

FOR PUBLIC RELEASE

To: Interested Parties
From: The Online Lenders Alliance and HarrisX
Date: 11/14/19
Re: Findings from Survey on Credit Access Among Americans and Active Duty Military Households

A recent survey of Americans and active duty military households, conducted by HarrisX on behalf of the Online Lenders Alliance, looked into views around household finances and use of credit and loans among these two populations.

KEY SUMMARY

Nearly half of Americans live paycheck to paycheck at least half the time each year (47%), with a third doing so every month. By a similar rate, nearly half of Americans (46%) have credit card debt.

Notably, on these and other measures, active duty military households stand out, namely:

- Active duty military households are far more likely than all Americans to live each month paycheck to paycheck (54%).
- This difference holds when comparing lower-income households (i.e., income \$50k or less)—59% of lower-income active duty military households live paycheck to paycheck each month, 47% of lower-income Americans live paycheck to paycheck each month.
- The financial stress among active duty military households, compared to all Americans, comes with:
 - high likelihood to consider different sources to cover an unexcepted \$400 expense, sources such as:
 - ✓ late bill pay (35% very likely to consider; 11% for all Americans)
 - ✓ pawning a valuable item (34% very likely to consider; 10% for all Americans)
 - ✓ bank account overdrafts (32% very likely to consider; 8% for all Americans)
 - ✓ short-term loans due in 30 days (35% very likely to consider; 7% for all Americans)
 - ✓ pay advance from employers (34% very likely to consider; 7% for all Americans)
 - ✓ loan from online or non-bank lender (31% very likely to consider; 6% for all Americans)
 - more currently holding debt from different sources, such as loans from :
 - ✓ banks or credit unions (26% % currently hold debt; 11% for all Americans)
 - ✓ family or friends (22% % currently hold debt; 8% for all Americans)
 - ✓ online lender or non-bank lender (22% currently hold dept; 10% for all Americans)
- Military Lending Act (MLA) borrowing restrictions have resulted in a majority of active duty military households being turned down for credit (51% report being turned down due to the MLA) and these households have higher usage of non-bank credit or debt.

DETAILED FINDINGS

Living Paycheck to Paycheck

A majority of active duty military households—and a third of all Americans—live paycheck to paycheck every month.

- Among active duty military households, 54% live paycheck to paycheck each month and 14% do that every other month, meaning nearly 68% feel monthly paycheck stress at least half the year.
- Comparatively, among all Americans, 33% live paycheck to paycheck every month with an additional 14% who do so every other month—meaning nearly half (47%) feel monthly paycheck stress at least half the year.

How often do you live paycheck to paycheck (i.e. use your entire paycheck to cover expenses with almost nothing leftover in savings)?			
	All Active Duty Military Hholds	All Americans	Diff. (A.D. Mil Hholds - All Americans)
Every month	54%	33%	+21
Every other month	14%	14%	+0
A couple months a year	14%	15%	-1
Once a year	4%	4%	0
Never	13%	28%	-15

Within the lower-income bracket among both groups, the survey shows active duty military households are still more likely to live paycheck to paycheck.

- Among active duty military households with incomes of \$50k or less, 59% are living paycheck to paycheck each month.
- Among Americans with incomes of \$50k or less, 47% are living paycheck to paycheck each month.

How often do you live paycheck to paycheck (i.e. use your entire paycheck to cover expenses with almost nothing leftover in savings)?			
	Active Duty Military Hholds: Incomes \$50k or less	Americans: Incomes \$50k or less	Diff. (A.D. Mil Hholds - All Americans)
Every month	59%	47%	+12
Every other month	17%	20%	-3
A couple months a year	11%	11%	0
Once a year	7%	3%	+4
Never	5%	13%	-8

Current Debt Profile and Consideration of Credit/Loan Options

Active duty military households are also more likely to consider using a variety of loan sources to cover an unexpected \$400 expense—sources including penalty fees on bills, overdraft charges, and pawning valuable items.

- Around a third of active duty military households indicated they would be very likely to consider sources like overdrafting checking accounts or paying bills late (both with associated fees), or pawning items.
- This likelihood to consider using is far above that seen among all Americans.

How likely would you be to consider using any of the following to cover an unexpected \$400 expense this month? [% “very likely” to consider shown”]			
	All Active Duty Military Hholds	All Americans	Diff. (A.D. Mil Hholds - All Americans)
Pay the bill later with any corresponding late fees	35%	11%	+25
Selling or pawning a valuable item	34%	10%	+24
Overdraft my bank account	32%	8%	+24

- Other sources active duty military households are notably more likely to consider using include credit cards—but also a stronger likelihood to use sources like borrowing from people they know, pawning items, vehicle title loans, and short-term loans that need to be paid within a month.

How likely would you be to consider using any of the following to cover an unexpected \$400 expense this month? [% “very likely” to consider shown”]			
	All Active Duty Military Hholds	All Americans	Diff. (A.D. Mil Hholds - All Americans)
Short-term loan with payment due within 30 days	35%	7%	+28
Pay advance from employer	34%	7%	+27
Vehicle title loan	31%	6%	+25
Borrowing from a friend or family member	36%	11%	+24
Borrowing from an acquaintance or friend of a friend	33%	9%	+24
Selling or pawning a valuable item	34%	10%	+24
With a credit card, paid off over time	36%	16%	+20

- The trend of active duty military households being more likely to consider using loan sources continues with credit cards they pay off each month and personal loans from banks or online lenders.

How likely would you be to consider using any of the following to cover an unexpected \$400 expense this month? [% "very likely" to consider shown]			
	All Active Duty Military Hholds	All Americans	Diff. (A.D. Mil Hholds - All Americans)
Personal loan from an online lender or non-bank lender, with payment due across several months	31%	6%	+26
Personal loan from a bank or credit union, with payment due across several months	32%	7%	+25
With a credit card, paid off in full at the next statement	39%	22%	+17

Across the board, active duty military households are more likely to use debt, and they use a wide variety of loan sources.

- Despite the restrictions put in place by the MLA, Active Duty Military Households use both secured and unsecured debt at higher rates than their civilian counterparts.

What kind of debt do you currently hold?			
	All Active Duty Military Hholds	All Americans	Diff. (A.D. Mil Hholds - All Americans)
Credit card	52%	46%	+6
A home equity loan, or other home loan beyond the initial mortgage	28%	12%	+16
Personal loan from a bank or credit union, with payment due across several months	26%	11%	+16
Vehicle title loan	26%	18%	+9
Student loan	26%	17%	+10
Personal loan from an online lender or non-bank lender, with payment due across several months	22%	10%	+12
Loan from family or friends	22%	8%	+14

Short-term loan with payment due within 30 days	20%	4%	+16
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Active duty military households are twice as likely to have ever used a short-term loan product compared to other Americans.

- A majority of active duty military households (58%) have used a short-term loan product—double what the survey shows among all Americans (24%).

[Awareness and Impact of Military Lending Act](#)

Most active duty military households are aware of the Military Lending Act, and a majority report that they have had a loan or credit option denied because of the MLA.

- There is a law called the Military Lending Act that imposes restrictions on the types of credit available to active duty service members. Almost three-in-four respondents from active duty military households (74%) are familiar with the MLA, including 42% who are very familiar.
- A majority of active duty military households (51%) have been denied access to a loan or credit, like a credit card, because of the Military Lending Act.
- Those active duty military households who have been denied a loan or credit cards are also more likely to:
 - Be living paycheck to paycheck every month (72% for active duty military households denied access to loans/credit compared to 35% for other active duty military households)
 - Be “very likely” to consider using, to cover a \$400 expense, sources like:
 - late bill pay (51% for active duty military households denied access to loans/credit compared to 18% for other active duty military households)
 - pawning items (48% for active duty military households denied access to loans/credit compared to 21% for other active duty military households)
 - bank overdraft fees (47% for active duty military households denied access to loans/credit compared to 16% for other active duty military households)
 - Hold debt from a loan from family and friends (26% for active duty military households denied access to loans/credit compared to 17% for other active duty military households)
 - Consider a loan from a short-term lender with payment due within 30 days (49% for active duty military households denied access to loans/credit compared to 20% for other active duty military households)



About the Survey

This survey was conducted online within the United States from November 4-7, 2019 among 1,000 adults by HarrisX. The sampling margin of error of this poll is plus or minus 3.1 percentage points. The results reflect a nationally representative sample of adults. Results were weighted for age within gender, region, race, and income where necessary to align them with their actual proportions in the population. For the active duty military household, the sampling margin of error of this poll is plus or minus 4 percentage points. The results reflect a nationally representative sample of households that have an active duty military member in them. Results were weighted for race, marital status, and children in the household where necessary to align them with their actual proportions in the population.

About HarrisX

HarrisX is a leading opinion research company that specializes in online polling, mixed-mode polling, and data analytics. The company has a thirteen-year history assessing public opinion and behavior in the telecom, media, and technology industries through syndicated and custom research services. HarrisX runs the Mobile Insights and Total Communication Surveys, the largest syndicated consumer insights trackers in the United States for the TMT space, which include over 60,000 monthly respondents; the Telephia (beta) metering application, which captures behavioral data; and HarrisX Overnight Poll, which delivers results of general population and voter surveys within 24 hours, looking at Americans' opinions on society, politics, technology and the economy. For more information visit: www.harrisx.com.

About The Online Lenders Alliance

The Online Lenders Alliance (OLA) is the first trade association in FinTech. OLA is focused on credit inclusion, bringing together a diverse group of innovative companies who share a common goal: to serve hardworking Americans who deserve access to trustworthy credit. Our members are entrepreneurs, publicly traded companies, lenders, credit bureaus, advertisers, lead generators, compliance professionals, and software developers who are leveraging technology to responsibly improve consumers' financial health. Consumer protection is our top priority and OLA members abide by a rigorous set of Best Practices and Code of Conduct to ensure consumers are fully informed and fairly treated. For more information and to review our most recent policy white paper highlighting how innovation in the financial technology space is playing a role in driving credit inclusion for the approximately 100 million Americans who currently fall into the non-prime credit category, please visit www.onlinelendersalliance.org.