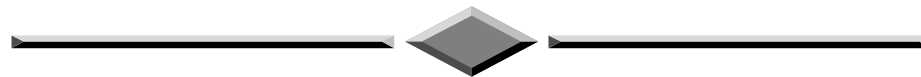


Survey of Customers of FiSCA Member Organizations Member Presentation October 8, 2006

Study completed September, 2006



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Introduction

Background & Objectives

- Repeat of 2000 Survey

Objectives of the current study:

- Determine who are FiSCA customers (demographic characteristics).
- Describe customer use of FiSCA member stores.
- Determine this use of FiSCA stores compare to use of banks.
- Determine types of financial services that are used and desired
- Measure customer satisfaction and perceived value based on cost.
- What are relative weaknesses and strengths?
- What weaknesses are most important for FiSCA members to address for their customers' satisfaction?

Introduction

Methods

- An ‘intercept interview’ method was used at store locations.
- Professional interviewers completed the surveys via a face-to-face, in-store interview.
- All respondents (n=1003) were interviewed in the lobby (or just outside the door) of FiSCA member stores.
- All respondents were given a \$1.00 lottery ticket (scratch-off type) as a small token of appreciation for completing the survey.
- Data collected in July, August, and early September of 2006.
 - Mostly on Thursdays, Fridays, and Saturdays.

Introduction

Sampling Frame

- Total sample = 1003. (margin-of-error of +/- 3%).
- The data were collected in 11 different geographic markets:
 - Seattle (one store); n=90
 - Philadelphia (one store); n=90
 - Los Angeles (three stores); n=92
 - San Francisco (two stores); n=90
 - Minneapolis/St. Paul (one store); n=91
 - Dallas (two stores); n=90
 - Houston (three stores); n=90
 - New York City (two stores); n=98
 - Chicago (two stores); n=90
 - Miami (two stores); n=90
 - Virginia (Woodbridge and Petersburg, two stores nearby military bases); n=92

Who Are Your Customers?

Who Are Your Customers?

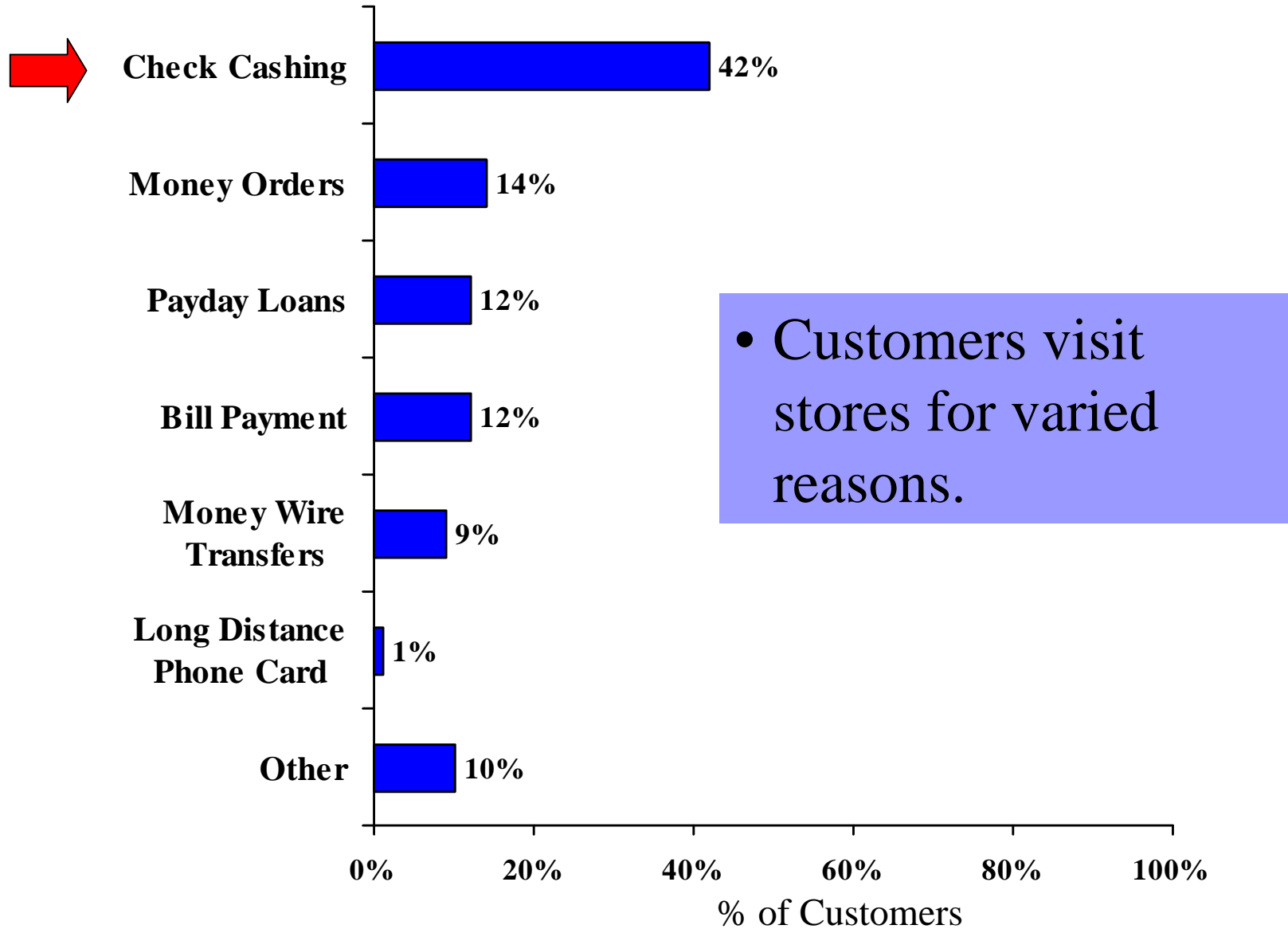
- Males and females in equal numbers.
- One-third are married, but about half are single (never-married).
- Almost all are employed, and mostly full-time (85%).
- They are relatively young – two-thirds are adults under the age of 45. Very few (2%) are seniors.
- They are low-income. Half have household annual incomes below \$30,000.
- They achieve higher education levels lower than the national average – 20% have a college degree.
- They are very racially diverse: 41% African American, 31% Hispanic/Latino; 21% White.

Customer Use of Stores

Customer Tenure & Visitation Frequency

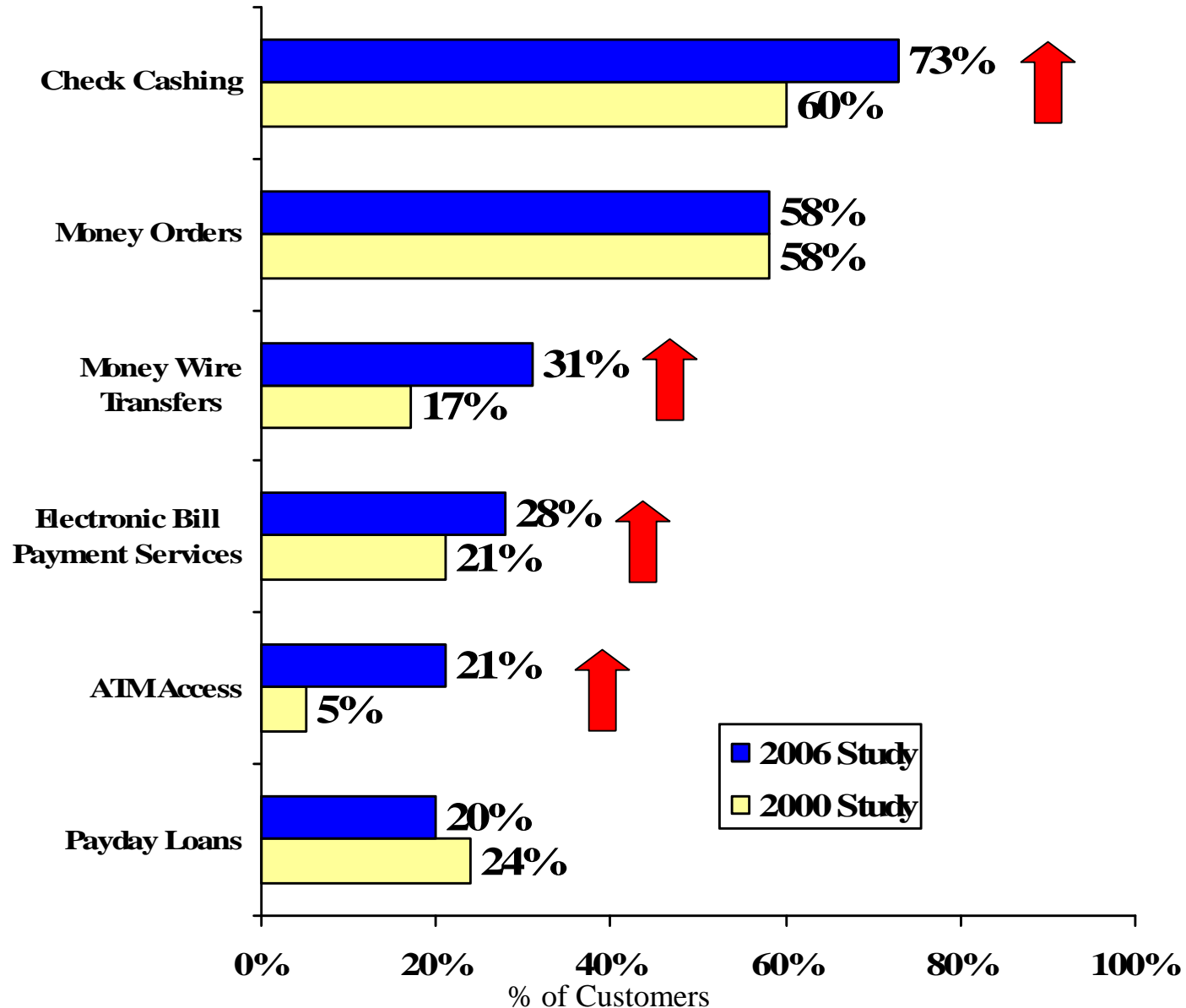
- For the most part, store customers show a fair amount of customer loyalty. Sixty-three percent had been regular customers of “their store” for at least one year.
- Store visitation frequency is high, and appears to be increasing. In 2006, we see that more (50%) of customers reported once-a-week visits, compared to 40% in 2000.
- Due to product mix increase?

Main Reason for Store Visitation

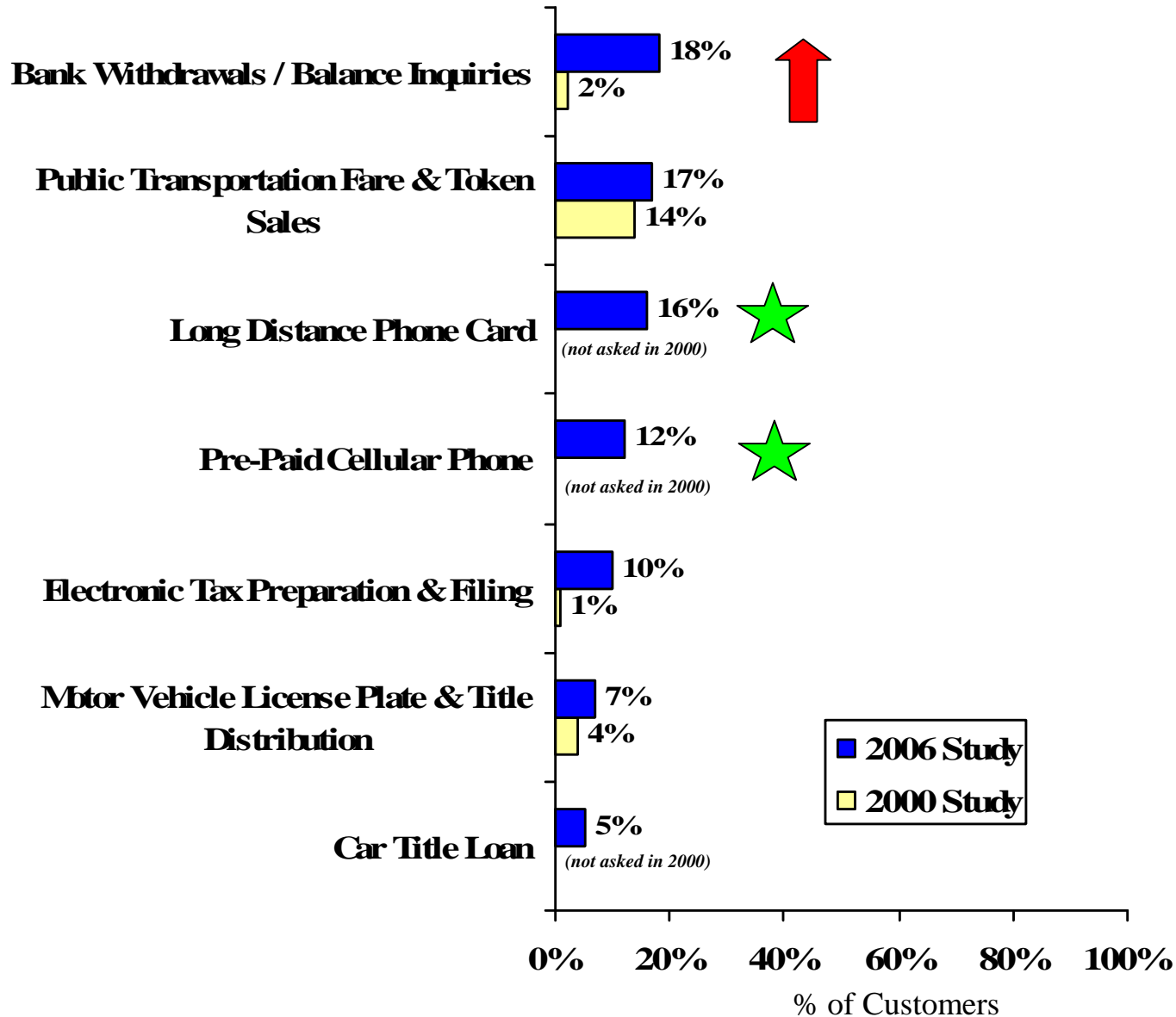


Customer Use of Financial Services, Including Banks and Credit Unions

Use of Financial Products & Services – From Any Source

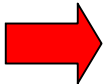


Use of Financial Products & Services – From Any Source

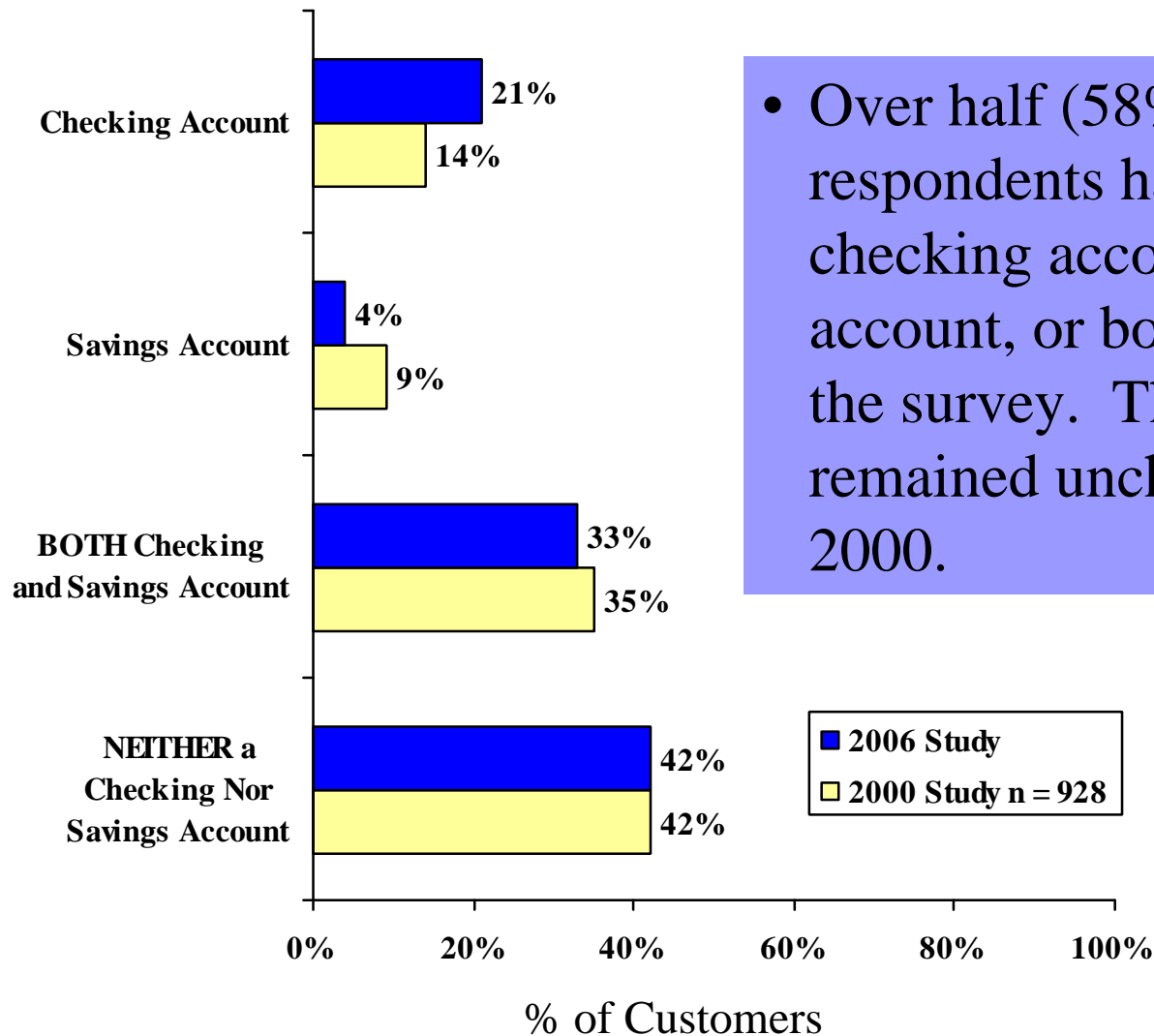


Preference for Your Stores

- 64% of your customers cash their checks *mainly with you*. 36% do that somewhere else (mostly banks).
- 79% of your customers get their money orders mainly from you.
- Money wire transfers – 77%
- Electronic bill payment -66%
- Payday Loans – 91%
- ATM Access – 16%



Incidence of Checking & Savings Accounts



- Over half (58%) of the respondents had either a checking account, a savings account, or both at the time of the survey. This level has remained unchanged since 2000.

Why Have A Bank Account?

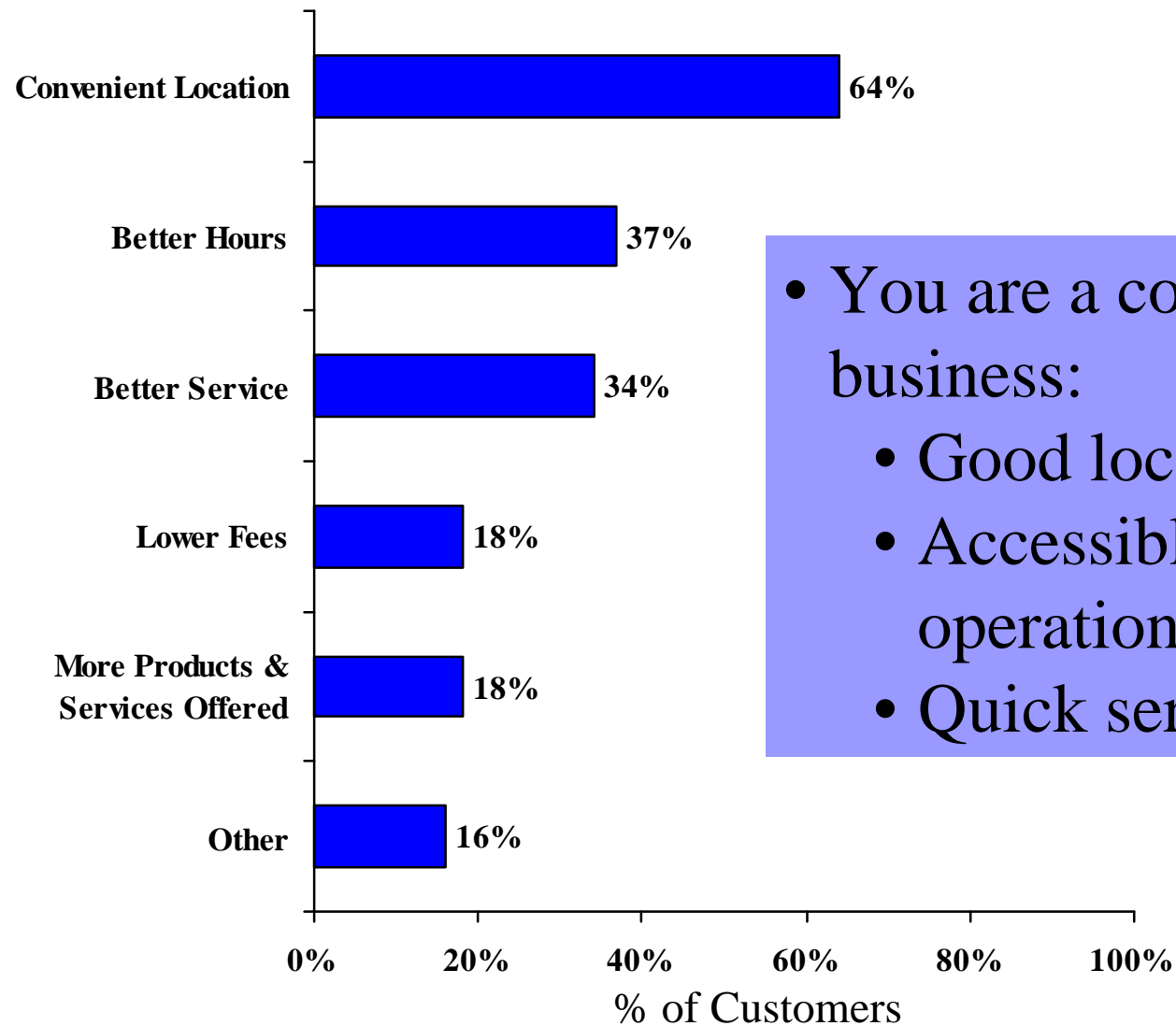
- To be able to write checks, debit cards and ATM cards (34%)
- To use Direct Deposit (16%)
- Bank is close and convenient (16%)
- Need account to direct pay bills (12%)
- For savings (9%)
- Over half (58%) of the respondents had either a checking account, a savings account, or both at the time of the survey. This level has remained unchanged since 2000.

Why Stop Having A Bank Account?

- Don't like banks/Had a bad experience (24%)
- No funds available/Had to close account (18%)
- High fees/High minimum balance (15%)
- Moved/Personal reasons (14%)
- Was overdrawn (6%)

Customer Choice of Financial Service Providers

Why Use A FiSCA Member Store?



- You are a convenience business:
 - Good locations
 - Accessible hours of operation
 - Quick service

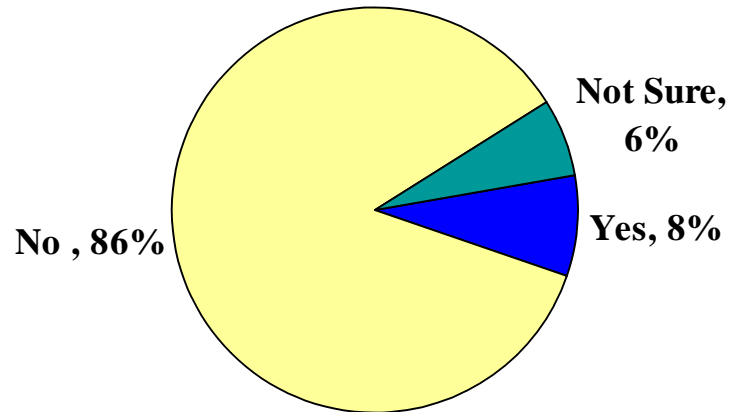
Cost – Banks vs. FiSCA Member Stores

Banks Are More Expensive	23%
Banks Are Less Expensive	21%
Banks Charge Less Fees For Bank Customer	1%
Prices Are The Same Or Similar	15%
Other/Not Sure	20%

- Split over relative costs of stores vs. banks.

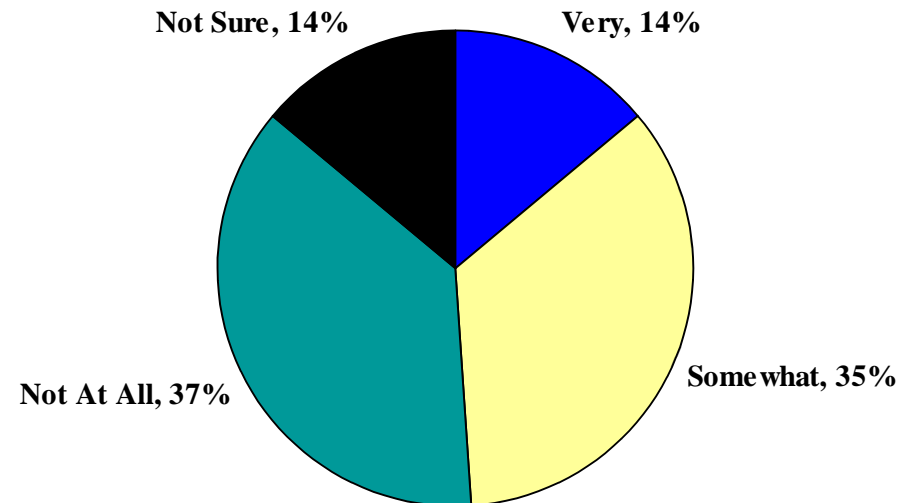
Availability of Deposit Accounts at FiSCA Stores

Aware of Availability of Depository Accounts?



- Few (8%) were aware that stores could offer interest-earning deposit accounts where available.

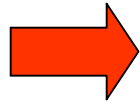
Interest In Government-Insured Savings Account at (FiSCA store)



- While awareness of such a product is low, interest in it is a bit higher.

Sources for Short-Term Loans

Q4f. If you are in need of a small, short-term loan, say \$300 for just a few weeks, where do you go to meet that need?

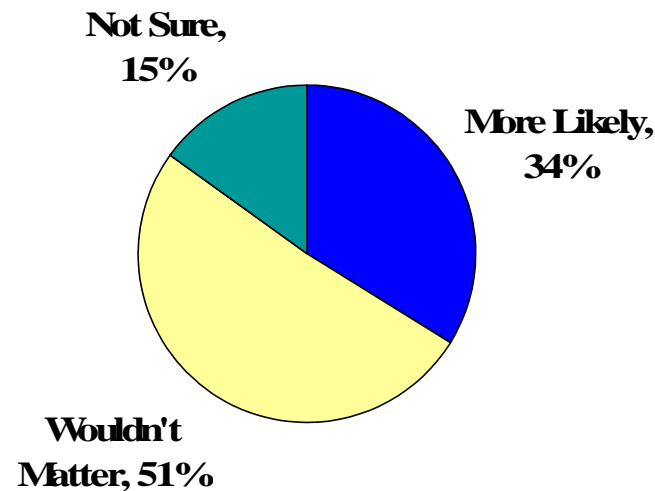


Current Outlet	32%
Family Member	17%
Bank	13%
Do Not Borrow Or Do Not Need	8%
Friend	6%
Loan Company Or Payday Loan	6%
Cash Advance On Credit Card	1%
Loan Shark	1%
Employer	1%
Other	6%
DK	18%

- The #1 choice of source for small, short-term loans “current outlet” (payday)

End-User Customer Relationship To FiSCA

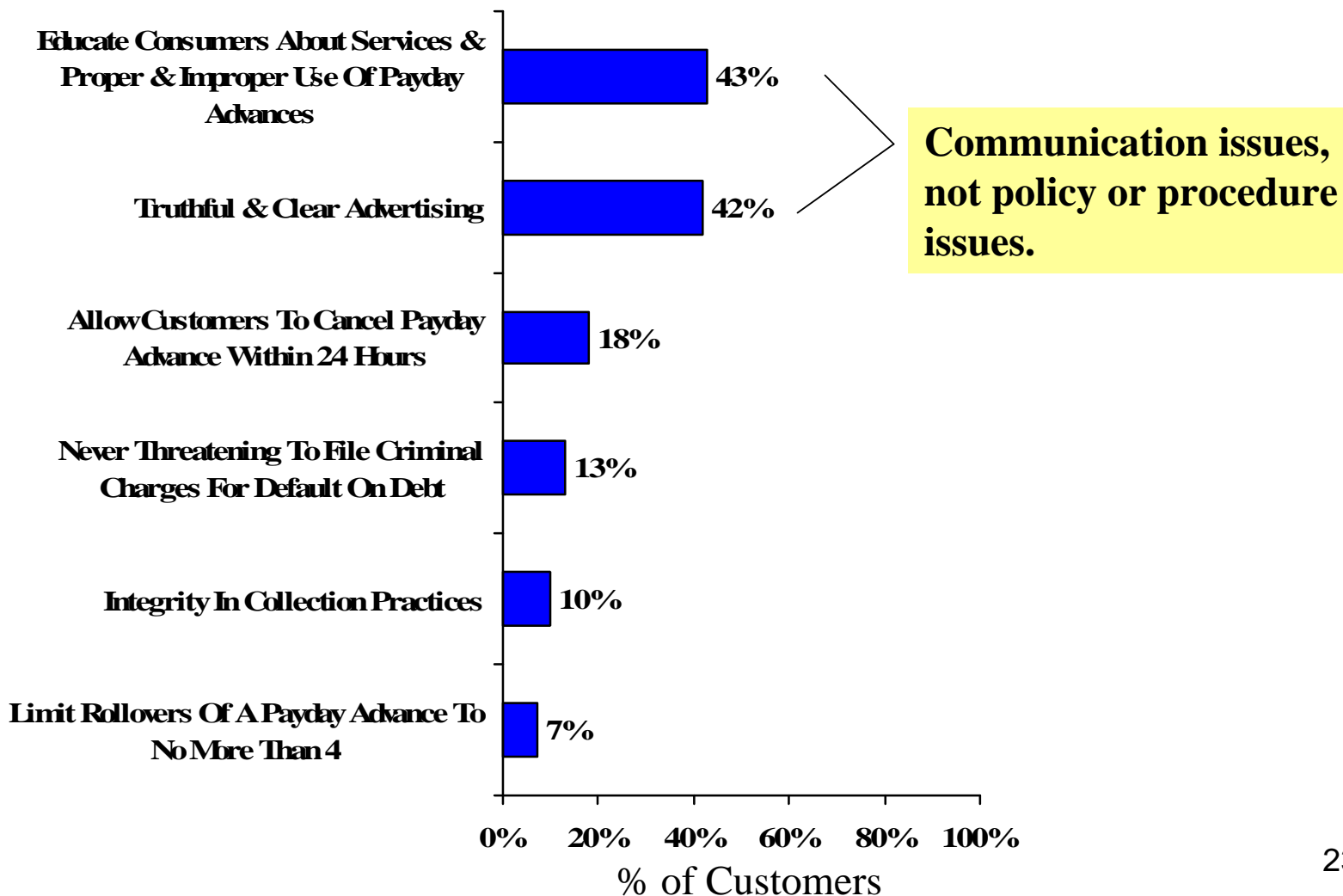
Would you be more or less likely to use a store which is a FiSCA member, or wouldn't it matter to you?



- While awareness of “FiSCA” is very low, customers do care about such an association, and will make purchase decisions based on that awareness.

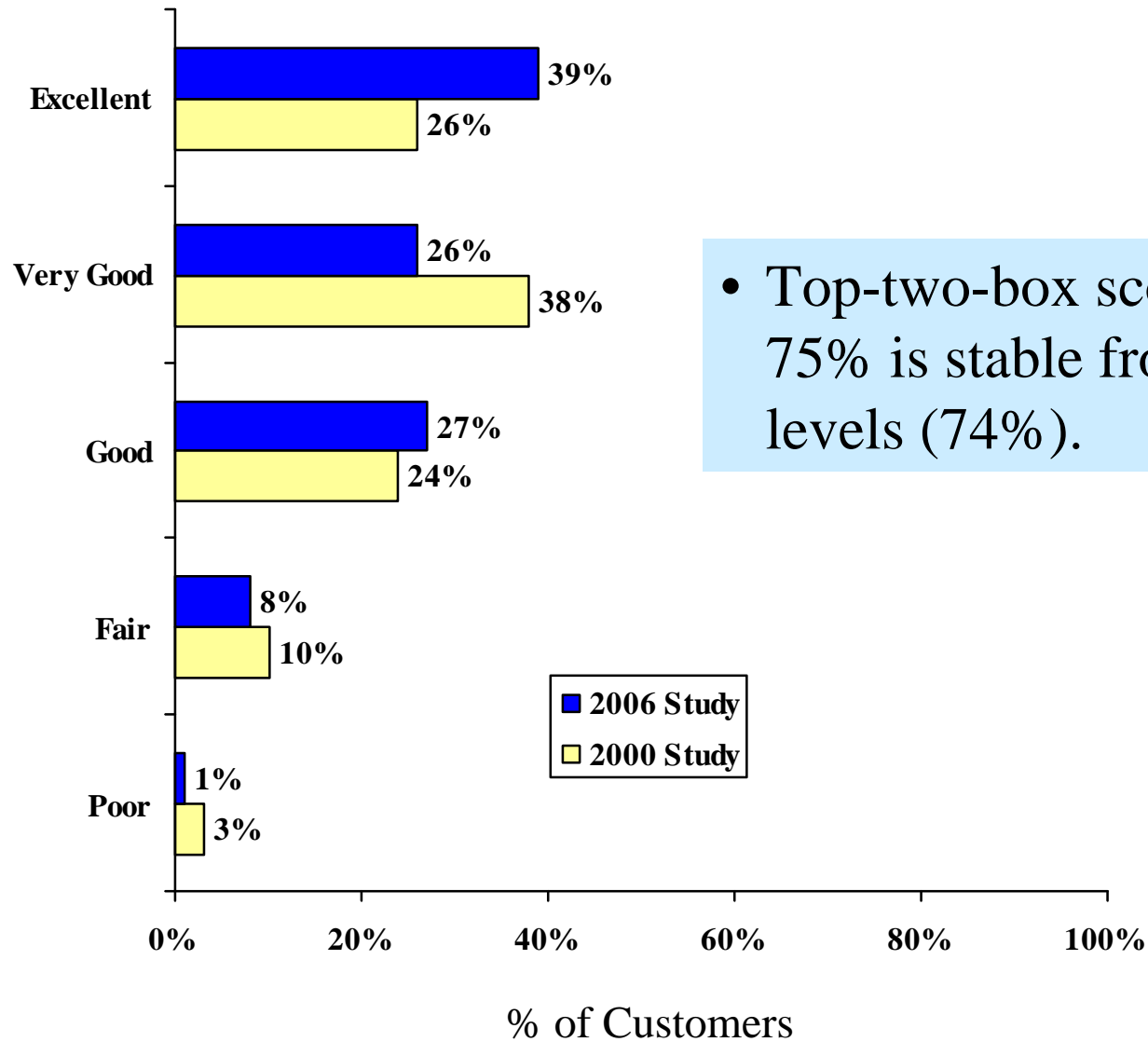
FiSCA Code of Conduct
Payday Loan Customers Only, n=182

Most Important Feature of Code of Conduct

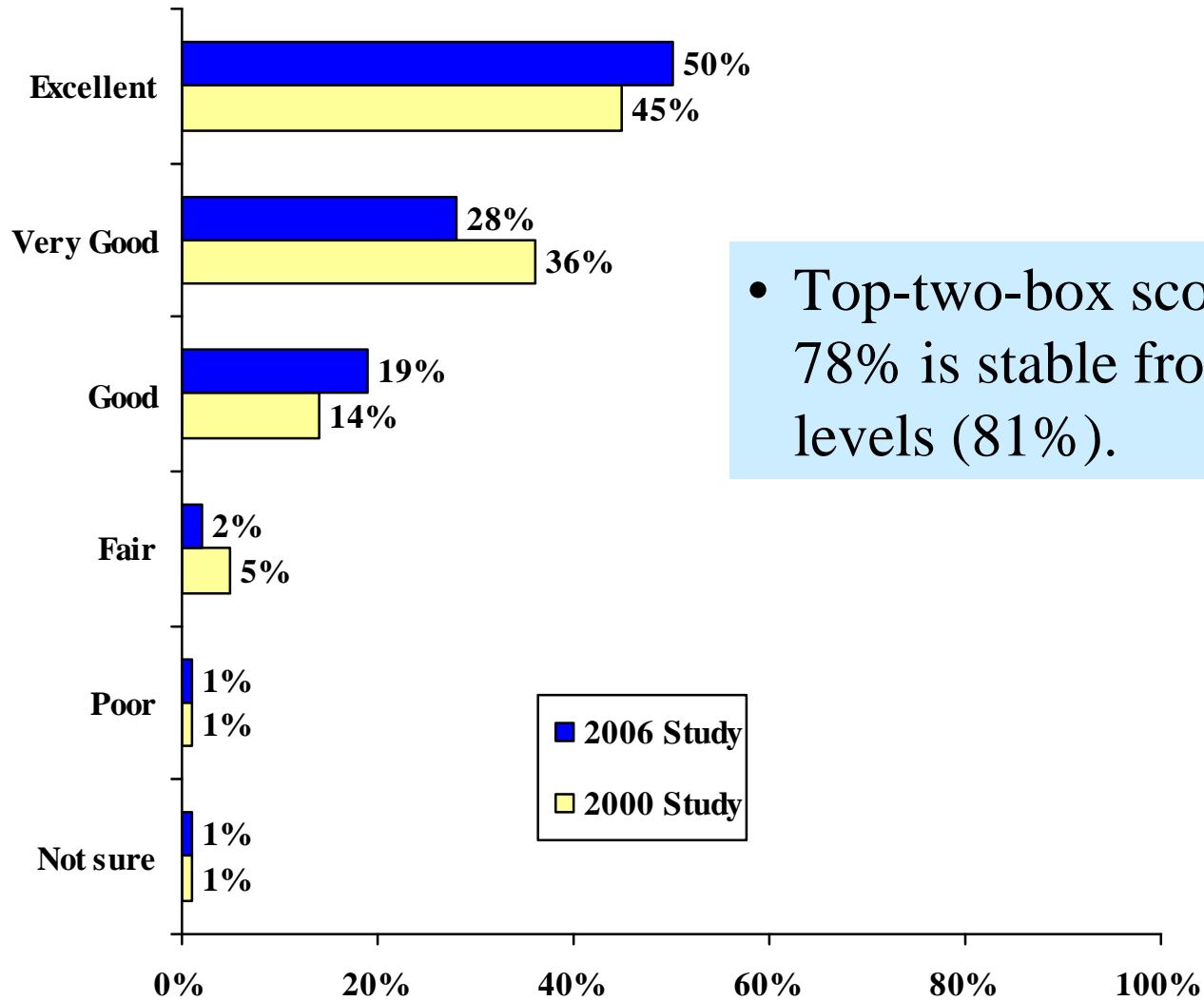


Customer Satisfaction

Overall Value Ratings




Overall Service Ratings




- Top-two-box score of 78% is stable from 2000 levels (81%).

% of Customers

What do customers like best?

	2000 Survey	2006 Survey
Convenience Of Location, Hours	38%	33%
Customer Service	21%	25%
 Friendly Employees	18%	21%
Fast & Easy	21%	18%
Hours of Service	6%	8%
Like Everything & All Ok		5%
Like Procedures and Policies		5%
Physical Plant & Good Parking		4%
Rates, Fees		2%
Quick Access To Cash		2%
Security		1%
Other	19%	3%
Do Not Know		3%

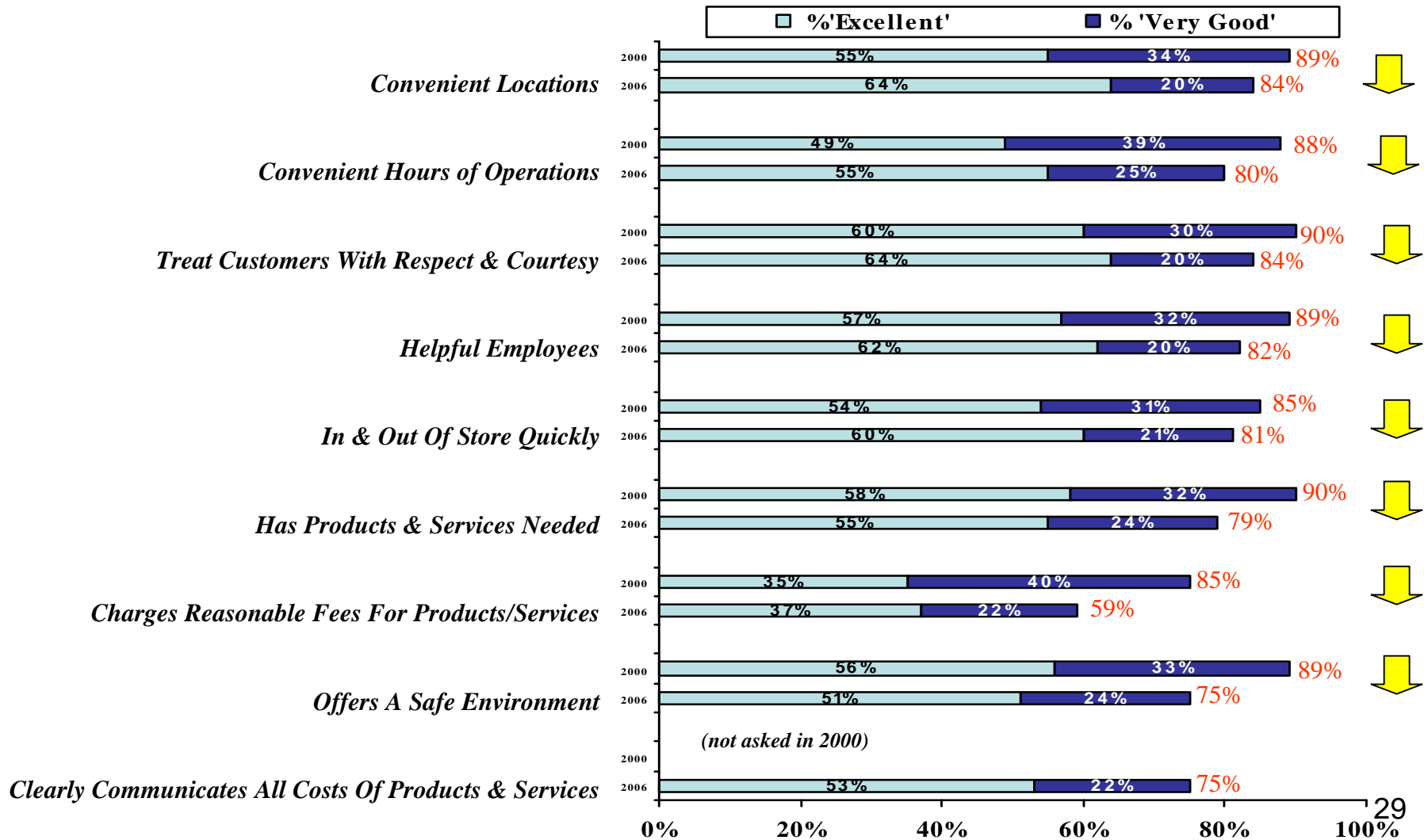
What do customers like least?

	2000 Survey	2006 Survey
Nothing/Don't Know	60%	73%
 Under-staffed: Long Lines, Poor Staff	11%	10%
Rates & Fees	15%	5%
Hours, Location	5%	3%
Security of Location		1%
Bad Parking, Physical Plant, Cleanliness		5%
Discourteous Employees	3%	1%
Other	7%	3%

What should be improved? More tellers (12%); Lower fees (7%).

Products & Services Ratings

How would you rate [current outlet] on... ?



Strategic Improvement Analysis

		<i>Performance Rank</i>	<i>Importance Rank</i>
	<i>Convenient Locations</i>	1	7
Keep It Up	<u><i>Treat Customers With Respect & Courtesy</i></u>	2	3*
Keep It Up	<u><i>Helpful Employees</i></u>	3	1*
Keep It Up	<u><i>In & Out Of Store Quickly</i></u>	4	2*
	<i>Convenient Hours of Operations</i>	5	9
	<i>Has Products & Services Needed</i>	6	8
	<i>Offers A Safe Environment</i>	7	5
Key Action Item	<i>Clearly Communicates All Costs Of Products/Services</i>	8	4*
	<i>Charges Reasonable Fees For Products/Services</i>	9	6

**Statistically significant drivers of overall satisfaction with service.*

Potential Additional Products and Services

Additional Products & Services

TOP-OF-MIND RESPONSES

- Checking & savings accounts (2.6%)
- Vending machines & refreshments (2.4%)
- ATM (2.3%)

Recommendations

- Physical location is of paramount importance to customers.
 - “Easy in/Easy out;” Ample, well-lit, and close parking.
- Customers demand a high level of service, and the definition of ‘good service’ is ‘quick service.’
 - Stores which have tellers who clearly demonstrate a strong and consistent commitment to minimizing customers’ length of time in the store will be the most successful stores.
 - Find the best tellers you can, train them well, and do what you need to do to keep them. They have a strong relationship with your customers, and in many cases, they are the reason that customers come back to you, week after week.

Recommendations

- Consider alternative ways to minimize length of lines during peak hours (e.g., having separate lines for quick transactions).
- Customers appreciate information. Clearly communicate your fees and/or terms in as many ways as you can, and do so often and in many ways.
 - It is difficult to communicate too much or in too many different ways.

Recommendations

- Customers did not show a great demand for additional products and services, and the offering of additional products and services *can* have the effect of slowing down service for *all* customers.
- Beware trying to be “all things to all people.” That being said, customers did show some interest in depositary accounts, and especially the convenience of the services those accounts can provide (check writing, bill paying, and ATM access). Expanded bill payment services is another high potential growth area.

Recommendations

- Customers are attracted to stores which show affiliation with some governing body.
 - They want governance, but not necessarily from the government.
- We observed many stores which need improvement aesthetically. Stores must improve the neighborhood, not suggest decline in the neighborhood. For almost all of your customers, you are located in their very neighborhood. Be good community citizens not only by providing excellent service, but by respecting your customers' neighborhoods enough to have aesthetically pleasing stores.

PDA Legislative Issues

New misunderstanding:

- Recent DOD report has wrongly suggested to legislators that a 36% *A.P.R.* is a rate that the many industry members charge. Legislators outside of ‘dark states’ typically don’t understand that no payday loan provider has been able to operate profitably at that rate. They point to states with very low interest caps and assume that there are ‘brick and mortar’ providers operating successfully.