

# *A MarketSearch Study*

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## **2011 North Carolina Consumer Banking and Finance Tracking Study**

*Conducted on behalf of*

**The North Carolina Office of the Commissioner of Banks**

**May 2011**

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## **Study Specifications**

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# Study Purpose

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This report presents the comprehensive findings of the **2011 Consumer Banking and Finance Tracking Study** conducted on behalf of the **North Carolina Office of the Commissioner of Banks (NCCOB)**.

Conducted every other year since 2007, the study is designed to measure and track:

- ✓ General perceptions among the public regarding the financial services industry in North Carolina;
- ✓ Consumer involvement in and experiences with specific segments of the financial services industry;
- ✓ Awareness and perceptions of the **NCCOB** and its performance in meeting its mission; and
- ✓ Differences in any of these measures based on demographic or other consumer segmentation characteristics.

# Study Topics

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Specific topics addressed through the research include:

- ✓ General attitudes toward the financial services industry in North Carolina, its role in the state's economy, and perceptions of how recent turmoil in the industry has impacted the state;
- ✓ Incidence and dynamics of usage with each of the specific financial services categories, including:
  - Depository institutions;
  - Mortgage loans; and
  - Non-traditional loans and financial services.
- ✓ Concern and perceptions regarding unfair practices; and
- ✓ Awareness and perceptions of the **NCCOB** itself and other relevant regulatory bodies and to assess the degree to which residents feel these agencies are serving their needs.

# Study Specifications

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<b>Methodology:</b>	Telephone Survey
<b>Market:</b>	North Carolina - Statewide
<b>Sample Size:</b>	N = 1,000
<b>Sampling Error:</b>	$\pm$ 3.1 percentage points at the 95% Confidence Level
<b>Data Collection:</b>	March 28 – April 10, 2011
<b>Respondent Specs:</b>	Current resident of North Carolina Head of household 20+ years of age Have a checking account, savings account, home mortgage, and/or other consumer loan Stratified mix of age, gender, ethnicity, and urban versus rural

# Study Specifications

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**Urban Counties:**

Alamance, Buncombe, Cabarras, Catawba, Cumberland, Davidson, Durham, Forsyth, Gaston, Guilford, Mecklenburg, New Hanover, Orange, Rowan, Wake (n = 507)

**Rural Counties:**

All others (n = 493)

# Report Format

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- ✓ Unless otherwise indicated, findings are presented in percent and based on the total sample.
- ✓ Percentages have been rounded to the nearest whole number. In some instances, rounding may cause the sum of two or more entries to be off slightly. (For example, 45.4% and 33.4% would be presented as 45% and 33%. If the two entries were added together for a total, it would appear to add to 78%, but the total would actually be 79%.)
- ✓ In tables, highlighted boxes reflect those that are statistically different at the 95% confidence level.
- ✓ In addition to “Total Sample” findings, results are also presented for subsamples such as age, ethnicity, household income or users of specific financial services products. In some instances these findings may be based on small sample sizes (under 80). In these cases, findings are not necessarily statistically valid and should be used as directional indicators only. Cautionary notations are made in these instances.
- ✓ Findings presented for 2007 are based on the Benchmark survey for this study and based on a total sample size of 500; 2009 findings are based on a sample size of 1,000.



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## **Summary of Key Findings**

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## Summary of Key Findings

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- The financial services industry in North Carolina is far-reaching and has a significant impact on the state. Overall, 89.0% of the state's households have had direct experience with the industry within the past two years.
- Checking/savings accounts are the most common financial services, with 76.0% of all households in the state indicating they have this type of banking relationship with a depository institution.

Other services are used by a minority of households, including: a home mortgage loan (41.5%), purchasing a money order from somewhere other than a bank or credit union (20.8%), wiring money to someone else (12.7%), pawning a personal item for cash (10.9%), getting a car loan from a dealership (10.6%), cashing a check somewhere other than a depository institution (10.0%), and purchasing a prepaid debit card (9.8%).

Penetration of other non-traditional loans tends to be even more limited: buying a vehicle at a 'buy here, pay here' type of dealer (7.7%), getting a personal loan from a finance company (5.6%), getting a refund anticipation loan (5.4%), buying furniture or appliances on a rent-to-own plan (5.0%), getting a short-term car title loan (4.3%), and/or getting a payday loan or cash advance (2.5%).

## Summary of Key Findings

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- Although general penetration of financial services (among all households) stayed the same between 2009 and 2011, usage of several specific types of services changed significantly.

For example, the incidence of mortgage loans dropped significantly (from 49.8% to 41.5%) while those who have pawned an item nearly doubled (from 5.4% to 10.9%).

- As in the past, users of traditional financial services (accounts at depository institutions and/or mortgage loans) tend to reflect the population in general. Incidence tends to increase with age and household income and is significantly higher among Caucasians.

Users of non-traditional financial services tend to skew toward younger residents, minorities, and those with lower household incomes.

- For the most part, consumers of both traditional and non-traditional financial services tend to be quite satisfied with their experiences.

Still, when asked directly if they feel there are problems with banking institutions, mortgage lending, and/or non-bank lenders, the majority acknowledges a variety of concerns. Fairness of rates and fees and availability of credit tend to consistently top the list.

## Summary of Key Findings

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- Consumer concerns relative to stability and financial strength of institutions have softened somewhat this year but are still significantly higher than in 2007.
- While most feel that North Carolina has not been impacted any more or less than other states by turmoil in the financial services sector, there is some call for stricter regulations and/or more assistance.
  - ✓ 46.8% say that North Carolina is *not doing enough* to help those facing foreclosure in the state (up from 42.6% in 2009); and
  - ✓ 36.8% say that North Carolina regulations relative to the financial services industry are *not strong enough*.
- Awareness, familiarity, and experience with the North Carolina Office of the Commissioner of Banks continues to be extremely limited. Still, findings identify some positive inroads.
  - ✓ 20.6% have heard of the NCCOB (up from 17.8% in 2007 and 17.5% in 2009), and
  - ✓ 9.1% are familiar (up from 5.8% in 2007 and 2009).

Further, willingness to use the NCCOB after learning more about it continues to be high.

## Summary of Key Findings

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- At the same time, findings may identify opportunities to strengthen consumer experiences when they do have an experience with NCCOB.
  - ✓ Overall, 11 respondents have dealt with the NCCOB – 6 report a positive experience, 4 less than positive, and 1 undecided.
  - ✓ In addition, when asked about impressions of the effectiveness of the NCCOB when it comes to promoting a strong and financially sound industry and/or a fair and responsible industry, more give ratings of *fair* or *poor* than *good* or *very good*.

## At-A-Glance

### Financial Services Summary (1 of 3)

	<u>Incidence among All Residents</u>	<u>Incidence among Category Users</u>	<u>Change since 2009 (among Category Users)</u>	<u>Primary Users (highest levels of incidence)</u>	<u>Satisfaction (% indicating they are very satisfied)</u>	<u>Change since 2009</u>
ANY	89.0%	100.0%	NC	Respondent Profile; Generally Mirrors Pop.		
Checking/Savings Account	76.0%	85.4%	- 3.7	\$50K+ HHI Caucasian	64.1%	- 4.1
Mortgage loan	41.6	46.7	- 9.5	\$50K+ HHI 35 to 54 Male Caucasian Urban	56.5	+ 4.6
Purchased a money order somewhere other than a bank or credit union	20.8	23.4	- 4.5	18 to 54 Female <\$50K HHI Minority	70.5	- 5.1
Wired money to another person	12.7	14.3	- 1.0	18 to 34 <\$50K HHI Minority Urban	64.3	- 2.4

## At-A-Glance Financial Services Summary (2 of 3)

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	<u>Incidence among All Residents</u>	<u>Incidence among Category Users</u>	<u>Change since 2009 (among Category Users)</u>	<u>Primary Users (highest levels of incidence)</u>	<u>Satisfaction (% indicating they are very satisfied)</u>	<u>Change since 2009</u>
Pawned a personal item to obtain cash	10.9%	12.3%	+ 6.2	18 to 54 <\$25K HHI Minority Urban	39.0%	+ 11.1
Gotten a car loan from car dealership	10.6	11.9	- 5.1	35 to 54 \$50K+ HHI	56.3	- 0.8
Cashed a check at a check-casher or place other than where you have a checking account	10.0	11.2	- 0.5	18 to 34 <\$25K HHI Minority Rural	43.8	- 15.2
Bought a prepaid debit card (not a phone card)	9.8	11.0	+ 4.9	18 to 54 <\$50K HHI African-Am.	52.7	+ 0.2
Bought a used car at a “buy here, pay here” type of dealer	7.7	8.7	NA	18 to 54 <\$25K HHI Minority	48.3	NA

## At-A-Glance

### Financial Services Summary (3 of 3)

	<u>Incidence among All Residents</u>	<u>Incidence among Category Users</u>	<u>Change since 2009 (among Category Users)</u>	<u>Primary Users (highest levels of incidence)</u>	<u>Satisfaction (% indicating they are very satisfied)</u>	<u>Change since 2009</u>
Gotten a personal loan from a consumer finance company	5.6%	6.3%	- 0.7	<\$25K HHI African-Am.	44.4%	+ 8.7
Gotten a refund anticipation loan based on an expected tax refund	5.4	6.1	+ 0.8	18 to 54 <\$75K HHI African-Am.	59.0	- 5.2
Gotten furniture or appliances on a rent-to-own plan	5.0	5.6	+ 1.5	18 to 54 <\$25K HHI Minority	41.1	- 0.4
Gotten a short-term “car title loan” where you give the lender your car title as equity	4.3	4.8	NA	\$50-75K HHI Hispanic	47.9	NA
Gotten a payday loan or payday cash advance* (NOTE: in 2009 this included car title loans)	2.5	2.8	- 7.8	35+ \$50-75K HHI Minority	25.0	- 23.1



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## **General Incidence of Financial Services Usage**

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## General Category Incidence

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- According to study specifications, respondents are required to have had at least one type of financial services experience within the past two years.  
  
Qualifying experiences include: having a checking or savings account; having a bank-issued Visa or MasterCard; having a home mortgage loan, car loan, or some other type of consumer loan; having purchased a money order; having cashed a check at a place other than their bank; and/or having wired money.
- This year findings indicate that approximately 89.0% of North Carolina residents have had direct experience with one or more of these specific financial services within the past two years. (To achieve a sample size of 1,000, 124 prospective respondents were terminated because they had not had any of these financial services experiences. Therefore, the total sample of 1,000 reflects an incidence of 89.0%.)
- This level is almost exactly the same as recorded in 2009 when 88.6% identified direct experience with one or more of the financial services evaluated in the study.

## General Category Incidence

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- Checking and/or savings accounts, bank-issued credit cards, and secured loans tend to be the most common financial services used by North Carolina residents. (Based on survey screening questions.)
- Penetration of specific financial services (projected to North Carolina residents as a whole) is outlined below (based on actual survey questions and factored including respondents who were ultimately terminated for not using any of the qualifying financial services):
  - ✓ Have a checking and/or savings account (76.0%);
  - ✓ Have a home mortgage loan (41.5%);
  - ✓ Purchased a money order somewhere other than a bank or credit union (20.8%);
  - ✓ Wired money to another person (12.7%);
  - ✓ Pawned a personal item for cash (10.9%);
  - ✓ Gotten a car loan from a car dealership (10.6%);
  - ✓ Cashed a check somewhere other than a bank where the individual has a personal account (10.0%);
  - ✓ Bought a prepaid debit card (9.8%);
  - ✓ Bought a car at a “buy here/pay here” type of dealer (7.7%);

## General Category Incidence

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- ✓ Personal loan from a finance company (5.6%);
  - ✓ Got a refund anticipation loan (5.4%);
  - ✓ Gotten furniture or appliances on a rent-to-own plan (5.0%);
  - ✓ Gotten a short-term, car title loan (4.3%); and/or
  - ✓ Gotten a payday loan or payday cash advance (2.5%).
- Although general incidence of financial services usage stayed the same between 2009 and 2011, usage of many specific services dropped.

In particular, there were marked drops in the incidence of mortgage loans (from 49.8% to 41.5%), those who purchased a money order somewhere other than at a bank or savings and loan (from 24.7% to 20.7%), and those who got a car loan from the dealership (from 15.1% to 10.6%).

Conversely, there was a significant increase in the incidence of individuals who have pawned a personal item for cash (from 5.4% to 10.9%) and those who have purchased prepaid debit cards (from 5.4% to 9.8%).

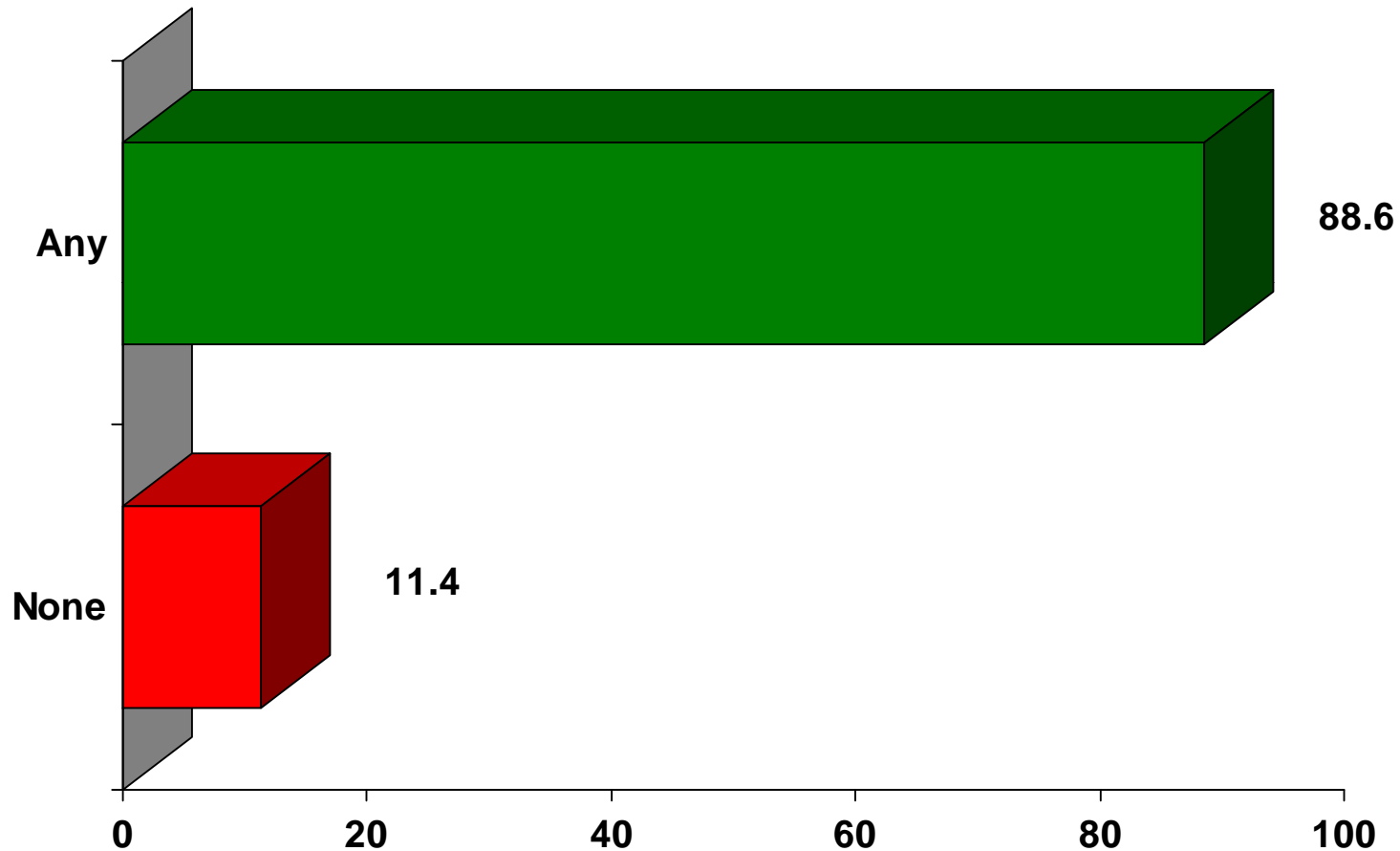
## General Category Incidence

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- Demographic information collected from those who did not qualify for the study was limited to age, ethnicity, and gender. Therefore, those are the only three demographic dimensions available from the study that are projectable to all residents (including those without any category usage).
- Overall, findings indicate that general category incidence is highest between the ages of 35 and 54 (92.4%), and among Caucasians (92.0%) and Hispanics (91.4%). There is virtually no difference on the basis of gender.
- There are distinct differences in demographic skews, however, between users of traditional and non-traditional financial services.
  - ✓ Traditional financial services (checking and savings accounts and mortgage loans) are particularly likely to skew toward individuals between 35 and 54 years of age, Caucasians, and, for mortgage loans, men.
  - ✓ Non-traditional financial services tend to skew toward somewhat younger consumers and minorities.

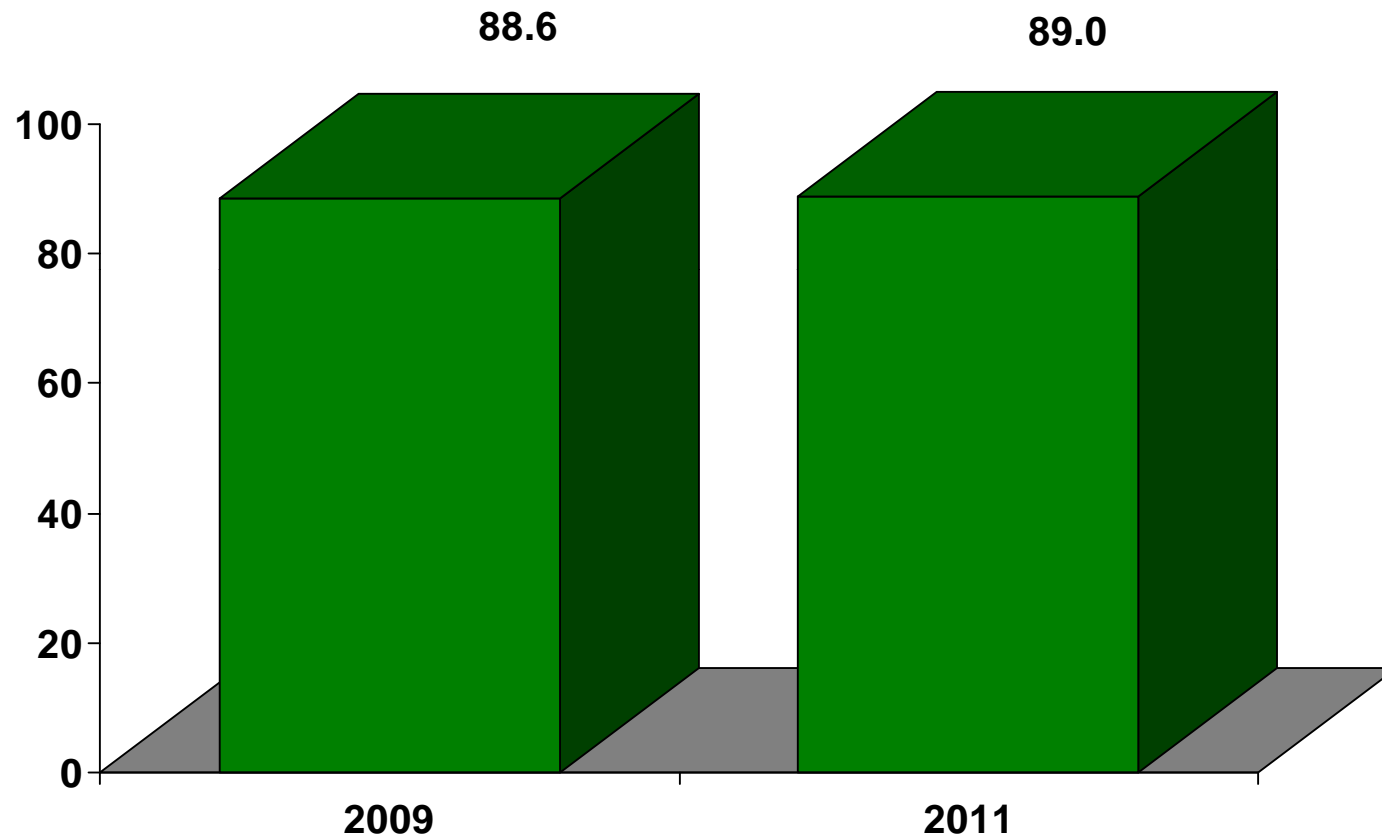
# General Incidence of Financial Services Experiences (ANY)

(based on sample of 1,124, including those ultimately terminated for having no category experience within the past two years)



# General Incidence of Financial Services Experiences (ANY) (including those ultimately terminated for having no category experience within the past two years)

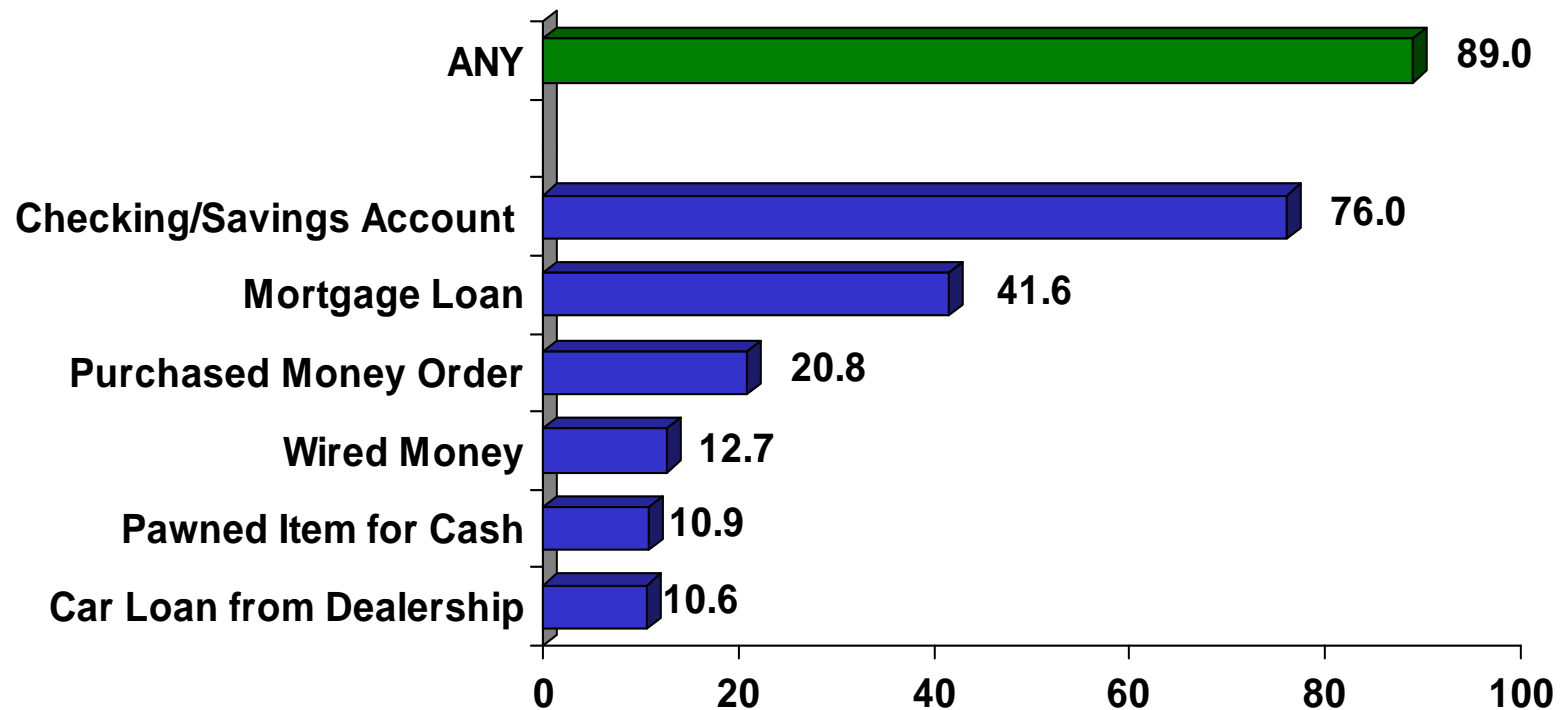
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# Incidence of Specific Financial Services Experiences Current or Within Past 2 Years (1 of 2)

(among total sample of 1,124, including those terminated for not having active category experience)

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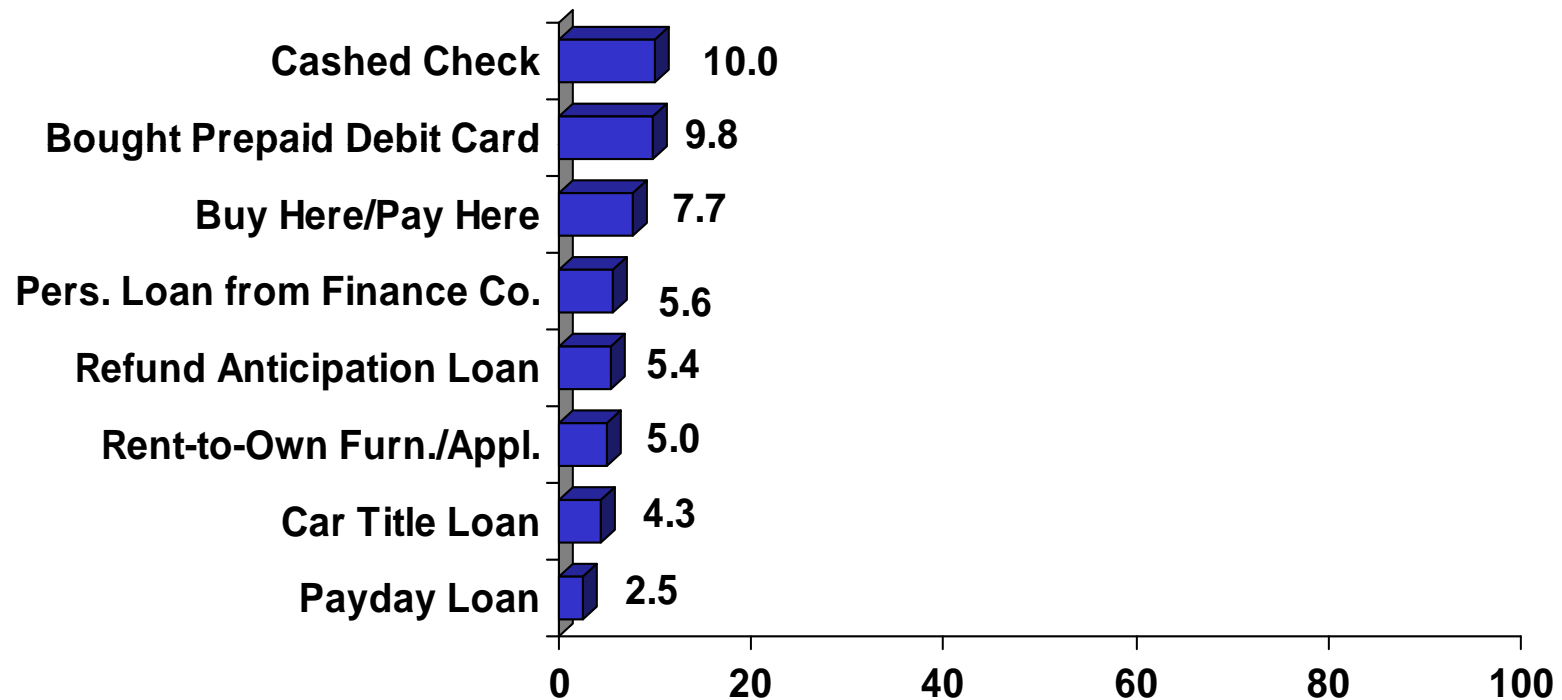




# Incidence of Specific Financial Services Experiences Current or Within Past 2 Years (2 of 2)

(among total sample of 1,124, including those terminated for not having active category experience)

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## Incidence of Specific Financial Services Experiences Current or Within Past 2 Years (1 of 2)

(including those terminated for not having active category experience)

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	<u>2007*</u>	<u>2009</u>	<u>2011</u>
		(N = 1129)	(N = 1124)
ANY	NA	88.6%	89.0%
Checking/Savings Account	NA	78.9	76.0
Mortgage loan	NA	49.8	41.6
Purchased a money order somewhere other than a bank or credit union	NA	24.7	20.8
Wired money to another person	NA	13.6	12.7
Pawned a personal item to obtain cash	NA	5.4	10.9
Gotten a car loan from car dealership	NA	15.1	10.6
Cashed a check at a check-casher or place other than where you have a checking account	NA	10.4	10.0
Bought a prepaid debit card (not a phone card)	NA	5.4	9.8

**Incidence of Specific Financial Services Experiences  
Current or Within Past 2 Years (2 of 2)**  
(including those terminated for not having active category experience)

	<u>2007</u>	<u>2009</u>	<u>2011</u>
		(N = 1129)	(N = 1124)
ANY	NA	88.6%	89.0%
Bought a used car at a “buy here, pay here” type of dealer	NA	NA	7.7
Gotten a personal loan from a consumer finance company	NA	6.2	5.6
Gotten a refund anticipation loan based on an expected tax refund	NA	4.7	5.4
Gotten furniture or appliances on a rent-to-own plan	NA	3.6	5.0
Gotten a short-term “car title loan” where you give the lender your care title as equity	NA	NA	4.3
Gotten a payday loan or payday cash advance* (NOTE: in 2009 this included car title loans)	NA	9.4	2.5

## Incidence of Specific Financial Services Experiences Current or Within Past 2 Years / By Age (1of 2)

(including those terminated for not having active category experience)

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	<u>Total</u>	<u>18 to 34</u>	<u>35 to 54</u>	<u>55+</u>
	(N = 1124)	(n = 219)	(n = 463)	(n = 442)
ANY	89.0%	87.7%	92.4%	86.0%
Checking/Savings Account	76.0	71.7	78.4	75.6
Mortgage loan	41.6	26.5	54.2	35.8
Purchased a money order somewhere other than a bank or credit union	20.8	24.7	23.3	16.3
Wired money to another person	12.7	15.5	13.6	10.4
Pawned a personal item to obtain cash	10.9	12.8	13.8	7.0
Gotten a car loan from car dealership	10.6	9.6	14.0	7.5
Cashed a check at a check-casher or place other than where you have a checking account	10.0	16.4	10.4	6.3
Bought a prepaid debit card (not a phone card)	9.8	13.2	12.3	5.4

**Incidence of Specific Financial Services Experiences  
Current or Within Past 2 Years / By Age (2 of 2)**  
(including those terminated for not having active category experience)

	<u>Total</u>	<u>18 to 34</u>	<u>35 to 54</u>	<u>55+</u>
	(N = 1124)	(n = 219)	(n = 463)	(n = 442)
ANY	89.0%	87.7%	92.4%	86.0%
Bought a used car at a “buy here, pay here” type of dealer	7.7	8.7	9.9	5.0
Gotten a personal loan from a consumer finance company	5.6	4.6	6.5	5.2
Gotten a refund anticipation loan based on an expected tax refund	5.4	7.8	7.3	2.3
Gotten furniture or appliances on a rent-to-own plan	5.0	6.4	7.1	2.0
Gotten a short-term “car title loan” where you give the lender your care title as equity	4.3	4.6	5.2	3.2
Gotten a payday loan or payday cash advance	2.5	0.5	3.0	2.9

## Incidence of Specific Financial Services Experiences Current or Within Past 2 Years / By Ethnicity (1 of 2) (including those terminated for not having active category experience)

	<u>Total</u>	<u>Caucasian</u>	<u>African American</u>	<u>Hispanic</u>	<u>Other</u>
	(N = 1124)	(n = 703)	(n = 272)	(n = 58*)	(n = 75*)
ANY	89.0%	92.0%	82.7%	91.4%	82.7%
Checking/Savings Account	76.0	83.1	62.1	67.2	68.0
Mortgage loan	41.6	46.5	32.0	29.3	40.0
Purchased a money order somewhere other than a bank or credit union	20.8	14.1	36.0	29.3	21.3
Wired money to another person	12.7	9.0	17.7	22.4	22.7
Pawned a personal item to obtain cash	10.9	9.1	12.9	20.7	12.0
Gotten a car loan from car dealership	10.6	12.0	8.5	10.3	8.0
Cashed a check at a check-casher or place other than where you have a checking account	10.0	6.7	14.3	19.0	16.0
Bought a prepaid debit card (not a phone card)	9.8	7.5	14.7	12.1	12.0

**Incidence of Specific Financial Services Experiences  
Current or Within Past 2 Years / By Ethnicity (2of 2)**  
(including those terminated for not having active category experience)

	<u>Total</u>	<u>Caucasian</u>	<u>African American</u>	<u>Hispanic</u>	<u>Other</u>
	(N = 1124)	(n = 703)	(n = 272)	(n = 58*)	(n = 75*)
ANY	89.0%	92.0%	82.7%	91.4%	82.7%
Bought a used car at a “buy here, pay here” type of dealer	7.7	4.8	13.2	13.8	10.7
Gotten a personal loan from a consumer finance company	5.6	3.8	9.6	8.6	5.3
Gotten a refund anticipation loan based on an expected tax refund	5.4	4.3	9.6	5.2	2.7
Gotten furniture or appliances on a rent-to-own plan	5.0	3.8	7.0	13.8	2.7
Gotten a short-term “car title loan” where you give the lender your care title as equity	4.3	3.6	5.2	12.1	2.7
Gotten a payday loan or payday cash advance	2.5	1.0	5.5	6.9	1.3

**Incidence of Specific Financial Services Experiences  
Current or Within Past 2 Years / By Gender (1of 2)**  
(including those terminated for not having active category experience)

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	<u>Total</u>	<u>Male</u>	<u>Female</u>
	(N = 1124)	(n = 475)	(n = 649)
ANY	89.0%	89.1%	88.9%
Checking/Savings Account	76.0	75.6	76.3
Mortgage loan	41.6	45.1	39.0
Purchased a money order somewhere other than a bank or credit union	20.8	18.5	22.5
Wired money to another person	12.7	13.7	12.0
Pawned a personal item to obtain cash	10.9	11.0	10.9
Gotten a car loan from car dealership	10.6	11.6	9.9
Cashed a check at a check-casher or place other than where you have a checking account	10.0	8.8	10.8
Bought a prepaid debit card (not a phone card)	9.8	9.5	10.0



**Incidence of Specific Financial Services Experiences  
Current or Within Past 2 Years / By Gender (2of 2)**  
(including those terminated for not having active category experience)

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	<u>Total</u>	<u>Male</u>	<u>Female</u>
	(N = 1124)	(n = 475)	(n = 649)
ANY	89.0%	89.1%	88.9%
Bought a used car at a “buy here, pay here” type of dealer	7.7	8.2	7.4
Gotten a personal loan from a consumer finance company	5.6	4.8	6.2
Gotten a refund anticipation loan based on an expected tax refund	5.4	4.6	6.0
Gotten furniture or appliances on a rent-to-own plan	5.0	3.8	5.9
Gotten a short-term “car title loan” where you give the lender your care title as equity	4.3	5.3	3.5
Gotten a payday loan or payday cash advance	2.5	1.7	3.1

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**Experiences within Specific  
Financial Service Categories**

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## Depository Institutions

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- As already reported, 76.0% of North Carolina households indicate they have a checking and/or savings account. Among survey respondents (who have been screened to use at least one type of qualifying financial service), penetration is approximately 85.4%.
- Findings indicate that the incidence of checking and/or savings accounts has consistently declined since 2007 (when first measured through this study), from 91.8% to 89.1% to 85.4%.
- Most of those with a checking and/or savings account have their account at a bank.
  - ✓ 45.0% have a checking or savings account at a bank;
  - ✓ 15.7% have a checking or savings account at a credit union; and
  - ✓ 24.7% have accounts at both a bank and credit union.

Incidence of “bank only” relationships for checking and/or savings accounts has declined since 2007 – from 53.8% to 50.3% to 45.0%.

# Depository Institutions

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- Demographically, incidence of checking and/or savings accounts tends to increase with age and household income. In addition, incidence is also higher among Caucasians than minorities. Among survey respondents (those who are active financial services users), incidence of checking and/or savings accounts:
  - ✓ By age:
    - 81.8% among those between the ages of 18 and 34;
    - 84.8% among those between 35 and 54 years of age; and
    - 87.8% among those over 55 years of age.
  - ✓ By household income:
    - 72.8% among those with household income under \$25,000;
    - 83.2% among those with household incomes between \$25,000 and \$50,000;
    - 92.0% among those with household incomes between \$50,000 and \$75,000; and
    - 95.4% among those with household incomes over \$75,000.
  - ✓ By ethnicity:
    - 90.2% among Caucasians;
    - 75.1% among African-Americans;
    - 73.5% among Hispanics; and
    - 82.3% among all others.

## Depository Institutions

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- Among those who have a checking and/or savings account at a bank (n = 697), the majority (50.6%) have their primary account(s) with a national bank. This compares to 24.8% for state banks and 14.8% for community banks.

Although national banks continue to represent the lion's share of the market, their use has dropped over time, from 55.1% in 2009 to 50.6% this year. Findings suggest that community banks may have picked up some proportion of these customers, increasing from 11.8% to 14.8% during the same period.

- Rates and fees (26.2%), personal relationships (19.3%), locations (18.7%), general reputation (14.1%), and the range of products and services (13.0%) are named as being the most important factors in selecting a financial institution (among those who have a checking and/or savings account, n = 854).

Findings suggest that while these priorities have remained reasonably consistent over time, the importance consumers place on rates and fees may have softened to some degree while the range of products and services may be becoming more relevant.

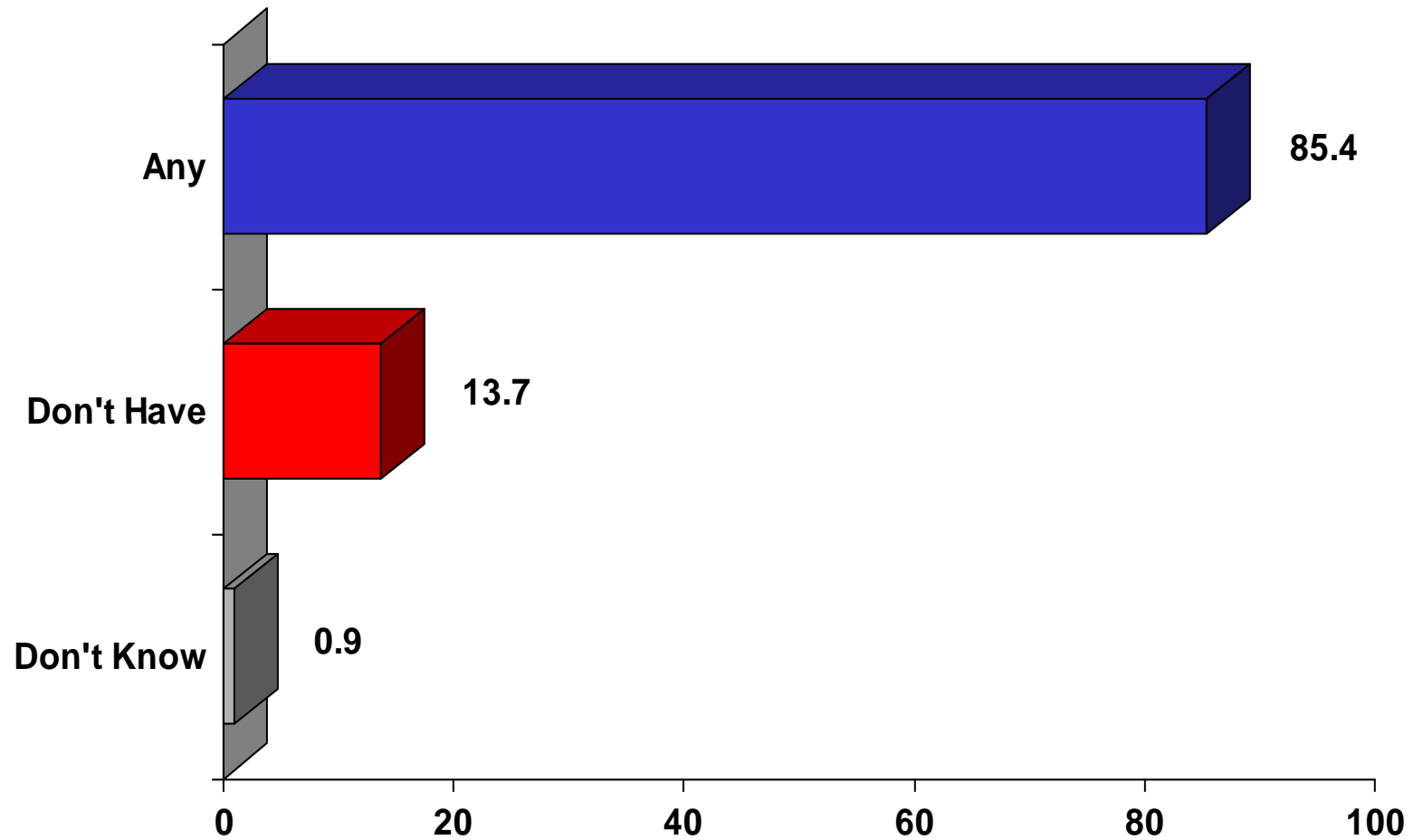
## Depository Institutions

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- Overall satisfaction with the depository institutions (among those who have a checking and/or savings account, n = 854) tends to be quite high. Nearly two out of three (64.1%) indicate they are *very satisfied*, and an additional 30.0% say they are *somewhat satisfied*.  
At the same time, however, the proportion of these customers indicating they are *very satisfied* has dropped considerably over the past few years – from 73.4% in 2007 to 68.2% in 2009 to 64.1% in 2011.

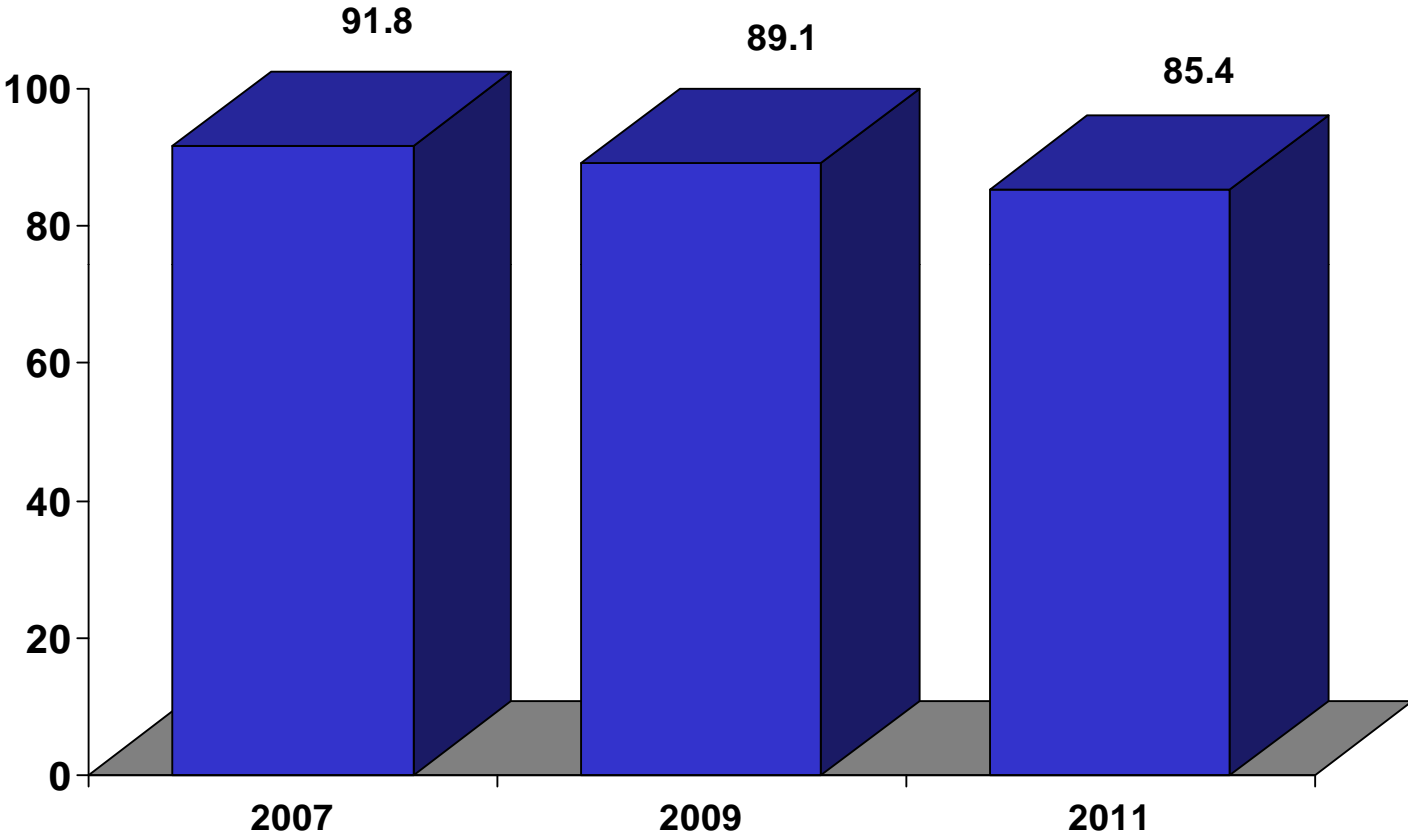
## Incidence of Checking and/or Savings Accounts (among survey respondents, N = 1,000)

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# Incidence of Checking and/or Savings Accounts (ANY) (among survey respondents)

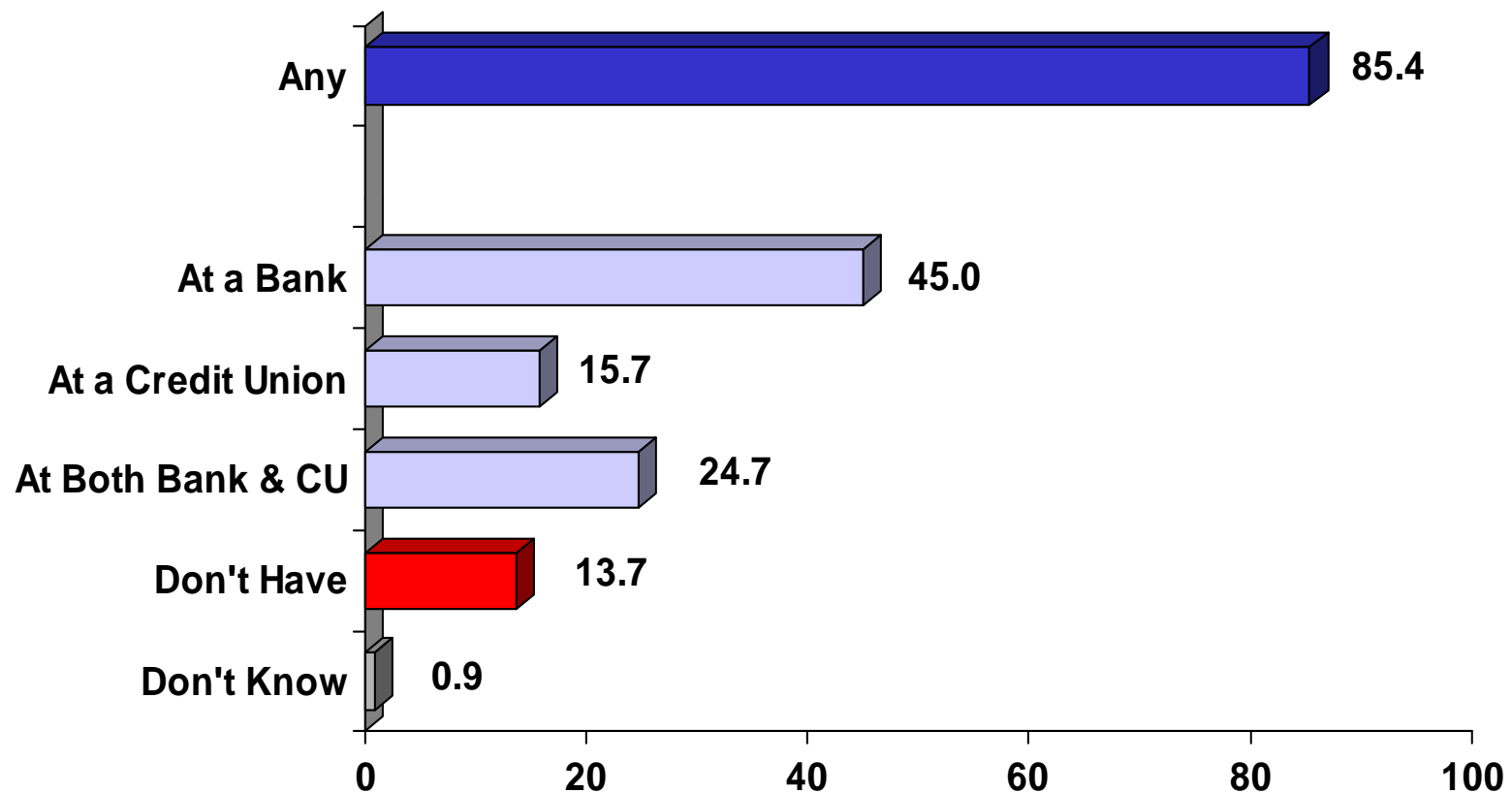
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## Incidence and Location of Checking or Savings Accounts (among survey respondents, N = 1,000)

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## Incidence of Checking or Savings Accounts Changes Over Time

---

	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N = 500)	(N = 1,000)	(N = 1,000)
Any	91.8%	89.1%	85.4%
At a Bank	53.8	50.3	45.0
At a Credit Union	16.4	16.3	15.7
At Both a Bank and Credit Union	21.6	22.5	24.7
No Checking or Savings Accounts	8.2	9.6	13.7
Don't Know	0.0	1.3	0.9

## Incidence of Checking or Savings Accounts by Age

---

	<u>Total</u>	<u>18 to 34</u>	<u>35 to 54</u>	<u>55+</u>
	(N = 1,000)	(n = 192)	(n = 428)	(n = 380)
Any	85.4%	81.8%	84.8%	87.8%
At a Bank	45.0	49.5	42.5	45.5
At a Credit Union	15.7	12.0	18.2	14.7
At Both a Bank and Credit Union	24.7	20.3	24.1	27.6
No Checking or Savings Accounts	13.7	17.7	14.5	10.8
Don't Know	0.9	0.5	0.7	1.3

## Incidence of Checking and/or Savings Accounts by Gender

---

	<u>Total</u>	<u>Male</u>	<u>Female</u>
	(N = 1,000)	(n = 423)	(n = 577)
Any	85.4%	84.9%	85.8%
At a Bank	45.0	43.0	46.4
At a Credit Union	15.7	14.9	16.3
At Both a Bank and Credit Union	24.7	27.0	23.1
No Checking or Savings Accounts	13.7	14.9	12.8
Don't Know	0.9	0.2	1.4

## Incidence of Checking or Savings Accounts by Household Income

	<u>Total</u>	<u>&lt;\$25K</u>	<u>\$25-50K</u>	<u>\$50-75K</u>	<u>\$75K+</u>
	(N = 1,000)	(n = 187)	(n = 250)	(n = 177)	(n = 263)
Any	85.4%	72.8%	83.2%	92.1%	95.4%
At a Bank	45.0	48.7	46.0	39.5	44.5
At a Credit Union	15.7	15.0	17.6	20.3	15.2
At Both a Bank and Credit Union	24.7	9.1	19.6	32.2	35.7
No Checking or Savings Accounts	13.7	26.7	16.4	7.3	4.6
Don't Know	0.9	0.5	0.4	0.6	0.0

## Incidence of Checking or Savings Accounts by Ethnicity

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	<u>Total</u>	<u>Caucasian</u>	<u>African- American</u>	<u>Hispanic</u>	<u>Other</u>
	(N = 1,000)	(n = 647)	(n = 225)	(n = 53*)	(n = 62*)
Any	85.4%	90.2%	75.1%	73.5%	82.3%
At a Bank	45.0	50.1	31.6	50.9	35.5
At a Credit Union	15.7	14.8	17.3	15.1	22.6
At Both a Bank and Credit Union	24.7	25.3	26.2	7.5	24.2
No Checking or Savings Accounts	13.7	8.8	24.4	24.5	17.7
Don't Know	0.9	0.9	0.4	1.9	0.0

## Incidence of Checking and/or Savings Accounts by Area

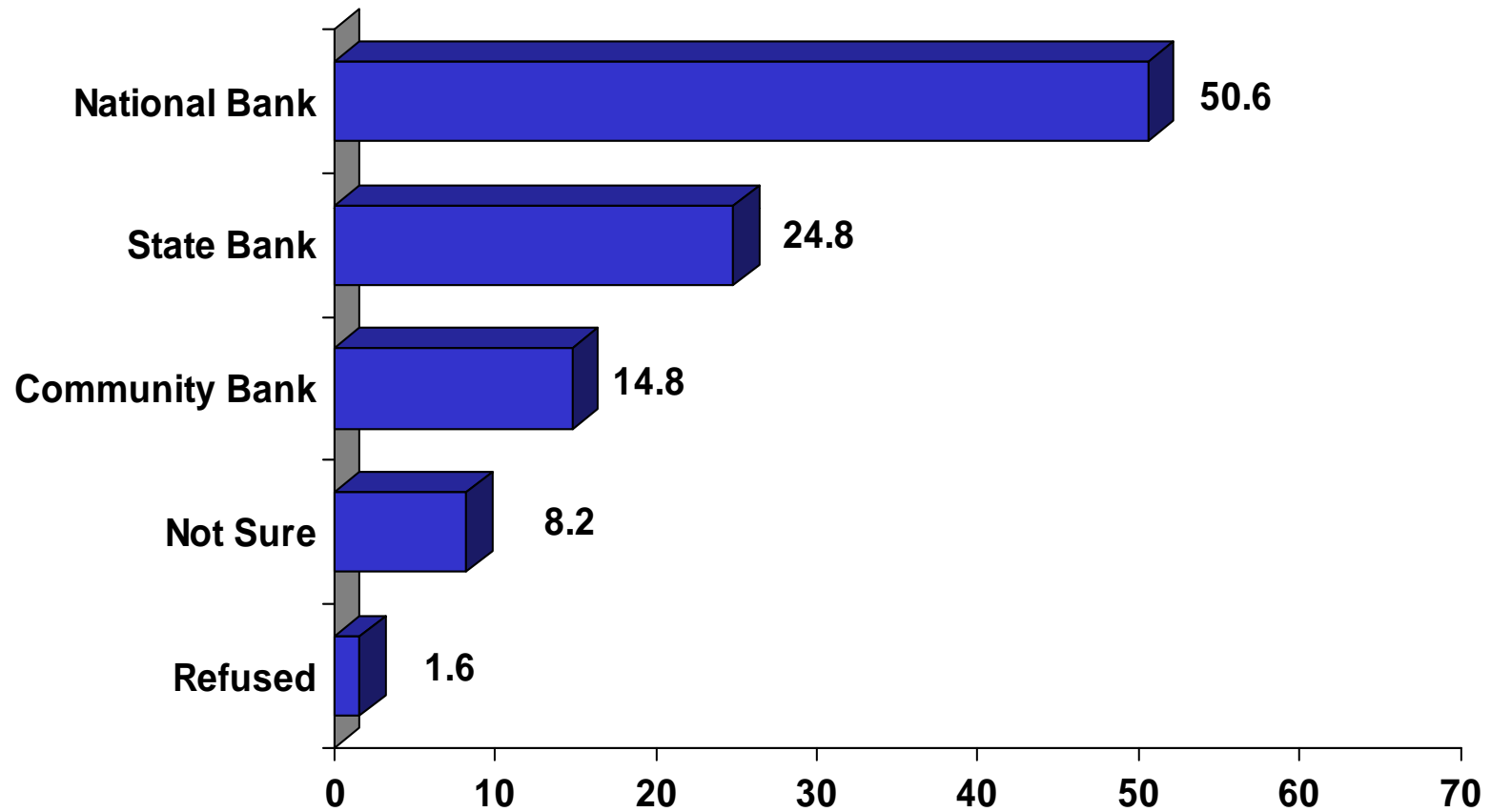
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	<u>Total</u>	<u>Urban</u>	<u>Rural</u>
	(N = 1,000)	(n = 507)	(n = 493)
Any	85.4%	85.4%	85.3%
At a Bank	45.0	45.0	45.0
At a Credit Union	15.7	14.4	17.0
At Both a Bank and Credit Union	24.7	26.0	23.3
No Checking or Savings Accounts	13.7	13.6	13.8
Don't Know	0.9	1.0	0.8

## Type of Bank Used for Primary Account

(among those who have a checking and/or savings account at a bank, n = 697)

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## Type of Bank Used for Primary Account

(among those who have a checking and/or savings account at a bank)

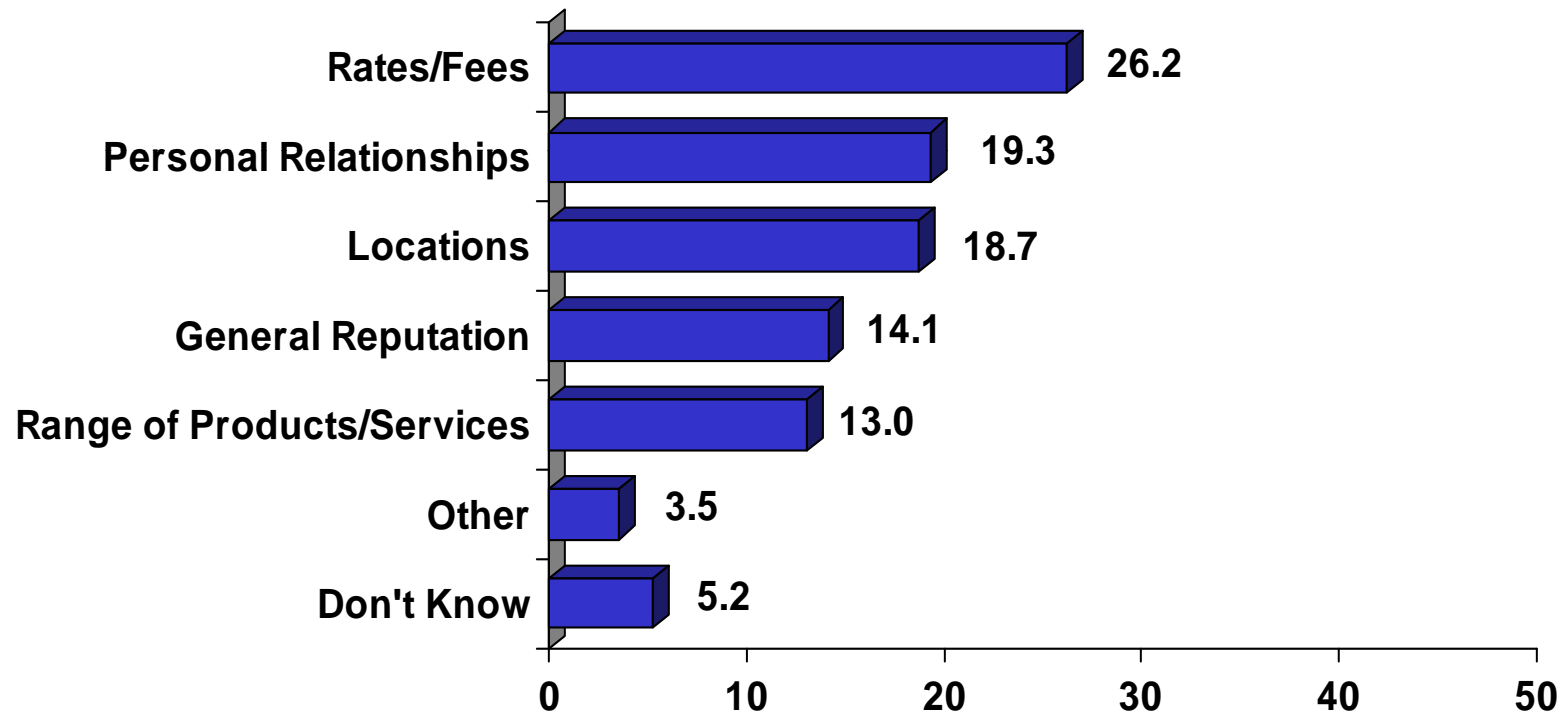
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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(n = 377)	(n = 728)	(n = 697)
National Bank	53.1%	55.1%	50.6%
State Bank	30.0	23.5	24.8
Community Bank	14.1	11.8	14.8
Not Sure	2.1	8.0	8.2
Refused	0.8	1.6	1.6

# Single Most Important Factor When Selecting a Financial Institution

(among those who have a checking and/or savings account, n = 854)

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## Single Most Important Factor When Selecting a Financial Institution

(among those who have a checking and/or savings account)

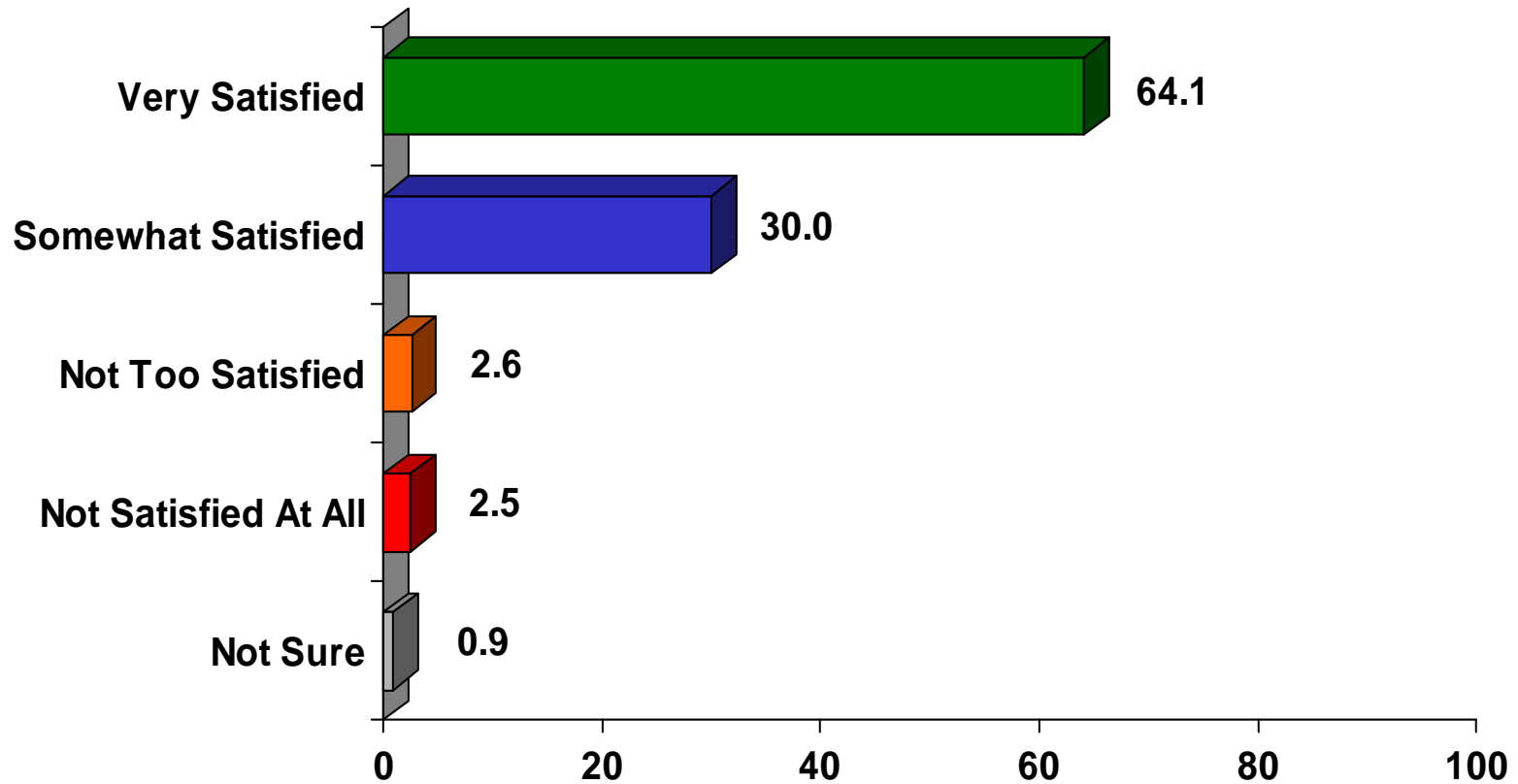
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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(n = 459)	(n = 891)	(n = 854)
Rates and Fees	33.1%	27.4%	26.2%
Personal Relationships	18.7	18.5	19.3
Locations	22.7	19.9	18.7
General Reputation	13.5	14.8	14.1
Range of Products/Services	9.6	11.0	13.0
Other	1.3	3.0	3.5
Don't Know	1.1	5.4	5.2

# Overall Satisfaction with Financial Services from Financial Institution

(among those who have a checking and/or savings account, n = 854)

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## Overall Satisfaction with Financial Services from Financial Institution

(among those who have a checking and/or savings account)

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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(n = 459)	(n = 891)	(n = 854)
Very Satisfied	73.4%	68.2%	64.1%
Somewhat Satisfied	23.3	26.4	30.0
Not Too Satisfied	2.4	1.9	2.6
Not Satisfied At All	0.9	1.8	2.5
Not Sure	0.0	1.7	0.9

## Mortgage Loans and Servicing

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- As already reported, approximately 41.5% of all North Carolina households have a mortgage (incidence based on all survey contacts, including those ultimately terminated for having no category experience within the past two years).

Among active category users (study respondents), 46.7% indicate they currently have a mortgage loan. This level is down compared to 2009 (56.2%), but consistent with the level recorded in 2007 (46.4%).

- Mortgage loans are significantly more common among those between the ages of 35 and 54, those with household incomes over \$50,000, and Caucasians. In addition, mortgage loans are somewhat more common among men than women and among those living in urban rather than rural areas.

Among survey respondents (those who are active financial services users), incidence of a mortgage loan:

- ✓ By age:
  - 30.2% of those between the ages of 18 and 34;
  - 58.6% of those between the ages of 35 and 54; and
  - 41.6% of those over the age of 55.

# Mortgage Loans and Servicing

---

- ✓ By household income:
  - 23.5% of those with household incomes under \$25,000;
  - 37.6% of those with household incomes between \$25,000 and \$50,000;
  - 61.6% of those with household incomes between \$50,000 and \$75,000;
  - 66.9% of those with household incomes over \$75,000.
- ✓ By ethnicity:
  - 50.5% of Caucasians;
  - 38.7% of African-Americans;
  - 32.1% of Hispanics; and
  - 48.4% of all others.
- ✓ By gender:
  - 50.6% of men; and
  - 43.8% of women.
- ✓ By county:
  - 48.9% of those living in urban counties; and
  - 44.4% of those living in rural counties.

## Mortgage Loans and Servicing

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- Approximately 16% of study respondents indicate they got a new mortgage loan and/or refinanced within the past two years. Among these respondents (n = 161), the majority:
  - ✓ Got their loan through a bank (56%) or credit union (11%);
  - ✓ Selected their mortgage provider based on rates and fees (58%); and
  - ✓ Were satisfied with the mortgage loan process (86%) and fairness of charges (79%).
- Findings indicate that usage of both mortgage brokers and mortgage lenders has dropped significantly since 2007.
  - ✓ Usage of mortgage lenders for new loans and/or refinancing dropped from 27.4% in 2007 to 22.4% in 2009 to 19.3% in 2011;
  - ✓ Usage of mortgage brokers dropped from 24.2% in 2007 to 14.1% in 2009 to 8.1% in 2011.



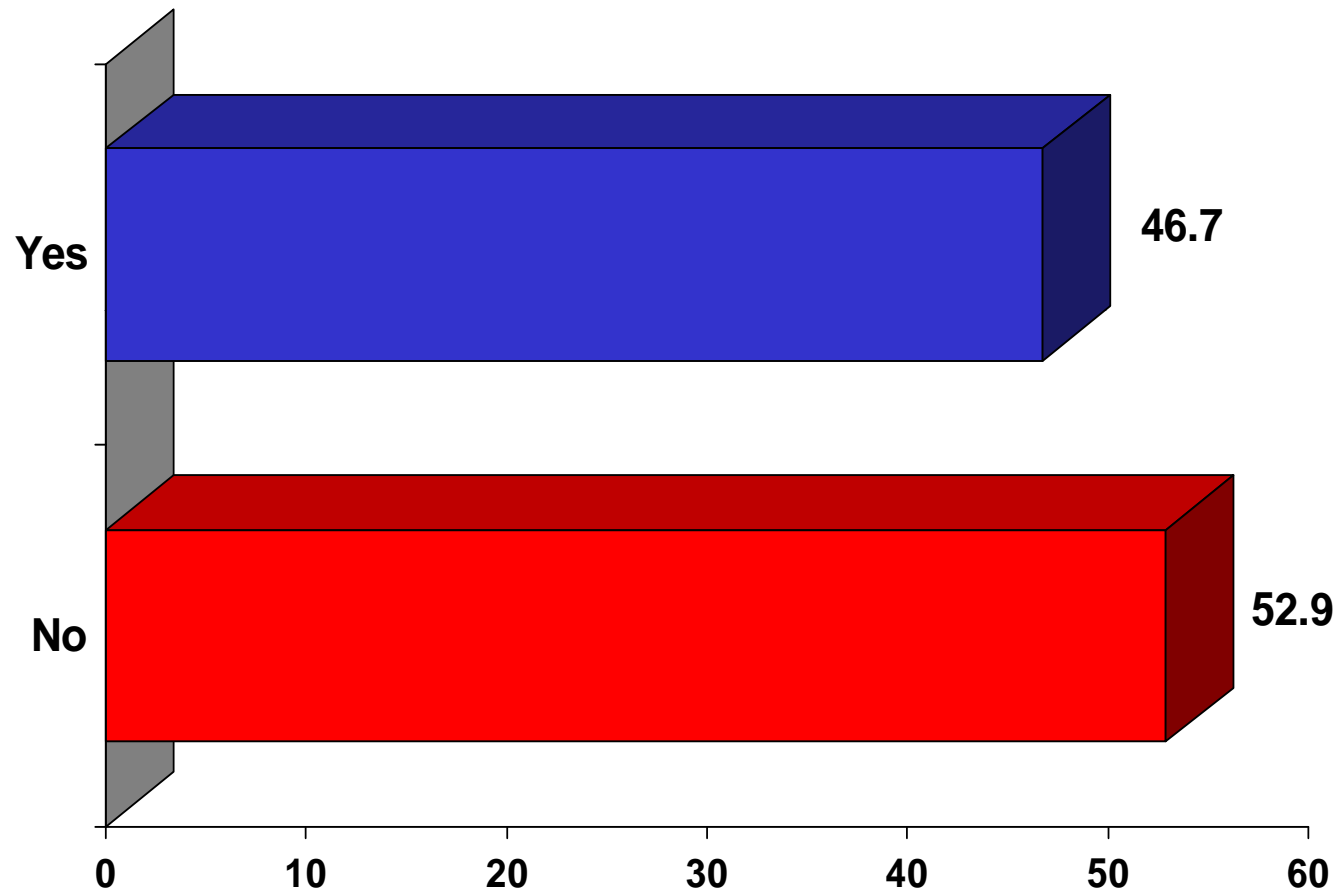
## Mortgage Loans and Servicing

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- When it comes to mortgage servicing (among those with a mortgage loan, n = 467):
  - ✓ 53.1% say their mortgage is serviced by the loan originator;
  - ✓ 88.4% are satisfied with the mortgage servicing; and
  - ✓ 80.9% are satisfied with the fairness of charges and fees associated with their mortgage servicing.

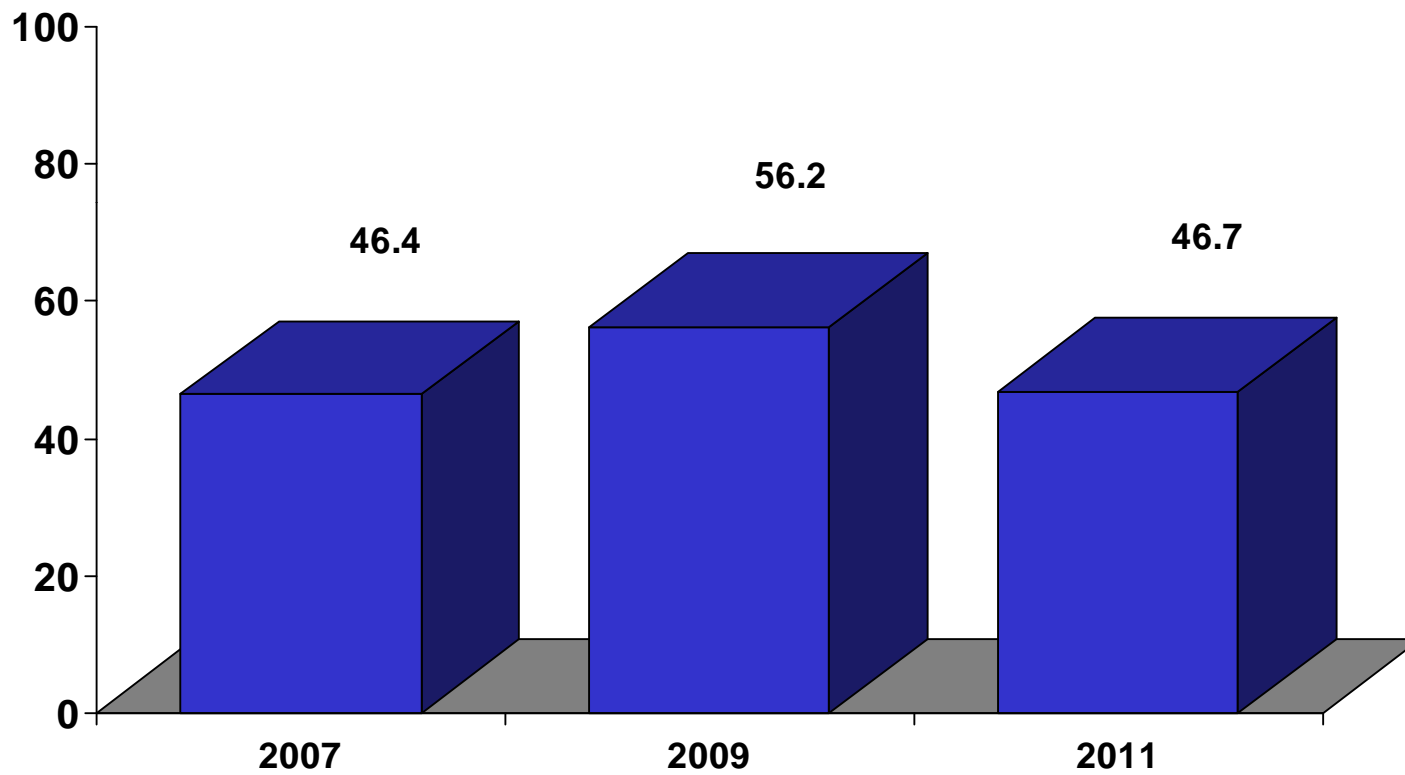
## Incidence of Mortgage Loan (among survey respondents, N = 1,000)

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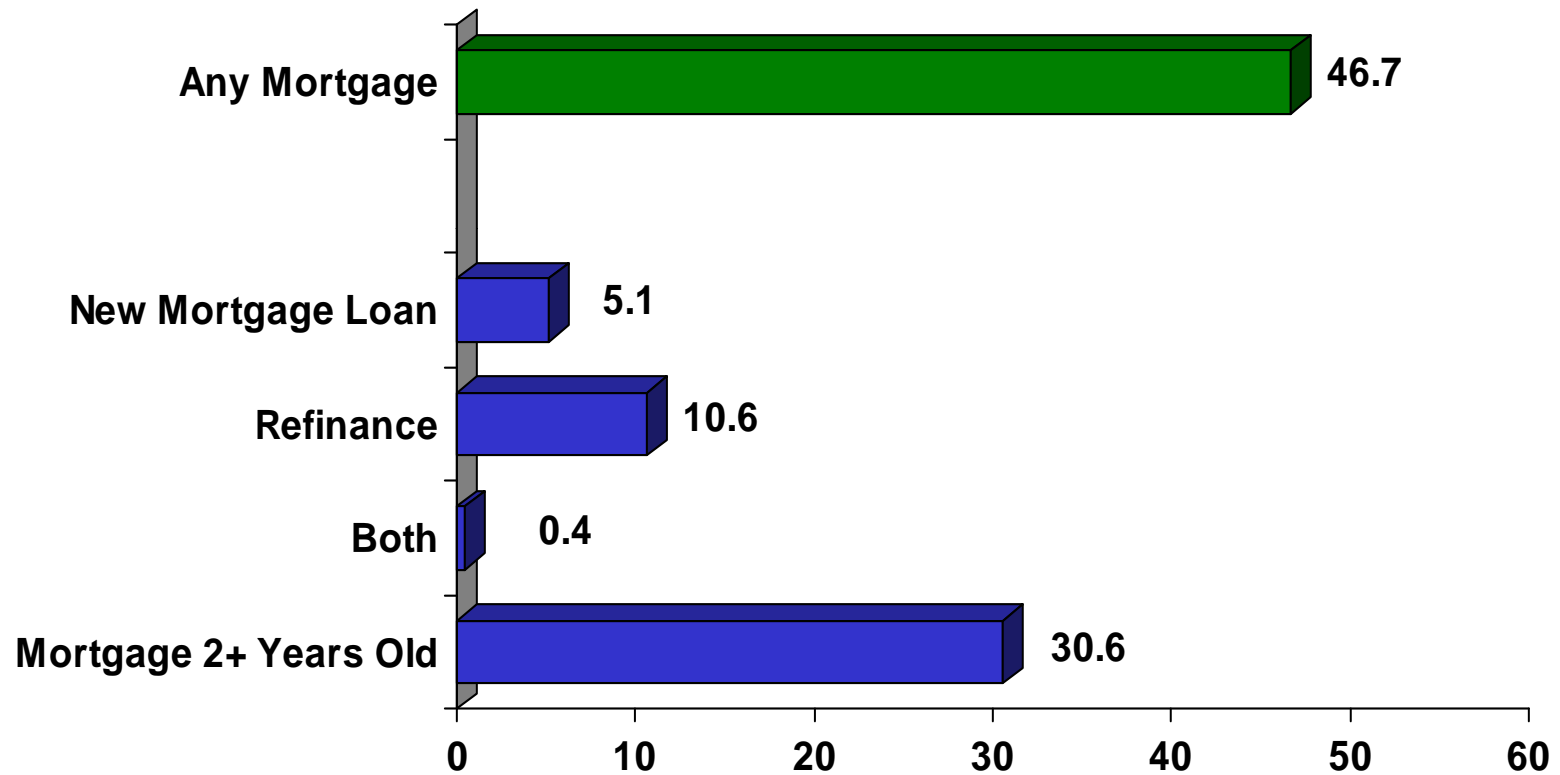
## Incidence of Mortgage Loan (among survey respondents)

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## Status of Mortgage Loan Within Past Two Years (among survey respondents, N = 1,000)

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## Home Mortgage Status Changes Over Time

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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N = 500)	(N = 1,000)	(N = 1,000)
Have a Mortgage Loan	46.4%	56.2%	46.7%
New Mortgage Loan (within past two years)	4.8	2.9	5.1
Refinance (within past two years)	7.0	10.7	10.6
Both (new mortgage loan and refinance)	0.6	2.0	0.4
Have Mortgage Loan, but more than two years old	34.0	40.6	30.6
No Mortgage Loan	53.4	42.7	52.9

## Home Mortgage Status by Age

	<u>Total</u>	<u>18 to 34</u>	<u>35 to 54</u>	<u>55+</u>
	(N = 1,000)	(n = 192)	(n = 428)	(n = 380)
Have a Mortgage Loan	46.7%	30.2%	58.6%	41.6%
New Mortgage Loan (within past two years)	5.1	6.8	6.1	3.2
Refinance (within past two years)	10.6	9.4	12.4	9.2
Both (new mortgage loan and refinance)	0.4	0.0	0.9	0.0
Have Mortgage Loan, but more than two years old	30.6	14.1	39.3	29.2
No Mortgage Loan	52.9	68.8	41.1	58.2

## Home Mortgage Status by Ethnicity

---

	<u>Total</u>	<u>Male</u>	<u>Female</u>
	(N = 1,000)	(n = 423)	(n = 577)
Have a Mortgage Loan	46.7%	50.6%	43.8%
New Mortgage Loan (within past 2 years)	5.1	6.9	3.8
Refinance (within past 2 years)	10.6	10.4	10.8
Both (new mortgage loan and refinance)	0.4	0.5	0.4
Have Mortgage Loan, but not new	30.6	32.9	28.9
No Mortgage Loan	52.9	49.2	55.6

## Home Mortgage Status by Household Income

	<u>Total</u>	<u>&lt;\$25K</u>	<u>\$25-50K</u>	<u>\$50-75K</u>	<u>\$75K+</u>
	(N = 1,000)	(n = 187)	(n = 250)	(n = 177)	(n = 263)
Have a Mortgage Loan	46.7%	23.5%	37.6%	61.6%	66.9%
New Mortgage Loan (within past 2 years)	5.1	2.1	3.6	7.9	7.2
Refinance (within past 2 years)	10.6	3.2	8.8	14.7	17.1
Both (new mortgage loan and refinance)	0.4	1.1	0.0	0.0	0.4
Have Mortgage Loan, but not new	30.6	17.1	25.2	39.0	42.2
No Mortgage Loan	52.9	76.5	62.0	38.4	32.3



## Home Mortgage Status by Ethnicity

	<u>Total</u>	<u>Caucasian</u>	<u>African-American</u>	<u>Hispanic</u>	<u>Other</u>
	(N = 1,000)	(n = 647)	(n = 225)	(n = 53*)	(n = 62*)
Have a Mortgage Loan	46.7%	50.5%	38.7%	32.1%	48.4%
New Mortgage Loan (within past 2 years)	5.1	4.8	4.4	3.8	11.3
Refinance (within past 2 years)	10.6	12.4	6.7	13.2	4.8
Both (new mortgage loan and refinance)	0.4	0.5	0.4	0.0	0.0
Have Mortgage Loan, but not new	30.6	32.9	27.1	15.1	32.3
No Mortgage Loan	52.9	49.5	61.3	62.3	50.0

## Home Mortgage Status by Area

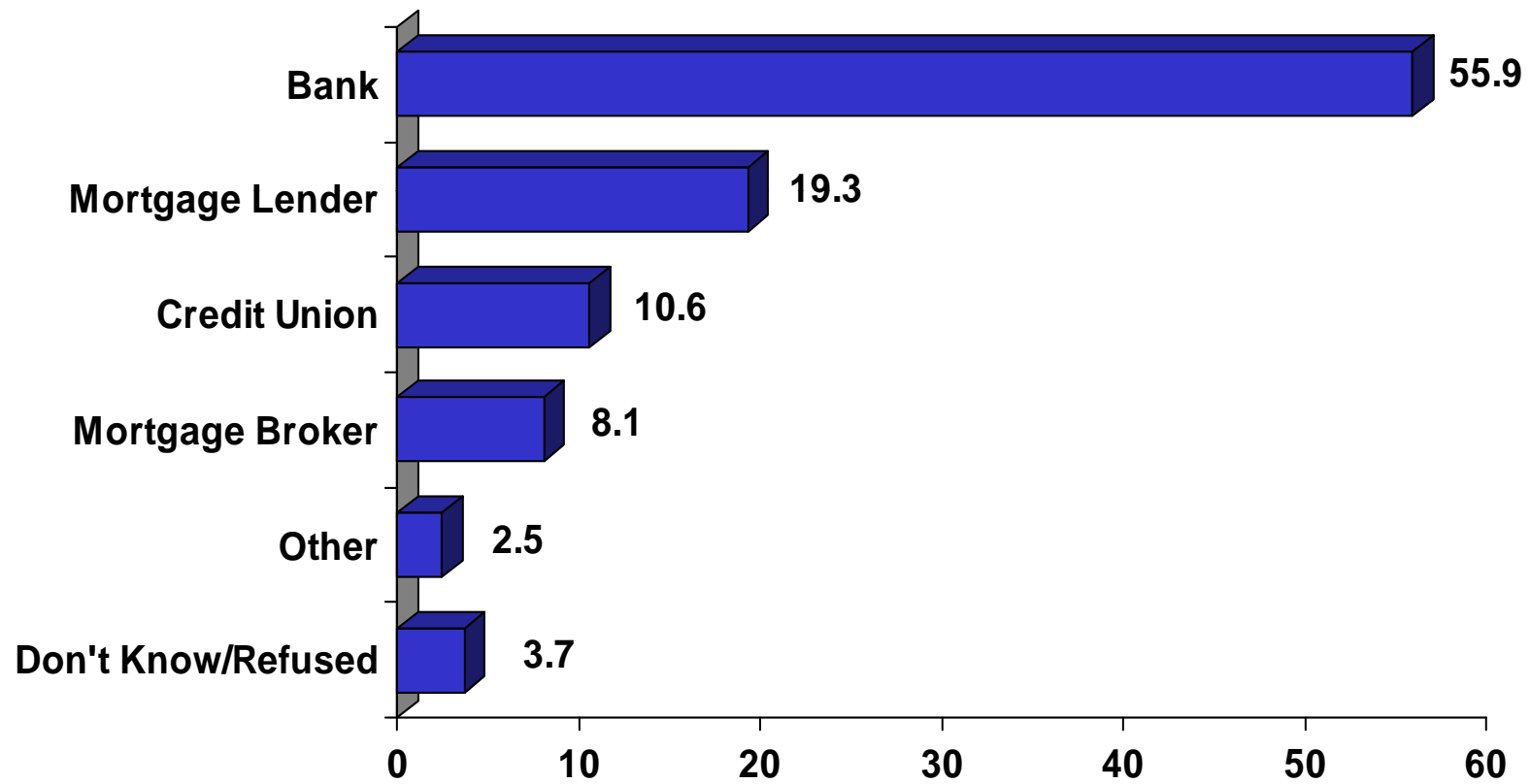
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	<u>Total</u>	<u>Urban</u>	<u>Rural</u>
	(N = 1,000)	(n = 507)	(n = 493)
Have a Mortgage Loan	46.7%	48.9%	44.4%
New Mortgage Loan (within past 2 years)	5.1	5.3	4.9
Refinance (within past 2 years)	10.6	11.4	9.7
Both (new mortgage loan and refinance)	0.4	0.4	0.4
Have Mortgage Loan, but not new	30.6	31.8	29.4
No Mortgage Loan	52.9	50.7	55.2

# Source of Mortgage Loan

(among those who got a mortgage loan/refinance within past 2 years, n = 161)

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## Source of Mortgage Loan

(among those who got a mortgage loan/refinance within past 2 years)

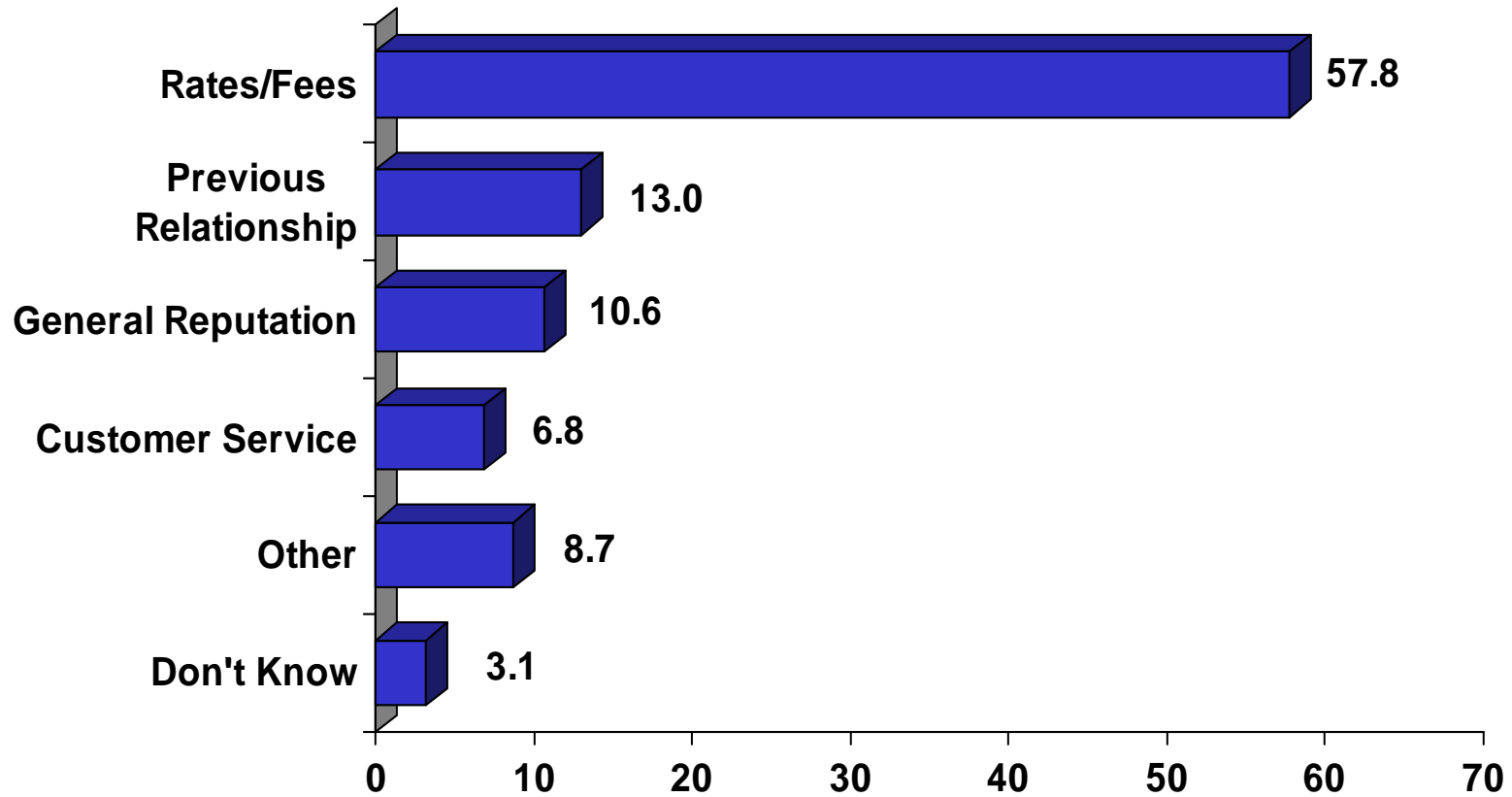
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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(n = 62*)	(n = 156)	(n = 161)
Bank	30.6%	51.3%	55.9%
Mortgage Lender	27.4	22.4	19.3
Credit Union	8.1	7.1	10.6
Mortgage Broker	24.2	14.1	8.1
Other	8.1	0.6	2.5
Don't Know/Refused	1.6	4.5	3.7

# Single Most Important Factor When Selecting a Mortgage Provider

(among those who have gotten a mortgage loan within the past 2 years, n = 161)

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## Single Most Important Factor When Selecting a Mortgage Provider

(among those who have gotten a mortgage loan within the past 2 years)

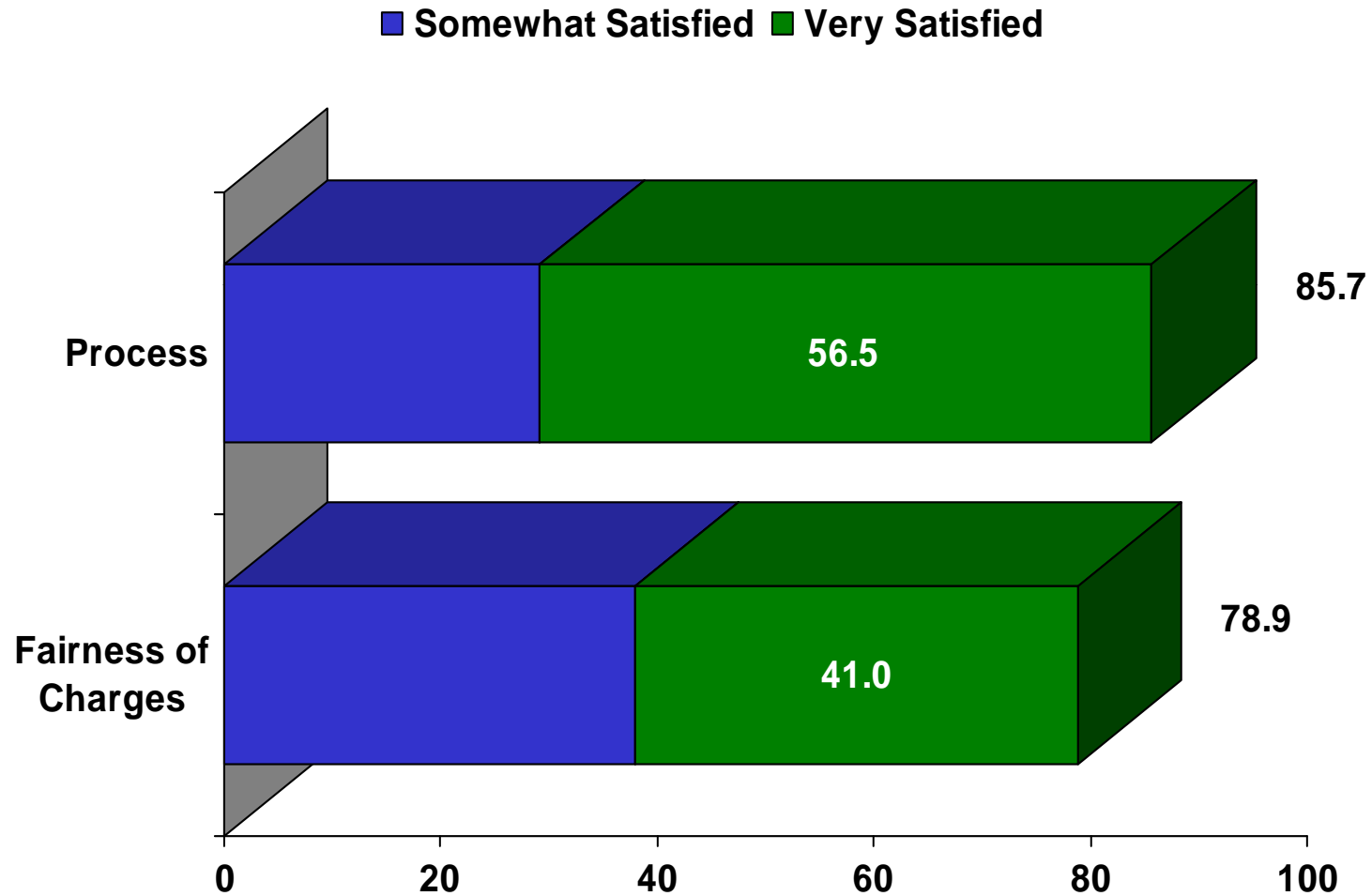
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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(n = 62*)	(n = 156)	(n = 161)
Rates and Fees	64.5%	61.5%	57.8%
Previous Relationship	9.7	16.0	13.0
General Reputation	8.1	12.2	10.6
Customer Service	6.5	3.8	6.8
Other	8.1	1.3	8.7
Don't Know	3.2	5.1	3.1

# Overall Satisfaction with Mortgage Loan Process and Charges

(among those who have gotten a mortgage loan within the past 2 years, n = 161)

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## Overall Satisfaction with Mortgage Loan Process and Charges (among those who have gotten a mortgage loan within the past 2 years)

---

	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(n = 62*)	(n = 156)	(n = 161)
<b>Mortgage Loan Process</b>			
Very Satisfied	67.7%	51.9%	56.5%
Somewhat Satisfied	21.0	35.9	29.2
Not Too Satisfied	8.1	5.1	5.6
Not Satisfied At All	3.2	5.8	7.5
Not Sure/Refused	0	1.2	1.2
<b>Fairness of Mortgage Charges</b>			
Very Satisfied	45.2%	28.8%	41.0%
Somewhat Satisfied	32.3	50.6	37.9
Not Too Satisfied	11.3	9.6	11.2
Not Satisfied At All	8.1	7.7	8.1
Not Sure/Refused	3.2	3.2	1.8



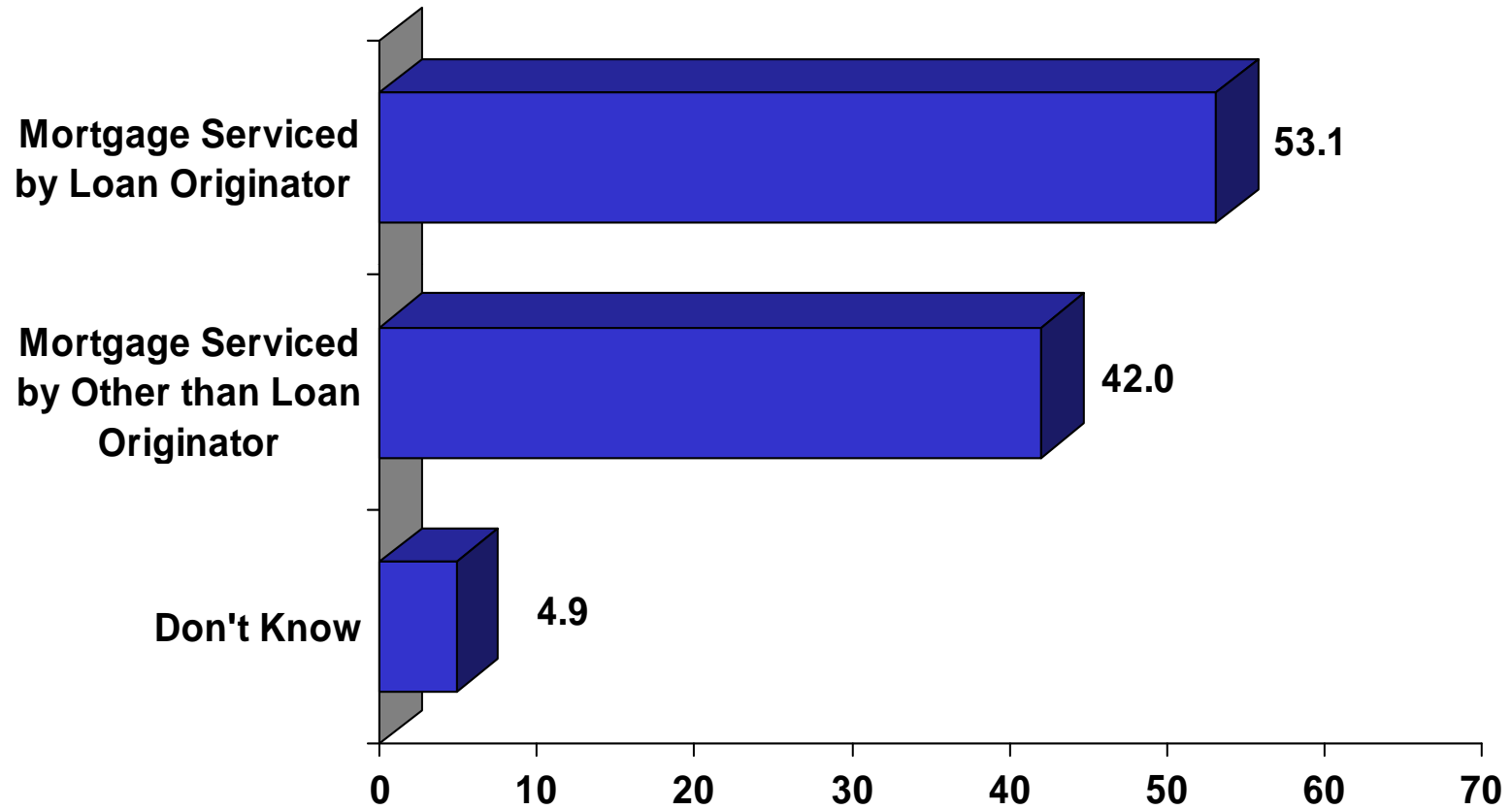
## What Charges were Unfair? (among those not satisfied with mortgage loan charges)

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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(n = 12*)	(n = 27*)	(n = 31*)
Excessive Charges/Hidden Charges/Fees	50%	48%	58%
Interest Rates	33	22	32
Closing Costs	33	11	13
Other	33	7	10
Can't Remember/Don't Recall	0	11	7

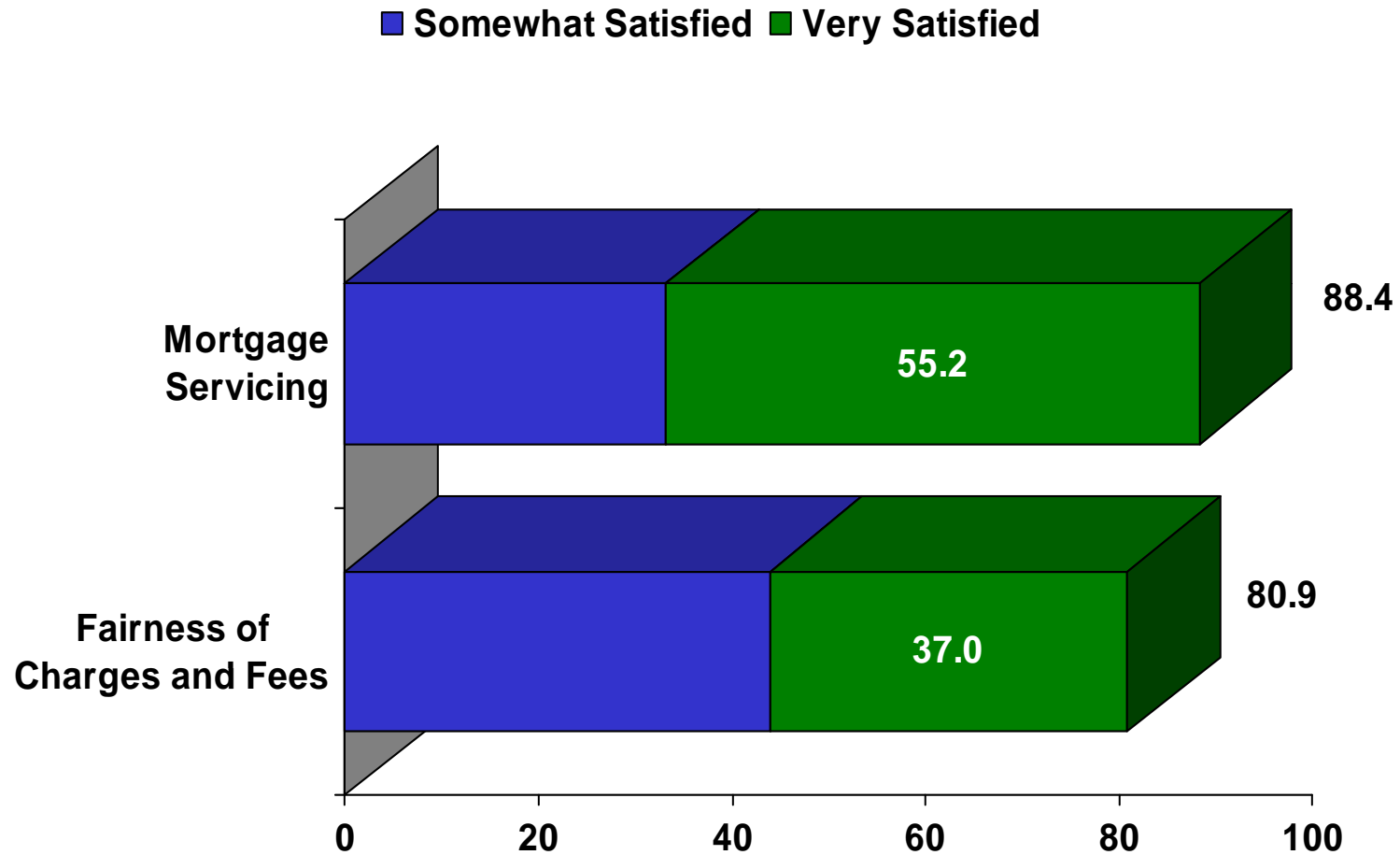
## Mortgage Servicing (among those with a mortgage loan, n = 467)

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# Satisfaction with Mortgage Servicing and Fairness of Charges/Fees (among those with a mortgage loan, n = 467)

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## What Charges or Fees Associated with Mortgage Servicing Do You Feel Are Unfair?

(among those not satisfied with mortgage loan servicing charges, n = 82)

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Interest Rates	20%
Late Payment Charges	16
General Fees	13
Insurance Fees	7
Closing Costs	5
Other	27
Not Sure/No Idea/Don't Know/Refused	21
None	2

## Non-Traditional Loans and Financial Services

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- Overall, 55.5% of study respondents indicate they have used one or more of the non-traditional loans and/or financial services evaluated in the study.

For the most part, however, consumers use just one or two of these services – 24.7% used just one in the past two years, 14.3% used two, 8.1% used three, and only 8.4% used four or more.

- Within the past two years:
  - ✓ 23.4% have purchased a money order somewhere other than a bank or credit union;
  - ✓ 14.3% have wired money to someone else;
  - ✓ 12.3% have pawned a personal item for cash;
  - ✓ 11.9% have gotten a car loan from a car dealership;
  - ✓ 11.2% have cashed a check at a check casher or place other than where they might have a checking account;
  - ✓ 11.0 have purchased a prepaid debit card;
  - ✓ 8.7% have bought a car at a 'buy here, pay here' type of dealer;

## Non-Traditional Loans and Financial Services

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- ✓ 6.3% have gotten a personal loan from a consumer finance company;
  - ✓ 6.1% have gotten a refund anticipation loan; and/or
  - ✓ 5.6% have purchased furniture or appliances on a rent-to-own plan;
  - ✓ 4.8% have gotten a short-term car title loan where you give the lender your car title as equity; and
  - ✓ 2.8% have gotten a payday loan or payday cash advance.
- In large part, usage of non-traditional loans and financial services has remained reasonably constant since 2007. There are, however, a couple of exceptions to this:
    - ✓ Services that have increased significantly over time:
      - Pawning a personal item for cash (has doubled each period, from 3.4% in 2007 to 6.1% in 2009 to 12.3% in 2011); and
      - Purchasing a prepaid debit card (nearly doubled since 2009, from 6.1% to 11.0%).

# Non-Traditional Loans and Financial Services

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- ✓ Services that have decreased significantly over time:
  - Purchasing a money order somewhere other than a bank or credit union (dropped from a high of 33.2% in 2007 to 27.9% in 2009 to 23.4% in 2011); and
  - Getting a car loan from a car dealership (dropped from 17% in 2009 to 11.9% in 2011).
- In general, usage of non-traditional loans and financial services tends to skew toward younger, lower income, and minority consumers. There are not significant differences based on gender or rural versus urban counties.
- Satisfaction with non-traditional loans and financial services (among users of each) tends to be reasonably high and generally consistent with satisfaction levels evidenced for checking and savings accounts and mortgage loans.

Among these non-traditional loans and financial services, satisfaction is highest relative to purchasing a money order (94.0% satisfied), buying a prepaid debit card (89.1%), getting a refund anticipation loan (86.9%), wiring money (86.0%), and getting a car loan from a car dealership (84.0%).

## Non-Traditional Loans and Financial Services

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Satisfaction levels are lowest (though still quite high overall) relative to payday loans (67.9% satisfied), pawning a personal item (72.3%), purchasing appliances or furniture through a rent-to-own plan (75.0%), and getting a car title loan (75.0%).

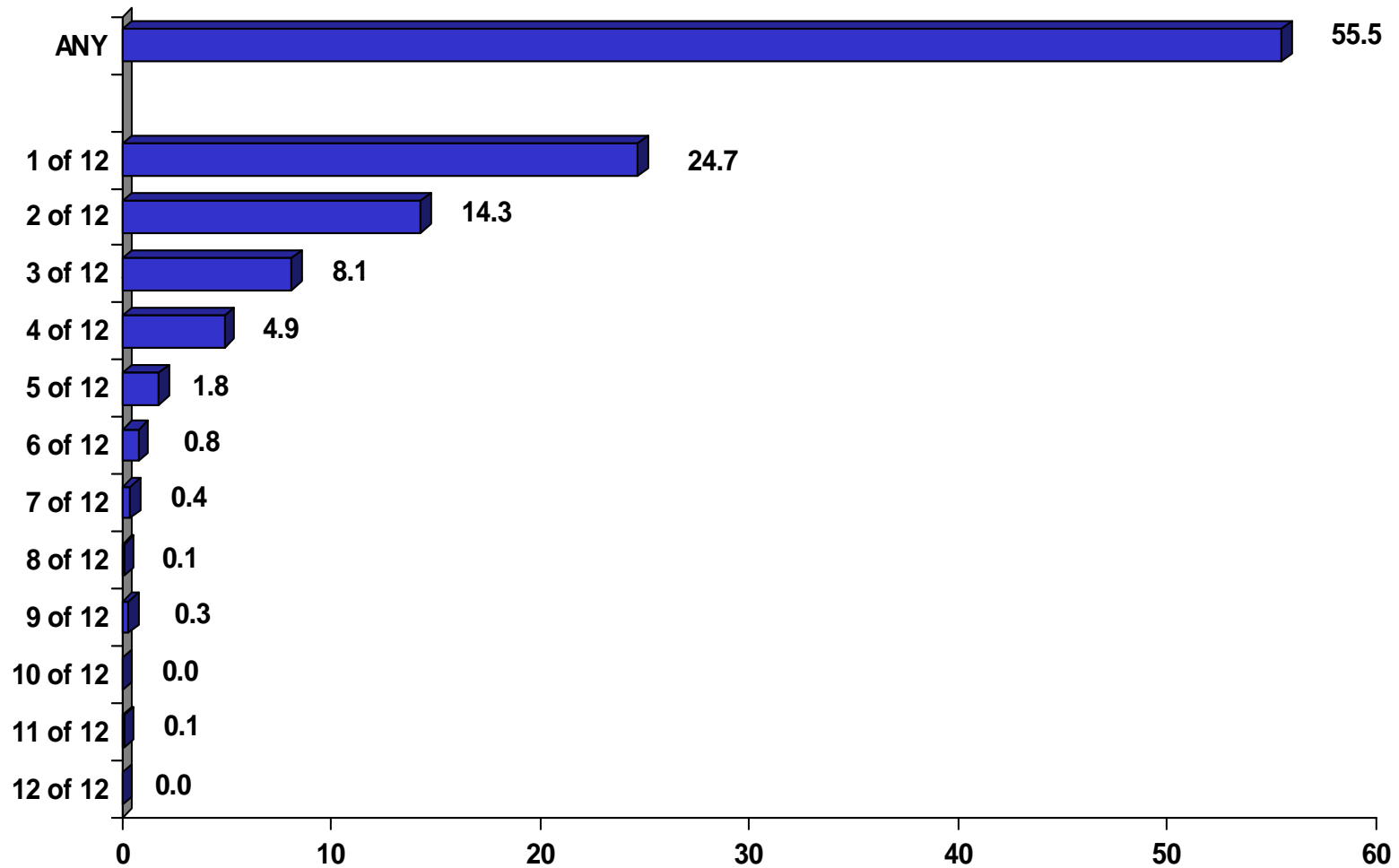
- Those who have gotten payday and/or car title loans within the past two years are most likely to have gotten them at a local office (32% of those with a payday loan and 48% of those with a car title loan got it at a local office).

Findings indicate, however, that these consumers are significantly less likely to be getting the loans locally now than in the past. The Internet and “Other” have more than doubled as sources of payday loans since 2009.



# Incidence and Combination of Non-Traditional Loans and Financial Services (among survey respondents, N = 1,000)

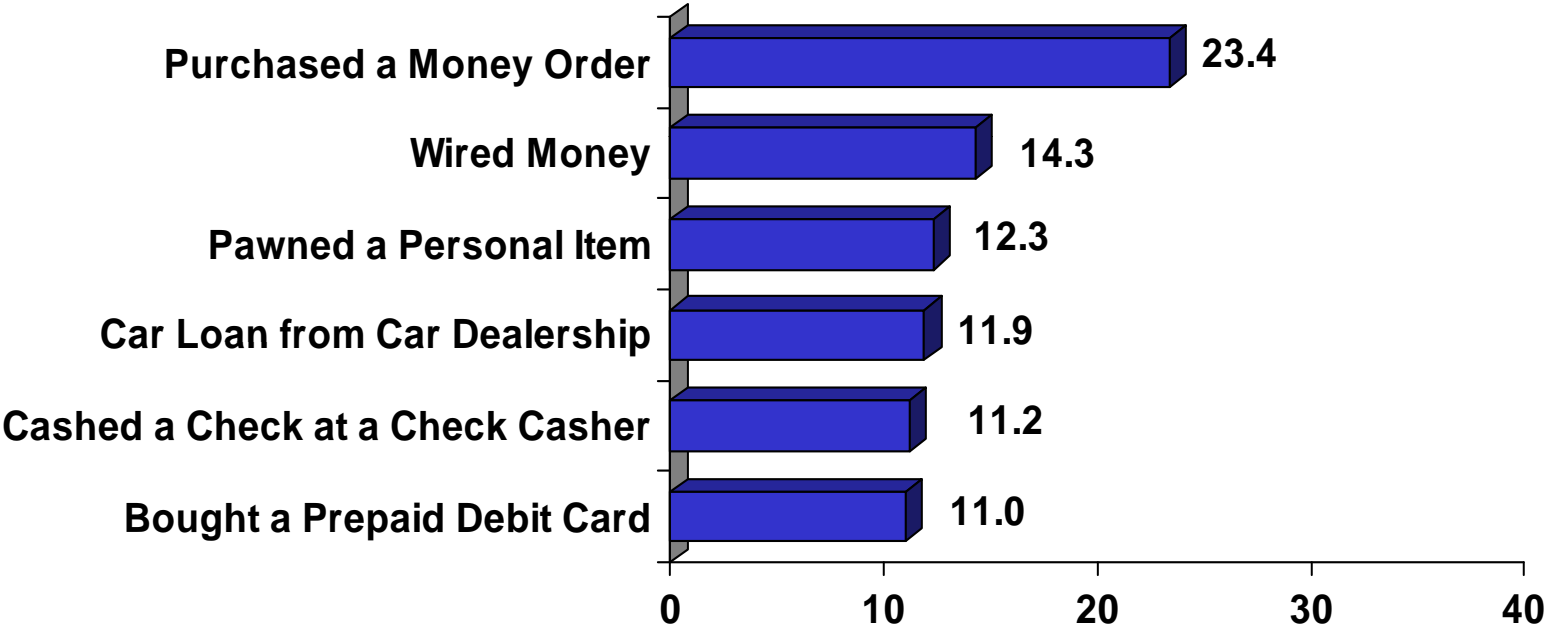
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# Incidence of Non-Traditional Loans and Financial Services (1 of 2)

(among survey respondents, N = 1,000)

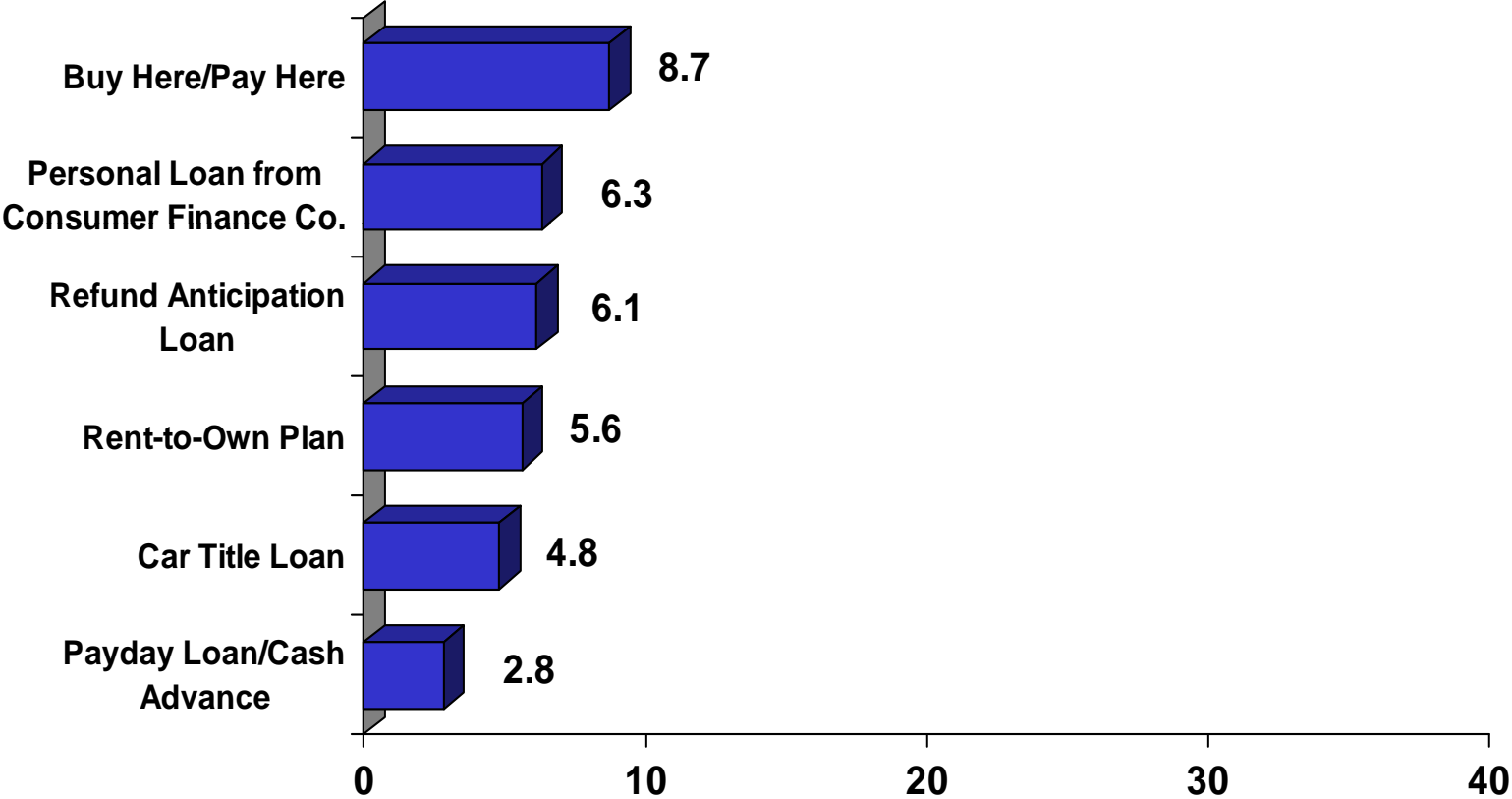
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# Incidence of Non-Traditional Loans and Financial Services (2 of 2)

(among survey respondents, N = 1,000)

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## Incidence of Non-Traditional Financial Services Changes Over Time

	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N = 500)	(N = 1000)	(N = 1000)
Purchased money order somewhere other than a bank or credit union	33.2%	27.9%	23.4%
Wired money to another person	15.2	15.3	14.3
Pawned a personal item to obtain cash	3.4	6.1	12.3
Gotten a car loan from dealership	15.4	17.0	11.9
Cashed a check at a check casher or place other than where you have a checking account	11.2	11.7	11.2
Bought a prepaid debit card	6.4	6.1	11.0
Bought car at a "Buy Here, Pay Here" dealer	NA	NA	8.7
Gotten a personal loan from a consumer finance co.	7.8	7.0	6.3
Gotten a refund anticipation loan	6.6	5.3	6.1
Gotten furniture or appliances on rent-to-own plan	4.6	4.1	5.6
Gotten a short-term car title loan	NA	NA	4.8
Gotten a payday loan or cash advance (NOTE: Included Car Title Loan in 2007 and 2009)	4.0	10.6	2.8

## Incidence of Non-Traditional Loans and Financial Services by Age

	<u>Total</u>	<u>18 to 34</u>	<u>35 to 54</u>	<u>55+</u>
	(N = 1,000)	(N = 192)	(N = 428)	(N = 380)
Purchased money order somewhere other than a bank or credit union	23.4%	28.1%	25.2%	18.9%
Wired money to another person	14.3	17.7	14.7	12.1
Pawned a personal item to obtain cash	12.3	14.6	15.0	8.2
Gotten a car loan from dealership	11.9	10.9	15.2	8.7
Cashed a check at a check casher or place other than where you have a checking account	11.2	18.8	11.2	7.4
Bought a prepaid debit card	11.0	15.1	13.3	6.3
Bought car at a "Buy Here, Pay Here" dealer	8.7	9.9	10.7	5.8
Gotten a personal loan from a consumer finance company	6.3	5.2	7.0	6.1
Gotten a refund anticipation loan	6.1	8.9	7.9	2.6
Gotten furniture or appliances on rent-to-own plan	5.6	7.3	7.7	2.4
Gotten a short-term car title loan	4.8	5.2	5.6	3.7
Gotten a payday loan or cash advance	2.8	0.5	3.3	3.4

## Incidence of Non-Traditional Loans and Financial Services by Gender

	<u>Total</u>	<u>Male</u>	<u>Female</u>
	(N = 1,000)	(n = 423)	(n = 577)
Purchased money order somewhere other than a bank or credit union	23.4%	20.8%	25.3%
Wired money to another person	14.3	15.4	13.5
Pawned a personal item to obtain cash	12.3	12.3	12.3
Gotten a car loan from dealership	11.9	13.0	11.1
Cashed a check at a check casher or place other than where you have a checking account	11.2	9.9	12.1
Bought a prepaid debit card	11.0	10.6	11.3
Bought "Buy Here, Pay Here" car	8.7	9.2	8.3
Gotten a personal loan from consumer finance co.	6.3	5.4	6.9
Gotten a refund anticipation loan	6.1	5.2	6.8
Gotten furniture or appliances on rent-to-own plan	5.6	4.3	6.6
Gotten a short-term car title loan	4.8	5.9	4.0
Gotten a payday loan or cash advance	2.8	1.9	3.5

## Incidence of Non-Traditional Loans and Financial Services by Household Income

	<u>Total</u>	<u>&lt;\$25K</u>	<u>\$25-50K</u>	<u>\$50-75K</u>	<u>\$75K+</u>
	(N = 1,000)	(n = 187)	(n = 250)	(n = 177)	(n = 263)
Purchased money order somewhere other than a bank or credit union	23.4%	44.9%	28.4%	16.4%	12.9%
Wired money to another person	14.3	15.5	20.4	8.5	14.1
Pawned a personal item to obtain cash	12.3	23.5	14.8	7.9	7.6
Gotten a car loan from dealership	11.9	6.4	10.0	18.6	16.3
Cashed a check at a check casher or place other than where you have a checking account	11.2	22.5	14.4	8.5	4.6
Bought a prepaid debit card	11.0	16.6	13.6	7.9	8.7
Bought "Buy Here, Pay Here" car	8.7	17.1	10.4	4.5	6.1
Gotten a consumer finance co. loan	6.3	12.3	6.0	6.8	3.4
Gotten a refund anticipation loan	6.1	10.7	8.4	7.9	1.9
Gotten furniture or appliances on rent-to-own plan	5.6	12.8	6.4	4.5	1.5
Gotten a short-term car title loan	4.8	6.4	2.4	7.9	4.6
Gotten a payday loan or cash advance	2.8	2.7	3.2	5.1	1.5

## Incidence of Non-Traditional Loans and Financial Services by Ethnicity

	<u>Total</u>	<u>Caucasian</u>	<u>African-American</u>	<u>Hispanic</u>	<u>Other</u>
	(N = 1,000)	(n = 647)	(n = 225)	(n = 53*)	(n = 62*)
Purchased money order somewhere other than a bank or credit union	23.4%	15.3%	43.6%	32.1%	25.8%
Wired money to another person	14.3	9.7	21.3	24.5	27.4
Pawned a personal item to obtain cash	12.3	9.9	15.6	22.6	14.5
Gotten a car loan from dealership	11.9	13.0	10.2	11.3	9.7
Cashed a check at a check casher or place other than where you have a checking account	11.2	7.3	17.3	20.8	19.4
Bought a prepaid debit card	11.0	8.2	17.8	13.2	14.5
Bought "Buy Here, Pay Here" car	8.7	5.3	16.0	15.1	12.9
Gotten a consumer finance co. loan	6.3	4.2	11.6	9.4	6.5
Gotten a refund anticipation loan	6.1	4.6	11.6	5.7	3.2
Gotten furniture or appliances on rent-to-own plan	5.6	4.2	8.4	15.1	3.2
Gotten a short-term car title loan	4.8	3.9	6.2	13.2	3.2
Gotten a payday loan or cash advance	2.8	1.1	6.7	7.5	1.6

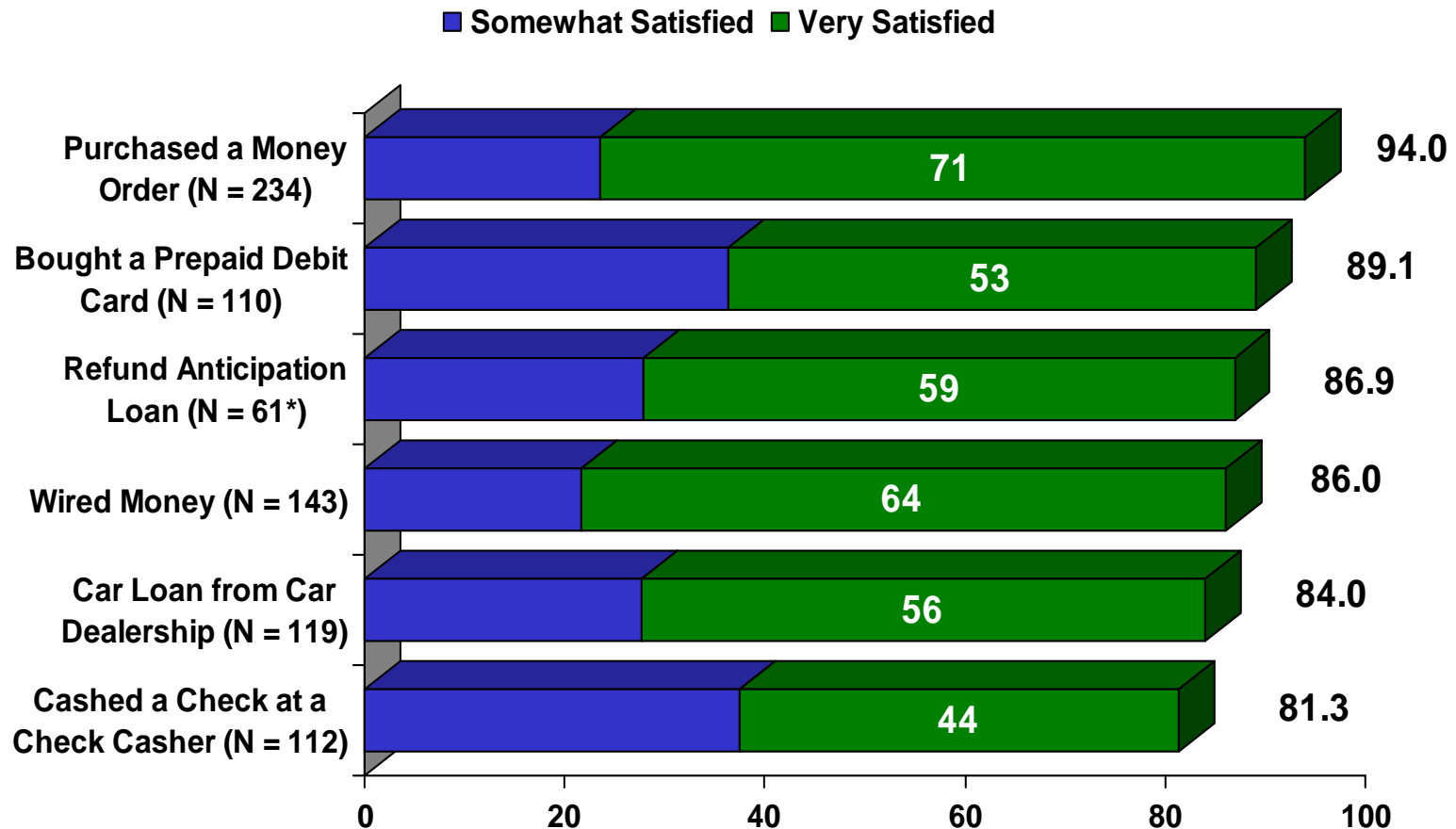


## Incidence of Non-Traditional Loans and Financial Services by Area

	<u>Total</u>	<u>Urban</u>	<u>Rural</u>
	(N = 1,000)	(n = 507)	(n = 493)
Purchased money order somewhere other than a bank or credit union	23.4%	23.3%	23.5%
Wired money to another person	14.3	16.4	12.2
Pawned a personal item to obtain cash	12.3	15.0	9.5
Gotten a car loan from dealership	11.9	10.8	13.0
Cashed a check at a check casher or place other than where you have a checking account	11.2	8.9	13.6
Bought a prepaid debit card	11.0	10.1	12.0
Bought "Buy Here, Pay Here" car	8.7	8.9	8.5
Gotten a consumer finance co. loan	6.3	5.3	7.3
Gotten a refund anticipation loan	6.1	6.7	5.5
Gotten furniture or appliances on rent-to-own plan	5.6	4.9	6.3
Gotten a short-term car title loan	4.8	3.9	5.7
Gotten a payday loan or cash advance	2.8	3.4	2.2

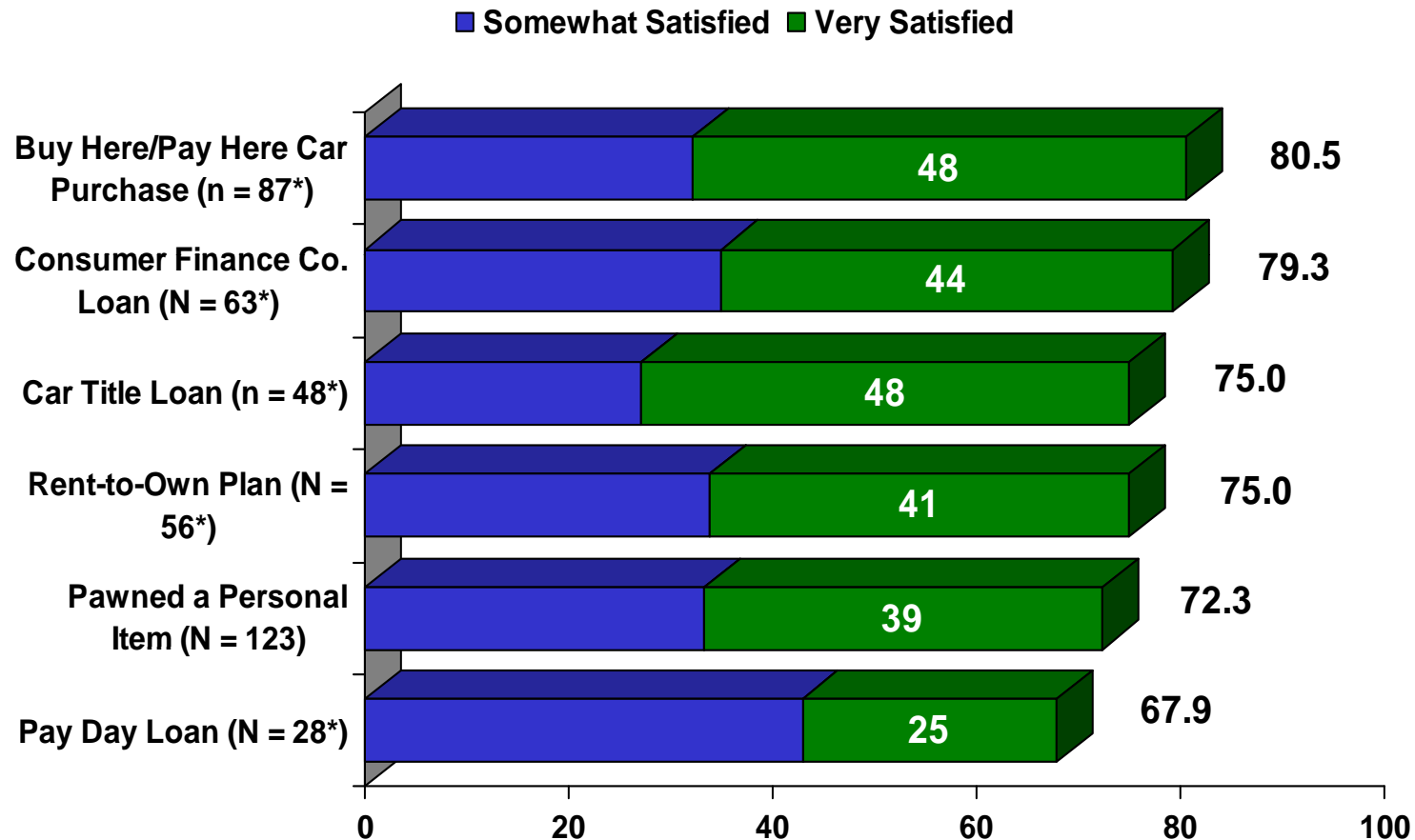
# Overall Satisfaction with Non-Traditional Loans and Financial Services (1 of 2)

(among those with respective services experience over past 2 years)



## Overall Satisfaction with Non-Traditional Loans and Financial Services (2 of 2)

(among those with respective services experience over past 2 years)



## “Very Satisfied” with Loan Services

(among those with respective alternative financial services experience over past 2 years)

	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(n = varied)	(n = varied)	(n = varied)
Purchased money order somewhere other than bank or credit union	83.7%	75.6%	70.5%
Wired money to another person	69.7	66.7	64.3
Refund anticipation loan	54.5	64.2	59.0
Car loan from dealership	62.3	57.1	56.3
Bought a prepaid debit card	56.2	52.5	52.7
Bought car at “Buy Here, Pay Here” dealer	NA	NA	48.3
Short-term, car title loan (NOTE: included payday loan in 2007 and 2009)	30.0	48.1	47.9
Personal loan from consumer finance company	51.3	35.7	44.4
Cashed a check at a check casher	66.1	59.0	43.8
Bought furniture or appliances on a rent-to-own plan	43.5	41.5	41.1
Pawned a personal item for cash	17.6	27.9	39.0
Payday loan/payday cash advance (NOTE: included car title loan in 2007 and 2009)	30.0	48.1	25.0

Q25

\*Small sample size may limit data reliability and/or projectability.

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## Source of Payday and/or Car Title Loans

(among those who have gotten a Payday or Car Title Loan within past 2 years)

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	<b>Payday Loan</b>	<b>Car Title Loan</b>
	(n = 28*)	(n = 48*)
At Local Office	32%	48%
Over the Internet	21	2
In Another State	14	23
By Fax	NA	4
Other	21	8
Don't Know	4	13
Refused	7	2

## Source of Payday Loan/Payday Cash Advance

(among those who have gotten a payday loan within past 2 years)

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	<u>2007</u>	<u>2009**</u>	<u>2011</u>
	(n = 20*)	(n = 106)	(n = 28*)
At Local Office	55%	62%	32%
Over the Internet	15	6	21
In Another State	15	13	14
Other	10	9	21
Don't Know	5	9	4
Refused	0	2	7

\*Small sample size limits data reliability and/or projectability.

\*\* Data in 2009 included "car title loan".

# *A MarketSearch Study*

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## **Resident Perceptions and Concerns Regarding the State's Financial Services Industry**

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## Perceived Status of the Financial Services Industry in North Carolina

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- Study respondents clearly acknowledge the importance of the financial services industry on the state's economy. Overall, 66.6% say that the industry has a *major impact* on North Carolina's economy, while only 6.4% say it has *no impact*.
- For the most part, respondents do not feel that North Carolina has been any harder hit by recent industry issues than any other state. Although 17.2% feel that North Carolina has been *more affected* by problems in the financial services sector, 68.0% say it is *about the same*, and 9.5% say it has been *less affected*.
- Impressions are similar with respect to foreclosures. Overall, 60.1% of respondents feel the effect of foreclosures and the housing crisis on North Carolina has been *about the same* as on other states, with the balance split between thinking the state has been *more affected* (16.0%) or *less affected* (13.9%).



## Perceived Status of the Financial Services Industry in North Carolina

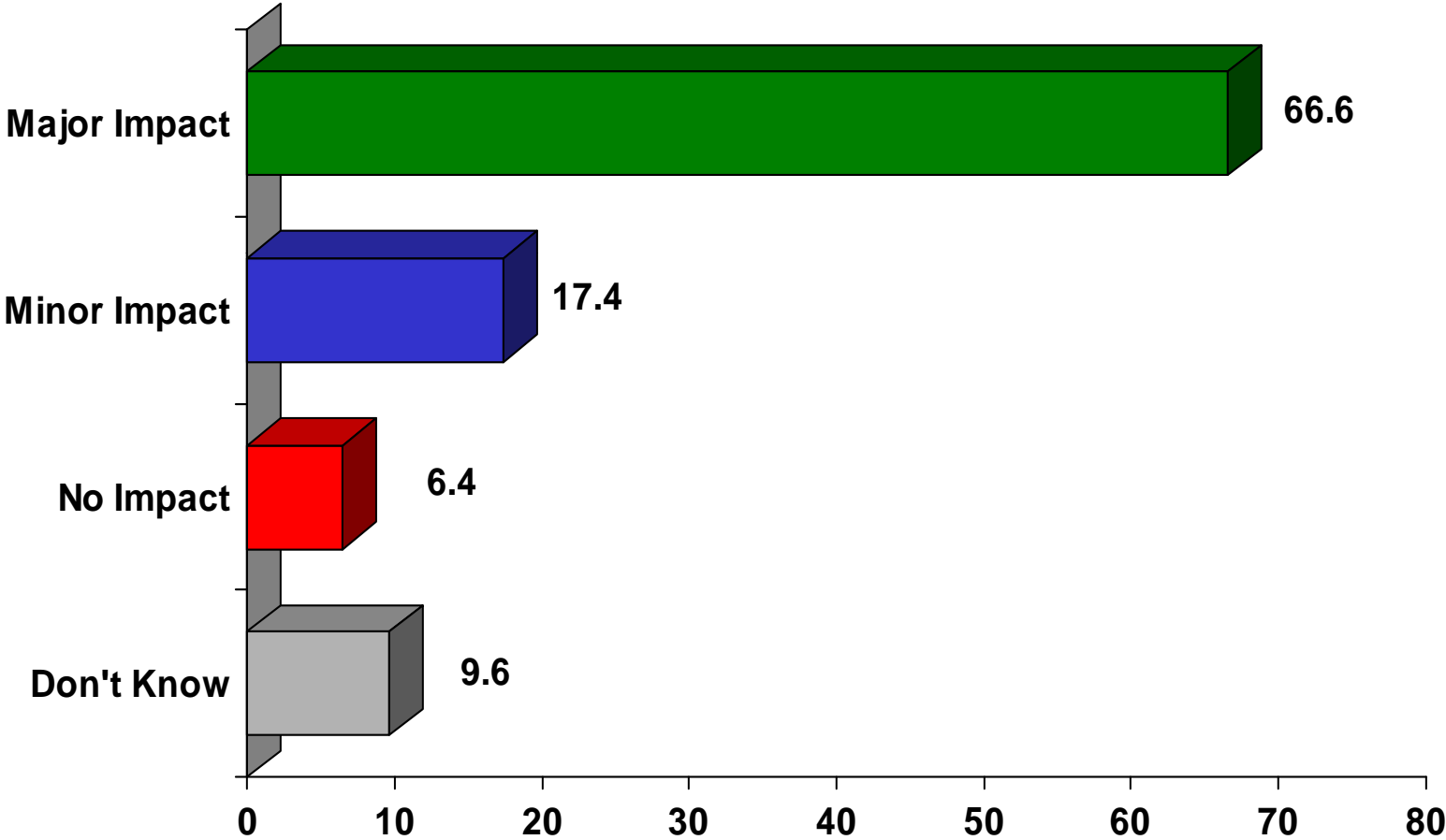
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Although only 2.2% of study respondents have faced foreclosure in the past two years, there are some indications that concern about foreclosures may be heightening.

- ✓ The proportion of respondents indicating that North Carolina has been *more affected* by foreclosures and the housing crisis is up significantly from 2009 (from 12.4% to 16.0%); and
  - ✓ The proportion of respondents indicating that North Carolina is *not doing enough* to help those facing foreclosure in the state has also increased significantly (from 42.6% to 46.8%).
- For the most part, study respondents feel that North Carolina regulations relative to the financial services industry are on target and sufficient. Even so, a significant minority feels that there is a need for them to be stronger.
    - ✓ 36.8% say they feel that the state's regulations relative to the financial services industry are not strong enough;
    - ✓ 20.6% *disagree* that the state has stricter regulations for the financial services industry than other states; and
    - ✓ 20.3% *disagree* that the state does an outstanding job of protecting the rights of customers against abuses in the financial services industry.

# Perceived Impact of the Financial Services Industry on North Carolina's Economy (among study respondents, N = 1,000)

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## Perceived Impact of the Financial Services Industry on North Carolina's Economy

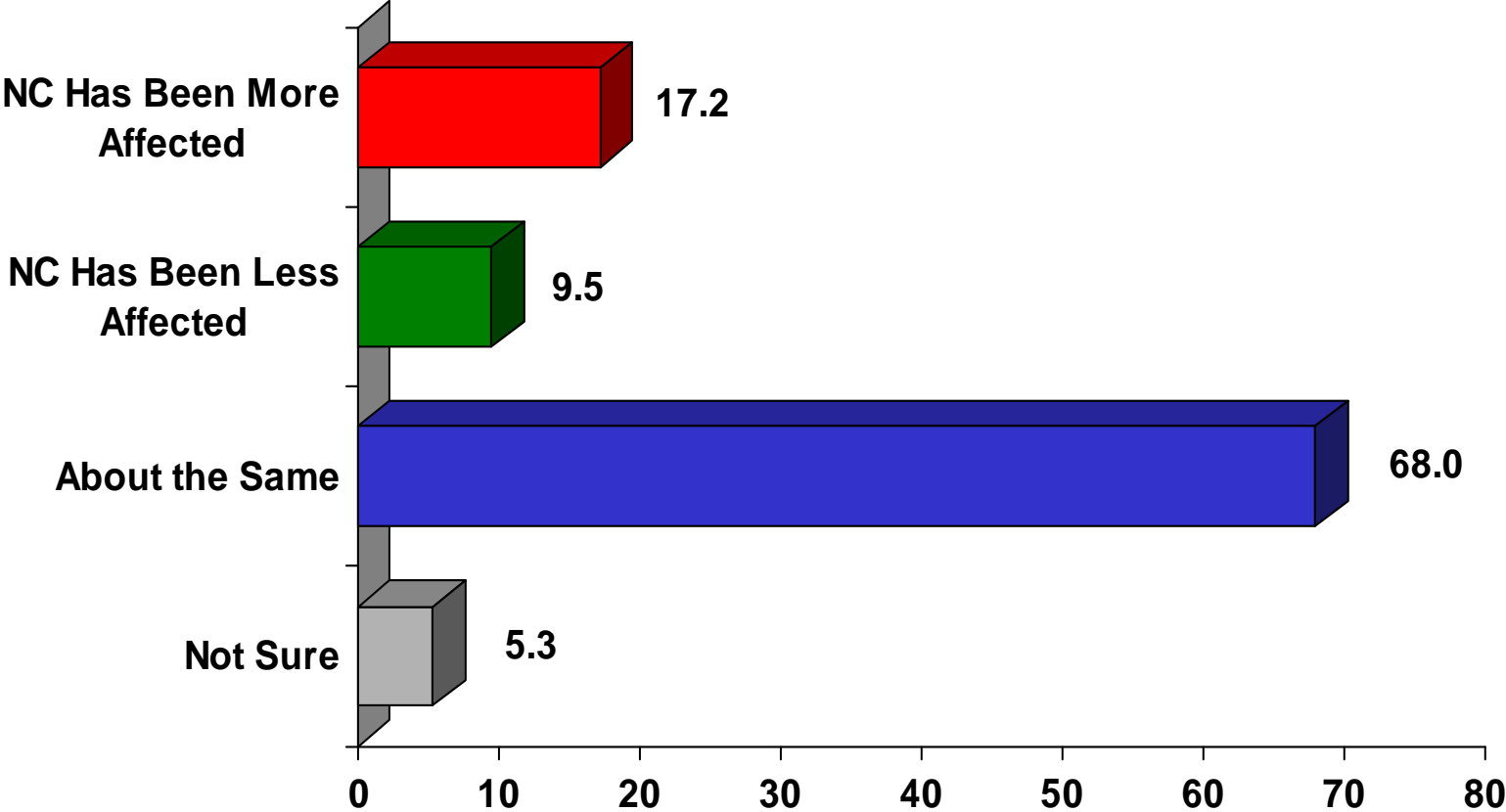
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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N = 500)	(N = 1000)	(N = 1000)
Major Impact	64.6%	73.9%	66.6%
Minor Impact	16.8	15.2	17.4
No Impact	3.6	4.0	6.4
Don't Know	15.0	6.9	9.6

# Perceived Effect of Turmoil in the Financial Services Sector in General on North Carolina

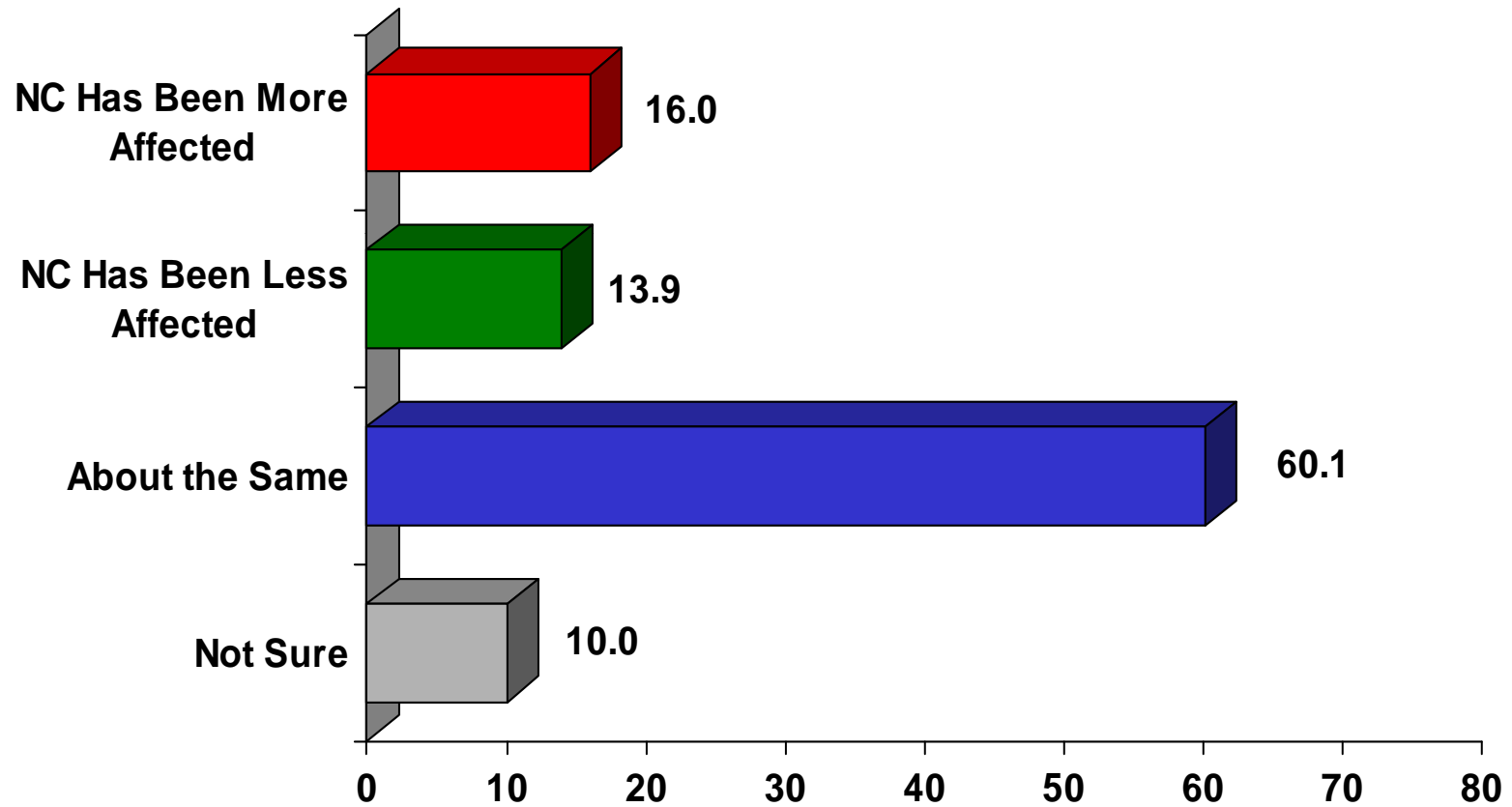
(among survey respondents, N = 1,000)

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## Perceived Effect of Foreclosures and the Housing Crisis on North Carolina (among survey respondents, N = 1,000)

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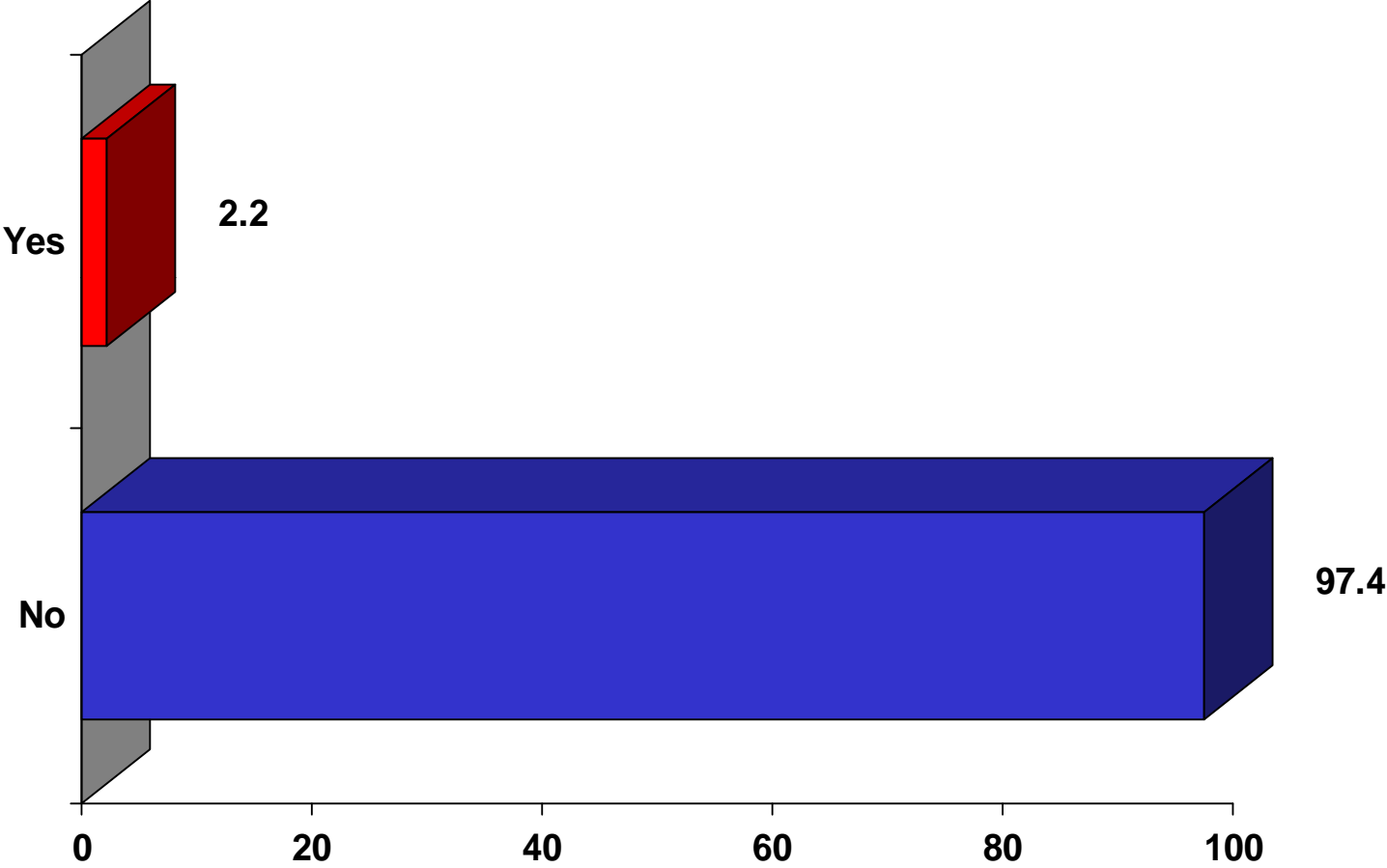
## Perceived Effect of Turmoil in Financial Services Sector and Foreclosures and Housing Crisis on North Carolina

	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N = 500)	(N = 1000)	(N = 1000)
<b>Effect of Turmoil in the Financial Services Sector in General</b>			
NC has been MORE affected than other states	NA	17.6%	17.2%
NC has been LESS affected than other states	NA	8.8	9.5
About the same	NA	69.2	68.0
Don't know	NA	4.4	5.3
<b>Effect of Foreclosures and the Housing Crisis</b>			
NC has been MORE affected than other states	NA	12.4%	16.0%
NC has been LESS affected than other states	NA	16.5	13.9
About the same	NA	63.5	60.1
Don't know	NA	7.6	10.0

# Faced Foreclosure of a Mortgage Loan in Past Two Years

(among all study respondents, N = 1,000)

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## Faced Foreclosure of a Mortgage Loan in Past Two Years (among all study respondents)

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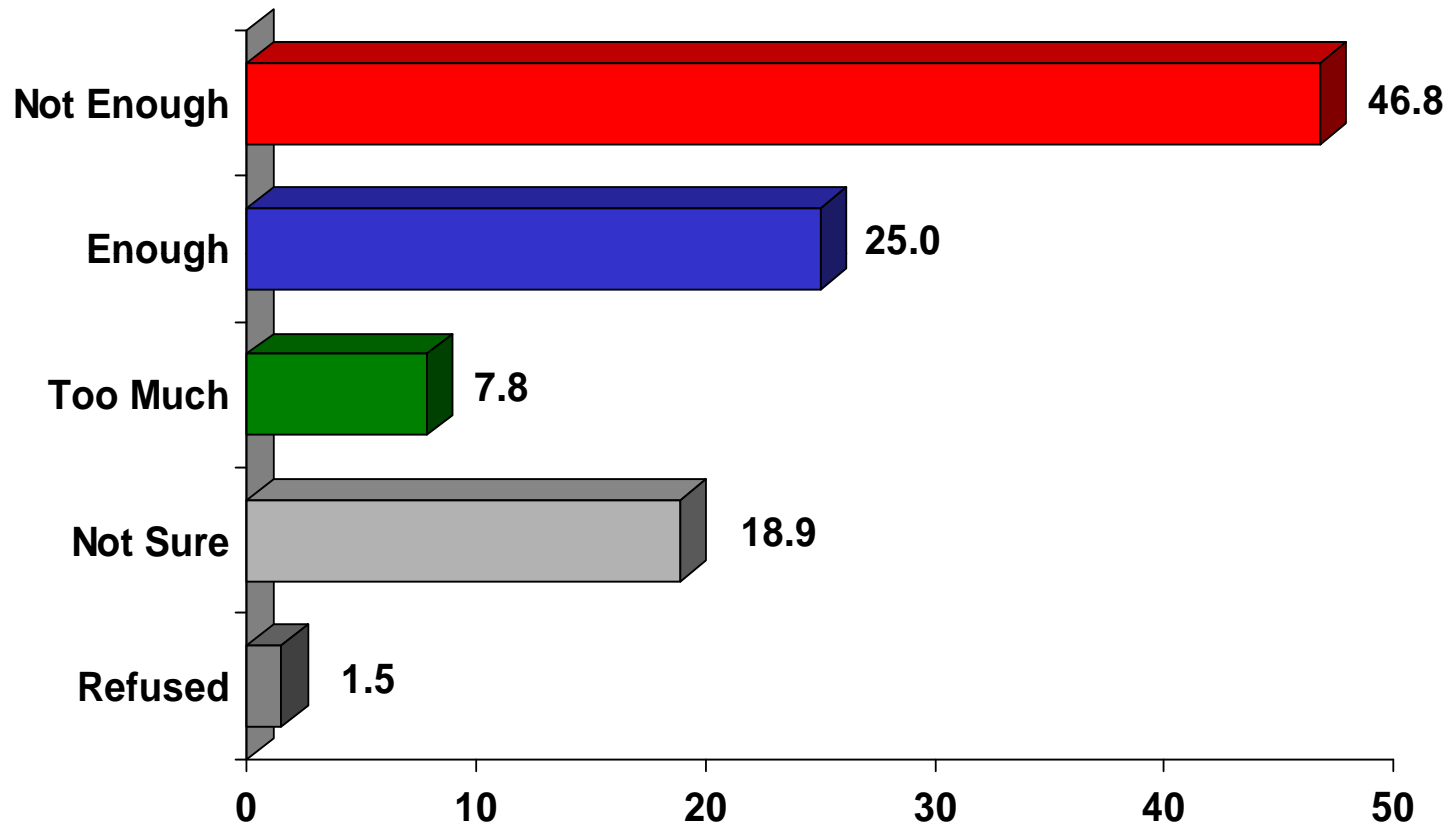
	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N = 500)	(N = 1000)	(N = 1000)
Yes	NA	2.2%	2.2%
No	NA	97.5	97.4
Don't know/Refused	NA	0.1	0.4



# Is North Carolina Doing Enough or Too Much to Help Those Facing Foreclosure in the State?

(among all study respondents, N = 1,000)

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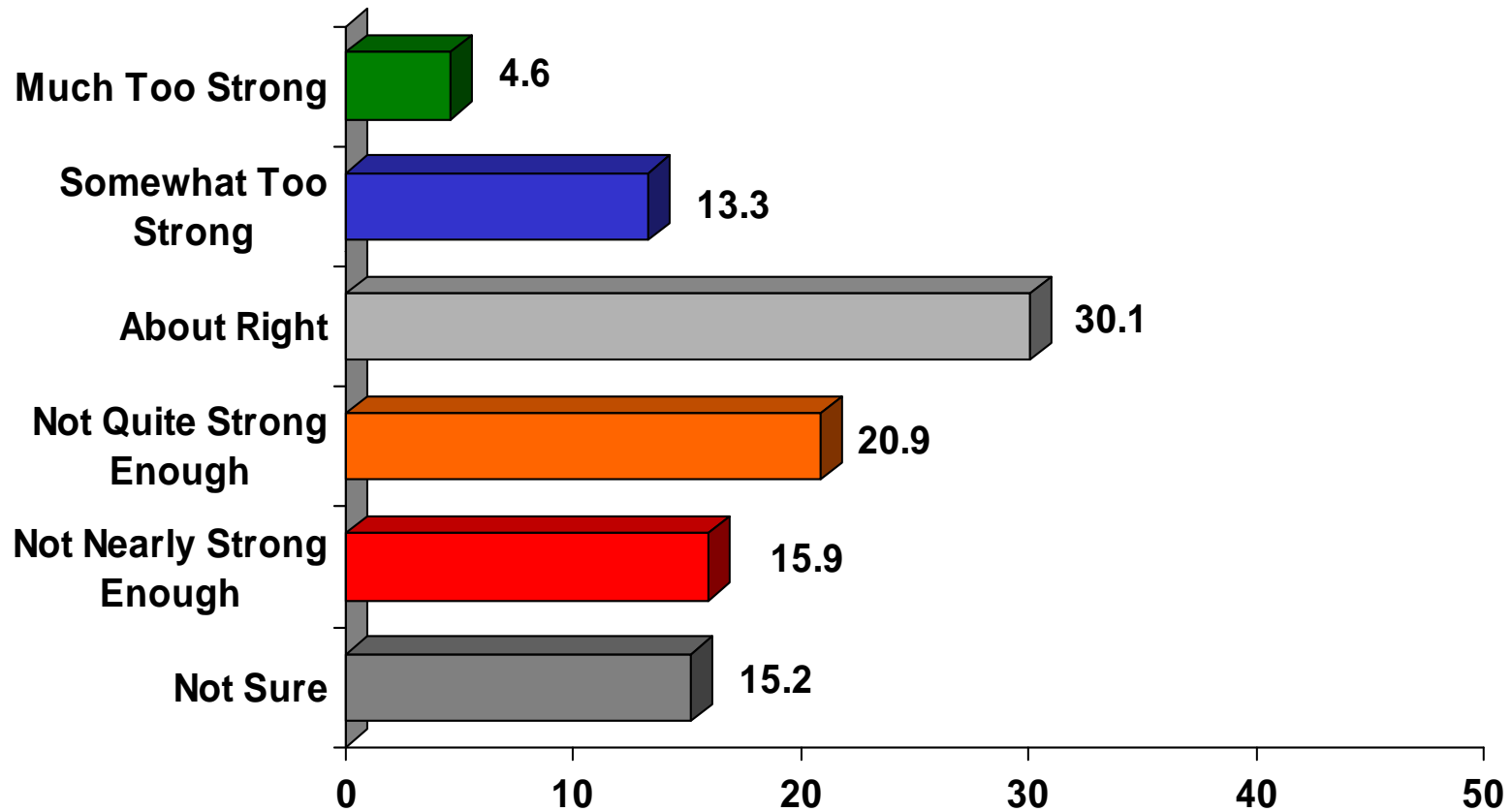
## Is North Carolina Doing Enough or Too Much to Help Those Facing Foreclosure in the State? (among all study respondents)

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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N = 500)	(N = 1000)	(N = 1000)
Enough	NA	26.5%	25.0%
Not Enough	NA	42.6	46.8
Too Much	NA	8.9	7.8
Not Sure	NA	21.2	18.9
Refused	NA	0.8	1.5

# Overall Perceptions of NC Regulations Relative to the Financial Services Industry (among all study respondents, N = 1000)

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## Overall Perceptions of NC Regulations Relative to the Financial Services Industry (among all study respondents)

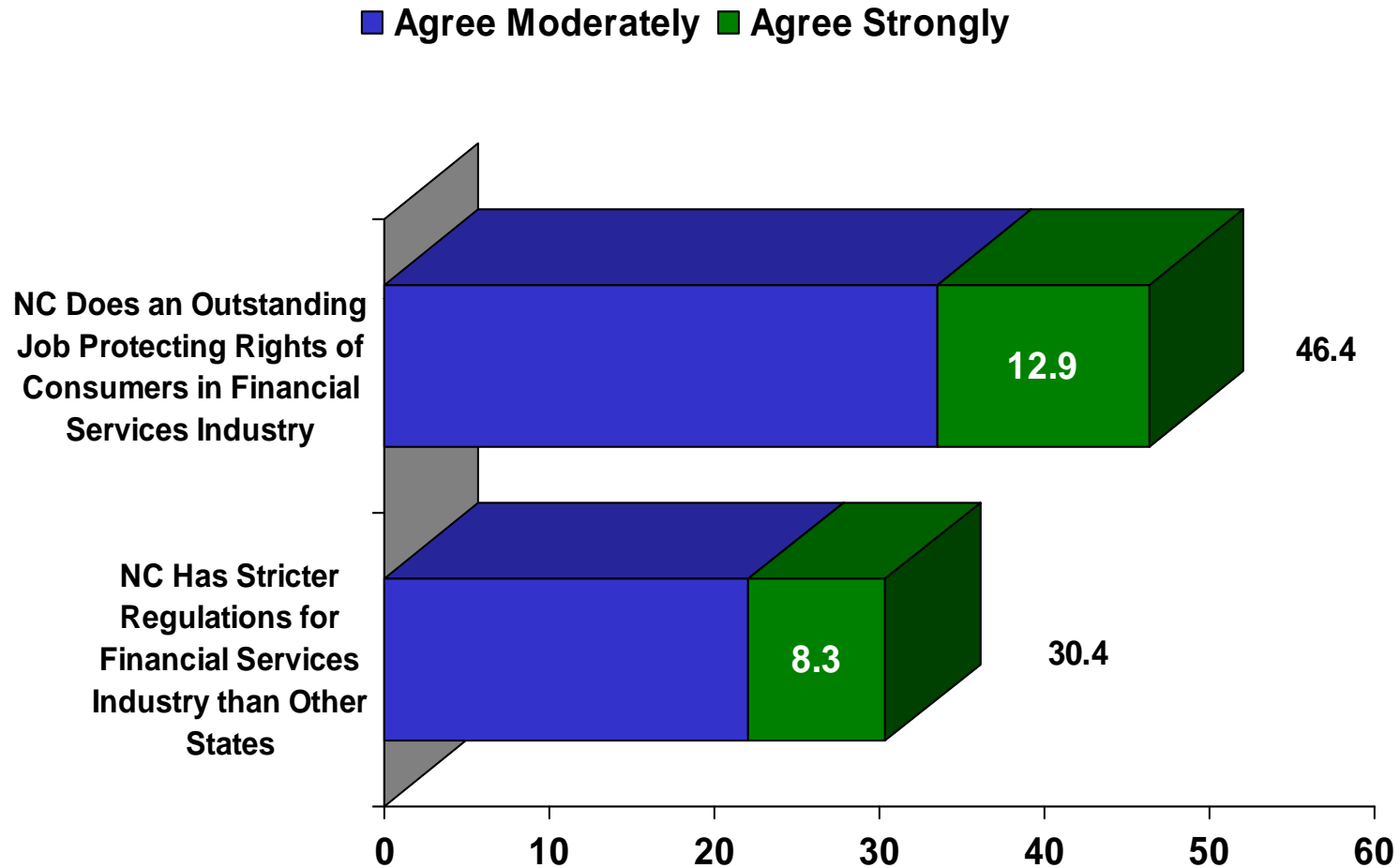
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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N – 500)	(N – 1000)	(N – 1000)
Much Too Strong	4.0%	3.4%	4.6%
Somewhat Too Strong	5.8	9.9	13.3
About Right	43.0	35.6	30.1
Not Quite Strong Enough	17.0	22.0	20.9
Not Nearly Strong Enough	8.4	15.5	15.9
Not Sure	21.8	13.6	15.2

# General Perceptions of North Carolina Financial Industry Regulations

(among all study respondents, N = 1,000)

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## General Perceptions of North Carolina Financial Industry Regulations (among all study respondents)

	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N = 500)	(N = 1000)	(N = 1000)
<b>“North Carolina has stricter regulations for the financial services industry than other states.”</b>			
Agree Strongly	10.4%	6.5%	8.3%
Agree Moderately	13.2	19.2	22.1
Neither Agree nor Disagree	26.6	34.7	26.4
Disagree Moderately	7.6	11.8	14.8
Disagree Strongly	3.6	6.0	5.8
Don't Know	38.6	21.8	22.6
<b>“The state of North Carolina does an outstanding job of protecting the rights of customers against abuses in the financial services industry.”</b>			
Agree Strongly	15.4%	7.3%	12.9%
Agree Moderately	30.8	30.5	33.5
Neither Agree nor Disagree	22.4	34.4	20.5
Disagree Moderately	7.0	12.2	12.2
Disagree Strongly	6.8	7.8	8.1
Don't Know	17.6	7.8	12.8

## Problems and Concerns with Financial Services and Service Providers in the State

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- As already indicated, the vast majority of consumers are satisfied with the financial institutions and services they have experienced over the past two years. Further, when asked if they think lenders in the state treat customers fairly, they are significantly more likely to agree (49.3%) than to disagree (26.8%).  
  
Still, when asked directly, findings identify a number of concerns and/or perceived problems.
- When it comes to banking institutions in the state, the majority of respondents perceive there to be at least some level of problem (*major* or *minor*) with:
  - ✓ Fairness of rates and fees (60.1%);
  - ✓ Availability of credit and credit products (55.0%); and
  - ✓ Stability and financial strength (50.5%).
- Findings suggest that concerns about the stability and financial strength of banking institutions have softened this year, but are still significantly higher than they were in 2007; concerns about the fairness of rates and fees have increased significantly.

## Problems and Concerns with Financial Services and Service Providers in the State

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- Nearly half (45.7%) of study respondents indicate they feel there are *major* or *minor problems* with unfair lending practices with banking institutions in North Carolina, particularly when it comes to mortgage loans.
- Consistent with this, when it comes to mortgage lending, the majority of study respondents feel there are *major* or *minor* problems with:
  - ✓ Ability to get a loan (66.7%);
  - ✓ Fairness of rates and fees (63.3%);
  - ✓ Foreclosure rates (62.8%);
  - ✓ Stability and financial strength (61.2%);
  - ✓ Misrepresentation of information (57.1%);
  - ✓ Unfair lending practices (54.1%); and
  - ✓ Mortgage fraud (52.4%).
- For the most part, these levels are have not changed significantly since 2009, but continue to be dramatically higher than they were in 2007.



## Problems and Concerns with Financial Services and Service Providers in the State

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- As a new measure this year, those respondents with a mortgage loan (n = 467) were asked about perceived problems with mortgage servicing. In general, findings identify lower levels of concern relative to mortgage servicing than other financial services. The only two issues on which a majority of respondents identify concerns include:
  - ✓ Foreclosure practices (55.8%); and
  - ✓ Fairness of service-related fees (54.0%).
- Finally, relative to consumer finance companies and other non-bank lenders, a majority of respondents identify *major* or *minor* problems with:
  - ✓ Fairness of rates and fees (62.2%);
  - ✓ Availability of credit and loans (58.3%);
  - ✓ Misrepresentation of information (57.2%);
  - ✓ Stability and financial strength (56.4%);
  - ✓ Fraud (54.7%); and
  - ✓ Unfair lending practices (54.3%).

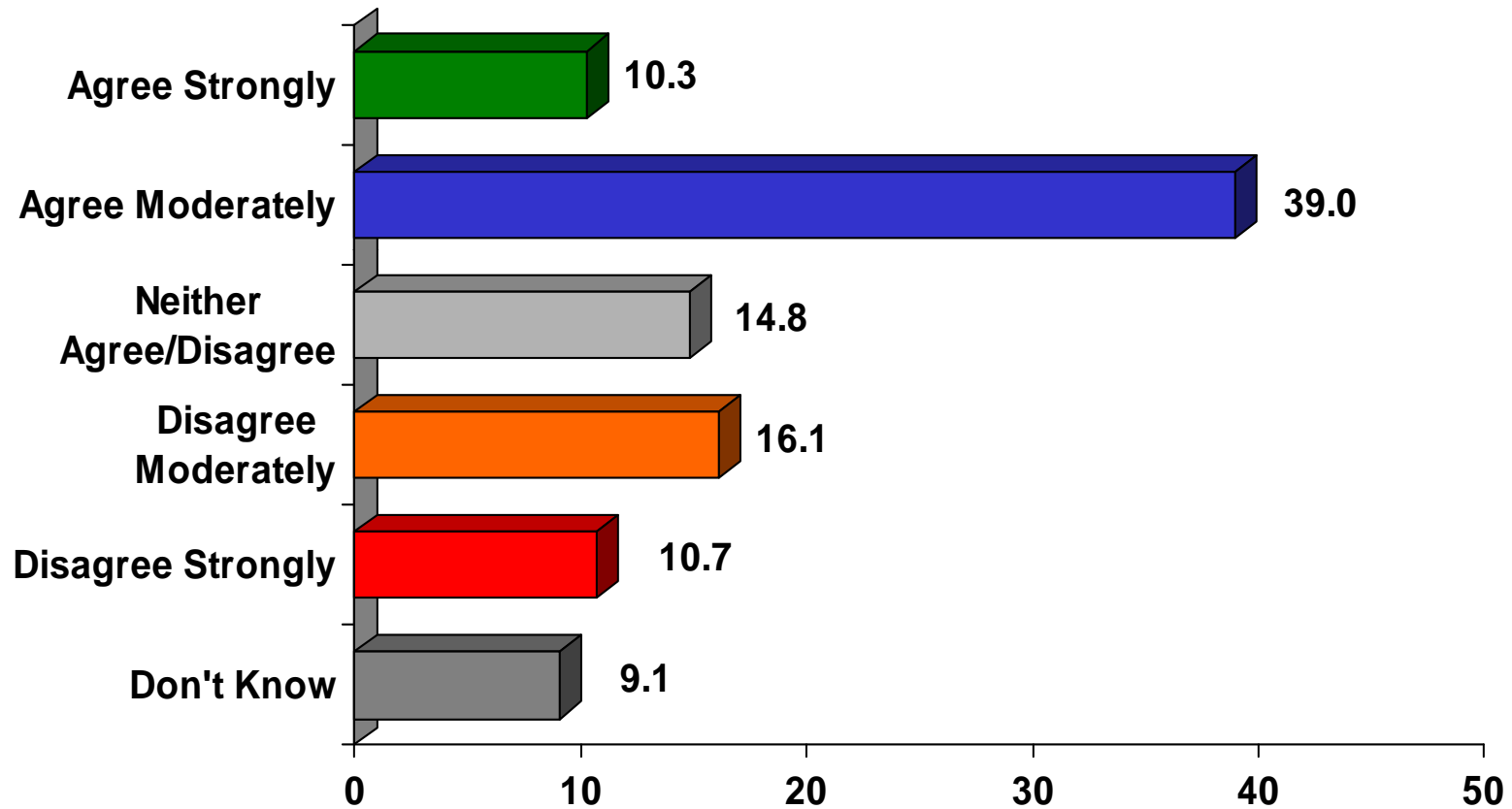
## Problems and Concerns with Financial Services and Service Providers in the State

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- These levels have been reasonably consistent since 2007, with the exception of concerns about the availability of credit and loans, stability and financial strength, and customer service. The proportion of respondents indicating there are *major problems* with these issues has increased significantly since 2007.
- Despite their concerns and perceived problems with financial services and service providers in the state, findings do not identify high levels of actual problems for consumers.
  - ✓ 15.8% indicate they feel they were treated unfairly or that things were misrepresented by any type of financial service organization within the past two years (down from 18.7% in 2009); and
  - ✓ 11.4% report having an unresolved problem or complaint with any type of financial service or organization within the past two years, (down slightly from 12.3% in 2009).

**“I think lenders in the state treat customers fairly.”**  
(among all study respondents, N = 1000)

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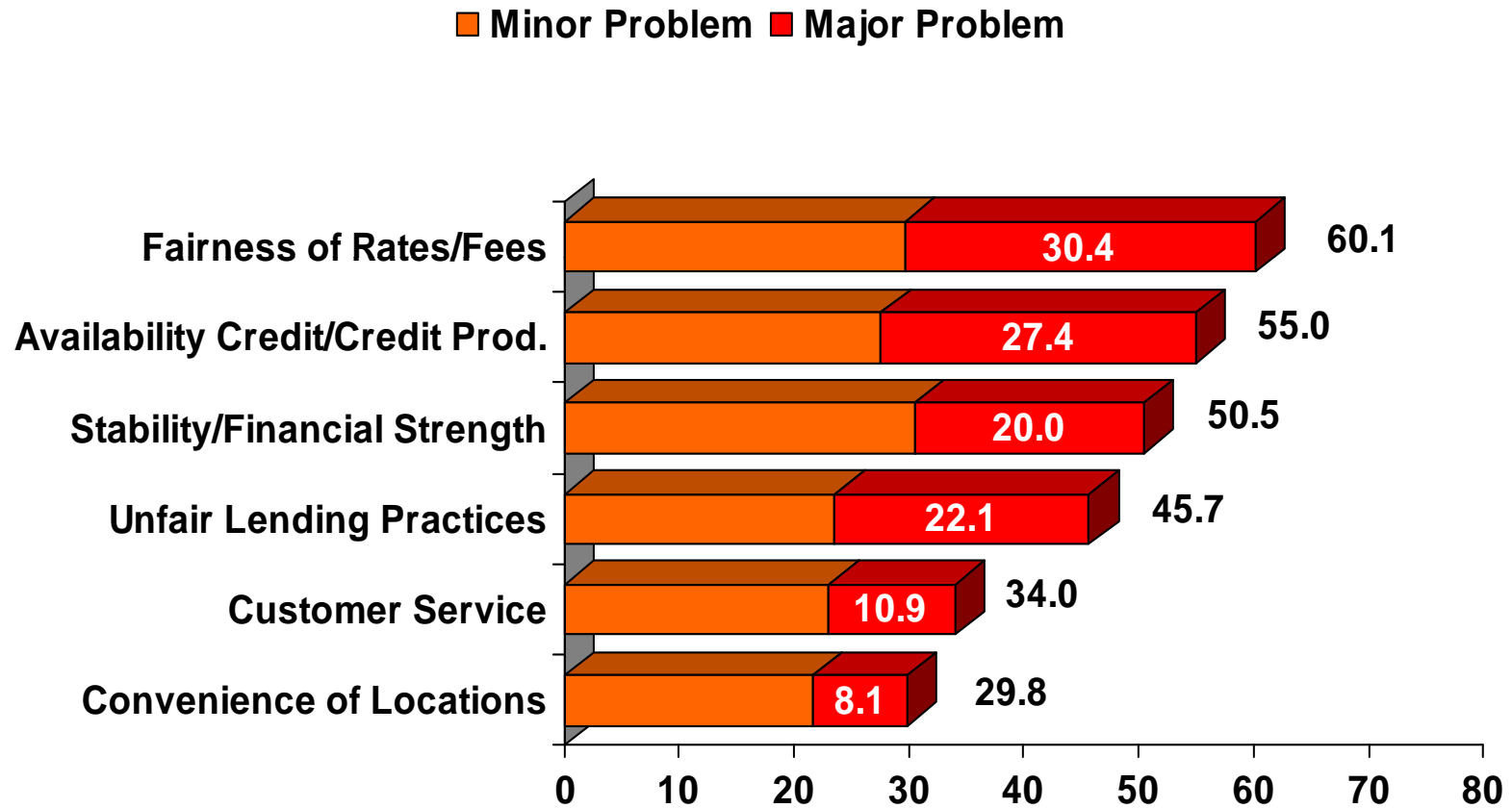
## General Perceptions of North Carolina Financial Industry Regulations (among all study respondents)

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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N = 500)	(N = 1000)	(n = 1000)
<b>“I think lenders in this state treat customers fairly.”</b>			
Agree Strongly	13.8%	9.4%	10.3%
Agree Moderately	38.2	36.9	39.0
Neither Agree nor Disagree	16.0	22.0	14.8
Disagree Moderately	12.8	14.9	16.1
Disagree Strongly	7.6	8.8	10.7
Don't Know	11.6	8.0	9.1

## Perceived Problems with Banking Institutions in NC (among all study respondents, N = 1,000)

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## Perceived Problems with Banking Institutions in NC (% indicating issue is a *Major Problem*)

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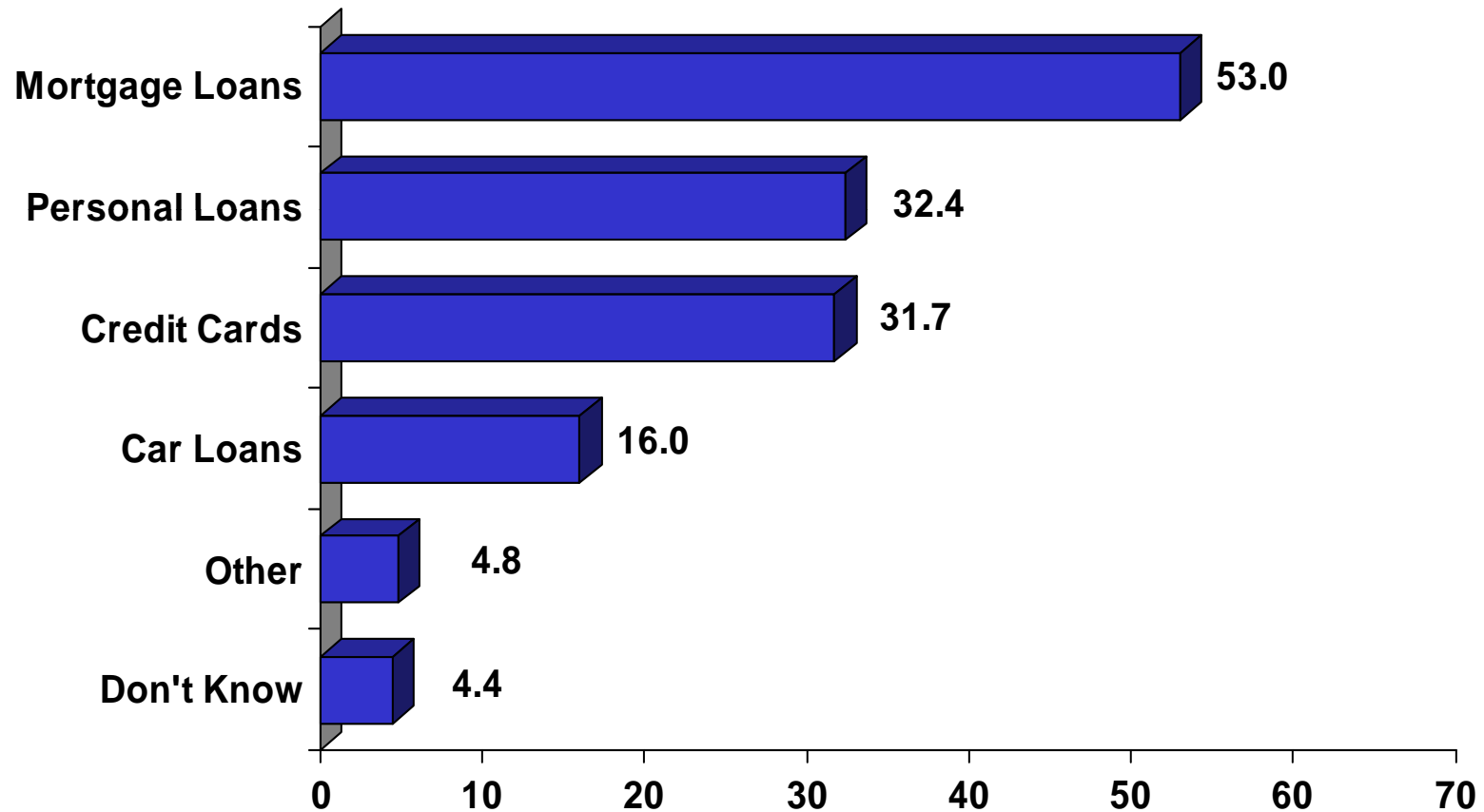
	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N = 500)	(N = 1000)	(N = 1000)
Fairness of Rates and Fees	21.6%	26.5%	30.4%
Availability of Credit and Credit-Related Products	15.8	31.0	27.4
Unfair Lending Practices	18.2	29.9	22.1
Stability/Financial Strength	9.0	34.2	20.0
Customer Service	6.6	10.1	10.9
Convenience of Locations	3.8	8.6	8.1

# What Types of (Banking) Loans are Greatest Concern

## RE: Unfair Lending Practices

(among those who feel there is a problem, n = 457)

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## What Types of (Banking) Loans are Greatest Concern RE: Unfair Lending Practices (among those who feel there is a problem)

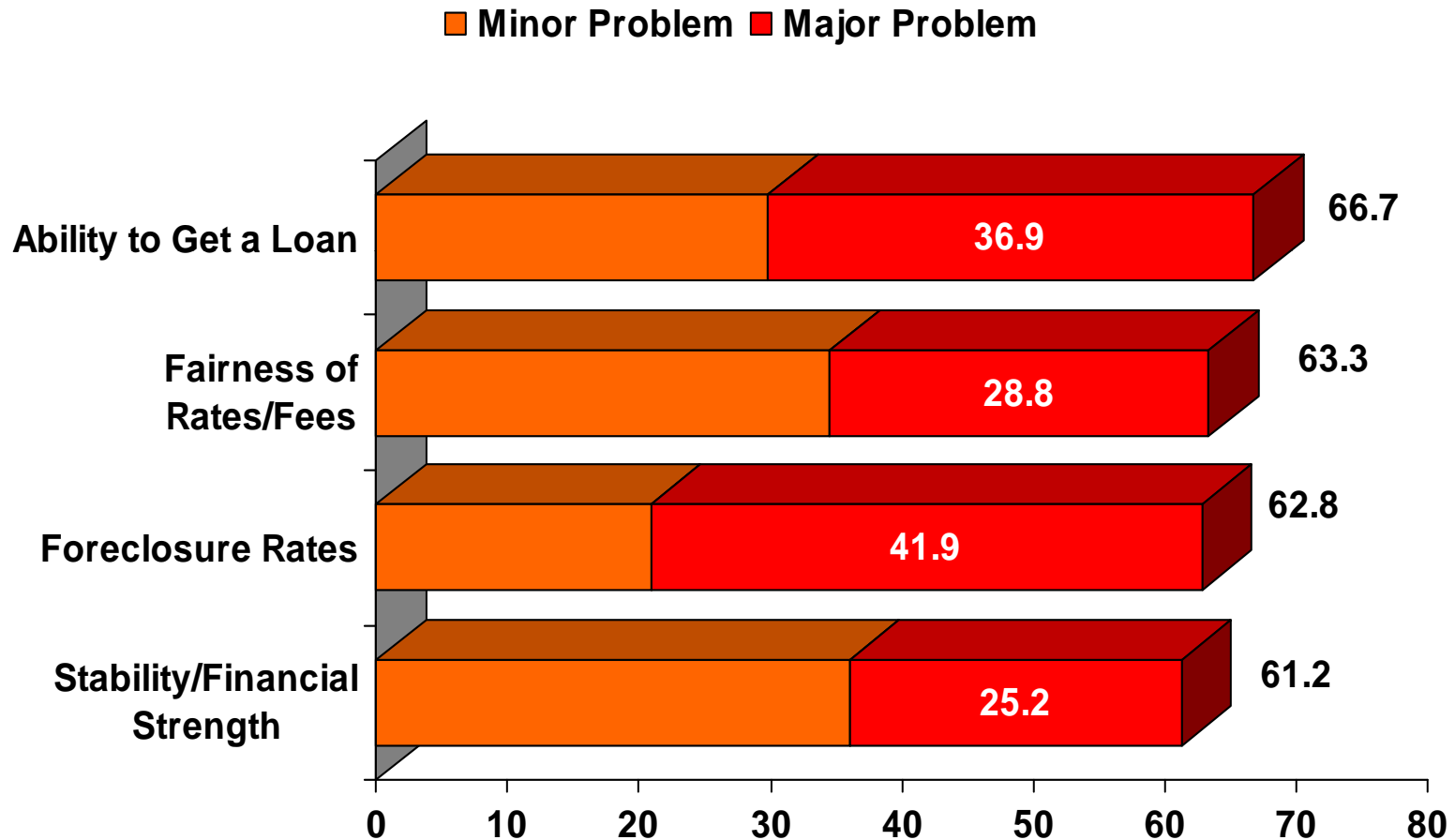
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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(n = 206)	(n = 651)	(n = 457)
Mortgage Loans	50.5%	56.2%	53.0%
Personal Loans	35.9	23.0	32.4
Credit Cards	33.5	28.7	31.7
Car Loans	24.3	15.1	16.0
Other	2.4	2.2	4.8
Don't Know	5.8	7.7	4.4
None	0.0	1.2	0.2



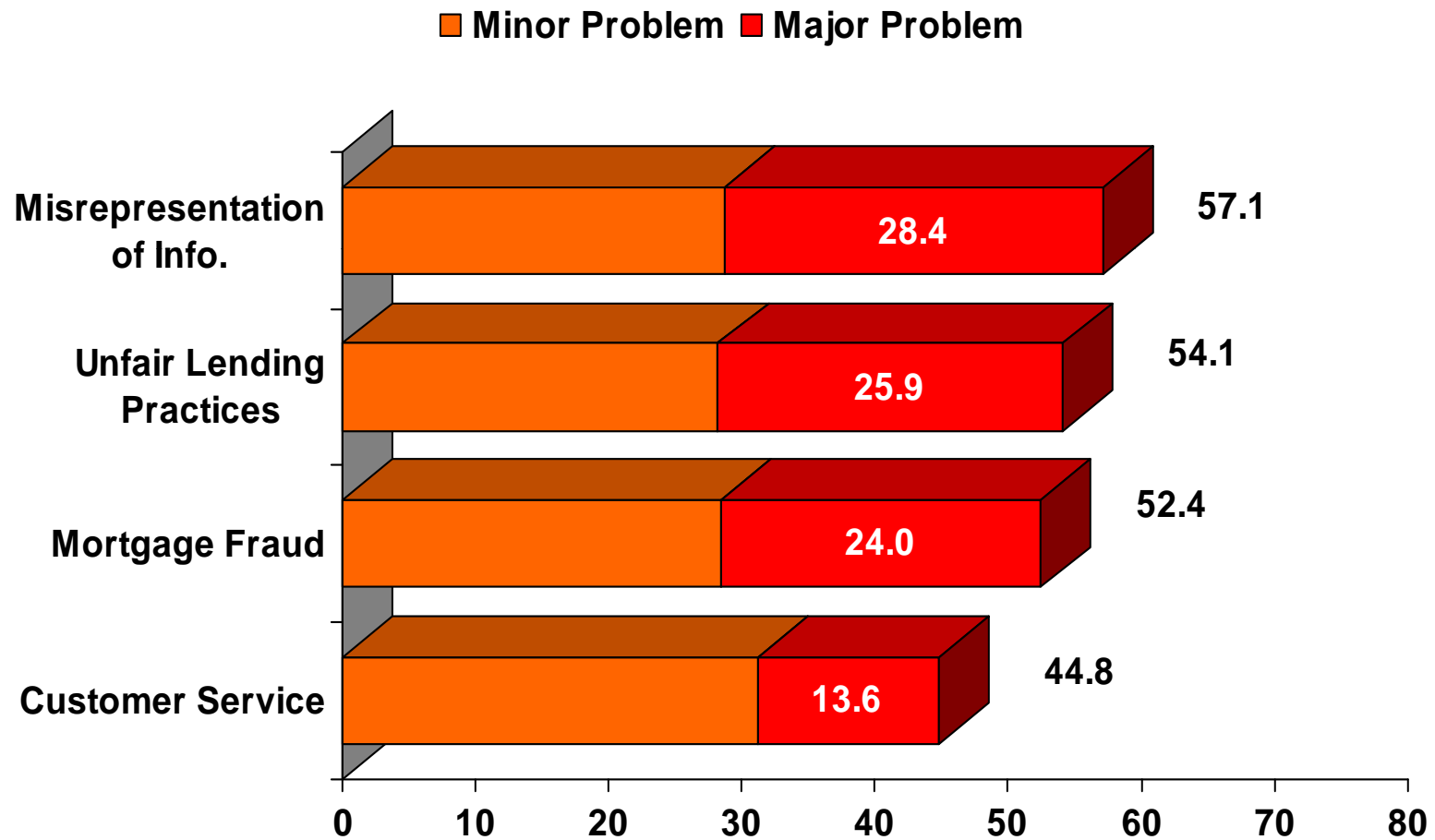
## Perceived Problems with Mortgage Lending in NC (1 of 2) (among all study respondents, N = 1,000)

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## Perceived Problems with Mortgage Lending in NC (2 of 2) (among all study respondents, N = 1,000)

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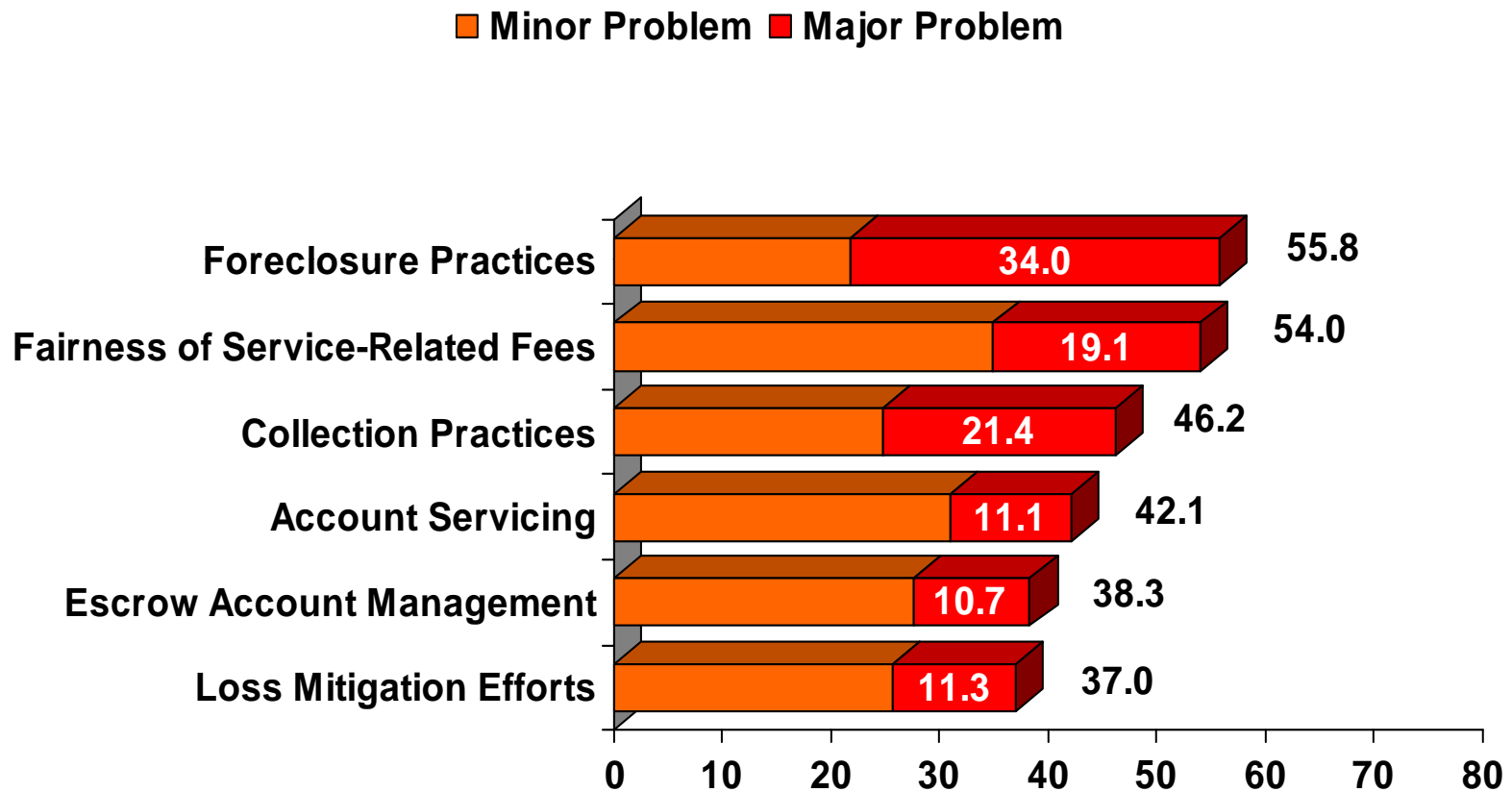
## Perceived Problems with Mortgage Lending in NC (% indicating issue is a *Major Problem*)

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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N = 500)	(N = 1000)	(N = 1000)
Foreclosure Rates	26.8%	43.9%	41.9%
Ability to Get a Loan	19.0	37.5	36.9
Fairness of Rates and Fees	21.4	26.8	28.8
Misrepresentation of Information	21.4	28.4	28.4
Unfair Lending Practices	15.8	28.3	25.9
Stability/Financial Strength	10.4	30.3	25.2
Mortgage Fraud	15.8	26.3	24.0
Customer Service	6.2	10.6	13.6

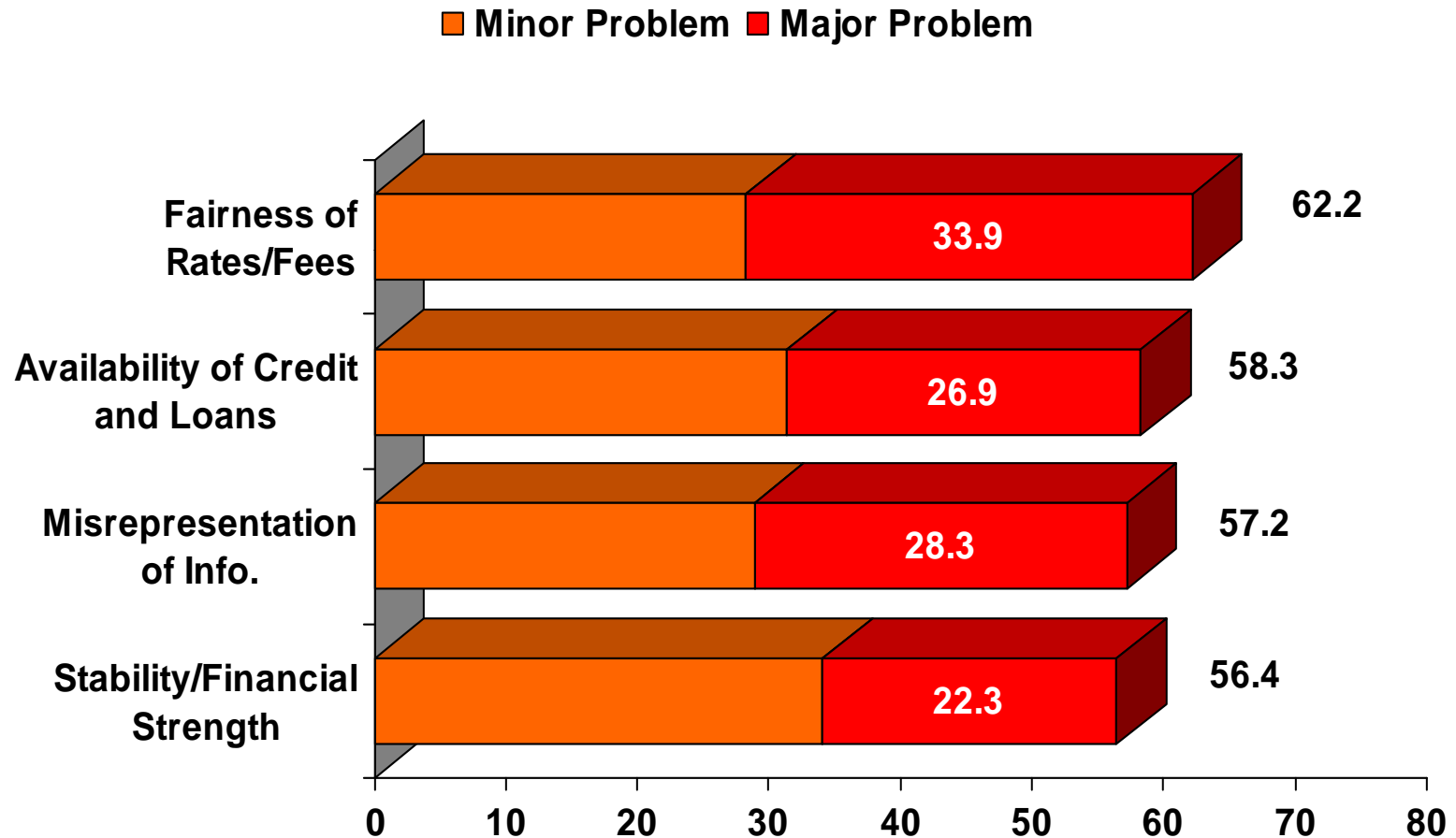
## Perceived Problems with Mortgage Servicing in NC (among those with a mortgage loan, n = 467)

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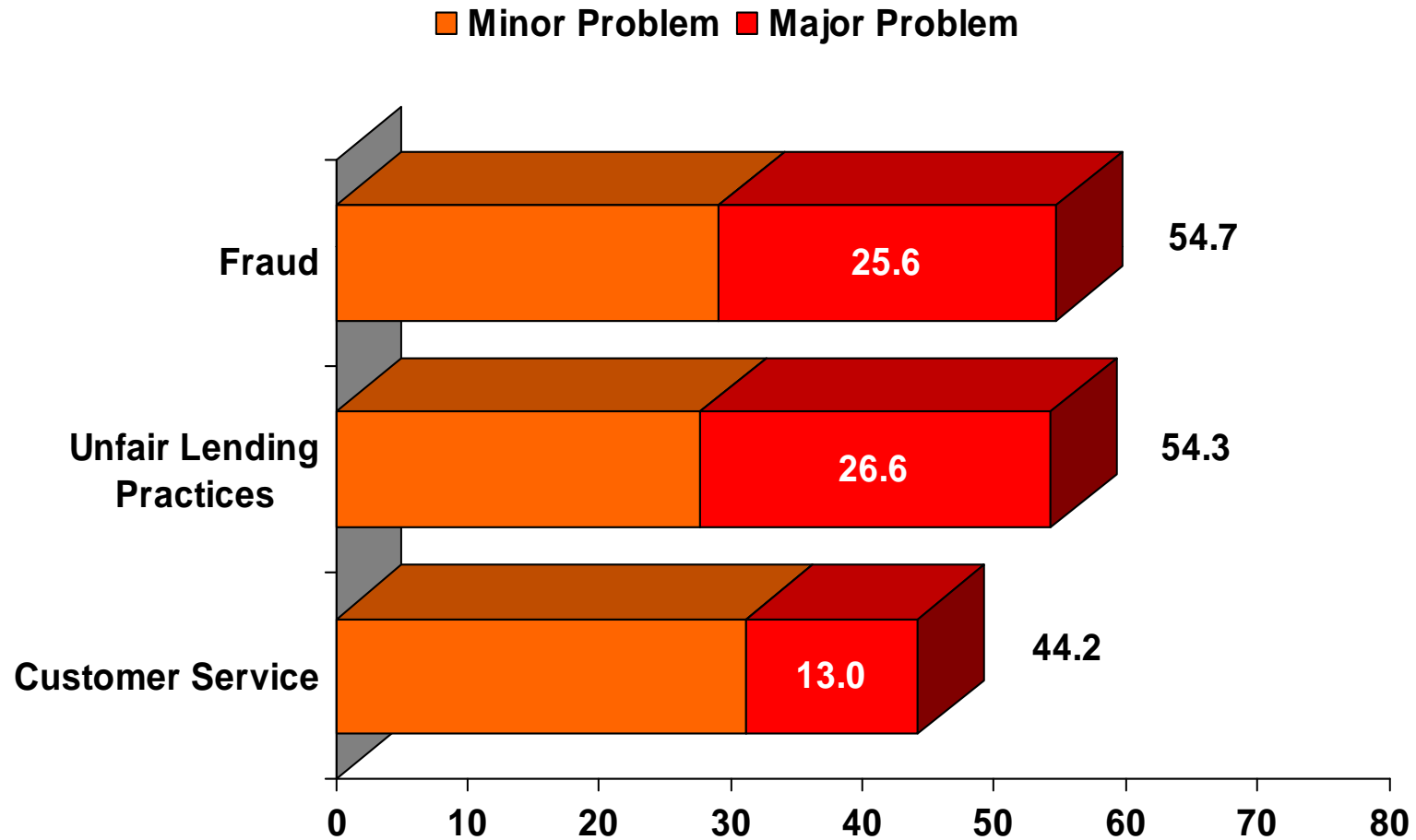
# Perceived Problems with Consumer Finance Companies and Other Non-Bank Lenders (1 of 2) (among all study respondents, N = 1,000)

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# Perceived Problems with Consumer Finance Companies and Other Non-Bank Lenders (2 of 2) (among all study respondents, N = 1,000)

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## Perceived Problems with Consumer Finance Companies and Other Non-Bank Lenders

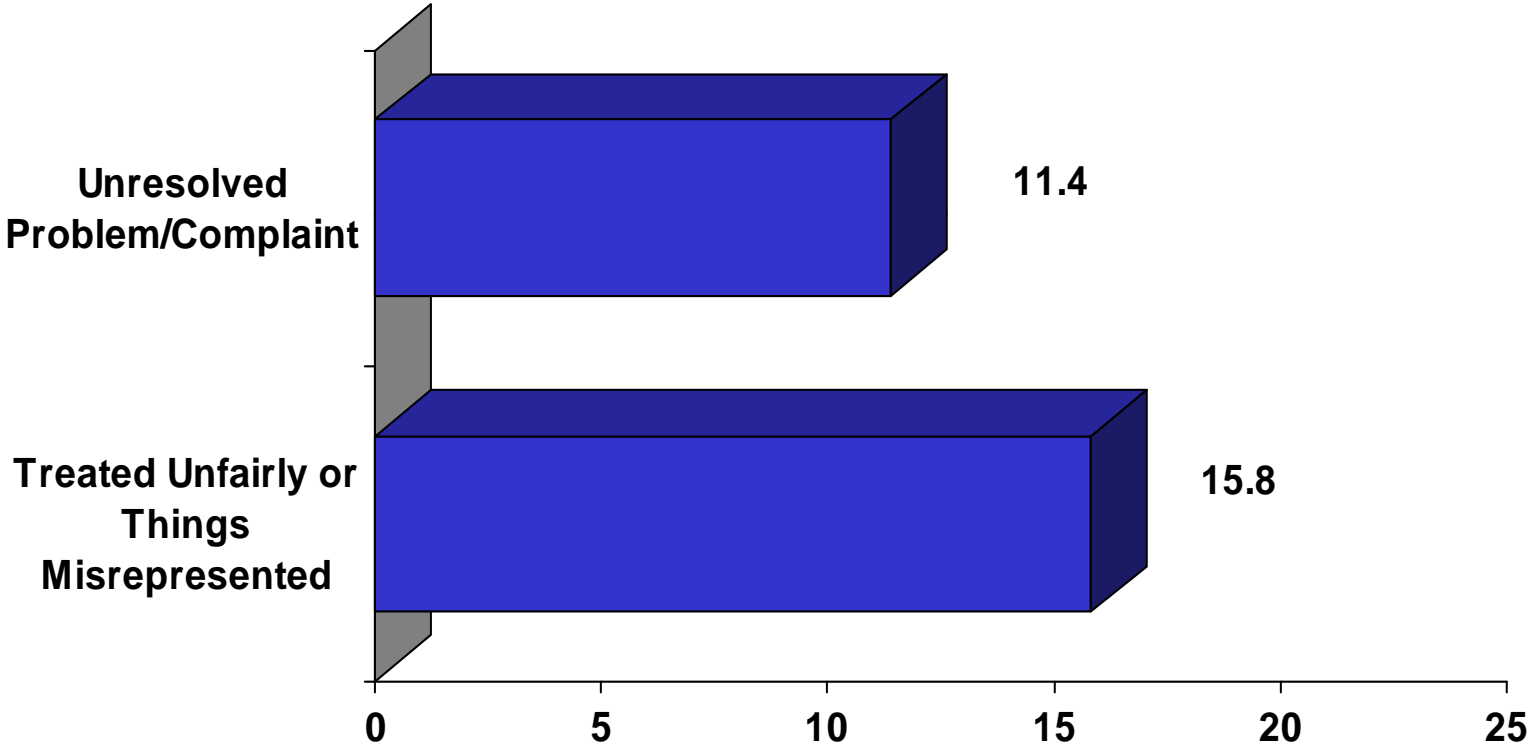
(% indicating “major problem”)

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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N = 500)	(N = 1000)	(N = 1000)
Fairness of Rates and Fees	32.2%	32.7%	33.9%
Misrepresentation of Information	26.6	32.2	28.3
Availability of Credit and Loans	15.2	28.6	26.9
Unfair Lending Practices	24.0	28.6	26.6
Fraud	21.8	28.1	25.6
Stability and Financial Strength	15.6	28.5	22.3
Customer Service	8.4	11.5	13.0

# Incidence of Specific Problems with Any Financial Organization or Services Over Past Two Years (among all study respondents, N = 1,000)

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## Incidence of Specific Problems with Any Financial Organization or Services Over Past Two Years (among all study respondents)

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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N = 500)	(N = 1000)	(N = 1000)
<b>Unresolved Problem or Complaint</b>			
Yes	9.4%	12.3%	11.4%
No	90.2	87.3	87.9
Don't Know/Refused	0.4	0.4	0.7
<b>Treated Unfairly or Things Misrepresented</b>			
Yes	12.4%	18.7%	15.8%
No	86.4	79.9	83.5
Don't Know/Refused	1.2	1.4	0.7

# *A MarketSearch Study*

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**Awareness, Perceptions  
and Usage of NCCOB**

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## Awareness and Perceptions of the North Carolina Office of the Commissioner of Banks

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- Awareness of and familiarity with the North Carolina Office of the Commissioner of Banks (NCCOB) has increased moderately this year.
  - ✓ Currently one out of five respondents (20.6%) indicates they have heard of the NCCOB (up from 17.8% in 2007 and 17.5% in 2009); and
  - ✓ Nearly one out of ten (9.1%) says they are *somewhat* or *very familiar* with the NCCOB and its mission to regulate financial service providers to promote the strength, efficiency and fairness of the financial services marketplace for North Carolina's residents (up from 5.8% in both 2007 and 2009).
- Still, findings continue to identify some image challenges for the NCCOB.
  - ✓ Fully four out of five (79.5%) indicate they are *not familiar at all* with the NCCOB; and
  - ✓ Among those who have at least some familiarity (n = 202), ratings tend to be more negative than positive.
    - When it comes to the effectiveness of the NCCOB on promoting a strong and financially sound industry, 45% give a rating of *fair* or *poor*, compared to 34% who give a rating of *good* or *very good*.

# Awareness and Perceptions of the North Carolina Office of the Commissioner of Banks

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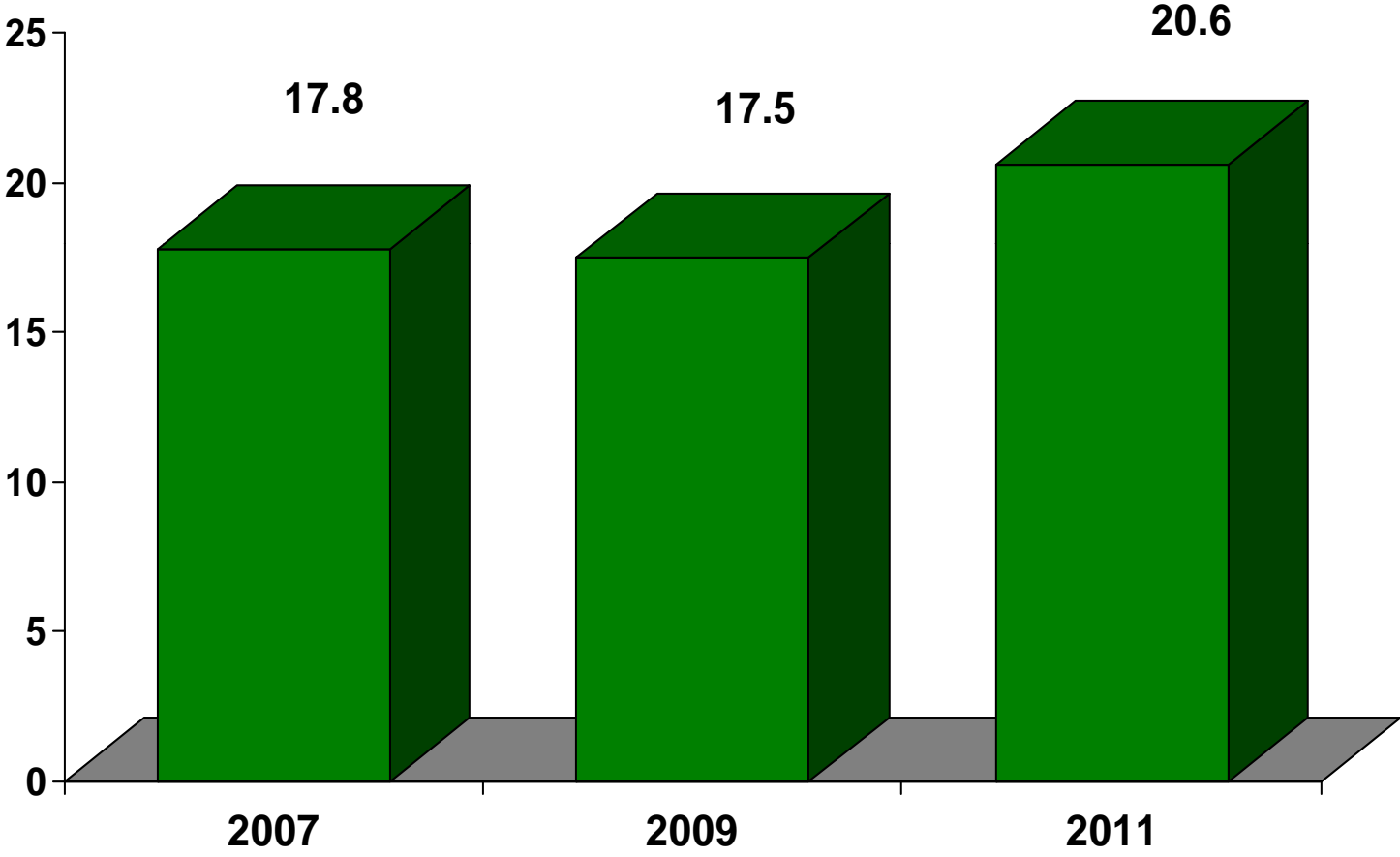
- Relative to the effectiveness of the NCCOB on promoting a fair and responsible industry, 48% give a rating of *fair* or *poor*, compared to 35% who give a rating of *good* or *very good*.

These ratings have fluctuated somewhat over time, but are within sampling error.

- Among those who are familiar with the North Carolina Office of the Commissioner of Banks (n = 202), most have heard about it through major media. Newspaper (27%) and television (17%) tend to be the dominant sources of information.

# Have Heard of North Carolina Office of the Commissioner of Banks (among study respondents)

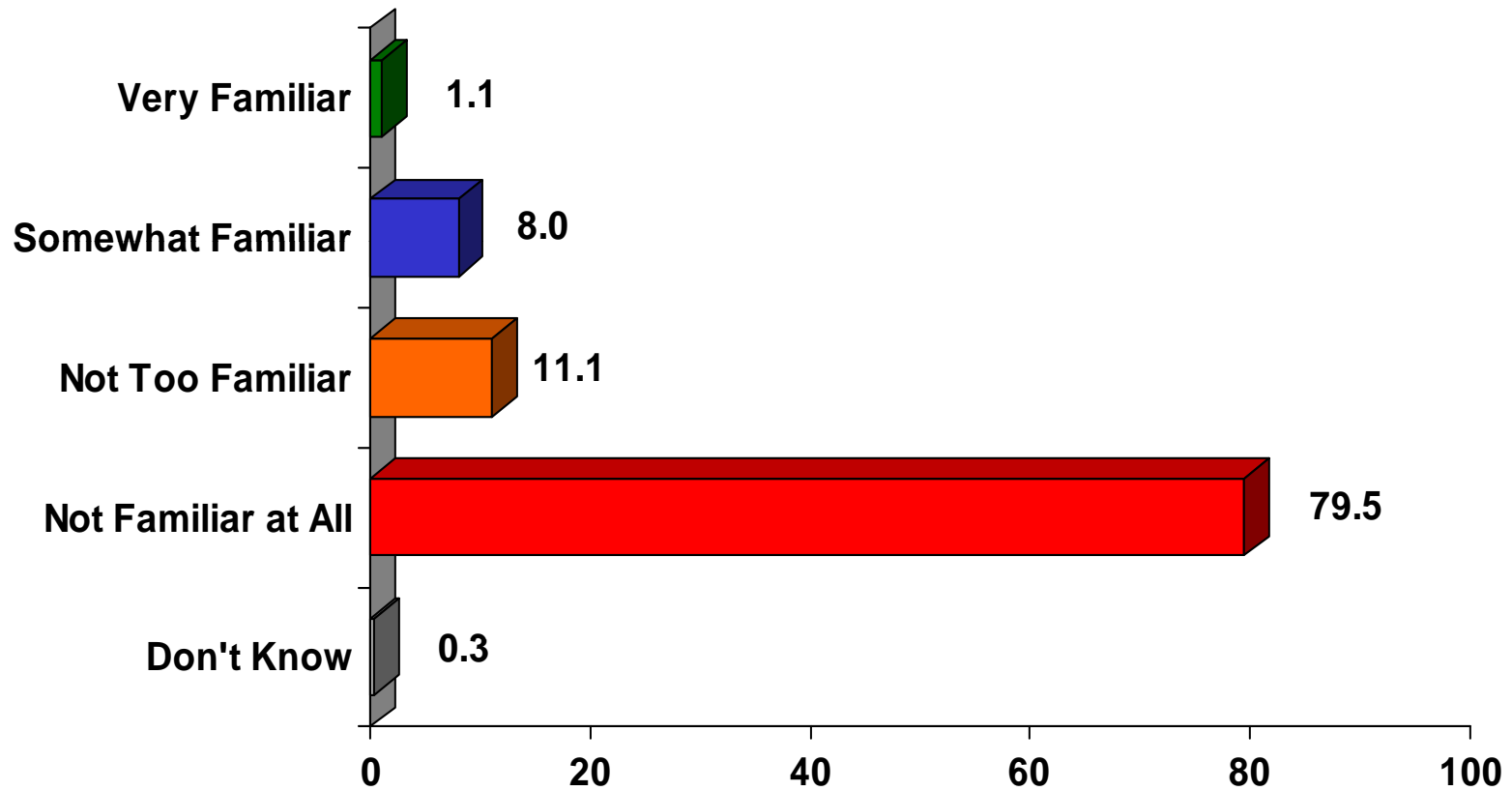
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# Familiarity with the NCCOB and Its Mission

(among study respondents, N = 1,000)

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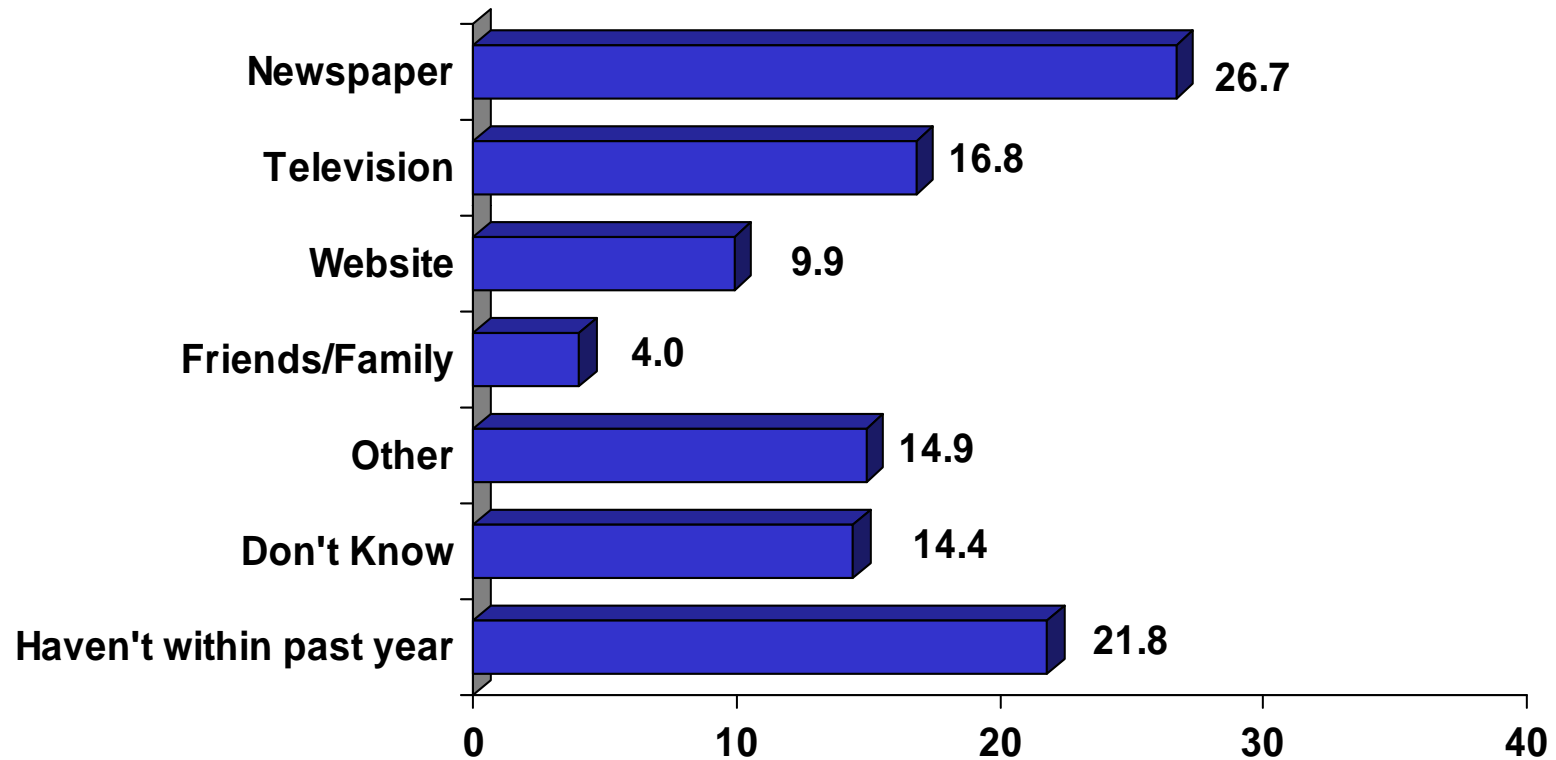
## Familiarity with the NCCOB and Its Mission (among study respondents)

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	<b><u>2007</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>
	(N = 500)	(N = 1000)	(N = 1000)
Very Familiar	1.0%	0.6%	1.1%
Somewhat Familiar	4.8	5.2	8.0
Not too Familiar	14.4	7.8	11.1
Not Familiar at All	78.4	84.8	79.5
Don't Know	1.4	1.6	0.3

**Where, If Anywhere, Have You Heard About the  
North Carolina Office of the Commissioner of Banks?**  
(within the past year, among those familiar with the NCCOB, n = 202)

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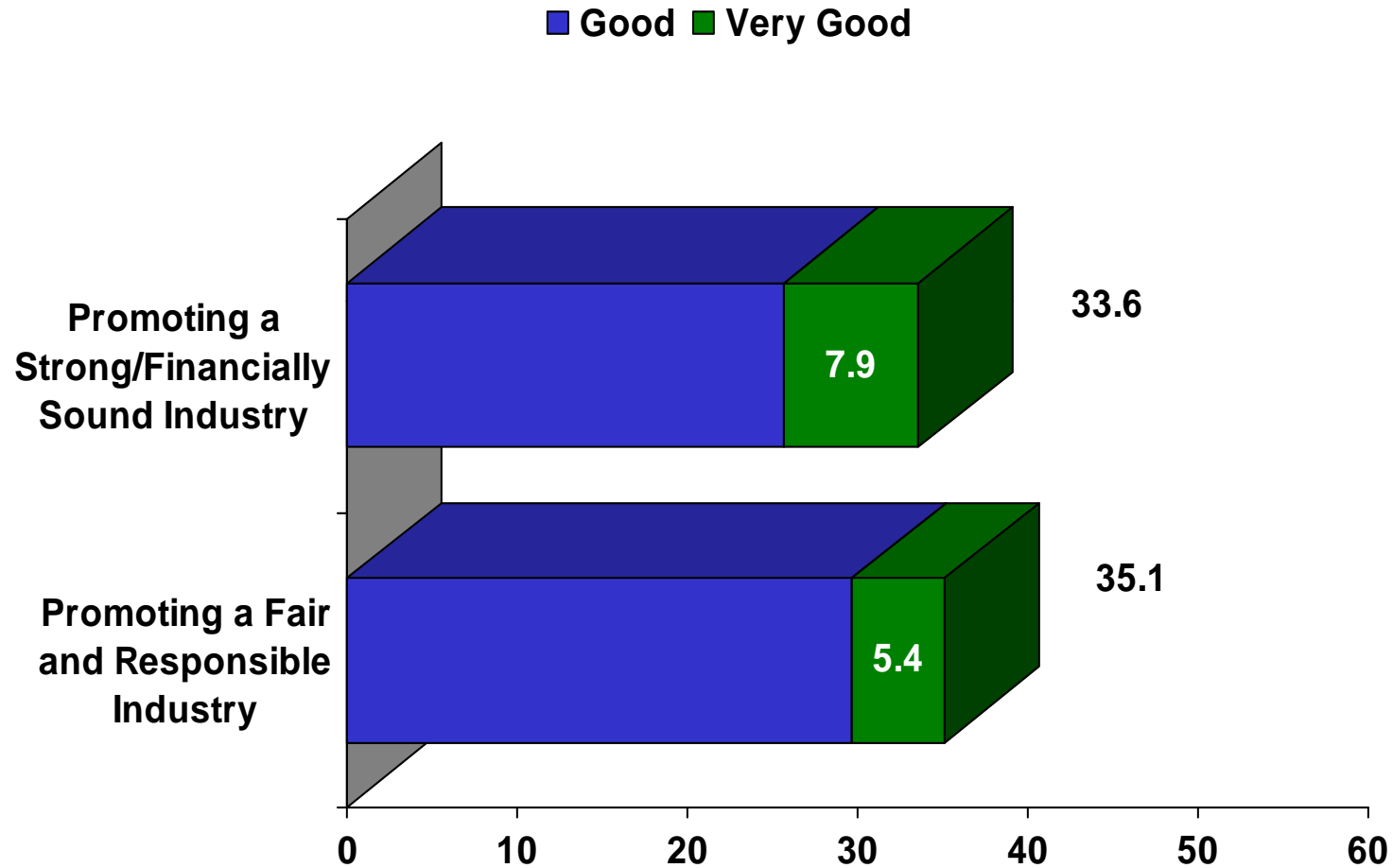




# Effectiveness of the NC Office of the Commissioner of Banks

(among those familiar with the NCCOB, n = 202)

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# Effectiveness of the NC Office of the Commissioner of Banks

(among those familiar with the NCCOB)

	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(n = 29*)	(n = 136)	(n = 202)
<b>Promoting a Strong and Financially Sound Industry</b>			
Very Good	17.2%	6.6%	7.9%
Good	34.5	20.6	25.7
Fair	24.1	34.6	32.2
Poor	10.3	17.6	12.4
Don't Know	13.8	20.6	21.8
<b>Promoting a Fair and Responsible Industry</b>			
Very Good	10.3%	5.9%	5.4%
Good	48.3	32.4	29.7
Fair	17.2	27.9	35.6
Poor	10.3	18.4	11.9
Don't Know	13.8	15.4	17.3

Q38a, b

\*Very small sample size limits data reliability and/or projectability.

## Likelihood of Utilizing the NCCOB

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- As in 2007 and 2009, the NCCOB is not immediately thought of as a resource for problems and/or issues relating to the financial services market.
  - ✓ Only 1.2% of individuals with a checking and/or savings account (n = 854) associate the NCCOB with banking regulations (on an unaided basis) ;
  - ✓ None mentions the NCCOB (on an unaided basis) when asked who they would go to for resolution assistance if they had an unresolved problem or complaint, were treated unfairly, or if financial services were misrepresented;
  - ✓ Only 2.0% associate NCCOB with foreclosure prevention and related programs (on an unaided basis); and
  - ✓ Only 1.1% have ever had dealings with the NCCOB.
- Still, findings identify significant willingness to utilize the NCCOB once more is known about it.
  - ✓ After being told about the the Office during the interview, more than two out of three respondents indicate they *definitely would* (30.2%) or *probably would* (39.1%) call the NCCOB if they had a problem with a financial services provider; and

## Likelihood of Utilizing the NCCOB

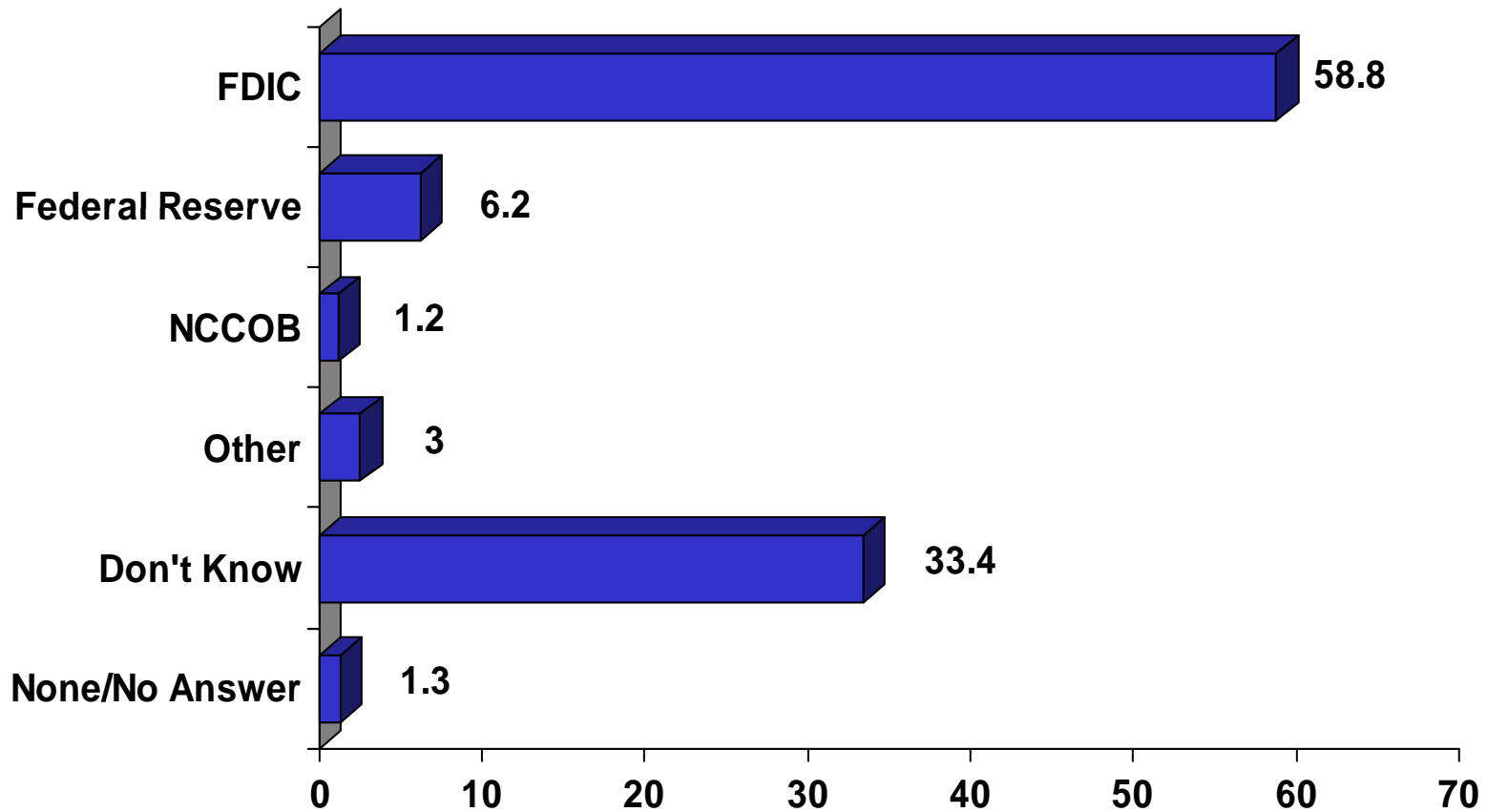
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- ✓ Nearly three out of four (73.0%) agree that if they had a problem or complaint with a lender, they would contact the state.
- Those who have had an experience with the NCCOB tend to have somewhat mixed impressions.  
Out of the 11 respondents who have had dealings with the NCCOB, 6 indicate they were satisfied, 4 were not satisfied, and 1 is undecided.

# Which Government Agency Regulates the Institution Where You Do Your Personal Banking?

(among those with a savings and/or checking account, N = 854)

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## Which Government Agency Regulates the Institution Where You Do Your Personal Banking?

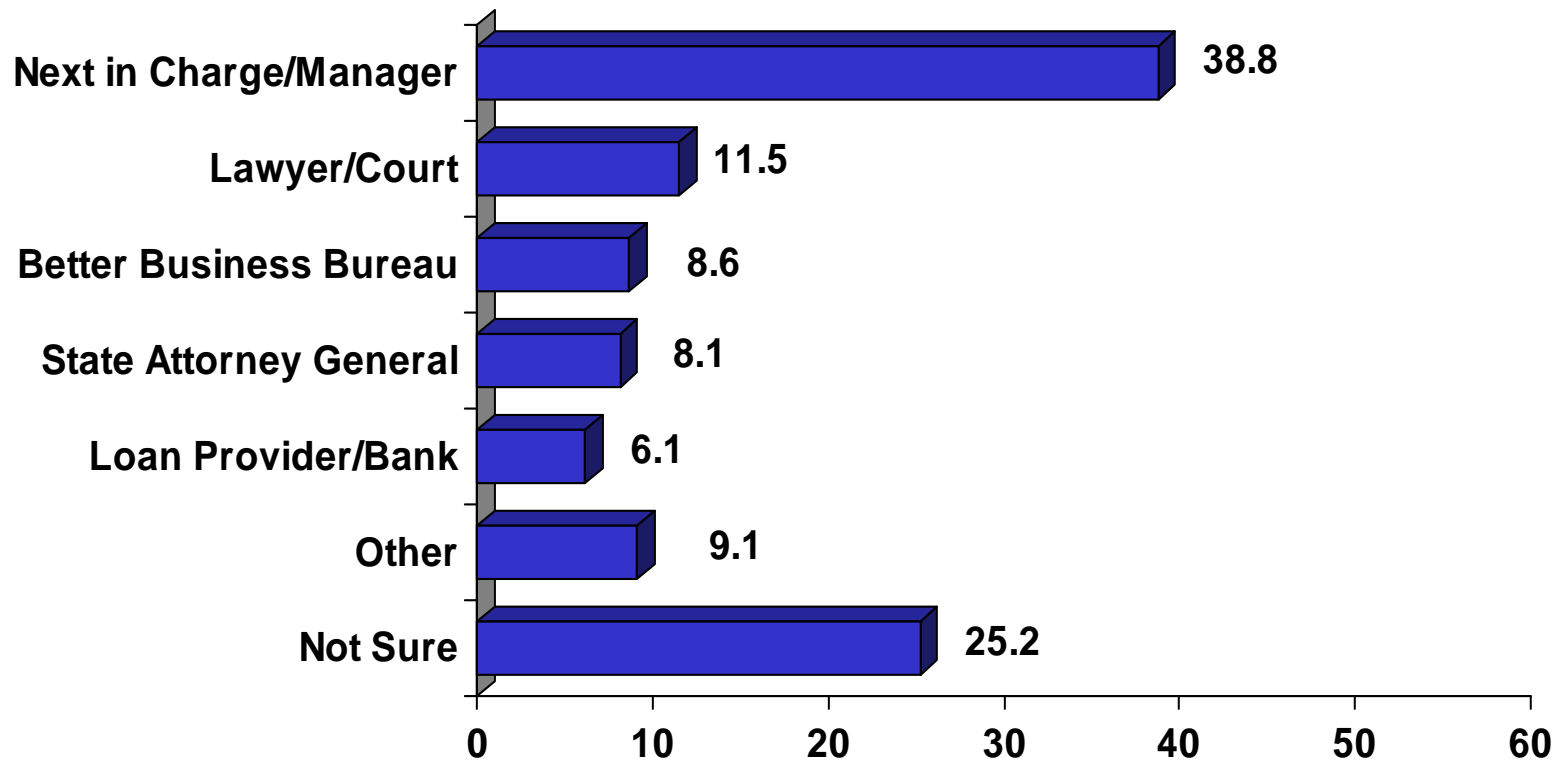
(among those with a savings and/or checking account)

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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(n – 459)	(n – 891)	(n – 854)
FDIC	58.6%	59.5%	58.8%
Federal Reserve	6.5	5.6	6.2
NCCOB	0.9	0.9	1.2
Other	0.9	2.6	2.5
Don't Know	27.7	32.2	33.4
None/No Answer	7.9	1.3	1.3

# If You Had an Unresolved Problem or Complaint Who Would You Go To for Resolution Assistance? (among study respondents, N = 1,000)

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## If You Had an Unresolved Problem or Complaint Who Would You Go To for Resolution Assistance? (among study respondents)

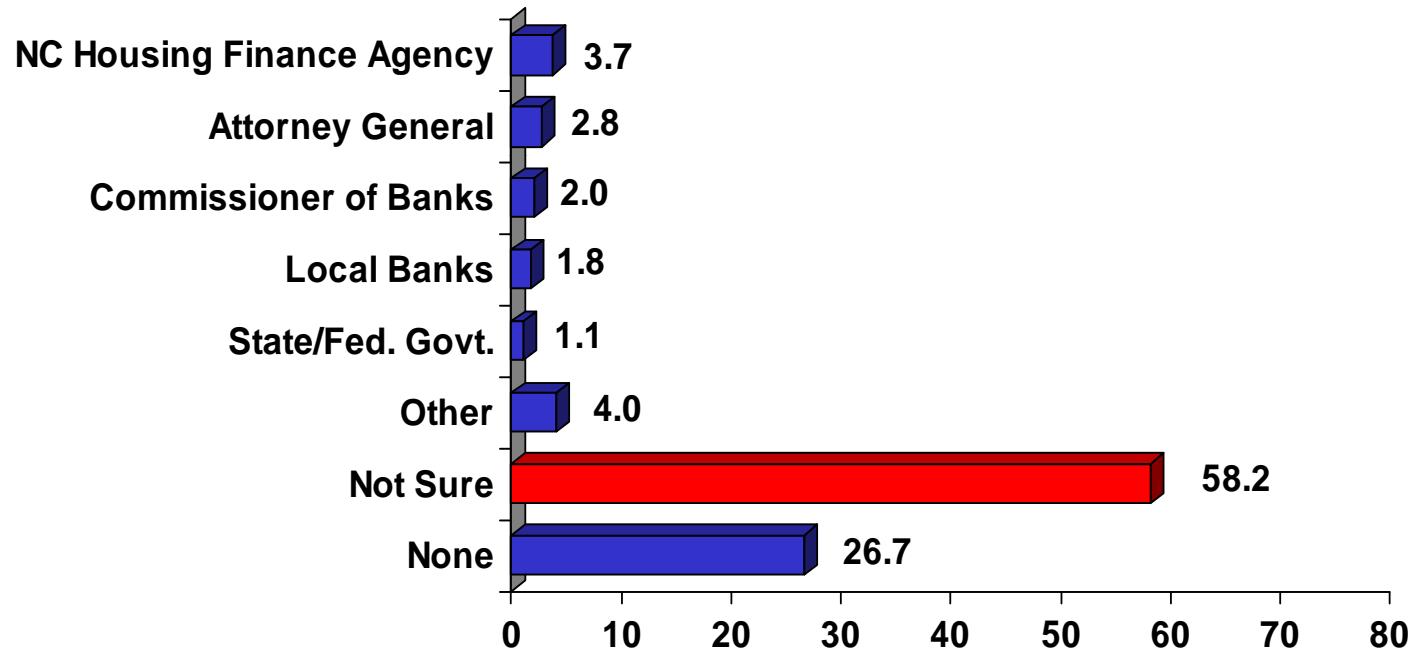
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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N = 500)	(N = 1000)	(N = 1000)
Next in Charge/President/Manager	26.8%	44.5%	38.8%
Lawyer/Court	11.4	9.6	11.5
Better Business Bureau	10.0	6.5	8.6
State Attorney General/Govt. Official	5.2	9.2	8.1
Loan Provider/Bank/Fin. Institution	11.2	4.0	6.1
Other	8.0	14.3	9.1
Not Sure/No Idea/Don't Know	27.4	20.0	25.2



## State Agencies Most Likely to Think of for Foreclosure Prevention and Related Programs (among all study respondents, N = 1,000)

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## If You Had an Unresolved Problem or Complaint Who Would You Go To for Resolution Assistance? (among study respondents)

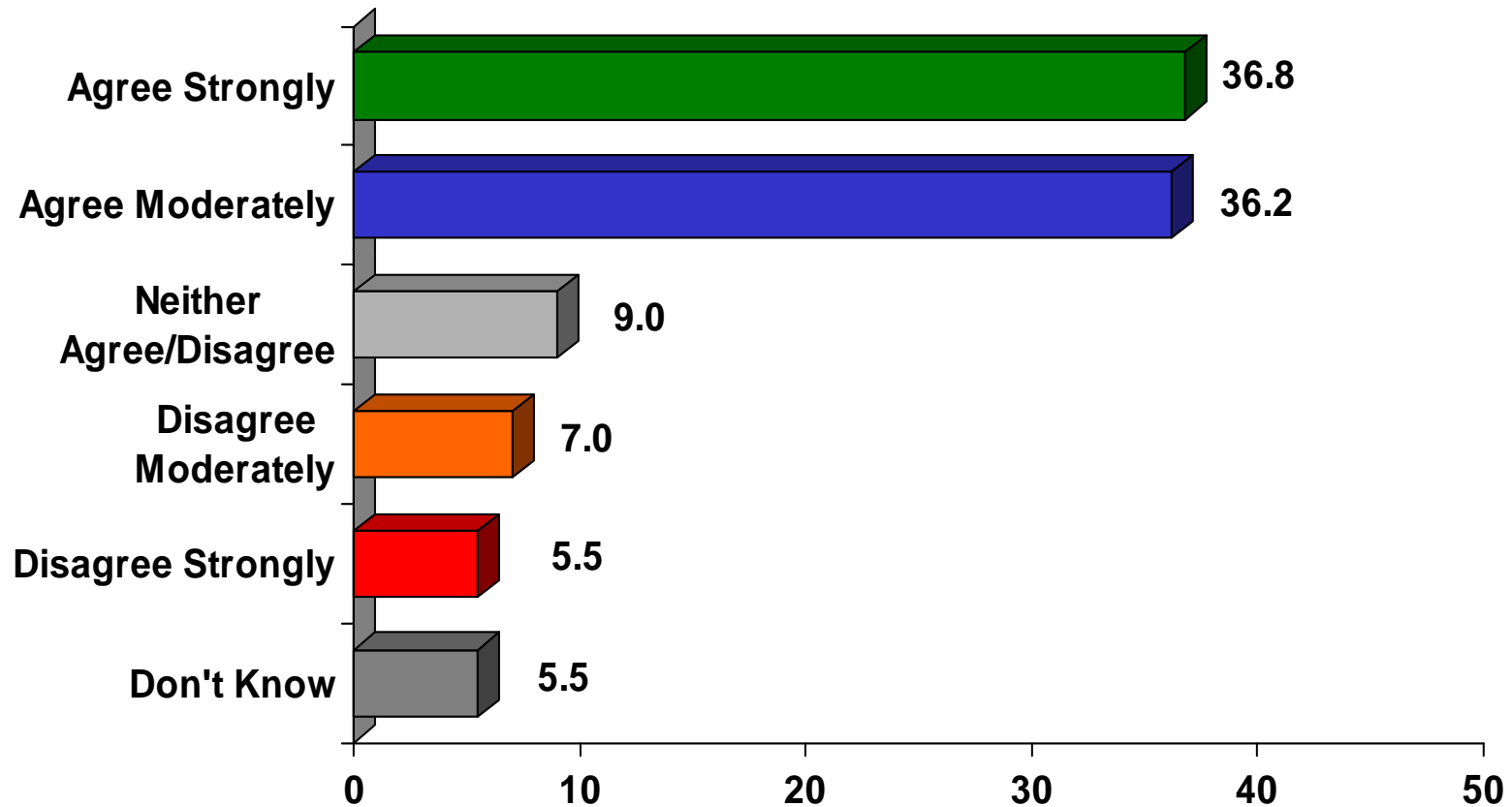
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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N = 500)	(N = 1000)	(N = 1000)
NC Housing Finance Authority	NA	1.4%	3.7%
Attorney General	NA	3.0	2.8
Commissioner of Banks	NA	1.0	2.0
Local Banks/Banks (General)	NA	1.9	1.8
Government (State/Federal)	NA	3.1	1.1
Other	NA	7.2	4.0
Not Sure	NA	73.7	58.2
None	NA	9.4	26.7

**“If I had a problem or complaint with a lender,  
I would contact the state.”**

(among all study respondents, N = 1,000)

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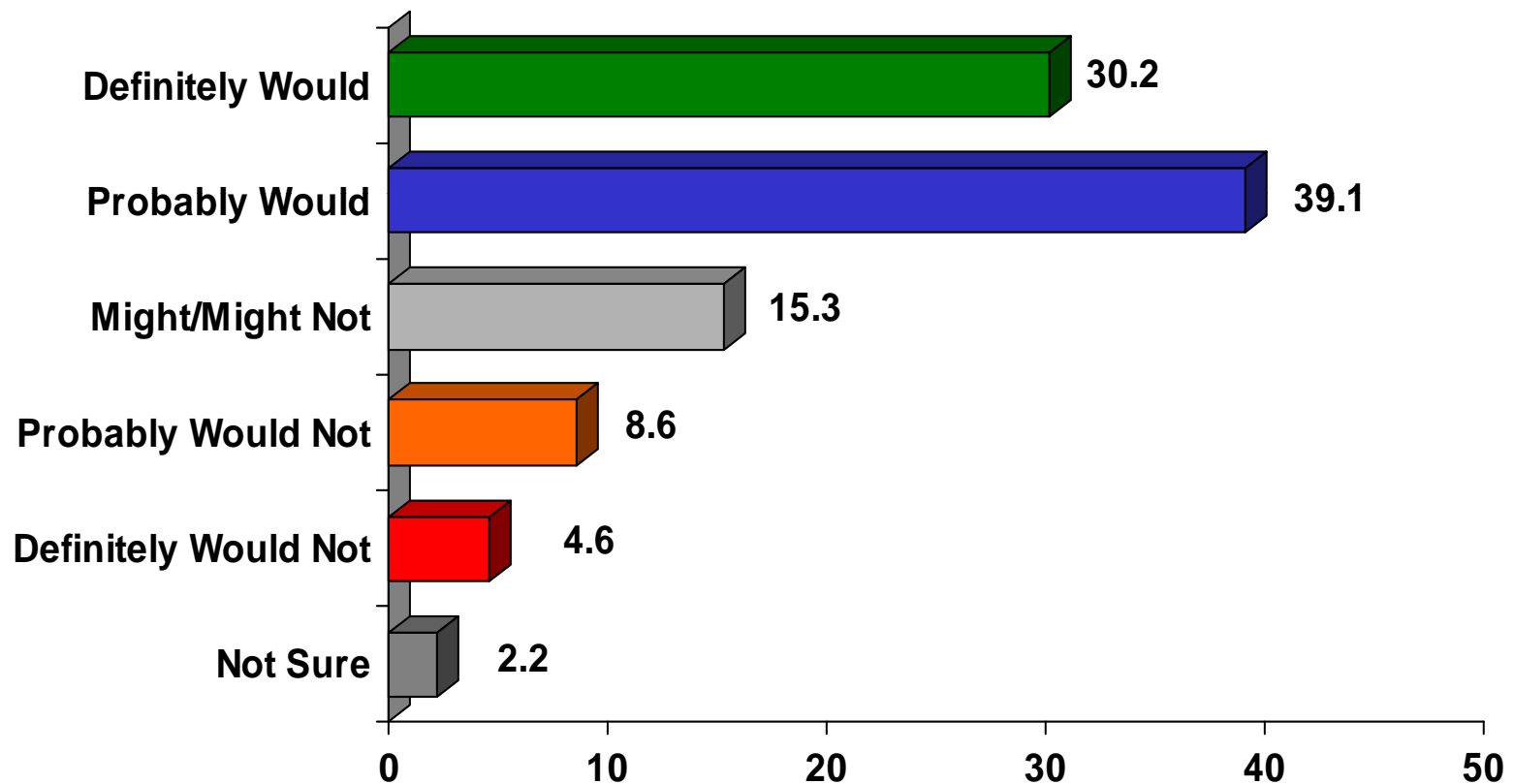
**“If I had a problem or complaint with a lender,  
I would contact the state.”**  
(among all study respondents)

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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N – 500)	(N – 1000)	(N – 1000)
Agree Strongly	45.2%	34.2%	36.8%
Agree Moderately	26.2	33.7	36.2
Neither Agree Nor Disagree	7.2	13.3	9.0
Disagree Moderately	7.0	7.8	7.0
Disagree Strongly	3.4	5.0	5.5
Don't Know	11.0	6.0	5.5

## Likelihood of Calling the NCCOB if You Had a Problem with a Financial Services Provider (among all study respondents, after learning about the agency and its mission, N = 1,000)

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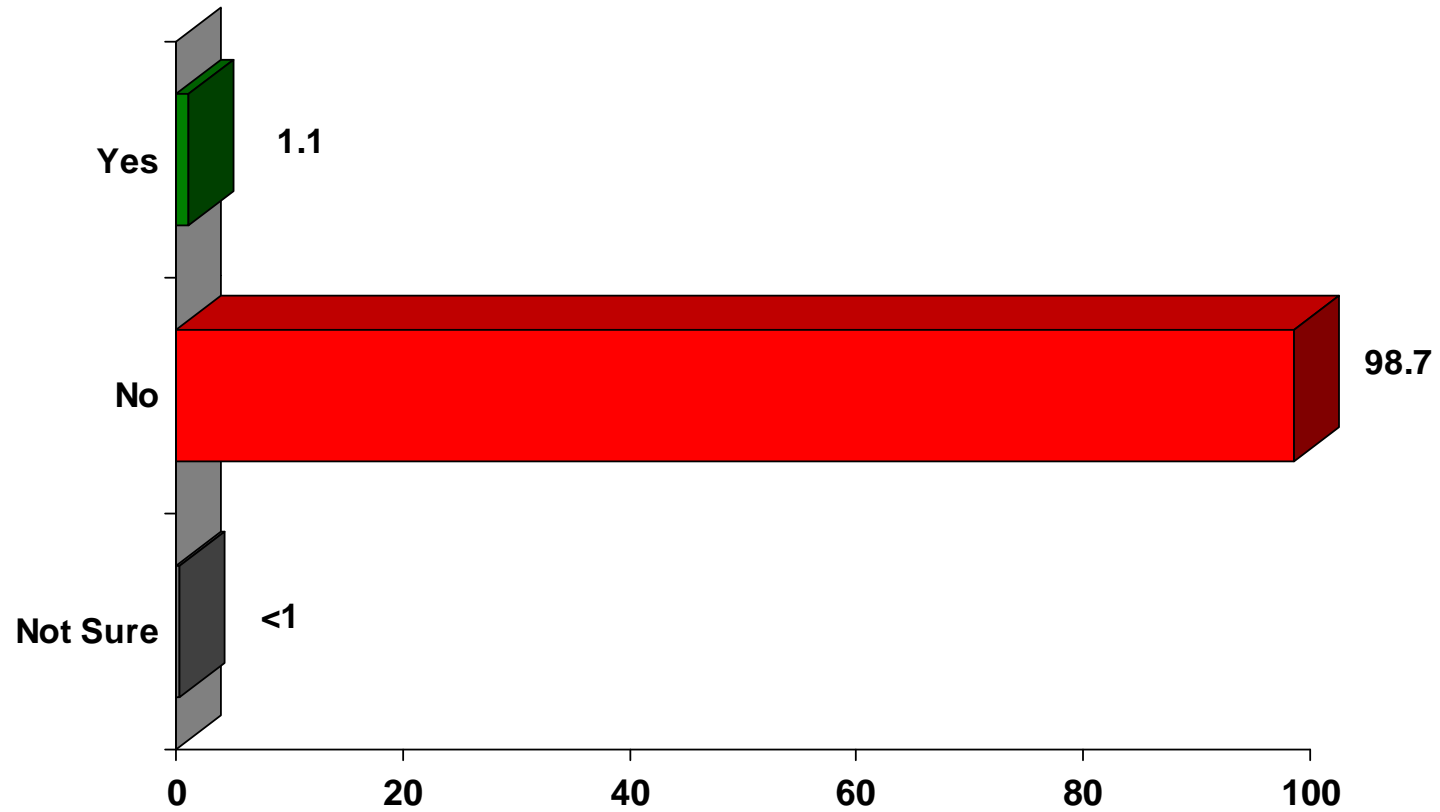
**Likelihood of Calling the NCCOB**  
**if You Had a Problem with a Financial Services Provider**  
 (among all study respondents, after learning about the agency and its mission)

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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N – 500)	(N – 1000)	(N – 1000)
Definitely Would	44.6%	28.2%	30.2%
Probably Would	30.0	38.7	39.1
Might or Might Not	14.4	16.8	15.3
Probably Would Not	7.0	10.0	8.6
Definitely Would Not	1.4	2.8	4.6
Not Sure	2.6	3.5	2.2

## Have Had Dealings with the NCCOB (among all study respondents, N = 1,000)

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## Have Had Dealings with the NCCOB (among all study respondents)

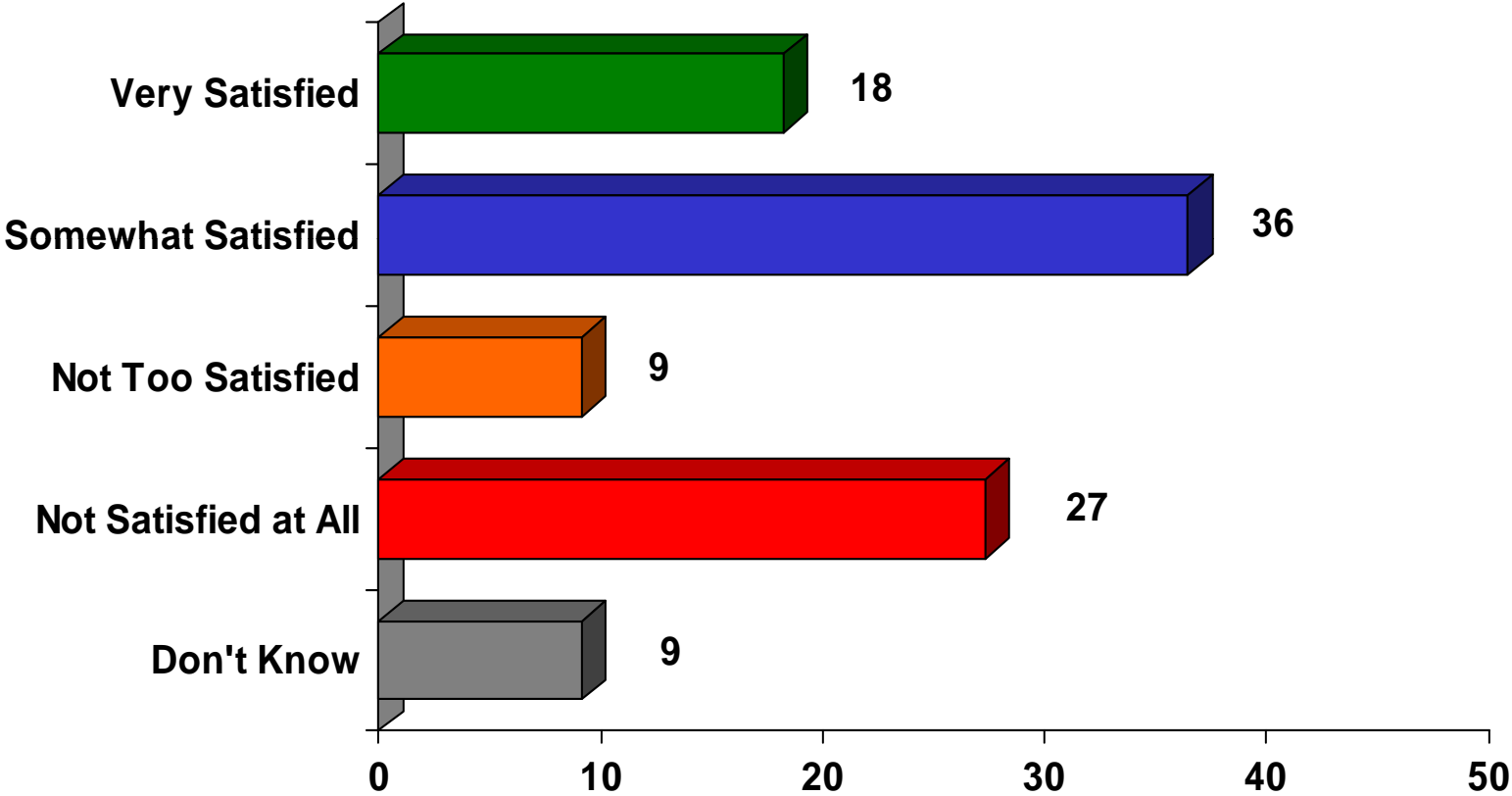
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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N = 500)	(N = 1000)	(N = 1000)
Yes	0.6%	0.3%	1.1
No	98.8	99.3	98.7
Not Sure	0.6	0.4	0.2



# Satisfaction with Results and Overall Experience of Dealing with NCCOB

(among those who have had any dealings with NCCOB, n = 11\*)



\*Very small sample size limits data reliability and/or projectability.

## Satisfaction with Results and Overall Experience of Dealing with NCCOB

(among those who have had any dealings with NCCOB)

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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N = 3)	(N = 3)	(N = 11)
Very Satisfied	67%	67%	18%
Somewhat Satisfied	0	33	36
Not Too Satisfied	0	0	9
Not Satisfied At All	33	0	27
Not Sure	0	0	9

# *A MarketSearch Study*

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## **Respondent Profile**

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## Respondent Profile

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- To the degree possible, respondents reflect a representative mix of North Carolina residents with direct experience in one or more financial services categories within the past two years.
- The sample was stratified geographically throughout the state and to reflect an appropriate mix of rural and urban counties. In addition, ethnicity and age were monitored to ensure that no segment was over or under represented.
- Although the actual mix of respondents has varied somewhat over time, there have not been significant demographic variations in the respondent mix over time.

# Respondent Gender

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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N – 500)	(N – 1000)	(N – 1000)
Male	41.8%	46.7%	42.3%
Female	58.2	53.3	57.7

## Respondent Age

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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N – 500)	(N – 1000)	(N – 1000)
18 to 24	2.2%	4.4%	5.2%
25 to 34	12.4	12.5	14.0
35 to 44	20.0	21.3	22.0
45 to 54	22.2	23.0	20.8
55 to 64	20.2	20.1	20.5
65 or Older	23.0	18.7	17.5

## Respondent Education

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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N – 500)	(N – 1000)	(N – 1000)
8 <sup>th</sup> Grade or Less	3.2%	1.4%	2.2%
Some High School	7.4	5.0	4.8
HS Diploma or GED	26.2	25.3	28.5
Trade or Technical School	7.4	3.7	3.7
Some College	18.2	21.0	20.4
College Degree	23.8	28.5	25.1
Graduate Degree	11.0	12.9	13.0
Don't Know/Refused	2.8	2.2	2.3

## Respondent Ethnicity

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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N – 500)	(N – 1000)	(N – 1000)
Caucasian	76.8%	68.8%	64.7%
African American	15.4	20.4	22.5
Hispanic	0.6	3.8	5.3
Asian/Pacific Islander	0.8	0.8	0.5
Some Other Ethnicity	1.6	2.3	2.2
A Combination of Two or More	3.0	2.3	3.5
Don't Know/Refused	1.8	1.6	1.3



## Area of Residence

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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N – 500)	(N – 1000)	(N – 1000)
Rural	34.6%	32.1%	30.9%
Small Town	22.4	26.3	29.7
Suburban	18.6	19.2	18.1
Urban	21.6	18.4	17.4
Not Sure	1.8	2.3	2.6
Refused	1.0	1.7	1.3

## Length of Time as Resident of NC

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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N – 500)	(N – 1000)	(N – 1000)
Less than 2 Years	2.6%	2.8%	3.2%
2 to 5 Years	5.4	8.7	7.2
6 to 10 Years	8.6	8.5	8.2
11 to 20 Years	9.0	13.9	13.3
More than 20 Years	72.0	63.7	66.3
Don't Know/Refused	2.4	2.4	1.8

## Household Income

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	<u>2007</u>	<u>2009</u>	<u>2011</u>
	(N – 500)	(N – 1000)	(N – 1000)
Under \$25,000	16.6%	17.5%	18.7%
\$25,000 to \$49,999	30.2	21.4	25.0
\$50,000 to \$74,999	19.8	18.8	17.7
Over \$75,000	18.8	29.6	26.3
Refused	14.6	12.7	12.3

# *A MarketSearch Study*

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**Conclusion**

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## Conclusion

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Overall, study findings identify both consistency and change in consumer experiences and impressions of the financial services industry over the past two years.

- ✓ General category penetration is consistent, but usage of some specific products/services has changed;
- ✓ Most customers are satisfied with their experiences in the financial services industry and incidence of personal problems with financial organizations or services are limited, but there are clearly concerns about fair treatment of customers, fairness of rates and fees, and availability of credit;
- ✓ Most feel that North Carolina has not been affected by turmoil in the financial services sector any more or less than other states and concerns about stability and financial strength of institutions have softened, but feel that there may be opportunities for additional regulations; and
- ✓ Awareness and familiarity with the NCCOB has improved, but actual experience with the agency and top of mind association of NCCOB with problem resolution remains limited.

# Conclusion

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Bottom line, it appears that the market and related consumer concerns are settling down to some degree. Still, it is clear that the NCCOB can play a key role in reinforcing positive direction for the industry.

Particular areas of opportunity relate to:

- ✓ General consumer complaints and problem resolution (consumers do not immediately think of NCCOB for this right now);
- ✓ Foreclosures (there has been an increase in the proportion of consumers who feel that North Carolina has been more affected than other states by foreclosures and the housing crisis AND an increase in the proportion who feel the state is not doing enough to help those facing foreclosure in the state);
- ✓ Lender/servicer rates, fees, and/or charges (this consistently tops the list of perceived problems for banking institutions, mortgage lenders, mortgage servicers, and non-traditional lenders);
- ✓ Availability of credit and loans (this is also consistently at the top of the list of perceived problems for banking institutions, mortgage lenders, mortgage servicers, and non-traditional lenders);

## Conclusion

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- ✓ Payday loans/cash advances (consumer satisfaction is significantly lower relative to this service than any other, satisfaction has dropped significantly, and findings identify a significant shift in out-of-state and/or Internet sourcing);
- ✓ Pawn brokers (there has been a significant increase in the proportion of consumers pawning items, suggesting that many new users may not be familiar with the industry and/or expectations AND satisfaction is significantly lower than for most financial services); and
- ✓ Check cashers (there has been a dramatic decrease in the level of satisfaction among those utilizing non-depository check casher services).