real topline data was checked after one day of fieldwork at each stage.

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<sup>20</sup> The follow-up questionnaire is also included in Appendix G.

## 5. Quantitative fieldwork

Fieldwork for the main survey was carried out between October 31<sup>st</sup> 2013 and December 8th 2013<sup>21</sup>. All interviews were conducted from TNS's Hull telephone centre.

### 5.1 Advance materials for main sample customers

All selected customers were sent an advance letter prior to the start of fieldwork. The letter was sent on Competition Commission letterhead and provided a brief explanation of the research, outlining why the customer had been selected and referring to the specific lender that the customer had used. A freephone number was provided that customers could call if they wished to opt-out of the research or wanted further information. A copy of the advance letter is provided in Appendix H.

In the course of sampling it was found that the customer databases for two lenders did not contain full address details for some customers, but did contain email address details. Selected customers for these lenders were sent advance emails, including exactly the same content as the advance letter.

### 5.2 Interviewer briefing

Interviewers working on the survey attended a face-to-face briefing conducted by a member of the research team at TNS BMRB and also attended by a member of the Competition Commission team. The main stage briefing covered all aspects of the survey, providing interviewers with background to the survey, the objectives, and the source of the sample. The briefing also included a question-by-question overview of the questionnaire, allowing interviewers to familiarise themselves with the content and ask questions of the research team. Interviewers were required to complete a number of practice interviews themselves before beginning live interviewing.

Any interviewers who did not attend this briefing received a separate face-to-face briefing from a senior telephone survey supervisor in TNS's Hull telephone centre. The supervisors had attended the original survey briefing and any subsequent briefings covered the same material as the initial briefing.

All interviewers working on the pilot received a briefing from a member of the TNS BMRB research team by tele-conference. This briefing covered the same material as the main stage briefing (see above) and also highlighted parts of the questionnaire and survey processes where feedback from interviewers would be welcomed.

### 5.3 Interviewing

Interviews were conducted using Computer Assisted Telephone Interviewing (CATI). The interview was conducted electronically with all questions and routing programmed automatically, meaning interviewers were free to concentrate on the respondents' answers and data was recorded accurately.

As outlined in chapter 4, a key section of the interview asked specific questions about the 'sampled' loan (i.e. the most recent loan taken out by the customer, based on the information provided in the lender database). As such, measures were taken to ensure that respondents were answering in relation to the sampled loan.

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<sup>21</sup> This included a small extension to fieldwork to boost interview numbers among customers of small online lenders. The originally scheduled fieldwork end date was 1<sup>st</sup> December 2013.

A screener question at the beginning of the interview asked respondents whether they recalled the sampled loan:

*'According to our records you took out a loan for [AMOUNT] from [LENDER] on [DATE OF SAMPLED LOAN]. Is this correct?'*

If the customer recognised the loan but could not confirm the exact details (e.g. could not recall the precise date) the interviewer had the option of coding 'Details roughly correct'. Any respondent denying all knowledge of the loan was screened out at this point and did not continue with the interview<sup>22</sup>.

Details of the sampled loan (amount, date and lender) also appeared at the top of the interviewer's screen for every question, allowing them to prompt the respondent if necessary.

For a large proportion of customers, the database provided by lenders contained alternate contact telephone numbers – for example, a landline and a mobile. In these cases, the number provided in the first field was given priority and tried in the first instance. For records that proved to be unproductive (either invalid numbers, or where no contact had been made after multiple calls) the alternative number, where available, was tried.

#### **5.4 Supervision and quality control**

Quantitative fieldwork for this survey was conducted in accordance with TNS's quality standards and quality control procedures which are applied across all telephone surveys.

TNS's telephone research division is accredited to ISO 20252 (the international standard for market and social research) and all project management and interviewing operations are conducted in line with, or exceed, this standard. As part of a commitment to continuous quality improvement, the division is also accredited to ISO 9001 (the International Standard for Quality Management Systems).

The TNS telephone division operates rigorous standards for the selection and training of telephone interviewers. Candidates are fully screened by telephone before being invited to attend an Assessment Centre. During this assessment, candidates are tested on sight reading, language ability, keyboard skills and listening skills, in addition to team-working ability. Only candidates who achieve or exceed a benchmarked standard will be invited for training. The two-day training course covers communication skills and refusal avoidance techniques in addition to general research information and telephone/CATI skills.

Strong emphasis is placed on quality control. Telephone research is validated, as the interview occurs, by a team of supervisors using undetected, remote listening facilities. No interviews are carried out without a supervisor present. TNS's own standards exceed ISO 20252 prescribed standards. At least 7% of completed interviews will be monitored for at least 75% of the interview. A systematic method is used to select interviewers to be monitored, such that all interviewers are monitored on a regular basis.

#### **5.5 Contemporaneous sample**

As described in chapter 3, the survey incorporated a contemporaneous sample, provided by the three largest online lenders at set intervals over the course of the fieldwork period.

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<sup>22</sup> In total, 105 respondents were screened out. Of those who passed the screening questions, 89% said the details of the sampled loan were fully correct and 11% said they were roughly correct.

Emails explaining about the survey, and providing details of how to opt-out, were sent to all selected customers. A three day opt-out period was implemented between despatching emails and beginning interviewing.

Sample was made available for interviewing at four points during the fieldwork period. Each batch of sample was loaded for up to five days and then removed. The short fieldwork period for this sample was designed to ensure that interviews were carried out as close as possible to the time of taking out a payday loan. Interviews with contemporaneous sample customers were conducted within 10 days of their loan dates.

The main stage briefing included a section on the contemporaneous sample, focused on the importance of interviewing these customers as soon as possible to their loan dates. The same interviewers worked on both the main and contemporaneous samples but were made aware of which sample type they were calling by a flag that appeared on the top of their screens for each record.

### 5.6 Achieved interview numbers and response rates

In total, 1,560 interviews were carried out – 1,013 with main sample customers and 547 with contemporaneous sample customers. The average interview length was 24 minutes. A total of 93 interviewers worked on the main stage survey. The final fieldwork figures are shown below<sup>23</sup>:

Outcome	ALL		MAIN		CONTEMPORANEOUS	
	n	%	n	%	n	%
Interview <sup>24</sup>	1,560	6.1%	1,013	5.7%	547	6.9%
Ineligible	105	0.4%	90	0.5%	15	0.2%
Unproductive - contact made	10,624	41.4%	6,774	38.2%	3,850	48.4%
Deadwood <sup>25</sup>	6,725	26.2%	5,665	32.0%	1,060	13.3%
Unproductive - no contact	6,658	25.9%	4,183	23.6%	2,475	31.1%
<b>Total</b>	<b>25,672</b>	<b>100.0%</b>	<b>17,725</b>	<b>100.0%</b>	<b>7,947</b>	<b>100.0%</b>

A more detailed list of specific outcomes that are included in each category can be found in Appendix I.

The order of the categories above reflects the hierarchy that has been applied to determine the final outcome from all outcomes assigned to a given record. The basic rationale used is to favour the outcome that provides the most conclusive information about each record, regardless of when during fieldwork that outcome was applied. So, for example, if contact was made with a customer on the first call, but subsequent calls were coded as 'non-contact', that record would receive a final outcome of 'Unproductive – contact made'.

The table below shows the cooperation rates and response rates achieved for the main and contemporaneous samples and combined rates based on both samples. These figures have been calculated as follows:

<sup>23</sup> These figures exclude pre-fieldwork opt-outs.

<sup>24</sup> This figure includes 83 partial interviews (i.e. cases where the respondent had terminated the interview before reaching the final question). The definition for a valid partial was agreed with the Competition Commission to be any interview that was completed as far as question Qpdsi11.

<sup>25</sup> For records where no contact has been made after 20 or more calls, an assumption has been made that the number is not valid and a final outcome of 'Deadwood' recorded.

- Cooperation rates = Number of interviews achieved / (Number of records where at least one successful contact was made<sup>26</sup> – Ineligible records<sup>27</sup>).
- Response rates = Number of interviews achieved / (All issued sample – Ineligible records).

	ALL	MAIN	CONTEMPORANEOUS
Issued sample	25,672	17,725	7,947
Number of records screened (i.e. asked Qsc1)	2,141	1,428	713
Number of records screened out as ineligible	105	90	15
% of records ineligible based on all screened	4.9%	6.3%	2.1%
Number of records not screened	23,531	16,297	7,234
Assumed number of ineligible records <sup>28</sup>	1,259	1,117	167
Assumed eligible sample	24,413	16,608	7,780
Number of records contacted	12,289	7,877	4,412
Number of records contacted and not screened	10,148	6,449	3,684
Assumed number of ineligible records from all contacted <sup>29</sup>	603	496	93
Number contacted and assumed to be eligible	11,686	7,381	4,304
Number of interviews	1,560	1,013	547
<b>Cooperation rate</b>	<b>13.3%</b>	<b>13.7%</b>	<b>12.7%</b>
<b>Response rate</b>	<b>6.4%</b>	<b>6.1%</b>	<b>7.0%</b>

The achieved cooperation rates were 13.7% on the main sample and 12.7% on the contemporaneous sample. The overall cooperation rate across both samples was 13.3%.

The achieved response rates were 6.1% on the main sample and 7.0% on the contemporaneous sample. The overall response rate across both samples was 6.4%<sup>30</sup>.

The table below shows the achieved interview numbers across a range of sub-groups. This shows the split between online and high street customers (based on the channel used for the sample loan), between new and repeat customers<sup>31</sup>, between customers of the three largest lenders and a range of small lenders and between the three largest online lenders and smaller online lenders. All breakdowns are provided separately for the main sample and the contemporaneous sample, with combined figures also included.

<sup>26</sup> This includes a number of records where the only contact made was with an answerphone.

<sup>27</sup> Records coded as ineligible are those where customers have been screened out due to having no recall of the sampled loan. It has also been assumed that an equivalent proportion of records that did not reach the screening question would have been screened out if contact had been made.

<sup>28</sup> This is the number of cases that were screened out plus the percentage that were screened out applied to the rest of the sample that did not reach the screening question.

<sup>29</sup> This is the number of contacted cases that were screened out plus the percentage that were screened out applied to the rest of the sample that were contacted but did not reach the screening question.

<sup>30</sup> This is slightly lower than the approximate response rate reported in the report of findings. This is due to the response rate quoted in the report of findings (approximately 10%) treating 'deadwood' cases as ineligible and so excluding these records from the denominator when calculating the response rate.

<sup>31</sup> This distinction is based on the customer's relationship with the lender they were sampled from for this survey. Therefore, any customer who had taken out one loan from the lender they were sampled from is defined as 'new', even if they may have taken out loans from other payday lenders prior to this.

	Main sample	% of main total	Contemporaneous sample	% of contemporaneous total	Combined sample	% of combined total
Online	514	49	547	100	1,061	68
High street	499	51	0	0	499	32
New	223	22	283	52	506	32
Repeat	790	78	264	48	1,054	68
The 3 largest lenders	768	76	547	100	1,315	84
Other lenders	245	24	0	0	245	16
The 3 largest online lenders	425	83	547	100	972	92
Other online lenders	89	17	0	0	89	8

## 5.7 Follow-up survey

An additional follow-up survey was conducted among customers who formed part of the contemporaneous sample during the main stage of the survey. All customers who had not already repaid their loan at the time of the main stage interview, had an in-scope repayment date<sup>32</sup> and agreed to be recontacted for further research were included in the sample for the follow-up survey, providing a total issued sample of 279 customers. From these a total of 108 interviews were conducted (representing a response rate of approximately 40%). All customers were interviewed very soon after their loan repayment date, with an average time period between repayment date and interview of three days. All follow-up survey interviews were conducted between 22<sup>nd</sup> November 2013 and 5<sup>th</sup> January 2014.

The follow-up questionnaire was around five minutes in length and included some questions that were also asked in the main stage interview, around loan repayments. Supervisors in TNS's Hull telephone centre were briefed by tele-conference by a member of the TNS BMRB research team prior to the start of the follow-up survey.

<sup>32</sup> This excludes any customers with a repayment date very soon after their main stage interview or after the follow-up survey had closed on 5<sup>th</sup> January 2014.

## 6. Quantitative coding, weighting and data production

### 6.1 Coding

The questionnaire included a small number of open questions and a larger number of questions where an 'Other (specify)' option was available to respondents. All fully open and 'Other (specify)' responses were inspected by coders and members of TNS BMRB's research team. This resulted in some additional codes being added to the code frames of some questions. Any new codes were reviewed by both the TNS BMRB research team and the Competition Commission before changes to code frames were made. For all questions, the aim was to reduce the proportion of answers left in the non-specific 'Other' category to below 10%.

The final code frames for all fully open and 'Other (specify)' questions are included in Appendix J (main survey) and Appendix K (follow-up survey).

The PDF data tabulations published on the Competition Commission website include a number of 'overcodes', where responses at individual codes have been combined to create broad summary measures. The overcodes are included in Appendix L. Where overcodes have been created the data tabulations also include the detailed individual response codes.

### 6.2 Data cleaning, editing and checking

Where possible, consistency checks were included in the questionnaire programme to minimise the need for any post-fieldwork editing. Two post-fieldwork edits were made:

- During a topline check early in fieldwork it was spotted that Qpdsc2 (most importance factor when taking out a payday loan) was incorrectly set-up as a multi-coded question. Once spotted the question was updated to be single-coded (i.e. so only once response could be entered). Prior to making this change four respondents had selected more than one option at Qpdse2. These responses have been removed in the final data and they have been recoded to "Don't know" at Qpdse2.
- At Qadults (number of adults in household), five respondents said that there were no adults living in their household. It was found that in these cases they had not been including themselves and so the response at Qadults was recoded to "1".

In addition to the above, an age question (Qdage) was added to the questionnaire midway through fieldwork. It was initially intended to take the ages of customers from the date of birth field in the transaction data; however, this was not available for all customers and so it was decided that age should also be recorded in the questionnaire. The responses at Qdage in the final data are based on the survey response (if asked), with missing data being provided from the transaction data where available.

As part of standard quality procedures, TNS BMRB conducted an extensive range of checks on the data outputs before provided to the Competition Commission. This included topline checks (to ensure the correct respondents were being asked each question), checks between the raw and processed data, coding checks and extensive checking on the content of analysis breaks in the PDF tables (see section 6.5 for further details).

### 6.3 Weighting

For the purposes of weighting, the sample was split into four groups comprising each of the three largest lenders and a fourth group containing customers from all other lenders. Within

each group, the sample was divided into interlocking cells according to channel of purchase (online or high street) and whether the respondent was new to a lender or a repeat customer (based on the number of loans reported in the customer data supplied by lenders). This resulted in a total of 12 strata. By combining groups where practical (for example, all apart from the three largest lenders were combined) this both reduced the variation in weights between strata and ensured a minimum sample size of c. 30 per strata.

The achieved sample was weighted to match the corresponding proportions in the customer data supplied by lenders<sup>33</sup> for each cell. This created a combined weight which sought to correct differences in selection probabilities and any differences in response propensity between cells. Two weights have been produced:

- A weight to use when conducting analysis based on the full sample (including the main and contemporaneous components)<sup>34</sup>; and
- A separate weight to use when conducting analysis based only on the main sample or only on the contemporaneous sample.

The table below shows the weights for each of the 12 strata (based on the first weighted listed above).

Strata number	Achieved sample size	Strata weight
1	278	0.43
2	430	0.91
3	78	1.22
4	64	1.86
5	29	2.74
6	93	1.26
7	51	0.99
8	292	0.54
9	38	3.85
10	51	3.17
11	32	1.18
12	124	0.67

The design effects (DEFFs) for a range of sub-groups and the full sample are included in the table below. This table also shows the actual achieved sample size for each group and the net effective sample size (NEFF) after accounting for design effects<sup>35</sup>.

Group	Design effect (DEFF)	Actual achieved sample	Net effective sample (NEFF)
ALL SAMPLE	1.55	1,560	1,004
All main sample customers	1.60	1,013	632
All contemporaneous sample customers	1.34	547	408
All online customers	1.53	1,061	691
All high street customers	1.08	499	460
All new customers	1.89	506	267

<sup>33</sup> This was the full customer data supplied by the 11 lenders that the main sample was based on after excluding duplicate records (for each lender) and any customers who had not only taken out loans before 1<sup>st</sup> September 2012.

<sup>34</sup> This is the weight that has been used in the data tabulations published on the Competition Commission website.

<sup>35</sup> These design effects are based on the combined sample weight, to be used when conducting analysis on the full sample.



All repeat customers	1.37	1,054	771
All large lender A customers	1.11	708	639
All large lender B customers	1.05	142	136
All large lender C customers	1.42	465	328
All smaller lender customers	1.57	245	156
All online/new customers	2.08	423	204
All online/repeat customers	1.27	638	504
All high street/new customers	1.01	83	82
All high street/repeat customers	1.01	416	412

#### 6.4 Confidence intervals

Research surveys typically select a random sample to interview from a larger group. The sample attempts to reflect the larger group it has been drawn from and by calculating confidence intervals we can obtain a measure of the reliability of the survey findings, i.e. the precision of population estimates derived from the survey sample.

The lower and upper bounds of the 95% confidence interval for a range of estimates are shown in the tables below. For each estimate, in 19 samples out of 20 the population value would be expected to lie within these confidence intervals. These results are shown for illustrative purposes and confidence intervals can similarly be applied to other survey questions.

	Estimate	95% Confidence Interval		Unweighted base
		Lower	Upper	
<b>Age (Banded)</b>				
18-24	20.1%	17.8%	22.6%	324
25-34	27.1%	24.4%	29.9%	423
35-44	21.3%	18.9%	24.0%	319
45-54	18.9%	16.5%	21.5%	267
55+	8.6%	7.1%	10.5%	139
<b>Gender</b>				
Male	58.9%	55.7%	61.9%	860
Female	41.1%	38.1%	44.3%	623
<b>Confidence in being able to pay back loan in full</b>				
Very confident	79.8%	77.0%	82.2%	1280
Fairly confident	15.5%	13.2%	18.0%	219
Not very confident	2.9%	1.9%	4.2%	39
Not at all confident	1.3%	0.7%	2.3%	18
<b>Whether have a bank account</b>				
Yes	96.5%	95.2%	97.4%	1456
No	3.5%	2.6%	4.8%	58
<b>Ease of getting money to pay off loan</b>				
Very easy	33.1%	28.7%	37.9%	189
Fairly easy	52.7%	47.7%	57.7%	273
Fairly difficult	9.4%	6.9%	12.5%	57
Very difficult	3.5%	2.1%	5.9%	19

	% who have taken out loans from more than one lender	95% Confidence Interval		Unweighted base
		Lower	Upper	
<b>Main channel of purchase</b>				
Online	46.7%	43.1%	50.2%	369
Retail	29.9%	25.2%	35.2%	117

## 6.5 Data tabulations and SPSS data set

Data tabulations were run to a specification agreed with the Competition Commissions. The tables included key sub-groups as crossbreaks, taken from questions asked during the interview or from derived variables. The specification for the table breaks is included in Appendix M. An SPSS data set was also produced and sent to the Competition Commission.

Significance testing was added to the data tabulations to assist in the identification of differences between subgroups. A two-tailed test was used with a 5% error rate.

Significant differences are indicated in the tables by labelling each column in the crossbreaks with a letter: where significant differences are found, the letter(s) from the column(s) which were significantly different from each other are shown. Significance testing is applied between sub-groups, rather than between the sub-group and the total sample.

## 6.6 Follow-up survey outputs

The data tabulations and SPSS data set provided to the Competition Commission also include the results from the follow-up survey. These results are included separately at the end of each file. The same weights have been used for the follow-up survey results as for the main survey. Due to the small base size for the follow-up survey (108 customers) some results in the report of findings have been presented unweighted and are based on numbers of customers rather than percentages.

## 6.7 Reporting convention in report of findings

This technical report accompanies the main report of survey findings that is published on the Competition Commission website. The following points should be borne in mind when referring to the report of findings:

- Unless otherwise stated, all results reported from the quantitative survey are based on weighted data. For a small number of questions where sample sizes were very small results are based on unweighted data.
- Unless other stated, any results based on less than 50 respondents (either at an overall question or sub-group level) have been excluded from the report.
- Percentages may not add up to 100% due to rounding, the exclusion of some categories (e.g. 'Don't know' and 'Refused') and the option for more than one response to be selected at some questions.
- We have included details of the precise analysis base used for results at the bottom of each chart throughout the report. In the same place we have included a reference to the question that each result is based upon; the questionnaires for the main and follow-up quantitative surveys are appended to this report.

- Most results presented in the report from the quantitative survey are based on the data tabulations published on the Competition Commission website. A small number of results are based on derived measures from the SPSS data set used by TNS BMRB. These figures will not appear in the data tabulations.
- A number of results are reported at a sub-group level, based on socio-demographic characteristics, financial circumstances and behaviour in the payday lending market. Where we have explicitly reported a difference between groups this will be significant (based on a 95% confidence level) unless otherwise stated.



# Appendix A: Exploratory qualitative recruitment questionnaire

Screener

**Screening Questionnaire**

This form is confidential property of:  
 TNS-BMRB Social Research  
 6 More London Place, SE1 2QY

Job Number: 260120357  
 Job Name: Payday loans  
 Date: 15/08/13

PLEASE WRITE IN BLOCK CAPITALS

Mr/Mrs/Miss/Ms: Initials:

Surname:

First name:

Address:

Postcode

Tel home:

Tel work:

Area of London

Name of lender

Channel used

- Online
- Retail

Please check and fill in actual lender channel:

- Online only
- Bricks and mortar

User type

- New user
- Longer term user

Experience of roll over

- Yes
- No

Payday loan use

- Utility bills or other h/hold bills
- Household expenses
- A special occasion
- A holiday
- Credit card bill/s
- Socialising
- Other

**Depth Details:**

Interview Number: .....

Date: .....

Time: .....

Location: .....

Researcher: .....

Recruiter tel no .....

Face to face recruitment	1
Telephone recruitment	2
Delivered invitation	3

**RECRUITER'S DECLARATION**

The person named above has been recruited by me in accordance with the instructions and within the Market Research Society Code of Conduct.

Signed: \_\_\_\_\_

Print name: \_\_\_\_\_ Date: \_\_\_\_\_

**BACKCHECKED**

Signed: \_\_\_\_\_

Print name: \_\_\_\_\_ Date: \_\_\_\_\_

“Good morning/afternoon, I'm from TNS BMRB, an independent research organisation. We have been asked to undertake research on behalf of the Competition Commission. The aim of the research is to understand how consumers view the payday loans market and what people's experiences are of payday loans. This will help the Competition Commission decide whether payday loans companies are operating in a fair way and provide information for improvements that will ultimately benefit consumers.

The research is completely anonymous. Any of the information you share with TNS-BMRB will be kept completely confidential, and your personal details will not be passed on to the Competition Commission. TNS-BMRB is totally independent of the Competition Commission.

I would like to ask you some questions to see whether you would be eligible to take part in a 60 minute face-to-face interview. You would be given a £45 thank you payment for your participation in the interview.

Are you willing to answer some questions? You can opt out of any question if you so wish.

- Yes                    1
- No                     2

Recruiter information - If respondents have any concerns or want more information about the study, please give them Emily Fu's phone number and she will call them back.

Emily Fu  
Tel: 0207 656 5795

Please contact Gary Bright if there are any other questions.

- 
- Explain to everybody
- The nature of the methodology – e.g. depth interviews
  - Confidentiality and anonymity of respondents
  - That depths/groups will be recorded
  - About TNS-BMRB
  - If TNS BMRB has to cancel the interview we will pay then £25

Note: If respondent does not want to participate could you ask them to please provide a reason as to why and record their answer below:

---

---

**Recruiter please fill in**

**1. Have you taken out a payday loan within the last 12 months?**

*Recruiter note: If needed, explain that a payday loan is an unsecured, personal loan taken out for less than 12 months and where the amount borrowed is usually less than £1000. Can also check against list of lenders provided by TNS BMRB (though this is not exhaustive)*

Yes 1

} Go to Q2

No 2

} Thank and close

**2. Could you tell me the name of the company you took the loan out with?**

Enter name:

\_\_\_\_\_

} Recruit to quota and go to Q3

**3. Did you apply online or in a store (e.g. on the high street)?**

Online 1

} Record and go to Q4

In store 2

**4. Have you taken out any other payday loans in the past?**

No – only one payday loan 1

} Recruit to quota and go to Q5

Yes – have had one or more payday loans in the past 2

**5. Have you ever rolled over a payday loan?**

*Recruiter to explain: this is when you do not repay the loan on the original date and roll-over the loan to pay it back at a later date. This will usually incur a set fee of around £20, and additional interest.*

Yes 1

} Recruit to quota and go to Q6

No 2



**6. Can I ask whether you took out the loan to pay for or partially pay for any of the following:**

- Utility bills or other household bills 1
- Household expenses 2
- A special occasion (e.g. Christmas/birthday) 3
- A holiday 4
- Credit card bill/s 5
- Socialising 6
- Other: (please state) 7

---

- Prefer not to say/unspecified 8

} Record all that apply and go to Q7

**7. What is your annual household income after tax?**

- Under £20,000 per annum 1
- £20, 000 - £29, 999 per annum 2
- £30, 000 - £39, 999 per annum 3
- £40, 000 per annum or above 4
- Don't know/Refused 5

} Recruit to quota and go to Q8

**8. Which of the following best describes your ethnicity?**

- White 1
- Black or Black British 2
- Asian or Asian British 3
- Mixed 4
- Other 5
- No response 6

} Record and go to Q9

**9. Confirm gender**

- Male 1
- Female 2

} Record and go to Q10

**10. Could I check your age?**

- Under 18
  - 18-24
  - 25-34
  - 35-44
  - 45-54
  - 55-64
  - 65+
- Thank and CLOSE
- 2
  - 3
  - 4
  - 5
  - 6
  - 7

} Record and go to Q10

11. We would like you to take part in a face to face interview to talk about your views and experiences of payday loans and the companies that provide them. Ultimately this information will be used to help protect the consumer.

60 minutes - in home/More London Place

There is a £45 gift payable to all of those who take part.  
 (If for any reason we need to cancel the interview, we will contact you beforehand and you will still receive £25)

Would you be willing to take part?

Yes	1
No	2

}	Recruit
}	Thank and close

If No, are you willing to say why?.....

.....

**RECONTACT QUESTION**

Thank you for taking part in this research. There may be occasions in the future where we would like to contact you again about research. Would you be happy for us to do this?

Yes	1
No, definitely not	2

}	Record and close
---	------------------

The interview will be held on:

...../...../..... (date), at (time) .....

**Note to recruiter - please remind respondents that we will be recording the subsequent interview with their consent.**

Contact details (e.g. best time of day/number to ring) .....

.....

Address:.....

.....

**THANK AND CLOSE**

# Appendix B: Exploratory qualitative topic guide

## Competition Commission – Payday Loans Research

### Exploratory Depths – Topic Guide v2

**Overall objectives:** Understand the context in which payday lending operates, explore what payday lending is used for, and understand who borrowers are and how they make decisions

**Specific aims for the qualitative strand:**

- Explore the reasons why some customers choose payday borrowing over other types of credit and their use of specific types of lender and products (retail vs. online, classic payday loans vs. instalment loans and “open credit facilities”)
- To understand whether and how customers are choosing between payday loan providers
  - to examine which aspects of payday loans are taken into consideration when making a decision and what relative importance are they accorded at different points in the loan cycle, including: interest rates; fixed fees; cost of roll-over; charges for late repayment; speed of approval; and availability of loan
  - to find out whether customers are able to access and understand the information required to find the best value offer and to make comparisons
  - to understand the extent to which borrowers shop around (and what the objective or perceived costs associated with doing so are)
  - to understand whether customers are using more than one payday lender, and the objective or perceived costs associated with (a) using a different lender when refinancing a loan, and (b) taking out a loan with a different provider when another lender has been used previously
  - to identify other factors affecting this decision making process
- Understand whether there are different types of borrower, in terms of attitudinal and/or behavioral drivers
- To inform the quantitative work on what customer journeys involve, the types of language borrowers use to talk about payday loans and what constitutes ‘good value’, and to give early indications about potential segmentation amongst borrowers

*In the exploratory depths the main focus will be on allowing borrowers to describe their customer journey into payday loans and the extent to which they are making decision on types of loan or between lenders, allowing us to identify the areas that respondents are able to discuss and the language they use to do so. Therefore this document will be used by moderators as a general guide rather than a strict steer, allowing space for the respondent to lead discussion – particularly in the exploratory depths.*

#### 1. Introduction (2 mins)

- Introduce self
- TNS BMRB and aims of research – to understand the payday loans market
- Confidentiality
- MRS guidelines
- Permission to record – members of inquiry team at Competition Commission may wish to listen to anonymised recordings
- Ask respondent to try not to identify people by name/place of work etc. (though reassure that this will be edited out if they do)
- Length of interview – 1 hour

## 2. General background (3 mins)

- Respondent background –
  - Who they live with
  - Current employment and brief employment history
  - How they would describe their financial situation
- Briefly, how would they describe the loan they recently took out with x (*check profile data for lender name given at recruitment e.g. Wonga*)<sup>36</sup>

*Researcher note –this is to check whether respondent sees the loan explicitly as a payday loan or whether it has been marketed or packaged in a different way e.g. short-term, instalment loan, ‘payback’ loan – researcher to use respondent’s terminology instead of ‘payday loan’ throughout*

- *Researcher to confirm* – whether respondent has had only one payday loan or whether they have had one or more in the past

## 3. Customer journey (35 mins)

*Researcher to explain that we now want to map their experience of payday loans, exploring as much as they can remember about the last payday loan they took out. Researcher to show the customer journey map and introduce the stages – why they decided to get the loan, where they got the loan from and what the ‘deal’ was, how they intended to pay it off, and what happened later. If the respondent has had more than one payday loan, explain that we will first talk through the most recent loan and then discuss previous loans.*

### Entry into the market (5 mins)

- Why they decided to get a payday loan  
Spontaneous, then probe:
  - How did they first hear about them
  - What did they want/need the loan for
  - Why did they consider payday loans
- Did they consider any other options; why/why not
  - Alternative types of loan - *allow respondent to describe the alternatives they considered, then probe awareness/understanding of the following: home credit loan, credit card, credit unions, overdraft, pawnbrokers, instalment loan<sup>37</sup>, open credit facility<sup>38</sup>, borrowing from family/friends); why/why not*
  - Possibility of not getting a loan at all – how far did they feel you had a choice (vs. loan was a necessity)
- If this was not their first payday loan, explore reasons for getting their first loan and whether and how different to subsequent ones

### Shopping around (15 mins)

- Explore how respondent decided which lender to go with
  - How many (and which) companies were considered
    - Name the different lenders they have heard of
  - Whether they considered online/retail lenders or both
    - Explore fully – knowledge/experience of both, reasons for choice (if it was a choice), whether explored both and decided on one, reasons for behaviour
    - If different channels for different loans – reasons for this

<sup>36</sup> For reference – some of the names lenders use to describe payday loans include but are not limited to: little loans, unsecured instalment loan, 6/12 month instalment loan, flexcredit, short term loan, cheque-less loan, cheque-based loan, wage day loan, loan via text message, 1 month/3 month loan, Quid loan, Sunny account

<sup>37</sup> Instalment loans are when the amount borrowed is paid back in smaller instalments rather than paid back all at once

<sup>38</sup> An open credit facility is where the borrower has a fixed credit limit, and can draw down the funds into their bank account whenever they want up to the limit

- How long approximately was spent researching different loans
- How did they find out more about the different lenders and loans they offered;
  - Whether looked at lender websites/in store/both
  - Price comparison sites/any other website/s, which ones
  - TV/radio/news/other media
  - Other sources of advice e.g. family/friends
  - What barriers prevented them from seeking out more/other lenders
    - Spontaneous, then probe: good experience with a previous lender, importance of getting the loan quickly, uncertainty over getting loan approval, length of time associated with application process
- What kind of information did they look at in order to make their decision
  - What were the most important factors when choosing a loan
    - Speed of approval/access to funds, fewer credit checks, how much will be repaid in total, fixed fees, cost of roll-over, charges for late repayment, interest rate, reputation of lender, anything else
  - How easy or difficult to understand was the information provided by lenders about their products
  - How easy or difficult was it to compare fees and charges between loans
  - What barriers, if any, prevented them from looking at other information, looking at it in depth, or taking more time to do so
  - Whether access to and understanding of information was influenced by using retail, online or combination of both (e.g. kinds of information given – face to face/printed, time to make decision etc.)
  - Whether they had a fixed amount that they wanted to borrow in mind before they started looking; did this change whilst they were looking into more information; why/why not
  - Whether they had a fixed borrowing period in mind before they started looking; did this change whilst they were looking into more information; why/why not
- Explore roll-overs
  - Whether the respondent was aware of the option of rolling over at the time of taking out the loan. How and at what stage/s in the process was it introduced and discussed; by whom
  - Whether rollover fees compared across lenders
- *Ask respondent to imagine* - If they had been turned down for the loan – or if a loan from their chosen lender was unavailable to them for some reason – what they would have done
- *Or* – If respondent was turned down for a payday loan – what was the reason/their perception of the reason for being turned down
  - What were their next steps

### **Understanding what has been bought (5 mins)**

*In this section pay attention to how respondents express how much they thought the loan was going to cost them when they first took it out*

- Ask respondent to describe how well they understood the loan they chose, and what the 'deal' was (i.e. what they understood the terms of the loan to be and how it was going to work)
  - Did they know
    - what the interest rate was
    - how much they would pay overall; how is this expressed
    - what the repayment date was; how is this expressed
  - Check what respondent thought would happen if...
    - they didn't pay the full amount back in time
    - they needed to push back the date of repayment
    - they didn't pay the loan back at all
      - i.e. did they know how much charges/fees were
  - Did you feel at the time that the loan was 'a good deal' or 'good value'
    - Is this something you look for or think about when taking out loans

- Any other feelings about the loan at this time – before repayment

### **Paying off the loan (10 mins)**

- Explore how they originally intended to pay back the loan
- Ask them to describe what they expected to happen when the repayment date came around
- Explore what actually happened when repayment date came around
  - Did they repay in the way they had planned; why/why not
    - did they rollover the loan, why/why not
    - was this encouraged, if so by whom and what information was provided/presented
    - If rolled over – what did they think about this at the time, what were the charges, did they seem major/significant at the time
  - How similar or different was this experience to other aspects of dealing with your finances – compared to their “usual” behaviour
    - *Explore what is ‘normal’ for them:* e.g. usually late to pay household or credit card bills/usually pay everything on time/first experience managing own finances etc.
  - If they rolled over:
    - How likely did the respondent consider they would be to roll over their loan at the time of taking it out
    - Did they consider taking out a loan with a different payday loan company to pay off the loan instead of extending the original loan, why/why not
    - Did they consider using an alternative type of credit to pay off the loan instead of extending the original loan, why/why not
      - Probe – what was their understanding of how this would work and what costs would be involved
  - How did this experience impact on their attitude to payday loans more generally – i.e. would it make them more or less likely to get another one in the future

For repeat customers (if applicable)

- How did the company approach them
- How long after the first loan
- What amount (same / different)
- Were the loan conditions the same/different

Sections 4 focuses on specific aspects of the customer experience – only cover if not covered already in the customer journey

### **4. Knowledge of other lenders – switching (10 mins)**

*IF RESPONDENT HAS HAD MORE THAN ONE PAYDAY LOAN (otherwise explore hypothetically – ‘in the future if you were to want/need another payday loan’)*

- Check whether all loans have been with the same provider or whether they have used more than one lender; if so which ones
  - Reasons for switching
- If respondent hasn’t switched, what are the reasons for staying with the same lender
- If respondent switched or considered switching to a different lender – explore how they went about this
  - What information was sought; how long did it take
  - Were there any barriers to doing so
    - Spontaneous, then probe: hassle/length of time of going to application process, any negative effects of being a repeat borrower
  - If there were any barriers, at what stage in the process were they discovered

*If not already mentioned:*

- Explore attitude towards paying off one payday loan by taking another payday loan out with a different provider



- Whether experienced more direct / different kind of marketing once they had taken one payday loan;
  - Ask to describe the marketing materials (i.e. channel, frequency, tone)
  - How far this impacted decision to take another loan

### **5. Marginal cost – testing acceptable limits (5-7 mins)**

*In this section explain that we want to understand how much is too much to pay back on a payday loan. Ask respondent to imagine they are going to take out a payday loan for £200, for 1 month. At what point would the amount to be repaid be too high that they would no longer consider taking out the loan – ask respondent to give an amount spontaneously; if they cannot, rise in increments of £10 from £210 to identify a cut-off point. Allow for possibility that there is no cut off.*

- *If the cut-off is below what the respondent actually borrowed – challenge respondent and explore discrepancy (i.e. is it due to experience of the loan; how realistic)*

### **6. Cognitive testing of price-sensitivity question (for survey)**

*Refer respondent back specifically to their most recent loan and check how much they paid for it. Then ask:*

- What would you have done if the cost of taking it out the loan had been more expensive?  
So - you said you paid £X for your loan. What would you have done if it had cost £X + £10? *Rise in increments of £10*

*If they say they would have taken out a payday loan with an alternative provider, then ask:*

- What would you do if all providers charged this amount?

### **7. Wrap up (3 mins)**

- How would they summarise their experience of payday loans
  - How does experience of payday loans compare to other forms of borrowing they have experienced
  - Whether payday loans are seen as different in kind to other forms of credit – or one option amongst many
- How would they describe their attitude now towards payday loans
- Any final comments or questions about the research
  
- Thank and close



Signed:.....

Print name:..... Date:.....

BACKCHECKED.....

Signed:.....Print name:.....

“Good morning/afternoon, I’m from TNS BMRB, an independent research organisation. We have been asked to undertake research on behalf of the Competition Commission. The aim of the research is to understand how consumers view the payday loans market and what people’s experiences are of payday loans. This will help the Competition Commission decide whether payday loans companies are operating in a fair way and provide information for improvements that will ultimately benefit consumers. You should have received a letter recently explaining this research.

The research is completely anonymous. Any of the information you share with TNS-BMRB will be kept completely confidential, and your personal details will not be passed on to the Competition Commission. TNS-BMRB is totally independent of the Competition Commission.

I would like to ask you some questions to see whether you would be eligible to take part in a 60 minute face-to-face interview. You would be given a £45 thank you payment for your participation in the interview.

Are you willing to answer some questions? You can opt out of any question if you so wish.

- Yes            1
- No             2

*If necessary* - Your name has been selected at random from <Company name from sample>’s records in accordance with data protection regulations. Under the terms of the Data Protection Act 1998, the Competition Commission is allowed to request personal information from organisations in order to carry out its statutory functions. This applies even though you might have opted out of further communication at the time of your agreement with <Company name>.

Recruiter information - If respondents have any concerns or want more information about the study, please give them Emily Fu’s phone number and she will call them back.

Emily Fu  
Tel: 0207 656 5795

Please contact Gary Bright if there are any other questions.

---

Explain to everybody

- The nature of the methodology – e.g. depth interviews
- Confidentiality and anonymity of respondents
- That depths/groups will be recorded

- About TNS-BMRB
- If TNS BMRB has to cancel the interview (for over-recruits ONLY) we will pay £25

Note: If respondent does not want to participate could you ask them to please provide a reason as to why and record their answer below:

---



---

**Recruiter please fill in – PLEASE REFER TO SAMPLE**

**12. Can I just check that you took out a loan with <NEW\_NAME> on <Date on which most recent payday loan issued>?**

Confirm details

If not, explain: you may have bought this loan through a broker or third party, so it may not have been <NEW\_NAME> that you would have dealt with up front (brokers also charge a fee at the time of taking out the loan).

Check whether they took out loan and note name of broker

---

**13. For that particular loan, did you apply online or in a shop (e.g. on the high street)?**

Online	1
In store	2

} Record and go to Q3
-----------------------

**RECRUITER TO EXPLAIN -**

***A payday loan typically involves borrowing up to £1,000 which is either paid back within a month, or by instalments over a period of up to a year. Sometimes payday loans may be called something else – for example, little loans, express loans, wage day loans, short term loans, instalment loans, cash advances or payday advances.***

FOR Q3-5: Recruiter to double check answer - respondent may have had more than one loan with the same lender, but sees it as one loan only.

Also ask respondent to think back as to whether they may have had any payday loans with other companies in the past.

**14. Have you taken out any other payday loans in the past?**

No – I have only had one payday loan	1
Yes – have had one or more payday loans in the past	2
Don't know – return to explanation/allow time for respondent to recall number; if they cannot ask them for their best estimate	

} Double check; if 1 recruit to quota and go to Q6, if 2 go to Q4
---

**15. Think back to the past 2 years, how many payday loans have you taken out in total over this time?**

**Please take a moment to think about this carefully**

2-3	1
4+	2
Don't know – return to explanation/allow time for respondent to recall number; if they cannot ask them for their best estimate	

} Double check; if 1 recruit to quota and go to Q6, if 2 go to Q5

**16. Thinking back to just the past 12 months, how many payday loans have you taken out in total?**

1-3	1
4+	2

} Double check; if 1 thank and close, if 2 go to Q6

**17. Have you ever rolled over a payday loan?**

*Recruiter to explain: this is when you do not repay the loan on the original date and roll-over the loan to pay it back at a later date. This will usually incur a set fee.*

Yes	1
No	2

} Recruit to quota and go to Q7

**18. Can I ask whether you took out your most recent loan with < NEW\_NAME>to pay for or partially pay for any of the following:**

Utility bills or other household bills	1
Household expenses	2
A special occasion (e.g. Christmas/birthday)	3
A holiday	4
Credit card bill/s	5
Other loans	6
Socialising	7
Other: (please state)	8
_____	8
Prefer not to say/unspecified	9

} Record all that apply and go to Q8

**19. What is your annual household income after tax?**

Under £20,000 per annum	1
£20, 000 - £29, 999 per annum	2
£30, 000 - £39, 999 per annum	3
£40, 000 per annum or above	4
Don't know/Refused	5

} Recruit to quota and go to Q9

**20. Which of the following best describes your ethnicity?**

White	1
Black or Black British	2
Asian or Asian British	3

} Record and go to Q10

Mixed	4
Other	5
No response	6

**21. Confirm gender**

Male	1
Female	2

} Record and go to Q11

**22. Could I check your age?**

- Under 18
- 18-24
- 25-34
- 35-44
- 45-54
- 55-64
- 65+

Thank and CLOSE  
2  
3  
4  
5  
6  
7

} Record and go to Q12

**23.** We would like you to take part in a face to face interview to talk about your views and experiences of payday loans and the companies that provide them. Ultimately this information will be used to help protect the consumer. This would be followed up by one or two quick catch-ups by telephone with the researcher, to last no more than 20 minutes in total.

60 minutes - in home/More London Place/neutral location

There is a £45 gift payable to all of those who take part. (Please explain that £15 will be paid at the interview and the remaining £30 will be sent after the follow up phone calls have taken place)

Would you be willing to take part?

Yes	1
No	2

} Recruit

} Thank and close

If No, are you willing to say why?.....

.....

**RECONTACT QUESTION**

Thank you for taking part in this research. There may be occasions in the future where we would like to contact you again about research. Would you be happy for us to do this?

Yes	1
No, definitely not	2

Record and close

The interview will be held on:

...../...../..... (date), at (time) .....

**Note to recruiter - please remind respondents that we will be recording the subsequent interview with their consent.**

Contact details (e.g. best time of day/number to ring) .....

.....

E-mail address:.....

Address:.....

.....

**THANK AND CLOSE**

# Appendix D: Main stage qualitative topic guide

## Competition Commission – Payday Loans Research

### Main stage Depths – Topic Guide V3

**Overall objectives:** Understand the context in which payday lending operates, explore what payday lending is used for, and understand who borrowers are and how they make decisions

**Specific aims for the qualitative strand:**

- Explore the reasons why some customers choose payday borrowing over other types of credit and their use of specific types of lender and products (retail vs. online, classic payday loans vs. instalment loans and “open credit facilities”); exploring knowledge of, access to and attitudes towards other forms of borrowing; and the extent to which they are seen as alternatives to payday loans
- Examine whether customers appear to be over-optimistic about their ability to repay at the time of taking out a loan, and how much attention they pay to the costs involved if they are unable to repay on time
- To understand whether and how customers are choosing between payday loan providers
  - to examine which aspects of payday loans are taken into consideration when making a decision and what relative importance are they accorded at different points in the loan cycle, including: interest rates; fixed fees; cost of roll-over; charges for late repayment; speed of approval; and availability of loan
  - to find out whether customers are able to access and understand the information required to find the best value offer and to make comparisons. Do people stay with the same lender because it is difficult to work out whether / how much they would save if they went to a different lender?
  - to understand the extent to which borrowers shop around (and what the objective or perceived costs associated with doing so are)
  - to understand whether customers are using more than one payday lender, and the objective or perceived costs associated with (a) using a different lender when refinancing a loan, and (b) taking out a loan with a different provider when another lender has been used previously (or, alternatively, the benefits of staying with the same lender)
  - to identify other factors affecting this decision making process
- Understand whether there are different types of borrower, in terms of attitudinal and/or behavioral drivers, e.g. reason for the loan and perception of need
- To explore differences between serial borrowers and less regular customers, and those who roll-over their loans and those who do not
  - Is this an intermediate stage between paying one loan off in full and regularly rolling over / taking out loans from different companies

#### 1. Introduction (2 mins)



- Introduce self
- TNS BMRB and aims of research – to understand the payday loans market
- Confidentiality
- MRS guidelines
- Permission to record – members of inquiry team at Competition Commission may wish to listen to anonymised recordings
- Ask respondent to try not to identify people by name/place of work etc. (though reassure that this will be edited out if they do)
- Length of interview – 1 hour

## 2. General background (10 mins)

- Respondent background –
  - Who they live with
  - Current employment and brief employment history
  - How they would describe their financial situation

*NOTE TO RESEARCHERS – this question is to determine whether people explicitly define their loan as a payday loan*

*Researcher to explain [CHECK FROM PROFILE SHEET] – in <DATE> you may remember that you took out a loan with <LENDER>*

- How would they describe what type of loan this was
- What would they call it

Depending on whether they use the term pay day loan-

- Why – what makes it a payday loan, OR
- If not, why not
  - what is a payday loan to them
  - what distinguishes this loan from a payday loan

*Researcher to confirm number of loans from profile sheet is correct – spend some time to sketch out all the loans along a time scale with approximate dates.*

- Obtain a loan history (past two years)
- Whether they've had any similar loans in the past (or other loans they may not see as pay day loans)
  - Briefly; terms of loan/type of loans
  - When/for how long/how much for
  - With which lender (retail/online)
  - What the loan was for
  - Whether paid back/rolled over

## 3. Customer journey

*For new users: explore first loan only. For those with more than one loan: explore reasons for initial entry into market, and then repeat for the most recent payday loan.*

*Researcher to explain that we now want to map their experience of payday loans, exploring as much as they can remember about: reasons for getting the loan, where they got the loan from and what the 'deal' was, how they intended to pay it off. Ask respondent to as far as possible try to remember how they felt during the period they were considering getting a loan, and at the point of actually applying for the loan.*

### Entry into the market (5 mins)

- Why they first decided to get a payday loan  
Spontaneous, then probe:

- How did they first hear about them
- What did they want/need the loan for
- Why did they consider payday loans
- Did they consider any other options; why/why not
  - Alternative ways of getting the money

*Spontaneous, then probe:*

  - Bank loan/overdraft (new/existing)/selling something at pawnbrokers/eBay etc/home credit loan/credit card (new/existing)/borrowing money from friends or family

*Researcher to introduce show cards of alternatives and ask respondent to talk through which ones they've used and when/for what, building on previous discussion. If they haven't/wouldn't use, note reasons (and level of access respondent has or thinks they have to each kind of credit (excluded/assumption of exclusion/don't want to use to some reason)).*

*Leave out any that respondent is unfamiliar with. Ask respondent to group the cards into different kinds of borrowing, according to what they see as the key characteristics – allow them to define the groups themselves. Ask why they've grouped this way*

- Whether/how far it would have been possible not to have taken out the loan
  - Whether they considered not getting the loan
  - What they think they would have done if they couldn't get the money through a PDL

*If respondent has had more than one loan, repeat this section for most recent loan*

### **Shopping around (15 mins)**

- Explore how respondent decided which lender to use
  - Which companies were considered (ask respondent to name them)
    - Name all the different lenders they have heard of
  - Whether they considered online/retail lenders or both
    - Explore fully – knowledge/experience of both, reasons for choice (if it was a choice), whether explored both and decided on one, reasons for behavior/preference
    - If different channels for different loans – reasons for this
    - If have only used one channel – would they consider using the other; why/why not
  - If retail only – is there anything else offered in the high street shop they used to use/are continuing to use e.g. money transfers, pawnbrokers etc.
    - Whether this is a draw for getting loans here
  - Whether they think they can get the same loan online as they can in a high street shop
    - If not, what would be different

*Spontaneous, then probe:*

    - anonymity, likelihood of getting credit, speed, terms of the loan, not getting the same deal if the same lender
- How long approximately was spent researching different loans
- How did they find out more about the different lenders and loans they offered;
  - What specifically did they look at on the website/in store
  - Price comparison sites/any other website/s, which ones
  - TV/radio/billboards/news/other media
  - Other sources of advice e.g. family/friends
  - What barriers prevented them from seeking out more/other lenders
    - Spontaneous, then probe: good experience with a previous lender, importance of getting the loan quickly, uncertainty over getting loan approval, length of time associated with application process

- What kind of information did they look at in order to make their decision
  - What were the most important factors when choosing a loan
    - Spontaneous, then probe if needed:
      - Speed of approval/access to funds, fewer credit checks, how much will be repaid in total, fixed fees, cost of roll-over, charges for late repayment, interest rate, reputation of lender, anything else
  - How easy or difficult to understand the information provided by lenders about their products
  - Were you able to compare fees and charges between loans; how
  - What barriers, if any, prevented them from looking at other information, looking at it in depth, or taking more time to do so
  - Whether access to and understanding of information was influenced by using retail, online or combination of both (e.g. kinds of information given – face to face/printed, time to make decision etc.)
    - If respondent used both, compare the two experiences in terms of information sought/provided; effect of this
  - Whether they had a fixed amount that they wanted to borrow in mind before they started looking; did this change whilst they were looking into more information; why/why not
  - Whether they had a fixed borrowing period in mind before they started looking; did this change whilst they were looking into more information; why/why not

*Ask respondent to imagine –*

- If they had been turned down for the loan – or if a loan from their chosen lender was unavailable to them for some reason – what they would have done

**Or – If respondent was turned down for a payday loan –**

- What was their perception of the reason for being turned down
  - What were their next steps

### **Understanding what has been bought (5 mins)**

*In this section focus on how respondents express how much they thought the loan was going to cost them when they first took it out. Remind them to think about how they felt and what they were thinking at the time of taking out the loan rather than what they found out later.*

- Ask respondent to describe how they understood the loan they chose, and **what the 'deal' was** (i.e. what they understood the terms of the loan to be and how it was going to work)
  - How would they describe
    - the interest rate
    - how much they would pay back
  - Whether they took out a loan with a broker or with the lender themselves (*explain that with a broker: the name of the company that arranged their loan may have been different from that of the lender; they may have charged an upfront fee at the time of taking out the loan; they may have used a price comparison site*)
    - If experienced any of these - what they thought this meant
    - Whether they are aware of brokers

STIMULUS A – SHOW RESPONDENT PRICE COMPARISON SCREENSHOT

- Check what respondent thought would happen if...
  - they did not pay the full amount back in time
  - they needed to push back the date of repayment
  - they did not pay the loan back at all
    - i.e. did they know how much charges/fees were
- Did they feel at the time that the loan was 'a good deal' or 'good value'
  - How relevant is this in relation to this experience, or taking out loans in general
- Once they had got the loan - how did they feel about the loan at this time (before repayment)

### **Paying off the loan (5 mins)**

- Explore how they originally intended to pay back the loan.
- Did they consider the possibility that they might need to extend at the time of taking out the loan?
- Whether they factored the repayment into their budget for the next month
- Ask them to describe what they expected to happen when the repayment date came around
- Explore what actually happened when repayment date came around
  - Did they repay in the way they had planned; why/why not
    - did they rollover the loan, why/why not
    - was this encouraged, if so by whom and what information was provided/presented
    - If rolled over – what did they think about this at the time, what were the charges, did they seem major/significant at the time
  - Whether the cost of repayment was more than expected/a surprise
    - If so, what impact this had, i.e. after repaying the loan, did they have enough money to get by the following month
  - How similar or different was this experience to other aspects of dealing with your finances – compared to their “usual” behaviour
    - *Explore what is ‘normal’ for them:* e.g. usually late to pay household or credit card bills/usually pay everything on time/first experience managing own finances etc.

### **4. Experience of rollover (5 mins)**

*Researcher to first to discuss most recent loan but to also examine whether and why previous loans have been rolled over*

- Check whether respondent has ever rolled over a loan
- How frequently they have rolled over – whether habitual or one-off
- For last time they rolled over -
  - Why; at what point they decided/expected to do so
  - What was the process
  - What were the charges
  - Whether the respondent was aware of the option of rolling over at the time of taking out the loan. How and at what stage/s in the process was it introduced and discussed; by whom
  - Whether rollover fees compared across lenders; why/why not
- What was the effect of rolling over on your finances – did it feel manageable/affordable
- Whether had any other loans (payday or other) at the same time – how these two loans interacted or overlapped
  
- Did they consider taking out a loan with a different payday loan company to pay off the loan instead of rolling over the original loan, why/why not
- Did they consider using an alternative type of credit to pay off the loan instead of extending the original loan, why/why not
  - Probe – what was their understanding of how this would work and what costs would be involved

### **Reflecting on the loan**

ASK ALL RESPONDENTS –

- Imagine yourself back in the situation when you first decided to get the loan under discussion – would they do anything differently?
- What would be different?  
SPONTANEOUS, then probe:
  - Same/different lender
  - Time spent researching loans/alternatives
  - Decision to take the loan out at all

- Check what the maximum amount would be for the same loan in the same circumstances

## 5. Knowledge of other lenders – switching (10 mins)

*If not already covered -*

### Once loan was paid off -

- Whether they were approached by the same lender again
- How did the company approach them (i.e. channel, frequency, tone)
- How long after the first loan
- What amount (same / different)
- Were the loan conditions the same/different
- Whether this impacted on their decision to take out another loan

### FOR NEXT SECTIONS – ONLY COVER IF NOT ALREADY DISCUSSED-

*IF RESPONDENT HAS HAD MORE THAN ONE PAYDAY LOAN, refer back to initial map and explore junctures between loans (whether they are with same lender or with a different one).*

*(If respondent is a new user explore switching hypothetically – ‘in the future if you were to want/need another payday loan’)*

- If respondent has used more than one lender;
  - Which ones
  - Reasons for switching
- If respondent switched or considered borrowing from different lender – explore how they went about this
  - What information was sought; how long did it take
  - Were there any barriers to doing so
    - Spontaneous, then probe: hassle/length of time of going to application process, any negative effects of being a repeat borrower
  - If there were any barriers, at what stage in the process were they discovered
- Whether they have ‘shopped around’ when not actually specifically looking for a loan
  - What were they looking for
  - How did this experience differ from that of taking out a loan
- If respondent hasn’t switched, or has taken out multiple loans with one lender, (but has switched before/after)
  - What are the reasons for staying with the same lender; *SPONTANEOUS, THEN PROBE*
  - Would they expect to get a better ‘deal’ elsewhere e.g. lower interest, lower fees
  - How would they describe their relationship with the lender
    - How do they communicate with them (i.e. SMS/phone/online); why/what effect does this have
    - How does this change/develop over time (positively/negatively);
    - Reasons
  - What put/s you off about approaching a different lender

### Ask all respondents who have taken out more than one loan:

*Return to customer journey map and look at previous loans – challenge on:*

- Whether gaps between loans have been staying the same or shortening
- Reasons for change

*Re-visit the reasons for the different loans*

- Whether reasons for getting loan have remained the same or have changed
- Reasons for change

## 6. SCREENSHOTS – 6 mins (if time)

***Introduce stimulus B (as appropriate to the lender used).***

***Refer back to previous discussion as necessary. Ask respondent to talk through what they remember about how they used the site, or if they struggle, to talk through how they would use the site if they were taking a loan out now.***

- Check familiarity with the page; whether it was what it looked like when they took out the loan
- Respondent to talk through -
  - What information/areas they are drawn to first
  - How they used the sliders – probe fully
    - how many different options did they enter
    - what range – of amount; length of time
    - how far it impacted on amount borrowed/time
  - How much of the information on this screen did they read – what specifically
    - Any areas of confusion - what
- Which areas they did not look at (spontaneous, then refer to area of screen not discussed)
  - Why not  
Spontaneous, then probe
    - Not noticed; didn't seem relevant; ignored on purpose
  - Check understanding of example
- How long they spent on this page
  - What they clicked on/what they did next
- Overall view of the webpage
  - How it impacts on perception of lender
  - How easy or difficult to understand the information is
  - Whether they feel enough information is provided up front
    - Why/why not – what else should be included if anything

#### **7. Wrap up (3 mins)**

- How would they summarise their experience of payday loans
  - How does experience of payday loans compare to other forms of borrowing they have experienced
  - Whether payday loans are seen as different in kind to other forms of credit – or one option amongst many
- How would they describe their ideal payday loans lender – what do they look like; what do they want from them
- How would they describe their attitude now towards payday loans, having this experience would they take out a payday loan again
- Any final comments or questions about the research

**Thank and close**

# Appendix E: Follow-up qualitative topic guide

## Competition Commission – Payday loans research

### Qual telephone follow-ups – topic guide v2

#### Aims:

**Overall objectives:** Understand the context in which payday lending operates, explore what payday lending is used for, and understand who borrowers are and how they make decisions

**Specific aim of teledepths:** to monitor the progress of payday loan behaviour with participants of the main stage fieldwork, focusing on the impact of circumstantial changes in relation to repayment (and intentions) and/or attitudes to payday loans.

*Timings – up to 30 mins depending on complexity of case*

#### Introduction

- Thank again for participation in research
- Remind time since interview – e.g. 3 weeks
- Remind confidentiality and MRS guidelines
- Permission to record

#### Main discussion

- What has changed since last time
  - Any changes in circumstances
- How respondent is faring financially
  - Probe: in run up to Christmas; any changes

*Researcher to refer to interview notes*

- Refer back to respondent's loan status at time of interview:
  - (If applicable) For **any loans outstanding** – what happened
    - Whether paid back/rolled over/defaulted
    - If actions diverged from stated plans- why; i.e. 'originally you were planning to repay...what happened'
    - How confident had respondent been in original plan to pay back
      - Whether it was more difficult to repay than had originally envisaged
      - If so, why
    - If repaid on time, whether it was the amount they expected
    - If respondent paid any late or refinancing charges, whether these were as expected
      - Whether respondent knew about these at the time of taking out the loan, or whether only discovered at the time of repaying late
  - Check whether respondent has **any new payday loans**, if so-
    - Reason for loan
    - With which lender
    - Explore reasons for choosing the lender (note whether same/new lender)
      - If the same, why they decided to stay with the same lender rather than choosing another
      - If different, how they chose the lender; why they decided to change
    - Amount borrowed – more or less than 'usual'
    - How intend to pay back
      - Confidence in ability to repay
    - If actions diverged from stated plans- why
  - Check whether respondent has used **any alternative credit**
    - e.g. credit union, mainstream finance, borrowing from friends/family
    - If so – what prompted this
      - Probe: experience of payday loan
    - Whether/how this compared to experience of payday loans

#### Reflections



- Attitude to payday loans now
  - Whether stayed the same/differed,
  - why/why not
  - If respondent were to take the original decision to borrow again, would they make the same choice? What if anything would they do differently?
- Next steps research
- Any questions/comments
- Incentive to be posted
- Thank and close

# Appendix F: Quantitative main stage questionnaire

## PAYDAY LENDING – MAIN STAGE QUESTIONNAIRE

### INTRODUCTION

Good morning/afternoon/evening. My name is ... and I am calling from TNS BMRB, an independent research organisation.

Am I speaking to [NAME FROM SAMPLE]? IF YES: CONTINUE WITH INTRODUCTION.  
IF NO, ASK TO SPEAK TO [NAME FROM SAMPLE]. IF THIS PERSON IS NOT KNOWN, RECORD AN UNPRODUCTIVE OUTCOME.

DO NOT CONTINUE WITH INTRODUCTION UNTIL SPEAKING TO CORRECT PERSON.

We are carrying out research for the Competition Commission in relation to the Payday Lending Market. Your details have been passed to them by [NAME OF LENDER] as one of their customers.

Would you be able to spare around 20 minutes to answer some questions?

LIST OF OUTCOMES:

1. Continue
2. Not available – make appointment
3. Business number
4. New telephone number
5. Respondent hard refusal
6. Deferral
7. Moved (use ONLY if moved – NOT for other reasons)
8. Died (use ONLY if died – NOT for other reasons)
9. Unknown at number
10. Respondent incapable of interview
11. Duplicate number
12. Request for email copy of letter

#### **IF CODES 5 or 6 (Refusal or Deferral):**

**Qrefwhy.** INTERVIEWER: PLEASE CODE REASON FOR REFUSAL / DEFERRAL.

OPEN RESPONSE.

#### **IF CODE 12 (copy of letter requested):**

**Qemail.** PLEASE ENTER RESPONDENTS EMAIL ADDRESS SO THEY CAN BE SENT A COPY OF THE LETTER.

ENTER EMAIL ADDRESS.

## SECTION 1: SCREENING

### ASK ALL

**Qsc1.** According to our records you took out a loan [IF LOAN AMOUNT IN SAMPLE > 0: for [loan amount in sample]] from [name of sampled lender] on [date of sampled loan]. Is this correct?

INTERVIEWER: IF RESPONDENT SAYS THAT THIS WAS A TOP-UP LOAN PLEASE CODE AS 'YES' AND SAY THAT WE REFER TO THIS AS A PAYDAY LOAN FOR THE PURPOSE OF THIS INTERVIEW.

IF RESPONDENT SAYS THAT LOAN DETAILS ARE SLIGHTLY WRONG OR IS NOT SURE OF DETAILS BUT SAYS THIS IS ROUGHLY CORRECT SELECT CODE 2.

1. Yes – details correct
2. Details roughly correct
3. No
4. Don't know

**IF Qsc1 = 1 or 2: CONTINUE TO SECTION 2**

**IF Qsc1 = 3 ASK Qsc2, SCREEN OUT**

### ASK IF Qsc1 = 3 or 4

**Qsc2.** Have you taken out a payday loan from a lender at any time since 1<sup>st</sup> September 2012? This could either be from a high street lender or an online lender.

1. Yes
2. No
3. Don't know

**IF Qsc2 = 1 or 2 or 3:**

Thank you but we do not need to ask you any further questions on this occasion.

THANK AND CLOSE.

## SECTION 2 - QUESTIONS ON SAMPLED LOAN

### ASK ALL

**Intro1.** I am now going to ask you some questions about the loan you took out from [name of sampled lender] on [date of sampled loan]. I will sometimes refer to this as a 'payday loan' during the interview. Please only think about this loan and not any others you may have taken out unless I specifically ask you to consider other loans.

### **SECTION 2a - BACKGROUND TO THE LOAN**

#### ASK ALL

**Qpdsa1.** Can I just check, was this your first payday loan, or had you taken out other payday loans before this, either with the same lender or with another lender? Please think about any payday loans you may have taken out including instalment loans offered by payday lenders, which could be taken out for a period of up to a year.

IF NOT SURE: Had you taken out any other payday loans before [date of sampled loan]?

IF TAKEN OUT OTHER PAYDAY LOANS: And were these other loans all with [name of sampled lender] or have you taken out other payday loans with a different lender?

1. First payday loan taken out [SINGLE CODE]
2. Had taken out other payday loans before this – with same lender [MULTICODE]

3. Had taken out other payday loans before this – with other lenders [MULTICODE]
4. Don't know
5. Refused

**ASK IF Qpdsa1 = 1 or DK or REF**

**Qpdsa2.** And is the loan you took out with [name of sampled lender] on [date of sampled loan] the only payday loan you have taken out – or have you taken out any other payday loans since this?

INTERVIEWER: INCLUDE ANY LOANS TAKEN OUT AT THE SAME TIME.

1. Only payday loan taken out [SINGLE CODE]
2. Taken out other payday loans since this - with same lender [MULTICODE]
3. Taken out other payday loans since this – with other lenders [MULTICODE]
4. Don't know
5. Refused

**ASK ALL**

**Qpdsa3.** What did you use the money you borrowed for?

IF RESPONDENT SAYS THEY HAVE NOT YET USED THE MONEY YET ASK: What do you plan to use the money for?

IF NECESSARY: Please also include anything you partly used the money you borrowed for.

DO NOT PROMPT. CODE ALL THAT APPLY.

1. Rent or mortgage payments
2. Living expenses – e.g. food, groceries,, household or utility bills
3. General shopping – e.g. clothes/household items
4. Repair/replace broken household items
5. Car / vehicle
6. Medical/dental/vet bill
7. Present / gift
8. A holiday
9. Going out or socialising
10. To pay off another payday loan
11. To pay off other debts (not a payday loan)
12. Other (specify)
13. Don't know
14. Refused

**ASK ALL**

**Qpdsa4.** And, can I just check, would you say that this was something...

READ OUT AND SELECT ONE.

IF NOT SURE: Please pick the statement that you feel best describes your situation at the time you took out the loan.

[REVERSE ORDER OF CODES 1-3 IN HALF OF INTERVIEWS].

1. That you definitely couldn't have gone without
2. That you could possibly have gone without
3. Or that you could easily have gone without?
4. SPONTANENOUS ONLY: None of these/too difficult to say
5. Refused

**ASK ALL**

**Qpdsa5.** At the time you took out the loan, how did you intend to repay it?

DO NOT PROMPT. CODE ALL THAT APPLY.

1. From wages or other earnings
2. From savings
3. From borrowing money from friends or family
4. From taking out another loan
5. From selling something
6. From some other source (specify)
7. Don't know
8. Refused

**ASK ALL**

**Qpdsa6.** Did you need this loan because of...

READ OUT AND CODE ALL THAT APPLY (FOR CODES 1-2).

[REVERSE ORDER OF CODES 1-2 IN HALF OF INTERVIEWS].

1. An unexpected increase in expenses or outgoings [MULTICODE]
2. An unexpected decrease in income [MULTICODE]
3. Or neither of these [SINGLE CODE]?
4. Don't know
5. Refused

**ASK IF Qpdsa6 = 1 or 2**

**Qpdsa7.** And did you believe that this change in your financial circumstances would be temporary or permanent?

SINGLE CODE.

1. Temporary
2. Permanent
3. SPONTANEOUS ONLY: Did not know at the time
4. Refused

**ASK IF Qpdsa1 = 2 or 3**

**Qpdsa8.** Did you need to repay a previous payday loan in the month before taking out this loan with [name of sampled lender]?

1. Yes
2. No
3. Don't know
4. Refused

**SECTION 2b - OTHER WAYS OF GETTING THE MONEY**

**ASK ALL**

**Qpdsb1.** If you had not been able to get a payday loan on this occasion, what do you think you would have done instead?

DO NOT PROMPT AND CODE ONE ONLY.

1. Gone without
2. Sold something
3. Used savings I already had

4. Saved up until I had the money
5. Borrowed from friends/family
6. Asked a friend or relative to give you the money or buy things on your behalf
7. Borrowed in some other way/overdraft/credit card/pawnbroker
8. Defaulted on another loan/bill/payment
9. Something else (specify)
10. SPONTANEOUS ONLY: Don't know/too hard to say
11. Refused

**ASK IF Qpdsb1 = 7**

**Qpdsb2.** And how do you think you would have been most likely to borrow the money?

DO NOT PROMPT. CODE ONE ONLY.

1. Credit card
2. An overdraft
3. Home credit (a company that collects payments from your home)
4. Pawnbroker loan
5. Credit union loan
6. Bank or building society loan
7. Unlicensed lender (loan shark)
8. DWP crisis loan or the Social Fund
9. Retail credit (e.g. goods bought on mail order or on finance)
10. SPONTANEOUS ONLY (DO NOT READ OUT): Depends on the amount needed/varies too much to say
11. None of these
12. Don't know
13. Refused

**ASK ALL**

**Qpdsb3.** Now please think about any other options that you had instead of taking out a payday loan. I'm interested in whether you feel you could have borrowed the money in a different way. We want to know whether you could have used each option, regardless of whether you actually would have considered this.

READ OUT AND CODE FOR EACH.

INTERVIEWER: IF RESPONDENT SAYS THAT THEY CAN'T SAY / DON'T KNOW / ARE NOT SURE USE THE DK CODE.

[RANDOMISE ORDER OF ITEMS].

[LOOP OF STATEMENTS WITH RESPONSE CODED FOR EACH].

- Could you have used a credit card?
- Could you have used an overdraft?
- Could you have used home credit (a company that collects payments from your home)?
- Could you have used a pawnbroker loan?
- Could you have used a credit union loan?
- Could you have used a bank or building society loan?
- Could you have used an unlicensed lender (loan shark)?
- Could you have used a DWP crisis loan or the Social Fund?
- Could you have used retail credit (e.g. goods bought on mail order or on finance)?
- Could you have borrowed money from friends and family?

1. Yes - definitely could have used this option
2. No – definitely could not have used this option
3. Don't know

**ASK IF ITERATION 2 (overdraft) AT Qpdsb3 = 1 (Yes – definitely)**

**Qpdsb3a.** You said you could have used an overdraft to borrow the money. Would this have required you to go over your overdraft limit (i.e. it was an unauthorised overdraft)?

1. Yes
2. No
3. Don't know
4. Refused

**ASK IF Qpbsb3 = CODE 1 FOR ANY OF ITERATIONS CODE 1-9 (I.E. EXCLUDES THOSE WHO ONLY SELECT CODE 1 IN RELATION TO 'BORROWING MONEY FROM FRIENDS AND FAMILY)**

Thinking about the alternatives you said you could have used to borrow the money. This includes...

[LIST FILTERED TO ONLY INCLUDE ITEMS WHERE Qpbsb3 = 1]

A credit card  
An overdraft  
Home credit  
A pawnbroker loan  
A credit union loan  
A bank or building society loan  
An unlicensed lender (loan shark)  
A DWP crisis loan or the Social Fund  
Retail credit

**ASK IF Qpbsb3 = CODE 1 FOR ANY OF ITERATIONS CODE 1-9 (I.E. EXCLUDES THOSE WHO ONLY SELECT CODE 1 IN RELATION TO 'BORROWING MONEY FROM FRIENDS AND FAMILY)**

**Qpdsb6.** Why did you decide to take out a payday loan rather than using the alternative(s) you said you could have used?

DO NOT PROMPT. CODE ALL THAT APPLY.

1. Couldn't/wouldn't get approval
2. Amount was too small to borrow
3. Couldn't get money as quickly
4. More expensive
5. Less convenient
6. Had bad experience with other forms of credit/borrowing before
7. Had positive experience with payday loans before
8. Didn't want to enter into a long term commitment
9. Other (specify)
10. Don't know
11. Refused

**ASK IF Qpbsb3 = CODE 1 FOR ANY OF ITERATIONS CODE 1-9 (I.E. EXCLUDES THOSE WHO ONLY SELECT CODE 1 IN RELATION TO 'BORROWING MONEY FROM FRIENDS AND FAMILY)**

**Qpdsb7.** Did you get as far as finding out information to compare the pros and cons of the alternative(s) against the pros and cons of a payday loan?

IF YES AND MORE THAN ONE ALTERNATIVE LISTED: Which ones?

[LIST TO DISPLAY ONLY ITEMS CODED TO CODE 1 AT Qpdsb3].  
[RANDOMISE ORDER OF CODES 1-9].

1. A credit card
2. An overdraft
3. Home credit (a company that collects payments from your home)
4. A pawnbroker loan
5. A credit union loan



6. A bank or building society loan
7. A loan from an unlicensed lender (loan shark)
8. A DWP crisis loan or the Social Fund
9. Retail credit (e.g. goods bought on mail order or on finance)
10. None of these
11. Don't know
12. Refused

**ASK ALL**

**Qpdsb10.** Now consider a scale of 1-5, where 1 means that taking out a payday loan was your first choice for providing the money you needed and 5 means that a payday loan was the last resort for providing the money. Where would you place yourself on the scale when you took out this loan?

First choice					Last resort
1	2	3	4	5	

Don't know  
Refused

***SECTION 2c - THE IMPORTANCE OF DIFFERENT FEATURES OF THE PAYDAY LOAN***

**ASK ALL**

I am now going to ask you some more questions on the loan you took out from [name of sampled lender] on [date of sampled loan].

**ASK ALL**

**Qpdsc1.** When you were taking out your payday loan, how important was:

[RANDOMISE ORDER OF ITEMS]

- Ease of the application process
- Speed of getting the money
- The amount you could take out
- The total cost of the loan
- Repayment flexibility
- The reputation of the lender
- Being able to apply for the loan [IF SAMPTYP = 1: online / IF SAMPTYP = 2: in a store]

Was it...

1. Extremely important
2. Very important
3. Fairly important
4. Or not important
5. Don't know
6. Refused

**ASK IF 2 OR MORE FACTORS EXTREMELY IMPORTANT AT Qpdsc1 OR IF NO FACTORS EXTREMELY IMPORTANT BUT 2 OR MORE FACTORS VERY IMPORTANT**

**Qpdsc2.** You said that a number of factors were equally important. Which of these would you say was the most important factor?

READ OUT AND SELECT ONE ONLY.

[LIST FILTERED TO ONLY INCLUDE FACTORS SELECTED AT ESSENTIAL AT Qpdsc1 OR IF NONE SELECTED AS ESSENTIAL ONLY FACTORS SELECTED AS VERY IMPORTANT].

[RANDOMISE ORDER OF CODES 1-7].

1. Ease of the application process
2. Speed of getting the money
3. The amount you could take out
4. The total cost of the loan
5. Repayment flexibility
6. The reputation of the lender
7. Being able to apply for the loan [IF SAMPTYP = 1: online / IF SAMPTYP = 2: in a store]
8. Don't know/can't decide
9. Refused

## **SECTION 2d - AWARENESS OF PAYDAY LOAN PROVIDERS AND DIRECT OFFERS**

### **ASK ALL**

**Qpdsd1.** Which, if any, of the following companies have you heard of?

READ OUT AND CODE ALL THAT APPLY.

[RANDOMISE ORDER OF CODES 1-8].

1. Wonga
2. QuickQuid
3. Payday UK
4. Payday Express
5. The Money Shop
6. Cheque Centres
7. Speedy Cash
8. Cash Store
9. None of these
10. Don't know
11. Refused

### **ASK ALL**

**Qpdsd2.** And thinking about the loan you took out with [name of sampled lender] on [date of sampled loan], did you approach them to apply for a loan or did they approach you directly to offer you a loan?

1. I approached them
2. They approached me
3. SPONTANEOUS ONLY (DO NOT READ OUT): Neither – came via broker/lead generator
4. Don't know/can't remember
5. Refused

## **SECTION 2e - SHOPPING AROUND**

### **ASK ALL**

**Qpdse1.** Can I just check, did you apply for your loan directly to [NAME OF SAMPLED LENDER] or did you apply through a broker or other third party?

1. Applied directly to lender
2. Applied through broker/other third party
3. Don't know
4. Refused

**ASK ALL**

**Qpdse2.** Did you shop around between payday lenders – for example, compare some of the pros and cons of different payday lenders – before you applied for your loan from [NAME OF SAMPLED LENDER]?

IF COMPARED ON COMPARISON WEBSITES CODE AS 'YES'.

1. Yes - compared pros and cons of different lenders
2. No - just looked at this one lender
3. Don't know
4. Refused

**ASK ALL**

**Qpdse10.** And can I just check, before taking out this loan, did you start an application for a payday loan with any other payday lender?

IF YES: Were you refused a loan by the other lender or did you decide against taking out a loan with them?

1. Yes – refused by other lender
2. Yes – decided against other lender
3. No
4. Don't know
5. Refused

**ASK IF (Qpdse2 = 2 or DK or REF) and (Qpdsa1 = 2 OR 3 OR DK OR REF OR Qpdsa2 = 2 OR 3 OR DK OR REF)**

**Qpdse3.** Now think about all the times you have taken out a payday loan. Have you ever shopped around to compare some of the pros and cons of different payday lenders?

IF COMPARED ON COMPARISON WEBSITES CODE AS 'YES'.

1. Yes - compared pros and cons of different lenders
2. No - just looked at this one lender
3. Don't know
4. Refused

**IF Qpdse3 = 1**

For the next few questions please think about the last time you compared lenders when taking out a payday loan.

**ASK IF Qpdse2 = 1 or Qpdse3 = 1**

**Qpdse9.** Did you compare...

1. Only online lenders
2. Only high street lenders
3. Or a mix of online and high street lenders?
4. Don't know
5. Refused

**ASK IF Qpdse2 = 1 or Qpdse3 = 1**

**Qpdse5.** You say that you compared different payday lenders before taking out this loan. Did you find out...

READ OUT AND CODE ALL THAT APPLY.

[RANDOMISE ORDER OF CODES 1-8].

1. Whether you would be eligible for the other loan
2. How long it would take to apply for the other loan
3. How quickly the other loan would be granted
4. The amount you could take out
5. How long you could take out the other loan for
6. How much it would cost to borrow the amount needed
7. The cost if you didn't pay back on time
8. Repayment options (e.g. in instalments)
9. Anything else (specify)
10. Don't know
11. Refused

**ASK IF Qpdse2 = 1 or Qpdse3 = 1**

**Qpdse6.** And how did you go about getting information that allowed you to compare the pros and cons of different lenders? Did you...

READ OUT AND CODE ALL THAT APPLY.

[RANDOMISE ORDER OF CODES 1-6].

1. Visit the websites of payday loan companies
2. Visit high street shops of payday loan companies
3. Visit a comparison website
4. Speak to payday lenders over the phone
5. See advertising
6. Talk to friends or family
7. Anything else (specify)
8. Don't know
9. Refused

**ASK IF Qpdse6 = 1**

**Qpdse7.** How many different payday loan companies' websites did you visit? [IF Qpdse6 = 3: Please exclude comparison websites].

1. One
2. Two
3. Three
4. Four or more
5. Don't know
6. Refused

**ASK IF Qpdse6 = 2**

**Qpdse8.** How many different shops of payday loan companies did you visit? If you visited more than one branch for the same company please only include this as one shop.

1. One
2. Two
3. Three
4. Four or more
5. Don't know
6. Refused

**SECTION 2f - BARRIERS TO SHOPPING AROUND**

**IF Qpdse3 = 1**

Still thinking about the last time you compared lenders when taking out a payday loan.

**ASK IF Qpdse2 = 1 and Qpdse3 = 1**

**Qpdsf1.** You said that you compared the pros and cons of taking out a payday loan across a number of lenders. Was there anything that stopped you comparing across a larger number of lenders or spending more time comparing?

DO NOT PROMPT. CODE ALL THAT APPLY

1. Not enough time
2. Couldn't be bothered
3. Didn't need to / have done this before
4. They are all much the same
5. Didn't want to fill in more forms/provide more information
6. Couldn't find the information needed to compare
7. They were the only lenders nearby
8. Other (specify)
9. Don't know
10. Refused

**ASK IF Qpdse1 = 3 or Qpdse2 = 2**

**Qpdsf2.** Why did you not compare the pros and cons of different lenders when taking out your loan from [name of sampled lender] on [date of sampled loan]?

DO NOT PROMPT. CODE ALL THAT APPLY.

1. Approved by first lender approached
2. Happy with first one I looked at
3. They are all much the same
4. Already aware of other products/lenders
5. Have used [name of sampled lender] before
6. Difficult to access information on/from other lenders
7. Needed to get loan quickly/no time
8. Lender was recommended to me
9. Don't know how to compare
10. Approached directly by the lender
11. Only this company provides features which are not available elsewhere
12. Other (specify)
13. Don't know
14. Refused

**ASK IF Qpdsf2 = 5**

**Qpdsf3.** You said that you did not compare the pros and cons of different lenders because you had used [name of sampled lender] before. Why did you use the same lender again without comparing it with others?

DO NOT PROMPT. CODE ALL THAT APPLY.

1. Happy with the service provided before
2. Allowed you to borrow more as repeat customer
3. More chance of being approved for loan as repeat customer
4. Did not want to owe money to another lender
5. They contacted you to offer you a loan
6. This company provides features which are not available elsewhere
7. Other (specify)
8. None of these
9. Don't know
10. Refused

## **SECTION 2g - ACCESS TO AND UNDERSTANDING WHEN COMPARING LENDERS**

### **IF Qpdse3 = 1**

For the next few questions please think about the last time you compared lenders when taking out a payday loan.

### **ASK IF Qpdse2 = 1 or Qpdse3 = 1**

**Qpdsg1.** Overall, how easy or difficult would you say it was to find out the information you needed in order to be able to compare lenders?

1. Very easy
2. Fairly easy
3. Fairly difficult
4. Very difficult
5. Don't know
6. Refused

### **ASK IF Qpdse2 = 1 or Qpdse3 = 1**

**Qpdsg3.** How clear was the information you looked at when comparing lenders?

1. Very clear
2. Fairly clear
3. Not very clear
4. Not at all clear
5. SPONTANEOUS ONLY: Could not find any information
6. Don't know
7. Refused

## **SECTION 2h - ACCESS TO INFORMATION WHEN TAKING OUT SAMPLED LOAN**

### **ASK ALL**

For the next few questions please think about the loan you took out from [name of sampled lender] on [date of sampled loan].

### **ASK ALL**

**Qpdsh1.** Before taking out the loan, did you look at any of the following costs or charges?

READ OUT AND CODE ALL THAT APPLY.

1. The total amount repayable
2. The APR
3. Any administration or set-up fees
4. The charges that would be applied if you could not pay back on time
5. Any other costs or charges (specify)
6. None of these
7. Don't know
8. Refused

### **ASK IF Qpdsh1 = 6 (NONE OF THESE)**

**Qpdsh3.** You said you did not look at any of these costs or charges before taking out your loan? Why was this?

DO NOT PROMPT. CODE ALL THAT APPLY.

1. Had taken out the loan before so understood cost

2. Would not understand costs/charges
3. Needed money quickly – no time to look
4. Did not know where to find information
5. Did not want too much information – just wanted to take out the loan
6. Planned to pay back on time so did not apply to me
7. Other (specify)
8. Don't know
9. Refused

**ASK ALL**

**Qpdsh2.** At the point of taking out the loan, how well did you understand how much you would have to repay?

READ OUT.

1. Very well
2. Fairly well
3. Not very well
4. Not at all well
5. Don't know
6. Refused

**ASK ALL**

**Qpdsh4.** Can I just check, at the time you took out the loan [IF LOAN AMOUNT IN SAMPLE > 0: for [loan amount from sample]], how much did you think you would have to pay back in total? I mean the total amount, including the loan itself.

ENTER AMOUNT

Don't know  
Refused

**ASK IF ANSWER AT Qpdsh4 IS LESS THAN LOAN AMOUNT FROM SAMPLE**

INTERVIEWER: THE AMOUNT YOU ENTERED IS LOWER THAN THE ORIGINAL LOAN AMOUNT. CHECK WITH RESPONDENT IF THEY HAVE INCLUDED THE ORIGINAL LOAN AMOUNT IN THEIR ANSWER AND GO BACK AND AMEND ANSWER.

***SECTION 2i - REPAYING THE LOAN***

**ASK ALL**

**Qpdsi1.** Can I just check, has the original repayment date for your loan with [name of sampled lender] now passed?

1. Yes
2. No
3. Don't know
4. Refused

**ASK IF Qpdsi1 = 2 AND SAMPLE BATCH = 2/3/4/5**

**Qpdsi1a.** What date is your loan due for repayment?

IF UNSURE, ACCEPT BEST ESTIMATE.

WRITE IN DATE

Don't know  
Refused

**ASK IF Qpdsi1 = 1**

**Qpdsi2.** Did you repay the loan in full by the repayment date?

1. Yes – repaid in full by repayment date
2. No – did not repay in full by repayment date
3. Don't know
4. Refused

**ASK ALL**

**Qpdsi3.** Thinking back to when you first took the loan out, how confident were you that you would be able to repay the loan in full on the date originally agreed with [name of sampled lender]? Were you...

READ OUT

1. Very confident
2. Fairly confident
3. Not very confident
4. Or not at all confident?
5. Don't know
6. Refused

**ASK ALL**

**Qpdsi5.** Continue to think back to when you first took this loan out. Did you think that repaying the loan on time would leave you enough money to get by until your next payday without having to take out a new loan?

1. Yes – would have enough to get by until next payday
2. No – would need to take out new loan to get by
3. Not applicable – loan not linked to payday
4. Don't know
5. Refused

**ASK IF Qpdsi1 = 1**

**Qpdsi6.** Did you find getting the money you needed to repay the loan...

READ OUT

[REVERSE ORDER OF CODES 1-4 IN HALF OF INTERVIEWS].

1. Much easier than expected
2. A little easier than expected
3. A little more difficult than expected
4. Much more difficult than expected
5. Or about as you expected?
6. Don't know
7. Refused

**ASK IF Qpdsi6 = 3 or 4**

**Qpdsi7.** Why do you say you found repaying the loan more difficult than expected?

OPEN RESPONSE

**ASK ALL**

**Qpdsi8.** At the time you took your loan out, did you find out how much extra it would cost if you needed to extend the loan (sometimes called a rollover)?

1. Yes
2. No
3. Don't know



4. Refused

**ASK IF Qpdsi8 = 2**

**Qpdsi8a.** Were you already aware of the cost of extending or rolling over this loan?

1. Yes
2. No
3. Don't know
4. Refused

**ASK IF Qpdsi2 = 2**

**Qpdsi9.** Did you...

READ OUT AND CODE ALL THAT APPLY.

[RANDOMISE ORDER OF RESPONSES 1-4].

1. Extend or renew this loan, sometimes known as a rollover
2. Arrange a repayment plan with the lender
3. Default on the loan
4. Take out another payday loan with a different provider to pay off this loan
5. Or do something else?
6. Don't know
7. Refused

**ASK IF Qpdsi1 = 1**

**Qpdsi10.** Taking everything into account, was the total amount that you had to repay more than, less than or about what you originally expected when you took out this loan?

1. More
2. Less
3. About what I expected
4. SPONTANEOUS ONLY: I didn't know what it would cost
5. Don't know
6. Refused

**ASK IF Qpdsi1 = 1**

**Qpdsi11.** And, can I just check, did you have enough to get by until your next payday without a new loan or did you need to take out a new loan?

1. Had enough to get by without need for new loan
2. Needed to take out a new loan
3. Loan not linked to payday
4. Don't know
5. Refused

## **SECTION 3 – ACTIVITY IN THE PAYDAY LOAN MARKET**

**ASK IF Qpdsa1 = 2/3/DK/REF or Qpdsa2 = 2/3/DK/REF**

**Qpdg1.** In total, how many payday loans have you taken out? Please include both current loans and loans you have taken out in the past from all lenders.

IF NECESSARY: Please give me your best estimate if you are not sure.

NUMERIC RESPONSE

Don't know

Refused

**ASK IF Qpdg1 > 1**

**Qpdg2.** Can you tell me what year you took out your first payday loan?

IF NECESSARY: Please give me your best estimate if you are not sure.

ENTER YEAR [2000 to 2013]

Don't know

Refused

**IF Qpdg1 > 1 AND YEAR ENTERED AT Qpdg2:**

Now thinking about all of the payday loans you have taken out since [YEAR ENTERED AT Qpdg2].

**IF Qpdg1 > 1 and Qpdg2 = DK/REF:**

Now thinking about all of the payday loans you have taken out.

**ASK IF Qpdg1 > 1**

**Qpdg3.** Have [IF Qpdg1 = 2: both / IF Qpdg1 > 2: all of] your loans been from the same lender or have you taken out loans from more than one payday lender?

1. Both/all from same lender
2. Have taken out loans from more than one lender
3. Don't know
4. Refused

**ASK IF Qpdg1 > 2 and Qpdg3 = 2**

**Qpdg4.** How many different payday lenders have you taken out loans from?

IF NECESSARY: Please give me your best estimate if you are not sure.

NUMERIC RESPONSE

Don't know

Refused

**ASK IF Qpdg3 = 1**

**Qpdg5.** You say that you have taken out all your loans from the same payday lender. Have you considered going to a different lender for a payday loan?

1. Yes
2. No
3. Don't know
4. Refused

**ASK IF Qpdg5 = 2**

**Qpdg6.** Why have you not considered going to another lender?

DO NOT PROMPT. CODE ALL THAT APPLY.

1. Not aware of other lenders
2. Never thought about other lenders
3. Don't want to owe money to more than one lender
4. Happy with service provided by current lender
5. Not enough time to compare
6. Too difficult to compare
7. Would have to go through new application process
8. All lenders will be the same
9. Current lender more likely to approve application
10. Current lender offers better terms (interest rate, charges, etc)

11. Been offered benefits if I stay with my lender – e.g. reduced charges/higher loan amount
12. Other (specify)
13. Don't know
14. Refused

**ASK IF Qpdg5 = 1**

**Qpdg7.** You say that you have considered going to a different lender. Why have you not actually taken out a loan from another lender?

DO NOT PROMPT. CODE ALL THAT APPLY.

1. Don't want to owe money to more than one lender
2. Happy with service provided by current lender
3. Not enough time to compare
4. Too difficult to compare
5. Would have to go through new application process
6. All lenders will be the same
7. Current lender more likely to approve application
8. Current lender offers better terms (interest rate, charges, etc)
9. Been offered benefits if I stay with my lender – e.g. reduced charges/higher loan amount
10. Other (specify)
11. Don't know
12. Refused

**ASK IF Qpdg3 = 2**

**Qpdg8.** You say that you have taken out loans from more than one lender. Thinking about the last time you changed lenders, why did you decide to go to another payday loan company rather than borrow more from the lender you had used before that?

DO NOT PROMPT. CODE ALL THAT APPLY.

1. Couldn't go back to the same lender – already had an outstanding loan
2. Couldn't go back to the same lender – wouldn't grant a higher/further loan
3. Bad experience with lender used before
4. Preferred the loan or service offered by the other (new) lender
5. Other (specify)
6. Don't know
7. Refused

**ASK IF Qpdg8 = 4**

**Qpdg9.** What aspects of the loan or service offered by this other lender did you prefer?

DO NOT PROMPT. CODE ALL THAT APPLY.

1. Ease of the application process
2. Speed of getting the money
3. The total cost of the loan
4. Repayment flexibility
5. The reputation of the lender
6. That you could apply for the loan online / in a store
7. Other (specify)
8. Don't know
9. Refused

**ASK IF Qpdg3 = 2 and Qpdg8 <> 3 or 4**

**Qpdg10.** Have you ever changed lenders because you had a bad experience with an existing lender, or because you preferred the loan or service offered by another lender?

1. Yes – bad experience with an existing lender [MULTICODE]
2. Yes – preferred loan or service offered by another lender [MULTICODE]
3. No [SINGLE CODE]
4. Don't know
5. Refused

**ASK IF (Qpdg1 > 1 or DK or REF) AND (Qpdg3 = 2)**

**Qpdg11.** Thinking about all payday loans you have ever taken out. Have you...

READ OUT. CODE ONE ONLY.

1. Only taken out loans from high street lenders (through a shop)
2. Only taken out loans from online lenders (via the internet, by phone, text or app)
3. Or taken out loans from both high street and online lenders?
4. Don't know
5. Refused

**ASK IF Qpdg11 = 3**

**Qpdg12.** Where would you say you mainly get payday loans from?

1. High street lenders
2. Online lenders
3. Not possible to say – use both equally
4. Don't know
5. Refused

**ASK IF (Qpdg11 = 2)**

**Qpdg13.** Have you ever considered taking out a loan from a shop through a high street lender?

1. Yes
2. No
3. Don't know
4. Refused

**ASK IF Qpdg13 = 2**

**Qpdg14.** Why have you not considered taking out a loan from a high street lender?

DO NOT PROMPT. CODE ALL THAT APPLY.

1. Prefer the convenience of online
2. Prefer the anonymity of online
3. Quicker/easier to take out loan online
4. Online lenders have better reputation
5. Easier to compare online
6. Was not aware that high street lenders existed
7. No shops near me / can't get to shops
8. Shops don't offer same service/products as online
9. Other (specify)
10. Don't know
11. Refused

**ASK IF (Qpdg11 = 1)**

**Qpdg15.** Have you ever considered taking out a loan through the internet, by phone, text, or app from an online lender?

1. Yes
2. No
3. Don't know

4. Refused

**ASK IF Qpdg15 = 2**

**Qpdg16.** Why have you not considered taking out a loan from an online lender?

DO NOT PROMPT. CODE ALL THAT APPLY.

1. Convenience of location (e.g. near home/work)
2. Prefer to speak to someone face-to-face
3. Able to get advice/information from shop staff
4. Not aware of online lenders
5. No computer/internet access
6. Don't like dealing with financial issues online
7. Don't like providing personal information online
8. Too easy/quick to take out a loan online
9. Online lenders don't offer the same service/products as high street
10. Other
11. Don't know
12. Refused

**ASK IF Qpdg1 > 1**

**Qpdg17.** Have you ever taken out a loan with a payday loan company in order to pay off a debt to another payday loan company?

1. Yes
2. No
3. Don't know
4. Refused

**ASK IF Qpdg17 = 2**

**Qpdg18.** Would you ever consider doing this?

IF NECESSARY: Would you ever consider taking out a loan with a payday loan company in order to pay off a debt to another payday loan company?

1. Yes
2. No
3. Don't know
4. Refused

**ASK ALL**

**Qpdg19.** Have you ever been refused a loan from a payday lender?

1. Yes
2. No
3. Don't know
4. Refused

## **SECTION 4 – FINANCIAL CIRCUMSTANCES / ATTITUDES**

**ASK ALL**

I'd now like to ask some general questions about your financial circumstances

**ASK ALL**

**Qfca1.** Which, if any, of the following types of credit have you had in the last 12 months? Have you had...

READ OUT AND CODE ALL THAT APPLY.

[RANDOMISE ORDER OF CODES 1-8].

1. A credit card
2. Home credit (a company that collects payments from your home)
3. A pawnbroker loan
4. A credit union loan
5. A bank or building society loan
6. A loan from an unlicensed lender (loan shark)
7. A DWP crisis loan or the Social Fund
8. Retail credit (e.g. goods bought on mail order or on finance)
9. None of these [SINGLE CODE]
10. Don't know
11. Refused

**ASK UNLESS CODES 1-8 ARE ALL SELECTED AT Qfca1**

**Qfca2.** And have you been turned down for any types of credit in the last 12 months? IF YES: Which ones?

CODE ALL THAT APPLY.

1. A credit card
2. Home credit (a company that collects payments from your home)
3. A pawnbroker loan
4. A credit union loan
5. A bank or building society loan
6. A loan from an unlicensed lender (loan shark)
7. A DWP crisis loan or the Social Fund
8. Retail credit (e.g. goods bought on mail order or on finance)
9. None of these [SINGLE CODE]
10. Don't know
11. Refused

**ASK ALL**

**Qfc1.** Do you have a bank account that is provided by a bank, building society or credit union, either in your own name or joint names. Please do not include a Post Office Card Account or POCA.

1. Yes
2. No
3. Don't know
4. Refused

**ASK IF Qfc1 = 1**

**Qfc2.** Have you been overdrawn on (any of) your bank account(s) in the last 12 months?

IF NO: Do you have an overdraft facility? IF YES, SELECT CODE 2, IF NO, SELECT CODE 3.

1. Yes
2. No – but have overdraft facility
3. Don't have an overdraft facility
4. Don't know
5. Refused

**ASK IF Qfc2 = 1**

**Qfc3.** Have you gone over your agreed overdraft limit on any of your accounts in the last 12 months?

1. Yes

2. No
3. Don't know
4. Refused

**ASK ALL**

**Qfc6.** Have you, (or your partner), experienced any of the following things in the last five years?

READ OUT EACH AND CODE ALL THAT APPLY.

[RANDOMISE ORDER OF CODES 1-4]

1. Bad credit rating with a credit reference agency
2. County court judgment
3. Visits from debt collectors or bailiffs
4. Made arrangements with creditors to pay off arrears (including arrangements set-up by a debt advice agency or debt management company or an IVA)
5. None of these [SINGLE CODE]
6. Don't know
7. Refused

**ASK ALL**

**Qfc7.** Could you please tell me whether you agree or disagree that the following descriptions describe you personally?

[RANDOMISE ORDER OF STATEMENTS]

- I try to avoid banks as much as possible
- I think banks offer a poor service
- I have a good understanding of financial conditions and terms
- I am good at resisting temptation
- I am concerned about giving personal information on the internet

FOR EACH STATEMENT ASK (IF NECESSARY): Do you agree or disagree that this describes you personally?

IF AGREE/DISAGREE: Is that strongly or slightly?

1. Strongly agree
2. Slightly agree
3. Slightly disagree
4. Strongly disagree
5. Don't know

**ASK ALL**

The next section of the questionnaire is more like a quiz. The questions are not designed to catch you out so if you think you have the right answers, you probably do. If you don't know the answer, please just say so.

**ASK ALL**

**Qfc8.** You have taken out a loan for £500, and the interest rate you are charged is 10 per cent per month. There are no other fees. At this interest rate, how much money would you owe in total after one month?

INTERVIEWER: IF RESPONDENT GIVES ANSWER LESS THAN £500, ASK 'Is that in total, including the original loan amount (£500) and interest charged (10%)?' IF ANSWER IS STILL LESS THAN £500, CODE GIVEN AMOUNT.

NUMERIC RESPONSE [0-9999]

Don't know  
Refused

**ASK IF NUMERIC RESPONSE GIVEN AT Qfc8 (I.E. NOT DK OR REF]**

**Qfc9.** And if you didn't pay anything off, at this interest rate (10 per cent) how much would you owe after two months – again assuming there were no additional fees?

Would it be...

READ OUT.

1. Less than £600
2. Exactly £600
3. Or more than £600?
4. Don't know
5. Refused

## **SECTION 5 - DEMOGRAPHICS**

**ASK ALL**

**Qdgen.** ENTER GENDER. DO NOT ASK.

1. Male
2. Female

**ASK ALL**

**Qdage.** Please can you tell me how old you were at your last birthday?

NUMERIC RESPONSE [18-99]

Don't know  
Refused

**ASK ALL**

**Qdten.** Can I just check, do you own or rent your accommodation?

TAKE RESPONSE AND PROMPT TO CODES IF NECESSARY.

1. Own your home outright
2. Own your home with a mortgage
3. Rent your home from a private landlord
4. Rent your home from a local authority or housing association
5. Part buying-part renting your home through a shared ownership scheme
6. Live with parents
7. Or have some other living arrangement?
8. Don't know
9. Refused

**ASK ALL**

**Qdwork.** And what is your current working status?

TAKE RESPONSE AND PROMPT TO CODES IF NECESSARY.

IF CURRENTLY OFF WORK BECAUSE OF ILL HEALTH OR MATERNITY LEAVE, PROBE TO FIND OUT IF USUALLY EMPLOYED FULL OR PART TIME.

1. Employed or self-employed full-time (30+ hours per week)
2. Employed or self-employed part-time (less than 30 hours per week)



3. Unemployed and looking for work (including on a government work or training scheme)
4. Looking after the home/caring for family
5. Unable to work because of ill-health or disability
6. Permanently retired from work
7. Or are you in full-time education?
8. Other (specify)
9. Don't know
10. Refused

**ASK ALL**

**Qeduc.** And what is your highest qualification?

TAKE RESPONSE AND PROMPT TO CODES IF NECESSARY.

1. University degree (e.g. PhD, MSc, BA, BSc) (including foundation degrees and PGC)
2. Diploma in higher education (e.g. HNC, HND, Nursing or teaching qualification (excluding PGCE))
3. A level or equivalent (e.g. AS level, NVQ level 3, GNVQ advanced)
4. GCSE or equivalent (e.g. CSE, NVQ level 1 or 2, GNVQ intermediate/foundation)
5. None of the above
6. Don't know
7. Refused

**ASK ALL**

**Qdeth.** Can I ask which of these best describes you??

READ OUT

1. White British
2. White Irish
3. Other White background
4. Mixed
5. Asian or Asian British
6. Black or Black British
7. Chinese
8. Other
9. Refused

**ASK ALL**

**Qadult.** How many adults currently live in your household, including yourself? Please include anyone aged 16 or over who lives with you.

ENTER NUMBER

Refused

**ASK ALL**

**Qchild.** And how many children aged under 16 live with you?

ENTER NUMBER

Refused

**ASK ALL**

**Qdinc.** Please could you tell me your household's total income, after tax and any other deductions? This includes earnings from wages, benefits and pensions.

You can answer in annual, weekly or monthly terms – whichever is easiest for you.

IF RESPONDENT DOES NOT KNOW EXACT AMOUNT, ACCEPT BEST ESTIMATE.

IF NECESSARY: Income information will only be used for analysis purposes.

<b>Annual</b>	<b>Monthly</b>	<b>Weekly</b>
Under £6,000	Under £500	Under £115
£6,000 - £11,999	£500 - £999	£116 - £230
£12,000 - £17,999	£1,000 - £1,499	£231 - £345
£18,000 - £23,999	£1,500 - £1,999	£346 - £459
£24,000 - £35,999	£2,000 - £2,999	£460 - £689
£36,000 or more	£3,000 or more	£690 or more
Don't know		
Refused		

#### **ASK ALL**

**Qdinc2.** And, can I just check, would you say that you receive your income on a steady basis, or does the amount vary significantly from week-to-week or month-to-month?

1. Steady income
2. Varies
3. Don't know
4. Refused

#### **ASK IF SAMPLE BATCH = 1**

1 **Qrecon.** Thank you very much for taking the time to speak to us today. We may be conducting further research relating to the Competition Commission's Payday Lending Inquiry. Would you be willing to be re-contacted by any of the following about this research if it were necessary?

READ OUT AND CODE ALL THAT APPLY.

1. The Competition Commission
2. TNS BMRB, on behalf of the Competition Commission
3. Another Market Research Agency, on behalf of the Competition Commission
4. None of these

#### **ASK IF SAMPLE BATCH = 2/3/4/5**

**Qrecon2.** Thank you very much for taking the time to speak to us today. Would it be okay to call you again around the time your loan is due for repayment just to ask you a few more questions about your experiences? This would only take around 5 minutes, so would be a much shorter interview.

1. Yes
2. No

#### **ASK ALL**

**Qcheck.** Finally, we have asked you a number of questions about a loan you took out with [name of sampled lender] on [date of sampled loan] in this interview. How well would you say you remember the experience of taking out this loan?

READ OUT

1. Very well
2. Fairly well
3. Not very well
4. Not at all well

# Appendix G: Follow-up quantitative questionnaire

## PAYDAY LENDING – FOLLOW-UP QUESTIONNAIRE

### INTRODUCTION

Good morning/afternoon/evening. My name is ... and I am calling from TNS BMRB, an independent research organisation.

Am I speaking to [NAME FROM SAMPLE]? IF YES: CONTINUE WITH INTRODUCTION.  
IF NO, ASK TO SPEAK TO [NAME FROM SAMPLE]. IF THIS PERSON IS NOT KNOWN, RECORD AN UNPRODUCTIVE OUTCOME.

DO NOT CONTINUE WITH INTRODUCTION UNTIL SPEAKING TO CORRECT PERSON.

We spoke to you recently about your experience of taking out a payday loan from [name of lender]. This is part of research we are carrying out for the Competition Commission in relation to the Payday Lending Market.

At the time you agreed to be re-contacted with a view to taking part in a short follow-up interview? Would you be able to spare around five minutes to go through this now?

LIST OF OUTCOMES:

1. Continue
2. Not available – make appointment
3. Business number
4. New telephone number
5. Respondent hard refusal
6. Deferral
7. Moved (use ONLY if moved – NOT for other reasons)
8. Died (use ONLY if died – NOT for other reasons)
9. Unknown at number
10. Respondent incapable of interview
11. Duplicate number

**IF CODES 5 or 6 (Refusal or Deferral):**

**Qrefwhy.** INTERVIEWER: PLEASE CODE REASON FOR REFUSAL / DEFERRAL.

OPEN RESPONSE.

## SECTION 1: REPAYING THE LOAN

For the next few questions please think about the loan you took out with [name of sampled lender] on [date of loan].

### ASK ALL

**Qpdsi1.** Can I just check, has the original repayment date for your loan with [name of sampled lender] now passed?

5. Yes
6. No

### ASK IF Qpdsi1 = 2

**Qpdsi1a.** What date is your loan due for repayment?

IF UNSURE, ACCEPT BEST ESTIMATE.

WRITE IN DATE

Don't know  
Refused

### ASK IF Qpdsi1 = 2

**Qpdsi1b.** When we spoke to you previously you said that your loan was due for repayment on [DATE ENTERED AT Qpdsi1a IN ORIGINAL INTERVIEW]. Is there any reason why the date has changed?

OPEN RESPONSE.

### IF Qpdsi1 = 2

**Qrecon3.** Thank you. We will call you back shortly after this repayment date to ask a few more questions.

CODE 'YES' UNLESS RESPONDENT REQUESTS NO FURTHER CONTACT.

3. Yes
4. No

### IF Qpdsi1 = 2: END OF INTERVIEW – BUT NEED TO FLAG CASES TO CALL BACK AFTER NEW REPAYMENT DATE.

### ASK IF Qpdsi1 = 1

**Qpdsi2.** Did you repay the loan in full by the repayment date?

5. Yes – repaid in full by repayment date
6. No – did not repay in full by repayment date
7. Don't know
8. Refused

### ASK IF Qpdsi1 = 1

**Qpdsi3.** Thinking back to when you first took the loan out, how confident were you that you would be able to repay the loan in full on the date originally agreed with [name of sampled lender]? Were you...

READ OUT

7. Very confident
8. Fairly confident
9. Not very confident
10. Or not at all confident?

11. Don't know
12. Refused

**ASK IF Qpdsi1 = 1**

**Qpdsi6.** Did you find getting the money you needed to repay the loan...

READ OUT

[REVERSE ORDER OF CODES 1-4 IN HALF OF INTERVIEWS].

8. Much easier than expected
9. A little easier than expected
10. A little more difficult than expected
11. Much more difficult than expected
12. Or about as you expected?
13. Don't know
14. Refused

**ASK IF Qpdsi6 = 3 or 4**

**Qpdsi7.** Why do you say you found repaying the loan more difficult than expected?

OPEN RESPONSE

**ASK IF Qpdsi2 = 2**

**Qpdsi9a.** Why did you not repay the loan in full by the repayment date?

DO NOT PROMPT. CODE ALL THAT APPLY.

1. Did not expect to be able to repay it in full
2. Repayment amount was higher than expected
3. Unexpected increase in expenses or outgoings since taking out loan
4. Unexpected decrease in income since taking out loan
5. Forgot about it
6. They tried to take the money earlier than expected
7. Other (specify)
8. Don't know
9. Refused

**ASK IF Qpdsi2 = 2**

**Qpdsi9.** Did you...

READ OUT AND CODE ALL THAT APPLY.

[RANDOMISE ORDER OF RESPONSES 1-4].

8. Extend or renew this loan, sometimes known as a rollover
9. Arrange a repayment plan with the lender
10. Default on the loan
11. Take out another payday loan with a different provider to pay off this loan
12. Or do something else?
13. Don't know
14. Refused

**ASK IF Qpdsi1 = 1 and Qpdsi2 = 1**

**Qpdsi10.** Taking everything into account, was the total amount that you had to repay more than, less than or about what you originally expected when you took out this loan?

7. More

8. Less
9. About what I expected
10. SPONTANEOUS ONLY: I didn't know what it would cost
11. Don't know
12. Refused

**ASK IF Qpdsi1 = 1 and Qpdsi2 = 1**

**Qpdsi10a.** [IF AMOUNT ENTERED AT Qpdsh4 IN ORIGINAL INTERVIEW: When we spoke to you previously you said you expected to pay back [AMOUNT FROM Qpdsh4 IN ORIGINAL INTERVIEW] in total. Can I just check, how much did you actually pay back?]

[IF Qpdsh4 IN ORIGINAL INTERVIEW = DK/REF]: Can I just check, how much did you actually pay back?]

ENTER AMOUNT

Don't know

Refused

**ASK IF Qpdsi1 = 1**

**Qpdf12.** Since you took out this loan with [name of sampled lender], have you been contacted (e.g. by text or email) regarding taking out a new loan?

IF YES: Was this by the same lender or a different lender?

1. Yes – by the same lender [MULTICODE]
2. Yes – by another lender [MULTICODE]
3. No [SINGLE CODE]
4. Don't know
5. Refused

**ASK IF Qpdsi1 = 1**

**Qpdsi13.** Since you took out your loan with [name of sampled lender] on [date of loan] have you taken out another payday loan?

IF YES: Was that with the same or a different lender?

1. Yes – with the same lender
2. Yes – with a different lender
3. No
4. Don't know
5. Refused

**ASK IF Qpdsi1 = 1**

**Qpdsi14.** And [IF Qpdsi12 = 1 or 2: excluding this new loan you have already taken out] do you think you will need to take out another payday loan before your next payday?

IF YES: Is that definitely or probably?

1. Definitely will
2. Probably will
3. No
4. Not applicable – don't have payday/loans not linked to payday
5. Don't know
6. Refused

## SECTION 3: DECISION MAKING/REFLECTIONS ON PROCESS

### ASK IF Qpdsi1 = 1

**Qpdf3a.** Thinking back to your experience of taking out this loan with [name of sampled lender] on [date of loan], what if anything do you wish you had done differently?

OPEN RESPONSE

### ASK IF Qpdsi1 = 1

**Qpdf3b.** And if you were able to go back, which of these do you think you would do?

READ OUT AND SELECT ONE ONLY.

[REVERSE ORDER OF CODES 1-4 IN HALF OF INTERVIEWS].

1. I would take out the same loan with the same lender
2. I would take out a similar loan but with a different payday lender
3. I would take out a loan but not from a payday lender
4. I would not take out a loan at all
5. Don't know
6. Refused

### ASK IF Qpdsi1 = 1

**Qpdf3c.** Continue to think back to the time you took out this loan. Do you feel you spent... READ OUT AND SINGLE CODE.

[ROTATE ORDER OF CODES 1-2].

1. Too long comparing it against other sources of borrowing
2. Not enough time comparing it against other sources of borrowing
3. Or about the right amount of time comparing?
4. Don't know
5. Refused

### ASK IF Qpdsi1 = 1

**Qpdf3d.** And do you feel you spent... READ OUT AND SINGLE CODE.

[ROTATE ORDER OF CODES 1-2].

1. Too long shopping around to compare payday loans
2. Not enough time shopping around to compare payday loans
3. Or about the right amount of time shopping around?
4. Don't know
5. Refused

### ASK IF Qpdsi1 = 1

**Qpdf3e.** And do you feel you spent... READ OUT AND SINGLE CODE.

[ROTATE ORDER OF CODES 1-2].

1. Too much time looking at costs and charges
2. Not enough time looking at costs and charges
3. Or about the right amount of time?



## SECTION 5: AGE AND RECONTACT

### ASK IF Qdage = 0

**Qdage.** Please can you tell me how old you were at your last birthday?

NUMERIC RESPONSE [18-99]

Don't know

Refused

### ASK ALL

**Qrecon.** Thank you very much for taking the time to speak to us today and previously. We may be conducting further research relating to the Competition Commission's Payday Lending Inquiry. Would you be willing to be re-contacted by any of the following about this research if it were necessary?

READ OUT AND CODE ALL THAT APPLY.

1. The Competition Commission
2. TNS BMRB, on behalf of the Competition Commission
3. Another Market Research Agency, on behalf of the Competition Commission
4. None of these

# Appendix H: Quantitative advance letter

[Addressee name]

From: Matthew Weighill

[First line of address]

*Inquiry Manager*

[Second line of address]

[Third line of address]

[Postcode]

Ref: [Insert reference]

Dear <customer>

### **PAYDAY LENDING MARKET INVESTIGATION**

We would like to ask for your help with a research project looking at people's use of consumer credit. The research is being carried out on behalf of the Competition Commission (CC), an independent public body responsible for investigating markets to ensure healthy competition between companies in the UK, for the benefit of consumers.

We would like to speak to a range of customers who have taken out loans, including people who have used <Company name> over the past year or so. Your name has been selected at random from <Company name>'s records in accordance with data protection regulations. Interviews will be carried out over the telephone by experienced interviewers, and should take around 20 minutes.

The CC has statutory powers to require lenders to provide this information. Furthermore, under the terms of the Data Protection Act 1998, the CC is allowed to request personal information from organisations in order to carry out its statutory functions. This applies even though you might have opted out of further communication at the time of your agreement with <Company name>.

The CC has asked TNS BMRB, an independent research company, to carry out the study on their behalf.

<Company name> has passed TNS BMRB your details on the strict condition that they will only be used as part of this research project, and will not be passed to any third-party. **If you would rather not take part in an interview, please telephone 0800 015 2908 by Tuesday 29<sup>th</sup> October 2013.** Otherwise an interviewer will contact you to arrange a convenient time for the interview to take place.

**TNS BMRB works under the Market Research Society code of conduct and will ensure that your answers are handled in confidence. All the information given to the interviewer is treated as confidential. None of the information will be passed to <Company name> or anyone else. Your name and address will not be identified with any of the answers you give.**

I do hope that you will be willing to help in the survey.

Yours sincerely,



Matthew Weighill

*Inquiry Manager*

# Appendix I: Quantitative outcome codes

## **Interview**

1. Completed Interview

## **Ineligible**

1. Failed screening criteria

## **Unproductive – contact made**

1. Respondent refusal
2. Proxy refusal
3. Terminated interview
4. Respondent not available for duration of the project
5. Broken appointment
6. Contact made with respondent – anytime call back

## **Deadwood**

1. Dead or unassigned number
2. Modem, fax or beeper
3. Incorrect sample details – respondent not known at address
4. Business number
5. Respondent deceased
6. Privacy manager/ Call ID block
7. Language difficulties

## **Unproductive – no contact**

1. No answer
2. Number busy
3. Answering machine

# Appendix J: Quantitative main stage code frame

**[POST-FIELDWORK ADDITIONS TO CODE FRAMES IN RED]**

**ASK ALL**

**Qpdsa3.** What did you use the money you borrowed for?

IF RESPONDENT SAYS THEY HAVE NOT YET USED THE MONEY YET ASK: What do you plan to use the money for?

IF NECESSARY: Please also include anything you partly used the money you borrowed for.

DO NOT PROMPT. CODE ALL THAT APPLY.

1. Rent or mortgage payments
2. Living expenses – e.g. food, groceries,, household or utility bills
3. General shopping – e.g. clothes/household items
4. Repair/replace broken household items
5. Car / vehicle
6. Medical/dental/vet bill
7. Present / gift
8. A holiday
9. Going out or socialising
10. To pay off another payday loan
11. To pay off other debts (not a payday loan)
12. To pay for Christmas
13. To help a friend or family member
14. Travel expenses
15. Other (specify)
16. Don't know
17. Refused

**ASK ALL**

**Qpdsa5.** At the time you took out the loan, how did you intend to repay it?

DO NOT PROMPT. CODE ALL THAT APPLY.

1. From wages or other earnings
2. From savings
3. From borrowing money from friends or family
4. From taking out another loan
5. From selling something
6. From pension
7. From benefits/JSA
8. From other support allowance e.g. disability, child maintenance
9. From credit card
10. From some other source (specify)
11. Don't know
12. Refused

**ASK ALL**

**Qpdsb1.** If you had not been able to get a payday loan on this occasion, what do you think you would have done instead?

DO NOT PROMPT AND CODE ONE ONLY.

1. Gone without

2. Sold something
3. Used savings I already had
4. Saved up until I had the money
5. Borrowed from friends/family
6. Asked a friend or relative to give you the money or buy things on your behalf
7. Borrowed in some other way/overdraft/credit card/pawnbroker
8. Defaulted on another loan/bill/payment
9. Made cut backs in other areas
10. Spoke to people to whom you owed money/requested more time
11. Would have struggled to make ends meet
12. Something else (specify)
13. SPONTANEOUS ONLY: Don't know/too hard to say
14. Refused

**ASK IF Qpbsb3 = CODE 1 FOR ANY OF ITERATIONS CODE 1-9 (I.E. EXCLUDES THOSE WHO ONLY SELECT CODE 1 IN RELATION TO 'BORROWING MONEY FROM FRIENDS AND FAMILY)**

**Qpdsb6.** Why did you decide to take out a payday loan rather than using the alternative(s) you said you could have used?

DO NOT PROMPT. CODE ALL THAT APPLY.

1. Couldn't/wouldn't get approval
2. Amount was too small to borrow
3. Couldn't get money as quickly
4. More expensive
5. Less convenient
6. Had bad experience with other forms of credit/borrowing before
7. Had positive experience with payday loans before
8. Didn't want to enter into a long term commitment
9. Had been recommended by a friend or family member
10. Understood how payday loans work
11. Knew would be eligible for a payday loan
12. A payday loan was the safer option (no further detail)
13. Didn't consider alternatives at the time
14. Didn't know how to access alternatives at the time
15. Did not want to use alternative
16. Feels like a more private option
17. Saw advertisement for a payday lender
18. Other (specify)
19. Don't know
20. Refused

**ASK IF Qpdse2 = 1 or Qpdse3 = 1**

**Qpdse5.** You say that you compared different payday lenders before taking out this loan. Did you find out...

READ OUT AND CODE ALL THAT APPLY.

[RANDOMISE ORDER OF CODES 1-8].

1. Whether you would be eligible for the other loan
2. How long it would take to apply for the other loan
3. How quickly the other loan would be granted
4. The amount you could take out
5. How long you could take out the other loan for
6. How much it would cost to borrow the amount needed



7. The cost if you didn't pay back on time
8. Repayment options (e.g. in instalments)
9. General information about the companies
10. Anything else (specify)
11. Don't know
12. Refused

**ASK IF Qpdse2 = 1 or Qpdse3 = 1**

**Qpdse6.** And how did you go about getting information that allowed you to compare the pros and cons of different lenders? Did you...

READ OUT AND CODE ALL THAT APPLY.

[RANDOMISE ORDER OF CODES 1-6].

1. Visit the websites of payday loan companies
2. Visit high street shops of payday loan companies
3. Visit a comparison website
4. Speak to payday lenders over the phone
5. See advertising
6. Talk to friends or family
7. Searched for reviews online (DO NOT READ OUT)
8. Via text (no further detail)
9. Anything else (specify)
10. Don't know
11. Refused

**ASK IF Qpdse2 = 1 and Qpdse3 = 1**

**Qpdsf1.** You said that you compared the pros and cons of taking out a payday loan across a number of lenders. Was there anything that stopped you comparing across a larger number of lenders or spending more time comparing?

DO NOT PROMPT. CODE ALL THAT APPLY

1. Not enough time
2. Couldn't be bothered
3. Didn't need to / have done this before
4. They are all much the same
5. Didn't want to fill in more forms/provide more information
6. Couldn't find the information needed to compare
7. They were the only lenders nearby
8. Didn't know of any more companies
9. Happy with one of the lenders found
10. Only wanted to compare online
11. Only considered lenders recommended to me
12. Only wanted to look at big companies/ones I had heard of
13. Bad credit/was not eligible (for some loans/lenders)
14. Interest rates (no further detail)
15. Fed up/frustrated by process
16. None/Nothing
17. Other (specify)
18. Don't know
19. Refused

**ASK IF Qpdse1 = 3 or Qpdse2 = 2**

**Qpdsf2.** Why did you not compare the pros and cons of different lenders when taking out your loan from [name of sampled lender] on [date of sampled loan]?

DO NOT PROMPT. CODE ALL THAT APPLY.

1. Approved by first lender approached
2. Happy with first one I looked at
3. They are all much the same
4. Already aware of other products/lenders
5. Have used [name of sampled lender] before
6. Difficult to access information on/from other lenders
7. Needed to get loan quickly/no time
8. Lender was recommended to me
9. Don't know how to compare
10. Approached directly by the lender
11. Only this company provides features which are not available elsewhere
12. Lender approached was most convenient (location)
13. Didn't know of any other companies
14. Didn't think to compare
15. Didn't want to/couldn't be bothered
16. Bad credit/only company who would lend to me
17. Saw advertisement for this company
18. Lender has a good reputation/trustworthy
19. Easy to just look at/take loan out from one lender
20. Other (specify)
21. Don't know
22. Refused

**ASK IF Qpdsf2 = 5**

**Qpdsf3.** You said that you did not compare the pros and cons of different lenders because you had used [name of sampled lender] before. Why did you use the same lender again without comparing it with others?

DO NOT PROMPT. CODE ALL THAT APPLY.

1. Happy with the service provided before
2. Allowed you to borrow more as repeat customer
3. More chance of being approved for loan as repeat customer
4. Did not want to owe money to another lender
5. They contacted you to offer you a loan
6. This company provides features which are not available elsewhere
7. Easier/more convenient because they already have your details
8. Did not want to repeat the application process
9. Quicker/simpler (no further detail)
10. Other (specify)
11. None of these
12. Don't know
13. Refused

**ASK IF Qpdsh1 = 6 (NONE OF THESE)**

**Qpdsh3.** You said you did not look at any of these costs or charges before taking out your loan? Why was this?

DO NOT PROMPT. CODE ALL THAT APPLY.

1. Had taken out the loan before so understood cost
2. Would not understand costs/charges
3. Needed money quickly – no time to look
4. Did not know where to find information
5. Did not want too much information – just wanted to take out the loan
6. Planned to pay back on time so did not apply to me
7. Didn't want to/couldn't be bothered
8. Just didn't think about it
9. Other (specify)
10. Don't know
11. Refused

**ASK IF Qpdsi6 = 3 or 4**

**Qpdsi7.** Why do you say you found repaying the loan more difficult than expected?

OPEN RESPONSE

1. Interest rate/it was more money than I thought I would need to repay
2. Unexpected expenses/increase in outgoings
3. Lost job
4. Other decrease in income
5. Didn't calculate how much I would need to repay correctly
6. Didn't leave enough to live on
7. Other change in financial circumstances (no further detail)
8. Other change in personal circumstances (no further detail)
9. The company made it difficult for me to pay back the loan on time (no specific detail)
10. No Answer
11. Don't know
12. Other answers

**ASK IF Qpdg5 = 2**

**Qpdg6.** Why have you not considered going to another lender?

DO NOT PROMPT. CODE ALL THAT APPLY.

1. Not aware of other lenders
2. Never thought about other lenders
3. Don't want to owe money to more than one lender
4. Happy with service provided by current lender
5. Not enough time to compare
6. Too difficult to compare
7. Would have to go through new application process
8. All lenders will be the same
9. Current lender more likely to approve application
10. Current lender offers better terms (interest rate, charges, etc.)
11. Been offered benefits if I stay with my lender – e.g. reduced charges/higher loan amount
12. General ease/convenience of sticking with current lender (no further detail)
13. Don't want/have not needed another loan
14. Other (specify)
15. Don't know
16. Refused

**ASK IF Qpdg5 = 1**

**Qpdg7.** You say that you have considered going to a different lender. Why have you not actually taken out a loan from another lender?

DO NOT PROMPT. CODE ALL THAT APPLY.

1. Don't want to owe money to more than one lender
2. Happy with service provided by current lender
3. Not enough time to compare
4. Too difficult to compare
5. Would have to go through new application process
6. All lenders will be the same
7. Current lender more likely to approve application
8. Current lender offers better terms (interest rate, charges, etc.)
9. Been offered benefits if I stay with my lender – e.g. reduced charges/higher loan amount
10. General ease/convenience of sticking with current lender (no further detail)
11. Don't want/have not needed another loan
12. Was not approved by other lender
13. Other (specify)
14. Don't know
15. Refused

**ASK IF Qpdg3 = 2**

**Qpdg8.** You say that you have taken out loans from more than one lender. Thinking about the last time you changed lenders, why did you decide to go to another payday loan company rather than borrow more from the lender you had used before that?

DO NOT PROMPT. CODE ALL THAT APPLY.

1. Couldn't go back to the same lender – already had an outstanding loan
2. Couldn't go back to the same lender – wouldn't grant a higher/further loan
3. Bad experience with lender used before
4. Preferred the loan or service offered by the other (new) lender
5. It was the easier option (no further detail)
6. Lender was more convenient (location)
7. Had been recommended by a friend or family member
8. Saw advertisement for other lender
9. Just wanted a change (no reason)
10. Other (specify)
11. Don't know
12. Refused

**ASK IF Qpdg13 = 2**

**Qpdg14.** Why have you not considered taking out a loan from a high street lender?

DO NOT PROMPT. CODE ALL THAT APPLY.

1. Prefer the convenience of online
2. Prefer the anonymity of online
3. Quicker/easier to take out loan online
4. Online lenders have better reputation
5. Easier to compare online
6. Was not aware that high street lenders existed
7. No shops near me / can't get to shops
8. Shops don't offer same service/products as online
9. Online lenders are cheaper than high street lenders
10. Didn't think I would get approval from a high street lender

11. Just hadn't thought about it (no further detail)
12. Other (specify)
13. Don't know
14. Refused

**ASK IF Qpdg15 = 2**

**Qpdg16.** Why have you not considered taking out a loan from an online lender?

DO NOT PROMPT. CODE ALL THAT APPLY.

1. Convenience of location (e.g. near home/work)
2. Prefer to speak to someone face-to-face
3. Able to get advice/information from shop staff
4. Not aware of online lenders
5. No computer/internet access
6. Don't like dealing with financial issues online
7. Don't like providing personal information online
8. Too easy/quick to take out a loan online
9. Online lenders don't offer the same service/products as high street
10. Online lenders are more expensive than high street lenders
11. Other
12. Don't know
13. Refused

# Appendix K: Follow-up quantitative survey code frame

**[POST-FIELDWORK ADDITIONS TO CODE FRAMES IN RED]**

**ASK IF Qpdsi6 = 3 or 4**

**Qpdsi7.** Why do you say you found repaying the loan more difficult than expected?

OPEN RESPONSE

1. Interest rate/it was more money that I thought I would need to repay
2. Unexpected expenses/increase in outgoings
3. Lost job
4. Other decrease in income
5. Didn't calculate how much I would need to repay correctly
6. Didn't leave enough to live on
7. Other change in financial circumstances (no further detail)
8. Other change in personal circumstances (no further detail)
9. The company made it difficult for me to pay back the loan on time (no specific detail)
10. No Answer
11. Don't know
12. Other Answer

**ASK IF Qpdsi2 = 2**

**Qpdsi9a.** Why did you not repay the loan in full by the repayment date?

DO NOT PROMPT. CODE ALL THAT APPLY.

1. Did not expect to be able to repay it in full
2. Repayment amount was higher than expected
3. Unexpected increase in expenses or outgoings since taking out loan
4. Unexpected decrease in income since taking out loan
5. Forgot about it
6. They tried to take the money earlier than expected
7. Deferred repayment until after Christmas
8. Lender offered to extend the loan
9. Repayment date was before payday
10. Issues with taking money out of account
11. Other (specify)
12. Don't know
13. Refused

**ASK IF Qpdsi1 = 1**

**Qpdf3a.** Thinking back to your experience of taking out this loan with [name of sampled lender] on [date of loan], what if anything do you wish you had done differently?

OPEN RESPONSE

1. Nothing
2. Not taken out/not needed to take out a payday loan
3. Managed my finances more effectively
4. Done some background research
5. Would have used an alternative
6. Other Answer

# Appendix L: Quantitative main stage overcodes



Question	Label	Codes
Qpdsa3	Total living/ household	2 - Living expenses; e.g. food, groceries, household or utility bills
		3 - General shopping; e.g. clothes/household items
		4 - Repair/replace broken household items
		5 - Car/vehicle
	Car/ Vehicle/ Transport/ Travel	14 - Travel expenses
		7 - Present/gift
	Presents/ Christmas	12 - To pay for Christmas
		8 - A holiday
	Leisure	9 - Going out or socialising
		1 - From wages or other earnings
Qpdsa5	Wages, benefits, and pension	6 - From pension
		7 - From benefits/JSA
		8 - From other support allowance e.g. disability, child maintenance
		2 - From savings
	Other sources	3 - From borrowing money from friends or family
		4 - From taking out another loan
		5 - From selling something
		9 - From credit card
	NOT wages or other earnings	2 - From savings
		3 - From borrowing money from friends or family
		4 - From taking out another loan
		5 - From selling something
		6 - From pension
		7 - From benefits/JSA
		8 - From other support allowance e.g. disability, child maintenance
		9 - From credit card
10 - From some other source (specify)		

Qpdsb1	Gone without/ Cut back/ Struggled	1 – Gone without
		4 – Saved up until I had the money
		9 – Made cut backs in other areas
		11 – Would have struggled to make ends meet
	Self-funded	2 – Sold something
		3 – Used savings I already had
	Borrowed (any)	5 – <u>Borrowed</u> from friends/family
		7 – Borrowed in some other way/overdraft/credit card/pawnbroker
	Friends/ family	5 – <u>Borrowed</u> from friends/family
		6 – Asked a friend or relative to <u>give</u> you the money or buy things on your behalf
Qpdsb6	Speed/ Convenience	3 – Couldn't get money as quickly
		5 – Less convenient
	Eligibility	1 – Couldn't/wouldn't get approval
		11 – Knew would be eligible for a payday loan
	Past experience	6 – Had bad experience with other forms of credit/borrowing before
		7 – Had positive experience with <u>payday</u> loans before
	Didn't consider/ know about/ want alternatives	13 – Didn't consider alternatives at the time
		14 – Didn't know how to access alternatives at the time
		15 – Did not want to use alternative
	Amount/ expense	2 – Amount was too small to borrow
		4 – More expensive
	Amount/ Length of commitment	2 – Amount was too small to borrow
		8 – Didn't want to enter into a long term commitment

Qdwork	Employed	1 – Employed or self-employed full-time (30+ hours per week)
		2 – Employed or self-employed part-time (less than 30 hours per week)
	Unemployed	3 – Unemployed and looking for work (including on a government work or training scheme)
	Inactive	4 – Looking after the home/caring for family
		5 – Unable to work because of ill-health or disability
		6 – Permanently retired from work
		7 – In full time education

# Appendix M: Quantitative data tables break specification

Number	Heading	Label	Definition
1	Gender	Male	Qdgen=1
		Female	Qdgen=2
2	Age	18-24	Qdage < 25
		25-44	Qdage > 24 and < 45
		45+	Qdage > 44
3	Working status	Full time	Qdwork=1
		Part time	Qdwork=2
		Unemployed/ looking	Qdwork=3
		Not working	Qdwork=4 or 5 or 6 or 7 or 8
4	Highest qualification	Degree or diploma	Qeduc=1 or 2
		A level or GCSE	Qeduc=3 or 4
		A level	Qeduc=3
		GCSE	Qeduc=4
		None	Qeduc=5
5	Ethnicity	White	Qdeth=1 or 2 or 3
		Asian	Qdeth=5 or 7
		Black	Qdeth=6
		Other	Qdeth=4 or 8
6	Accommodation	Owned	Qdten=1 or 2 or 5
		Rented (Total)	Qdten=3 or 4
		Rented (Private)	Qdten=3
		Rented (Public)	Qdten=4
		Live with parents	Qdten=6
7	Number of people in hhld	1	Qadult + Qchild=1
		2	Qadult = Qchild=2
		3+	Qadult + Qchild>2
8	Number of children in hhld	0	Qchild=0
		1	Qchild=1
		2	Qchild=2
		3+	Qchild>2
9	Monthly income	Under £500	Qdinc=1
		£500-£999	Qdinc=2
		£1,000-£1,999	Qdinc=3 or 4
		£2000+	Qdinc=5 or 6
10	Income fluctuation	Steady	Qdinc2=1
		Variable	Qdinc2=2
11	Number of loans	1	Qpdg1=1
		2	Qpdg1+2
		3+	Qpdg1>2
12	Number of lenders used	1	Qpdg3=1 or Qpdg1=1
		2	Qpdg4=2 or (Qpdg1=2 and Qpdg3=2)
		3+	Qpdg4>2
13	Channel of purchase (Most recent loan)	Online	Fxsvar28=2
		Retail	Fxsvar28=1
		Longer term product	fsxvar14 = LST1 or LST2 or ARH2 or HAT4 or CCL2 or CEO2 or SRC2
14	Preference	First choice	Qpdsb10=1 or 2
		Last choice	Qpdsb10=4 or 5
15	Channel of purchase ever used	Online only	(Qpdg1 = 1 and fxsvar28=2) or ((Qpdg1 > 1 or DK or REF) and Qpdg3 = 1 and fxsvar28=2) or (Qpdg11=2)

		Retail only	(Qpdg1 = 1 and fxvsar28=1) or ((Qpdg1 > 1 or DK or REF) and Qpdg3 = 1 and fxsvar28=1) or (Qpdg11=1)
		Online and Retail	Qpdg11=3
16	Main channel of purchase	Mainly online	(Qpdg1 = 1 and fxvsar28=2) or ((Qpdg1 > 1 or DK or REF) and Qpdg3 = 1 and fxsvar28=2) or (Qpdg11=2) or (pdg12=2)
		Mainly retail	(Qpdg1 = 1 and fxvsar28=1) or ((Qpdg1 > 1 or DK or REF) and Qpdg3 = 1 and fxsvar28=1) or (Qpdg11=1) or (Qpdg12=1)
		Not possible to say	Qpdg12=3
17	One loan – Channel of purchase ever used	Online	Qpdg1=1 and fxsvar28=2
		Retail	Qpdg1=1 and fxsvar28=1
18	Multiple loans – Channel of purchase ever used	Online only	((Qpdg1 > 1 or DK or REF) and Qpdg11 = 2) or (qpdg3 = 1 and fxsvar28=2)
		Retail only	((Qpdg1 > 1 or DK or REF) and Qpdg11 = 1) or (qpdg3 = 1 and fxsvar28=1)
		Online and retail	Qpdg11=3
19	Incidence of lender use	One loan only	Qpdsa1=1 and Qpdsa2=1
		Multiple with same lender	(Qpdsa1=2 and NOT 3) or (Qpdsa2=2 and NOT 3)
		Multiple with different lenders	Qpdsa1=3 or Qpdsa2=3
		Multiple with same and different lenders	(Qpdsa1=2 and 3) or (Qpdsa2=2 and 3)
20	Recall of most recent loan	Very well	Qcheck=1
		Very/Fairly well	Qcheck=1 or 2
		Not very/ Not at all well	Qcheck=3 or 4
21	Financial literacy	Compound interest	Qfc9=3
		Simple interest	Qfc8 = 550 and Qfc9 NOT = 3
		Not simple interest	Qfc8 NOT = 550
22	Whether used any other form of credit in the last 12 months	Yes	Qfca1 = 1, 2, 3, 4, 5, 6, 7 or 8
		No	Qfca1=9

23	Credit used in the last 12 months	Credit card	Qfca1 = 1
		Bank or BS loan	Qfca1 = 5
		Any other loan / credit	Qfca1 = 2, 3, 4, 7 or 8
		Home credit	Qfca1 = 2
		Pawnbroker	Qfca1 = 3
		Credit union	Qfca1 = 4
		DWP / Crisis loan	Qfca1 = 7
		Retail credit	Qfca1 = 8
		None	Qfca1 = 9
24	Whether alternative sources of credit available	Yes	Any responses coded 1 at Qpdsb3
		No	No responses coded 1 at Qpdsb3
25	Whether turned down for credit in the last 12 months	Yes	Qfca2=1, 2, 3, 4, 5, 6, 7 or 8
		No	Qfca2=9
26	Bank account	Yes	Qfc1=1
		No	Qfc1=2
27	Debt history	None	fc6 = 5
		Any debt problem	fc6 NOT = 5
		Bad credit rating	fc6 = 1
		Made arrangements/ IVA	fc6 = 4
		County Court	fc6 = 2
		Baliffs	fc6 = 3
28	Whether used overdraft in the last 12 months	Overdrawn above agreed limit	Qfc3 = 1
		Overdrawn up to agreed limit	Qfc2 = 1 AND Qfc3 NOT = 1
		Not overdrawn	Qfc3 = 2 OR Qfc3 = 3
29	Most important factor when taking out loan	Ease	(Qpdsc2 = 1) or (Essen = 1 and NOT 2, 3, 4, 5, 6 or 7) or ((Essen = MISSING and (Impor = 1 and NOT 2, 3, 4, 5, 6 or 7))
		Speed	(Qpdsc2 = 2) or (Essen = 2 and NOT 1, 3, 4, 5, 6 or 7) or ((Essen = MISSING and (Impor = 2 and NOT 1, 3, 4, 5, 6 or 7))
		Amount	(Qpdsc2 = 3) or (Essen = 3 and NOT 1, 2, 4, 5, 6 or 7) or ((Essen = MISSING and (Impor = 3 and NOT 1, 2, 4, 5, 6 or 7))
		Total cost	(Qpdsc2 = 4) or (Essen = 4 and NOT 1, 2, 3, 5, 6 or 7) or ((Essen = MISSING and (Impor = 4 and NOT 1, 2, 3, 5, 6 or 7))
		Flexibility	(Qpdsc2 = 5) or (Essen = 5 and NOT 1, 2, 3, 4, 6 or 7) or ((Essen = MISSING and (Impor = 5 and NOT 1, 2, 3, 4, 6 or 7))
		Reputation	(Qpdsc2 = 6) or (Essen = 6 and NOT 1, 2, 3, 4, 5 or 7) or ((Essen = MISSING and (Impor = 2 and NOT 1, 2, 3, 4, 5 or 7))
		Channel	(Qpdsc2 = 7) or (Essen = 7 and NOT 1, 2, 3, 4, 5 or 6) or

			((Essen = MISSING and (Impor = 7 and NOT 1, 2, 3, 4, 5 or 6)
30	Agreement: 'I try to avoid banks as much as possible'	Agree	Qfc7_1=1 or 2
		Disagree	Qfc7_1=3 or 4
31	Agreement: 'I think banks offer a poor service'	Agree	Qfc7_2=1 or 2
		Disagree	Qfc7_2=3 or 4
32	Agreement: 'I have a good understanding of financial conditions and terms'	Agree	Qfc7_3=1 or 2
		Disagree	Qfc7_3=3 or 4
33	Agreement: 'I am good at resisting temptation'	Agree	Qfc7_4=1 or 2
		Disagree	Qfc7_4=3 or 4
34	Agreement: 'I am concerned about giving personal information on the internet'	Agree	Qfc7_5=1 or 2
		Disagree	Qfc7_5=3 or 4
35	Whether ever been refused a payday loan	Yes	Qpdg19=1
		No	Qpdg19=2
36	Whether taken out payday loan to pay off debt to another payday loan company	Yes	Qpdg17=1
		No - but would consider this	Qpdg18=1
		No - and would not consider this	Qpdg18=2
		Only one loan taken out	Qpdg1=1
37	Awareness of lenders	Aware of any online PDL	Qpdsd1=1, 2, 3 or 4
		Aware of any high street PDL	Qpdsd1=5, 6, 7 or 8
		Aware of 3 or more PDLs	At least 3 codes selected at Qpdsd1
38	Alternative forms of credit that could have been used	Credit card	Qpdsb3_1 = 1
		Overdraft	Qpdsb3_2 = 1
		Home credit	Qpdsb3_3 = 1
		Pawnbroker loan	Qpdsb3_4 = 1
		Credit union loan	Qpdsb3_5 = 1
		Bank or building society loan	Qpdsb3_6 = 1
		Unlicensed lender	Qpdsb3_7 = 1
		DWP crisis loan/Social fund	Qpdsb3_8 = 1
		Retail credit	Qpdsb3_9 = 1
39	Aware of any high street lenders	Yes	Qpdsd1 = 5, 6, 7 or 8
		No	Qpdsd1 NOT = 5, 6, 7 or 8
40	Aware of any online lenders	Yes	Qpdsd1 = 5, 6, 7 or 8
		No	Qpdsd1 NOT = 5, 6, 7 or 8



41	Change in reported level of confidence in repaying loan (Follow-up)	More confident	(Qpdsi3 (main interview) = 4 and Qpdsi3 (follow-up interview) = 1, 2 or 3) or (Qpdsi3 (main interview) = 3 and Qpdsi3 (follow-up interview) = 1 or 2) OR (Qpdsi3 (main interview) = 2 and Qpdsi3 (follow-up interview) = 1)
		Less confident	(Qpdsi3 (main interview) = 1 and Qpdsi3 (follow-up interview) = 2, 3 or 4) or (Qpdsi3 (main interview) = 2 and Qpdsi3 (follow-up interview) = 3 or 4) OR (Qpdsi3 (main interview) = 3 and Qpdsi3 (follow-up interview) = 4)
		No change	Qpdsi3 (main interview) = Qpdsi3 (follow-up interview)
42	Market status	New	Qpdsa1 = 1
		Repeat	Qpdsa1 = 2 or 3
43	Specific lender status	New	(Qpdsa1 = 1 or 3) and Qpdsa2 NOT = 2
		Repeat	Qpdsa1 = 2
44	Size of loan	Aware of any online PDL	Qpdsd1=1, 2, 3 or 4
		Aware of any high street PDL	Qpdsd1=5, 6, 7 or 8
		Aware of 3 or more PDLs	At least 3 codes selected at Qpdsd1
45	Date of loan	A - Recent	fxsvar30 = 2, 3, 4 or 5
		B - Mid term	fxsvar12 > 28/02/2013
		C - Longer ago	fxsvar12 < 01/03/2013
46	Reason for loan (General)	Unexpected INCREASE in expenses/outgoings	Qpdsa6=1
		Unexpected DECREASE in income	Qpdsa6=2
47	Use of loan	Living expenses	Qpdsa3=2
		Car/ vehicle	Qpdsa3=5
		Rent or mortgage	Qpdsa3=1
		Other	Qpdsa3 NOT = 1, 2 or 5
48	Whether repayment date has passed	Yes	Qpdsi=1
		No	Qpdsi=2
49	Whether paid back loan in full	Yes	Qpdsi2=1
		No	Qpdsi2=2
50	Action taken when not paid back on repayment date	Rollover	Qpdsi9=1
		Repayment plan	Qpdsi9=2
		Defaulted	Qpdsi9=3
51	Whether shopped around for sampled loan	Yes	Qpdse2=1
		No	Qpdse2=2
52	Whether ever	Yes	Qpdse2=1 or Qpdse3=1

	shopped around for loan	No	Qpdse3=2 or (qpdse2 = 2 and qpdsa2 = 1)
53	How well understood repayment amount	Very well	Qpdsh2=1
		Very/ Fairly well	Qpdsh2=1 or 2
		Very well	Qpdsh2=1
54	Confidence in repaying loan	Very confident	Qpdsi3=1
		Very/ Fairly confident	Qpdsi3=1 or 2
		Not very/Not at all confident	Qpdsi3=3 or 4
55	Ease of getting money to pay back loan	Easier than expected	Qpdsi6=1 or 2
		Same as expected	Qpdsi6=5
		More difficult than expected	Qpdsi6=3 or 4
56	Confidence and ease of repayment	Very confident and found easy	Qpdsi3=1 and qpdsi6=1 or 2
		Very confident and found same	Qpdsi3=1 and Qpdsi6=5
		Very confident and found difficult	Qpdsi3=1 and Qpdsi6=3 or 4
57	Type of loan compared	Online only	Qpdse9=1
		Retail only	Qpdse9=2
		Online and Retail	Qpdse9=3

