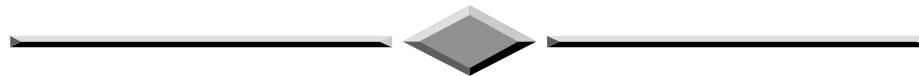


Attachment 2

Survey of Customers of FiSCA Member Organizations

September, 2006



Cypress Research Group

Ph.D.

21403 Chagrin Blvd., Suite 106 Beachwood, OH 44122 (216) 295-9764

Patricia J. Cirillo,

Survey of Customers of FiSCA Member Organizations - 2006

TABLE OF CONTENTS

Introduction.....3-5

Section I: End-User Customer Profile..... 5-13

Section II: Customer Use of Stores.....14-17

Section III: Customer Use of Financial Services, Including Banks & Credit Unions..... 18-27

Section IV: Customer Choice of Financial Service Providers.....28-38

Section V: Customer Satisfaction 39-50

Section VI: Potential Additional Products & Services..... 51-52

Introduction

Background & Objectives

In 2000, FiSCA completed a survey of customers of member organizations (stores). This study repeats much of that study, with some changes to meet current needs. The current report presents all of the findings of the current study, with comparisons to 2000's results, when applicable.

The objectives of the current study were to:

- Describe customer use of FiSCA member stores.
 - History of use; frequency of use; reason for use.
- Determine this use of FiSCA stores compared to use of banks. When are banks' services preferable to FiSCA members'?
- Determine what types of financial services are used by customers at FiSCA locations.
 - What other services would they like to see provided?
- Ask how satisfied are customers with the FiSCA locations and/or services overall?
 - What is their perceived value based on cost?
- Outline which components of the services/products are customers most/least satisfied with?
 - What are relative weaknesses and strengths?
 - What weaknesses are most important for FiSCA members to address for their customers' satisfaction?
- Determine who are FiSCA customers (demographic characteristics).

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 were, therefore, customers 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.
- The survey took, on average, 8 minutes to complete.
- The survey instrument included numerous quantitative and qualitative measures. The instrument is included in the Appendix.
- All data were collected in July, August and, early September of 2006. The data were mostly collected on Thursdays, Fridays and Saturdays, as these are the busiest days of the week for check cashing and payday advance service centers.
- This report contains a detailed and comprehensive analysis of all questions asked in the interview. A summary of the major findings can be found under separate cover.

Introduction

Sampling Frame

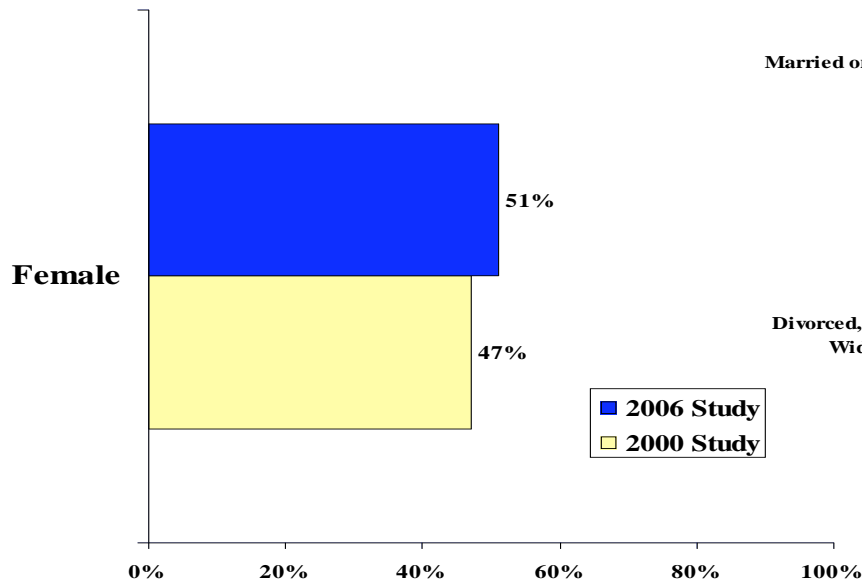
- The total sample size for the study was 1003. This sample size affords us a margin-of-error of +/- 3%. This means that the proportional results we obtained would have been within +/- 3% of what we would have found had we surveyed all of FiSCA's member organizations customers.
- The data were collected in 11 different geographic markets. Those markets included:
 - 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
- Sampling Design: All research methodologies have their strengths and weaknesses. The body of knowledge around any particular research topic gathers strength as multiple methodologies are used to study the same topic, as confirmed findings among studies with different methodologies can no longer be discounted based on the methodologies chosen. This particular study used an 'intercept' methodology with surveys of customers in the actual stores. Professional interviewers read the survey questions to respondents, thereby minimizing problems of interviewing related to illiteracy, poor eye-sight or language issues (translators were used in all cases when necessary). There were no issues of sampling bias due to 'lack of telephone access.' We can feel very secure that the sampling that occurred within each store was very representative of the customer base of that store. Because the study was done via an intercept method, a 'cluster sample' method had to be used. Practical limitations (aka, time and budget) forced us to only gather sample from a very small (but randomly selected) proportion of FiSCA member stores (21 stores), and herein lies the disadvantage of this chosen methodology. However, we are not suggesting that FiSCA change the methodology in future studies; based on the known consumer base and the existing studies being done by other entities which use other methodologies and which confirm key indices (e.g. customer demographics), we encourage FiSCA to continue to use this methodology in future studies. In other words, the advantages of this methodology far outweigh the disadvantages.

Section I:
End-User Customer Profile
Who Are Our Customers' Customers?

End-User Customer Profile

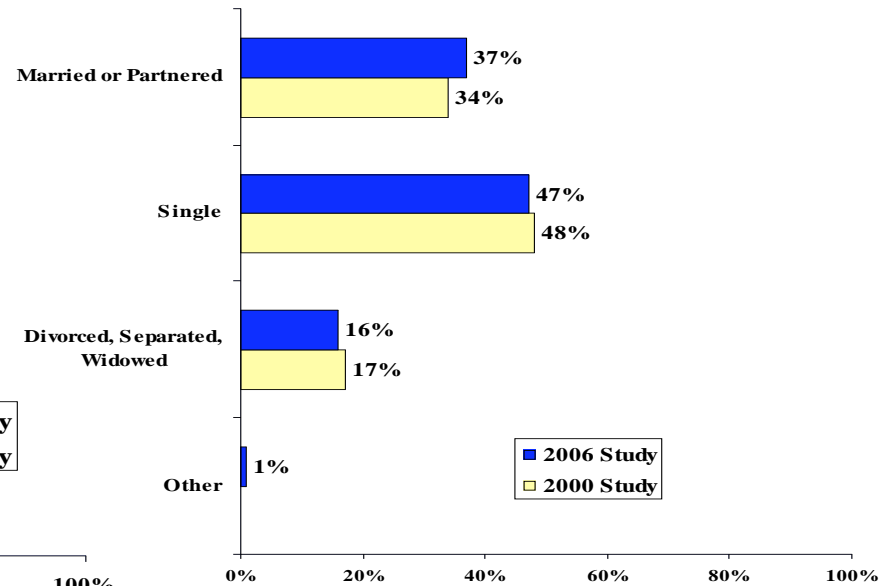
Gender All Respondents

Q18. Gender



% of Customers

Q19. Marital Status?



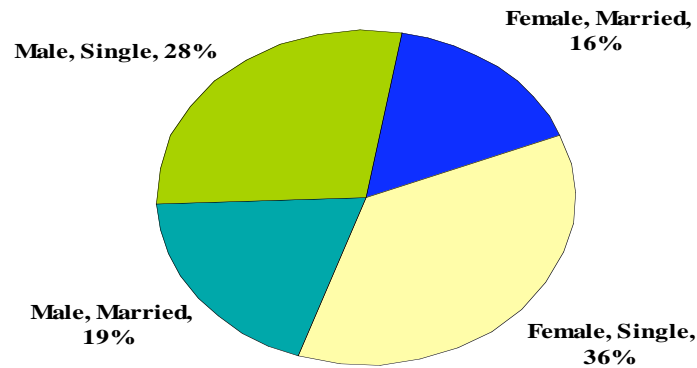
% of Customers

- Customers are about evenly split among males and females.
- About half of the customers are ‘single’ (never-married), which is somewhat higher than in the general adult population (about one-third of adults are “never-marrieds” in the U.S.). This cannot be fully accounted for by the relative youth of the customer base (see page 11).

End-User Customer Profile

Gender/Marital Status All Respondents

Gender & Marital Status Combined

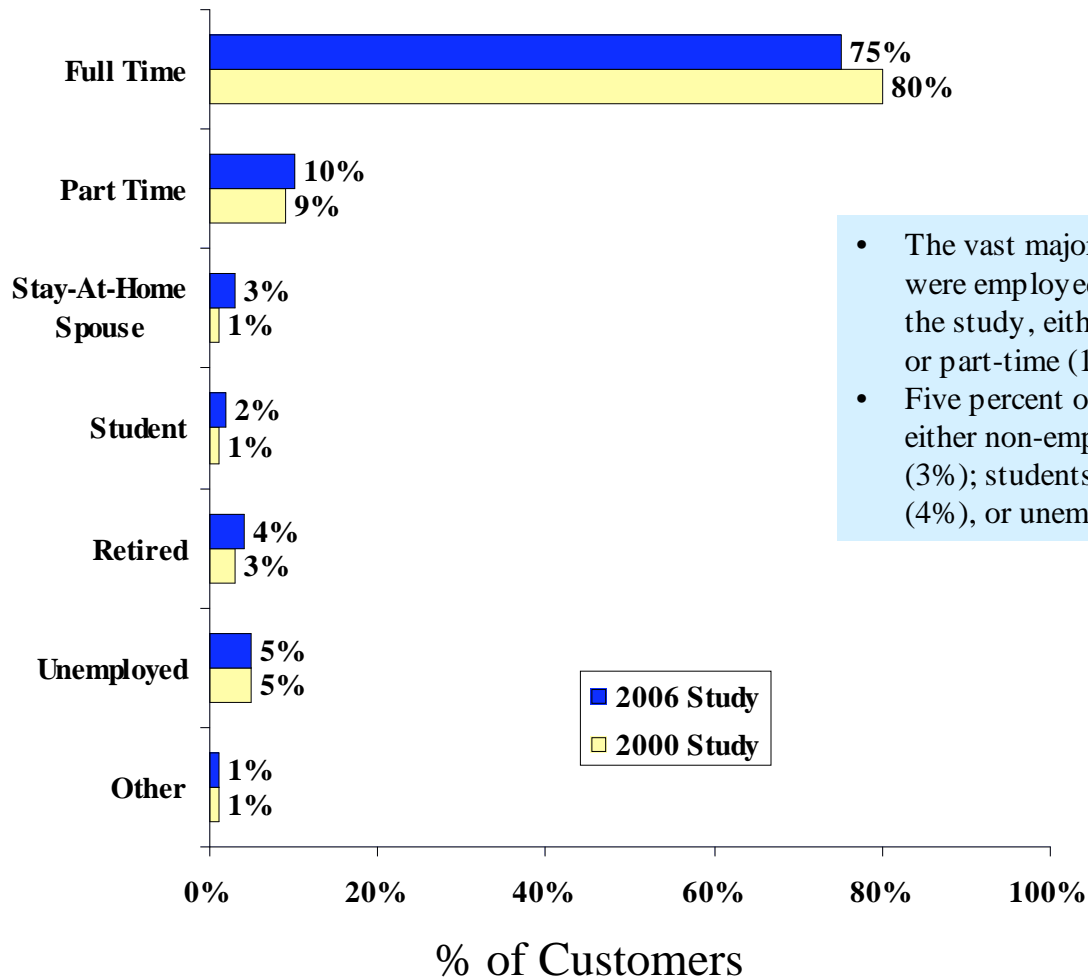


- Combining gender and marital status information, we see that the largest customer segment is 'single, female' customers who comprise about one-third of all customers (36%). The smallest segment is the 'married, female' segment – only 16% of the customer base.

End-User Customer Profile

Employment Status All Respondents

Q20. Employment Status?

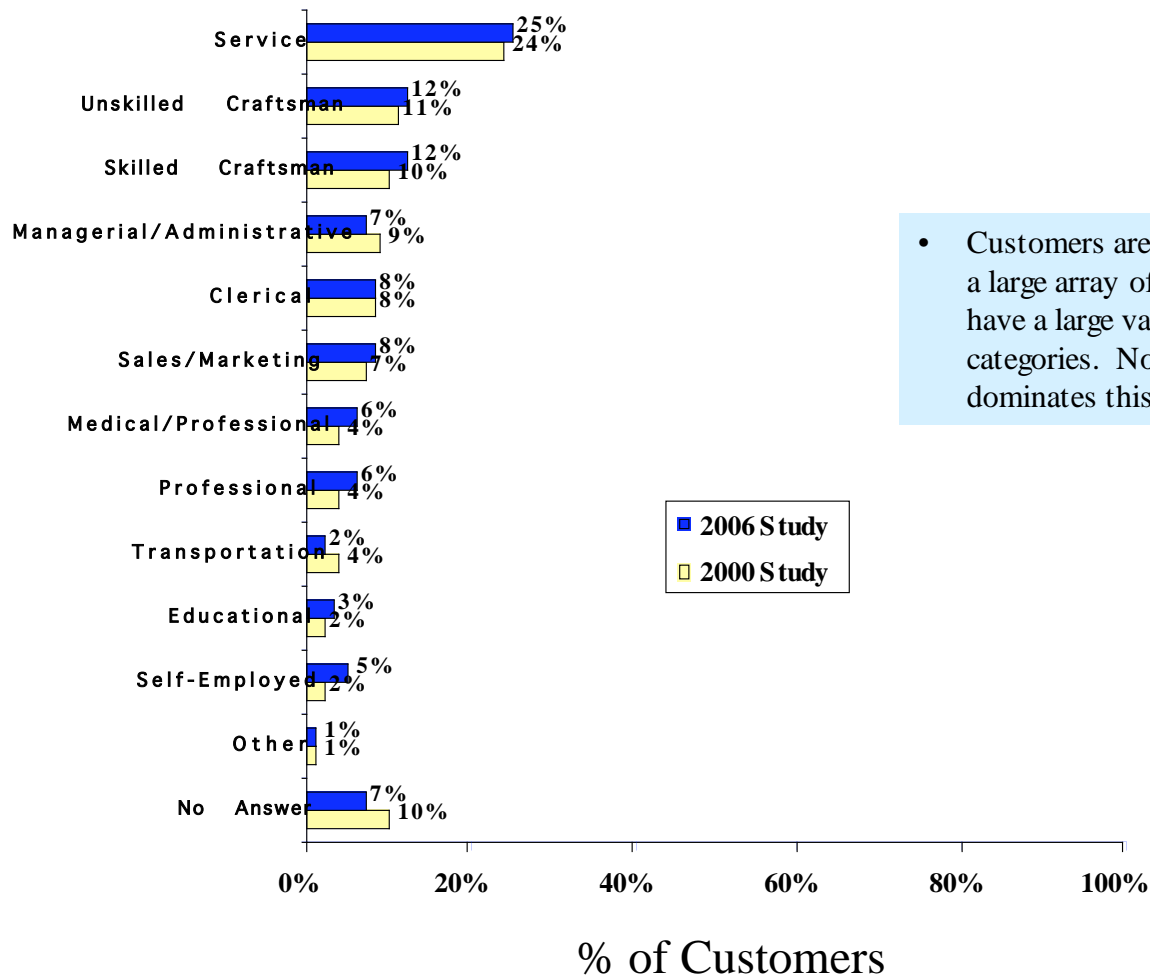


- The vast majority of customers were employed at the time of the study, either full-time (75%) or part-time (10%).
- Five percent or fewer were either non-employed spouses (3%); students (2%), retirees (4%), or unemployed (5%).

End-User Customer Profile

Employment Status All Respondents

Q21. If employed, what type of work do you do?

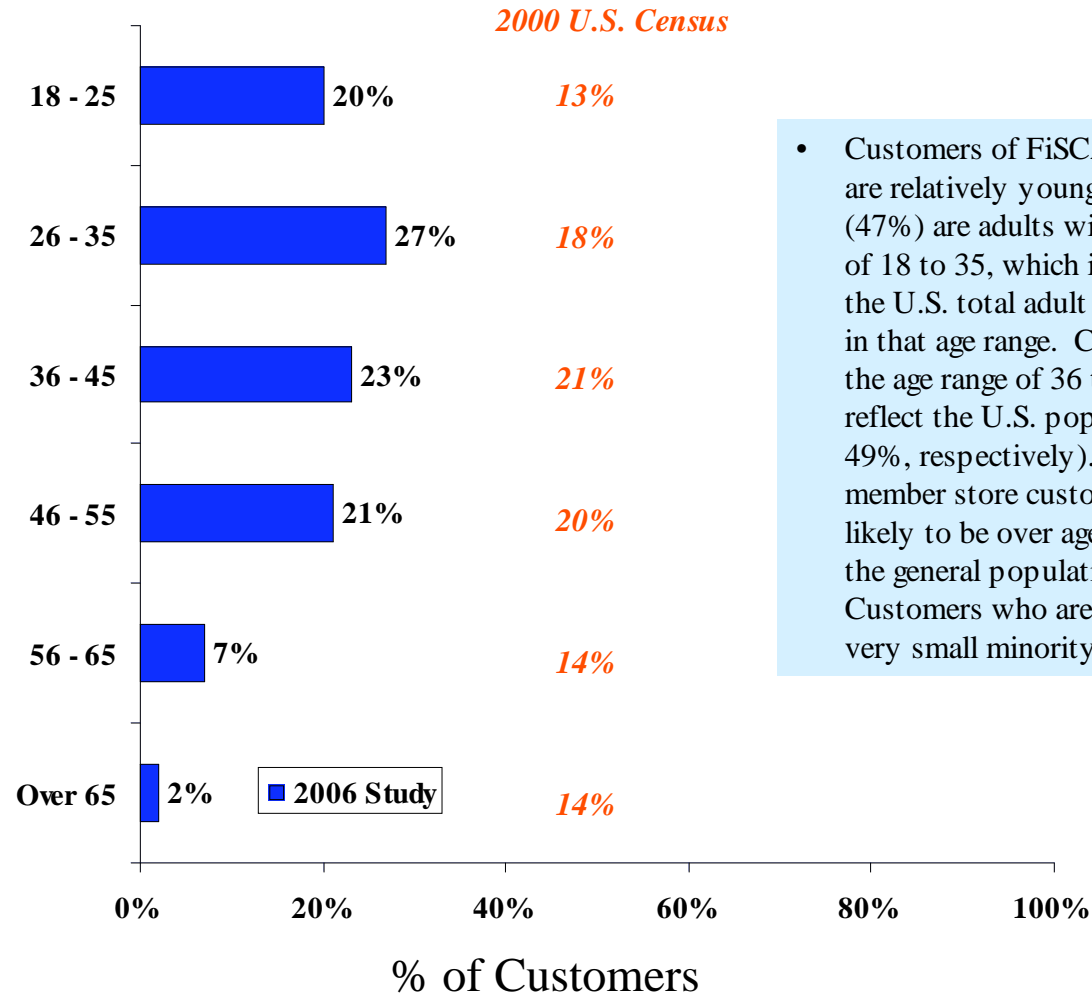


- Customers are employed within a large array of industries and have a large variety of job categories. No job category dominates this list.

End-User Customer Profile

Age All Respondents

Q22. What is your age, are you between the ages of ... ?



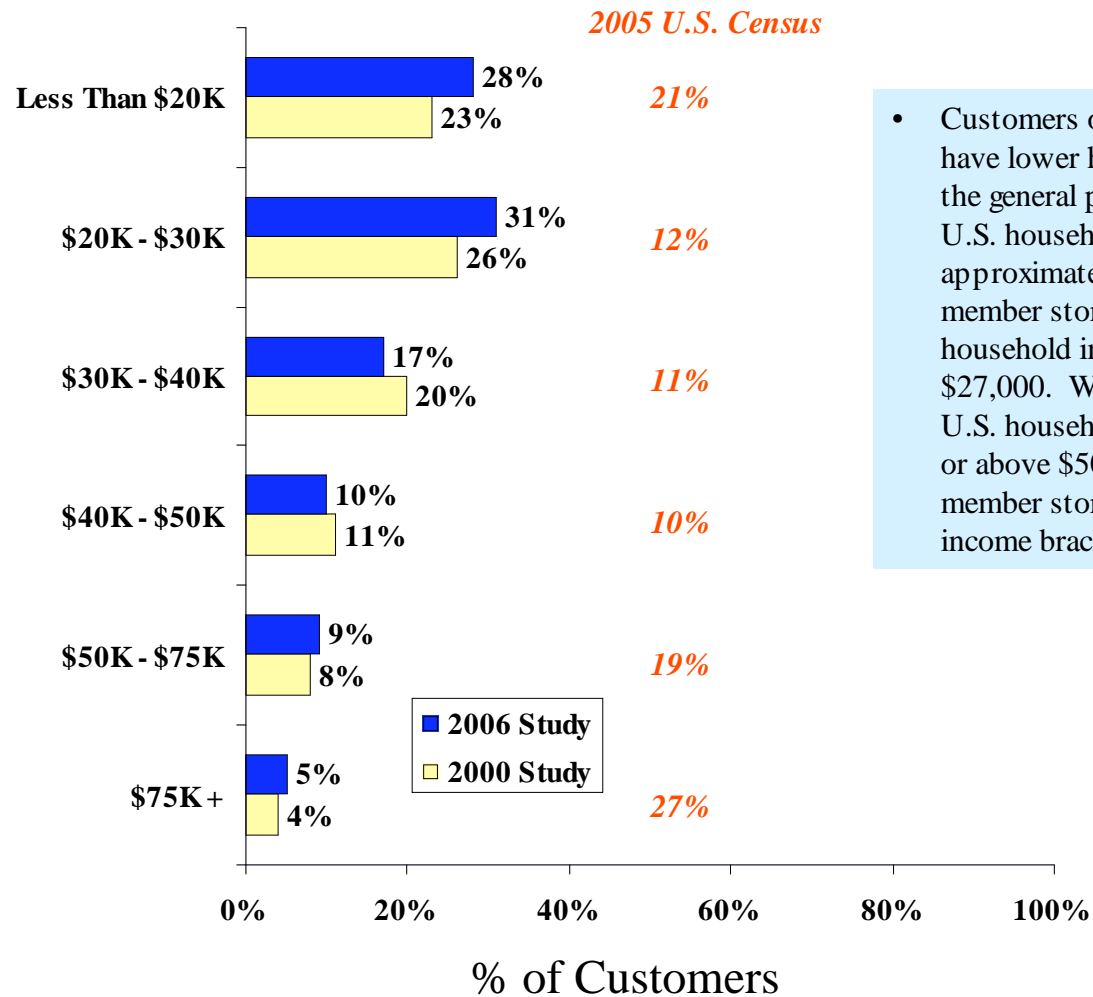
- Customers of FiSCA member stores are relatively young. Almost half (47%) are adults within the age range of 18 to 35, which is much more than the U.S. total adult population (31%) in that age range. Customers within the age range of 36 to 55 generally reflect the U.S. population (44% and 49%, respectively). However, FiSCA member store customers are far less likely to be over age 55 (8%) than in the general population (28%). Customers who are seniors are in the very small minority (2%).

End-User Customer Profile

Household Income

All Respondents to this question, n=873 (remaining preferred to not answer)

Q23. What is your total household income?

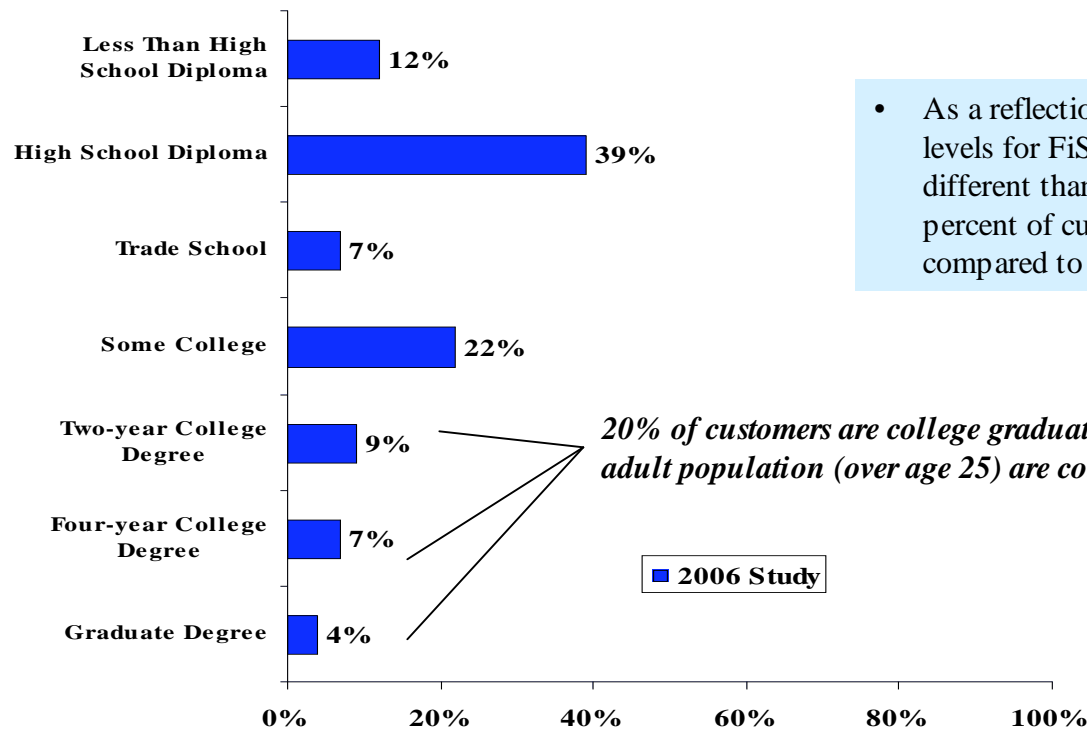


- Customers of FiSCA member stores have lower household incomes than in the general population. The median U.S. household income in 2005 was approximately \$42,000. FiSCA member store customers had a median household income of approximately \$27,000. While almost half (46%) of U.S. household had 2005 incomes at or above \$50,000, only 14% of FiSCA member store customers were in this income bracket.

End-User Customer Profile

Education *All Respondents*

Q24. What is the highest level of education you've obtained?



- As a reflection of lower income levels, education levels for FiSCA member store customers is different than national patterns as well. Twenty-percent of customers are college graduates, compared to 34% of the U.S. adult population.

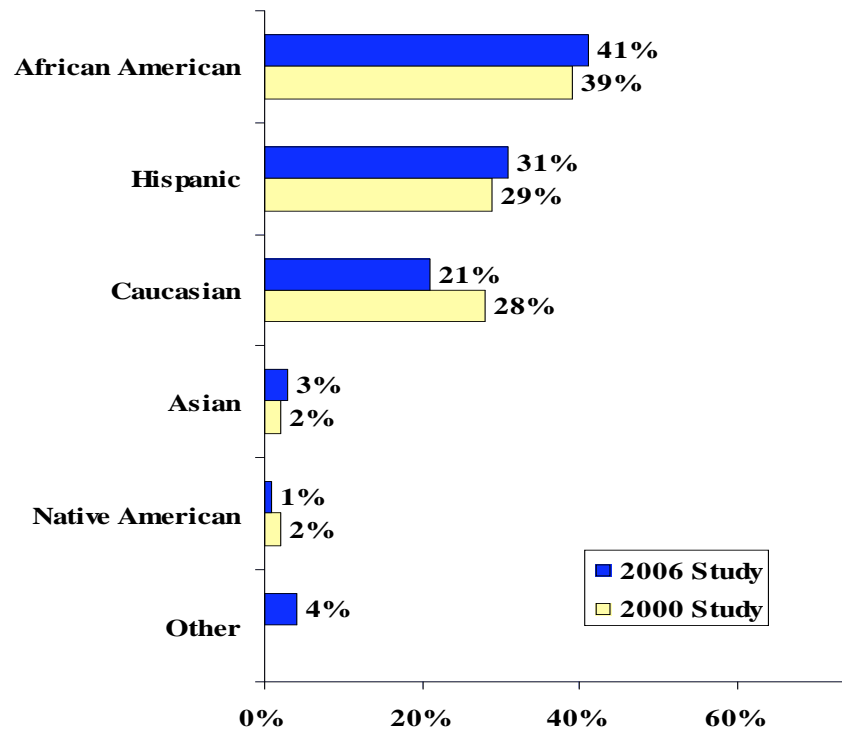
20% of customers are college graduates. 34% of the U.S. adult population (over age 25) are college graduates.

% of Customers

End-User Customer Profile

Race & Ethnicity All Respondents

Q25. How would you describe yourself in terms of your race or ethnicity?



- About three-in-four of surveyed FiSCA member customers were ethnic/racial minorities. Most were African American (41%) and 31% were of Hispanic/Latino descent.
- While we don't believe that this information is not reflective of the entire customer base of FiSCA members, we should note that the stores were all neighborhood-based and these findings are highly influenced by the geographic locations of the stores which were selected to participate in the study. If highly accurate estimates for racial/ethnic composition of the customer base are needed, we recommend a sampling methodology where all customers have an equal chance of being randomly selected for participation in the study.

% of Customers

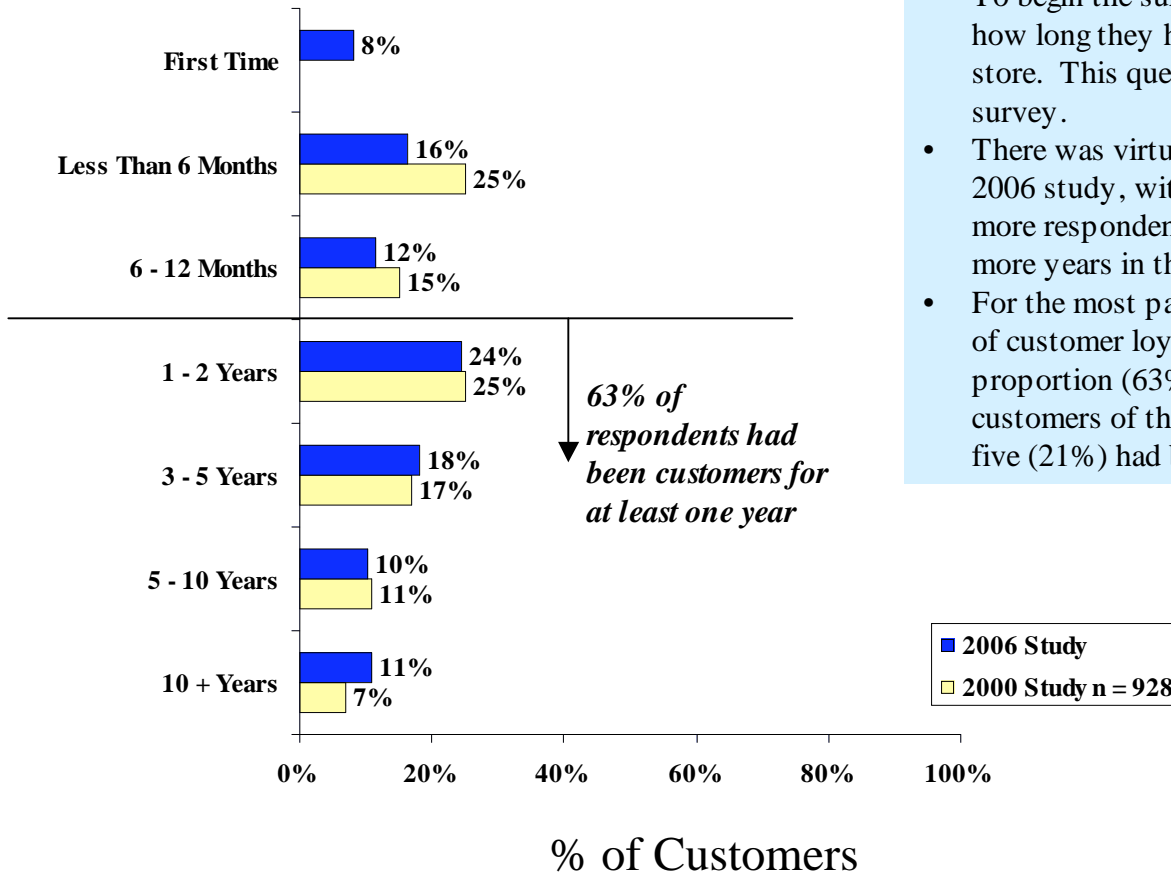
Section II: Customer Use of Stores

Customer Use of Stores

Customer Tenure All Respondents

Q1. How long have you been a customer of ... ?

Customer Tenure

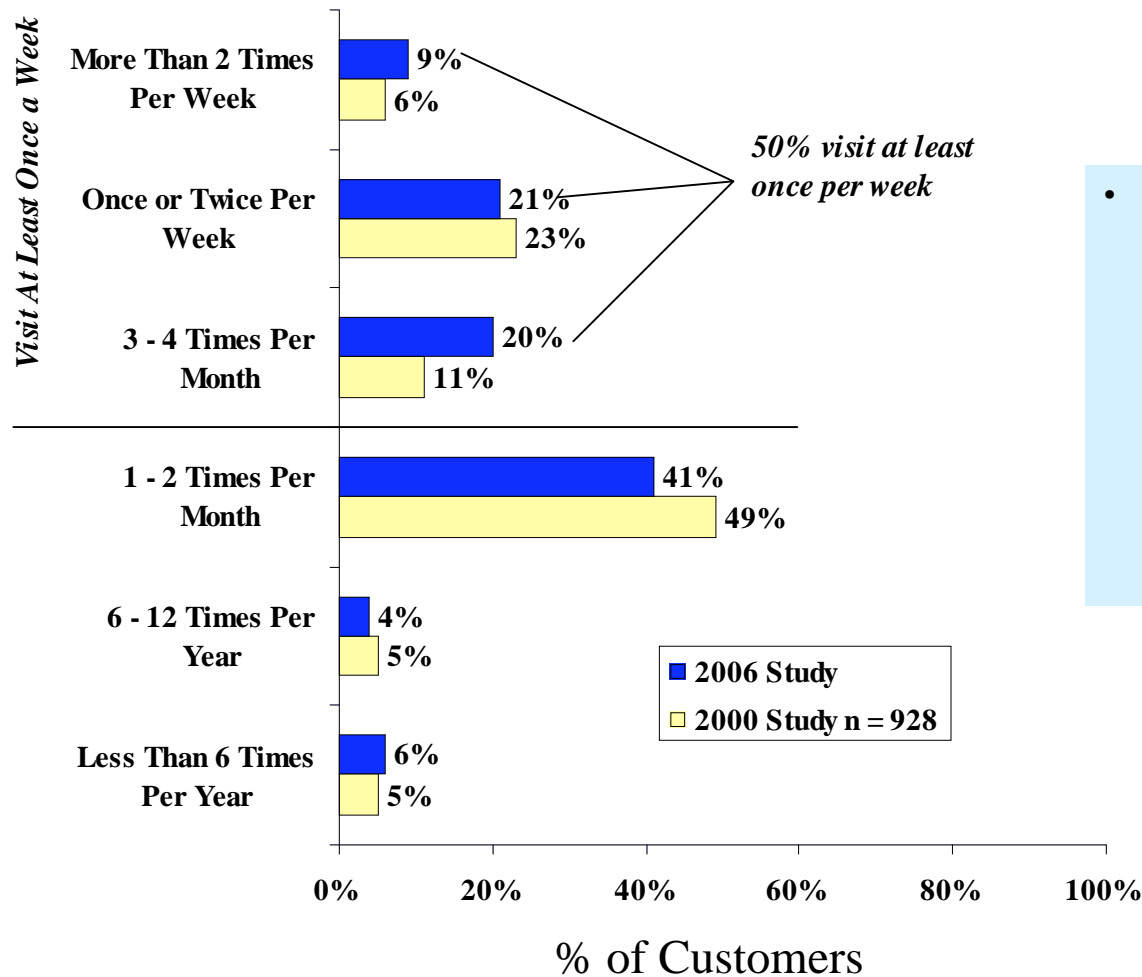


- To begin the survey process, we asked respondents how long they had been a customer of that particular store. This question was also asked in the 2000 survey.
- There was virtually no change between the 2000 and 2006 study, with the exception of there being slightly more respondents who had been customers for 10 or more years in the more recent study.
- For the most part, store customers show a fair amount of customer loyalty, as demonstrated by the large proportion (63%) of customers who had been customers of the location for at least one year. One-in-five (21%) had been customers for five or more years.

Customer Use of Stores

Store Visit Frequency All Respondents

Q2. How often do you visit this store?

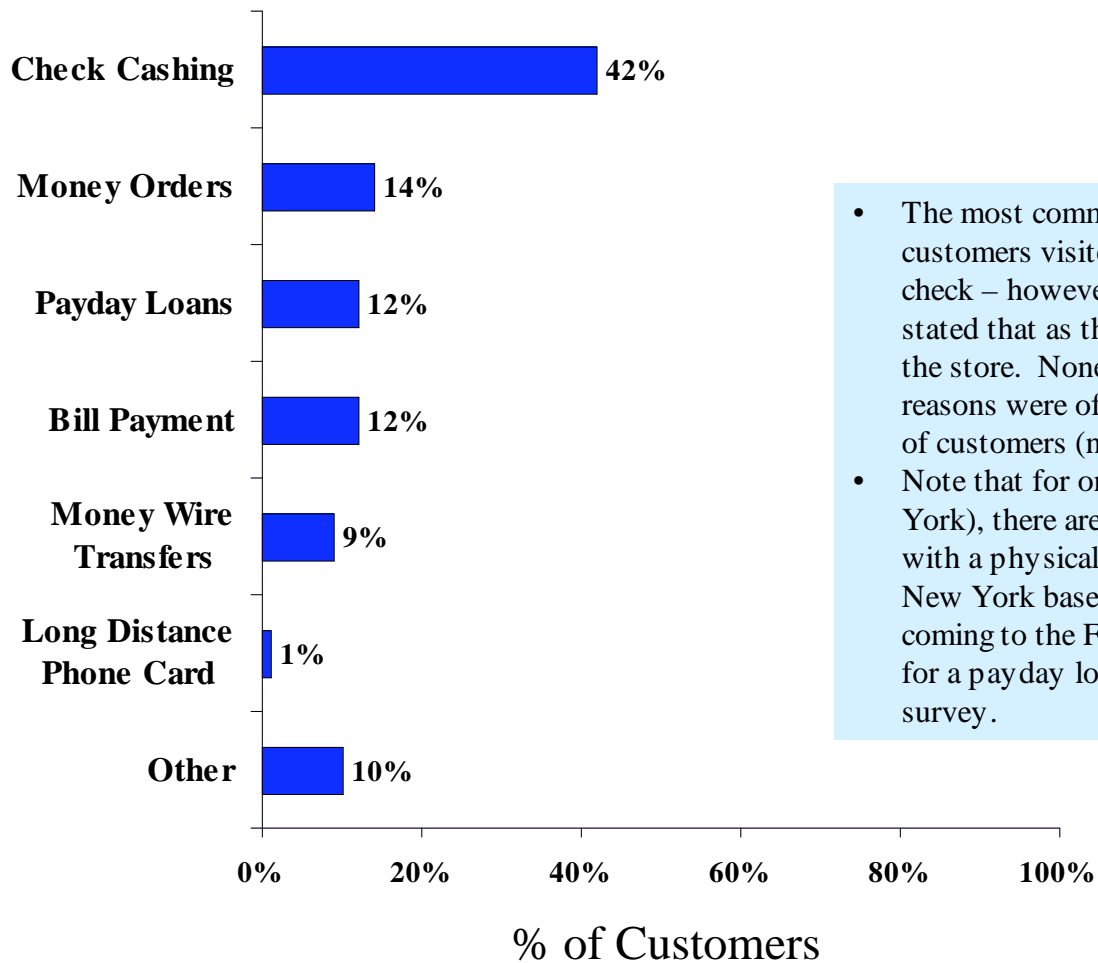


- We see, on average, a more frequent use of stores between 2000 and 2006. In 2000, 40% of surveyed customers visited the stores approximately once a week (3 or 4 times a month) or more. In 2006, we see that more (50%) of customers reported those visitation levels. Perhaps this is due to a shift in consumer base's frequency of pay periods, or a reaction to the increase in the number of products and services offered at FiSCA member stores.

Customer Use of Stores

Main Reason for Store Visitation All Respondents

Q4e. Which of those services above was the **main reason** that you came to [outlet] today?



- The most common single reason customers visited stores was to cash a check – however fewer than half (42%) stated that as their main reason for visiting the store. None of the other stated reasons were offered by a large proportion of customers (no more than 14%).
- Note that for one of the states (New York), there are no payday loan providers with a physical presence. None of these New York based customers reported coming to the FiSCA location specifically for a payday loan on the day of the survey.

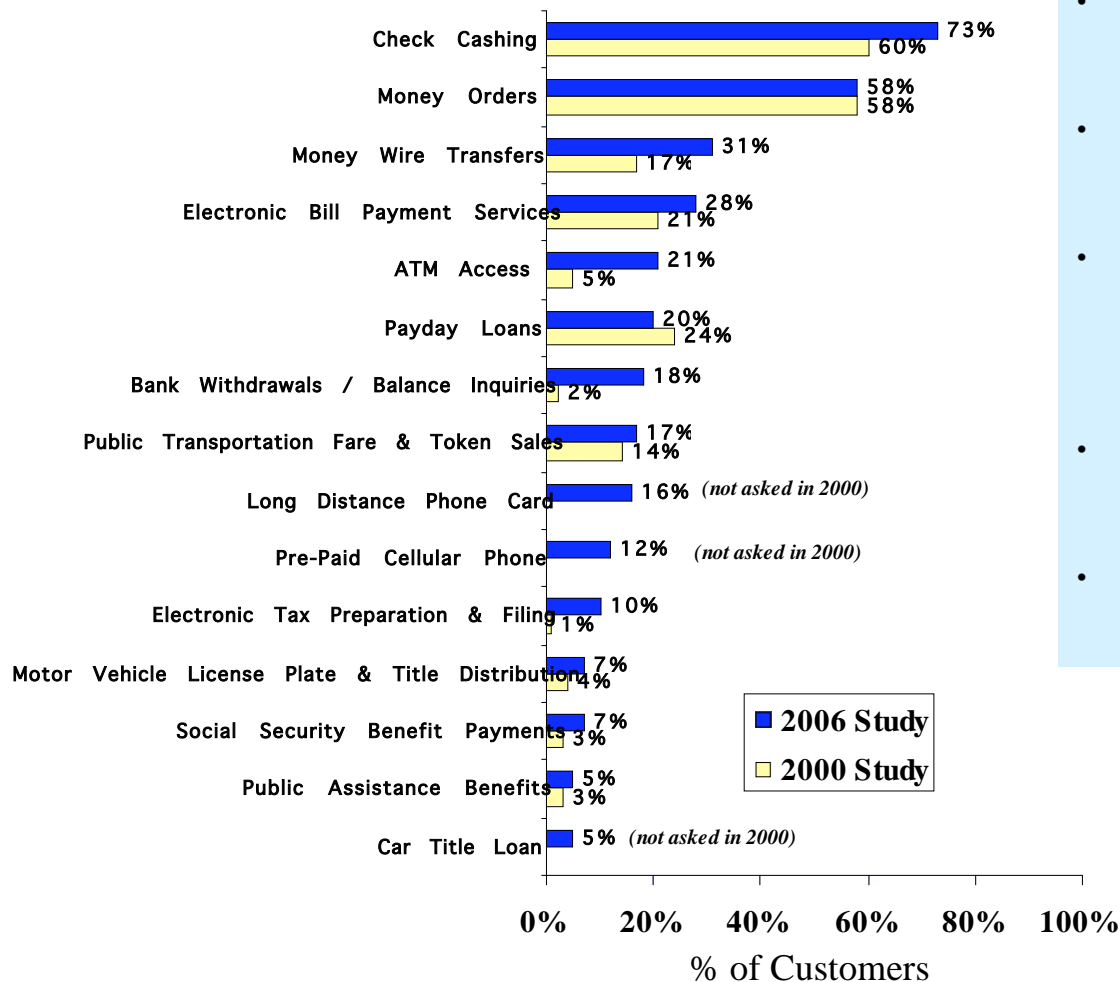
**Section III:
Customer Use of Financial Services,
Including Banks and Credit Unions**

Customer Use of Financial Services, Including Banks and Credit

Unions

Use of Financial Products & Services All Respondents

Q4a. Have you purchased these financial products and services?



- We asked respondents to tell us which, of a list of 15 different financial products and services, they ‘generally’ use or purchase (not necessarily at the store the survey was conducted in).
- As in 2000, the most popular financial services among this customer group were: check cashing, money orders, money wire transfers, and bill payment services.
- In 2006, we asked about 3 additional services not asked in 2000, two of which were used by a significant proportion of respondents: long distance phone card (used by 16% of respondents), pre-paid cellular phone (12%), and car title loans (5%).
- In comparison to 2000 levels, we see increased usage of check cashing (up 12 points), money wire transfers (14 points), bill payment services (7 points), and ATM access (16 points).
- We saw a slight decrease in the proportion of customers who used payday loans (4 point decrease).

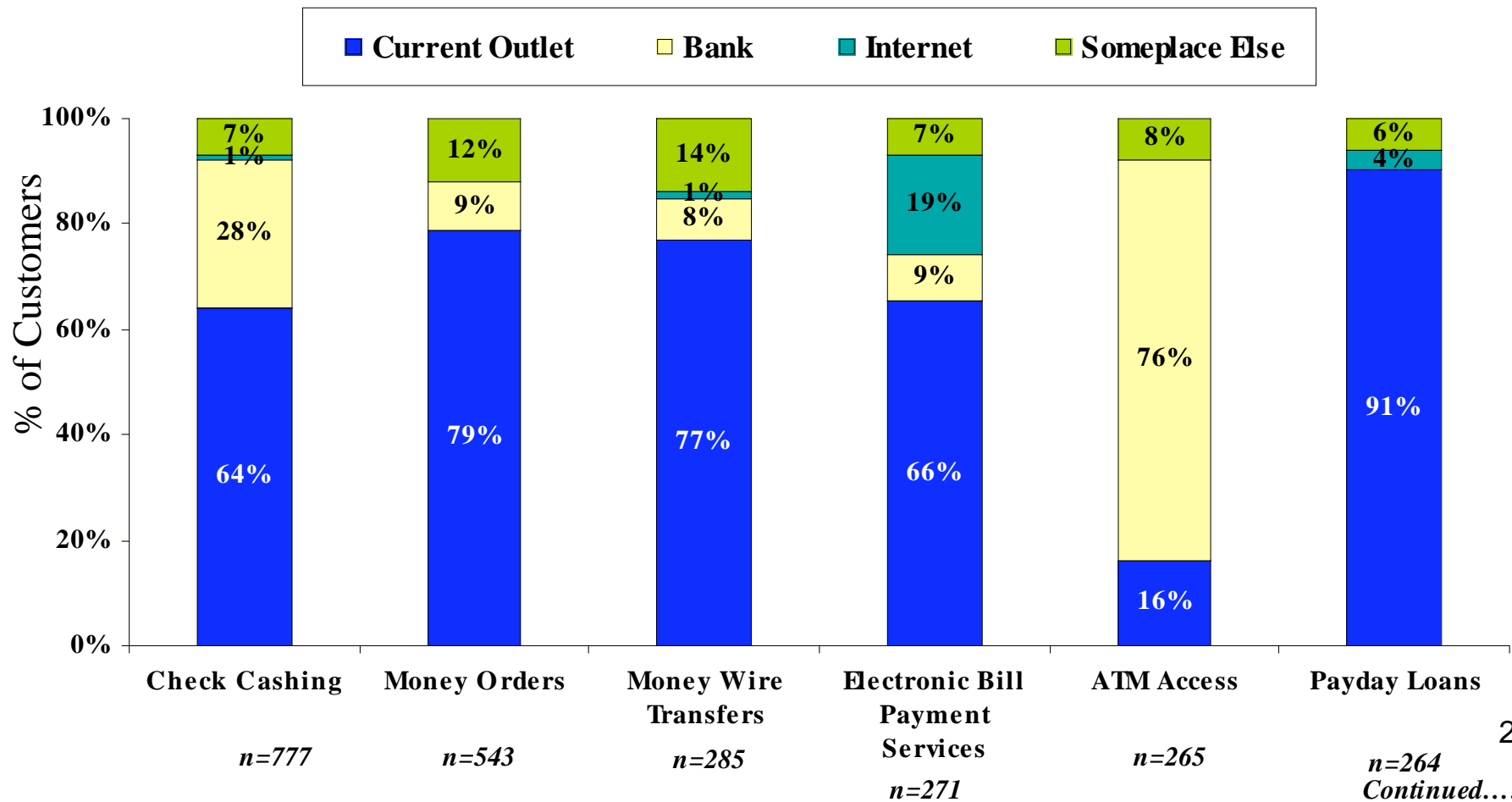
Customer Use of Financial Services, Including Banks and Credit Unions

Use Of Financial Products & Services

Respondents Which Use Those Products/Services

Q4b. Do you generally get those services from [current outlet], a bank, over the internet, or from someplace else?

OF PRODUCTS/SERVICES USED BY AT LEAST 20% OF CUSTOMERS

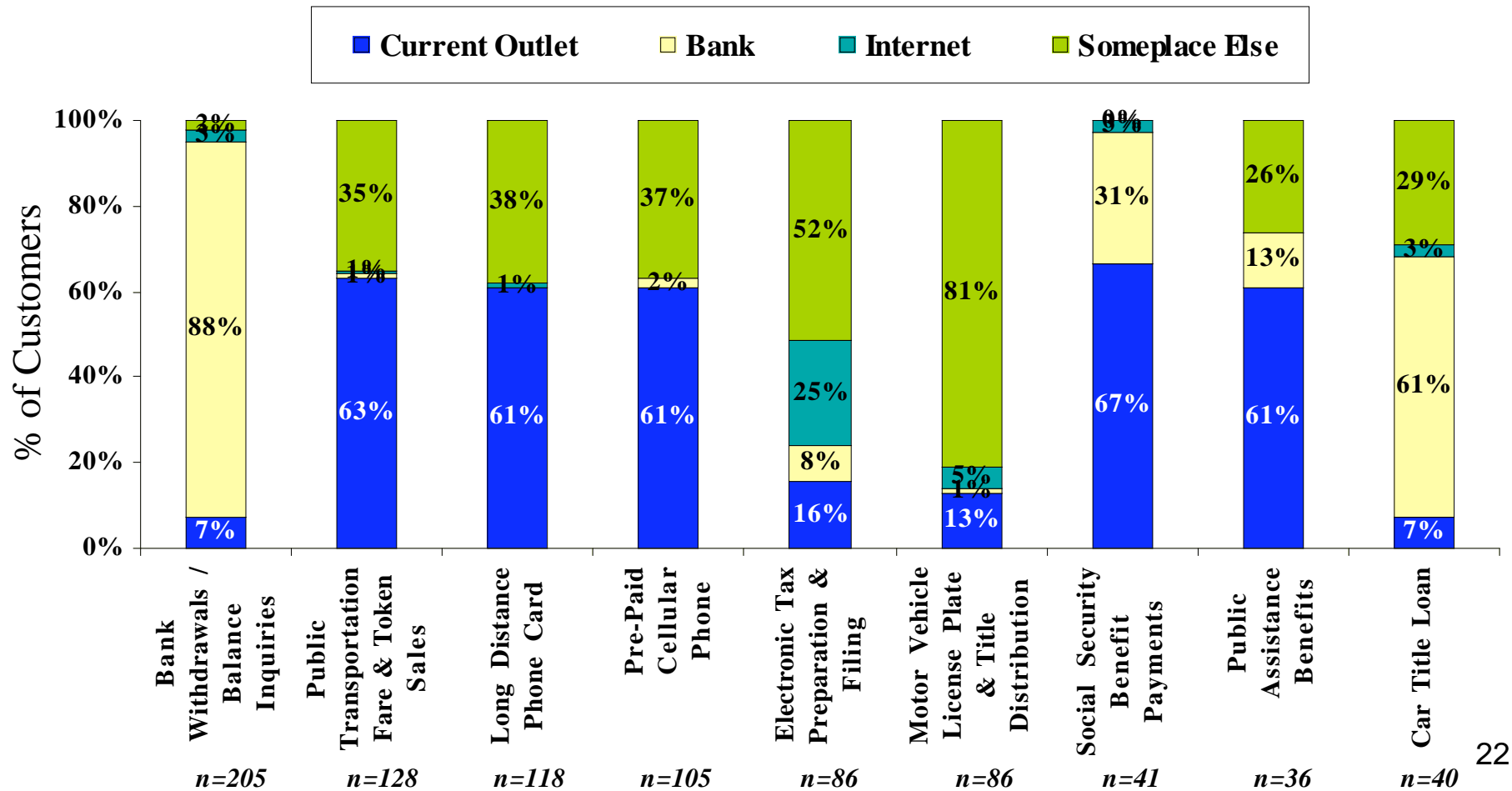


Customer Use of Financial Services, Including Banks and Credit Unions

Use Of Financial Products & Services Respondents Which Use Those Products/Services

Q4b. Do you generally get those services from [current outlet], a bank, over the internet, or from someplace else?

OF PRODUCTS/SERVICES USED BY AT MOST 20% OF CUSTOMERS



Customer Use of Financial Services, Including Banks and Credit Unions

Use Of Financial Products & Services

3 Highest Potential Growth Products

	% Use Product (either at FiSCA Member Store or somewhere else)	% of Those Who Use Product Somewhere Besides FiSCA Member Store	% of Respondents Who Obtain/Use Product/Service & Do So Somewhere Else
Check Cashing	73%	36%	26%
ATM Access	21%	84%	18%
Bank Withdrawals / Balance Inquiries	18%	93%	17%
Money Orders	58%	21%	12%
Electronic Bill Payment Services	28%	34%	10%
Electronic Tax Preparation & Filing	10%	84%	8%
Pre-Paid Cellular Phone	12%	61%	7%
Money Wire Transfers	31%	23%	7%
Public Transportation Fare & Token Sales	17%	37%	6%
Long Distance Phone Card	16%	39%	6%
Motor Vehicle License Plate & Title Distribution	7%	67%	5%
Public Assistance Benefits	5%	93%	5%
Car Title Loan	5%	39%	2%
Payday Loans	20%	9%	2%

- Here we summarize the marriage of ‘what products/services’ these customers routinely purchase, and ‘where’ they obtain them. This analysis identifies the ‘potential untapped market share’ for each of those products by pinpointing those products/services which are both widely used by customers, and widely purchased/used someplace besides the FiSCA member store.
- Check Cashing tops this list – as it is both a very common service used by these customers, and a service routinely provided by another type of entity (mainly banks). While FiSCA members stores have already captured a large portion of this share, customers still seek this service elsewhere in reasonably high numbers.
- Two other services: ATM Access and Bank Withdrawals/Inquiries are directly tied to depository accounts, which at the time of this survey, FiSCA member stores did not provide in large numbers. This finding highlights the desire among customers to have access to the services associated with a depository account.

Customer Use of Financial Services, Including Banks and Credit Unions

Reason for Financial Products & Services *All Respondents*

Q4c. What is the most common reason you need a _____ ?

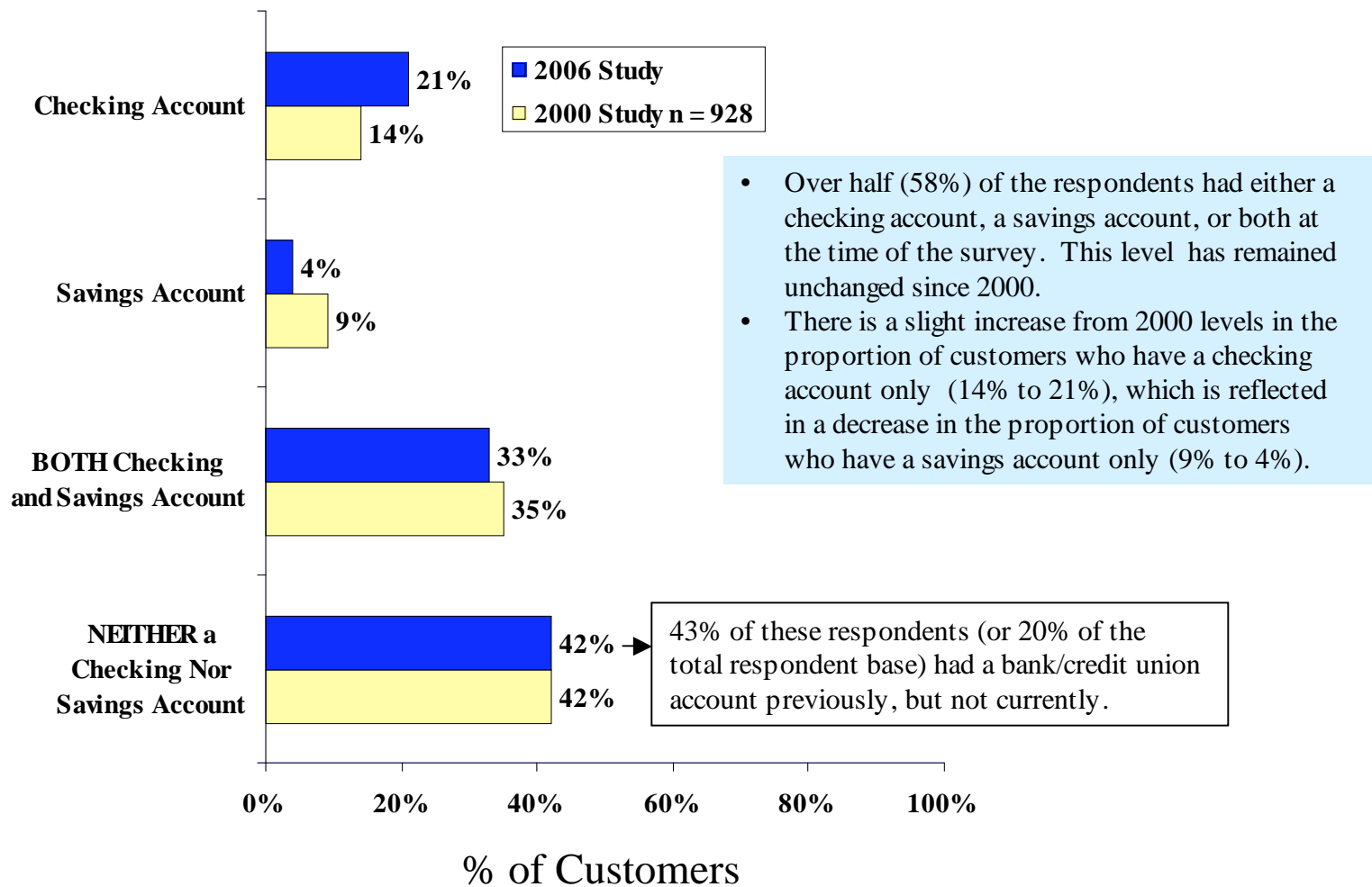
	Check Cashing	Money Orders	Money Wire Transfers
To Pay Bills	14%	73%	13%
Need/Like Cash	58%		
Convenient Location & Hours & Easy	14%		17%
Fast Service/Like Employees	5%	15%	
Only Choice/No Alternative	2%	1%	
Do Not Like Banks Or No Bank Account	2%	1%	
Send Money To Others		4%	44%
For family			21%
Other	7%	7%	5%

- Respondents were asked the ‘most common reason’ that they needed each of the products that they said they commonly purchased. Here we show those products which had enough sample sizes to report on.
- For ‘check cashing’ the most common response was ‘needed cash.’ While this answer seems obvious, it has more to it than the surface answer. What respondents stressed to us was that they needed/wanted cash *now*. For various reasons, they did not want to or could not wait until a ‘check cleared’ and they could have access to their funds.
- Money orders were most commonly used for ‘paying bills’ (most commonly ‘rent’).
- Money wire transfers, were of course used commonly to send money to ‘others’ or to ‘family.’

Customer Use of Financial Services, Including Banks and Credit Unions

Incidence of Checking & Savings Accounts *All Respondents*

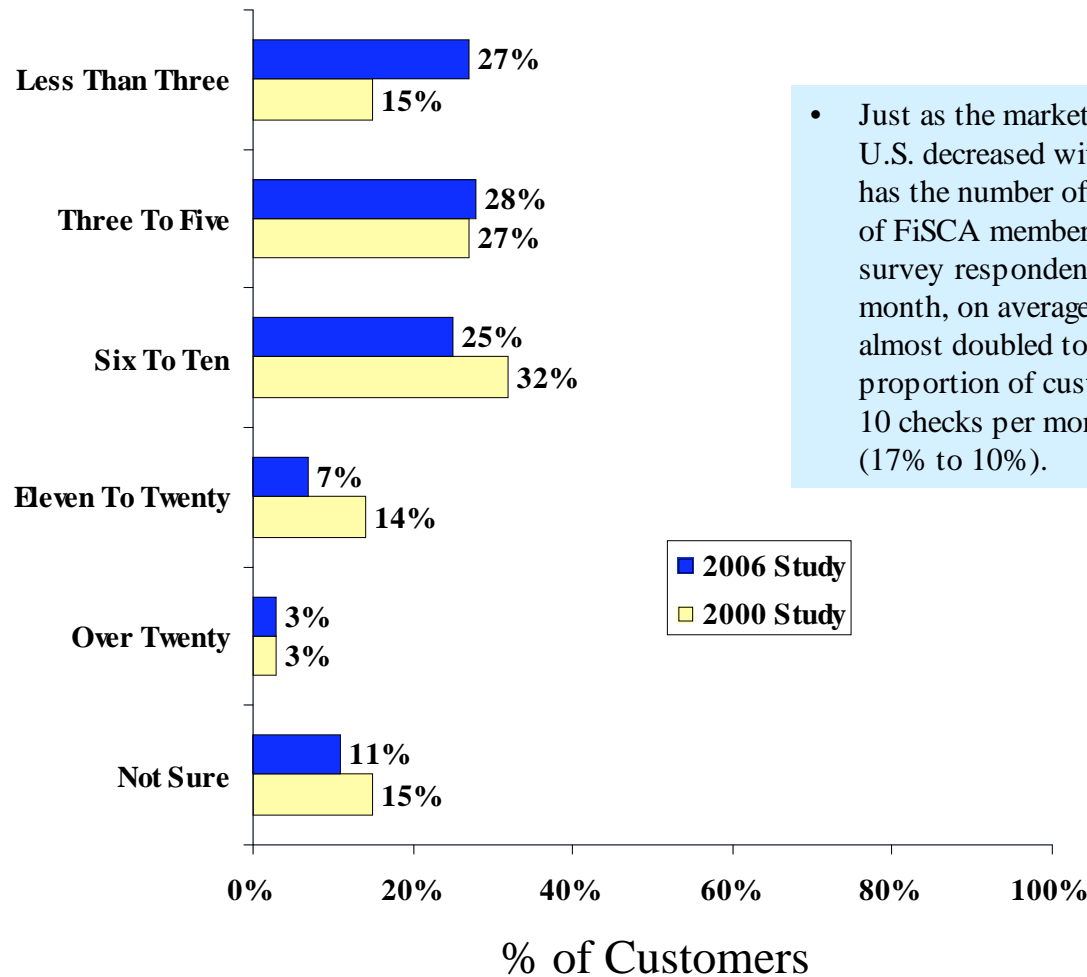
Q3a. Do you currently have a checking account or a savings account at a bank, savings and loan, or credit union?



Customer Use of Financial Services, Including Banks and Credit Unions

Use of Checking Accounts Of Those With Checking Accounts

Q3b. If you have a checking account, on average, how many checks would you say you write per month?



- Just as the market for all checks written in the U.S. decreased within the past several years, so has the number of checks written by customers of FiSCA members stores. In 2000, 15% of the survey respondents wrote 0 to 2 checks per month, on average. In 2006, that proportion almost doubled to 27%. Likewise, the proportion of customers who write more than 10 checks per month decreased by almost half (17% to 10%).

Customer Use of Financial Services, Including Banks and Credit Unions

Use of Checking & Savings Accounts Of Those With Checking/Savings Accounts

Q3c. Why do you use this other bank or credit union?

	2000 Survey	2006 Survey
To Use Direct Deposit	14%	16%
Close & Convenient	26%	16%
Check Writing Capability & Debit Cards/Other Bank Services	12%	25%
Need Account to Direct Pay Bills	22%	12%
For Savings	21%	9%
Use of ATM		5%
Wire Money		3%
Lower Fees	15%	2%
Business Reasons		2%
Have Mortgage Or Car Loan		1%
Other	15%	16%

- While more than half of the FiSCA member store customers were ‘banked,’ the most common reasons they were in the store on the day of the survey was to obtain products or services which are also provided by banks. This begs the question to those in FiSCA stores: Why do you also use a bank or credit union? There were a myriad of reasons, the most common being ‘ability to write checks/use debit cards/other bank services’ (25%). Many either like (or are required to use) a direct deposit for their paychecks (16%). Some simply like the closeness and convenience of their bank/credit union (16%) and some need a depository account to ‘direct pay’ their bills (12%).

Customer Use of Financial Services, Including Banks and Credit Unions

Use of Checking & Savings Accounts Of Those Previously, But Not Currently, Had Bank/C.U. Account

Q3e. Why did you stop using this place for a checking or savings account?

	2000 Survey	2006 Survey
Do Not Like Banks/Bad Experience At Bank		24%
No Funds/Closed Account	38%	18%
High Fees Or Minimum Balance Requirement	7%	15%
Moved/Personal Reasons	17%	14%
Cannot Manage Account or Cannot Balance		9%
Bad Credit/Was Overdrawn	7%	6%
Easier Here		3%
Just Want Cash/No Need For Bank	5%	1%
Other	17%	12%

- Several (20%) of the respondents had a checking/savings account previously, but not at the time of the study. One-fourth of them claimed that the reason for their not having an account any more was because they ‘did not like banks’ or ‘had a bad experience at a bank.’ Previous focus group study of this customer base has supported this finding.
- One-fifth of those customers (18%) said that they did not have enough funds to maintain an account.
- High fees or minimum balance requirements kept 15% of these customers from maintaining an account.

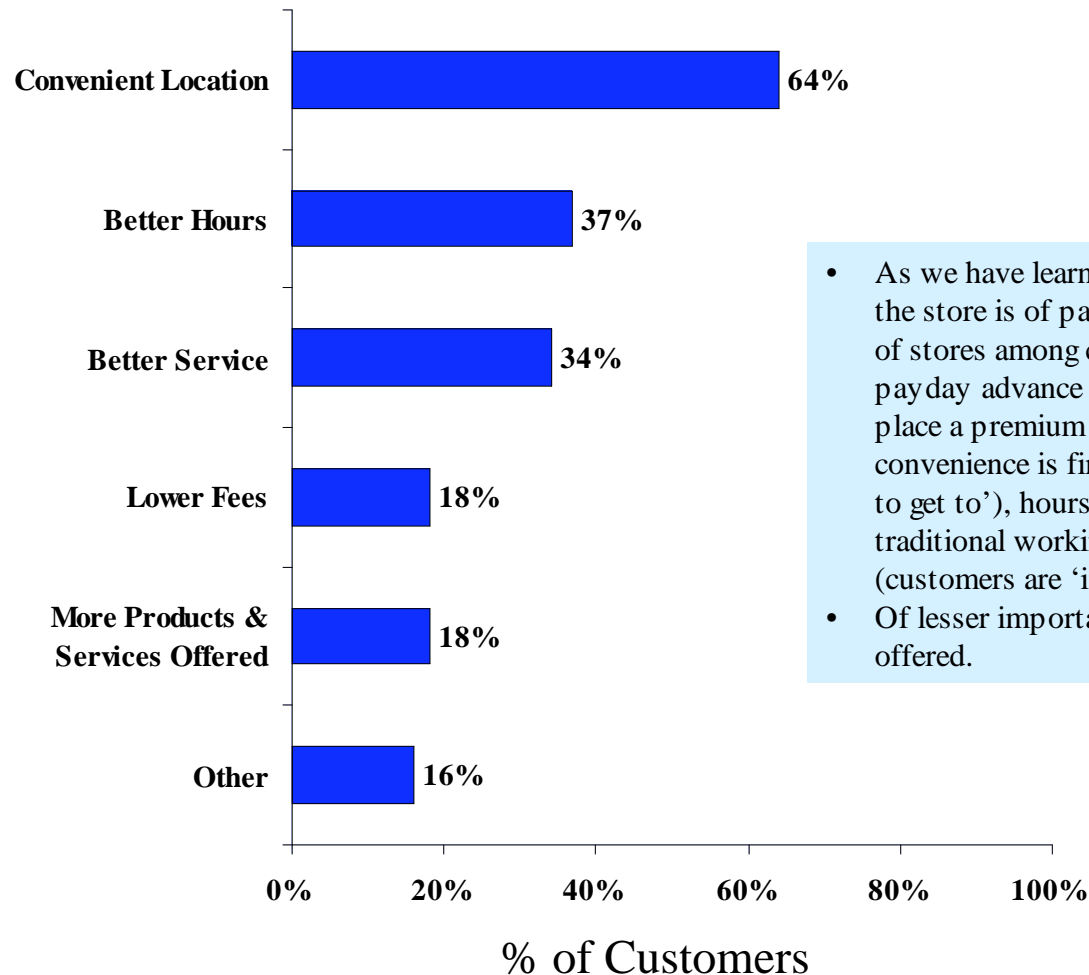
Section IV:

Customer Choice of Financial Service Providers

Customer Choice of Financial Service Providers

Why Use A FiSCA Member Store? All Respondents

Q3f. Why do you use the products and services of [current outlet] rather than other options, such as banks?



- As we have learned in other studies, the location of the store is of paramount importance in the choice of stores among consumers. Both check cashing and payday advance services are sought by those who place a premium value on convenience – and that convenience is first defined by location (aka, ‘easy to get to’), hours of operation (not only during traditional working hours) and the level of service (customers are ‘in and out’ of stores quickly).
- Of lesser importance is cost and breadth of products offered.

Customer Choice of Financial Service Providers

Why Use A FiSCA Member Store?

By Those With vs. Those Without A Bank Account

Q3f. Why do you use the products and services of [current outlet] rather than other options, such as banks?

	Of Those With A Bank Account	Of Those Without A Bank Account
Convenient Location	59%	68%
Better/Good Hours	38%	37%
Better Services	24%	33%
More products and services offered	22%	15%
Lower Fees	14%	22%
Other	18%	13%

- Those who have and do not have bank/credit union (checking or savings) accounts are similar in the reasons they choose the FiSCA member stores.

Customer Choice of Financial Service Providers

Service Levels – Banks vs. FiSCA Member Stores All Respondents

Q13. How would you compare the services and products from this outlet compared to a bank or credit union?

The Same Or Similar	15%
Outlet More/Better Products or Services	
Outlet Offer, Bill Payments	3%
Outlet Has More Products & Services	3%
Outlet Offers Small Loans & Payday Loans	2%
Outlet Offers Western Union	1%
Bank Does Not Have Money Orders	0.4%
Outlet Better Service	
Takes Too Long At The Bank/Longer lines	18%
Outlet Is Better (not specified)	14%
Outlet Provides Better Service	8%
Outlet Is Less Hassle/Easier	5%
Outlet Knows Customers & More Personal	5%
Bank Is Not Always Open & Outlet Has Better Hours	3%
Outlet Has More & Better Locations	2%
Outlet Provides A Nicer Environment	1%
Easier To Get a Loan From Outlet Than Bank	1%
Banks Confuse Customers	1%
Banks Have Too Many Rules & Requirements	1%
Outlet is Accurate	0.2%
Language Barrier At The Bank	0.2%

Bank Is Better	
Banks Have Better Service	3%
Banks Do Not Charge Fees Or Charge Less	2%
Bank Offers More Or Different Services	1%
Banks Have Direct Deposit	0.2%
Bank Has Better Locations	0.2%
Fees	
Bank Charges Higher Fees	2%
Outlet Charges Less Fees	2%
Other	
Outlet Effectively Communicates Fees	1%
Outlet Has Less Requirements	1%
Do Not Use Banks/Do Not Have Bank Account	7%
Cannot Compare Banks & Outlets	5%

- These surveyed customers were asked how they would compare the products and services from the visited FiSCA member store to a bank or credit union. Since these *are* FiSCA member store customers, it is not too surprising to find that, on balance, they were more positive about FiSCA member store products and services than those of banks and credit unions.
- It is very interesting, however, to see that 15% of the customers felt that the products and services offered by the two distinct entities were essential ‘the same.’ And, as other results and studies have shown us, the chief ‘complaint’ about banks/credit unions is that service ‘takes too long’ or that service lines are ‘too long’ (18%).

Customer Choice of Financial Service Providers

Cost – Banks vs. FiSCA Member Stores *All Respondents*

Q13b. How would you compare **the cost** of services and products from this outlet compared to a bank or credit union?

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%

- When comparing *costs* of banks/credit unions and FiSCA member stores, surveyed customers were mixed in their comparisons among those that felt that the costs were ‘the same’ or ‘similar’ (15%), those who felt that banks are more expensive (23%) and those who felt that banks are less expensive (21%). This is a very interesting finding given that conventional wisdom (among the general population) is that establishments like FiSCA member stores are far more expensive than banks. And, if one looked at the various services on a fee-to-fee basis, it would be easy to conclude that this is a valid assumption. However, these results suggests that FiSCA member customers look at the ‘whole picture’ of the costs associated with having a bank or credit union account, given their own personal way of handling finances and the types of products and services that banks/credit unions tend to charge higher fees for. All of the evidence suggests that this consumer base strongly prefers a ‘pay as you go’ way of purchasing financial services. The costs of products and services at FiSCA member stores are immediate and highly visible – there are no surprises or unexpected fees which become apparent in a statement which arrives several weeks after a transaction has taken place. This consumer base prefers (or perhaps *needs*) to manage their financial lives in this way. Of course, there are other segments of the consumer market which have a very different preference, and they make very different choices than the typical FiSCA member store customer.

Customer Choice of Financial Service Providers

Choosing Financial Products Providers All Respondents

Q4d. What is the main reason you chose the place you use most for (product/service from outlet)?

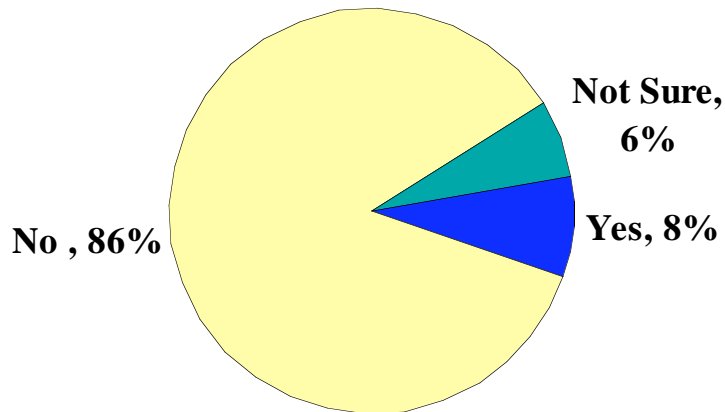
	Check Cashing	Money Order	Money Wire Transfer	PayDay Loans
Convenient Location	58%	58%	57%	36%
Convenient Hours	5%	2%	9%	5%
Good Service & Quick	10%	13%	7%	26%
Cannot Use Bank Or Bank Fees Too High	2%	12%		6%
No Fees Or More Attractive Fees	8%	2%	12%	13%
Only Option	2%		4%	
Easier/Faster Than Elsewhere		10%		
Repeat Customer				2%
Other			7%	12%

- On page 24, we described how customers use the more commonly purchased products from FiSCA member stores (e.g., why do you need money wire transfers?). Here we show the reasons that respondents chose their ‘favorite’ place for each of the more common service/products obtained. This gives us some insight into the purchase decision-making process.
- For check cashing, money orders, and money wire transfers, location is “king.” The industry has been astute in this understanding and in least in our observation, store locations were always in very high traffic areas, and typically on corner locations in busy intersections. Focus group studies have shown us that customers tend to prefer sites closer to their homes than their jobs – and therefore preferred locations are those in more residential areas than commercial areas.
- ‘Good service’ (‘quick service’) was of particular importance to payday loan customers (26% said that this was key in their choice of providers). Also in focus group settings we have seen how customers will often observe the lobby of a payday loan provider before choosing it to ensure that there is not a long line.

Customer Choice of Financial Service Providers

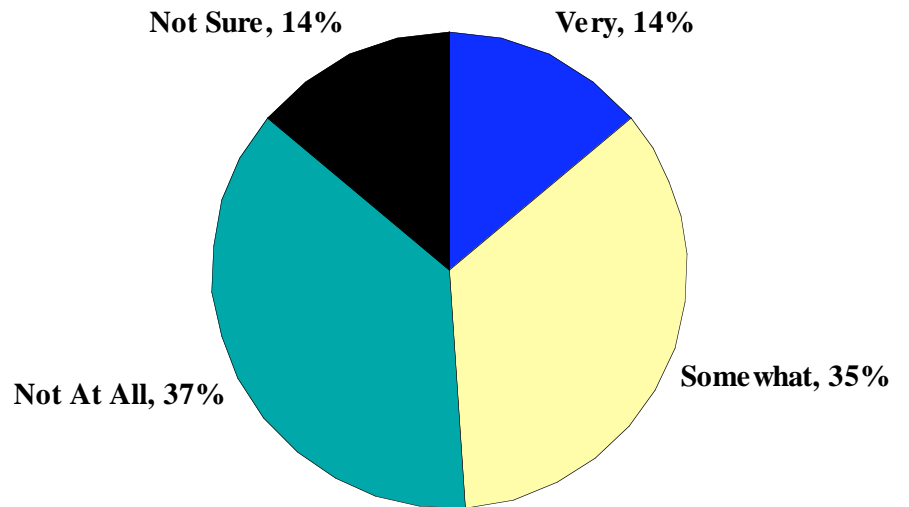
Availability of Deposit Accounts at FiSCA Stores All Respondents

Q3g. Were you aware that you can obtain a government-insured interest earning savings account at places like [outlet]?



- Few (9%) were aware that similar stores offer interest-earning deposit accounts.

Q3h. How interested are you in obtaining a government-insured savings account at [outlet]?



- While awareness of such a product is low, interest in it is a bit higher. Almost half (49%) were at least somewhat interested in an interest-bearing account at a store location.

Customer Choice of Financial Service Providers

Sources for Short-Term Loans *All Respondents*

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%

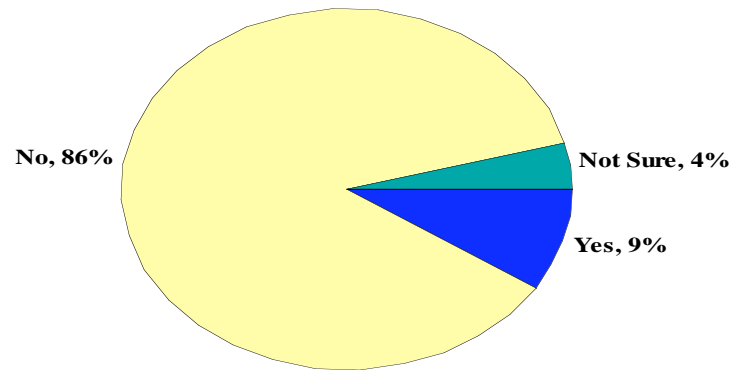
*The only 'dark state' (where payday loans are unavailable in brick-and-mortar stores) in this study was New York. Of the 98 New York respondents, only one referred to a payday loan in his response to this question responding: "telephone payday loan."

- Consumers have a small, but well-known variety of options to meet the need for a small (few hundred dollars) short-term unsecured loan. They have informal options available to them, via either family or friends or their employers. They can obtain a cash advance on credit cards (if they have an available balance on their credit limit). They can invoke the option of 'overdraft protection' via their checking accounts, or choose to make certain payments late and incur late fees. All of the formal options are, in effect, "loans."
- We asked respondents what they would do if they had a need for a small, short-term unsecured loan. The most common response was 'obtain a loan at the current outlet' (otherwise known as a 'payday loan') (35%). Another 8% also said 'loan company/payday loan,' but not necessarily from the current outlet. The second most common response was 'family member,' (17%) or a 'friend' (6%), the choice which is likely to be the lowest cost option with the most generous payback terms. It is interesting that 13% felt that they would seek a loan from a bank; banks typically do not offer loans this small.
- Note that very few said that a favored option would be a credit card cash advance (1%) or a loan from their employer (1%).
- It is also noteworthy that 18% of the respondents did not know where they could go for such a financial need.

Customer Choice of Financial Service Providers

End-User Customer Relationship To FiSCA *All Respondents*

Q14. Were you aware that [current outlet] is a member of FiSCA, the national trade association for these types of stores?

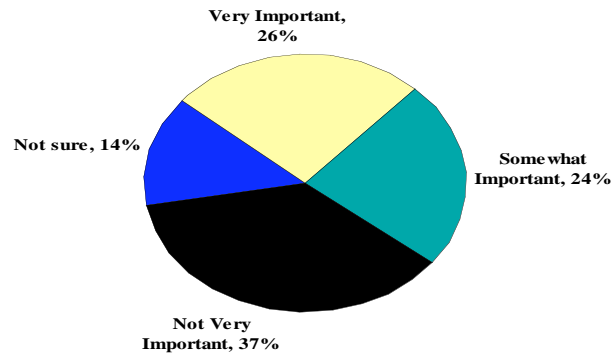


- Very few customers stated awareness of FiSCA (9%, and this is probably an overstatement). This is not surprising given that the FiSCA name is not typically part of members' branding and or in-store communications.

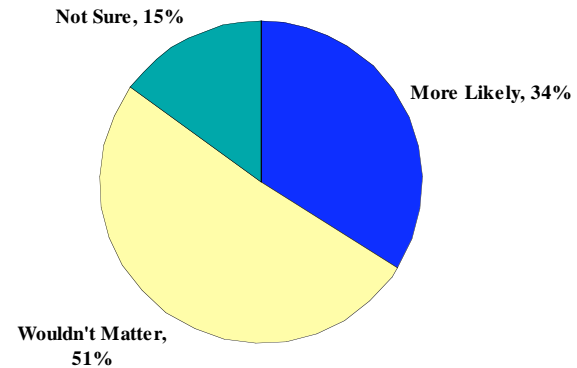
Customer Choice of Financial Service Providers

End-User Customer Relationship To FiSCA All Respondents

Q15. How important is it to you, when you choose a store like this, that it is a member of a trade association like FiSCA?



Q17. Would you be more or less likely to use a store which is a FiSCA member, or wouldn't it matter to you?

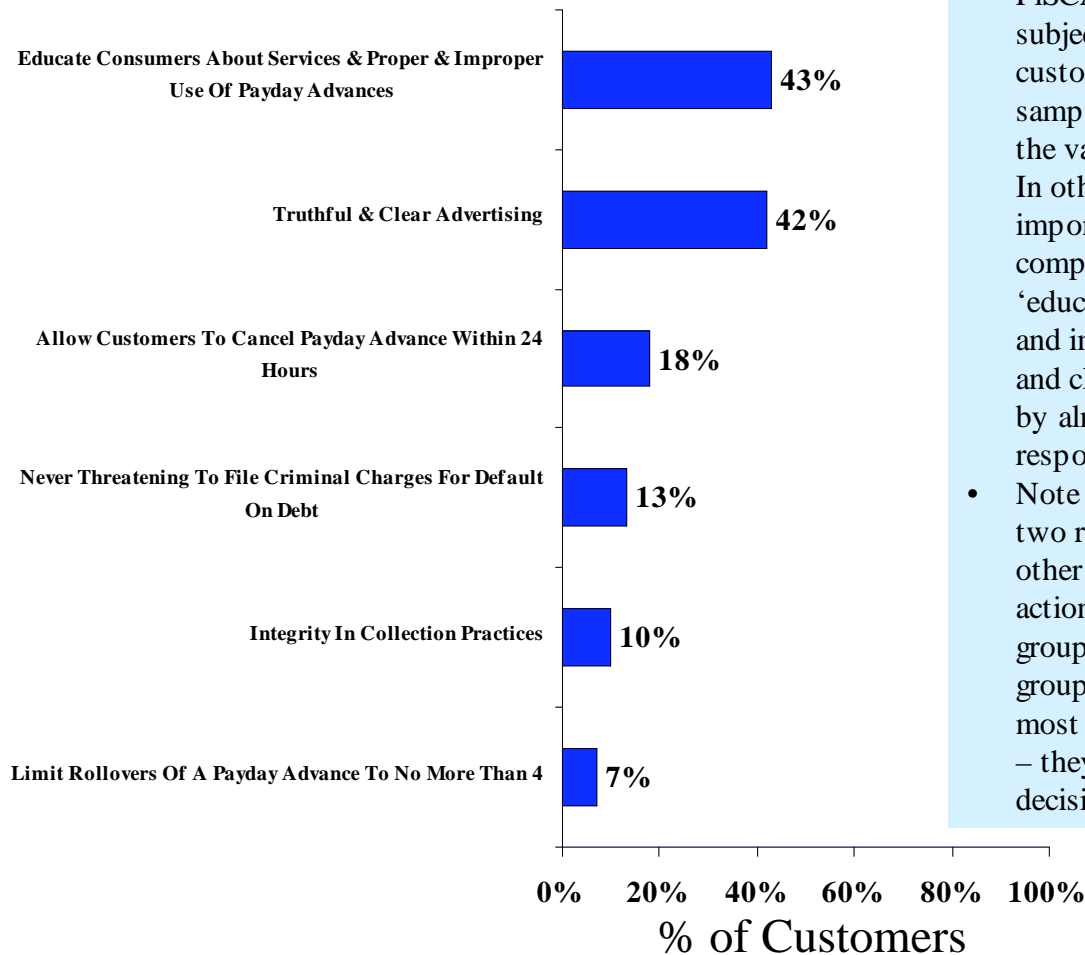


- While very few customers are aware of FiSCA membership, a significant proportion felt that membership in a trade association like FiSCA was at least 'somewhat important' to them when choosing a store (50%). Like all financial services providers, FiSCA members are subject to scrutiny by customers who require the development of a trusting relationship. Membership in trade associations shows a commitment to following established guidelines and codes of conduct – consumers virtually always see the positive in that, and a good proportion of end-user customers feel it would have some impact in their choice of a provider. One-third of surveyed customers (34%) said that they would be 'more likely' to choose a store that is a FiSCA member than a non-member.

Customer Choice of Financial Service Providers

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

Q16. Which part of the FiSCA code of conduct is most important to you? (multiple response accepted; do not total to 100%)



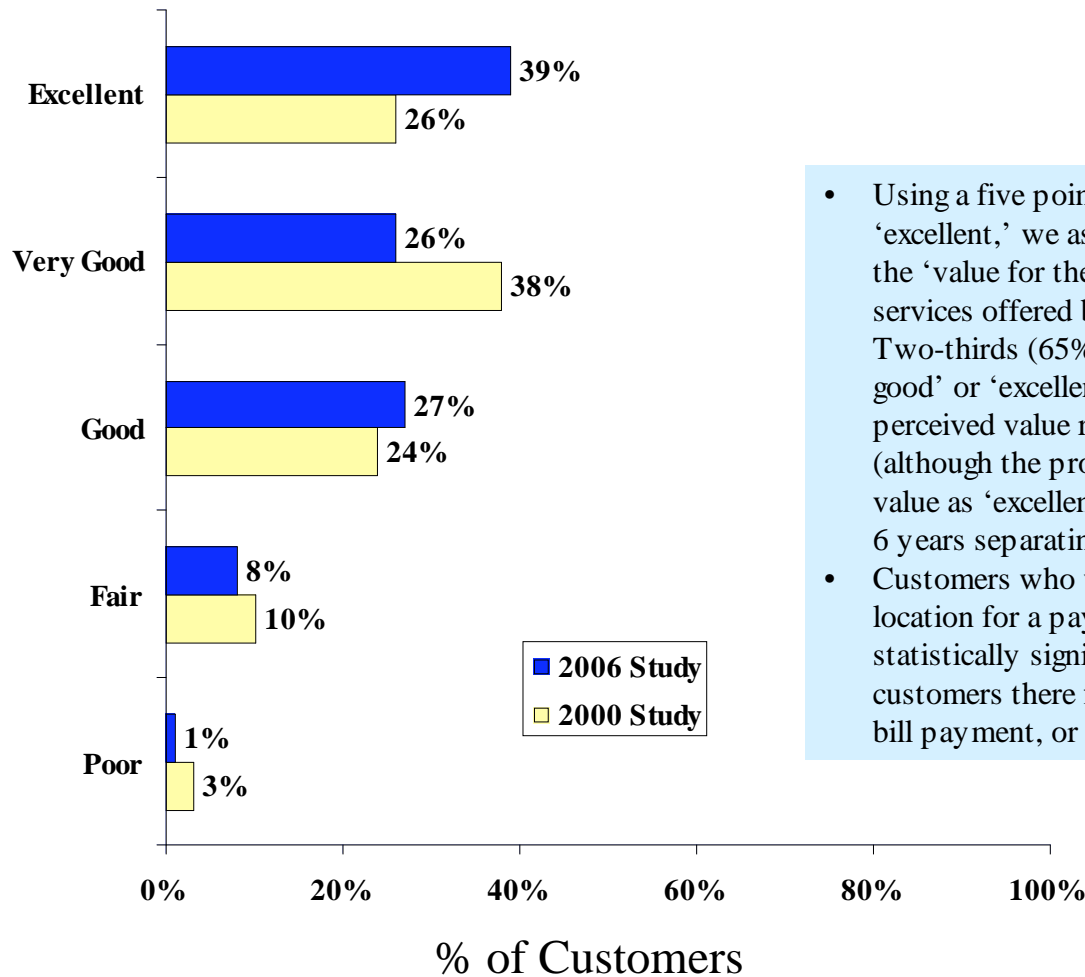
- FiSCA has a stated code of conduct, and members are subject to adherence to this code. Payday loan customers surveyed in this study (18% of total sample) were asked about the relative importance of the various components of FiSCA’s code of conduct. In other words, which part of the code is both most important for members to rigorously adhere to? Two components of the code rose to the top of this list: ‘educating consumers about services and the proper and improper use of payday advances’ and ‘truthful and clear advertising,’ both noted as most important by almost half of the payday loan customer respondents.
- Note that of the 6 elements of the code tested, these two relate to communications, as opposed to the other four which are more related to policy or actions. This finding is not surprising given focus group research conducted among this consumer group. Those customers taught us that what they most value is clear, accurate, and concise information – they then want to be allowed to make their own decisions regarding their financial transactions.

Section V: Customer Satisfaction

Customer Satisfaction

Overall Value Ratings All Respondents

Q5. How would you rate the overall value for the money of products and services offered at [current outlet] ?

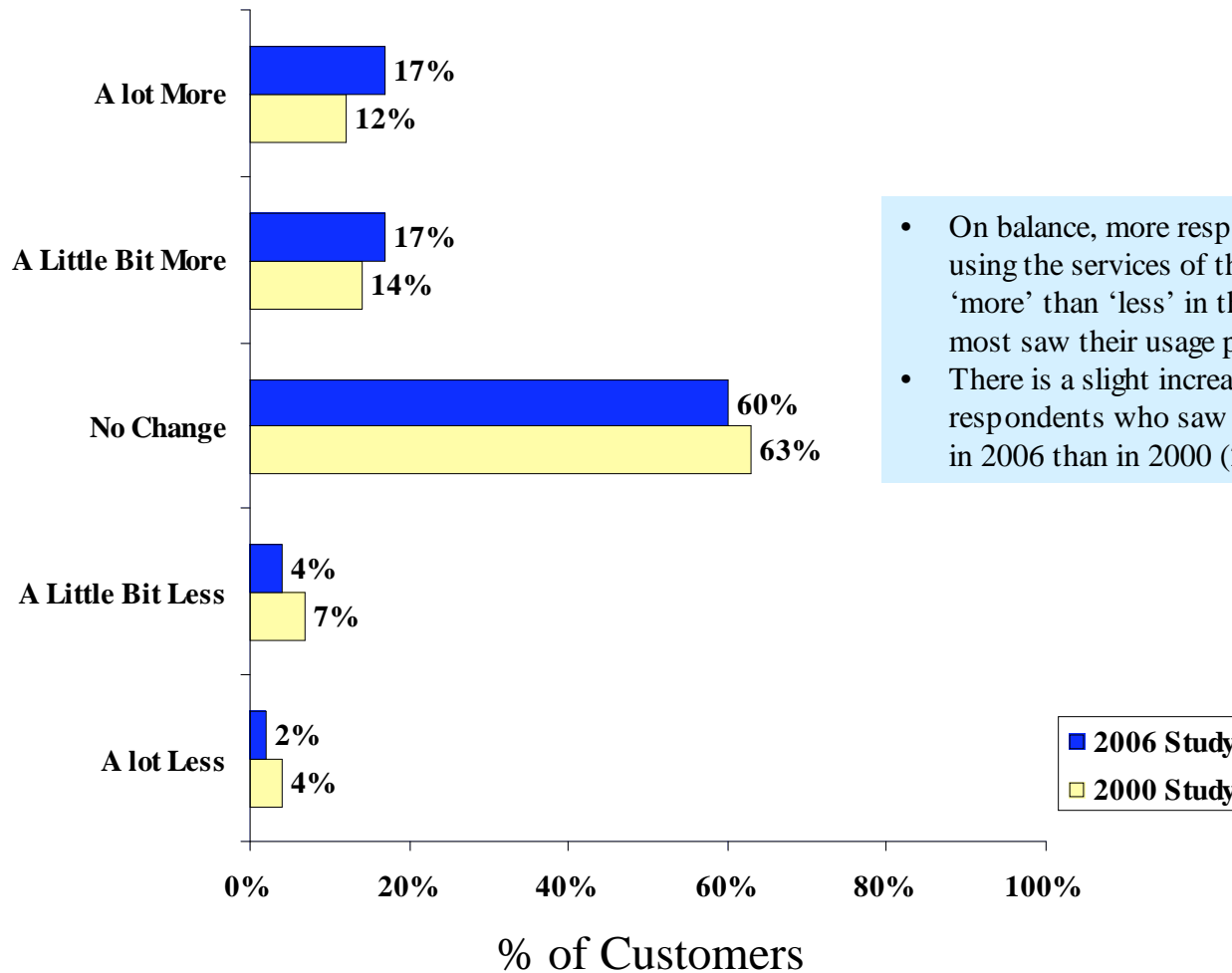


- Using a five point scale ranging from ‘poor’ to ‘excellent,’ we asked surveyed customers to rate the ‘value for the money’ of products and services offered by their FiSCA member store. Two-thirds (65%) rated the value as either ‘very good’ or ‘excellent.’ This is about equivalent to perceived value ratings from the 2000 study (although the proportion of those who rated the value as ‘excellent’ increased substantially in the 6 years separating the studies).
- Customers who were primarily at the interview location for a payday loan/cash advance were statistically significantly less satisfied than customers there for cash checking, money order, bill payment, or money wire transfers (p<.05).

Customer Satisfaction

Level of Use Over Time All Respondents

Q6. Would you say you are using the services at [current outlet] more or less than you have in the past?

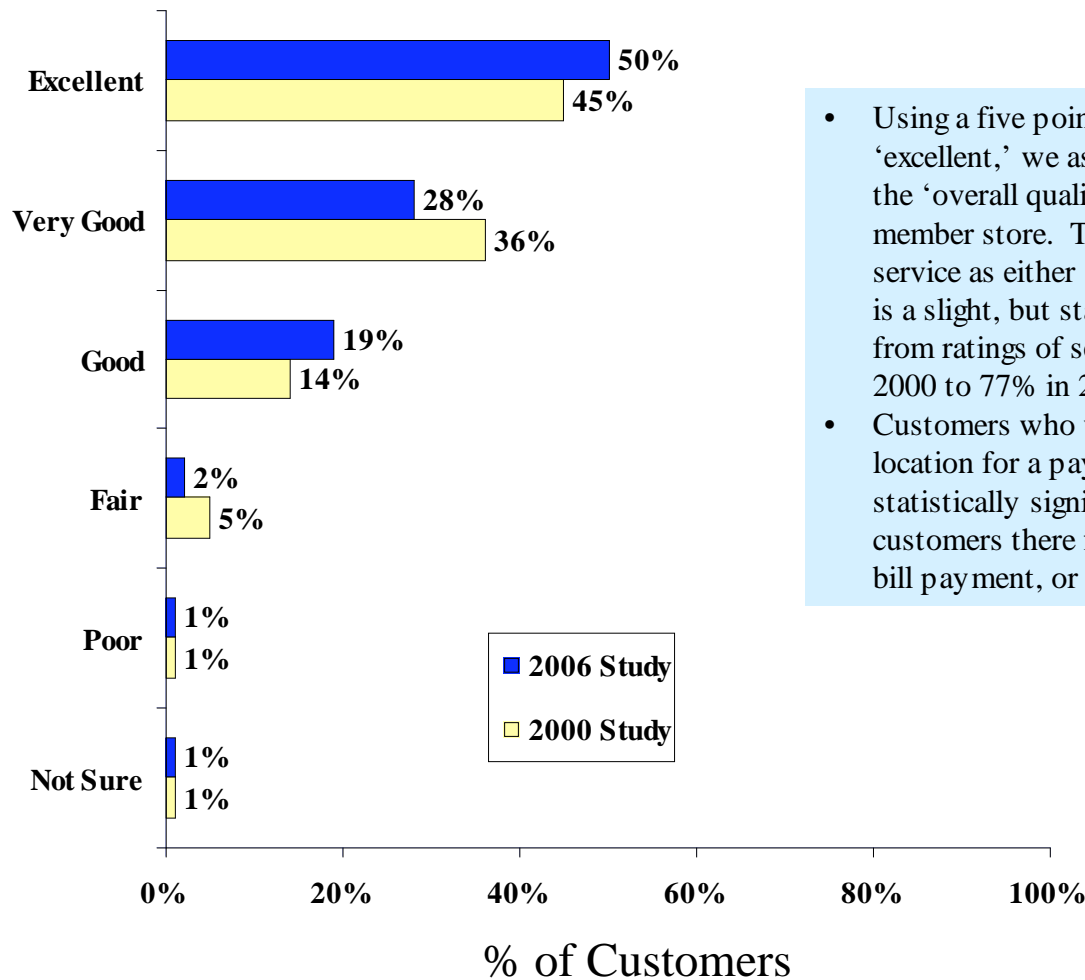


- On balance, more respondents said that they were using the services of their FiSCA member outlet 'more' than 'less' in the recent past. However, most saw their usage pattern as stable (60%).
- There is a slight increase in the proportion of respondents who saw an increase in usage (34%) in 2006 than in 2000 (26%).

Customer Satisfaction

Overall Service Ratings All Respondents

Q7. How would you rate the overall quality of service your receive at [current outlet] ?



- Using a five point scale ranging from ‘poor’ to ‘excellent,’ we asked surveyed customers to rate the ‘overall quality’ of service at their FiSCA member store. Three-in-four (78%) rated the service as either ‘very good’ or ‘excellent.’ This is a slight, but statistically significant, decrease from ratings of service in the 2000 study (81% in 2000 to 77% in 2006).
- Customers who were primarily at the interview location for a payday loan/cash advance were statistically significantly less satisfied than customers there for cash checking, money order, bill payment, or money wire transfers (p<.05).

Customer Satisfaction

Strengths All Respondents

Q9. What is it you *like best* about [current outlet]?

	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%

- In their own words, customers described the “convenience of the location and hours” (33%), the high “level of customer service” (25%), the “friendly employees” (21%) and the speed of service was the things they ‘like best’ about their FiSCA member store location.

Customer Satisfaction

Weaknesses All Respondents

Q10. What is it you *like least* about [current outlet]?

	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%

- It is not unusual for customers of any service provider to have difficulties in offering ‘top-of-mind’ complaints about that service provider. Since in most cases, consumers have choice among several service providers, they are likely to have settled on one which they do not have frequent or major complaints about. Among these customers, that is no different: 73% were unable to tell us anything that they liked ‘least’ about their FiSCA member store. The most common complaint was: levels of staffing (too low), or ‘poor staff,’ both of which are associated with long lines (10% of respondents). The second least favored aspect was ‘rates’ or ‘fees’ (5%) or the structure of the store (‘bad parking,’ unclean or unwelcoming stores) (5%). This finding supports others in this and other studies: Customers care **most** about service (*fast* service), followed by fees, and store atmosphere.

Customer Satisfaction

Suggestions for Improvement All Respondents

Q11. What can they do to get better?

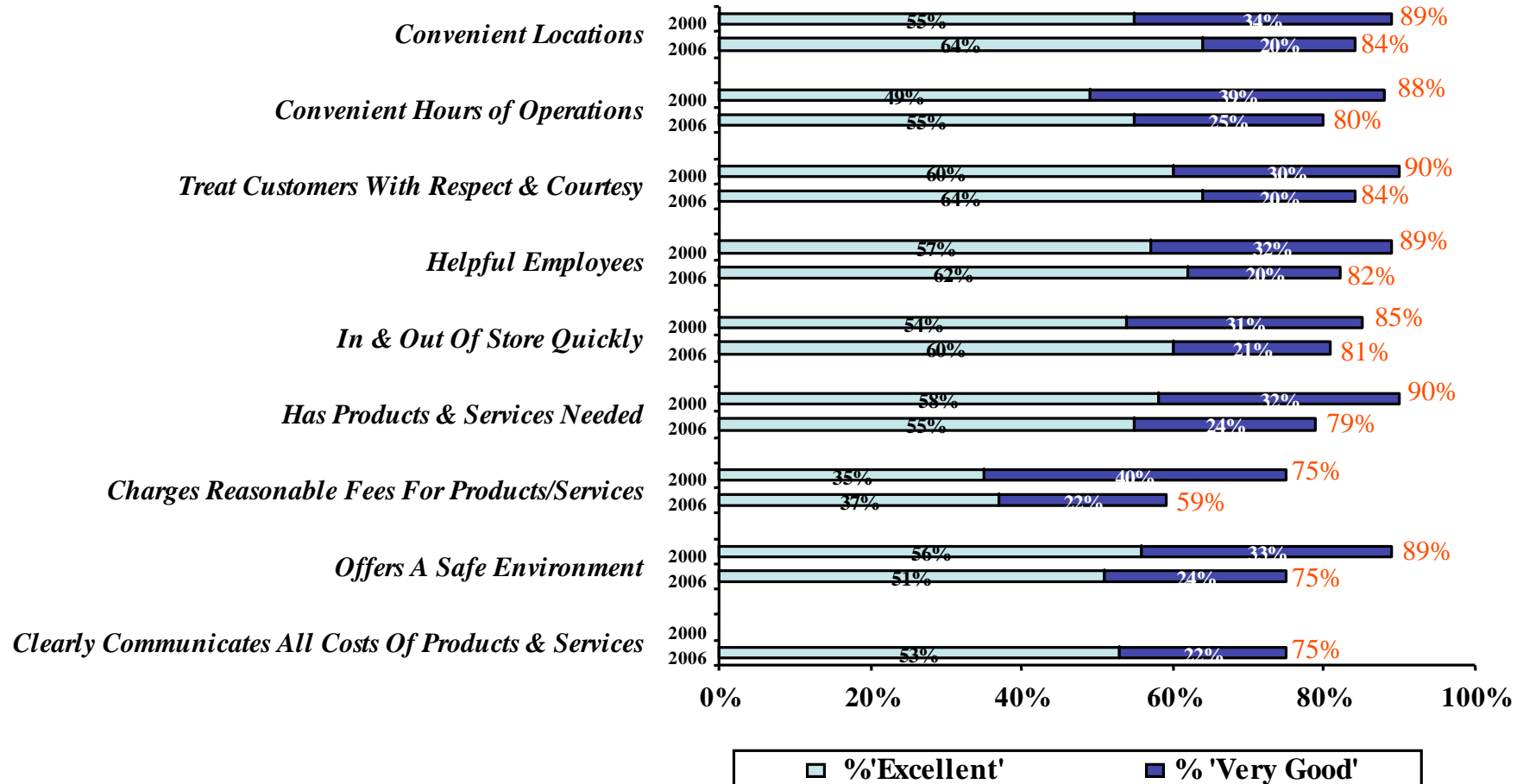
	2000 Survey	2006 Survey
No Change, Everything Is Good	51%	56%
More Tellers	13%	12%
Charge Lower Fees	14%	7%
Improve Experience (not specified)		5%
Improve Appearance Of Store, Cleanliness	4%	2%
Employees Nicer, More Courteous		2%
Open Longer Hours Or 24 Hours	7%	2%
Sell More Products & Services	6%	1%
Install Vending Machines Or Provide Food		1%
Improve Security		1%
Increase Or Improve Parking		1%
Increase Payday Loan Limit		1%
Air Conditioning		1%
Make Bathrooms Available to Customers		1%
Update Store Technology		1%
Supply Chairs For Customers		1%
Improve Location		.3%
Add ATM		.3%
Allow Payday Loans To Be For Longer Period		.3%
Other	7%	.3 %

- Since customers were most likely to take issue with the level of service at their favored store location, it is no surprise that their most common suggestion for improvement is adding ‘more tellers’ (12%). Falling in line with their other ‘complaints’ are suggestions to ‘lower fees’ (7%) or ‘improve experience’ (5%).
- There were a few suggestions regarding the products themselves: ‘sell more products and services’ (1%); ‘increase payday loan limit’ (1%); ‘add ATM’ (.3%), and ‘extend payday loan repayment period’ (.3%).
- It is interesting what customers did *not* say, although we caution the reader that failure of any respondent to mention something in an open-ended format does not mean that they would not agree with the idea if it were suggested to them. That being said, no customer recommended that FiSCA member stores communicate the costs or terms of its products better. We address specific details of the customer experience through more direct questioning in the survey, and those results are discussed on the following page.

Customer Satisfaction

Products & Services Ratings All Respondents

Q12b. How would you rate [current outlet] on...?



Customer Satisfaction

Products & Services Ratings Comparisons Among Respondent Groups

.....Continued

In addition to rating their visited FiSCA member store in terms of 'overall service,' sampled customers were asked to rate the store on nine components of service and product offered. From previous research, we know that these are the 'key components' of customer satisfaction – that is, they are the factors which are either brought into consideration when customers are choosing a service provider or determining whether or not to change service providers.

The figure on the previous page reports the percentage of respondents which rated their store as 'excellent' and 'very good.' The total of the two ('top-two-box score') is also shown. Here we see the following:

- For five of the nine components, a very high proportion of customers rated their store at least 'very good' (80% or more for each: *Convenient Locations*, *Convenient Hours of Operations*, *Treat Customers With Respect & Courtesy*, *Helpful Employees*, *In & Out Of Store Quickly*. There is some room for improvement here, but not much. Customers were slightly less satisfied with their stores in terms of: *Has Products & Services Needed*, *Offers A Safe Environment*, *Clearly Communicates All Costs Of Products & Services* (75%-79% at least 'very good'). Customers were least likely to rate *Charges Reasonable Fees For Products/Services* very positively (59%), but that it is not at all uncommon for customers of any product or service to be least satisfied with a product's or service's cost. The majority of customers *were* generally satisfied with the costs at FiSCA member stores, however.
- While none of the components of service or product were of great concern or show major need for improvement, the decline in customer satisfaction ratings from 2000 to 2006 surveys is of concern. It is difficult to know the reason for this decline, and one possibility is the consolidation within the industry. The strength of FiSCA members' stores in terms of service delivery is clearly the high level of service (aka, 'convenience') offered to customers: They come to *you* because you meet their very specific needs very quickly, and respectfully, and with a ready, genuine smile. Stores which are 'family owned' are classically better at this type of service delivery; those part of large corporate structures are known for straying from this core tenet of service delivery. While industry consolidation has obvious advantages for both the industry and the consumer, the industry must remember the core reason that it attracts customers and competes effectively and does not stray from that core in the face of industry consolidation.

Customer Satisfaction

Products & Services Ratings Comparisons Among Respondent Groups

Q12b. How would you rate on...? (continued)

Customers who were primarily at their interview location to obtain a **payday loan/cash advance** or to **make a bill payment** were less satisfied than their counterparts who were there to cash a check, to complete a money wire transfer, or to obtain a money order, with their location on:

- Convenient Locations
- Convenient Hours of Operations
- In & Out Of Store Quickly
- Has Products & Services Needed
- Charges Reasonable Fees For Products/Services
- Clearly Communicates All Costs Of Products & Services

In addition, customers who were primarily at their interview location to make a **bill payment** were less satisfied than their counterparts who were there to cash a check, to complete a money wire transfer, to obtain a money order, or to obtain a payday loan/cash advance, with their location on:

- Offers A Safe Environment

Customer Satisfaction

Strategic Improvement Analysis *All Respondents*

Customer satisfaction ratings identify areas which are in need of improvement. The general idea is to improve overall customer satisfaction, via improvement of one or more components of customer satisfaction, and thereby increase customer loyalty and customer referrals. The figure on page 47 identifies those areas where customer satisfaction could be higher.

Besides absolute customer ratings of the various components of satisfaction, we can also examine the relative ‘importance’ of each component of service and product delivery via statistical analysis. That is, we can identify those components of customer satisfaction which are most statistically related to overall satisfaction. If we marry the ‘rating’ data with the ‘importance’ data we can identify ‘key attributes’ which are those which are both ‘important’ to customers and where stores are performing relatively poorly.

This ‘Strategic Improvement Analysis’ is outlined on the following page. We need to stress that this analysis forces some components to be less important in order to identify those which are *most* important. By definition *no attribute is unimportant* (we wouldn’t include unimportant attributes in the survey). We ranked each of the items both in terms of absolute levels of customer satisfaction (‘Performance Rank’) and statistical relationship to overall satisfaction (‘Importance Rank’). Note that four of the components were particularly strongly related to overall satisfaction (were statistically significant): *Treat Customers With Respect & Courtesy; Helpful Employees; In & Out Of Store Quickly; and, Clearly Communicates All Costs Of Products/Services*. Of those four, one was rated relatively low in terms of overall performance: *Clearly Communicates All Costs of Products/Services*. While a strong majority of customers were very satisfied with this component of service (75%), its very high importance to customers suggests that FiSCA member stores should focus efforts on making customer satisfaction with this component even higher in order to improve overall customer satisfaction levels. This is not to say that other improvement efforts would not improve overall customer satisfaction and loyalty (they will). It is to say, instead, that improvement of communication is the *most likely* to improve overall customer satisfaction and loyalty.

Customer Satisfaction

Strategic Improvement Analysis All Respondents

Q12b. How would you [current outlet] rate on... ?

		<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.

**Section VI:
Potential Additional Products and Services**

Potential Additional Products and Services

Additional Products & Services All Respondents

Q12. What products or services would you like to see them offer that they don't have right now?

Products/Services		Added Features of Existing Products/Services	
Offer Check & Savings Accounts	2.6%	More Bill and Utility Payment Options	3.7%
Vending Machines & Refreshments	2.4%	Increase Payday Loan Amounts	1.3%
ATM	2.3%	Lower Fees	1.1%
Money Orders	0.8%	More Variety & Less Expensive Phone Card	1.0%
Have Loan Capabilities	0.8%	Hire More Tellers	0.6%
Sell Tickets To Local Events	0.8%	Offer Direct Deposit	0.3%
Offer Longer Term Loans	0.5%	Be Allowed To Cash Personal Checks	0.3%
Offer Debit Cards	0.3%	Give Customers A Printout Of Transaction	0.2%
Giveaways & Promotions	0.3%	Other	
Offer Custom Made Loans	0.3%	Chairs In Waiting Room	0.6%
Be Able To Pay Child Support Here	0.2%	Have Bilingual Customer Representatives	0.3%
Sell Stamps	0.2%	Hire People From The Neighborhood	0.2%
Sell Insurance	0.2%	Payment Come Out Of Account	0.2%
Have Package Sending Ability	0.2%	Increase Hours	0.2%
Have Internet Services	0.2%	Provide More Information On Products, Services	0.2%
Have Nail Salon In Store	0.2%	Public Restroom	0.2%
Have Online Wire Transfer Services	0.2%	Have Closer Locations	0.2%
Offer Pawn Loans	0.2%	More Security	0.2%
Public Phone	0.2%	Other	2.1%
Be Able To Refinance Auto Loan	0.2%	Nothing/Have what is needed	74.1%

- Just as surveyed customers had difficulty articulating improvements to stores they felt were necessary, only one-fourth of respondents could offer an additional product or service they would like to see offered at the store they visited, and the ideas offered by those one-in-four were widely diverse. The most common suggestion (2.6%) was ‘offer check and savings accounts’ suggesting that a depository account would be a welcome addition to the product line-up. Some customers, however, felt that the stores could offer some kind of refreshments (2.4%). As many (2.3%) wanted to see an ATM at their favored FiSCA member store. No other product or service was described by 1% or more of respondents.