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MEMO

Date: February 15, 2008
From: Spiros Protopsaltis, (303-551-8111) spiros@c-pe.org
To: Colorado Payday Lending Reform Initiative
Re: **Poll on payday lending legislation**

Overview

In January, the Center for Policy Entrepreneurship (CPE) commissioned a poll to assess public opinion on payday lending legislation. CPE is part of a coalition of groups supporting legislation to protect borrowers from predatory payday loans. Specifically, CPE sought to measure public support for legislation that would “set a cap of 36% on the total combined interest and fees that a company can charge for these types of loans.” The poll was conducted by Talmey-Drake Research & Strategy from January 22 to January 28, 2008, and the results indicate that **3 out of every 4 Colorado active voters strongly support legislation that will set a cap on payday loan interest and fees.**

Results

According to the poll results, **74% of respondents are in favor of proposed legislation** that will set a cap of 36% on the interest and fees that a company can charge for payday loans. The polling shows overwhelming support, regardless of political affiliation, region, gender, income, education level, ethnicity and age. **83% of Democrats, 72% of Unaffiliated and 68% of Republicans favored new caps on payday loans**, while regional support ranged from 72% in the Eastern Plains and Colorado Springs/Pueblo areas to 80% in the North Corridor. Only 19% of respondents said they would be against such reform, with 7% undecided or refused to answer.

Methodology

The January 2008 Colorado OmniPoll was conducted by Talmey-Drake Research & Strategy, Inc., a public opinion and market research firm in Boulder, Colorado. The results of this survey are based on **500 random telephone interviews active voters throughout Colorado.** A list of all active voters was obtained, and then randomly sampled. Interviews were conducted from January 22 to January 28, 2008. Quotas were established to obtain approximately equal representation for men and women, and County quotas were established to ensure a representative distribution of interviews throughout Colorado. Finally, results were weighted to reflect the actual voter registration by party. A random sample of 500 has a worst-case **95% confidence interval of plus or minus 4.4%** about any one reported percentage.

Poll Questions

Next I will ask you some questions about “Payday Loans,,” which is a name given to short-term loans typically made for a period of less than 30 days, and most often taken out by lower- and middle-income workers who borrow money against their next pay check. Here is how it works: Typically a worker writes the payday lender a post-dated check, and the lender gives the worker cash in the amount of that check. The average initial cost in fees and interest for a \$300 loan is \$60. The Pay Day lender agrees not to cash the check unless the borrower can not repay the loan.

After two or four weeks, if the worker cannot repay the loan in full, a new loan is taken out to replace the first one and he or she is charged another \$60 dollars for fees and interest. This process continues indefinitely until the original loan is paid in full. The average annual interest rate paid by Colorado payday borrowers is 345%. Before just now, had you ever heard of “Pay Day Loans?”

Yes 77%
 No 23%

This year there may be a proposal introduced in the Colorado legislature to regulate “Pay Day Loans.” This proposed legislation will likely set a cap of 36% on the total combined interest and fees that a company can charge for these types of loans. Would you be in favor of or against legislation that would set these new limits on Pay Day Loans?

In favor 74%
 Strongly in favor 53%
 Somewhat in favor 21%

Against 19%
 Strongly against 11%
 Somewhat against 8%

Undecided 6%
 Refused 1%

Breakdown

Would you be in favor of or against legislation that would set these new limits on Pay Day Loans?

In Favor:

Political Party

Republican: 68%
 Democrat: 83%
 Unaffiliated: 72%

Region

Springs/Pueblo 72%
 Metro Area: 73%
 North Corridor: 80%
 Western Slope: 74%
 Eastern Plains: 72%

Income

<\$40K 69%
 \$40K-\$60K 78%
 \$60K-\$100K 70%
 \$100K+ 81%

Education

HS or Less 67%
 Some College 75%
 College Grad 74%
 Post Grad+ 80%

Age

18-34 73%
 35-44 75%
 45-54 76%
 55-64 78%
 65+ 70%

Gender

Male 76%
 Female 72%