



NOVEMBER 2019

State of Fair Banking in Canada Borrower and Lender Perspectives



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ABOUT DUCA IMPACT LAB

We believe banking can be better.

Most banks make decisions on services such as credit in the same way, using more or less the same criteria. For many, this means that if you can check the right boxes, accessing the right banking services and advice is just a matter of contacting your local bank branch.

But what if you aren't able to check the right boxes? Almost everyone has a bank account. However, large numbers of people are excluded from accessing the specialized financial services they need, causing the most vulnerable in our community to pursue high cost and often detrimental solutions outside of the financial mainstream.

Even for those that are granted access, the question of are they getting the right advice and a fair deal is difficult for most people to answer. Many people in Canada have borrowed as much as they possibly can and pay high fees to access their own money. This means bigger and bigger portions of income are channelled towards financial institutions with limited opportunity for banking customers to participate in the profits they enable.

The DUCA Impact Lab is a unique place where we can experiment with meaningful and scalable solutions. It brings together a network of partners who want to contribute to positive social change by solving complex problems. This network includes non-profit partners who are supported by philanthropic financial resources, and innovative organizations in the financial technology (fintech) space who contribute technological expertise. The lab and its partners identify needs and services gaps, formulate experimental solutions and pilot test models.

From the insights generated in the lab, we build resources that will help everyone to access the financial system more effectively. These learnings and tools will be shared with community organizations so they can develop their own financial empowerment interventions, and with banks so they can better deliver on their social purpose.

ABOUT ANGUS REID

We believe banking can be better.

Angus Reid is Canada's most well-known and respected name in opinion polling and market research data. Offering a variety of research solutions to businesses, brands, governments, not-for-profit organizations, and more, the Angus Reid Global team connects technologies and people to derive powerful insights that inform your decisions.

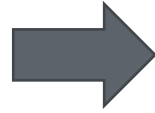
Data is collected through a suite of tools utilizing the latest technologies. Prime among that is the Angus Reid Forum, an opinion community consisting of engaged residents across the country who answer surveys on topical issues that matter to all Canadians.

Leveraging the most innovative technology and the most trusted sample source in Canada, Angus Reid Public Affairs constantly pushes the envelope as a full-service insights consultancy. Our practice specializes in issues management, strategic communications, acquisition/retention/brand strategies and thought leadership among a broad range of subjects.

On any given issue, we engage directly and deeply with the right stakeholders who are most relevant to your initiatives. These engagements allow us to understand the potential of your organization and the levers that will inform and drive your strategies and tactics. On all projects, we work closely and collaboratively with our clients from end to end. Our goal is not to provide you with a set of "survey results". Our goal is to provide you with the insights that propel positive, powerful outcomes for organizations like yourself and others across many sectors including government; not-for-profit; associations; transportation; education; and energy.

Methodology

STUDY



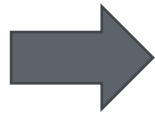
In partnership with DUCA Impact Lab, Angus Reid conducted two studies in parallel: one among those who have debt, and one among those who work for a debt lending institution, to examine how behaviours and perspectives among these two groups are similar/different.

FIELD DATES



The borrower survey was conducted from October 3, 2019 – October 9, 2019
The lender survey was conducted from October 3, 2019 – October 10, 2019

SAMPLE



Two surveys were conducted – one among borrowers and one among lenders.

The borrower segment is comprised of a representative randomized sample of **2,042 Canadian adults**, who over the past 12 months, have held **personal household debt**. The sample frame was balanced and then weighted on age, gender, region and education.


The lender segment is comprised of a representative randomized sample of **252 Canadian adults** who are **employed or have worked in the past two years** at a credit union, bank, financial technology company, lending company, or a private lender.

All respondents are members of the Angus Reid Forum. For comparison purposes only, the sample plan would carry the following margins of error:

	Borrowers	Lenders
Sample Size	2,042	252
Margin of Error	+/-2.2	+/-6.2

NOTE



Throughout the report,  and  are used to denote statistically significant increases or decreases from comparison groups at 95% confidence level.

Sample Source: The ANGUS REID FORUM

Questions That Matter

Canada's Most Trusted Panel:

At the heart of Angus Reid Global lives the Angus Reid Forum, comprised of a representative and inclusive group of Canadians from coast to coast. The Angus Reid Forum is Canada's most well-known and trusted online public opinion community consisting of engaged residents providing thoughtful answers to your questions. Intuitive, mobile-first, and built to deliver quantitative and qualitative results, our technology elevates the data collection experience, driving ever more powerful data outcomes.

The Angus Reid Forum is more than a research panel – it's a community. Deeply profiled and engaged respondents provide thoughtful answers to your questions. Our Forum members can be reached wherever they are online via text, email, or social media. We know who they are and they know us – a transparent and engaged relationship founded on trust and respect.

Definition: “Fair Banking”

Pursuing the mission of ‘Building banking that benefits all’ requires a working definition of what that type of banking looks like. It needs to go beyond a set of ‘customer promises’ and needs to articulate a definition of fairness that enables banking consumers to spot fair banking when they see it.

We believe fair banking is any financial product or service that lives up to the following set of principles:

- Pricing is clear, transparent and well understood
- Pricing is representative of the cost of funds, cost of administration and risk, rather than what the market will bear
- It is clear to all parties how any personal data is being used by the lender
- Personal data is only used for purposes agreed to by both the borrower and lender
- The terms and conditions, including penalties and the rights of each party are clearly explained and well understood by both lender and borrower
- Products are only recommended that will bring the borrower closer to their expressed goals
- The borrower is clear on what the institution will do (and not do), with deposits to earn a return
- The assessment of risk is objective, transparent and not prejudicial
- Financial institution recommendations are not biased towards in house product recommendations
- Products empower consumers when they need access to financial services, not just when they don’t



CARRYING THE DEBT LOAD AND ITS IMPACT

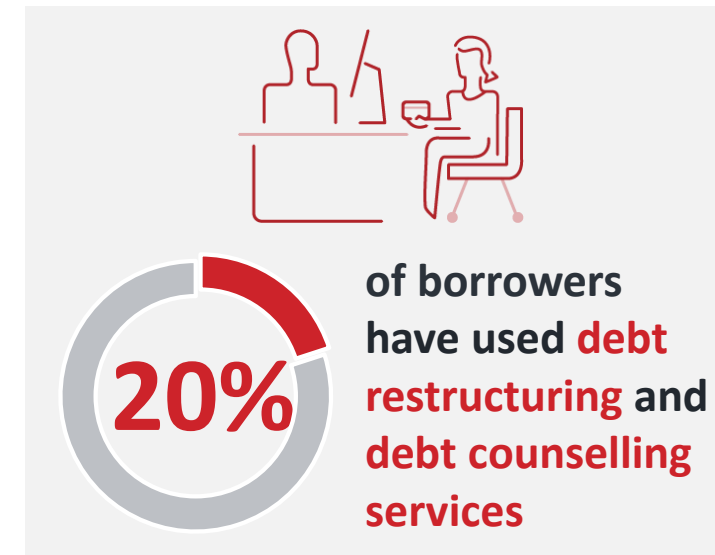
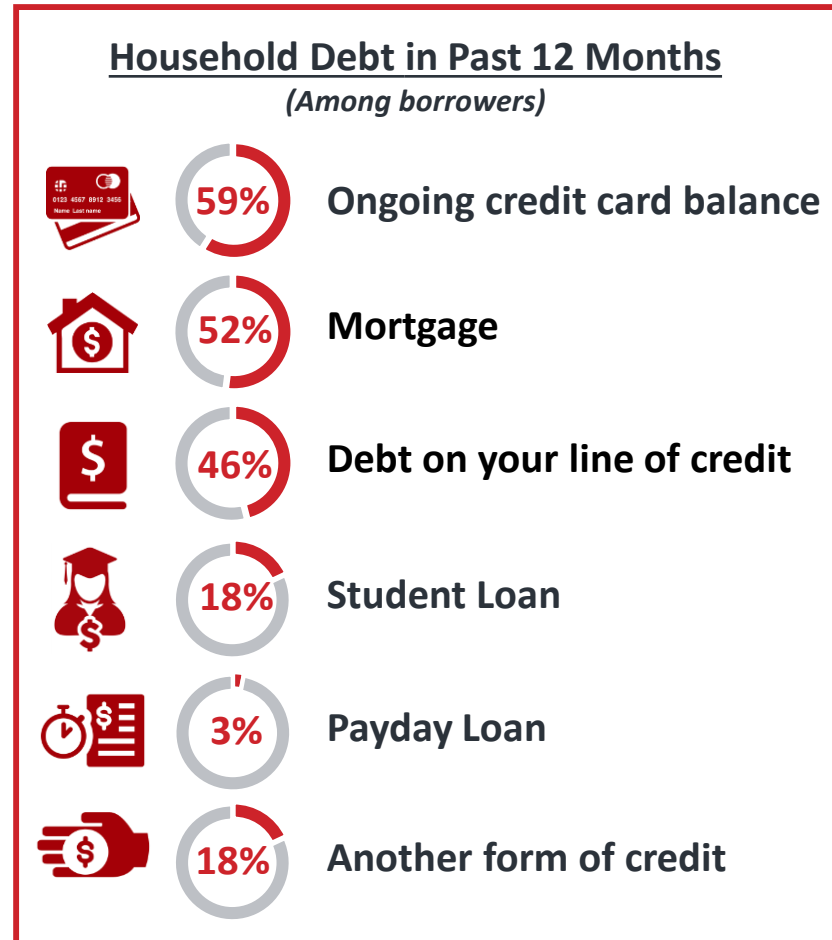
Canadians who get to a place of **payday loans, student loans and family loans** report **the greatest barrier to** being able to overcome their debts.

Not surprisingly, debt is something that causes a **great deal of anxiety** among many Canadians. Not only does it play a role in terms of limiting everyday purchase needs, but Canadians are also reporting that debt also **impacts their ability to access their health care needs.**

Their inability to get out from the weight of debt and start acquiring wealth (which would lead to other opportunities) also manifests in some **unhealthy lifestyle habits** including trouble sleeping, poor eating and spending time alone.

Having one type of debt is rare

Borrowers' debt load consists of a mix of various debt types.



Base: Borrowers (n=2,042)

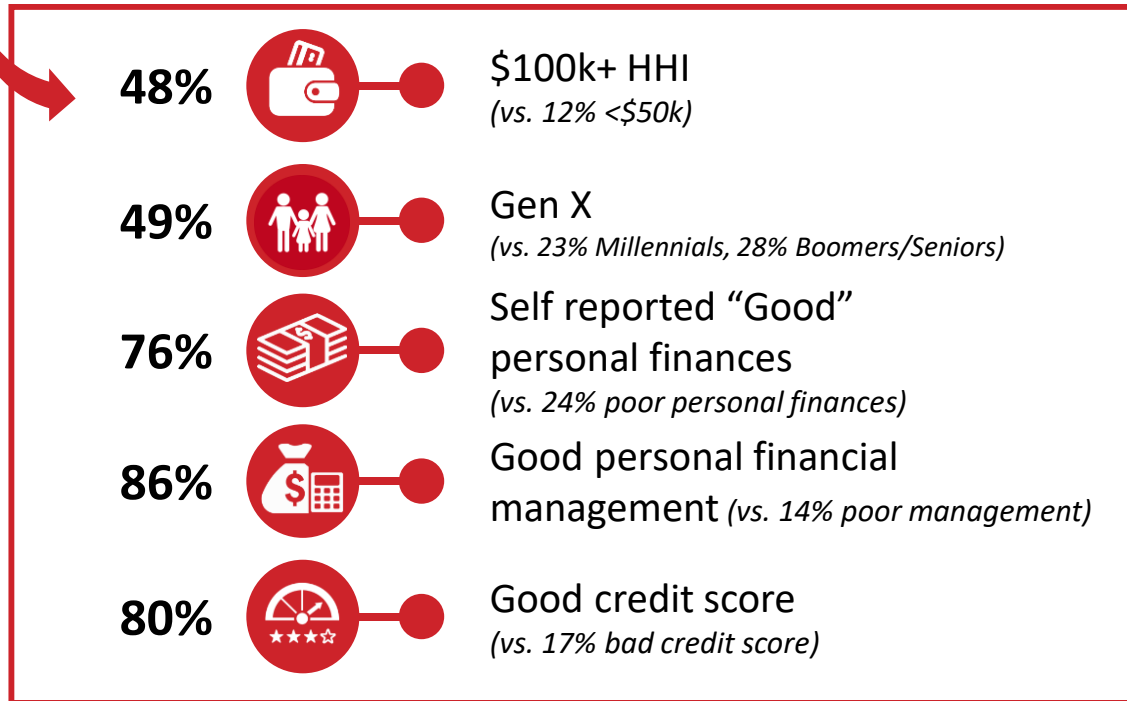
A1. Over the past 12 months, has your household held any personal debt through any of the following:

D4. Have you used debt restructuring and debt counselling services in the past? Select all that apply

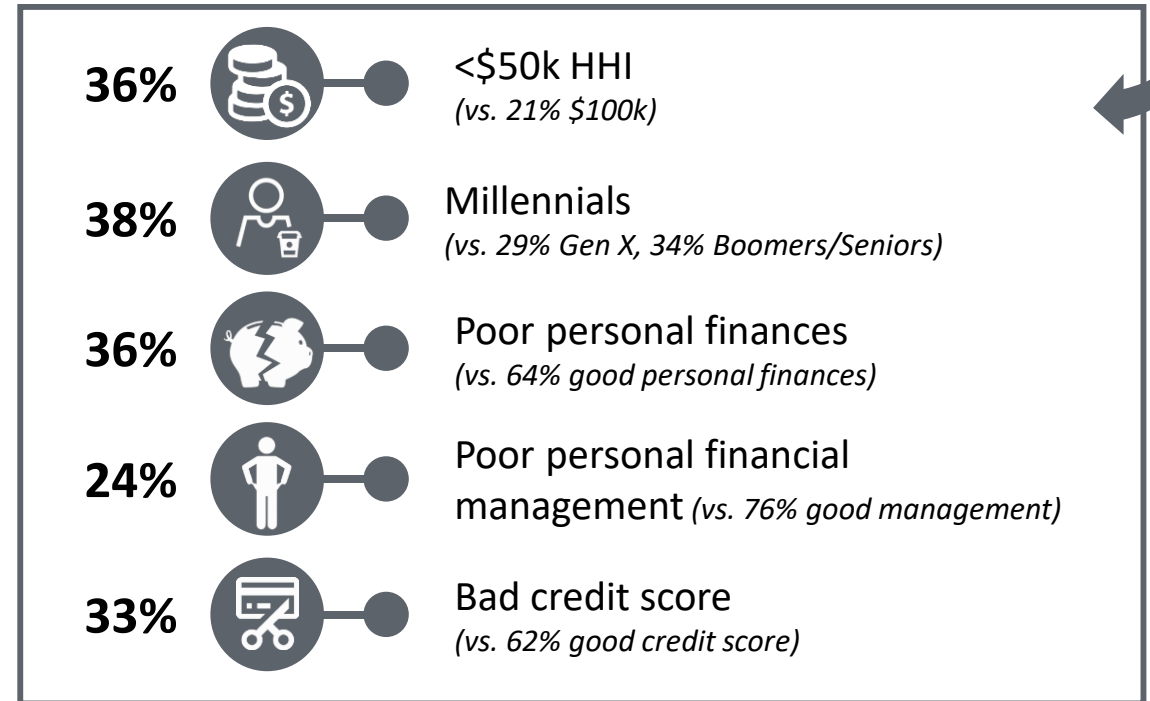
A profile of home owners vs. renters.

Borrowers who have a mortgage are more likely to be wealthy and older, report a good credit score and a better ability to manage their personal finances.

52% of borrowers have a **mortgage**



48% of borrowers have no mortgage



The hardest debts to handle: Payday loans, student loans, and loans from family/friends

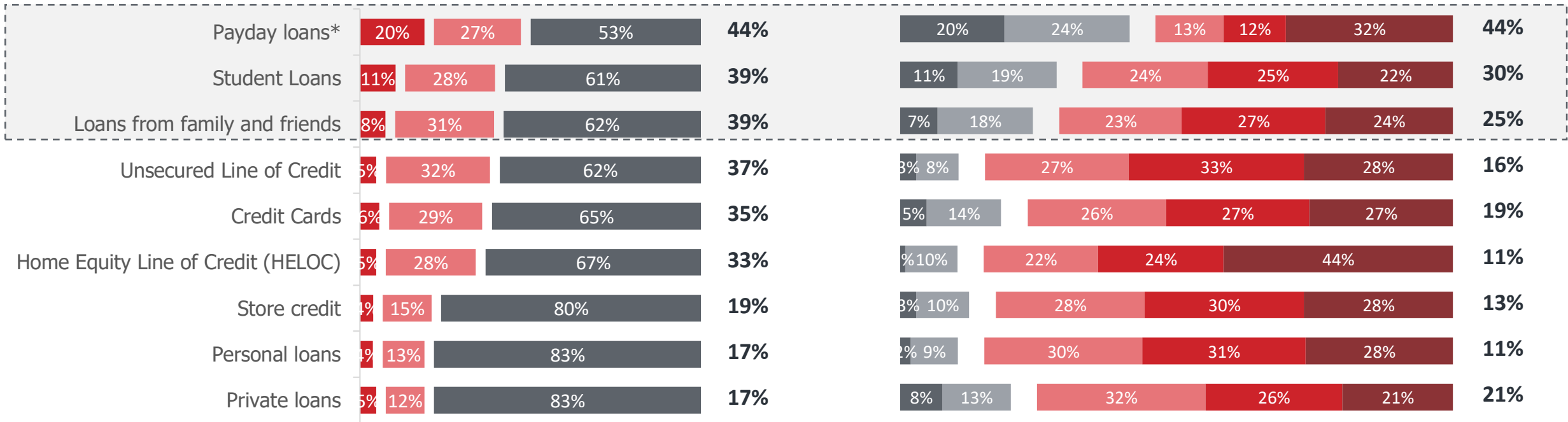
These are most likely to be increasing over time (or staying the same) and considered the most difficult to pay back.

Managing Loan Payments (Among borrowers with debt type)

% INCREASING or
STAYING SAME

Easiness of Keeping up with Loan Payments (Among borrowers with debt type)

% DIFFICULT



- It is increasing over time
- Staying at roughly the same level over time
- I am paying it off and it is decreasing over time

- Very easy
- Quite easy
- Neither easy nor difficult
- Quite difficult
- Very difficult

Base: Borrowers with type of debt: credit card debt (n=1,400), Unsecured line of credit (n=448), Home equity line of credit (n=412), Personal loans (n=341), Student loans (n=315), Store credit (n=97), Payday loans (n=34). Loans from family and friends (n=188)

*Low base size. Interpret with caution.

D10. How easy is it to keep up with the following non-mortgage related loan payments?

D11. For each of the following types of debt, would you say

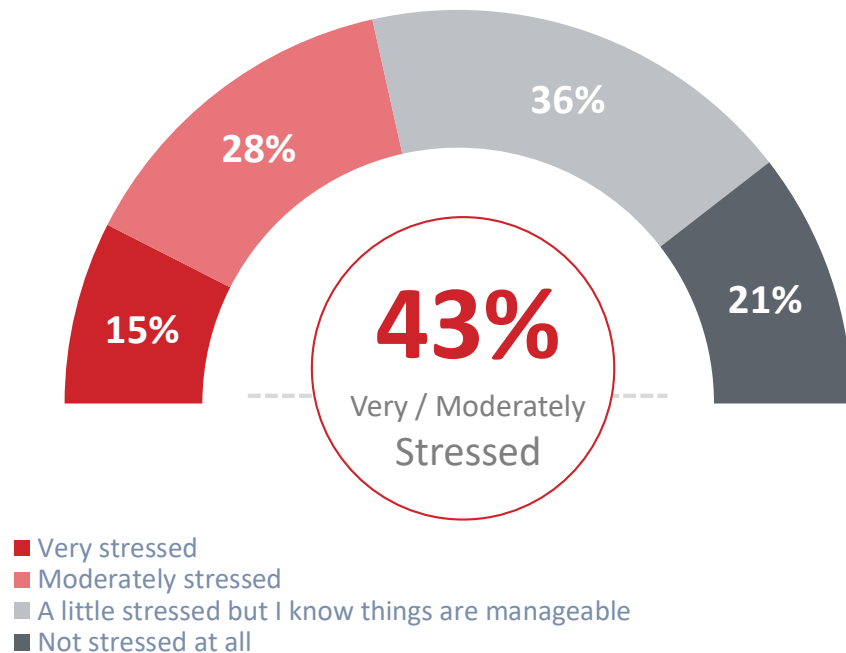


**What are the effects of debt on
the lives of Canadians?**

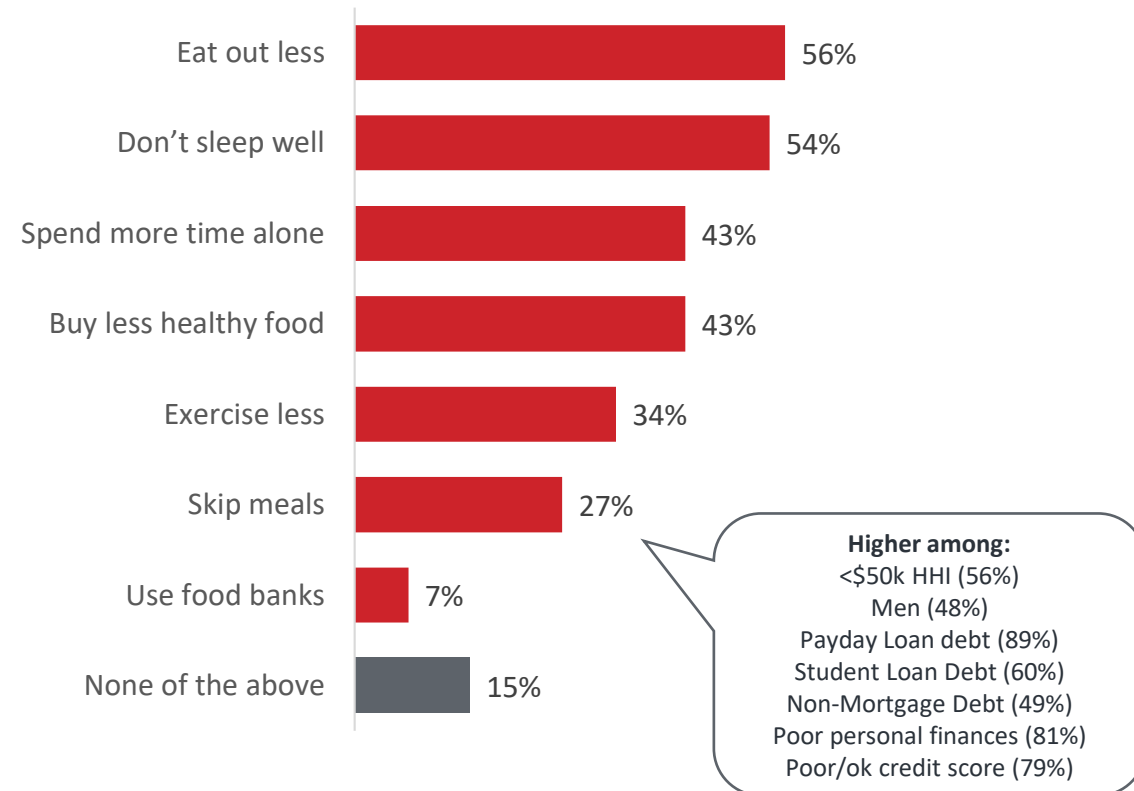
Stress about personal debt is prevalent and it's resulting in unhealthy behaviour.

Nearly half of borrowers (43%) feel stressed about their personal debt. Stress levels are highest among those with payday and student loans, with many reporting trouble sleeping, poor eating and spending time alone.

Level of Stress Related to Personal Debt
(Among borrowers)



How Personal Debt Has Impacted Habits
(Among borrowers stressed about personal debt)



Base: Borrowers (n=2,042)

E1. When you think about your personal debt do you feel . . .

Base: Borrowers stressed about personal debt (T2B) in E1 (n=856)

E4. Do you think your personal debt has impacted your life in any of the following ways?

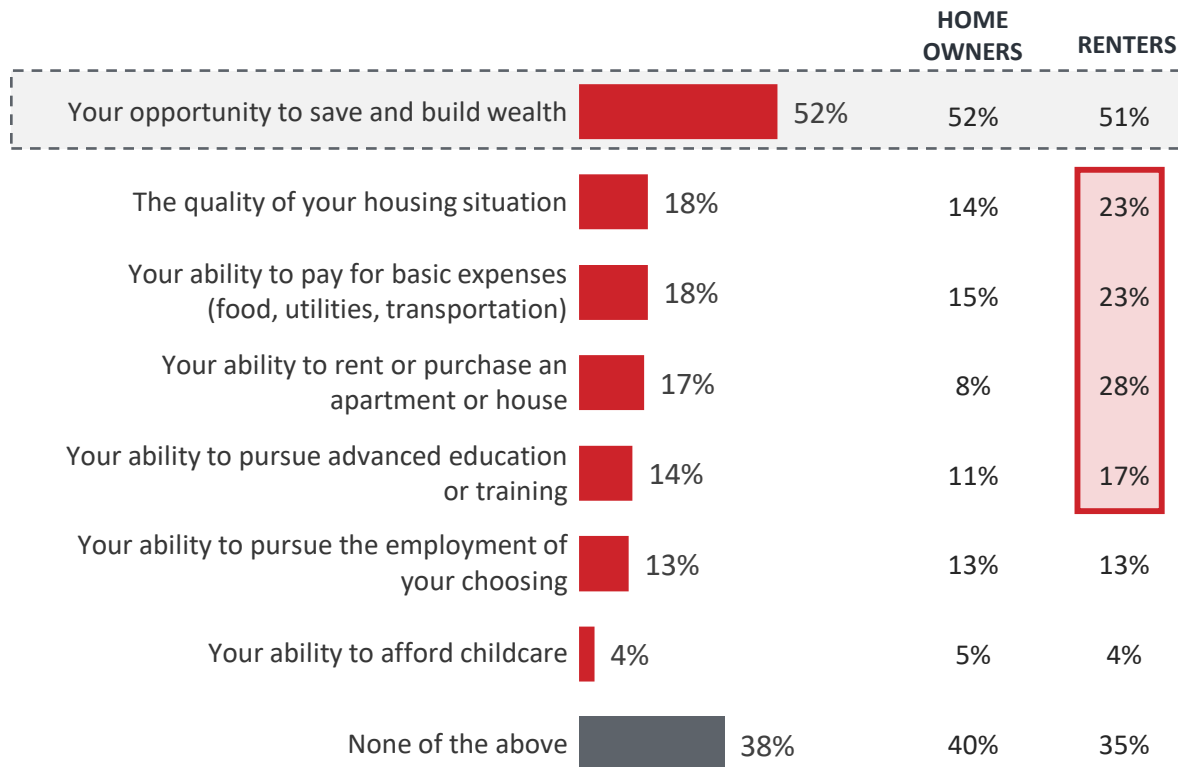
Borrowers most impacted by their ability to “get ahead”.

One-third report having seen impacts on their health care needs

Over half of borrowers (52%) say personal debt has impacted their opportunity to save and build wealth. From a health perspective, a quarter (26%) say debt has impacted their ability to afford dental care.

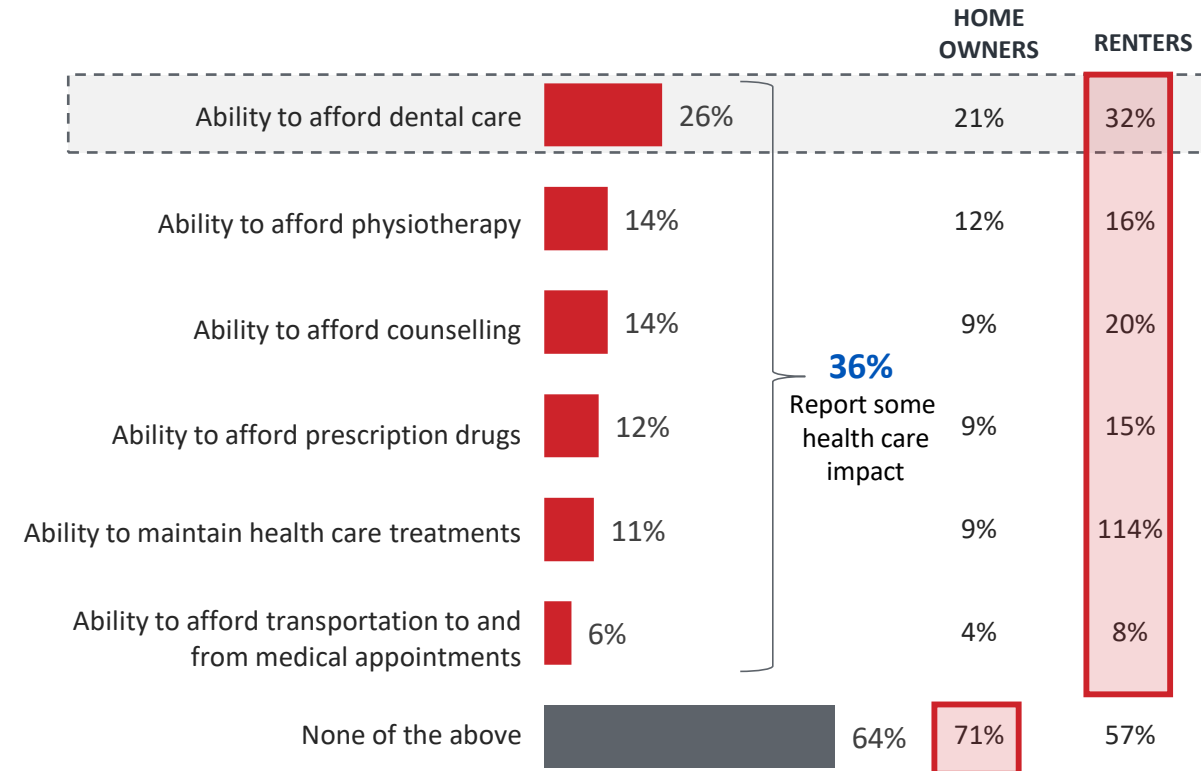
How Personal Debt Has Impacted Life

(Among borrowers)



How Personal Debt Has Impacted Health Care Needs

(Among borrowers)



Base: Borrowers (n=2,042)

E2. Has your personal debt had any impact on the following?

E3. Has your personal debt had any impact on your ability to address any of the following health care needs?



FINANCIAL CONFIDENCE

Overestimating their abilities?

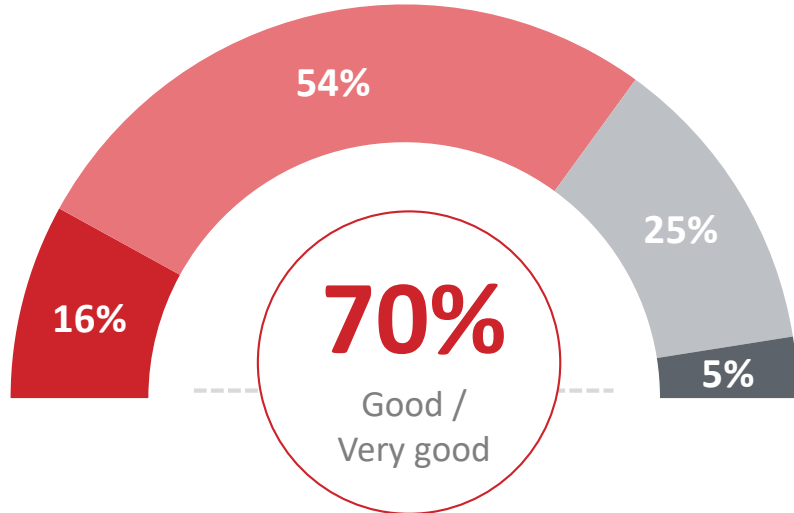
Despite financial debt (which in many cases is not decreasing) the vast majority **view the state of their finances and their credit scores confidently**. Further, they feel have a **good financial management skills** despite many not having any budgeting or goal setting process.

This assessment puts them at odds with **lenders who view many borrowers as not understanding** the products or services they are being offered.

Accurate or over-confident? Most Canadians with debt have a high opinion of their finances and their ability to manage their finances

Most borrowers (70%) believe their own personal finances are in good shape and rate their ability to manage their finances highly (81% good/very good).

Rating Personal Finances
(Among borrowers)



HIGHER AMONG:

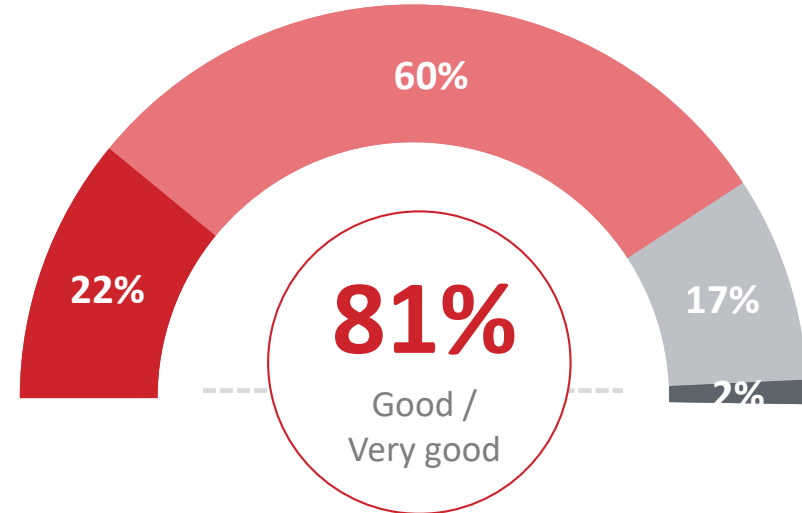
\$100K+ (82%), Women (74%),
University educated (75%),
Mortgage only debt (94%)

POOR FINANCES AMONG:

Those w Payday Loans (75%)

■ Very good ■ Good ■ Poor ■ Very poor

Rating Abilities in Managing Personal Finances
(Among borrowers)



HIGHER AMONG:

\$100K+ (87%), 55+ (86%)
Women (84%), Mortgage
only debt (99%)

Base: Borrowers (n=2,042)

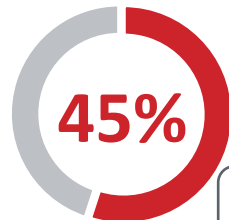
B1. How would you rate your own personal finances today?

B2. And how would you rate your own abilities in managing your personal finances?

Two-in-five debt holders who are confident in their finances do not have a budget or do not have financial goals

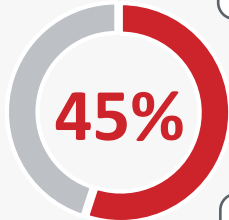
Most borrowers (80%) have either a budget or a set of financial goals, but those with financial goals tend to only have a general plan on how to achieve them.

Personal Finance Management (Among borrowers)



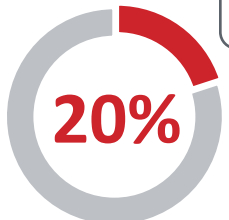
Do not have a **budget** that they manage

42% among those who say their finances are very good/good
40% among those who say their ability to manage finances is very good/good



Do not have a set of **financial goals** that they'd like to achieve

43% among those who say their finances are very good/good
42% among those who say their ability to manage finances is very good/good



have **neither** a budget or a set of financial goals

Achieving Financial Goals (Among borrowers with financial goals)

Higher among:
Millennials (79%)

71%



I have a general plan on how to achieve my goals

Higher among:
55+(37%) \$100k+ HHI (28%),
Mortgage only debt (37%)

23%



I have a specific plan for how I intend to achieve my goals

Higher among:
<\$50k HHI (12%)

6%



I have no idea how to achieve my goals

Base: Borrowers (n=2,042)

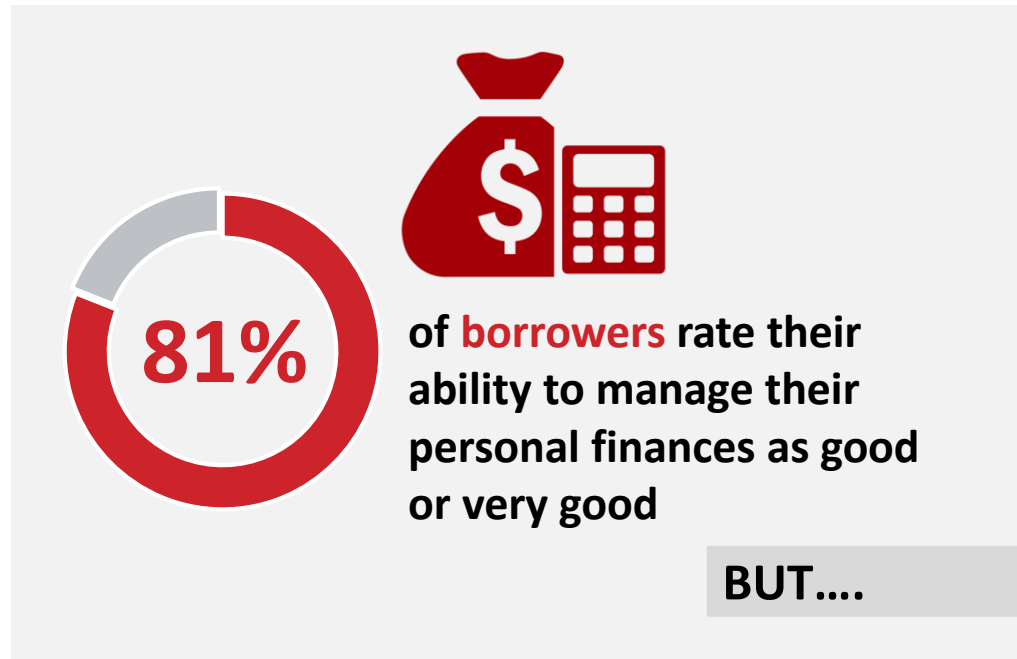
B3. Thinking about your personal finance management do you have any of the following

Base: Borrowers with financial goals (n=1,088)

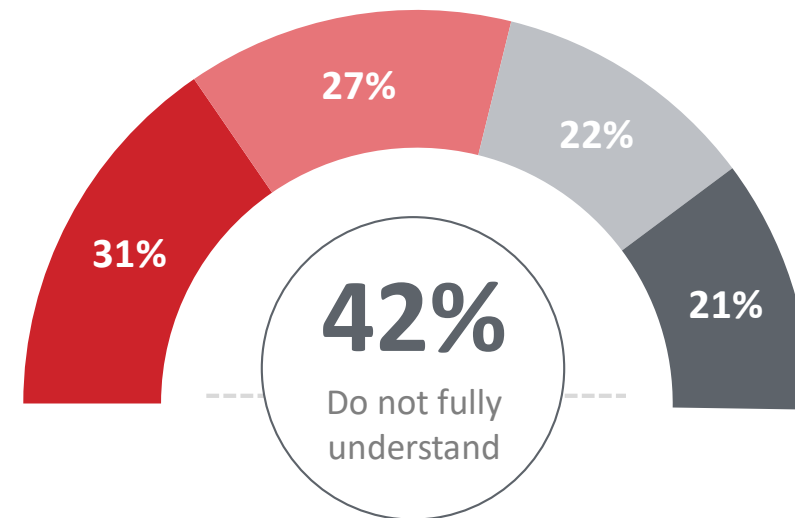
B4. Thinking overall about the financial goals that you'd like to achieve, which of the following best represents you.

When it comes to purchasing financial products, lenders don't see borrowers as knowledgeable.

Lenders don't While the large majority of borrowers (81%) believe they are capable of managing their own personal finances, lenders believe almost half of their customers (42%) don't fully understand the financial products they purchase.



Lenders' Average Perception of Borrowers' Understanding
(Among lenders)



- They understand them completely
- They understand them well enough to make an informed decision
- They get the basics, but don't seem to fully understand what they're signing up for
- They seem unclear

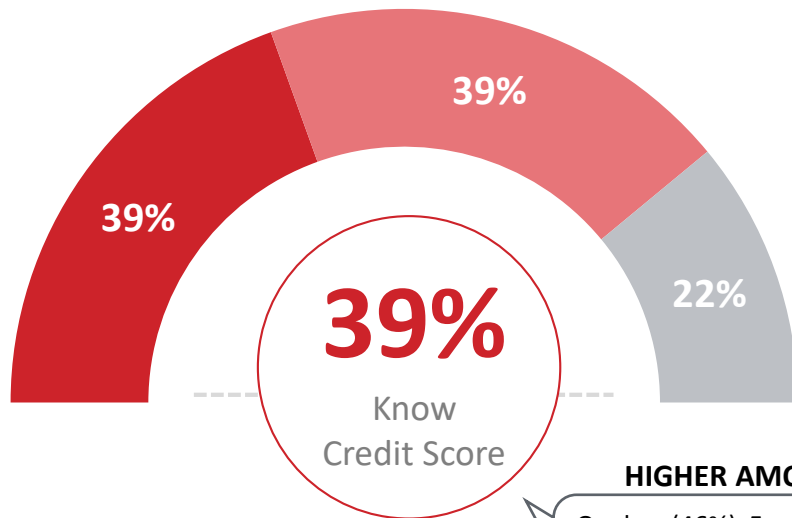
Base: Lenders (n=252)

Q12. . What proportion of customers fall under the following categories when they buy financial products from your organization? Make sure the total adds to 100%

Two-in-five with debt say they are unclear how their credit score gets calculated

Borrowers claim to have a basic knowledge of credit. While most have at least a sense of what their credit score is, almost half of borrowers (42%) have little or no idea about how their credit score is calculated.

Knowledge of Credit Score (Among borrowers)

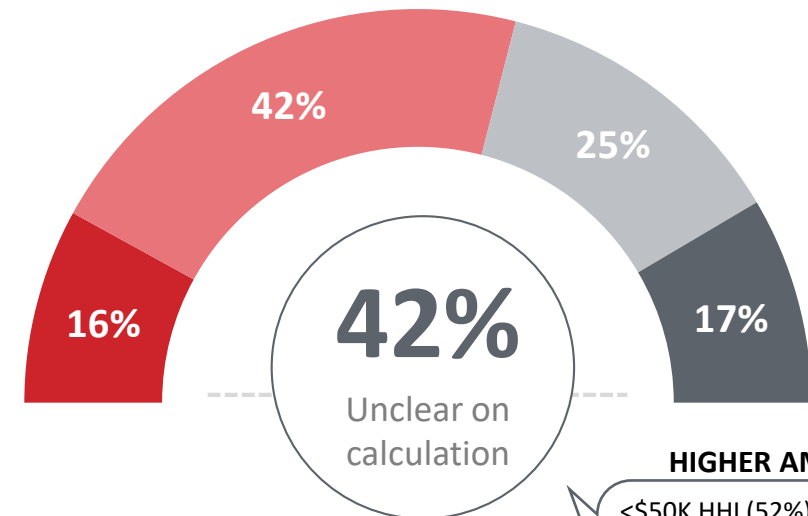


- I know my credit score
- I have some sense but don't know the exact number
- I have no idea at all

HIGHER AMONG:

Quebec (46%), Female (43%),
Good personal finances (42%),
Good financial management (42%)

Understanding of how Credit Score is Calculated (Among borrowers)



- I understand it fully
- I get the basics, but don't understand everything
- I understand some parts, but am unclear on most of it
- I have no idea

HIGHER AMONG:

<\$50K HHI (52%), Quebec (49%),
Millennials (49%), Men (46%), Poor
personal finances (49%), Poor
financial management (55%),
Poor/ok credit (49%),

Base: Borrowers(n=2,042)

D1. Do you know what your current credit score is?

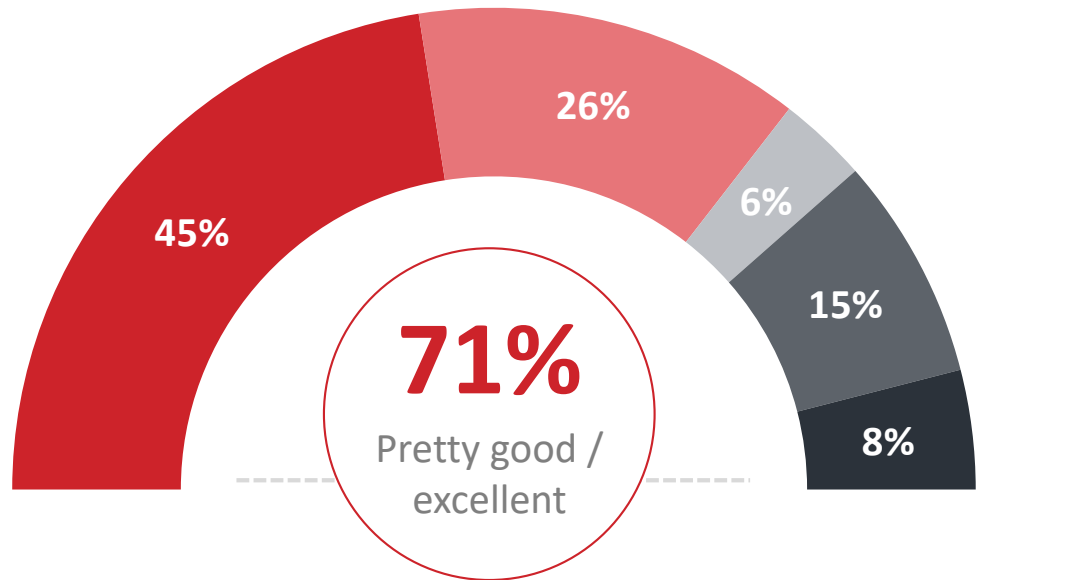
D2. How well do you understand how your credit score is calculated?



Almost half of borrowers (45%) believe they have excellent credit.

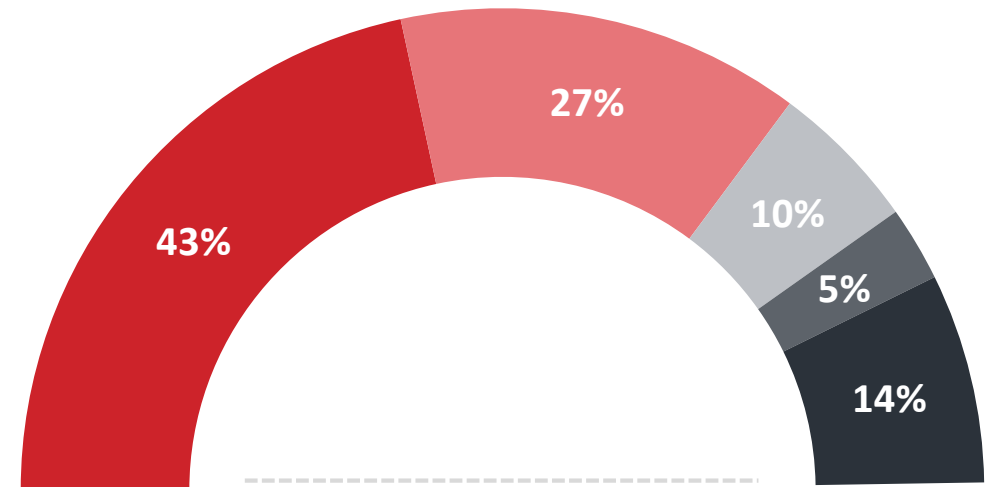
These proportions are generally in line with the Canadian credit score distribution (which includes those without debt).

Self Reported Credit Score
(Among borrowers)



- I have excellent credit
- Pretty good, but not perfect
- I don't know
- OK, but room for improvement
- Poor

Distribution of Canadian Credit Scores
(Provided by Equifax)



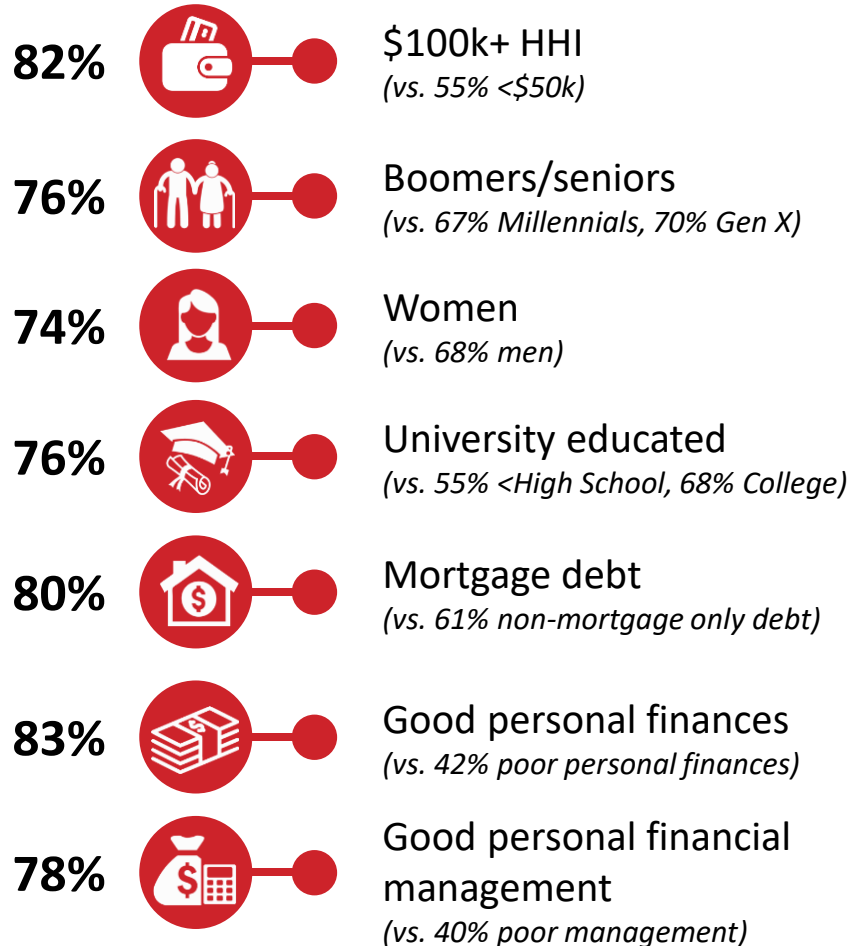
- Excellent (780+)
- Very good (720-779)
- Good (680-719)
- Fair (650-679)
- Poor (<650)

Base: Borrowers (n=2,042)
D3. The following statement best describes my credit profile:

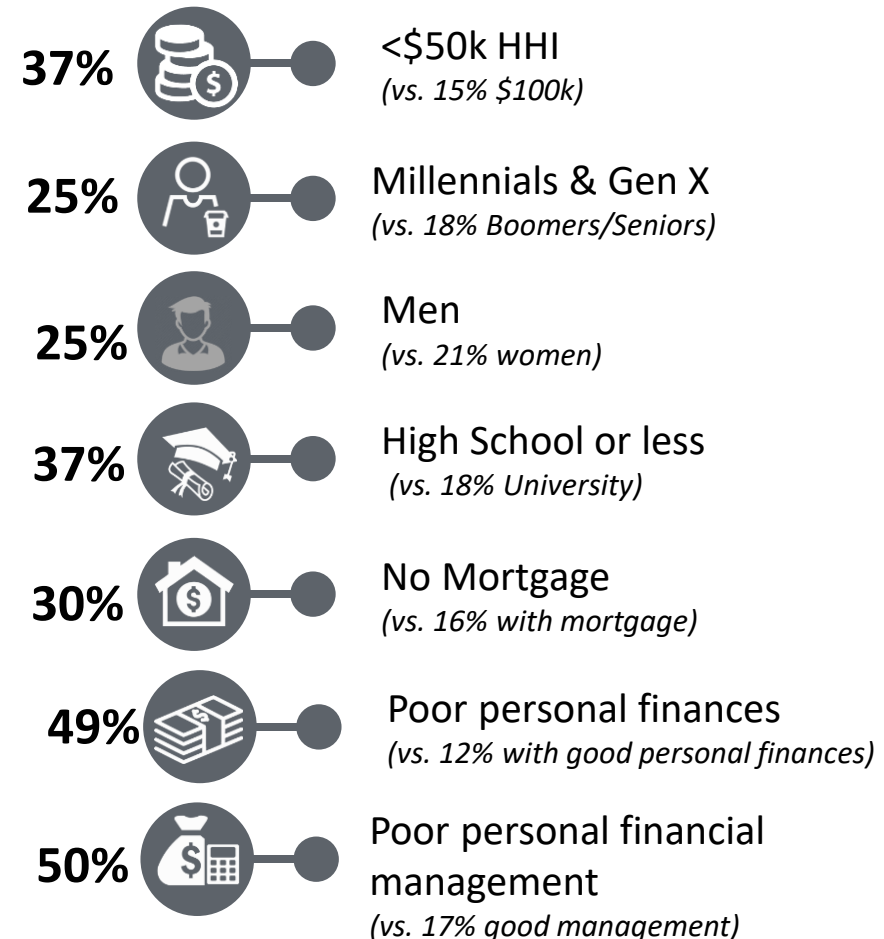
Affluent, older, educated & homeowners: A profile of good vs. poor credit scores

Almost half of borrowers (45%) believe they have excellent credit. Good credit ratings are more common among higher income households, women, boomers/seniors, and University educated borrowers.

GOOD/EXCELLENT CREDIT SCORE HIGHER AMONG:



POOR CREDIT SCORE HIGHER AMONG:



Base: Borrowers (n=2,042)
D3. The following statement best describes my credit profile:



The Divide between Borrowers and Lenders

There is **a barrier between lenders and Canadians in debt**. This barrier manifests in several ways:

- Not seeing or **avoiding engagement** from a financial advisor;
- **Not taking recommendations** from their financial advisor;
- **Distrust in the motives** behind the advice they are given;

The issue appears to be at both ends. While lenders know that many **borrowers are not clear about the products they are buying**, they still sell them. Further, many will **only provide information and sell “in-house” products**. This leaves many borrowers feeling **pressured** and as though their **needs are not being met**.

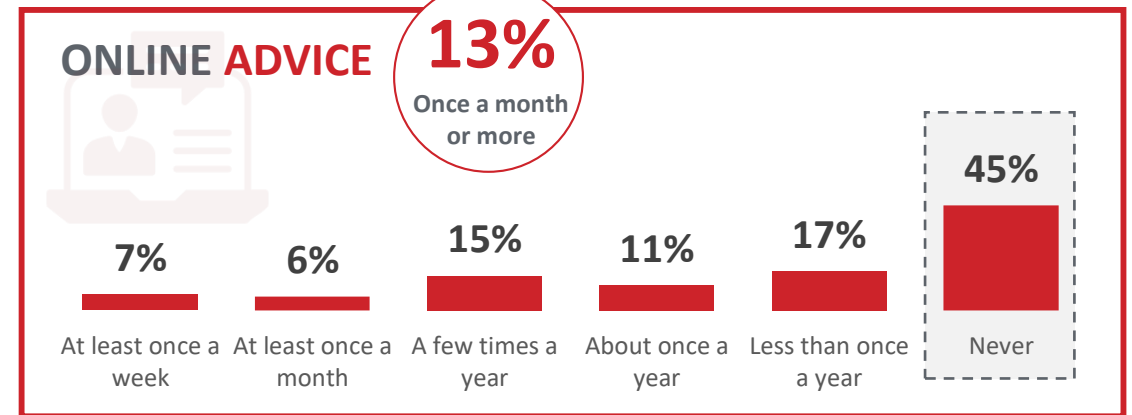
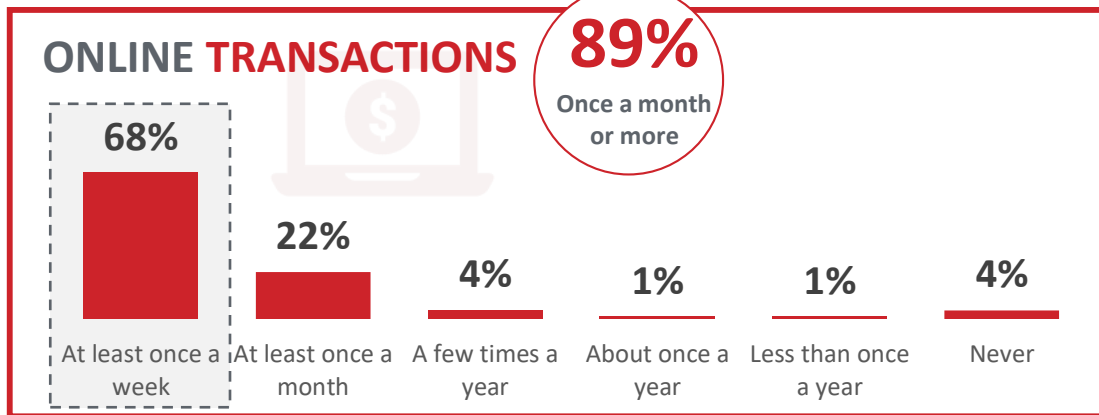
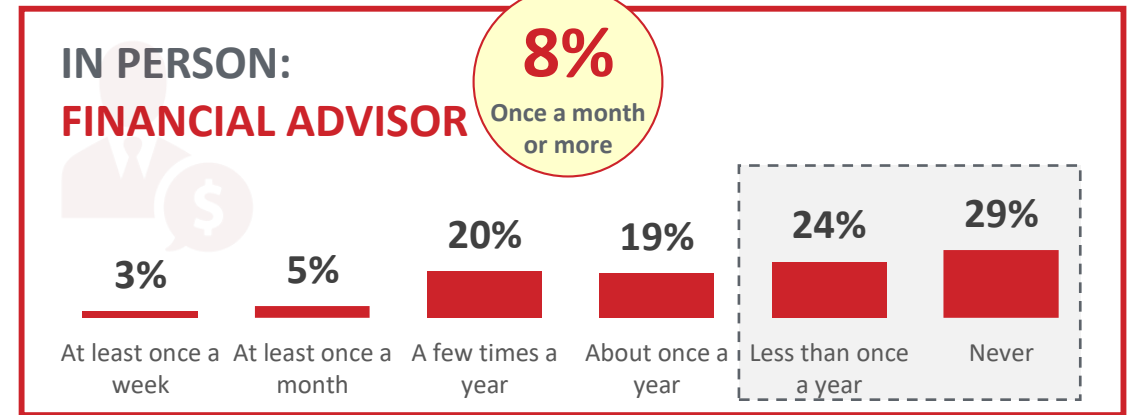
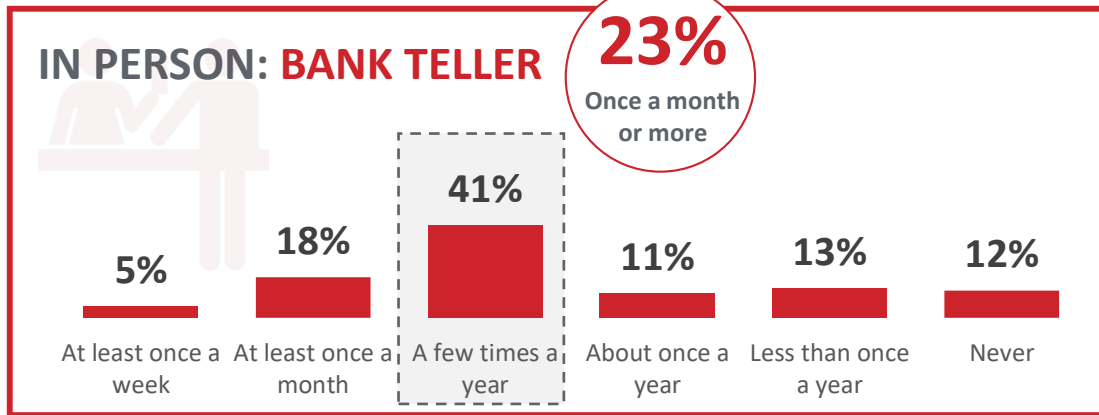
The underlying issue could manifest from the sales culture where lenders are split on whether their **focus** is on the **people and useful products** vs. **their own sales and believing clients should feel grateful**. The result of this dynamic is that the Canadians whose needs for sound financial advice and products are greatest are feeling alienated from the financial system.

Borrowers do not deal in-person with financial advisors very often (if at all)

Nearly a third (29%) have never interacted with one in-person.

Frequency of Dealing with Primary Financial Institution

(Among borrowers)

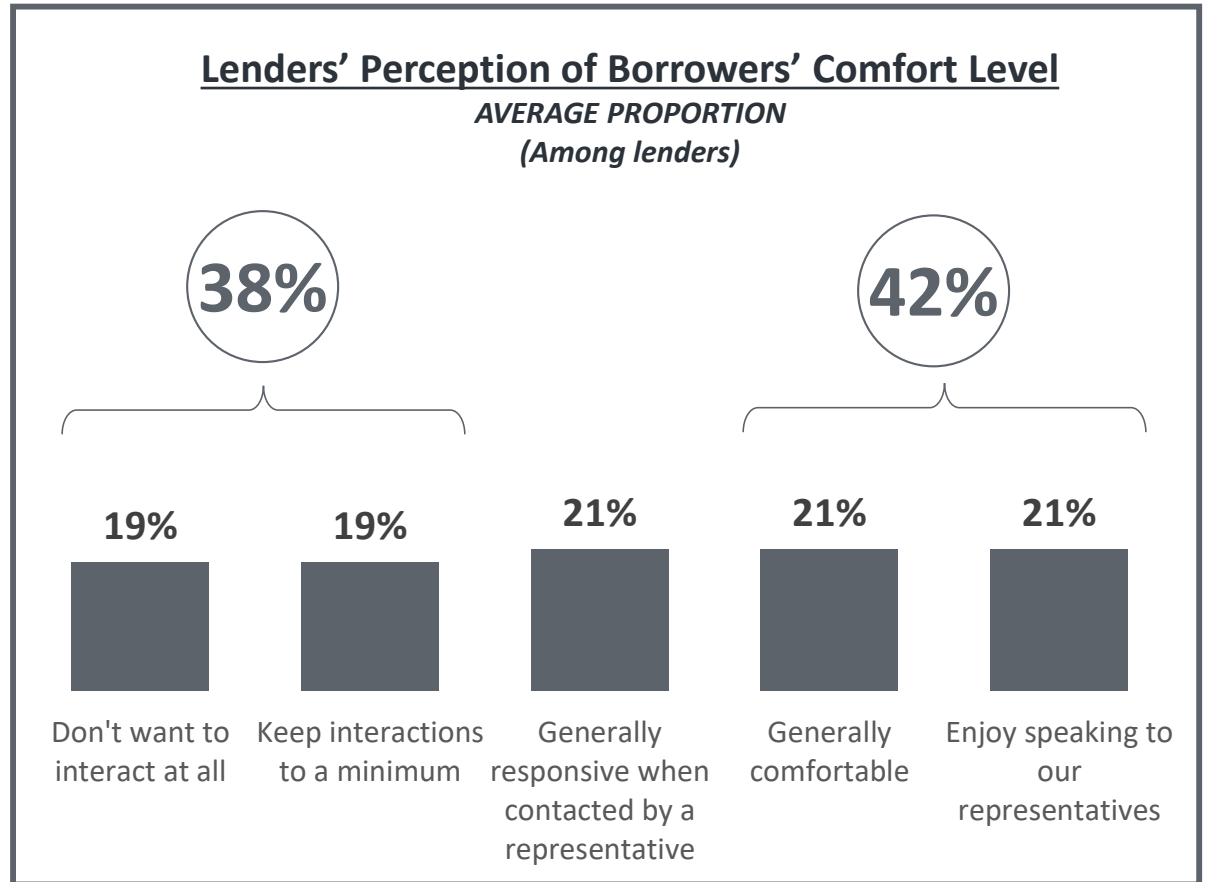
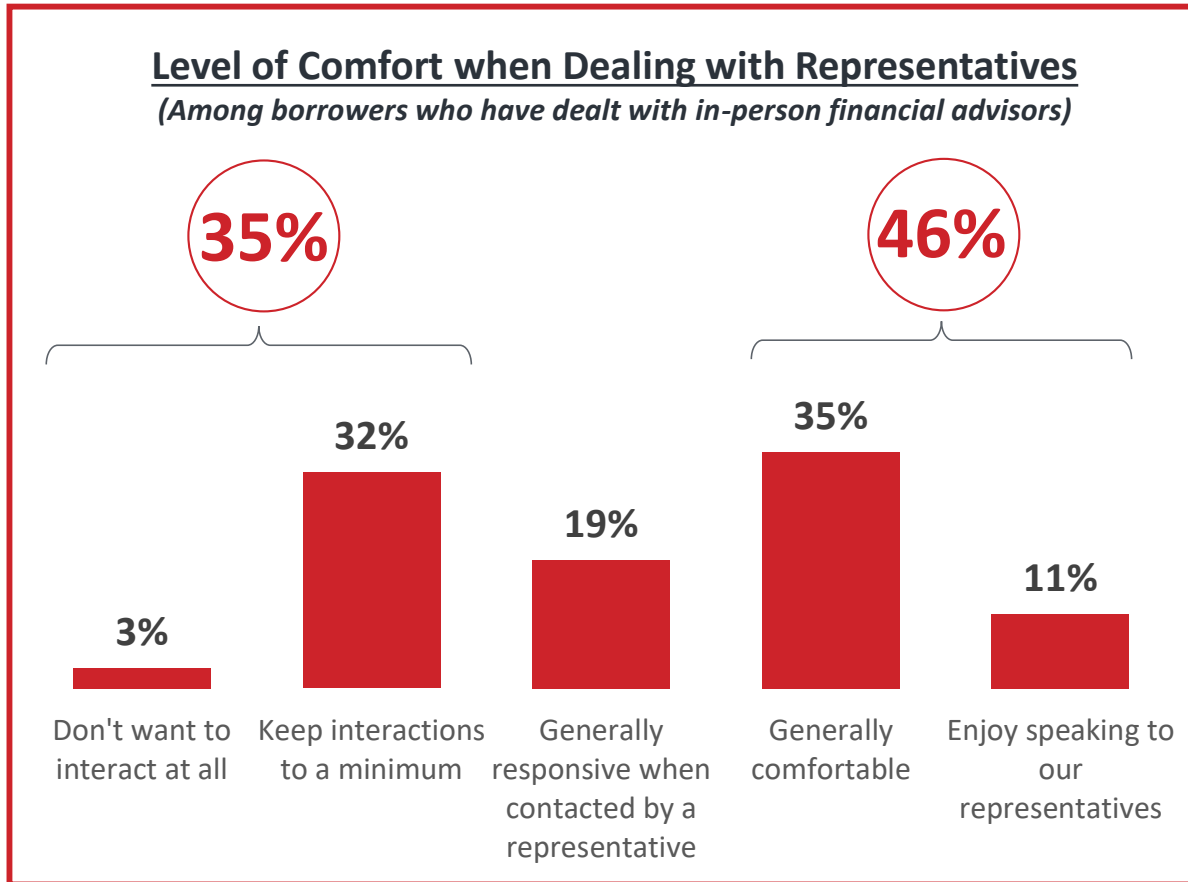


Base: Borrowers (n=2,042)

Q1. How often do you deal with your primary financial institution via:

Customers' preferences vary with roughly one-third who keep financial advisor interactions to a minimum

Lenders and borrowers are generally on the same page when it comes to interaction preferences;



“ I think our institution could provide our clients with **more online interaction** for after hours help since some people are not comfortable interacting with us face to face

-Lender

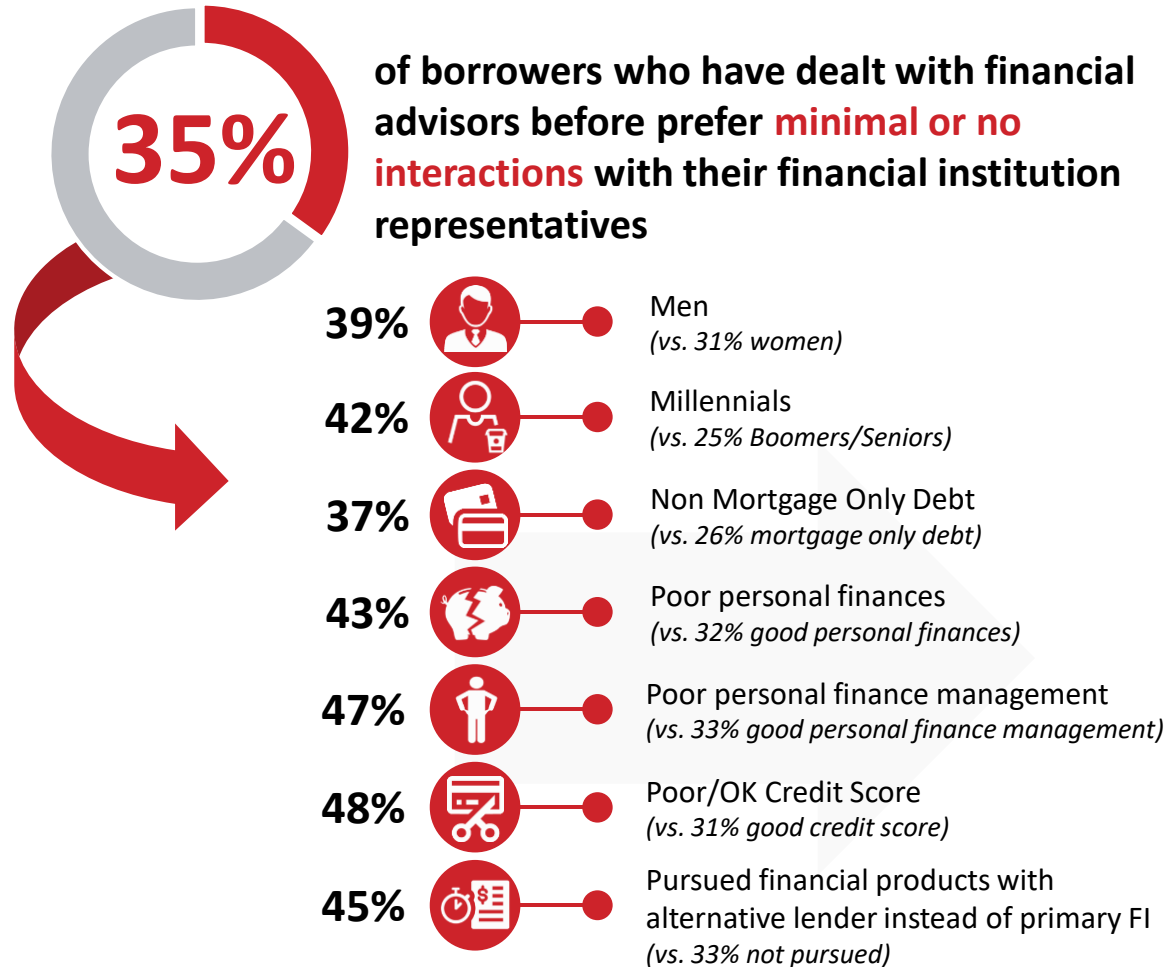
Base: Borrowers who have dealt with in person financial advisor (n=1,458)
C2. How would you rate your level of comfort when dealing with your financial institution representatives?

Base: Lenders (n=252)

Q8. Generally speaking, what proportions of your customers have the following level of comfort when dealing with your financial institutions? Please make sure the total adds up to 100%



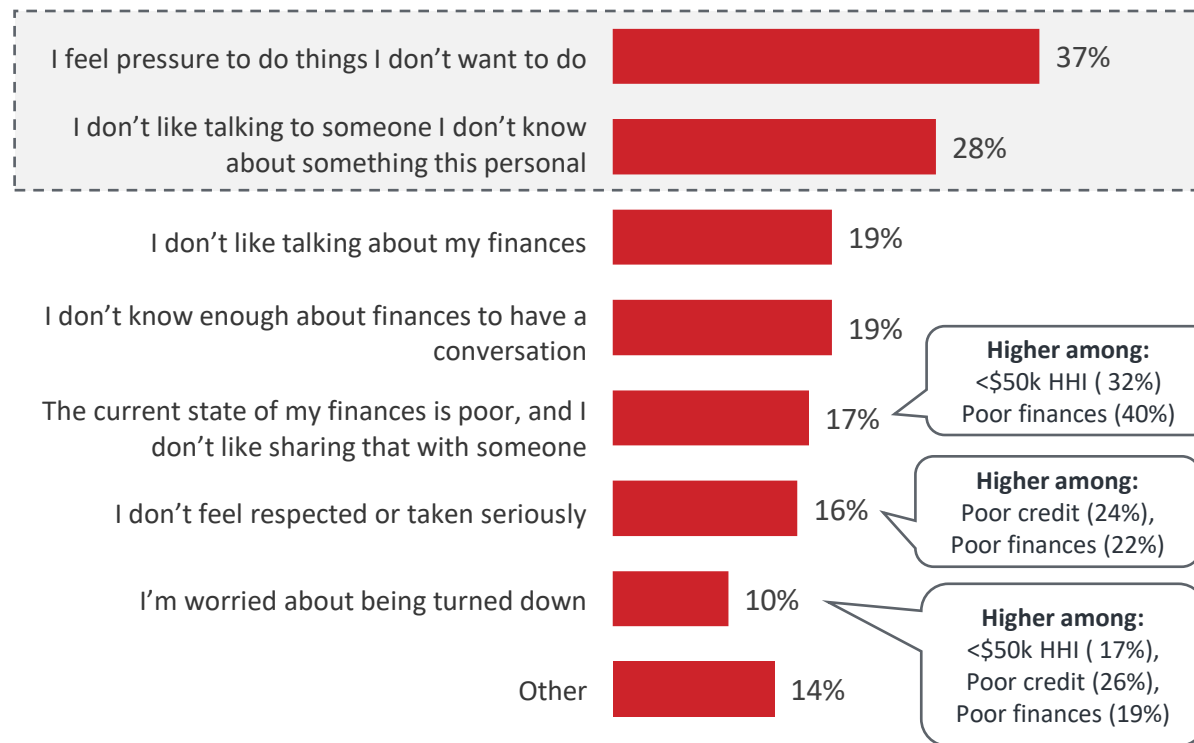
Those who minimize their interactions with financial advisors are the same people who need the most help with their finances



Base: Borrowers who have dealt with in person financial advisor (n=1,458)
C2. How would you rate your level of comfort when dealing with your financial institution representatives?

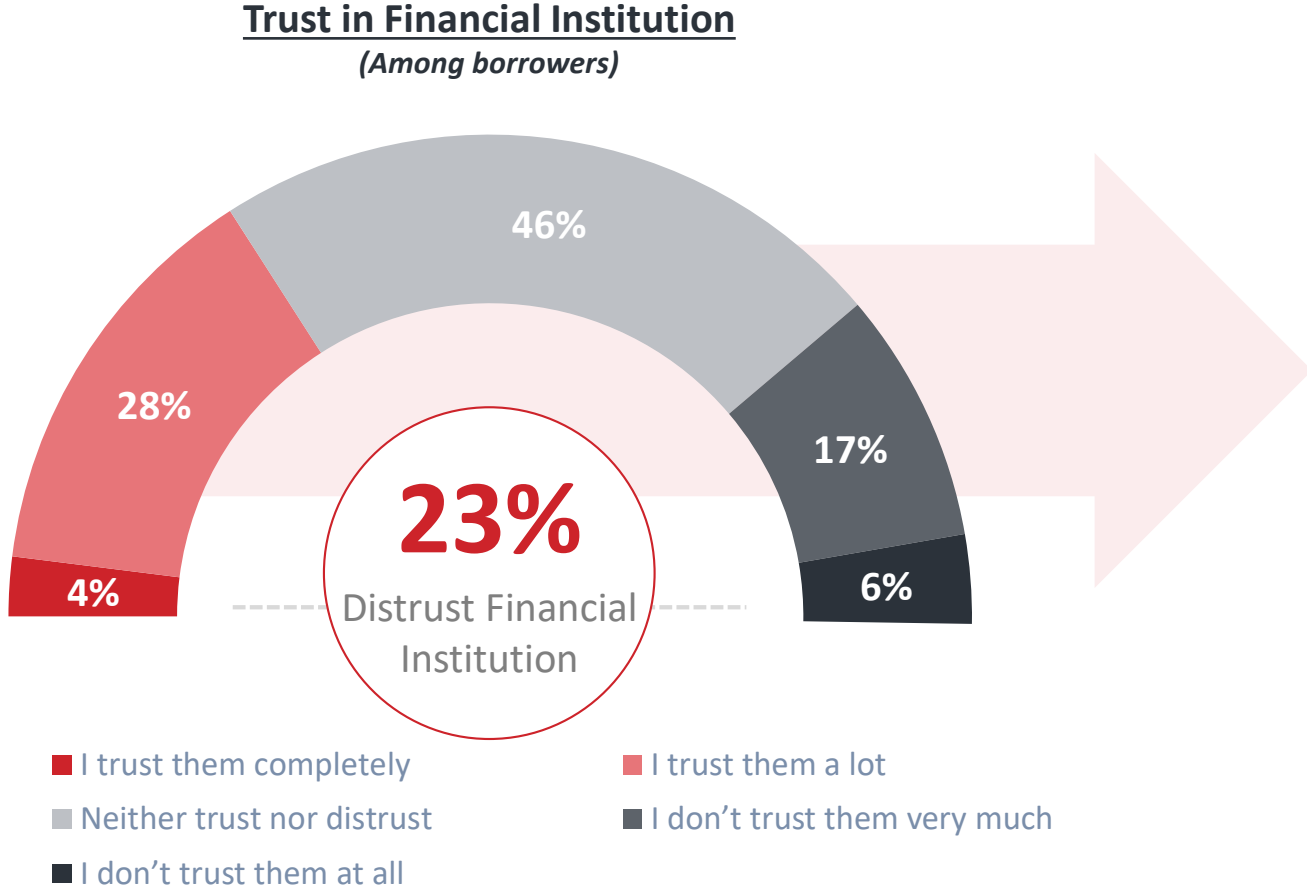
Those with debt say that they minimize their interactions because of feeling pressured and not wanting to open up about their personal financial situation

Reason for Discomfort when Dealing with Representatives (Among borrowers who prefer minimal/no interactions)



Trust gap: One-Quarter say they don't trust their financial institution to provide good advice.

Borrowers are largely indifferent when it comes to trusting financial institutions. Half say they neither trust nor distrust (46%) and few are at the extreme ends of the spectrum. Trust is higher among those with good credit scores and good personal finances.



TRUST HIGHER AMONG:

- 40%** Saskatchewan/Manitoba
(vs. 25% Alberta, 27% BC, 30% Ontario)
- 39%** Quebec
- 40%** Boomers/Seniors
(vs. 27% Millennials, 30% Gen X)
- 36%** Good personal finances
(vs. 22% poor personal finances)
- 34%** Good personal financial management
(vs. 24% poor management)
- 34%** Good credit score
(vs. 25% poor/ok credit score)
- 35%** Have not pursued financial products with alternative lender instead of primary FI
(vs. 21% pursued)

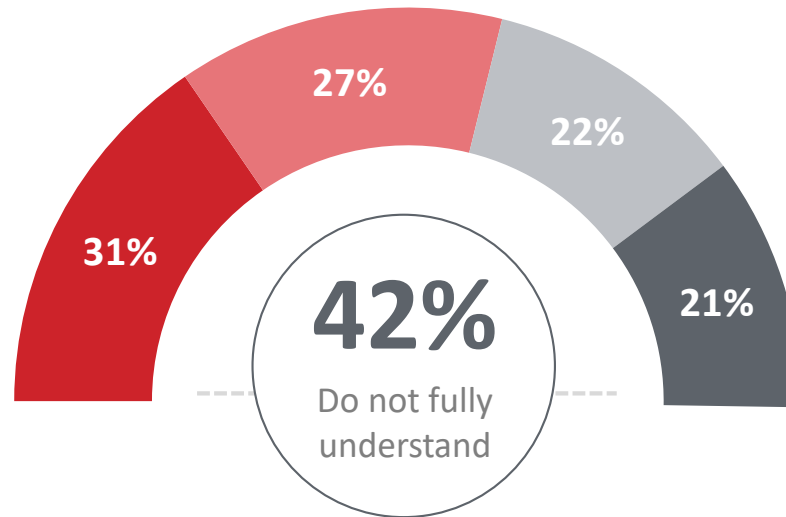
Base: Borrowers (n=2,042)
C4. To what extent do you trust your financial institution to provide good advice and prioritize your needs?



**Why is there a trust gap
between Canadians with debt
and their financial advisors?**

Lenders say two-in-five of their borrower clients don't understand the financial products they are purchasing

Lenders' Average Perception of Borrowers' Understanding
(Among lenders)



“ Give them **additional simplified resources** to take home and read to fully understand the concepts with the most basic terminology and definitions (even the most obvious stuff) that they can use when signing the contracts. And make sure the lenders really really **break every detail down** in the discussion as well.
-Lender

“ Talk in terms the **average person can understand**. Less third parties calling on behalf of my bank. **Fewer offers to increase my credit limits**.
-Borrower

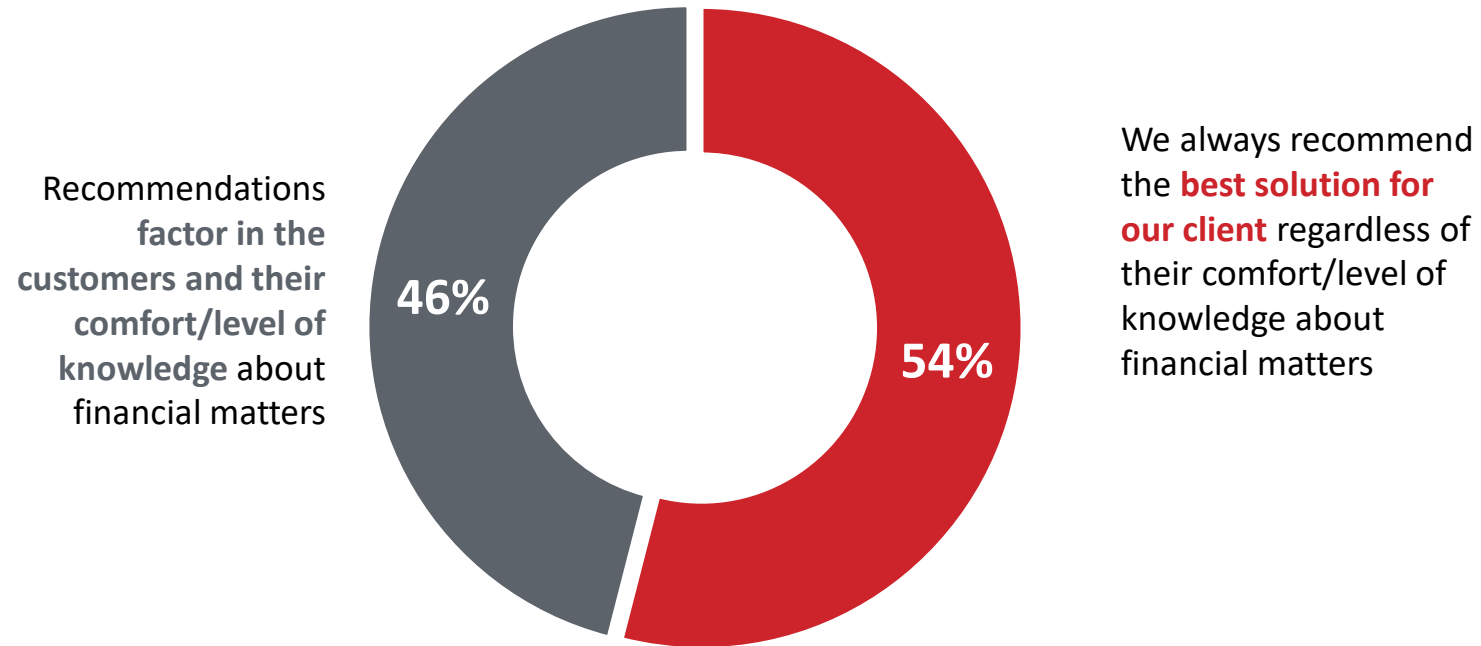
- They understand them completely
- They understand them well enough to make an informed decision
- They get the basics, but don't seem to fully understand what they're signing up for
- They seem unclear

Base: Lenders (n=252)

Q12. . What proportion of customers fall under the following categories when they buy financial products from your organization? Make sure the total adds to 100%

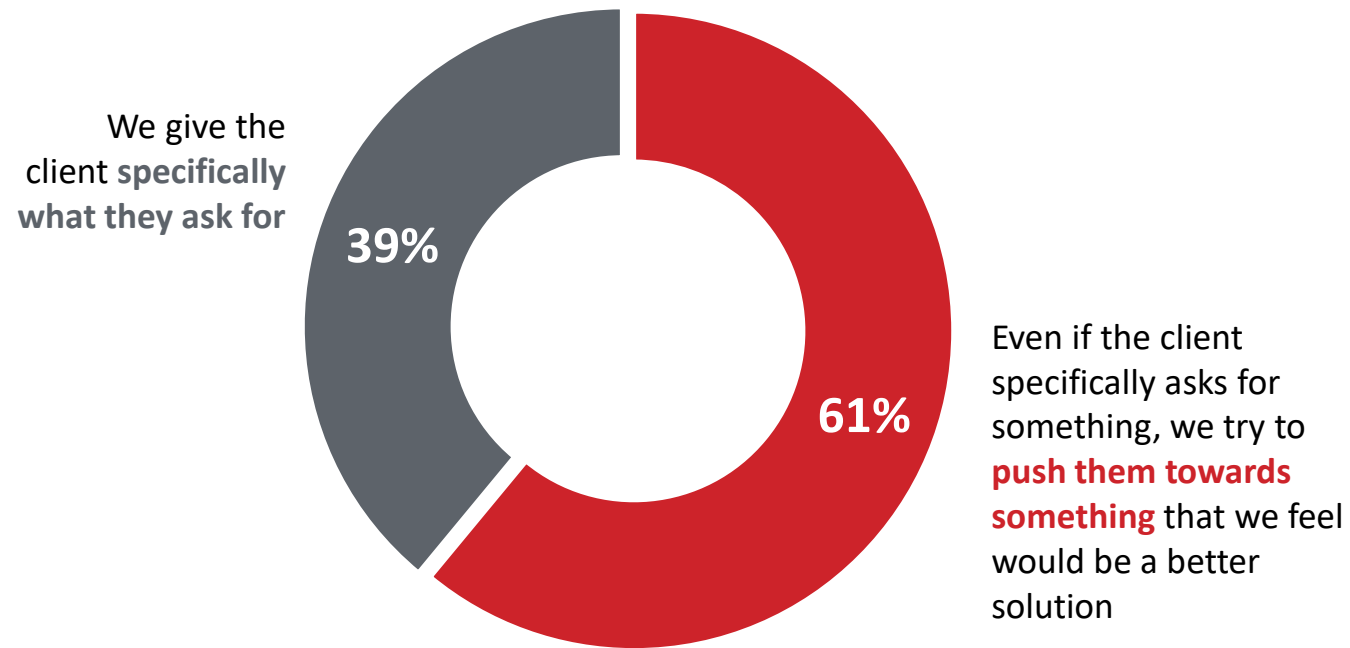


For roughly one-half of lenders, client comfort and level of knowledge are not prioritized in product recommendation



Base: Lenders (n=252)
Q6a. Which of the following best reflects how product recommendations are made to clients at your financial institutions?

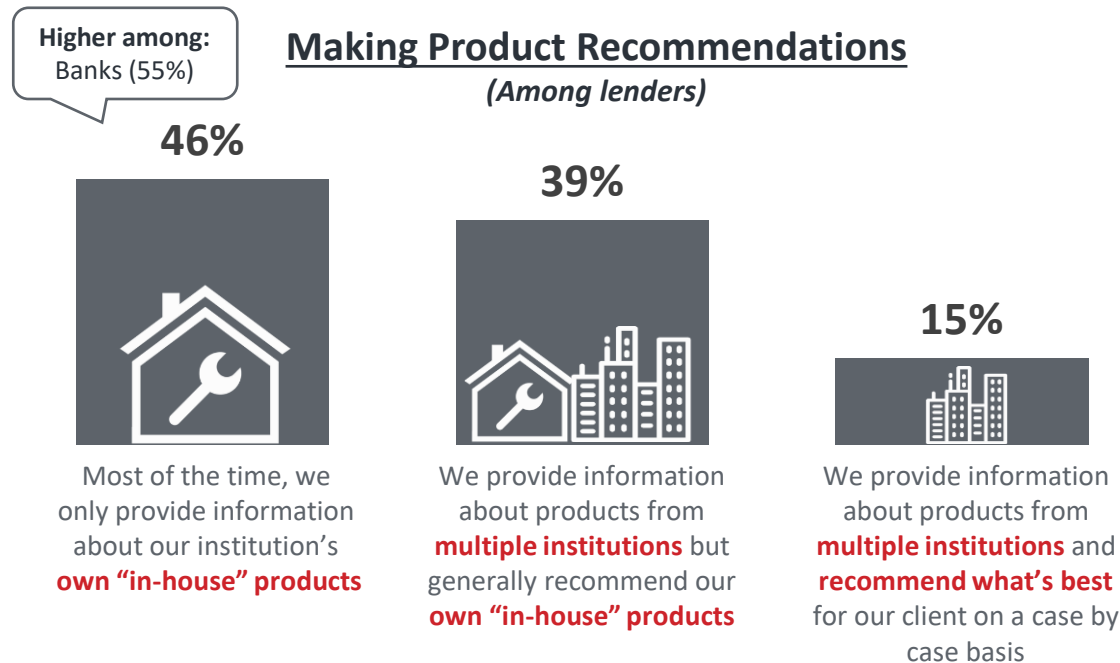
Most lenders report that they push clients towards better solutions



Base: Lenders (n=252)

Q6c. And again, which of the following best reflects how product recommendations are made to clients at your financial institutions?

Lenders will typically recommend their own “in-house” products to customers, but report they will often provide information about products from other institutions.



According to lenders...

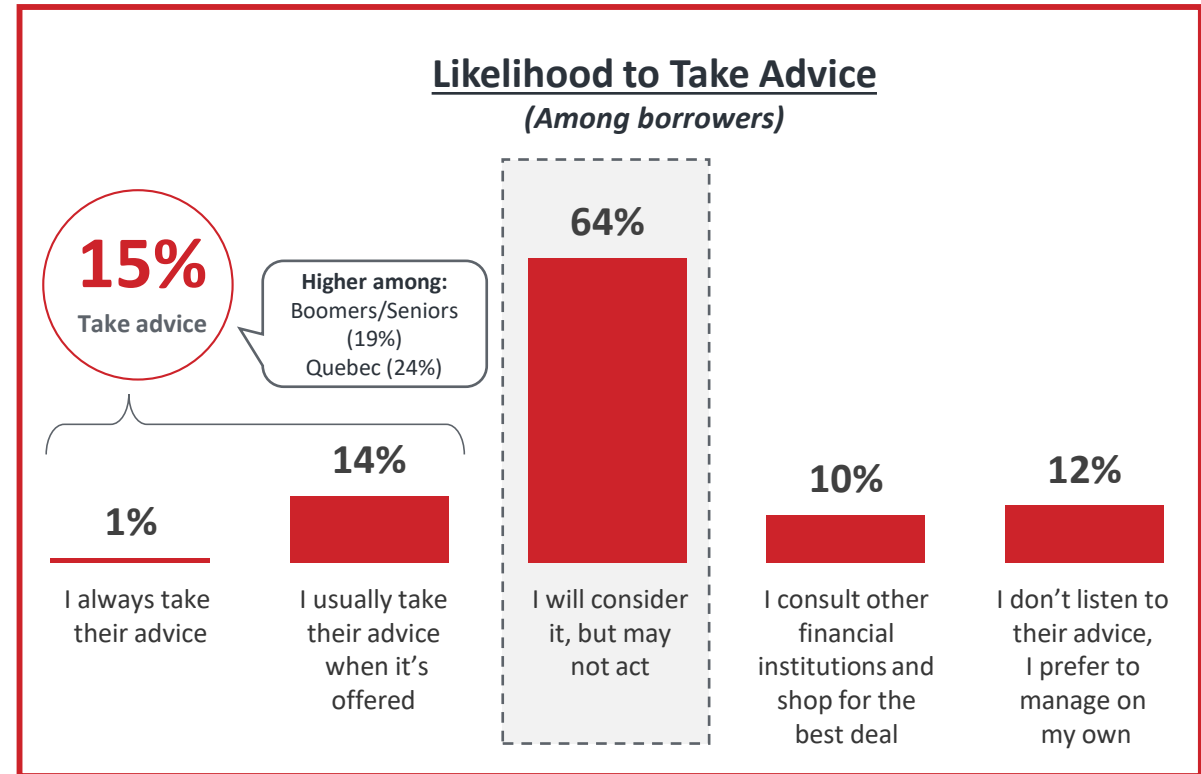
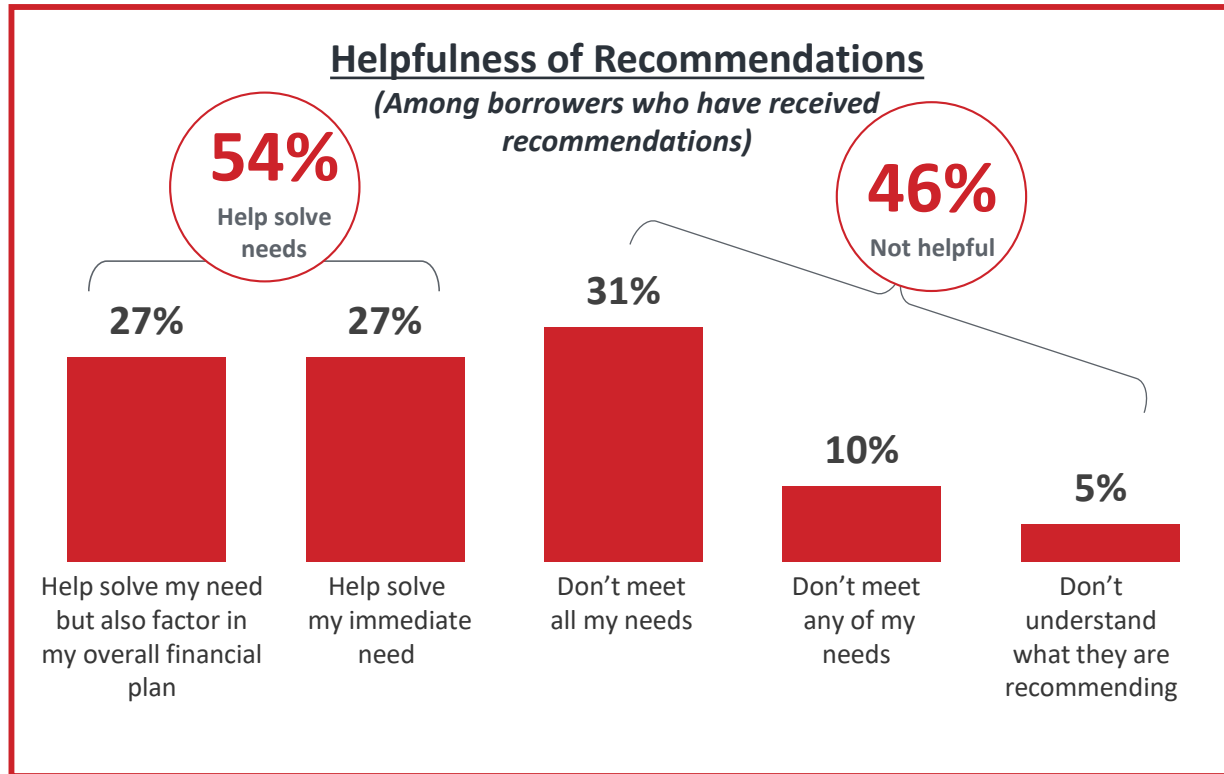
74%
of the time the “best product”
to fit a client’s needs comes
from your own financial
institution

Base: Lenders (n=252)

Q6. When making product recommendations to clients, which statement best describes your financial institution’s approach?

Many Canadians in debt feel their FA's advice is not helpful and are more likely to heed their own council.

Borrowers don't always take the advice of their financial institution. Most (64%) will consider it but may not act. Many customers (46%) feel the advice given to them doesn't meet their needs or is not clearly explained.



“ My retirement planning **does not fit the cookie cutter** 'put it in an RRSP and let it grow' approach most banks default to. Yet, every time I meet an advisor the first advice is always 'RRSP' - which won't necessarily be the best savings tool for me.
-Borrower

“ I have found that the meetings with our bank's financial advisers have been **more about sales than understanding our needs**. And it's a different person every time so you don't get to build a trusting relationship.
-Borrower

Base: Borrowers (n=2,042)

C5. Overall, which of the following statements best describes the advice you receive from your financial institution?

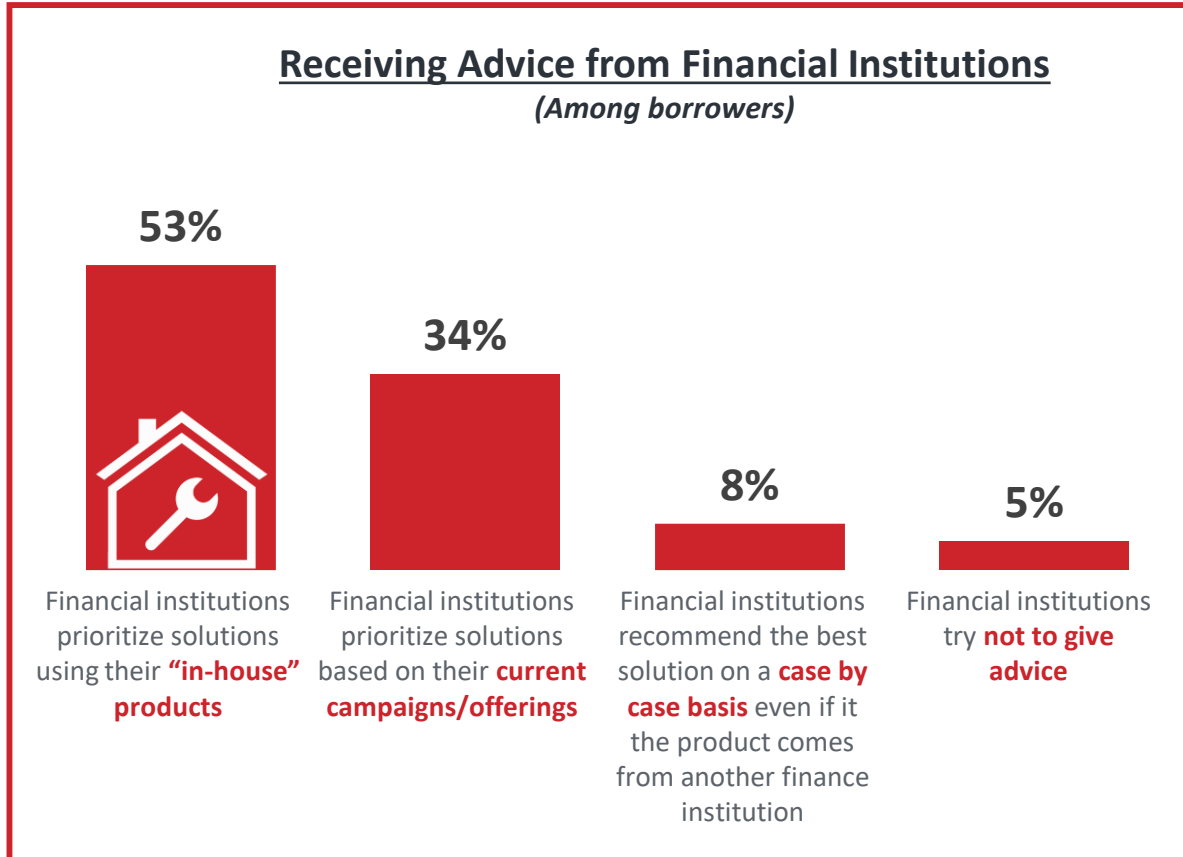
C6. When your financial institution recommends a product or service how likely are you to take their advice?



Borrower/Lenders Disagreement:

Borrowers believe financial institutions will prioritize their products

Lenders say they recommend the best solution regardless of financial institution



“

*Discontinue cross selling and product pushing based on a need to sell and make money. Start making it about **what is best for the clients**.*

Train staff and have knowledgeable people on the front line providing proper advice and educating clients.

-Lender



Base: Borrowers (n=2,042)

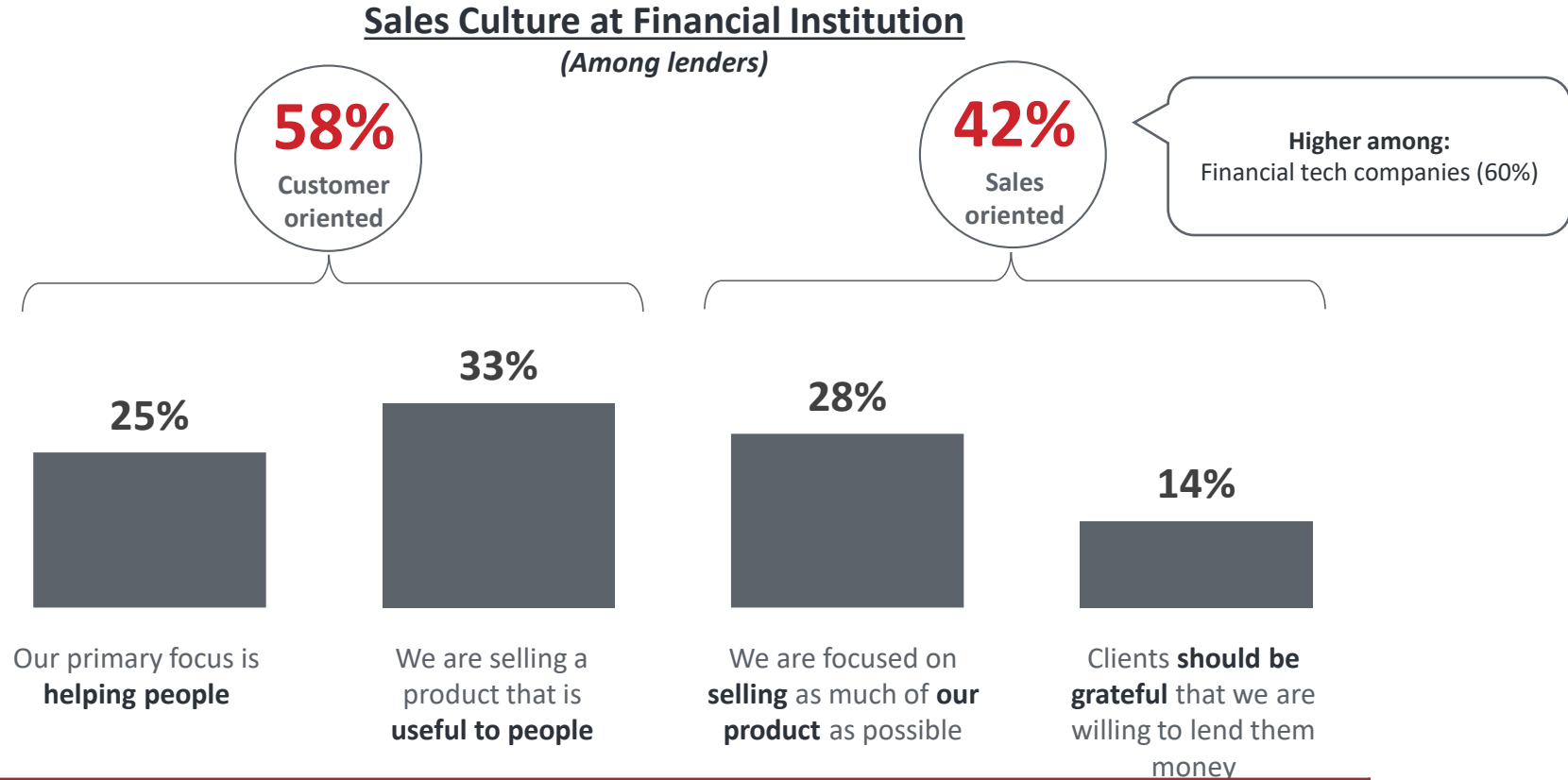
D8. When you receive recommendations from your financial institution, which statements best describes your options?

Base: Lenders (n=252)

Q7. Which statement best describes the advice provided to your customers?

The sales culture at financial institutions is somewhat split. While most lenders believe their sales culture is more customer oriented, one-in-seven say that clients should be grateful

There is a stark divide on the sales focus between those in a client facing role (who are more focused on helping people and providing useful products) and executive level (who are focused on selling their products and feel clients should be grateful).



	Helping people	Useful products	Sell "our products"	Clients should be grateful
Client facing	33%	32%	24%	11%
Manager	17%	42%	32%	10%
Director/Executive	12%	12%	38%	38%

Q13. When it comes to lending, which of the following best describes your perception of the sales culture at your institution?



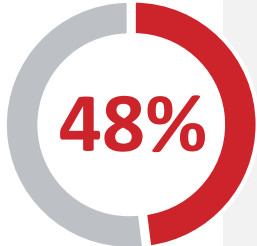
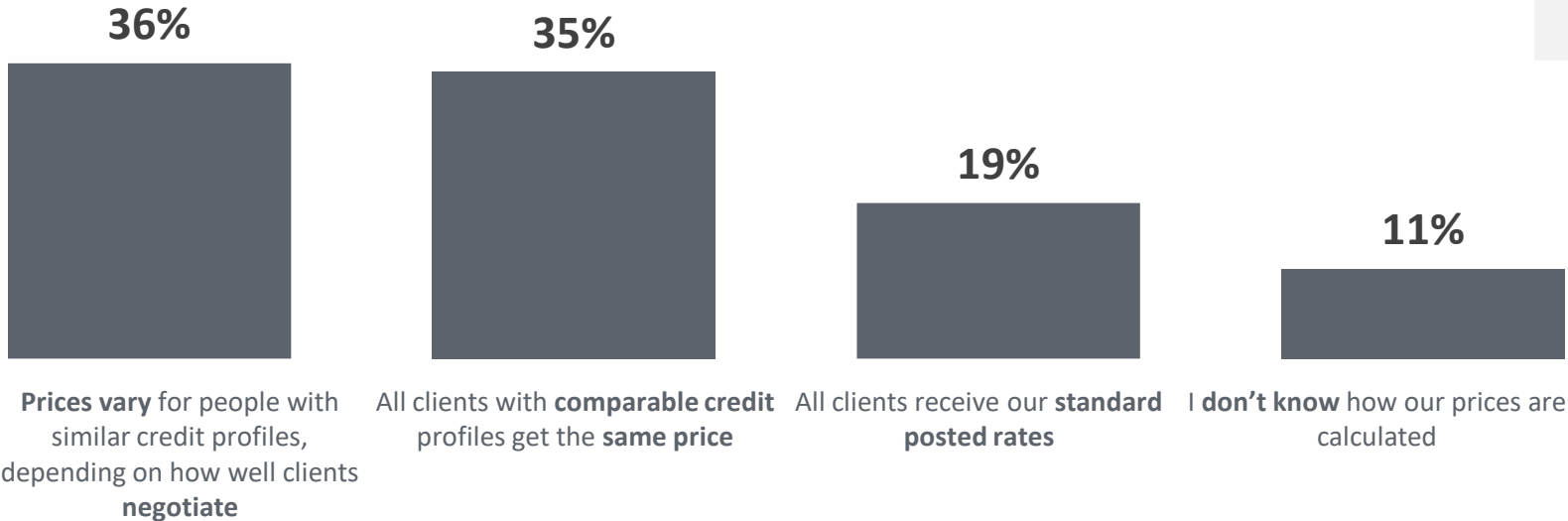
HOW ARE PRODUCTS PRICED?

Many lenders say that **borrowers need to advocate for themselves** to get better prices. This element of financial advisement may play into the lack of trust that many borrower feel towards their FAs.

While the majority of lenders believe that their pricing models are transparent, **they differ quite dramatically** from borrowers in their **understanding of how prices are derived**. Lenders say that they take personal history/personal situation into account, but borrowers largely do not believe this to be the case. Is this an issue of a lack of communication/transparency in the pricing or a lack of trust that what they're being told isn't true?

One-third of lenders say that the final price is dependent on whether the borrower negotiates successfully

Product Pricing and Interest Rates (Among lenders)

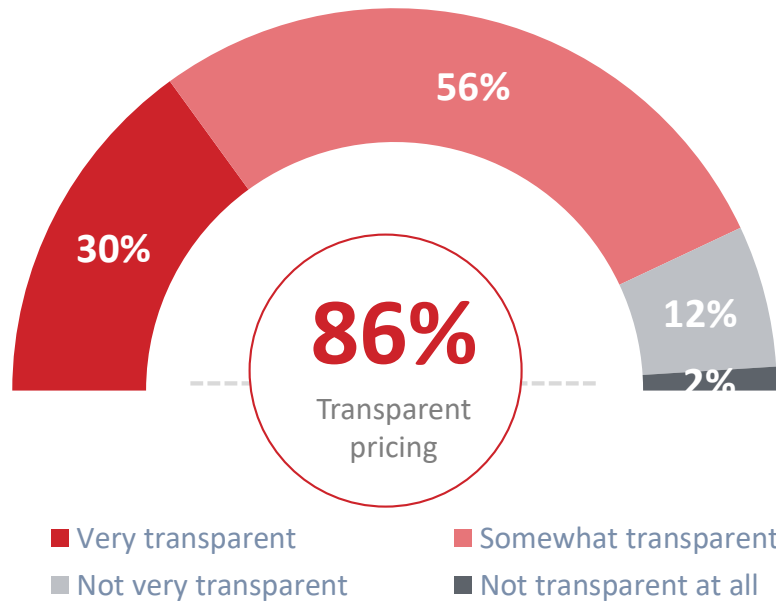


48% of lenders say borrowers often ask for more information on how prices are calculated

Base: Lenders (n=252)
Q14. Which statement would you say is most true about product pricing and interest rates at your financial institutions?

While lenders mostly agree that their pricing is at least somewhat transparent, the degree of transparency varies dramatically between client facing and executive level

Transparency of Pricing from Consumer Perspective
(Among lenders)



	Client facing	Manager	Director/Executive
Very transparent	29%	19%	62%
Somewhat transparent	55%	65%	34%
Not transparent	16%	15%	3%

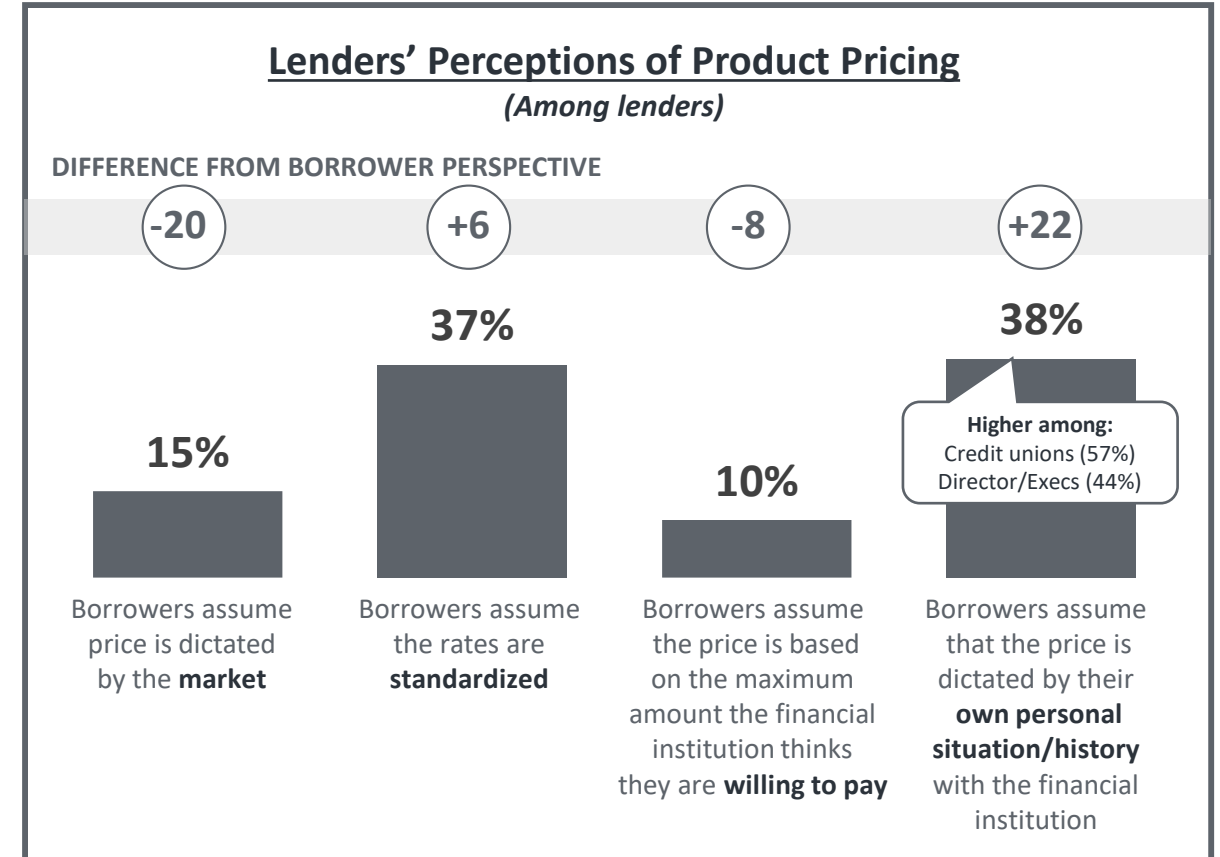
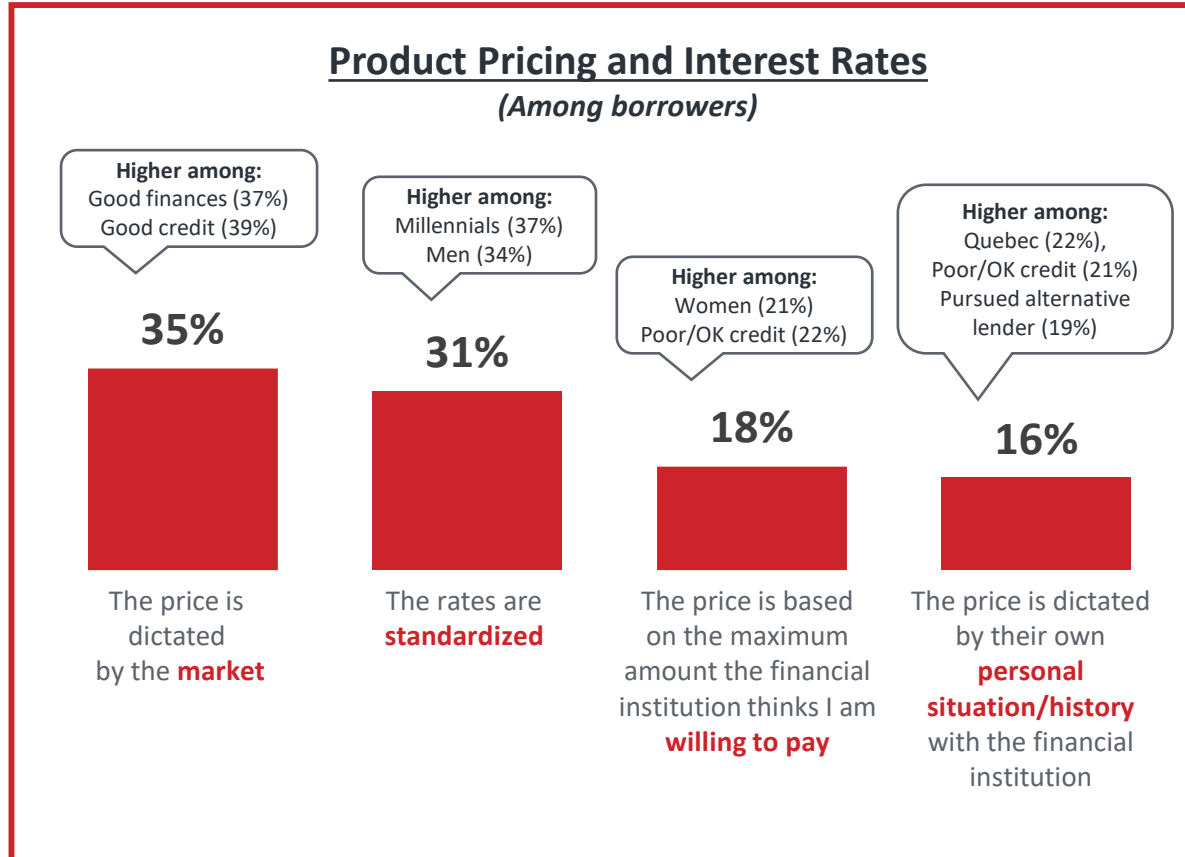
“We need to be **more transparent** about what would really help them on a case by case basis.
- Lender

Base: Lenders (n=252)
Q14. Which statement would you say is most true about product pricing and interest rates at your financial institutions?
Q15. How transparent do you think your institutions pricing is, from a consumer perspective?
Q15b. Do borrowers often ask for more information on how our prices are calculated

Is it an issue of trust or lack of communication?


Lenders and borrowers have different perceptions when it comes to product pricing.

Most borrowers believe prices are either dictated by the market (35%) or the rates are standardized (31%). Many lenders, however, assume that borrowers think prices are dictated by their own personal situation or history with the financial institution (38%).

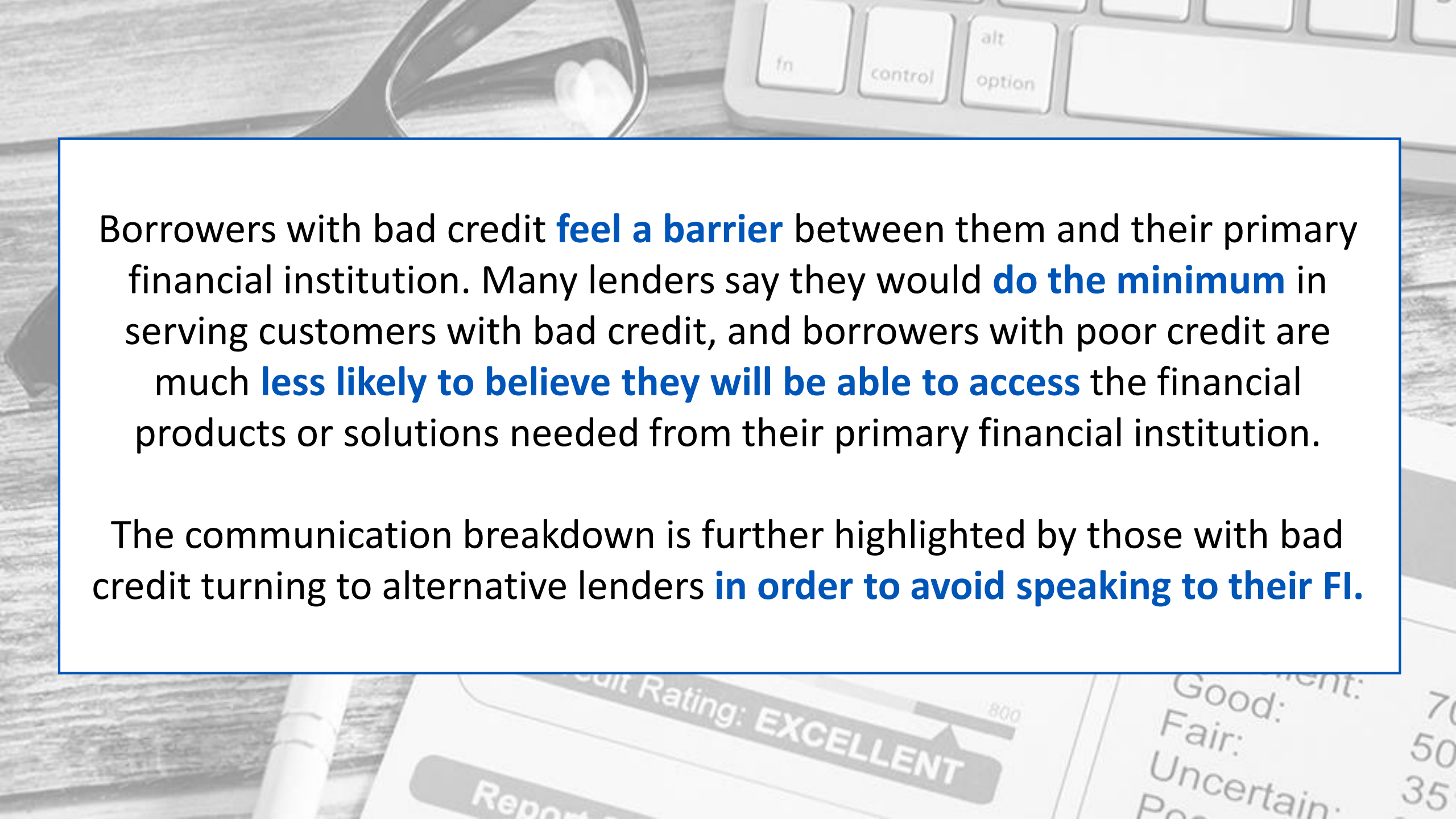


“ I would like more discounts and perks for **clients who have been with the bank for a long time** and with large **balances**.
- Borrower

Base: Borrowers (n=2,042)
D7. What would you say is most true about product pricing and interest rates at your financial institutions?
Base: Lenders (n=252)
Q15a. And again, for a consumer perspective, overall, how do they generally perceive your institution's pricing?



**THOSE WITH POOR CREDIT AND
THEIR ABILITY TO ACCESS TO
PRODUCTS / SERVICES**



Borrowers with bad credit **feel a barrier** between them and their primary financial institution. Many lenders say they would **do the minimum** in serving customers with bad credit, and borrowers with poor credit are much **less likely to believe they will be able to access** the financial products or solutions needed from their primary financial institution.

The communication breakdown is further highlighted by those with bad credit turning to alternative lenders **in order to avoid speaking to their FI.**

Lenders are split when it comes to their financial institution's approach to making credit decisions (especially according to role in their FI).

One-half believe their institution has firm guidelines (especially executives and directors) while the other half believe their institution has some flexibility (especially client facing roles).

Approach to Making Credit Decisions

(Among lenders)

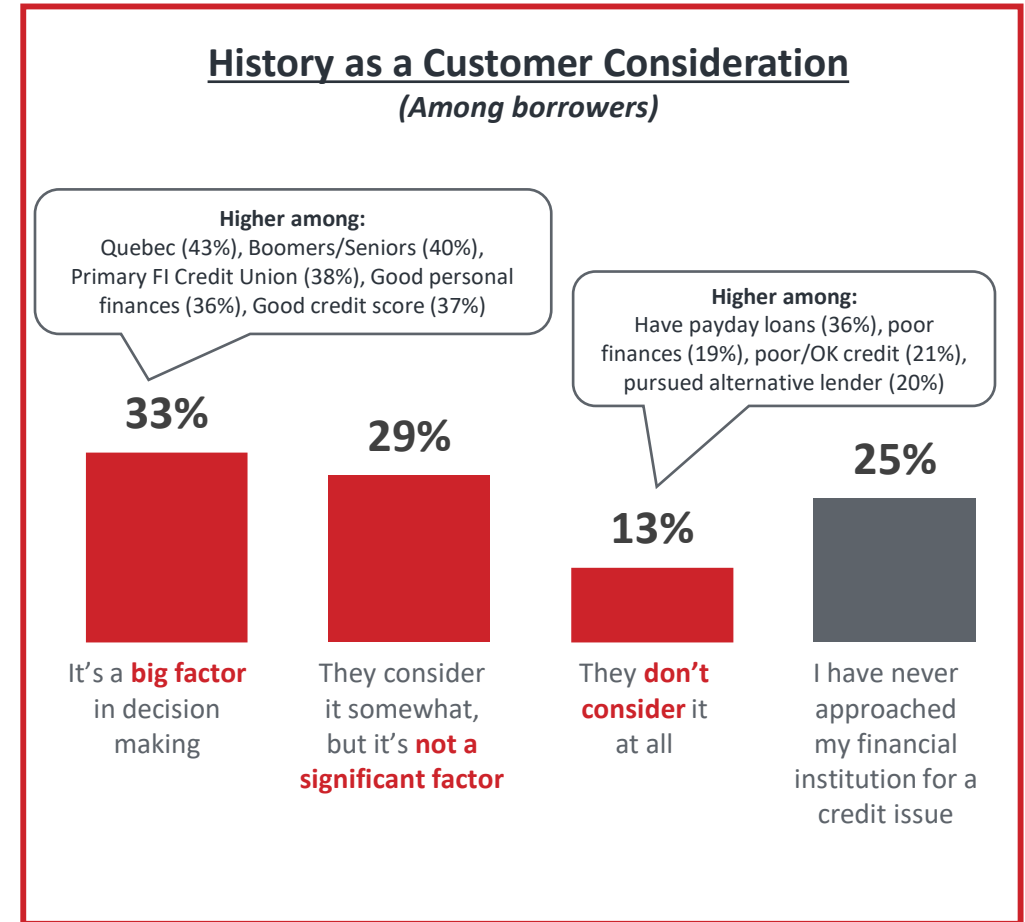
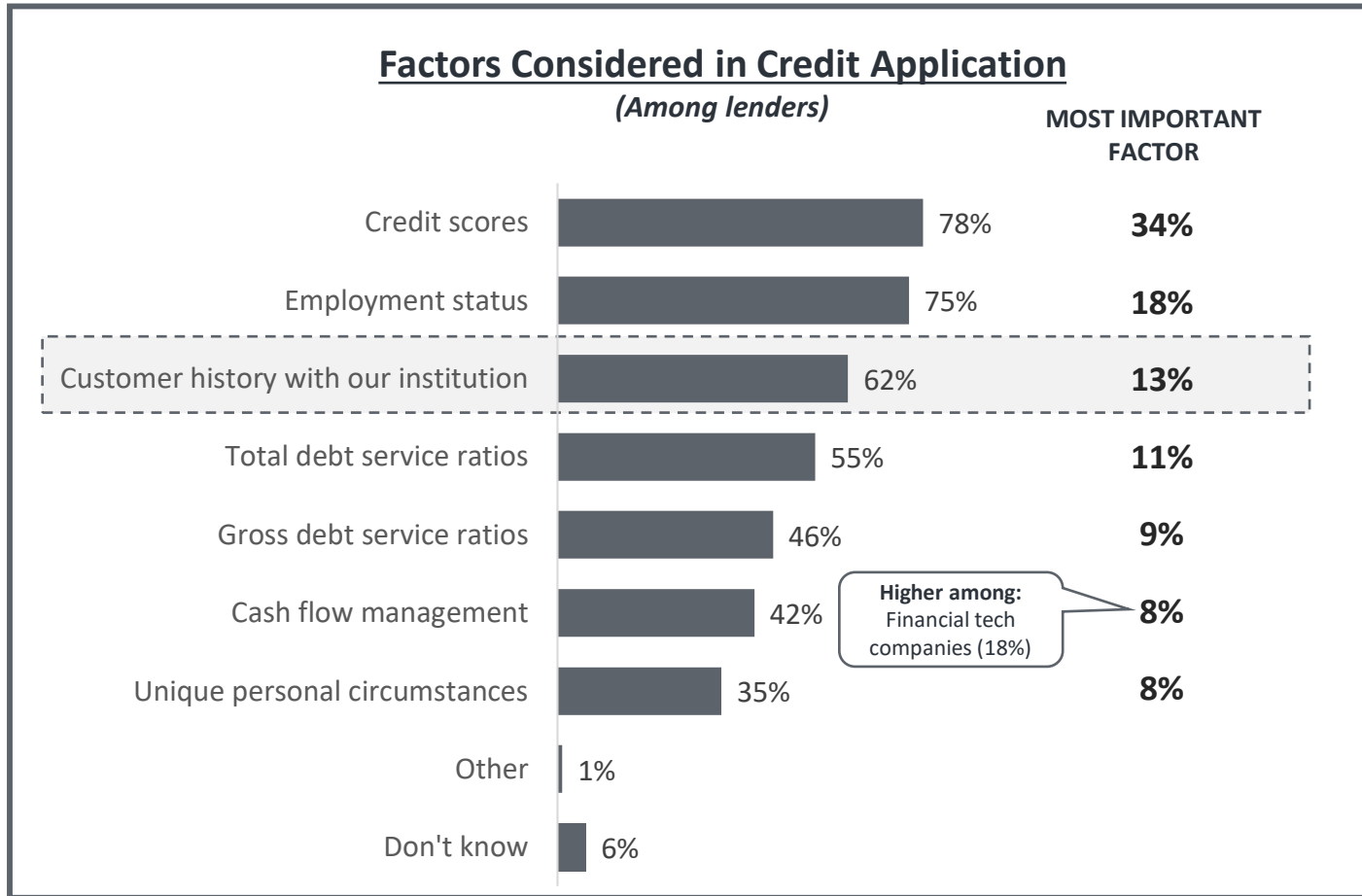


	Automate	Firm criteria	Some flexibility or Case by Case
Client facing	27%	28%	61%
Manager	18%	43%	40%
Director/Executive	47%	12%	41%

Base: Lenders (n=252)

Q4. When giving advice as a financial institution, which of the following best describes your financial institution's approach to making credit decisions?

Lenders say that many factors considered in credit applications. While customer history often comes into play, it is generally not considered the most important factor, even though a third of borrowers (33%) believe it is a big factor in decision making.



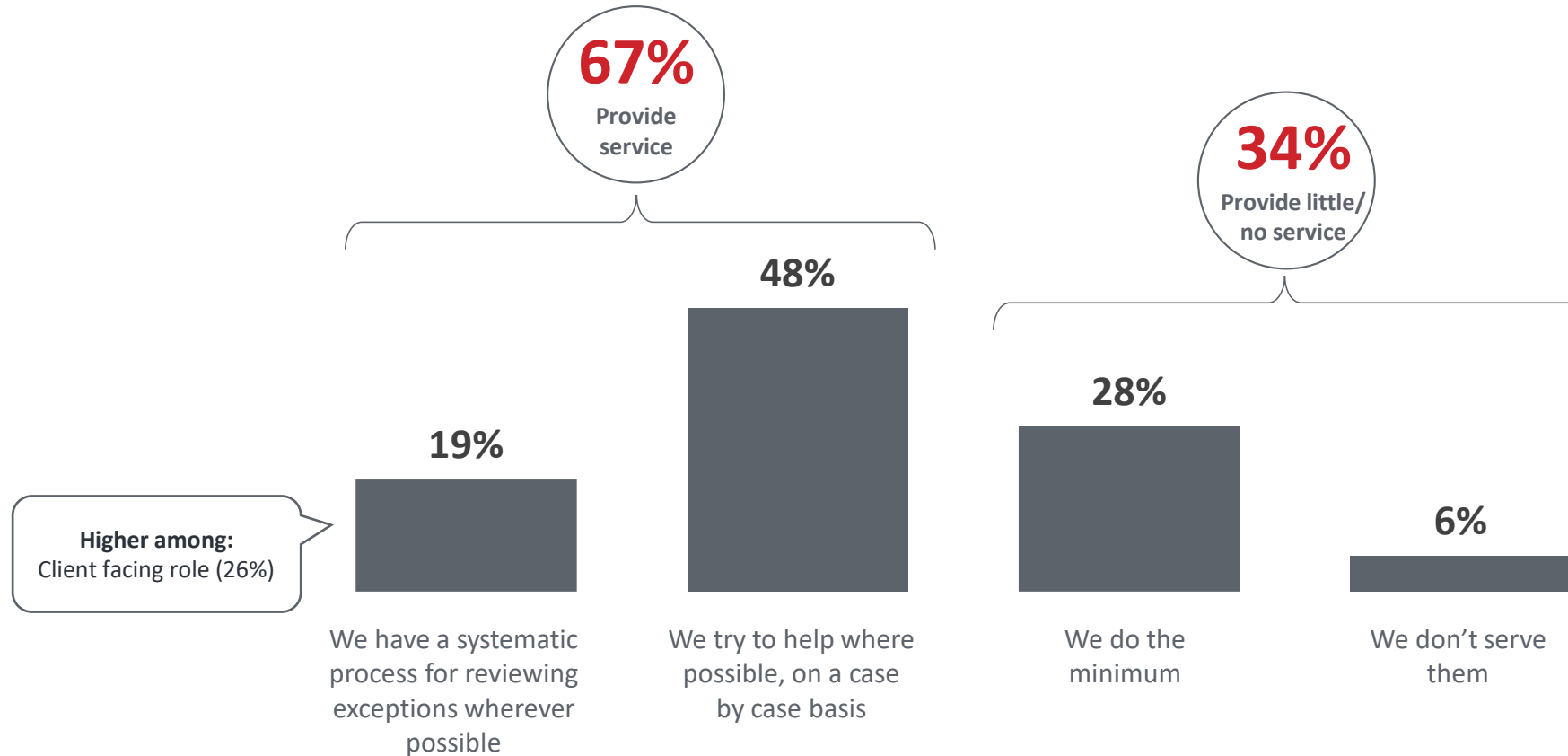
Base: Lenders (n=252)
 Q5a. What factors does your organization consider in a credit application? Check all that apply.
 Q5b. From the list of factors that your company uses to make credit decisions, please rank the most important factors
 Base: Borrowers (n=2,042)
 D6. How does your financial institution consider your history as a customer with them when making credit decisions?

“ We need less importance on credit score. More importance on history and relationship built with the client. -Lender

Poor credit equals minimum/no service according to one-third of lenders

Two-thirds of lenders (67%) believe their financial institution will provide customers with poor credit service wherever possible. Few (6%) say their institution would refuse to serve them.

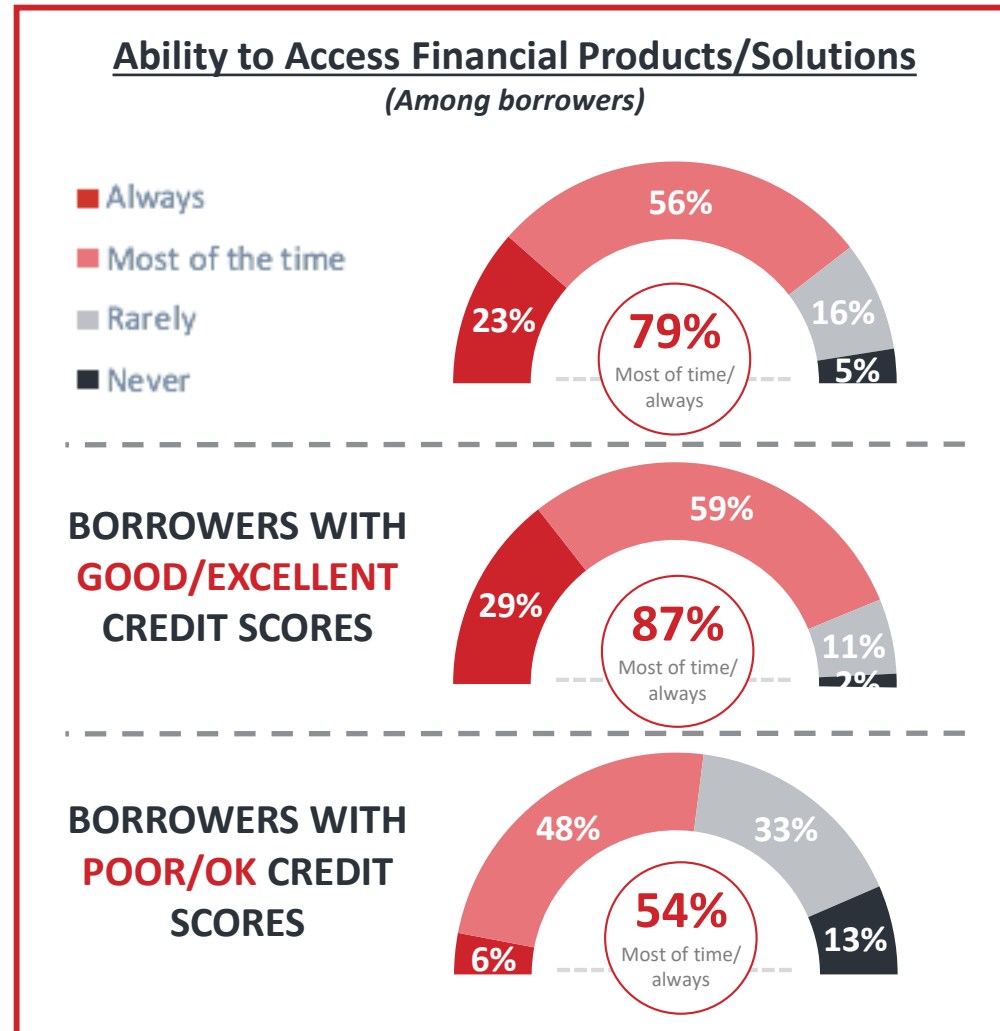
Service for Customers with Poor Credit (Among lenders)



Base: Lenders (n=252)

Q10. In your opinion, how well does your institution service people who have poor credit?

No help for those who need it most: Almost one-half of Borrowers with poor credit say they can't access financial products/services from their primary financial institution.

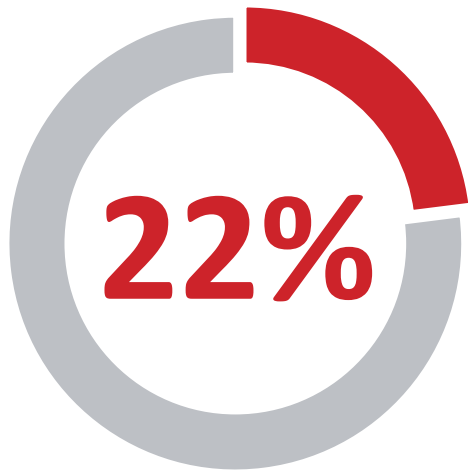


Base: Borrowers (n=2,042)

D5. When a need arises, do you think you are able to access the financial products/solutions you need from your primary financial institution?








Communication breakdown: One-in-five with debt went to an alterative lender to avoid talking to their primary FI.

Borrowers with poor credit and poor personal finances are much more likely to bypass their primary financial institution and pursue financial products at alternative lenders.



22% of borrowers have pursued financial products at alternative lenders because they didn't want to speak with their primary financial institution first

HIGHER AMONG:

- 28%**  **<\$50k HHI**
(vs. 18% \$100k+, 23%, \$50-100k)
- 26%**  **Gen X**
(vs. 15% Boomers/Seniors)
- 30%**  **High school education**
(vs. 20% University, 23% college)
- 24%**  **Non-mortgage only debt**
(vs. 9% mortgage only debt)
- 33%**  **Poor personal finances**
(vs. 17% good personal finances)
- 34%**  **Poor personal financial management**
(vs. 19% good management)
- 41%**  **Poor/OK credit score**
(vs. 16% good credit score)

Base: Borrowers (n=2,042)

D9. Have you ever pursued financial products at alternative lenders (like a payday loan, private lender or friends/family) because you didn't want to speak with your primary financial institution first?

Thank you

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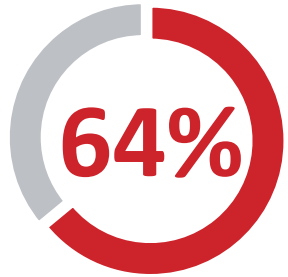
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APPENDIX

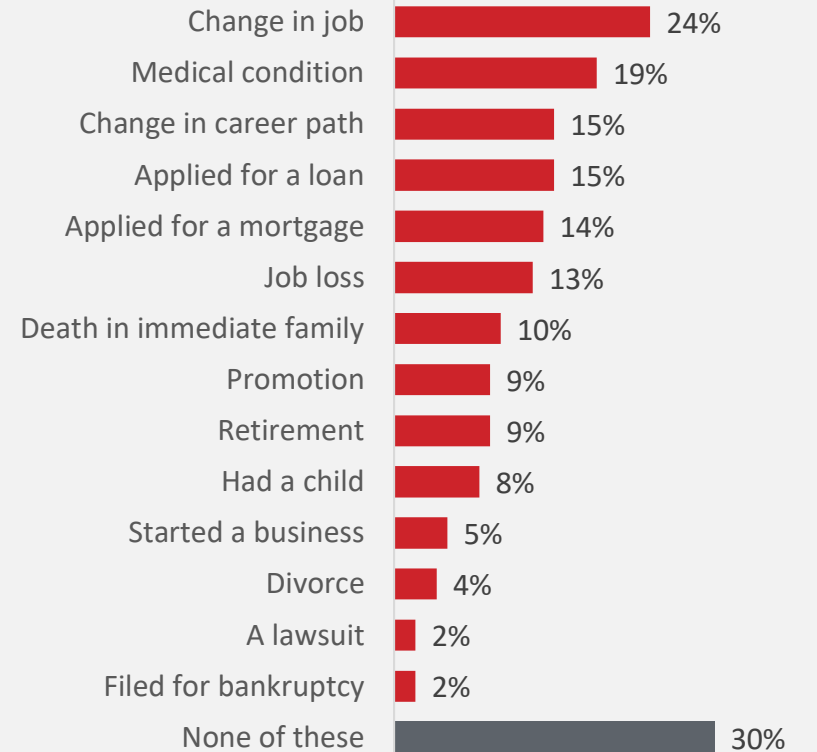
Borrower Profile



of borrowers only bank with **one type of financial institution**

<u>Primary Financial Institution</u>		<u>% PRIMARY AND SECONDARY</u>
Chartered Bank	74%	81%
Credit Union	17%	26%
Financial technology company	2%	5%
Private lender	1%	4%
Alternative lender (payday)	1%	1%
Other	6%	9%

Experiences that Impacted Finances in Past 3 Years



Base: Borrowers (n=2,042)

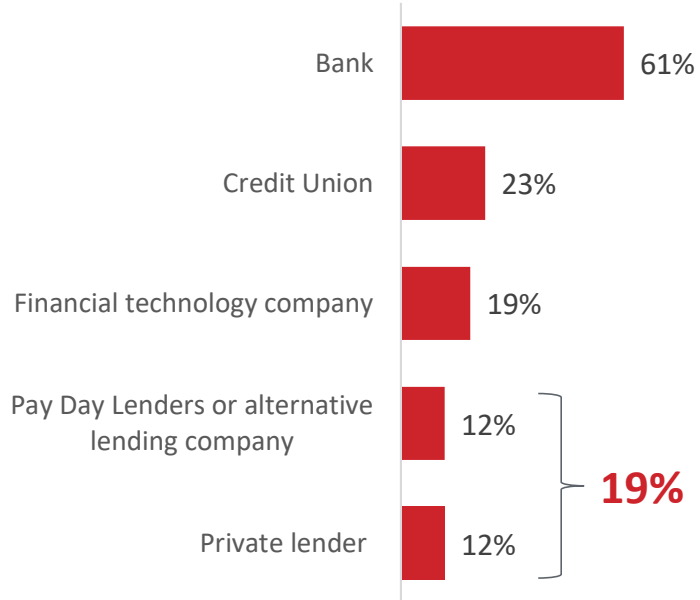
A3. What type of financial institutions do you primarily bank with?

A4. In addition to your primary financial institution, do you bank with any other types?

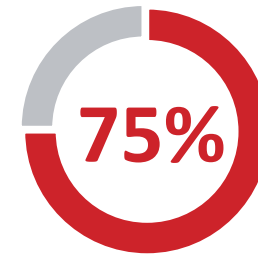
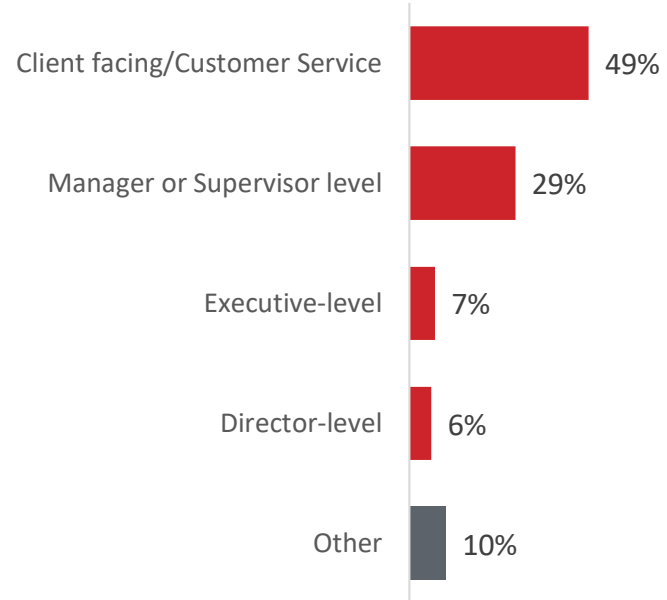
F1. Finally, have you experienced any of the following over the last three years (in a way that's impacted your finances)?

Lender Profile

Type of Organization (Among lenders)

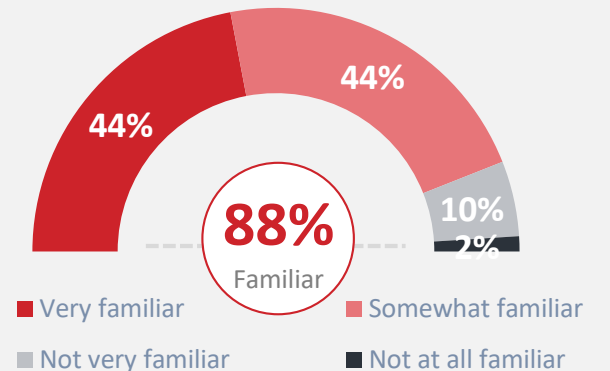


Role within Organization (Among lenders)



of lenders deal with credit issues in their role

Familiarity with Organization's Handling of Credit Issues (Among lenders)



Base: Lenders (n=252)

A1. Are you employed, or have you worked in the last two years at any of the following:

A2. What was your role with that organization?

A3. Did your role within the organization involve dealing with credit issues (e.g. taking credit applications or making credit decisions)

A4. How familiar are you with the way your organization dealt with credit issues (e.g. taking credit applications or making credit decisions)?