





Final Report CCCFA Baseline Consumer Survey

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Executive Summary

This report covers the findings of a survey of New Zealand consumers, undertaken for the Ministry of Business, Innovation and Employment (MBIE) during February 2015 – prior to the implementation of a number of changes and reforms to the laws that cover consumer credit in New Zealand.

The changes are being made to ensure that creditors lend to consumers and manage consumer credit contracts responsibly, to provide improved protections for vulnerable consumers, and to promote and facilitate the development of fair, efficient, and transparent credit markets.

The survey was conducted to assess and establish a pre-reforms benchmark measure of consumers' awareness and understanding of their rights and obligations with regard to credit contracts, and the nature of any hardship experienced as a result of difficulties with credit contracts.

Background: consumer credit law reforms

The Credit Contracts and Consumer Finance Amendment Act (the Amendment Act) reforms the entire suite of legislation that governs consumer credit contracts, from before their inception until their termination or enforcement. The Amendment Act amends the Credit Contracts and Consumer Finance Act 2003 (the CCCFA), and repeals the Credit (Repossession) Act 1997 and incorporates its provisions within an expanded CCCFA. The changes come into effect in full in June 2015 and are being implemented along with supporting activities intended to promote the reforms.

MBIE has also developed a Responsible Lending Code (providing guidance and assistance to lenders on how to comply with the new lender responsibility principles included in the amended CCCFA), as well as regulations that give effect to the reforms.

Policy objective of the Reform Bill

The policy objective¹ of the Bill that led to the Amendment Act is to revise and update the law that governs consumer credit and broader financial markets so that it:

- ensures that creditors lend to consumers and manage consumer credit contracts responsibly; and
- provides improved protection for vulnerable consumers, including from unscrupulous lenders; and
- provides for consumer credit law to be dealt with holistically in one Act, and is consistent with other financial sector legislation; and

¹ <http://www.legislation.govt.nz/bill/government/2013/0104/17.0/DLM5146303.html>



- promotes and facilitates the development of fair, efficient, and transparent financial markets.

Intended impacts of the CCCFA reforms and associated activities

The intended impacts of the above reforms and new regulation are:

- consumers are better aware of their credit options, and their rights, prior to entering a credit contract;
- consumers better understand their rights and obligations, and the terms and conditions of the credit contracts they enter into;
- reduced consumer detriment from non-compliant lending practices; and
- lenders comply with responsible lending requirements and non-compliant lenders are held to account.

About the survey

Purpose and objectives

MBIE intends to conduct a summative (i.e. outcomes-focused) evaluation on the short-term impacts of the reforms (as outlined above) at a later date. This evaluation will include, among other activities, a survey of consumers which is similarly to the present survey; i.e. one which assesses consumers' awareness and understanding of their rights and obligations, and the nature of any hardship experienced as a result of difficulties with credit contracts.

Conducted immediately prior to the implementation of the reforms, the survey which is the subject of this report therefore forms a benchmark against which progress towards the intended impacts of the reforms (and the promotion of the reforms) can be measured in future surveys.

Method

The survey was conducted by Research New Zealand on behalf of the Ministry of Business, Innovation and Employment. Between the dates of 28 January and 26 February 2015, a total of n=1,200 respondents aged 18 years and older were interviewed by telephone. Respondents with Pacific and Māori ethnicity were oversampled in order to enable robust analysis of their results. A more detailed summary of the survey methodology can be found in Appendix B.

Following the completion of surveying, the data was weighted by age, gender and ethnicity (based upon 2013 Census data sourced from Statistics New Zealand). This was done to adjust for the oversampling of Māori and Pacific respondents beyond their normal proportions in the population and any non-response bias by age or gender.

The maximum margin of error, at the 95 percent confidence level, for the achieved sample of n=1,200 respondents is ± 4.0 percent.



Key findings

The key findings relating to each of the four intended impacts of the CCCFA reforms are summarised below. These findings describe the situation for New Zealand consumers prior to the implementation and promotion of the reforms.

The implications of these findings are discussed in the next section of this Executive Summary.

Consumers are better aware of their credit options, and their rights, prior to entering a credit contract

The survey found that bank loans are top of mind for consumers as an option for obtaining credit, and banks are also by far the most widely used provider of credit.

- On an unprompted basis, 76 percent of respondents mentioned bank loans as an option for borrowing in a hurry and 70 percent as an option for a planned purchase.
- Finance companies were also mentioned as a potential source for emergency borrowing (34 percent) and for planned purchases (47 percent), but to a much lesser extent than bank loans.
- Two-in-five consumers (41 percent) had successfully applied for credit in the last two years. Of these, 70 percent used a bank on the most recent occasion.
 - Banks were distantly followed by finance companies (12 percent) and retailers (eight percent).
 - Pacific and Māori borrowers and those with lower household incomes were less likely than average to have used a bank.
 - Loans (51 percent) and credit cards (18 percent) were the most frequently used types of credit.
- Most borrowers are using lenders with whom they have an existing relationship (76 percent). However, one-in-four (24 percent) are considering other options or shopping around before they obtain credit.
- Existing relationships and low interest rates/fees are most frequently identified as the main reason for choosing a particular lender (both 28 percent).
- A segmentation of consumers (both borrowers and non-borrowers) based on their awareness of consumer rights and lender obligations (measured through a series of true/false statements) found that 18 percent of consumers have particularly low awareness: young people (35 percent) and Pacific and Māori populations (39 percent and 28 percent respectively) were more likely to fall into this category and therefore could potentially be at risk when borrowing.



- Approximately half of respondents (48 percent) were classified as having only moderate overall awareness, which suggests that a large proportion of consumers could also be at some risk when entering into credit contracts.
- One-in-three respondents (33 percent) revealed higher levels of awareness (by answering at least 75 percent of the segmentation questions correctly).
- The survey also revealed a number of common misconceptions about lenders' obligations. For example, 40 percent of respondents wrongly believed that *a lender must not offer a borrower a higher loan amount than what they initially asked for*.
- One in three respondents also wrongly believed that *if a borrower can't make repayments, the lender must offer more affordable payment options* (33 percent) and that *a lender has to give a borrower financial advice* (32 percent).

Lenders comply with responsible lending requirements and non-compliant lenders are held to account

The baseline survey examined lenders' behaviour, as reported by recent borrowers, to determine the extent to which they are currently lending in a responsible manner. (The extent to which "non-compliant lenders are held to account" will be measured through a separate research exercise).

Two main areas of questioning were covered by the survey:

- Are lenders making inquiries regarding the needs of borrowers and their ability to repay?
- Are lenders providing the necessary information to borrowers?

The baseline survey found that:

- Most, but not all lenders are currently making inquiries about the needs of borrowers and their ability to repay.
- On their most recent borrowing occasion, eight percent of borrowers found themselves in a situation where the lender asked no questions about their financial situation and the lender also had no knowledge of their credit history.
 - Those who obtained credit from a retailer or a finance company were particularly likely to encounter this situation (21 percent and 15 percent respectively).
- Fifteen percent of borrowers were not required to provide any documentation on their most recent borrowing occasion, including providing photo identification or obtaining permission for a credit check.



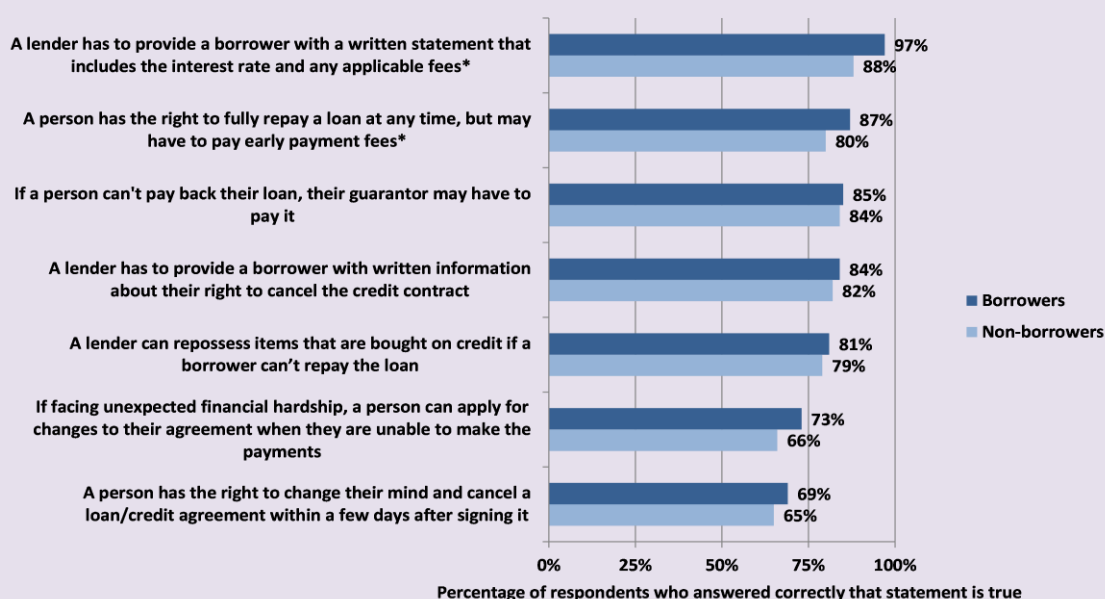
- v From borrowers' perspectives, most lenders are providing sufficient information about their credit agreement.
 - v Ninety-two percent of borrowers said they signed a contract on their recent borrowing occasion. Eighty-six percent signed a contract and were also given a copy.
 - v Of the 92 percent of borrowers who said they had signed a contract, almost all (97 percent) believe the lender gave them enough time to consider it before signing.
 - v Therefore, 89 percent of all borrowers signed a contract and believe the lender gave them enough time to consider it before signing.

Consumers better understand their rights and obligations, and the terms and conditions of the credit contracts they enter into

If recent borrowers had entered into their credit agreements on a truly informed basis, they would be expected to be aware of their rights as a borrower and also the most important aspects of the lender's obligations – particularly the information shown in Figure 1, which they should be aware of if they have considered the initial disclosure information provided by the lender to the borrower.

However, the survey found that even though most borrowers believe they were provided with sufficient information when they most recently obtained credit, there is room for improvement in terms of their awareness of certain aspects of these rights and obligations. For all but two of the statements listed, awareness among borrowers was not significantly higher than that of non-borrowers.

Figure 1: Awareness of key aspects of consumer rights and lender obligations



*Denotes a statistically significant difference between the result for borrowers and non-borrowers.



Reduced consumer detriment from non-compliant lending practices

The baseline survey also examined the experiences of recent borrowers when entering into credit contracts, in order to gauge the prevalence of any difficulties they may have encountered.

- Even though the large majority of recent borrowers feel they were given enough time to consider their most recent contract before signing it (97 percent of those who said they had signed a contract, which equates to 89 percent of all recent borrowers), some borrowers were not fully confident that they understood the contract's terms and conditions.
- While seven-in-ten borrowers (71 percent) felt "very confident" they knew everything they needed to know about the contract, more than one-in-four (27 percent) were only "somewhat confident".
- Seven percent of recent borrowers reported that there was further information they wish they had been told about by the lender, for example unexpected fees,
- One-in-three recent borrowers (35 percent) experienced at least one issue with their most recent credit agreement.
 - The most frequently mentioned problems were changes to the borrower's financial circumstances (15 percent), changes to interest rates (eight percent) and unexpected fees (seven percent).
 - Five percent fell behind on payments and two percent were turned over to a debt collector.
- Thirteen percent of consumers made at least one decision not to enter into a credit agreement in the last two years, based on the agreement's terms and conditions.
- Just four percent of all consumers have had a credit application declined in the last two years (other than for a home loan), because of concerns by the lender that they might not be able to repay it.



Discussion

The implications of the survey's key findings are discussed below in relation to three stages over the course of a consumer credit agreement and their associated interventions.

Stage 1: Before entering a consumer credit agreement

The survey identified a considerable mismatch between a) a high degree of consensus among borrowers that lenders had ensured they were fully informed about their agreement and b) relatively low levels of knowledge about consumers' rights and lenders' obligations.

Several factors may serve to explain the current situation, and further research is warranted in order to develop a greater understanding of the reasons for the observed mismatch and therefore our ability to explain any changes in the observed results in future surveys. These potential factors are inter-related, and may include:

- ∪ Lenders omitting to disclose information or to discuss key details of the contract with the borrower to ensure that they have understood all implications.
- ∪ Consumers' inability to gauge the quality of information provided by lenders about their credit agreement or to understand the implications of the agreement's conditions.
- ∪ The use of legal or technical "jargon": contracts being written or described in a way which consumers find difficult to understand. Contracts might also be too detailed or contain contradictory information.
- ∪ A lack of interest on the part of the borrower that prevents them from taking the time to ensure they fully understand the details of the agreement they have signed. Anecdotal feedback from the pre-testing phase of the current research suggests that some borrowers are emotionally focused on the "end goal" of obtaining the money they need to make a purchase, which outweighs any sense of caution regarding the "fine print" of a contract and its implications.
- ∪ Complacency or (potentially misplaced) trust on the part of the borrower; i.e. assuming that lenders will act responsibly and proceed with signing credit agreements because many other consumers have done so before them, or because they have used the lender previously without experiencing problems.
- ∪ Borrowers might also overlook or forget details in credit agreements which they do not believe are relevant to them; for example, what might happen if the borrower was no longer able to make repayments. Again, complacency might be a factor here.



Gaps in awareness of rights and obligations overall suggests that the introduction of the CCCFA reforms should be accompanied by a wide-reaching education campaign, which targets population groups that are known to have lower awareness. Particular attention should be paid to the areas of regulation where awareness is particularly low or where there are common misconceptions.

Survey results also suggest that few consumers are using competition in the credit market to their advantage – only one-in-four borrowers (24 percent) considered other options before choosing their provider and product on the most recent occasion, and only 22 percent used a provider they had never dealt with before. Further (ideally qualitative) research might also help to explain the drivers of this behaviour.

The following outputs/interventions are associated with the first stage of the credit agreement:

1. Requirements for responsible advertising (not misleading, confusing or deceptive).
2. Improved disclosure requirements and publication of the cost of borrowing (e.g. requiring lender organisations to publish standard contract terms and conditions, interest rates and fees on their website).
3. Obligations to assess substantial hardship, whether credit will meet borrower's requirements and assist them to make an informed decision.

If the reforms are effective, the interventions noted above are likely to result in greater transparency for consumers and may encourage greater scrutiny on their part. When the true cost of borrowing is fully understood and consumers have a clearer understanding of what the terms and conditions of a credit contract mean, we may see an increase in consumers “shopping around” or at least considering other options before choosing their provider and product (only 24 percent are currently doing so). Alternatively, we may see a greater proportion of consumers choosing not to sign an agreement after reading its terms (13 percent reported having done so in the last two years).

Greater transparency at the initial disclosure phase combined with an education campaign should also result in an improvement in borrowers' overall awareness of their rights and lenders' obligations. Similarly, fewer borrowers should report that they only feel “somewhat confident” that they understood the terms of their agreement after signing (currently 27 percent).

We may also observe fewer borrowers reporting that there were fees they were not aware of (currently seven percent of borrowers), or that it was not clear when payments were due (six percent).

In addition, the interventions might be expected to positively impact the following results:

- Four percent of consumers reporting that they had been declined credit in the last two years due to the lender's concerns about their ability to repay. This might be expected to increase.
- Five percent of recent borrowers reported that they got behind on payments on their most recent occasion. This figure might be expected to decrease over time.



The survey also found that 13 percent of all consumers made at least one decision not to enter into a credit agreement in the last two years, based on the agreement's terms and conditions. Based on the first intervention above, we might expect this proportion to decrease over time.

Stage 2: During the life of a consumer credit agreement

The survey found that one-in-three borrowers (35 percent) experienced at least one issue with their most recent credit agreement, including changes to their own financial circumstances (15 percent), changes to interest rates (eight percent), unexpected fees (seven percent) and payments being more than expected (three percent).

The following outputs/interventions are associated with the second stage of the credit agreement:

1. Principles regarding oppressive contracts.
2. Requirement to include a minimum repayment warning on credit card statements.
3. Improved disclosure requirements for contract variations.

If the reforms are effective, we would hope to see a reduction in the incidence of problems being reported during recent borrowing (other than problems due to unforeseeable changes in financial circumstances).

Stage 3: Default, enforcement and end of a consumer credit agreement

The survey found that five percent of borrowers fell behind on payments during their most recent borrowing activity, and two percent said they had been turned over to a debt collector.

The following outputs/interventions are associated with the third stage of the credit agreement:

1. Improved access to unforeseen hardship remedies and requirements on lenders to treat borrowers in unforeseen hardship reasonably and in an ethical manner.
2. Strengthened protections for repossessions and lender responsibility principles requiring lenders to act reasonably and in an ethical manner in undertaking repossession.
3. Strengthened registration incentives.

The present survey did not examine the nature of any hardship experienced as a result of difficulties meeting credit repayments – insights into this issue and how it might be impacted by the above interventions would be best obtained through a qualitative research exercise. Based on the first intervention above, we might expect awareness of the ability to apply for unforeseen hardship relief to improve, particularly for those who have fallen behind on payments in their recent borrowing activity.



About this report

The main body of this report is divided into the following four sections, which align with the four main intended impacts of the CCCFA reforms and new regulation.

1. Consumer awareness of rights and obligations
2. Consumer awareness of options and channels for borrowing money
3. Lender's obligations and current behaviours
4. Consumers' experiences when they enter into credit contracts

The report also contains a number of appendices:

- Appendix A provides a demographic profile of respondents.
- Appendix B describes the survey methodology in detail and also includes a copy of the questionnaire.
- Appendix C provides tables of results for all survey questions by ethnicity (comparing Pacific, and "Other" respondents).



1.0 Consumer awareness of rights and obligations

This section of the report deals with one of the primary objectives of the survey: to assess and establish a benchmark of consumers' awareness and understanding of their credit-related rights and obligations.

One of the intended impacts of the CCCFA reforms (and the promotion of the reforms) is that consumers are better aware of their rights prior to entering a credit contract. In order to establish a benchmark for the intended improvement in awareness, the survey attempted to answer two key questions about consumers' general knowledge prior to entering credit contracts:

- u What proportion of consumers are currently aware of their rights prior to entering a credit contract?
- u What proportion of consumers currently understand lenders' obligations prior to entering credit contracts?

Key findings

The survey found that:

- u Very few consumers are fully aware of their rights and obligations.
 - u When tested on their awareness of six key aspects of current legislation, only 11 percent of respondents answered all six questions correctly, and a further 27 percent answered five correctly.
 - u Only two of the six tested aspects of consumer rights and obligations are widely known.
 - u *If a person can't pay back their loan, their guarantor may have to pay it:* 85 percent of respondents correctly answered that this was true.
 - u *A person has the right to fully repay a loan at any time, but may have to pay early payment fees:* 83 percent of respondents correctly answered that this was true.
- u Awareness of lenders' obligations is even lower.
 - u When tested on their awareness of ten key aspects of current legislation, only 11 percent of respondents answered at least nine questions correctly.
 - u Only three of the ten tested aspects of lender obligations are widely known.



- u *A lender has to provide a borrower with a written statement that includes the interest rate and any applicable fees: 92 percent of respondents correctly answered that this was true.*
- u *A lender is allowed to hire a debt collector if a borrower can't repay the loan: 86 percent of respondents correctly answered that this was true.*
- u *A lender has to provide a borrower with written information about their right to cancel the credit contract: 83 percent of respondents correctly answered that this was true.*
- u The survey also revealed some common misconceptions about lenders' obligations. For example, at least 30 percent of respondents wrongly believed that:
 - u *A lender must not offer a borrower a higher loan amount than what they initially asked for (40 percent).*
 - u *If a borrower can't make repayments, the lender must offer more affordable payment options (33 percent).*
 - u *A lender has to give a borrower financial advice (32 percent).*
- u A segmentation of respondents based on the above measures resulted in 18 percent being classified as having low overall awareness of consumers' and lenders' rights and obligations.
 - u Under 30 year-olds² (35 percent) and Pacific and Māori populations (39 percent and 28 percent respectively) were more likely to fall into this category and therefore could potentially be at risk. (However, if those consumers did choose to obtain credit in future then theoretically they should receive this information at the initial disclosure phase).
 - u Approximately half of respondents (48 percent) were classified as having only moderate overall awareness, which suggests that a large proportion of consumers could also be at some risk when entering into credit contracts.
 - u One-in-three respondents (33 percent) revealed higher levels of awareness (by answering at least 75 percent of the awareness questions correctly).

These results suggest that the introduction of the CCCFA reforms should be accompanied by a wide-reaching education campaign which targets young people and Pacific and Māori populations in particular. Particular attention should be paid to the areas of regulation where awareness is low or where there are common misconceptions.

² Lower awareness among respondents aged under 30 is likely to be a function, in part, of their relative lack of borrowing experience. While their propensity to have borrowed in the last two years (38 percent) is in line with the average for all age groups (41 percent), it could be assumed that they are less likely than average to have ever borrowed. However, whether respondents had ever borrowed in the past was not measured by the present survey.



How knowledgeable do consumers feel when it comes to managing personal finances in general?

Before directly assessing consumers' awareness of their rights and obligations around obtaining credit, it is useful to gain an understanding of the context in which consumers learn about this subject. This includes understanding consumers' perceptions about their own financial literacy in general.

Early in the survey, respondents were asked how much they knew about "managing personal finances in general" (Table 1). The key findings are as follows:

- Only one-in-five (22 percent) respondents felt they were highly knowledgeable about managing personal finances.
- Most respondents (57 percent) reported having a moderate level of financial literacy (knowing "a reasonable amount").
- More than one-in-five respondents (22 percent) reported knowing "little" (16 percent) or "nothing at all" (six percent) about managing personal finances.
- Survey results suggest that a consumer's age and their ability to speak English are the factors which have the greatest impact on their self-reported financial literacy.

A comparison of results for respondents who said they had borrowed money in the last two years and those who had not is shown in Table 2.

- Compared to non-borrowers (53 percent), borrowers were more likely to report knowing "a reasonable amount" about managing personal finances (63 percent).
 - However, if we were to combine respondents who said they knew "a reasonable amount" with those who reported knowing "a lot", borrowers and non-borrowers would be equally likely to fall into this category (both 77 percent).
- Just under one-in-five borrowers (19 percent) reported knowing "little" (16 percent) or "nothing at all" (three percent) about managing personal finances.



Table 1: Self-reported knowledge about managing personal finances – by ethnicity

Q3. The next section of the survey is about borrowing money. First of all, how much would you say you know about managing personal finances in general? Would you say...?

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
Know a lot	22	18	21	22
Know a reasonable amount	57	44	52	58
Know little	16	24	20	15
Or would you say you really know nothing at all	6	14	7	5
Total	100	100	100	100

Table 2: Self-reported knowledge about managing personal finances – by borrowers vs. non-borrowers

Q3. The next section of the survey is about borrowing money. First of all, how much would you say you know about managing personal finances in general? Would you say...?

	Total	Non-borrower	Borrower
Unweighted base =	1200	746	454
Weighted base =	1200	713	487
	%	%	%
Know a lot	22	24	18
Know a reasonable amount	57	53	63
Know little	16	16	16
Or would you say you really know nothing at all	6	7	3
Don't know	0	0	0
Refused	0	0	0
Total	100	100	100

Ethnicity prioritised

- Pacific respondents were the most likely group to report knowing “nothing at all” (14 percent, compared with six percent of all respondents), and the least likely group to report knowing “a reasonable amount” (44 percent, compared with 57 percent of all respondents).

Age

- Respondents aged 18-29 were significantly more likely than average to report knowing “little” (38 percent, compared with 16 percent of all respondents) or “nothing at all” (15 percent, compared with six percent of all respondents). Only five percent reported knowing “a lot”, compared with 22 percent of all respondents.
- 50-59 year-olds were significantly more likely than average to report knowing “a lot” (32 percent).



Household income

- Those with lower household incomes (\$30,000 or less) were the least likely group to report knowing “a lot” (14 percent) or “a reasonable amount” (47 percent) about managing finances.
- In comparison, of those with higher household incomes (more than \$90,000), 29 percent reported knowing “a lot” and 61 percent said they knew “a reasonable amount” about managing finances.

English not best language

- Respondents for whom English was not their best language reported lower than average levels of financial literacy: they were significantly more likely than average to say they knew “little” (30 percent) or “nothing at all” (27 percent).
- While 57 percent of those for whom English was not their best language placed themselves into these two lowest categories, only 19 percent of those for whom English was their first language did the same.

New Zealand vs. overseas-born

- Similarly, respondents who were born overseas reported lower than average levels of financial literacy: they were significantly more likely than those who were born in New Zealand to say they knew “little” (22 percent, compared with 13 percent of those born in New Zealand) or “nothing at all” (10 percent, compared with four percent of those born in New Zealand).

Self-reported ability to manage personal finances

- Of those who believed they were only “fair” or “poor” at managing their personal finances, almost half said they knew “little” (36 percent) or “nothing at all” (13 percent) about the subject. Only eight percent said they knew “a lot”.

Used known lender

- Nothing of significance.

Providers and products

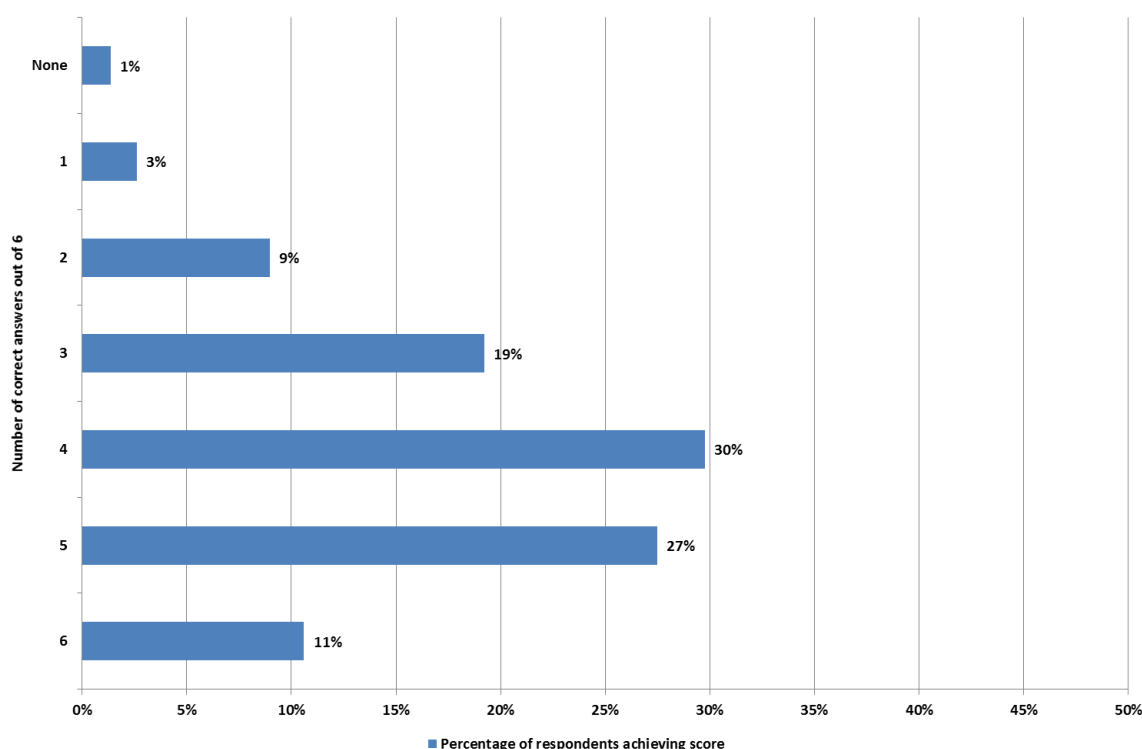
- Respondents who used providers other than banks, finance companies or retailers (primarily loan shops or building societies/credit unions) were significantly more likely to report knowing “little” (40 percent).



What proportion of consumers understand their rights and obligations with credit contracts?

In order to objectively measure consumers' awareness of their own rights and obligations when it comes to applying for credit, respondents were asked to state whether six statements were true or false (Figure 2 and Table 3). These statements related to current legislation at the time the survey was undertaken (i.e. February 2015).

Figure 2: Number of correct answers to true/false statements about consumers' rights and obligations



The key findings are as follows:

- There is room for improvement in terms of awareness of consumer rights and obligations – only 38 percent of respondents were able to answer five or six statements correctly (as shown in Figure 2) and the average number of correct answers was 3.98 out of 6 (or 66 percent correct). This reflects respondents' relatively low levels of self-reported financial literacy (as reported in the previous sub-section of this report).
- The proportions of correct responses for each statement ranged from 47 percent to 85 percent (the average being 67 percent).
- Only two out of the six aspects of consumer rights and obligations were widely known:
 - If a person can't pay back their loan, their guarantor may have to pay it:* 85 percent of respondents correctly answered that this was true.



Table 4 compares the responses of respondents who said they had borrowed money in the last two years against those of non-borrowers.

Borrowers were significantly more likely than non-borrowers to know that *a person has the right to fully repay a loan at any time, but may have to pay early payment fees* (87 percent correctly answered that is true, compared with 80 percent of non-borrowers). However, there were no other significant differences between the two groups in terms of their awareness of borrowers' rights and obligations.

Table 4: Statements about borrowers' current rights and legal obligations – percentage of respondents answering each statement correctly - by borrowers vs. non-borrowers

	Total	Non-borrower	Borrower
Unweighted base =	1200	746	454
Weighted base =	1200	713	487
	%	%	%
True statements			
<i>A person has the right to fully repay a loan at any time, but may have to pay early payment fees</i>	83	80	87
<i>If facing unexpected financial hardship, a person can apply for changes to their agreement when they are unable to meet the payments</i>	69	66	73
<i>If a person can't pay back their loan, their guarantor may have to pay it</i>	85	84	85
<i>A person has the right to change their mind and cancel a loan/credit agreement within a few days after signing it</i>	67	65	69
False statements			
<i>The law prevents lenders from charging very high interest rates</i>	47	46	48
<i>If a person can't repay a loan, a debt collector can take any item in the house to pay for that debt, regardless of what the contract says</i>	48	45	53

Comparisons between respondent sub-groups in terms of their overall awareness of consumer rights and obligations are made at the end of this chapter. The most notable findings relating to the individual statements listed above are that:

Ethnicity prioritised

- v Pacific respondents were particularly likely to believe that *the law prevents lenders from charging very high interest rates* (43 percent wrongly answered that this was true, compared with 26 percent of all respondents).



Age

- ⌵ Respondents aged 18-29 were least likely to know that:
 - ⌵ *A person has the right to fully repay a loan at any time, but may have to pay early payment fees* (66 percent correctly answered that is true, compared with 83 percent of all respondents).
 - ⌵ *A person has the right to change their mind and cancel a loan/credit agreement within a few days after signing it* (41 percent correctly answered that is true, compared with 67 percent of all respondents).

English not best language

- ⌵ Respondents for whom English was not their best language were particularly likely to wrongly believe that *the law prevents lenders from charging very high interest rates* (50 percent, compared with 24 percent of respondents of those with English as their first language).
- ⌵ They were also least likely to know that:
 - ⌵ *If a person can't pay back their loan, their guarantor may have to pay it* (60 percent correctly answered that is true, compared with 87 percent of respondents of those with English as their first language).
 - ⌵ *A person has the right to change their mind and cancel a loan/credit agreement within a few days after signing it* (40 percent correctly answered that is true, compared with 69 percent of respondents of those with English as their first language).

New Zealand vs. overseas born

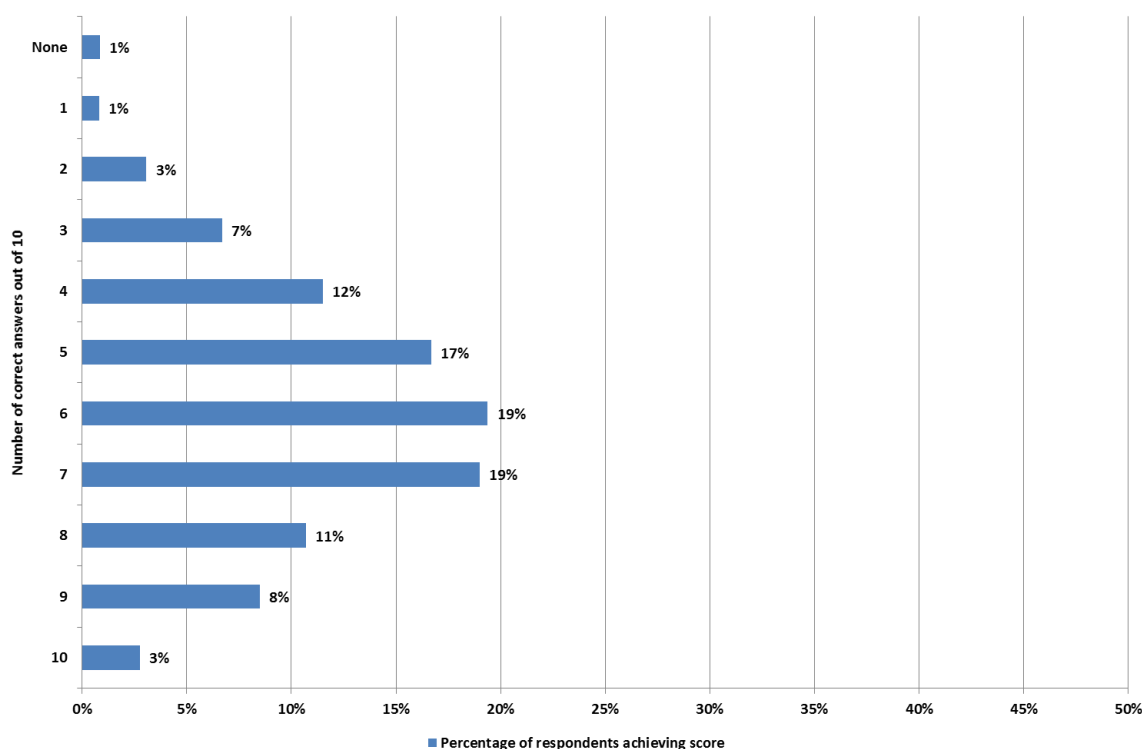
- ⌵ Similarly, respondents who were born overseas were more likely to wrongly believe that *the law prevents lenders from charging very high interest rates* (36 percent wrongly answered that this was true, compared with 22 percent of those who were born in New Zealand).



What proportion of consumers understand lenders' obligations prior to entering credit contracts?

The survey also sought to measure consumers' awareness of lenders' obligations. Respondents were asked to state whether ten statements were true or false (Figure 3 and Table 5). Again, these statements related to current legislation at the time the survey was undertaken (February 2015).

Figure 3: Number of correct answers to true/false statements about lenders' obligations



The key findings are as follows:

- Awareness of lenders' obligations is even lower than awareness of consumers' rights and obligations. Only 22 percent of respondents answered eight or more statements correctly (as shown in Figure 3), and the average number of correct answers was 5.96 out of 10 (or 60 percent correct).
- The proportions of correct responses for each statement varied considerably: ranging from just 29 percent to 92 percent.
- Only three out of the ten aspects of lender obligations were widely known:
 - *A lender has to provide a borrower with a written statement that includes the interest rate and any applicable fees:* 92 percent of respondents correctly answered that this was true.
 - *A lender is allowed to hire a debt collector if a borrower can't repay the loan:* 86 percent of respondents correctly answered that this was true.



- u *A lender has to provide a borrower with written information about their right to cancel the credit contract:* 83 percent of respondents correctly answered that this was true.

- u Three aspects of lender obligations were known by one-third of respondents or less – and the survey also revealed a number of common misconceptions:
 - u *A lender must not offer a borrower a higher loan amount than what they initially asked for:* 29 percent of respondents correctly answered that this was false.
 - u Forty percent believed this statement was true, therefore highlighting a common misconception among consumers.
 - u *If a borrower can't make repayments, the lender must offer more affordable payment options:* 33 percent of respondents correctly answered that this was false.
 - u One in three (33 percent) believed this statement was true – another misconception.
 - u *A lender can sell a borrower's credit contract to another lender:* 33 percent of respondents correctly answered that this was true.
 - u Again, almost one in three (31 percent) believed this statement was false.
 - u Similarly, almost one in three respondents (32 percent) wrongly believed that *a lender has to give a borrower financial advice* (while 47 percent answered correctly that the statement was false).



Table 5: Statements about lenders' current legal obligations – percentage of respondents answering each statement correctly – by ethnicity

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
True statements				
<i>A lender has to provide a borrower with a written statement that includes the interest rate and any applicable fees</i>	92	82	83	93
<i>A lender has to provide a borrower with written information about their right to cancel the credit contract</i>	83	76	77	84
<i>A lender can sell a borrower's credit contract to another lender</i>	33	15	23	35
<i>A lender is allowed to call or contact a borrower to offer more credit</i>	53	43	46	55
<i>A lender is allowed to hire a debt collector if a borrower can't repay the loan</i>	86	73	79	88
<i>A lender can repossess items that are bought on credit if a borrower can't repay the loan</i>	80	75	75	81
<i>A debt collector can knock on a borrower's door to ask for payment</i>	61	54	53	62
False statements				
<i>A lender has to give a borrower financial advice</i>	47	25	40	49
<i>A lender must not offer a borrower a higher loan amount than what they initially asked for</i>	29	24	30	29
<i>If a borrower can't make repayments, the lender must offer more affordable payment options</i>	33	17	28	35

Table 6 compares the responses of respondents who said they had borrowed money in the last two years against those of non-borrowers.

Borrowers were significantly more likely to answer two of the statements correctly than non-borrowers:

- A lender has to provide a borrower with a written statement that includes the interest rate and any applicable fees* (90 percent correctly answered that this was true, compared with 84 percent of non-borrowers).
- A lender is allowed to hire a debt collector if a borrower can't repay the loan* (97 percent correctly answered that this was true, compared with 88 percent of non-borrowers).

There were no other significant differences between the two groups in terms of their awareness of lenders' obligations.



Table 6: Statements about lenders' current legal obligations – percentage of respondents answering each statement correctly – by borrowers vs. non-borrowers

	Total	Non-borrower	Borrower
Unweighted base =	1200	746	454
Weighted base =	1200	713	487
	%	%	%
True statements			
<i>A lender has to provide a borrower with a written statement that includes the interest rate and any applicable fees</i>	92	88	97
<i>A lender has to provide a borrower with written information about their right to cancel the credit contract</i>	83	82	84
<i>A lender can sell a borrower's credit contract to another lender</i>	33	34	32
<i>A lender is allowed to call or contact a borrower to offer more credit</i>	53	50	58
<i>A lender is allowed to hire a debt collector if a borrower can't repay the loan</i>	86	84	90
<i>A lender can repossess items that are bought on credit if a borrower can't repay the loan</i>	80	79	81
<i>A debt collector can knock on a borrower's door to ask for payment</i>	61	60	62
False statements			
<i>A lender has to give a borrower financial advice</i>	47	45	49
<i>A lender must not offer a borrower a higher loan amount than what they initially asked for</i>	29	29	28
<i>If a borrower can't make repayments, the lender must offer more affordable payment options</i>	33	33	33

Comparisons between different respondent sub-groups in terms of their overall awareness of lenders' obligations are made at the end of this chapter. The most notable findings relating to the individual statements listed above are detailed below.

Ethnicity prioritised

- v Pacific respondents were particularly likely to wrongly believe that:
 - v *If a borrower can't make repayments, the lender must offer more affordable payment options* (58 percent wrongly answered that this was true, compared with 33 percent of all respondents).
 - v *A lender has to give a borrower financial advice* (54 percent wrongly answered that this was true, compared with 32 percent of all respondents).



English not best language

- Similarly, respondents for whom English was not their best language were particularly likely to wrongly believe that:
 - *If a borrower can't make repayments, the lender must offer more affordable payment options* (69 percent wrongly answered that this was true, compared with 30 percent of those with English as a first language).
 - *A lender has to give a borrower financial advice* (61 percent wrongly answered that this was true, compared with 30 percent of those with English as a first language).
- They were also least likely to know that:
 - *A debt collector can knock on a borrower's door to ask for payment* (35 percent correctly answered that this was true, compared with 63 percent of those with English as a first language).
 - *A lender can repossess items that are bought on credit if a borrower can't repay the loan* (49 percent correctly answered that this was true, compared with 82 percent of those with English as a first language).
 - *A lender is allowed to hire a debt collector if a borrower can't repay the loan* (58 percent correctly answered that this was true, compared with 89 percent of those with English as a first language).

New Zealand vs. overseas born

- Respondents who were born overseas were more likely to wrongly believe that:
 - *If a borrower can't make repayments, the lender must offer more affordable payment options* (47 percent wrongly answered that this was true, compared with 27 percent of those who were born in New Zealand).
 - *A lender has to give a borrower financial advice* (41 percent wrongly answered that this was true, compared with 29 percent of those who were born in New Zealand).



Consumer segmentation

In order to gain a better understanding of the consumer population in terms of their understanding of rights and obligations, respondents were segmented based on their level of awareness of current legislation, as measured by the survey.

All respondents to the survey were assigned an awareness index score from 0 to 16 out of 16 for the number of correct answers to the above statements.⁴ Using this score, they were then segmented into three groups:

- Those with low awareness of borrowers' and lenders' rights and obligations – a score of 0 to 7. Approximately one-in-five respondents (18 percent) were classified as having low overall awareness.
- Those with moderate awareness of borrowers' and lenders' rights and obligations – a score of 8 to 11. Approximately half of respondents (48 percent) were classified as having moderate overall awareness.
- Those with high awareness of borrowers' and lenders' rights and obligations – a score of 12 to 16. One-in-three respondents (33 percent) were classified as having high overall awareness.

Table 7 overleaf provides a summary of the main characteristics of each segment, and shows that there are a number of demographic, attitudinal and behavioural differences between the three groups.

Demographics: Reflecting the observations made earlier in this chapter, age, ethnicity and English language speaking ability are the key demographic differentiators between the three segments. Young people, those with Pacific or Māori ethnicity and those who do not speak English as a first language are particularly likely to appear in the low awareness segment. Income and employment status also related to awareness of borrower rights and lender obligations, while gender and household structure did not.

Attitude: Consumers in the low awareness segment are varied in terms of their self-reported financial literacy, self-reported ability to manage their finances well, and their confidence in understanding the terms of credit contracts in cases where they have borrowed money. On balance, however, they provided lower self-ratings than those in the other two segments.

Behaviours: Consumers in the low awareness segment are the least likely group to have borrowed money in the last two years. Those who did borrow during this period are twice as likely to have used a credit card as those in the moderate and high awareness segments.

Detailed tables of results, comparing the three segments in terms of the survey's demographic, attitudinal and behavioural measures, are provided below the summary table.

⁴ This was done by conducting a K-means based cluster analysis of respondents' awareness index scores.



Table 7: At-a-glance summary of segment characteristics

	Low awareness	Moderate awareness	High awareness
Size of segment	1/5 of population (18%)	1/2 of population (48%)	1/3 of population (33%)
Age	Younger than average (37% are under 30)	A range of ages represented	Older than average (only 11% under 30)
Ethnicity	Pacific (11%) and Māori (17%) are over- represented	In line with total population	Unlikely to be of Pacific Island descent (2%)
English is best language⁵	Below average (77% yes)	High (93% yes)	Very high (99% yes)
Country of birth	57% born in NZ 22% born in Asia	7/10 born in NZ (71%)	4/5 born in NZ (79%)
Employment status	Two-thirds (67%) are <u>not</u> working	Two-thirds (65%) are working	Mostly working (75%) or retired (15%)
Income	Below average	A range of incomes represented	Higher than average
Self-reported financial literacy	Mixed	In line with total population	Not particularly high (only 30% know a lot)
Self-reported ability to manage money	Mixed (60% good/very good, 40% fair/poor)	High (77% good or very good)	High (81% good or very good)
Borrowing	Least likely (31% borrowed in last 2 years)	42% borrowed in last 2 years	44% borrowed in last 2 years
Products used	More likely to have used credit card (36%)	Only 15% used credit card	Only 16% used credit card
Confidence in understanding terms when borrowing	Fairly high (47% very confident)	High (71% very confident)	Very high (80% very confident)

⁵ Percentages are based on all respondents; not only migrants.



Demographic profile of the different awareness segments⁶

Table 8:

Age - collapsed

	Total	Low awareness of rights and obligations (0-7)	Moderate awareness of rights and obligations (8-11)	High awareness of rights and obligations (12-16)
Unweighted base =	1200	269	608	323
Weighted base =	1200	221	581	397
	%	%	%	%
18-29	19	37	18	11
30-39	18	15	18	20
40-49	19	11	21	19
50-59	17	7	17	24
60-69	13	11	13	16
70 plus	13	19	13	9
Under 18 years	0	0	0	0
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 9:

Gender

	Total	Low awareness of rights and obligations (0-7)	Moderate awareness of rights and obligations (8-11)	High awareness of rights and obligations (12-16)
Unweighted base =	1200	269	608	323
Weighted base =	1200	221	581	397
	%	%	%	%
Male	48	50	42	56
Female	52	50	58	44
Total	100	100	100	100

Total may not sum to 100% due to rounding.

⁶ In these tables, any statistically significant differences between the results for a particular sub-group and the results for the total sample are highlighted. Results which are significantly higher than the total are highlighted with a red background (e.g. **22**) and results which are lower are highlighted with a grey background and red font (e.g. **73**).



Table 10:

Non-prioritised ethnicity

	Total	Low awareness of rights and obligations (0-7)	Moderate awareness of rights and obligations (8-11)	High awareness of rights and obligations (12-16)
Unweighted base =	1200	269	608	323
Weighted base =	1200	221	581	397
	%	%	%	%
Pacific	5	11	5	2
Māori	12	17	12	8
Other	89	79	89	95

Total may exceed 100% because of multiple responses.

Table 11:

Q35a. Which country were you born in?

	Total	Low awareness of rights and obligations (0-7)	Moderate awareness of rights and obligations (8-11)	High awareness of rights and obligations (12-16)
Unweighted base =	1200	269	608	323
Weighted base =	1200	221	581	397
	%	%	%	%
New Zealand	71	57	71	79
Australia	2	2	2	1
UK	10	6	10	12
China	1	3	0	1
India	3	6	3	1
South Africa	2	2	2	3
Samoa	1	4	1	0
Cook Islands	0	1	0	0
Other Pacific country	2	4	2	0
Other Asian country	6	13	5	3
Other	2	2	3	1
Total	100	100	100	100

Total may not sum to 100% due to rounding.



Table 12:

Q36. Thinking now about languages spoken. What language do you speak best?

	Total	Low awareness of rights and obligations (0-7)	Moderate awareness of rights and obligations (8-11)	High awareness of rights and obligations (12-16)
Unweighted base =	1200	269	608	323
Weighted base =	1200	221	581	397
	%	%	%	%
English	92	77	93	99
Another language (not English)	8	23	6	1
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 13:

Q33. Are you...?

	Total	Low awareness of rights and obligations (0-7)	Moderate awareness of rights and obligations (8-11)	High awareness of rights and obligations (12-16)
Unweighted base =	1200	269	608	323
Weighted base =	1200	221	581	397
	%	%	%	%
Self-employed	14	10	16	13
A salary or wage earner	52	39	49	62
Retired	18	20	19	15
A full time home-maker	6	6	7	5
A student	8	16	7	6
Unemployed	6	15	5	4
Other beneficiary	8	10	7	7
Don't know	0	1	0	0
Refused	0	0	0	0

Total may exceed 100% because of multiple responses.

Table 14:

Q35. Which of these best describes the income of your household before tax, for the last year?

	Total	Low awareness of rights and obligations (0-7)	Moderate awareness of rights and obligations (8-11)	High awareness of rights and obligations (12-16)
Unweighted base =	1200	269	608	323
Weighted base =	1200	221	581	397
	%	%	%	%
\$30,000 or less	22	30	25	13
\$30,001 to \$60,000	20	19	20	21
\$60,001 to \$90,000	18	16	18	21
\$90,001 or more	25	13	23	36
Don't know/Refused	14	23	14	9
Total	100	100	100	100

Total may not sum to 100% due to rounding.



Table 15: Extent to which ethnic groups fall into each segment

Consumer awareness segments

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
Low awareness of rights and obligations	18	39	28	16
Moderate awareness of rights and obligations	48	47	50	48
High awareness of rights and obligations	33	14	22	36
Total	100	100	100	100

Total may not sum to 100% due to rounding.



Attitudinal profile of the different awareness segments

Table 16:

Q3. The next section of the survey is about borrowing money. First of all, how much would you say you know about managing personal finances in general? Would you say...?

	Total	Low awareness of rights and obligations (0-7)	Moderate awareness of rights and obligations (8-11)	High awareness of rights and obligations (12-16)
Unweighted base =	1200	269	608	323
Weighted base =	1200	221	581	397
	%	%	%	%
Know a lot	22	12	20	30
Know a reasonable amount	57	47	59	59
Know little/Nothing	21	42	21	11
Don't know	0	0	0	0
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 17:

Q28. Overall, how good would you say you are at managing your personal finances? Would you say...?

	Total	Low awareness of rights and obligations (0-7)	Moderate awareness of rights and obligations (8-11)	High awareness of rights and obligations (12-16)
Unweighted base =	1200	269	608	323
Weighted base =	1200	221	581	397
	%	%	%	%
Very good	32	30	29	37
Good	43	30	48	44
Fair	19	29	18	17
Poor	5	11	5	2
Don't know	0	1	0	0
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.



Table 18:

Q21. At the time, how confident would you say you were that you understood everything you needed to know about your loan or credit agreement? Would you say...?

	Total	Low awareness of rights and obligations (0-7)	Moderate awareness of rights and obligations (8-11)	High awareness of rights and obligations (12-16)
Unweighted base =	434*	77	228	129
Weighted base =	464*	65	233	166
	%	%	%	%
Not at all confident	1	4	1	0
Somewhat confident	27	49	26	20
Very confident	71	47	71	80
Other (Specify)	1	0	1	0
Don't know	0	0	0	0
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported borrowing money, getting a cash loan or applying for credit in the last 2 years, and who reported using one or more of the credit facilities listed in Q7 or Q8a. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

Borrowing behaviour of the different awareness segments

Table 19:

Borrower or non-borrower

	Total	Low awareness of rights and obligations (0-7)	Moderate awareness of rights and obligations (8-11)	High awareness of rights and obligations (12-16)
Unweighted base =	1200	269	608	323
Weighted base =	1200	221	581	397
	%	%	%	%
Non-borrower	59	69	58	56
Borrower	41	31	42	44
Total	100	100	100	100

Total may not sum to 100% due to rounding.



Table 20:

Q7. And thinking about the most recent occasion when you borrowed money, got a cash loan or applied for credit, which of the following credit facilities did you use? (Prompted)

	Total	Low awareness of rights and obligations (0-7)	Moderate awareness of rights and obligations (8-11)	High awareness of rights and obligations (12-16)
Unweighted base =	450*	81	237	132
Weighted base =	478*	68	244	167
	%	%	%	%
A loan	51	42	55	49
A credit card	18	36	15	16
A store card	5	1	8	3
A hire purchase	8	4	7	10
An existing overdraft on a cheque account	5	4	5	6
A new overdraft facility	4	1	2	8
A cash advance	1	0	2	1
Mortgage/mortgage extension	5	7	3	7
Obtained equal amounts from each source	0	0	0	0
Other	2	2	3	1
None	1	1	1	0
Don't know	0	0	0	0
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported borrowing money, getting a cash loan or applying for credit in the last 2 years. Excludes early respondents who said they had borrowed from family or friends on the most recent occasion.



Table 21:

Q8. And what type of company or person did you get it from? (Prompted)

	Total	Low awareness of rights and obligations (0-7)	Moderate awareness of rights and obligations (8- 11)	High awareness of rights and obligations (12- 16)
Unweighted base =	446*	79	235	132
Weighted base =	475*	67	241	167
	%	%	%	%
Bank	70	79	66	73
Credit union/building society	2	3	3	1
Finance company (other than a bank, credit union, or building society)	12	7	12	16
Loan shop	3	0	3	2
Payday advance loan company	0	0	0	1
An online short-term loan provider	0	1	0	0
Pawnbroker/Pawn shop	0	0	0	0
Retailer	8	1	12	5
Insurance company	0	0	0	0
Employer	0	0	0	0
Work & Income	1	7	0	0
Family/friends	2	2	3	0
Obtained equal amounts from each source	0	0	0	0
Other	1	1	1	1
Don't know	0	0	1	0
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported borrowing money, getting a cash loan or applying for credit in the last 2 years, and who reported using one or more of the credit facilities listed in Q7. Excludes early respondents who said they had borrowed from family or friends on the most recent occasion.



2.0 Options and channels for borrowing money

This section of the report provides details of the survey results relating to consumers' awareness and recent use of different borrowing options.

Another of the intended impacts of the CCCFA reforms is that consumers are better aware of their credit options prior to entering a credit contract. In order to establish a benchmark in this regard, the survey attempted to answer three key questions about consumers' knowledge of available credit options:

- What types of lending options are consumers aware of?
- For what purposes are consumers borrowing money?
- Where do consumers go to borrow money?

Key findings

The survey found that:

- Bank loans are top of mind for consumers when it comes to borrowing money in a hurry and also for planned purchases.
 - On an unprompted basis, 76 percent of respondents mentioned bank loans as an option for borrowing in a hurry and 70 percent as an option for a planned purchase.
 - Finance companies were also mentioned as a potential source for emergency borrowing (34 percent) and for planned purchases (47 percent), but to a much lesser extent than bank loans.
 - For borrowing in a hurry, respondents were more likely to mention family and friends than finance companies as a viable source (52 percent).
- Reflecting their lower awareness of lending-related rights and obligations, younger consumers (aged under 30) are less aware of lending options such as bank loans and using finance companies.
 - This is despite the fact that their propensity to have borrowed in the last two years (38 percent) is in line with the average for all consumers (41 percent). (However, it is assumed that younger consumers are significantly less likely than average to have ever borrowed in the past. This was not measured by the present survey).



- u Overall, two-in-five consumers (41 percent) applied for credit in the last two years.
- u Consumers are borrowing money for a wide range of purposes:
 - u Planned purchases are at the top of the list of reasons for borrowing, for example: mortgages (29 percent of recent borrowers), buying a car (24 percent) or a major purchase for the home (20 percent).
 - u However, many consumers are also borrowing for “unplanned” spending, for example: to pay other bills, loans or debts (14 percent); for an emergency like an illness or a car repair (10 percent); and to cover day-to-day expenses such as groceries, petrol and school trips (eight percent).
- u Banks are by far the most widely used provider of credit. Reflecting respondents’ higher overall awareness of banks as a provider of credit, seven-in-ten recent borrowers (70 percent) had used a bank on the *most recent occasion* they had taken a loan, applied for credit or borrowed money.
 - u Banks were distantly followed by finance companies (12 percent) and retailers (eight percent).
 - u Loans (51 percent) and credit cards (18 percent) were the most frequently used types of credit.
- u Most borrowers are using lenders with whom they have an existing relationship (76 percent). However, one-in-four (24 percent) are considering other options or shopping around before they obtain credit.
- u Existing relationships and low interest rates/fees are most frequently identified as the main reason for choosing a particular lender (both 28 percent; Table 33).
- u Six out of ten recent borrowers (60 percent) had face-to-face contact with a lender or retailer during their most recent application for credit.
 - u Almost one-in-five (19 percent) had used the telephone as the main application channel and 15 percent had mainly applied online.



What proportions of consumers are aware of different lending options?

In order to measure consumers' awareness of the different lending options available to them, respondents were asked two questions on an unprompted basis (i.e. the possible response options were not read out to them).

Sources for borrowing money in a hurry

Firstly, respondents were asked what borrowing options would be available to a person if they needed money in an emergency or to tide them over (Table 22).

The most frequently identified sources included: a bank loan (76 percent), family or friends (52 percent), a finance company (34 percent), a loan shop/loan company (24 percent), or credit cards (19 percent). Almost one in ten identified "loan sharks" as an option (nine percent).

Table 22: Unprompted awareness of options for borrowing in a hurry – by ethnicity

Q4. If a person needed to borrow money in a hurry, for example in the next 2 to 3 days, for an emergency or to tide them over, what are all the options available for them to do this? (Unprompted awareness)

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
Bank loan	76	65	64	78
Family/friends	52	51	59	51
Finance company (other than a bank, credit union, or building society)	34	40	29	35
Loan shop/loan company	24	19	22	24
Credit card	19	10	14	20
Loan sharks	9	3	7	9
Pawnbroker/Pawn shop	8	3	8	8
Cash advance from Work & Income	6	3	8	6
Existing overdraft on cheque account	5	5	4	6
Credit union/building society	5	1	5	5
Temporary overdraft	4	4	3	4
Payday advance loan company (where people are loaned money against their pay or wages)	4	2	1	4
Savings/investments	3	3	8	2
Mortgage extension/re-mortgage	3	2	3	3
Cash advance from employer	2	3	2	2
Cash-in insurance, superannuation schemes	2	4	2	2
Sell belongings/valuables	2	3	2	2
Hire purchase (with retailer)	1	2	0	1
Retailers store card	1	1	1	1
Rent to own/rent to buy	0	0	0	0
Other (Specify)	7	4	10	7
None	1	1	1	1
Don't know	8	14	7	8
Refused	0	1	0	0

Total may exceed 100% because of multiple responses.



Table 23 provides a comparison between respondents who said they had borrowed in the last two years and non-borrowers in terms of their awareness of borrowing options for obtaining credit in a hurry.

Overall, 13 percent of non-borrowers were either not able to name any options or answered that they “did not know” – compared to only four percent of recent borrowers. Awareness of bank loans, family/friends, loan companies and credit cards was significantly higher among borrowers than non-borrowers.

Table 23: Unprompted awareness of options for borrowing in a hurry – by borrowers vs. non-borrowers

Q4. If a person needed to borrow money in a hurry, for example in the next 2 to 3 days, for an emergency or to tide them over, what are all the options available for them to do this? (Unprompted awareness)

	Total	Non-borrower	Borrower
Unweighted base =	1200	746	454
Weighted base =	1200	713	487
	%	%	%
Bank loan	76	72	81
Family/friends	52	48	57
Finance company (other than a bank, credit union, or building society)	34	33	36
Loan shop/loan company	24	20	29
Credit card	19	14	25
Loan sharks	9	8	9
Pawnbroker/Pawn shop	8	6	11
Cash advance from WINZ	6	5	7
Existing overdraft on cheque account	5	5	6
Credit union/building society	5	5	5
Temporary overdraft	4	3	6
Payday advance loan company (where people are loaned money against their pay or wages)	4	3	4
Savings/investments	3	2	3
Mortgage extension/re-mortgage	3	3	3
Cash advance from employer	2	1	2
Cash-in insurance, superannuation schemes	2	2	2
Sell belongings/valuables	2	1	4
Hire purchase (with retailer)	1	0	1
Retailers store card	1	0	2
Rent to own/rent to buy	0	0	0
Other (Specify)	7	7	7
None	1	2	0
Don't know	8	11	4
Refused	0	0	0

Total may exceed 100% because of multiple responses.

Ethnicity prioritised

- Pacific and Māori respondents were significantly less likely than average to identify bank loans as a short-term borrowing option (65 percent and 64 percent respectively, compared with 78 percent of “Other” respondents).



- Pacific respondents were also significantly less likely to mention a credit card (10 percent, compared with 19 percent of all respondents).

Age

- Respondents aged 18-29 were significantly less likely to identify a bank loan (57 percent, compared with 76 percent of all respondents) and a finance company (22 percent, compared with 34 percent), while being more likely to say they don't know (16 percent, compared with eight percent).
- 50-59 year olds were the most likely group to identify "loan sharks" (18 percent, compared with nine percent of all respondents).

Household income

- Those with lower incomes (\$30,000 or less) showed lower awareness of several lending options, namely: bank loans (65 percent, compared with 76 percent of all respondents), family/friends (41 percent, compared with 52 percent), finance companies (20 percent, compared with 34 percent), credit cards (nine percent, compared with 19 percent) and "loan sharks" (three percent, compared with nine percent). They were significantly more likely to say they don't know (15 percent, compared with eight percent of all respondents).
- Respondents in the top two income categories were significantly more likely to mention family or friends (63 percent of those in the \$60k to \$90k category and 62 percent of those in the \$90k+ category).
- Those with incomes of \$90k+ were also significantly more likely to mention a bank loan (83 percent, compared with 76 percent of all respondents) or an existing overdraft (14 percent, compared with five percent of all respondents).

English not best language

- Respondents for whom English was not their best language showed low levels of overall awareness: they were significantly less likely than average to identify bank loans (58 percent, compared with 76 percent of all respondents), family/friends (34 percent, compared with 52 percent), pawnshops, loan sharks, payday advances, temporary overdrafts or credit unions (all 0 percent).

New Zealand vs. overseas-born

- Nothing of significance.



Self-reported knowledge

- As might be expected, those who said they knew “little” or “nothing” about managing personal finances also showed lower awareness of short-term lending options overall. Almost one-in-four (24 percent) were not able to mention a single source (compared with nine percent of the total sample).

Self-reported ability to manage personal finances

- The only significant differences for those who said they were “fair” or “poor” at managing their personal finances were a lower awareness of bank loans (65 percent, compared with 76 percent of all respondents) and a higher propensity to say they don’t know (18 percent, compared with eight percent of the total sample).

Awareness segmentation (rights and obligations)

- As might be expected, those in the higher awareness segment showed greater awareness of most short-term lending options than those in the lower awareness segment.
- Awareness of the following options was significantly greater for those in the high awareness segment than for those in the low awareness segment:
 - Bank loans (80 percent vs. 62 percent).
 - Family/friends (61 percent vs. 36 percent).
 - Finance companies (47 percent vs. 21 percent).
 - Credit cards (30 percent vs. nine percent).
 - Loan shops/loan companies (26 percent vs. nine percent).
 - “Loan sharks” (17 percent vs. two percent).
 - Pawnbrokers or pawn shops (15 percent vs. one percent).
 - Payday advance loan companies (eight percent vs. 0 percent).

Borrower

- Overall, 13 percent of non-borrowers were either not able to name any options or answered that they “did not know” – significantly higher than four percent of recent borrowers.
- Awareness of the following options was significantly higher for borrowers than for non-borrowers:
 - Bank loans (81 percent vs. 72 percent).



- Family/friends (57 percent vs. 48 percent).
- Loan shops/loan companies (29 percent vs. 20 percent).
- Credit cards (25 percent vs. 14 percent).

Used known lender

- Nothing of significance.

Providers and products

- Nothing of significance.



Sources for borrowing money for a planned purchase

As a follow-up question, respondents were asked (again on an unprompted basis) where a person could go if they needed to borrow in order to buy a car, refrigerator, television or some other purchase for the house (Table 24). The intention of this question was to gauge awareness of the options available for “planned purchases”, as opposed to emergency situations.

As was the case when asked about emergency situations, respondents were most likely to identify bank loans as a potential source of credit (70 percent). Other frequently mentioned options included using a finance company (47 percent), a hire purchase through a retailer (33 percent), family or friends (33 percent), or a loan shop/loan company (20 percent).

Table 24: Unprompted awareness of borrowing options for planned purchases – by ethnicity

Q5. If a person needed to borrow money, to buy a car, refrigerator, television or some other purchase for the house, where could they go, or who could they approach for this? (Unprompted awareness)

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
Bank loan	70	74	66	70
Finance company (other than a bank, credit union, or building society)	47	50	43	47
Hire purchase (with retailer)/layby	33	19	26	34
Family/friends	33	33	36	33
Loan shop/loan company	20	22	14	20
Credit card	17	7	12	19
Retailers store card	10	5	7	11
Cash advance from Work & Income	6	7	11	5
Credit union/building society	4	0	3	4
Loan sharks	4	1	7	4
Savings/investments	4	5	6	4
Car dealership/car finance	4	3	4	4
Mortgage company/mortgage extension	4	2	2	4
Existing overdraft on cheque account	3	1	1	3
Pawnbroker/Pawn shop	3	3	2	4
Temporary overdraft	2	1	1	2
Rent to own/rent to buy	2	3	3	2
Through the retailer (method not specified)	2	1	1	3
Cash advance from employer	1	1	1	1
Cash-in insurance, superannuation schemes	1	1	2	1
Payday advance loan company (where people are loaned money against their pay or wages)	1	0	2	1
Online lenders	0	0	2	0
Other (Specify)	8	9	9	8
None	2	1	1	2
Don't know	3	3	5	2
Refused	0	0	0	0

Total may exceed 100% because of multiple responses.



Table 25 provides a comparison between respondents who said they had borrowed in the last two years and non-borrowers in terms of their awareness of the options available for planned purchases.

Borrowers' awareness of finance companies and credit cards was significantly higher than that of non-borrowers, and they also were significantly less likely to mention no options or answer that they "did not know" (one percent, compared with six percent of non-borrowers).

Table 25: Unprompted awareness of borrowing options for planned purchases – by borrowers vs. non-borrowers

Q5. If a person needed to borrow money, to buy a car, refrigerator, television or some other purchase for the house, where could they go, or who could they approach for this? (Unprompted awareness)

	Total	Non-borrower	Borrower
Unweighted base =	1200	746	454
Weighted base =	1200	713	487
	%	%	%
Bank loan	70	67	74
Finance company (other than a bank, credit union, or building society)	47	43	53
Hire purchase (with retailer)/layby	33	31	35
Family/friends	33	32	35
Loan shop/loan company	20	18	22
Credit card	17	14	23
Retailers store card	10	9	12
Cash advance from WINZ	6	6	7
Credit union/building society	4	4	3
Loan sharks	4	4	4
Savings/investments	4	3	5
Car dealership/car finance	4	2	6
Mortgage company/mortgage extension	4	3	5
Existing overdraft on cheque account	3	2	3
Pawnbroker/Pawn shop	3	3	4
Temporary overdraft	2	1	4
Rent to own/rent to buy	2	1	4
Through the retailer (method not specified)	2	3	2
Cash advance from employer	1	1	0
Cash-in insurance, superannuation schemes	1	1	0
Payday advance loan company (where people are loaned money against their pay or wages)	1	2	0
Online lenders	0	0	1
Other (Specify)	8	7	10
None	2	2	1
Don't know	3	4	0
Refused	0	0	0

Total may exceed 100% because of multiple responses.



Ethnicity prioritised

- Pacific respondents were significantly less likely to identify a hire purchase as a lending option (19 percent, compared with 26 percent of Māori respondents and 34 percent of “Other” respondents).
- Māori respondents were significantly more likely to identify an advance from Work & Income (11 percent, compared with six percent of all respondents).

Age

- While 18-29 year olds were significantly less likely to identify a finance company (32 percent), 30-39 year olds were the most likely group to identify this source (60 percent).
- Those aged 18-29 were also significantly less likely to identify a retailer’s store card (four percent, compared with an average of 10 percent for all respondents).
- Older respondents were least likely to mention family or friends as a lending option (22 percent of 60-69 year-olds and those aged 70 or older, compared with 33 percent of all respondents).

Household income

- Those with lower incomes (\$30k or less) were the least likely group to mention finance companies (32 percent, compared with 47 percent of all respondents) and credit cards (nine percent, compared with 17 percent of all respondents).
- Respondents in the highest income category (\$90k+) were the most likely to identify credit cards (27 percent).

English not best language

- Those who said English was not their best language were also less likely to identify several credit sources, including bank loans (50 percent, compared with 70 percent of all respondents), hire purchases (13 percent, compared with 33 percent) and retailers store cards (three percent, compared with 10 percent).

New Zealand vs. overseas-born

- Similarly, respondents who were born overseas were less likely than those born in New Zealand to identify several credit sources, including bank loans (63 percent, compared with 73 percent of those born in New Zealand), finance companies (34 percent, compared with 52 percent), family/friends (25 percent, compared with 37 percent) and retailers store cards (four percent, compared with 13 percent).



Self-reported knowledge

- As might be expected, those who said they knew “little” or “nothing” about managing personal finances were also less likely to identify several credit sources, including bank loans (60 percent, compared with 70 percent of all respondents) and finance companies (34 percent, compared with 47 percent).
- Those who said they knew “a lot” were significantly more likely to identify credit cards (25 percent, compared with 11 percent of those who said they knew “little” or “nothing”).

Self-reported ability to manage personal finances

- Nothing of significance.

Awareness segmentation (rights and obligations)

- Those in the low awareness segment were significantly less likely to identify bank loans (56 percent, compared with 70 percent of all respondents), finance companies (31 percent, compared with 47 percent) or hire purchase arrangements (22 percent, compared with 33 percent).
- Those with high awareness of borrowers’ rights and lenders’ obligations were significantly more likely to identify finance companies (57 percent), hire purchases (42 percent), credit cards (26 percent, compared with 17 percent of all respondents) and “loan sharks” (nine percent, compared with four percent of all respondents).

Borrower

- Borrowers’ awareness of finance companies (53 percent) and credit cards (23 percent) was significantly higher than that of non-borrowers (43 percent and 14 percent, respectively).
- Borrowers also were significantly less likely to answer that they “did not know” (0 percent, compared with four percent of non-borrowers).

Used known lender

- Nothing of significance.

Providers and products

- Those who used a hire purchase arrangement on their most recent occasion were significantly more likely to mention finance companies (80 percent, compared with 53 percent of all borrowers). However, note that the sub-sample was relatively small at 36 respondents.



For what purposes have consumers borrowed money in the last two years?

Respondents were asked if they had borrowed money, got a cash loan or applied for credit in the last two years and, if so, what for what purpose(s) they had done so. Almost three-in-five respondents (59 percent) reported they had not borrowed money, got a cash loan or applied for credit during this time. However, this does not mean that some respondents in this group did not use existing lending vehicles (for example, credit cards) to make a purchase on credit.

Table 26 lists the reasons for borrowing among the 40 percent of respondents who said they had borrowed money in the last two years. A wide range of reasons for borrowing was identified.

The top three items on the list could be described as “planned purchases”: 29 percent of borrowers had borrowed for a mortgage; 24 percent to buy a vehicle; and 20 percent for a major purchase for their home. The list also includes several examples of “unplanned” spending, for example: borrowing to pay other bills, loans or debts (14 percent); for an emergency like an illness or a car repair (10 percent); and to cover day-to-day expenses such as groceries, petrol and school trips (eight percent).

Table 26:

Q6. Thinking about your own situation, have you borrowed money, got a cash loan or applied for credit in the last 2 years. Was it...?

	Total borrowers
Unweighted base =	454*
Weighted base =	487*
	%
For a mortgage	29
To buy a car	24
For a major purchase for your home (such as a refrigerator, washer/dryer, or television)	20
To pay other bills, loans or debts	14
For a holiday or recreation	14
For an emergency like an illness or a car repair	10
To cover day-to-day expenses such as groceries, petrol, school trips etc.	8
To cover an overdue credit card bill, or other debt	6
For family emergencies	5
To pay utilities expenses (e.g. power, gas etc.)	4
To purchase presents/gifts for other people (e.g. birthday, Xmas, wedding)	4
House renovations/home improvements	4
To give/send money to family	3
For business purposes	3
To pay the rent	2
To pay for school fees and uniforms	2
To avoid bouncing a cheque	1
To buy a boat	1
Other	4

Total may exceed 100% because of multiple responses.

*Sub-sample based on those respondents who have borrowed money, got a cash loan or applied for credit in the last 2 years.



Ethnicity prioritised

- There were no significant differences between Pacific, Māori and other respondents in terms of their likelihood of having borrowed in the last two years.
- Among the sub-sample of borrowers, Pacific respondents were significantly more likely to report having borrowed money for family emergencies (18 percent, compared with eight percent of Māori borrowers and three percent of “Other” borrowers).

Age

- Older respondents were least likely to have borrowed in the last two years (25 percent of 60-69 year-olds and 11 percent of those aged 70+ said they had borrowed, compared with an average of 41 percent).
- 30-39 year-olds (57 percent) and 40-49 year-olds (61 percent) were most likely to have borrowed in the last two years. In both age groups, a mortgage was the most frequently mentioned reason for borrowing (35 percent and 34 percent respectively). In contrast, the main reasons for borrowing for 18-29 year-old borrowers were to buy a car (30 percent) or for a holiday or recreation (27 percent).

Household income

- Respondents with lower incomes (\$30k or less) were least likely to have borrowed in the last two years (27 percent, compared with an average of 41 percent), and those with incomes of \$60k or higher were significantly more likely to have done so (55 percent of those in the \$60k to \$90k category had borrowed and 54 percent of those with incomes of \$90k+).
- Among borrowers, households earning \$30k or less were significantly more likely to report having borrowed to cover day-to-day expenses (25 percent, compared with eight percent of all borrowers), while being less likely to have done so for a mortgage (11 percent, compared with 29 percent of all borrowers). Households earning \$90k+ were significantly more likely than average to have borrowed for a mortgage (48 percent).

Household structure

- Respondents in single parent households and families with children under five were most likely to have borrowed in the last two years (59 percent and 56 percent respectively, compared with an average of 41 percent).
 - Among borrowers in the latter group, the main reason for borrowing was for a mortgage (42 percent, compared with only 11 percent of single parent borrowers).
 - Single-parent borrowers identified a wide range of reasons for borrowing, including a car (18 percent), holidays or recreation (15 percent), a major purchase for the home (10 percent) and/or to pay other bills, loans or debts (10 percent).



- ↳ Respondents in single or one-person households were least likely to have borrowed (22 percent).

English not best language

- ↳ Nothing of significance.

Self-reported knowledge

- ↳ Among borrowers, those who reported knowing “a lot” about managing personal finances were least likely to have borrowed “for an emergency like an illness or a car repair” (three percent, compared with 16 percent of those who said they knew “little” or “nothing”).

Self-reported ability to manage personal finances

- ↳ Notably, there were no significant differences between those who said they were “good/very good” at managing their own finances and those who said they were “poor/fair”, in terms of whether or not they had borrowed in the last two years and the reasons for doing so.

Awareness segmentation (rights and obligations)

- ↳ As noted previously, those in the low awareness segment were least likely to have borrowed in the last two years (31 percent, compared with 42 percent of those with moderate awareness and 56 percent of those with high awareness).
- ↳ Among borrowers, respondents in the high awareness segment were least likely to have borrowed “for an emergency like an illness or a car repair” (one percent, compared with 13 percent of those in the low awareness segment).

Used known lender

- ↳ Nothing of significance.

Providers and products

- ↳ As might be expected, those who used a hire purchase arrangement on their most recent borrowing occasion were most likely to have done so to make a major purchase for the house (65 percent, compared with 20 percent of those who used a credit card).
- ↳ Those who took out a loan on their most recent borrowing occasion were least likely to have done so to make a major purchase for the house (nine percent).



Where do consumers go to borrow money?

Respondents who said they had borrowed money in the last two years were then asked a series of questions about their most recent borrowing experience; including the type of provider and the type of credit product they had used on that occasion.

Types of providers used on most recent occasion

When asked what type of company or person they had mainly borrowed from, 70 percent had done so through a bank (Table 27). This reflects the dominance of bank loans when respondents were asked about their awareness of lending options.

Far fewer respondents said they had obtained credit from a finance company (12 percent), even though this source was mentioned frequently when respondents were asked about their awareness of lending options. Eight percent obtained credit through a retailer on the most recent occasion.

Table 27:

Q8_Q8a. What type of company or person did you get it from (mainly)?

	Total
Unweighted base =	446*
Weighted base =	475*
	%
Bank	70
Finance company (other than a bank, credit union, or building society)	12
Retailer	8
Loan shop	3
Credit union/building society	2
Family/friends	2
Work & Income	1
Payday advance loan company	0
Other	1
Don't know	0
Refused	0
Total	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who have borrowed money, got a cash loan or applied for credit in the last 2 years.

Products

- Most credit cards were obtained from banks (84 percent), while most respondents who had used a hire purchase arrangement said they had obtained it from a finance company (72 percent; 19 percent said they had obtained it from the retailer).

Ethnicity prioritised

- Māori and Pacific borrowers were less likely to report having borrowed money from a bank (58 percent and 56 percent respectively, compared with 73 percent of “Other” borrowers).



Household income

- ↳ Borrowers from households earning \$30k or less were significantly less likely to report having borrowed from a bank (52 percent, compared with 80 percent of those with household incomes of greater than \$90k).

No other significant differences were found in relation to the types of credit providers used, when viewed by consumers' demographic profile or the other variables of interest.

First time vs. repeated use of lenders

Almost two-thirds (64 percent) of those who had borrowed money, taken out a loan or applied for credit in the last two years said they had previously used the lender to obtain credit (Table 28). A further 12 percent had an existing relationship with the lender but had not obtained credit from them (for example, those who had used a bank for services other than obtaining credit).

This means that just one-in-five borrowers (22 percent) were dealing with their lender for the first time.

Table 28:

Q10. Was this the first time you had applied to this lender for credit? IF YES: Had you ever dealt with the lender before?

	Total
Unweighted base =	434*
Weighted base =	464*
	%
Yes - first time I had ever dealt with lender	22
Yes - had dealt with them before but first time getting credit	12
Sub-total: first time applying to lender for credit	35
No - used lender before to get credit	64
Other (Specify)	1
Don't know	0
Refused	0
Total	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who have borrowed money, got a cash loan or applied for credit in the last 2 years - excludes borrowers whose most recent borrowing was from a family member or friend.

Providers and products

- ↳ Respondents who most recently borrowed from a finance company were significantly more likely to report it was the first time they had applied to that lender (59 percent), whereas those who had most recently borrowed from a bank were more likely to report they had borrowed from the same bank before (70 percent).

Ethnicity prioritised

- ↳ Pacific respondents were significantly more likely to report it was the first time that they had applied to the lender in question for credit (51 percent, compared with 35 percent of all borrowers).



Age

- ⋮ Younger respondents (aged under 30) were most likely to have been applying to their lender for the first time (57 percent, compared with 35 percent of all borrowers).

Household income

- ⋮ Nothing of significance.

English not best language

- ⋮ Nothing of significance.

New Zealand vs. overseas-born

- ⋮ As might be expected, respondents who were born overseas were significantly less likely (48 percent) than New Zealand-born respondents (71 percent) to have borrowed from their most recent lender before.

Awareness segmentation (rights and obligations)

- ⋮ Nothing of significance.

Self-reported knowledge

- ⋮ Borrowers who reported knowing “a lot” about managing personal finances in general were significantly more likely than average to have borrowed from their most recent lender before (79 percent). In contrast, only 59 percent of borrowers who reported knowing “little” or “nothing” had borrowed from their most recent lender before.

Self-reported ability to manage personal finances

- ⋮ Similarly, borrowers who reported being “good” or “very good” at managing their personal finances were significantly more likely than average to have borrowed from their lender before (67 percent). In comparison, 58 percent of borrowers who felt they were “fair” or “poor” at managing their personal finances had borrowed from their most recent lender before.



Types of products used on most recent occasion

When asked what type of credit facility they had mainly used for their most recent borrowing, more than half (51 percent) of borrowers had taken out a loan (Table 29). One-in-five borrowers (18 percent) had applied for a credit card.

Table 29:

Q7_Q7a. And thinking about the most recent occasion when you borrowed money, got a cash loan or applied for credit, which of the following credit facilities did you (mainly) use?

	Total
Unweighted base =	450*
Weighted base =	478*
	%
A loan	51
A credit card	18
A hire purchase	8
A store card	5
An existing overdraft on a cheque account	5
A mortgage/mortgage extension	5
A new overdraft facility	4
A cash advance	1
Other	2
None	1
Don't know	0
Refused	0
Total	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who have borrowed money, got a cash loan or applied for credit in the last 2 years.

Providers

- ↳ Borrowers who used a finance company were more likely to have obtained a hire purchase than those who used other types of credit providers (i.e. 45 percent of borrowers from finance companies obtained a hire purchase, compared with 19 percent of those who borrowed from a retailer and eight percent of all borrowers).

Ethnicity prioritised

- ↳ Pacific borrowers were significantly less likely to report having used a credit card (seven percent, compared with 14 percent of Māori borrowers and 20 percent of “Other” borrowers).

Age

- ↳ Nothing of significance.



Household income

- ↳ Borrowers from households earning more than \$90k were significantly less likely to report having used a hire purchase (two percent, compared with 12 percent of borrowers with household incomes of \$30k or less).

Household structure

- ↳ Borrowers from one-person households were significantly more likely to have used a credit card (46 percent, compared with 18 percent of all borrowers).

English not best language

- ↳ Nothing of significance.

Self-reported knowledge

- ↳ Nothing of significance.

Self-reported ability to manage personal finances

- ↳ Nothing of significance.

Awareness segmentation (rights and obligations)

- ↳ Borrowers with low awareness of borrowers' rights and lenders' obligations were the most likely group to have used a credit card (36 percent, compared with 18 percent of all borrowers).

Used known lender

- ↳ Nothing of significance.



Do consumers consider other options before borrowing?

One-in four respondents (24 percent) who had borrowed or applied for credit in the last two years said they had considered other options for borrowing money before choosing the lender and product that they did (Table 30).

Of those who said they had considered other options, almost two-thirds (63 percent) said they had actually shopped around and compared the different options available to them (Table 31). The options most frequently compared included the offerings of different banks (40 percent of the sub-sample), the offerings of finance companies (21 percent), and a comparison of interest rates (20 percent).

Table 30:

Q11. Did you consider any other options for borrowing money before choosing this one?

	Total
Unweighted base =	434*
Weighted base =	464*
	%
Yes	24
No	76
Don't know	0
Refused	0
Total	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported borrowing money, getting a cash loan or applying for credit in the last 2 years, and who reported using one or more of the credit facilities listed in Q7 or Q8a. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

Table 31:

Q12. Did you actually shop around and compare different finance options before deciding on a lender? IF YES: What did you look at?

	Total
Unweighted base =	118*
Weighted base =	110*
	%
Interest rates	20
Terms and/or payment options	8
Other fees/total cost of borrowing	6
Banks	40
Loan/finance companies	21
Other	14
Did not shop around	37
Don't know	0
Refused	0

Total may exceed 100% because of multiple responses.

*Sub-sample based on those respondents who shopped around and compared different finance options before deciding on a lender. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.



Used known lender

- Respondents who reported it was the first time they had borrowed or applied for credit from the lender they selected were significantly more likely to report that they had considered other options for borrowing money before choosing the option they used (36 percent, compared with 17 percent of those who had previously dealt with the lender).

Due to the relatively small sub-sample of recent borrowers, there were no other statistically significant differences when viewed by the other analysis variables of interest.



Consumers' reasons for choosing lenders

In order to gain a greater understanding of the drivers of consumer behaviour when it comes to borrowing, recent borrowers were asked what made them choose the particular lender that they used on the most recent occasion (Table 32).

Four main reasons for choosing lenders were identified:

- Low interest rates or fees (mentioned by 50 percent of recent borrowers).
- Feeling comfortable dealing with the lender (48 percent).
- It was an easy process or convenient (47 percent).
- The borrower had used that lender before (28 percent).

Table 32:

Q14. What made you choose that particular lender? Was it...?

	Unweighted base =	Total
	Weighted base =	434*
		464*
		%
Low interest rates or fees		50
You felt comfortable dealing with the lender		48
An easy process or convenience		47
Have used them before/I was an existing customer		28
The lender was first to accept your application		16
It was referred to you by someone you know		13
It was advertised		13
It was suggested by the retailer		7
You found the lender by searching online		3
Any other reasons? (Specify)		9
No reason		0
Don't know		0
Refused		0

Total may exceed 100% because of multiple responses.

*Sub-sample based on those respondents who reported borrowing money from family and/or friends (on the most recent occasion) in the last 2 years, and who identified using one or more of the credit facilities listed in Q7 or Q8a. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.



As a follow-up question, those respondents who mentioned more than one reason for choosing a particular lender were asked what the main reason was. Table 33 shows their responses, combined with those of respondents who had only selected one reason. While some respondents still had problems narrowing why they chose the lender in question to just one main reason, most frequently they had opted to go with the lender because:

- Interest rates or fees were low (28 percent)
- They had used that lender before (28 percent)
- The process was easy/convenient (21 percent)
- They felt comfortable dealing with the lender (13 percent).

Table 33:

X14a. What is the main reason you chose that particular lender?

	Unweighted base =	Total
	Weighted base =	434*
		464*
		%
Low interest rates or fees		28
Had used the lender before/already had a pre-existing relationship		28
An easy process or convenience		21
You felt comfortable dealing with the lender		13
It was referred to you by someone you know		4
The lender was first to accept your application		3
They offered the best terms		3
It was advertised		2
It was suggested by the retailer		5
You found the lender by searching online		0
Other		9
Don't know		0

Total may exceed 100% because of multiple responses.

*Sub-sample based on those respondents who reported borrowing money from family and/or friends (on the most recent occasion) in the last 2 years, and who identified using one or more of the credit facilities listed in Q7 or Q8a. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

Sources of information about interest rates and fees

Borrowers who identified low interest rates or fees as one of the reasons they chose a particular lender (50 percent of all borrowers) were asked where they found out about the lenders' interest rates and fees (Table 34).

In most cases, the sub-sample of respondents reported finding out directly from the lender – either from their website, at their premises or through advertising they had seen.



Table 34:

Q14b. Where did you find out information about interest rates and fees?

	Unweighted base =	Total
	190*	190*
	Weighted base =	223*
		%
Lender's website		40
At the lender's premises		25
Advertising		23
At the retailer's premises - in store		8
From family or friends		6
From the lender (specific details not specified)		5
Other (Specify)		5
By phone with the lender		3
The lender sent information to me		2
Don't know		0

Total may exceed 100% because of multiple responses.

*Sub-sample based on those respondents who identified low interest rates or fees as a reason for choosing a particular lender.

Aspects of the process that made it easy or convenient

Borrowers who had identified “an easy process or convenience” as a reason for choosing a particular lender (47 percent of all borrowers) were asked what it was that made the process easy (Table 35).

A straightforward and fast application process are the main components of this reason for selecting providers (mentioned by 78 percent and 73 percent of the sub-sample respectively). Two-in-three respondents stated that getting the money quickly was a factor (65 percent).

Table 35:

Q14d. What was it about the process that was easy? Was it because...?

	Unweighted base =	Total
	197*	197*
	Weighted base =	215*
		%
The application process was straightforward		78
The application process was quick		73
You got the money quickly		65
Had used them before, they know me/my credit history		61
You did not need to provide many documents		55
No fees were required upfront		53
Staff were helpful/friendly/easy to deal with		2
Other (Specify)		1
Don't know		1

Total may exceed 100% because of multiple responses.

*Sub-sample based on those respondents who reported choosing a particular lender because it was easy or convenient.



Other reasons for choosing a particular lender

Respondents who indicated that a reason for choosing the lender was that “it was referred to you by someone you know” (13 percent of all borrowers) were asked who had referred the lender to them (Table 36).

Family members (40 percent) and friends (31 percent) were identified most frequently.

Table 36:

Q14c. Who referred the lender to you?

	Unweighted base =	Total
	Weighted base =	44*
		58*
		%
Family member		40
Friend		31
Mortgage or insurance broker		17
Retailer		5
Work colleague		2
Other		2
Don't know		4

Total may exceed 100% because of multiple responses.

*Sub-sample based on those respondents who reported they were referred to the particular lender by someone they know.

**Caution: low base number of respondents - results are indicative only.

Among the small sub-sample of borrowers who reported they had seen the lender’s advertising (13 percent), one in four (24 percent) said the advertised interest-free period had been a factor in their decision (Table 37). However, one in five (19 percent) specifically stated they had not really been influenced by the advertisement’s content.

Table 37:

Q14e. What was it about the advertising that made you choose the lender?

	Unweighted base =	Total
	Weighted base =	46*
		59*
		%
Interest free/interest free period		24
Advertising did not influence decision		19
Lower interest rates		17
I already knew/trusted the lender		15
Other		13
Deals/discounts/special offers		4
Don't know		12

Total may exceed 100% because of multiple responses.

*Sub-sample based on those respondents who reported choosing a particular lender because of advertising they had seen.



Providers and products

- Respondents who reported borrowing from a finance company were significantly more likely to say “it had been suggested by the retailer” (32 percent, compared with seven percent of all borrowers) and/or they had “found the lender online” (15 percent, compared with three percent of all borrowers). In contrast, they were significantly less likely to cite they had used the lender before (12 percent, compared with 28 percent of all respondents).
- Respondents who reported using a hire purchase were significantly more likely to say this had been suggested by the retailer (37 percent).

Ethnicity prioritised

- Pacific borrowers were the least likely group to report they chose the lender because they felt comfortable dealing with them (26 percent, compared with 41 percent of Māori borrowers and 50 percent of “Other” borrowers). This reflects their higher likelihood of using a lender for the first time, as reported previously.

Age

- Respondents aged 50-59 were significantly less likely to report they had been referred by someone they know (two percent, compared with 13 percent of all borrowers).

Household income

- Borrowers from households earning \$30k or less were least likely to identify low interest rates or fees as the reason they chose a particular lender (31 percent, compared with 63 percent of borrowers with household incomes of \$90,001 or more).

Self-reported knowledge

- Borrowers who said they knew “little” or “nothing” about managing personal finances were the least likely group to identify low interest rates or fees as the reason they chose a particular lender (25 percent, compared with 50 percent of all borrowers).

Self-reported ability to manage personal finances

- Similarly, borrowers who felt they were “fair” or “poor” at managing their own personal finances were also significantly less likely to identify low interest rates or fees as the reason they chose a particular lender (34 percent, compared with 56 percent of those who said they were “good” or “very good” at managing their own personal finances).

Due to the relatively small sub-sample of recent borrowers, there were no other statistically significant differences when viewed by the other analysis variables of interest.



What channels are consumers using to apply for credit and loans?

Six out of ten recent borrowers (60 percent) reported having face-to-face contact with a lender or retailer during their most recent application for credit: 36 percent said they had applied for credit in the lender's premises (e.g. at the bank or credit union/building society); 21 percent had done so in a retailer's premises; and three percent were visited at home by the lender (Table 38).

Nineteen percent said they applied by telephone, while 15 percent said they had done so online.

Table 38:

X13. Main way credit was applied for

	Total
Unweighted base =	434*
Weighted base =	464*
	%
Applied in lender's premises	36
Applied in retailer's premises - in store	21
Applied by phone	19
Applied online	15
Other	4
Applied at home - lender or broker came to respondent's home	3
Applied by post	1
Don't know	0
Refused	0
Total	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported borrowing money from family and/or friends (on the most recent occasion) in the last 2 years, and who identified using one or more of the credit facilities listed in Q7 or Q8a. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

Providers and products

- v Borrowers who most recently obtained credit from a finance company or through a retailer were significantly more likely to report having applied for credit at a retailer's premises (55 percent and 76 percent, respectively, compared with 21 percent of all borrowers).
 - v They were significantly less likely to have applied in a lender's premises (18 percent of those who borrowed from a finance company and 10 percent of those who obtained credit from the retailer) or by telephone (seven percent of those who borrowed from a finance company and five percent of those who obtained credit from the retailer).
 - v In contrast, borrowers who obtained credit from a bank tended to apply either in the lender's premises (41 percent), by telephone (32 percent) or online (17 percent).
- v Similarly, borrowers who most recently obtained credit through a hire purchase arrangement were significantly more likely to report having applied for credit at the retailer's premises (54 percent).



Reasons for borrowing

- ▮ Borrowers who most recently borrowed to fund a holiday or for recreation were significantly more likely to report they had applied online (34 percent, compared with 15 percent of all borrowers).
- ▮ Those who had borrowed for a major purchase for the home were significantly more likely to report having applied for credit in the retailer's premises (45 percent).

Age

- ▮ Those aged 30 to 39 were significantly more likely to have applied for credit or a loan online (30 percent, compared with 15 percent of all borrowers).
- ▮ Borrowers aged 60 to 69 were significantly more likely to report they had applied for credit or a loan in the lender's premises (e.g. at the bank or finance company – 60 percent, compared with 36 percent of all borrowers).

Considered other options

- ▮ Borrowers who reported not considering other options were significantly less likely to report they had applied online (three percent, compared with 16 percent of all borrowers).

No other significant differences were found.



3.0 Lenders' obligations

This section of the report examines lenders' behaviour, as reported by recent borrowers, to determine the extent to which they are currently lending in a responsible manner.

One of the intended impacts of the CCCFA reforms is that lenders comply with responsible lending requirements. Against this background, the survey sought to answer two key questions about lenders' current practices:

- u Are lenders making inquiries regarding the needs of the borrower and their ability to repay? This could be through questions to the borrower and/or through knowledge of the borrower's credit history.
- u Are lenders providing the necessary information to borrowers?

The results to these questions will provide a benchmark against which to measure future progress in this area.

Key findings

The survey found that:

- u Not all lenders are making inquiries about borrowers' ability to repay.
 - u According to respondents, most lenders (84 percent) asked about at least one aspect of the borrower's ability to repay their credit.
 - u In eight percent of cases, borrowers reported that no questions were asked by the lender and that the lender had no knowledge of their credit history. This was particularly likely to be the case for those who obtained credit from a retailer (21 percent) or a finance company (15 percent).
 - u More than half of borrowers reported that the lender had asked for proof of identification (56 percent), details of existing loans (53 percent) and/or permission to conduct a credit check (51 percent). Fifteen percent of borrowers said that no documentation was required at all.
- u Overall, most borrowers report that lenders are providing sufficient information about their credit agreement: the large majority of borrowers believe they are entering into credit agreements on an informed basis.
 - u Eighty-six percent of recent borrowers were provided a copy of the written agreement or contract they had signed, and a further six percent of borrowers signed an agreement but did not receive a copy (i.e. 92 percent of borrowers signed a contract in total).



- ⋮ Although finance companies and retailers were less likely to request information from borrowers about their ability to repay their credit (as highlighted above), they were more likely than other lenders to provide borrowers with a copy of their signed agreement (95 percent of finance companies and 100 percent of retailers).
- ⋮ Of the 92 percent of borrowers who said they had signed a contract, almost all (97 percent) believe the lender gave them enough time to consider it before signing.
- ⋮ Therefore, 89 percent of all borrowers signed a contract and believe the lender gave them enough time to consider it before signing.



Are lenders making inquiries regarding the needs of the borrower and their ability to repay?

What proof of ability to repay do lenders currently ask for from consumers?

Respondents who had obtained credit in the last two years were asked whether, on the most recent occasion, their lender had asked them about three aspects of their ability to repay the credit (Table 39). Approximately two-thirds of borrowers said the borrower had asked them about:

- u Their current financial situation in general (68 percent); and/or
- u Any other loans they might have (65 percent); and/or
- u Their ability to make repayments (62 percent).

In 16 percent of all cases, the lender did not ask about any aspects of the borrower's ability to repay, but the lender already knew about the borrower's credit history. In eight percent of all cases, the lender did not ask about any aspects of the borrower's ability to repay and the lender did not know about the borrower's credit history. This was particularly likely to be the case for those who obtained credit from a retailer (21 percent) or a finance company (15 percent).

Retailers were significantly less likely than other types of lenders to discuss the borrower's current financial circumstances in general (45 percent, compared with 68 percent of all lenders).



Table 39:

Q15. When you talked to or contacted the lender, did the lender ask you about any of the following?

	Total	Bank	Finance company (other than a bank, credit union, or building society)	Retailer	Other
Unweighted base =	434*	274	83	38	39
Weighted base =	464*	334	59	38	34
	%	%	%	%	%
Any other loans you might have	65	68	61	43	66
Your ability to make repayments	62	64	59	45	67
Your current financial circumstances in general	68	72	62	45	63
Other	1	1	2	1	0
The lender already knew about your credit history	64	73	40	39	39
Not applicable - did not talk to the lender	2	1	8	7	0
None - lender did not ask	5	2	6	14	16

Total may exceed 100% because of multiple responses.

*Sub-sample based on those respondents who reported borrowing money, getting a cash loan or applying for credit in the last 2 years, and who reported using one or more of the credit facilities listed in Q7 or Q8a. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

Products

- When viewed by product type, respondents who most recently borrowed through a hire purchase arrangement were significantly less likely to report the lender already knew about their credit history (36 percent). However, there were no other statistically significant differences when viewed by lending product type.

Used known lender

- Borrowers that had borrowed from the lender for the first time were significantly more likely to report that the lender had asked whether they had any other loans (81 percent, compared with 57 percent of those who had previously dealt with the lender).

Application channel

- Respondents who mainly applied for their credit in a lender's premises were significantly more likely to report having to provide information about their ability to make repayments (74 percent, compared with 41 percent of those who applied by telephone and 47 percent of those who applied in a retailer's premises).
- Borrowers who applied over the telephone were significantly less likely to report that their ability to make repayments had been discussed (41 percent); however, this may be due in part to the lender already knowing about their credit history (72 percent of the sub-sample said this was the case).



- ↳ Borrowers who applied for credit in a retailer's premises were significantly less likely to report that the retailer had discussed their current financial circumstances in general (50 percent); this is only partly explained by the lender already knowing about their credit history (49 percent of the sub-sample said this was the case, compared with 64 percent of all borrowers).

Ethnicity prioritised

- ↳ Notably, there were no significant differences by ethnicity in relation to the types of questions asked by lenders. However, there were some significant differences by ethnicity in relation to the documentation requested by lenders – as detailed in the next sub-section of this report.

Age

- ↳ As might be expected, older respondents were more likely to report that the lender they dealt with already knew about their credit history (between 76 and 90 percent of those aged 50 years and over reported this was the case, compared with 64 percent of all borrowers).
- ↳ In contrast, those aged under 30 were the least likely age group to report that their lender knew about their credit history prior to their most recent borrowing (40 percent).

Household income

- ↳ Borrowers who reported household incomes of \$30k or less were significantly less likely to report that their current financial circumstances had been discussed (48 percent, compared with 68 percent of all borrowers).

Employment status

- ↳ Retired borrowers as well as “other beneficiaries” were significantly less likely to report that the lender had discussed any other loans they might have (40 percent and 43 percent, respectively, compared with 65 percent of all borrowers). Other beneficiaries were also significantly less likely to report that their current financial circumstances in general had been discussed (44 percent, compared with 68 percent of all borrowers).

Awareness segmentation

- ↳ Borrowers who had the highest levels of awareness of their rights and obligations (an awareness index score of 12 or higher out of the 16 true or false statements) were significantly more likely to report that their lender had discussed whether they had any other loans (81 percent, compared with 65 percent of all borrowers).

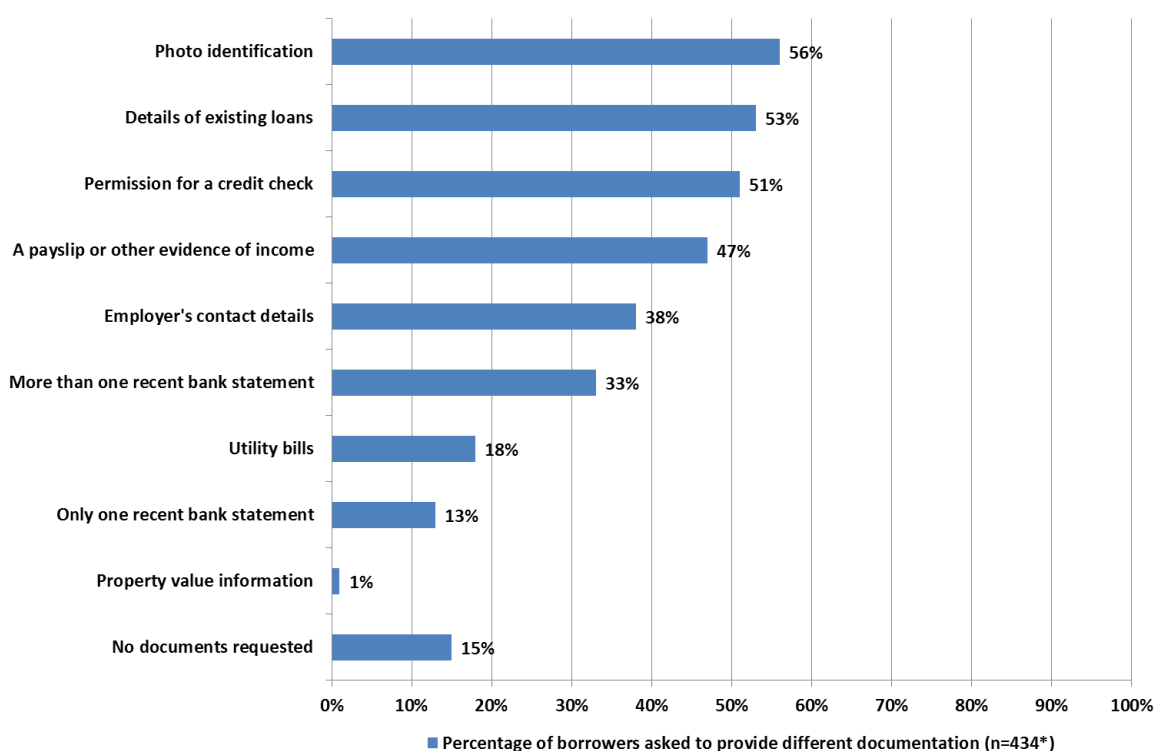


What documents are consumers providing as proof?

Figure 4 below details the types of documentation that borrowers had to provide the last time they applied for credit, borrowed money or took out a loan. Most frequently, they reported being required to provide photo identification (56 percent) or details of existing loans (53 percent). Fifteen percent of borrowers said that no documentation had been requested by the lender.

Figure 4: Types of documentation requested by lenders

Q16. Which of the following documents did you have to provide before taking out a loan/getting credit/borrowing money?



*Sub-sample based on those respondents who reported borrowing money, getting a cash loan or applying for credit in the last 2 years, and who reported using one or more of the credit facilities listed in Q7 or Q8a. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

Providers

- v Respondents who reported applying for credit from a retailer were significantly less likely to say they provided:
 - v More than one bank statement (one percent, compared with 33 percent of all borrowers) or only one recent bank statement (three percent, compared with 13 percent of all borrowers)
 - v A payslip or other proof of income (25 percent, compared with 47 percent of all borrowers)
 - v Details of existing loans (30 percent, compared with 53 percent of all borrowers).



- ↳ Respondents who reported applying for credit from a finance company were significantly more likely to say they were asked for permission to run a credit check (71 percent, compared with 51 percent of all borrowers).

Products

- ↳ When viewed by credit product type, the only significant differences were that:
 - ↳ Borrowers who took out a loan were significantly more likely to be required to provide more than one recent bank statement (45 percent), while only 13 percent of those who applied for a credit card reported this had been the case.
 - ↳ Borrowers who took out a hire purchase arrangement were significantly more likely to report they had not been required to provide any utility bills or other proof of address (92 percent).

Used known lender

- ↳ Borrowers who reported that it was the first time they had dealt with the lender/creditor that they chose were significantly more likely to report having to provide the following documentation:
 - ↳ Permission for a credit check (68 percent, compared with 42 percent of those who had previously dealt with the lender).
 - ↳ A form of photo identification (72 percent, compared with 47 percent of those who had previously dealt with the lender).

Application channel

- ↳ Borrowers who mainly applied in the lender's premises were significantly more likely to report having to provide the following documentation:
 - ↳ A payslip or other evidence of income (60 percent, compared with 47 percent of all borrowers).
 - ↳ More than one recent bank statement (48 percent, compared with 33 percent of all borrowers).
- ↳ In contrast, those who applied in a retailer's premises were significantly less likely to have to provide:
 - ↳ More than one recent bank statement (13 percent).
 - ↳ Details of existing loans (33 percent, compared with 53 percent of all borrowers).



- Borrowers who applied for their credit online were significantly more likely to report having to provide their employer's contact details (59 percent, compared with 38 percent of all borrowers).
- Borrowers who applied over the telephone were significantly less likely to report having to provide a payslip/evidence of income (30 percent) or photo identification (28 percent); however, this may be due in part to the lender already knowing about their credit history (72 percent of the sub-sample said this was the case).

Ethnicity prioritised

- Pacific borrowers were significantly more likely to report having to provide the following documentation the last time they borrowed, took out a loan or applied for credit:
 - More than one recent bank statement (51 percent, compared with 40 percent of Māori borrowers and 31 percent of "Other" borrowers).
 - A payslip or other evidence of income (67 percent, compared with 54 percent of Māori borrowers and 44 percent of "Other" borrowers).
 - Utility bills or other proof of address (40 percent, compared with 26 percent of Māori borrowers and 16 percent of "Other" borrowers).
 - A photo ID (73 percent, compared with 64 percent of Māori borrowers and 54 percent of "Other" borrowers).
- Māori borrowers were significantly more likely to report having to provide their employer's contact details (53 percent).

Age

- Those aged 18 to 29 were significantly less likely to report they had to provide utility bills or some other proof of address the last time the borrowed money, took out a loan or applied for credit (six percent, compared with 18 percent of all borrowers).

Household income

- No significant differences.

Employment status

- Retired borrowers were significantly less likely to report having to provide the following documentation the last time they borrowed money, took out a loan or applied for credit:
 - More than one bank statement (14 percent, compared with 33 percent of all borrowers).
 - Evidence of income (21 percent, compared with 47 percent of all borrowers).



No other significant differences were found.



Are lenders providing the necessary information to borrowers?

Are lenders providing signed agreements to consumers who borrow?

Eighty-six percent of recent borrowers were provided a copy of the written agreement or contract they had signed (Table 40). Six percent reported there was an agreement, but they were not given a copy, while a similar proportion reported never signing an agreement/contract (two percent) or that there was none involved (four percent).

When compared with banks and 'other lenders', finance companies and retailers were significantly more likely to have given the borrower a copy of their agreement/contact (95 percent and 100 percent, respectively). However, it should be noted that the result for banks (82 percent) is affected by a large proportion of borrowers obtaining credit using a credit card. When those borrowers are excluded, 91 percent of borrowers from banks said they were provided with a copy of their credit agreement or contract.

Table 40:

Q17. And still thinking about the last time you [took out a loan/got credit/borrowed money], were you given a copy of the written agreement or contract that you had signed?

	Total	Bank	Finance company (other than a bank, credit union, or building society)	Retailer	Other
Unweighted base =	434*	274	83	38	39
Weighted base =	464*	334	59	38	34
	%	%	%	%	%
Yes	86	82	95	100	92
No - I was not given a copy	6	7	1	0	8
I never signed an agreement or contract	2	3	0	0	0
There was no agreement/contract involved at all	4	4	4	0	1
Don't know	3	4	0	0	0
Refused	0	0	0	0	0
Total	100	100	100	100	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported borrowing money, getting a cash loan or applying for credit in the last 2 years, and who reported using one or more of the credit facilities listed in Q7 or Q8a. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

Products

- Almost without exception, in cases where the borrower had not been provided a copy of their agreement/contract, the borrowers had applied for a credit card (27 percent of those applying for a credit card reported not getting a copy of their agreement/contract). Most of the sub-sample who reported that they had not signed anything, or that there was no contract or agreement to sign, also reported borrowing using a credit card.



Application channel

- While indicative only, due to the relatively small sub-sample of credit card users who reported not receiving a copy of their agreement/contract, most credit card users who did not receive an agreement reported applying online (41 percent of the sub-sample) or over the telephone (37 percent). However, it is not known whether this is due to their application being to extend the credit limit of an existing credit card, or that they had applied for a new credit card the most recent time they applied for credit.

Household income

- No significant differences.

There were no other statistically significant differences when viewed by respondents' knowledge, their level of confidence that they understood the contract they were signing, or their demographic characteristics.



Are consumers entering into credit agreements on an informed basis?

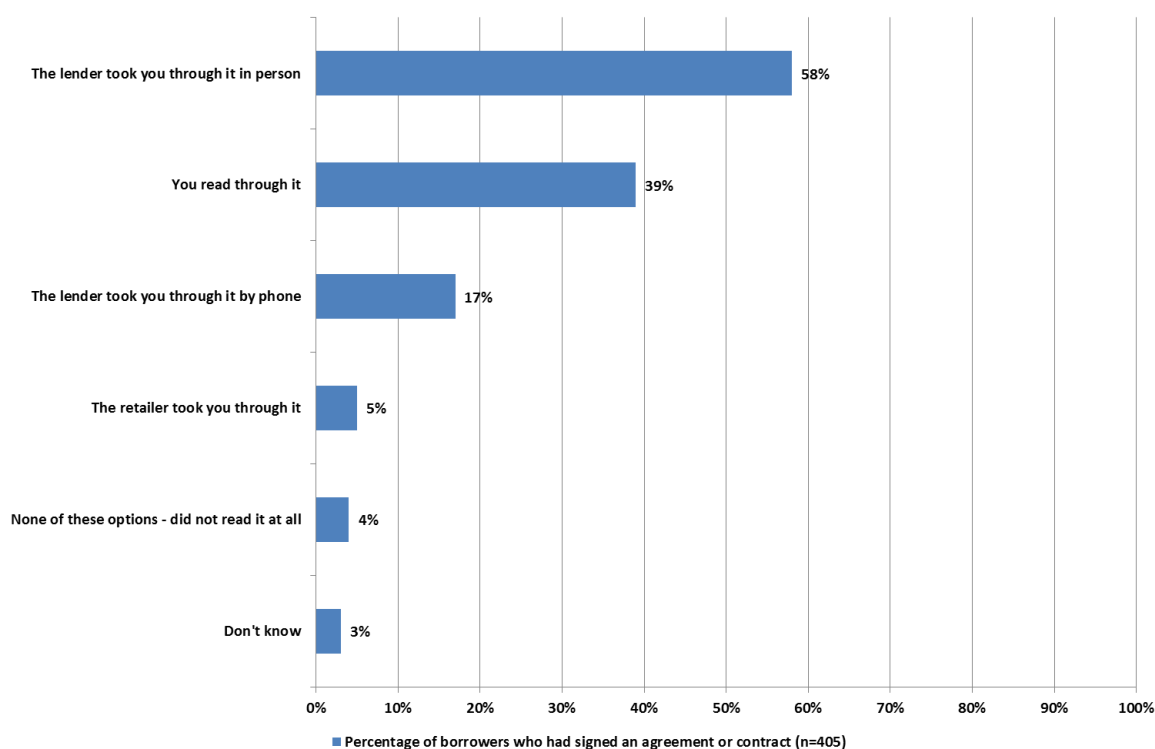
The sub-sample of borrowers who reported that there was an agreement or contract (regardless of whether they received a copy of it or not) were then asked whether the lender or retailer had taken them through it (Figure 5).

In 80 percent of cases, the lender or retailer took the borrower through the contract – either in person (63 percent with the lender or retailer) or by telephone (17 percent).

Thirty-nine percent of the borrowers in question reported they had read the contract or agreement themselves. Only four percent of borrowers who had a signed agreement said they had not read it at all.

Figure 5: Types of documentation requested by lenders

Q18. And thinking about that contract or agreement, which of the following apply to you?



Total may exceed 100% because of multiple responses.

*Sub-sample based on those respondents who reported signing a contract or agreement on the most recent occasion that they borrowed money, got a loan or applied for credit. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

**Caution: low base number of respondents - results are indicative only.



In seven out of ten cases (71 percent), borrowers spent at least five minutes going over the details of the agreement or contract, which suggests they paid a reasonable amount of attention to its terms and conditions (Table 41).

There were no statistically significant differences in the amount of time spent when compared by whether the borrower had read the agreement/contract themselves or whether the lender/retailer took them through it.

There were also no significant differences when viewed by provider type. When viewed by product type, the only statistically significant difference is that borrowers who used a credit card on their most recent borrowing occasion were significantly less likely to report spending 10 minutes or more reviewing the details of the agreement/contract (23 percent).

Table 41:

Q19. And how long would you say [the lender/retailer spent taking you through the agreement] or [you spent reading the agreement].

	Total
Unweighted base =	382*
Weighted base =	399*
	%
Less than 2 minutes	4
More than 2 but less than 5 minutes	24
More than 5 but less than 10 minutes	25
10 minutes or more	46
Don't know	1
Refused	0
Total	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported signing a contract or agreement on the most recent occasion that they borrowed money, got a loan or applied for credit. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

The vast majority of borrowers who signed an agreement reported feeling they had been given sufficient time by the lender to consider the contract before they signed it (97 percent) (Table 42). This suggests that the majority of borrowers feel they are entering in credit agreements on an informed basis.

There were no statistically significant differences in relation to the above findings when viewed by the borrowers' demographic characteristics, or other variables of interest.



Table 42:

Q20. Did you feel that the lender gave you enough time to consider the contract before you signed it?

	Total
Unweighted base =	405*
Weighted base =	427*
	%
Yes	97
No	2
Don't know	1
Refused	0
Total	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported taking having signed a contract or agreement on the most recent occasion. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.



4.0 Consumers' experiences when they enter into credit contracts

Another primary objective of the survey was to assess the nature of any hardship experienced by consumers as a result of difficulties with credit contracts. This section of the report covers the survey results relating to the recent experiences of borrowers when entering into credit contracts.

“Reduced consumer detriment from non-compliant lending practices” is one of the intended impacts of the CCCFA reforms. In order to measure whether or not this goal is eventually achieved, the survey attempted to establish a benchmark of consumers' recent experiences prior to the implementation of the reforms. This included the following key question:

- What proportion of consumers are confident that they understood the terms and conditions of credit contracts they entered into?

Key findings

The survey found that:

- Although the majority of recent borrowers feel they were given enough time to consider their contract before signing it (as reported in the previous section), borrowers' confidence that they understood the contract's terms and conditions could be higher.
 - Seven-in-ten borrowers (71 percent) said they were “very confident” that they understood everything they needed to know about the agreement.
 - A significant proportion were only “somewhat confident” (27 percent; one percent were “not at all confident”).
- Reflecting the above finding, one-in-three recent borrowers (35 percent) experienced at least one issue with their most recent credit agreement.
 - The most frequently identified problems were changes in the borrower's financial circumstances (mentioned by 15 percent), changes to interest rates (eight percent) and unexpected fees (seven percent).
- Thirteen percent of all consumers made at least one decision not to enter a loan or credit agreement, based on its terms and conditions, in the last two years.
- Four percent of all consumers have had a credit application declined in the last two years (other than for a home loan), because of concerns by the lender that they might not be able to repay it.



How confident are consumers when they enter into credit contracts?

Consumers who had borrowed money, taken a cash loan or applied for credit in the last two years were asked how confident they were, on the last occasion they had borrowed, that they understood everything they needed to know about their loan or credit agreement (Table 43).

Most recent borrowers reported feeling “very confident” that they understood everything (71 percent), while 27 percent said they were “somewhat confident”. Only one percent reported being “not at all confident” at the time.

Table 43:

Q21. At the time, how confident would you say you were that you understood everything you needed to know about your loan or credit agreement? Would you say...?

	Total
Unweighted base =	434*
Weighted base =	464*
	%
Not at all confident	1
Somewhat confident	27
Very confident	71
Other	1
Don't know	0
Refused	0
Total	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported borrowing money, getting a cash loan or applying for credit in the last 2 years, and who reported using one or more of the credit facilities listed in Q7 or Q8a. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

Knowledge and self-reported ability – managing personal finances

- Borrowers who reported “knowing a lot” about managing personal finances were significantly more likely to report being “very confident” they knew everything they needed to know the last time they signed a credit or loan agreement (84 percent, compared with 70 percent of those who reported “knowing a reasonable amount” and 67 percent of those who said they “know a little” about managing personal finances).
- Similarly, respondents who reported they were “very good” at managing their personal finances were significantly more likely to report being “very confident” (83 percent), compared to 71 percent of all respondents.

Provider

- Borrowers who most recently dealt with a finance company were significantly more likely to report feeling “very confident” (89 percent), compared with 69 percent of those who dealt with a bank.



Age

- ↳ Borrowers aged 18 to 29 were significantly more likely to report being “somewhat confident” (48 percent, compared with 27 percent of all borrowers). In contrast, those aged 50 to 59 were significantly more likely to report feeling “very confident” (84 percent).

Income

- ↳ Borrowers whose household income was between \$60,001 and \$90,000 were significantly more likely to report feeling “very confident” (83 percent, compared with 62 percent of borrowers with household incomes of \$30,000 or less and 63 percent of borrowers with household incomes of \$30,001 to \$60,000).

There were no other statistically significant differences when viewed by the other variables of interest or respondents’ demographic characteristics.



In hindsight, do consumers wish they had been provided additional information in relation to their most recent credit contract?

When asked if there had been any information about their most recent loan or credit application that they wish they had been told about before signing, 93 percent of borrowers reported not needing anything further, while seven percent noted one or more matters that they wish they had been better informed about.

The question was asked on an unprompted basis, and the answers provided by respondents were categorised into the five main types of missing information shown in Table 44.

Table 44:

Q22. After you signed the contract the last time you borrowed money, was there any other information about your loan/credit that you wish you had been told about?

	Total
Unweighted base =	405*
Weighted base =	427*
	%
Unexpected fees/insurance	2
Information about repaying the loan early	1
What the interest rates/repayment amounts would be	1
How to make repayments	1
Making it easier to understand the contract/how the credit works	1
Other	1
Total other information wanted	7
No - did not need any other information	93
Don't know	0
Refused	0

Total may exceed 100% because of multiple responses.

*Sub-sample based on those respondents reported having signed a contract or agreement on the most recent occasion. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

Providers

- v Borrowers whose most recent application for credit was done through a retailer were significantly more likely to report they wished they had received further information before signing (29 percent, compared with six percent of those who applied for credit from a bank and six percent of those who used a finance company).

There were no other statistically significant differences when viewed by the other variables of interest or respondents' demographic characteristics.



What types of difficulties are consumers encountering in relation to loans and credit contracts?

Respondents who had borrowed or taken out credit in the last two years, other than borrowing from friends and family, were read a list of potential issues and asked whether they had experienced any of them after their most recent borrowing (Table 45).

While most borrowers reported not experiencing any of the issues discussed, 35 percent did identify one or more issues. The most frequently encountered issue (mentioned by 15 percent) was that the borrower's financial circumstances changed since they borrowed or applied for credit. When this issue is excluded, 24 percent of recent borrowers experienced at least one of the other issues listed in Table 45.

The most common issues were that the lender had changed or increased the interest rate (mentioned by eight percent of borrowers) and/or there were fees that the borrower had not been aware of prior to signing (seven percent).

Table 45:

Q23. And still thinking about the last time you took out a loan, got credit or borrowed money, did you experience any of the following issues later on?

	Unweighted base =	Total
	Weighted base =	%
Your financial circumstances changed		15
The lender changed or increased the interest rate charged		8
There were fees that that you weren't aware of		7
It wasn't clear when payments were due		6
You got behind on payments		5
Payments were more than expected		3
You were turned over to a debt collector		2
Other issues		3
Experienced at least one issue		35
Experienced at least one issue – excluding a change of financial circumstances		24
Not applicable		7
No issues		57
Don't know		0
Refused		0

Total may exceed 100% because of multiple responses.

*Sub-sample based on those respondents who reported borrowing money, getting a cash loan or applying for credit in the last 2 years, and who reported using one or more of the credit facilities listed in Q7 or Q8a. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.



Table 46 provides a breakdown of the issues experienced among the sub-sample of borrowers who experienced at least one issue. More than one-in-five of the borrowers in this sub-sample said they experienced changing interest rates (22 percent) or unexpected fees (21 percent).

Table 46:

Q23. And still thinking about the last time you took out a loan, got credit or borrowed money, did you experience any of the following issues later on?

	Total
Unweighted base =	153*
Weighted base =	164*
	%
Your financial circumstances changed	44
The lender changed or increased the interest rate charged	22
There were fees that that you weren't aware of	21
It wasn't clear when payments were due	16
You got behind on payments	15
Payments were more than expected	8
You were turned over to a debt collector	5
Other issues	9

Total may exceed 100% because of multiple responses.

*Sub-sample based on those respondents who borrowed money, got a cash loan or applied for credit in the last 2 years and reported experiencing an issue since then.

Knowledge about managing personal finances

- While counterintuitive, borrowers who self-reported themselves as “knowing a lot” about managing personal finances were significantly more likely to report there were fees that they had not been aware of (20 percent), compared with seven percent of all borrowers.

Ethnicity prioritised

- Pacific borrowers were significantly more likely to report they got behind on the payments (19 percent, compared with nine percent of Māori borrowers and five percent of “Other” borrowers).

There were no other statistically significant differences in relation to the above findings when viewed by the other variables of interest, or other demographic characteristics of the respondents.



How frequently do consumers decide not to borrow money after reading the terms?

Regardless of whether they had borrowed money in the last two years, all respondents were asked whether in the last two years they had decided not to sign or go ahead with borrowing money after reading the small print or terms in a lending or purchase agreement (Table 47).

While 42 percent reported they had never considered borrowing money during the last two years, 13 percent of all respondents said they had decided not to sign a lending or purchase arrangement after reading the small print or the agreements terms. Roughly one in three respondents (37 percent) said they had never changed their mind after reading the terms of an agreement or its small print, while six percent said they never read the small print of agreements that they sign.

Table 47:

Q24. In general, in the last two years have you ever decided not to sign or go ahead with borrowing money after reading the small print or terms in a lending or purchase agreement?

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
Yes	13	21	24	10
No, never changed my mind	37	29	35	37
No, never read small print	6	7	5	6
Never considered borrowing money	42	38	34	44
Don't know	2	5	1	2
Refused	0	1	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Products

- There were no significant differences when viewed by borrowers' most recent lending product.

Providers

- Borrowers who most recently borrowed or applied for credit through a finance company were significantly more likely to report they had decided not to sign a credit or purchase agreement at some time during the last two years after reading its terms or small print (31 percent, compared with just 10 percent of those who most recently borrowed from a bank).



Age

- ↳ Respondents aged 30 to 39 were significantly more likely to report never changing their mind about proceeding with a credit or purchase agreement after reading the agreement's terms or small print (48 percent, compared with 37 percent of all respondents). Borrowers aged 40-49 were similarly likely to report never having changed their mind (46 percent).
- ↳ As reported previously, these two age groups were most likely to have borrowed in the last two years.

Ethnicity prioritised

- ↳ Māori and Pacific respondents were significantly more likely to report they had decided not to proceed with a credit or purchase agreement after reading the terms (24 percent and 21 percent, respectively), compared with just 10 percent of those classified as "Other".

Household structure

- ↳ Respondents who reported living in a single parent household were significantly more likely to report they had decided not to proceed with a credit or purchase agreement after reading the terms or small print (26 percent, compared with 13 percent of all respondents).

No other significant differences were found.



How frequently are consumers currently being refused credit?

Finally, all survey respondents were asked whether they had been declined credit in the last two years, other than for a home loan, because of concerns by the lender that they might not be able to repay it (Table 48).

While more than half of all respondents reported not borrowing or applying for credit in the last two years (58 percent), a small percentage (four percent) said they had been declined credit due to concerns about their ability to repay the debt.

Table 48:

X29. In the last two years has any lender declined you credit, other than for a home loan, based on their concern that you might not be able to repay it?

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
Yes	4	11	9	3
No	37	29	39	37
Have not borrowed in the last two years	58	56	51	59
Don't know	1	3	1	1
Refused	0	1	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Ethnicity prioritised

- Pacific and Māori respondents were significantly more likely to report they had been declined for credit in the last two years (11 percent and nine percent respectively, compared with four percent of all respondents).

Employment status

- Respondents who said they were currently an “other beneficiary” (e.g. domestic purposes, sickness or invalids benefit) were also significantly more likely to report they had been declined credit in the last two years (14 percent).

There were no other statistically significant differences in relation to respondents being declined credit in the last two years when viewed by the other variables of interest or respondents’ other demographic characteristics.



Appendix A: Demographic profile of respondents

The following tables detail the ‘weighted’ demographic profile of respondents to the survey.

Table 49:

Q1. First of all, to help us ensure that we have spoken to a good mix of people, can you tell me which of the following age groups you are in? READ

	Total
Unweighted base =	1200
Weighted base =	1200
	%
18-19	6
20-29	13
30-39	18
40-49	19
50-59	17
60-69	13
70 plus	13
Under 18 years	0
Refused	0
Total	100

Total may not sum to 100% due to rounding.

Table 50: Collapsed age groups – borrowers vs. non-borrowers

Age - collapsed

	Total	Non-borrower	Borrower
Unweighted base =	1200	746	454
Weighted base =	1200	713	487
	%	%	%
18-29	19	20	18
30-39	18	13	26
40-49	19	12	29
50-59	17	18	16
60-69	13	17	8
70 plus	13	19	3
Under 18 years	0	0	0
Refused	0	0	0
Total	100	100	100

Total may not sum to 100% due to rounding.



Table 51:

Q2. And which of the following ethnic groups do you belong to? You can belong to more than one.

	Total
Unweighted base =	1200
Weighted base =	1200
	%
Māori	12
New Zealand European/Pakeha	71
Samoan	2
Cook Islander	1
Tongan	1
Niuean	0
Tokelauan	0
Fijian/Fijian Indian	1
Other Pacific Island	0
Chinese	2
Indian	4
Other	14
Don't know	0
Refused	0

Total may exceed 100% because of multiple responses.

Table 52:

Ethnicity quota group

	Total
Unweighted base =	1200
Weighted base =	1200
	%
Pacific	5
Māori	11
Other	83
Total	100

Total may not sum to 100% due to rounding.



Table 53:

Q30. Now, to help us analyse our data, I would like to ask some questions about you. Which of the following best describes your household? READ

	Unweighted base =	Total
	Weighted base =	1200
		1200
		%
Couple without children		10
Single parent household		7
Family household		44
Couple with children not living at home		14
Single or one-person household		17
Flat or shared household - not a family household		7
Total		100

Total may not sum to 100% due to rounding.

Table 54:

X31. And how many children under the age of 18 years' old are living with you in your household?

	Unweighted base =	Total
	Weighted base =	621*
		610*
		%
One		28
Two		29
Three		12
Four or more		9
Not applicable		2
None		20
Total		100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported living in a family household or single parent household.

Table 55:

X32. And how old is the youngest child living in your house?

	Unweighted base =	Total
	Weighted base =	480*
		477*
		%
Under 5		41
5 to 15		49
Over 15		11
Total		100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported living in a family or single parent household with at least one child aged under the age of 18 years' old.



Table 56:

X30. Constructed family/life-stage variable

	Unweighted base =	Total
	Weighted base =	1200
		1200
		%
Couple without children		10
Single parent household		7
Family household - youngest child under 5		15
Family household - youngest child aged 5-15		16
Family household - youngest child aged 15-18		3
Family household - no children under 18		10
Couple with children not living at home		14
Single or one-person household		17
Flat or shared household - not a family household		7
Total		100

Total may not sum to 100% due to rounding.

Table 57:

Q33. Are you...?

	Total
Unweighted base =	1200
Weighted base =	1200
	%
Self-employed	14
A salary or wage earner	52
Retired	18
A full time home-maker	6
A student	8
Unemployed	6
Other beneficiary	8

Total may exceed 100% because of multiple responses.



Table 58:

Q34. Which of these best describes your personal income from all sources, before tax for the last year?

READ

	Total
Unweighted base =	1200
Weighted base =	1200
	%
\$10,000 or less	12
\$10,001 to \$20,000	12
\$20,001 to \$30,000	14
\$30,001 to \$40,000	8
\$40,001 to \$50,000	11
\$50,001 to \$60,000	8
\$60,001 to \$70,000	7
\$70,001 to \$80,000	5
\$80,001 to \$90,000	3
\$90,001 to \$100,000	2
\$100,001 or more	8
Don't know	5
Refused	5
Total	100

Total may not sum to 100% due to rounding.

Table 59:

Q35. Which of these best describes the total income of your household before tax, for the last year?

	Total
Unweighted base =	1200
Weighted base =	1200
	%
\$10,000 or less	4
\$10,001 to \$20,000	7
\$20,001 to \$30,000	10
\$30,001 to \$40,000	6
\$40,001 to \$50,000	8
\$50,001 to \$60,000	7
\$60,001 to \$70,000	7
\$70,001 to \$80,000	6
\$80,001 to \$90,000	5
\$90,001 to \$100,000	3
\$100,001 or more	22
Don't know	8
Refused	6
Total	100

Total may not sum to 100% due to rounding.



Table 60:

Q35. Which of these best describes the total income of your household before tax, for the last year? - collapsed

	Total
Unweighted base =	1200
Weighted base =	1200
	%
\$30,000 or less	22
\$30,001 to \$60,000	20
\$60,001 to \$90,000	18
\$90,001 or more	25
Don't know/Refused	14
Total	100

Total may not sum to 100% due to rounding.

Table 61: Collapsed household income – borrowers vs. non-borrowers

Q35. Which of these best describes the income of your household before tax, for the last year?

	Total	Non-borrower	Borrower
Unweighted base =	1200	746	454
Weighted base =	1200	713	487
	%	%	%
\$30,000 or less	22	27	15
\$30,001 to \$60,000	20	21	19
\$60,001 to \$90,000	18	14	25
\$90,001 or more	25	20	34
Don't know/Refused	14	19	8
Total	100	100	100

Total may not sum to 100% due to rounding.

Table 62: Collapsed household income – by age group

Q35. Which of these best describes the income of your household before tax, for the last year?

	Total	18-29	30-39	40-49	50-59	60-69	70 plus
Unweighted base =	1200	186	182	217	226	221	168
Weighted base =	1200	230	219	226	209	162	153
	%	%	%	%	%	%	%
\$30,000 or less	22	31	15	10	15	27	38
\$30,001 to \$60,000	20	18	17	21	21	21	26
\$60,001 to \$90,000	18	13	27	26	18	16	5
\$90,001 or more	25	20	30	34	36	20	4
Don't know/Refused	14	18	10	9	10	16	27
Total	100	100	100	100	100	100	100

Total may not sum to 100% due to rounding.



Table 63: Collapsed household income – by ethnicity

Q35. Which of these best describes the income of your household before tax, for the last year?

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
\$30,000 or less	22	20	20	22
\$30,001 to \$60,000	20	19	21	20
\$60,001 to \$90,000	18	11	22	18
\$90,001 or more	25	26	22	26
Don't know/Refused	14	23	15	14
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 64:

Q35a. Which country were you born in?

	Total
Unweighted base =	1200
Weighted base =	1200
	%
New Zealand	71
Australia	2
UK	10
China	1
Indian	3
South Africa	2
Samoa	1
Other Pacific country	2
Other Asian country	6
Other	2
Total	100

Total may not sum to 100% due to rounding.

Table 65:

Q36. Thinking now about languages spoken. What language do you speak best?

	Total
Unweighted base =	224*
Weighted base =	257*
	%
English	64
Another language (not English)	35
Refused	1
Total	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported being born in a country where English is not necessarily the main language spoken.



Table 66:

Gender

	Total
Unweighted base =	1200
Weighted base =	1200
	%
Male	48
Female	52
Total	100

Total may not sum to 100% due to rounding.



Appendix B: Methodology and Questionnaire

Background

There have been a number of changes and reforms to the laws that cover consumer credit; primarily to the Credit Contract and Consumer Finance Act 2003 (the CCCFA) – the main law that regulates the provision of consumer credit and sets out the obligation of those who provide credit. The changes are being made to ensure that creditors lend to consumers and manage consumer credit contracts responsibly, to provide improved protections for vulnerable consumers, and to promote and facilitate the development of fair, efficient, and transparent credit markets.

To achieve this, the main changes to the CCFA specifically relate to:

- u lenders' responsibility to exercise the care, diligence, and skill of a responsible lender in respect to credit advertising, and before and after the provision of consumer credit;
- u lenders' agreements with borrowers;
- u a strengthened disclosure regime; and
- u the CCCFA incorporating the provisions of the Credit (Repossession) Act 1997, which is being repealed.

Through a parallel but separate process, MBIE developed a Responsible Lending Code, providing guidance and assistance to lenders on how to comply with the new lender responsibility principles included in the amended CCCFA. In addition, regulations are or have been developed in relation to licensing arrangements for repossession agents, a new infringement offence regime, and to exempt specific arrangements from particular provisions of the CCCFA.

The intended impacts of the above reforms and new regulation are:

- u consumers are better aware of their credit options, and their rights, prior to entering a credit contract;
- u consumers better understand their rights and obligations, and the terms and conditions of the credit contracts they enter into;
- u reduced consumer detriment from non-compliant lending practices; and
- u lenders comply with responsible lending requirements and non-compliant lenders are held to account.



MBIE intends to conduct a summative (i.e. outcomes-focused) evaluation on these short-term impacts of the reforms at a later date. The evaluation will comprise:

1. Gathering of existing data on the level of problem debt and the characteristics of debtors.
2. Desk-based research on lenders' compliance with registration and advertising requirements.
3. A survey of consumers to assess awareness and understanding of their rights and obligations, and the nature of any hardship experienced as a result of difficulties with credit contracts.

This report covers the findings of a large-scale telephone survey of n=1,200 New Zealand consumers, which was undertaken on behalf of the Ministry during February 2015.

Questionnaire development

The development of the questionnaire for the 2015 baseline survey was developed in-house by MBIE researchers and policy advisors in consultation with Research New Zealand. It was initially based upon a consumer credit awareness survey that was conducted in 2004, with obsolete content removed and new content added to align the areas of questioning in the 2015 survey with the intended impacts of the CCCFA reforms and new regulations.

The final draft questionnaire was cognitively pre-tested with seven respondents aged 18 plus, between 20 and 23 January 2015. Respondents covered a range of age groups and ethnicities.

The purpose of this exercise was to identify any question wording that might cause confusion for some respondents, ensure that respondents were interpreting the questions in the manner that they were intended, and check whether there were any issues with the instructions and routing of the questionnaire that might cause confusion or difficulties for respondents.

The pre-testing was done face-to-face as a mock telephone interview at Research New Zealand's offices, and members of the Ministry's project team observed some of the interviews. In appreciation for their time, respondents were given \$60.

Each pre-testing interview took, on average, 35 minutes to complete, with the actual questionnaire taking 10-15 minutes (excluding introductions) and the remaining time spent taking the respondent back through the questionnaire to clarify the responses they had provided and to discuss any issues or confusion they had with individual questions.

A number of potential improvements to the survey were identified by the pre-testing, and subsequently approved by the Ministry's project team.

The revised survey questionnaire was then piloted between 28 January and 2 February 2015. This entailed completing telephone interviews n=56 randomly selected respondents. These respondents were contacted via a cold-calling approach, using a national sample of randomly selected household telephone numbers. The purpose of this exercise was to test that the CATI script was working correctly (i.e. all question filters were operating as intended), to check the



interview length and to identify any final issues or question wording that might cause confusion or difficulties for respondents.

Interview lengths ranged from 8 to 29 minutes (most interviews took less than 20 minutes), which equated to an average length of 14.5 minutes. This was in line with the intended average interview length of less than 15 minutes. Piloting identified a small number of minor improvements to the wording of some questions for clarity purposes.

Sampling

As it was not possible to access the electronic versions of the Electoral Rolls for the CCCFA baseline survey, a random sample of household telephone numbers was sourced from the White Pages through a third party list provider (Axiom). Using the 2013 Census statistics, telephone numbers from meshblocks⁷ known to have higher than average proportions of Māori and Pacific populations were oversampled to ensure that sufficient numbers of Māori and Pacific respondents would be surveyed.

Surveying methodology

Including the survey's pilot, a total of n=1,200 respondents aged 18 years and older were interviewed by telephone between the dates of 28 January and 26 February 2015. As was the case with the survey pilot, respondents were contacted via a cold-calling approach. To ensure sufficient numbers of Māori and Pacific respondents were surveyed, initially surveying was concentrated on telephone numbers drawn from meshblocks known to have higher than average proportions of Māori and Pacific populations.

To assist with this approach, a prioritised quota scheme was programmed into the survey with the aim of surveying a minimum of n=200 Pacific and n=400 Māori respondents. The final achieved sample of n=1,200 was comprised of n=200 respondents that identified as being Pacific, n=421 respondents that identified as being Māori, and n=579 respondents who identified as being of 'Other' ethnicity.⁸ The 'other' category included those who identified as being New Zealand European/Pakeha, other European, Asian, and MELAA.⁹

Response rate

The survey achieved an 18 percent response rate, which is slightly lower than that usually achieved by cold-calling households (typically between 20 to 25 percent). This was due in part to the quota system that was put in place to ensure that sufficient numbers of Māori and Pacific respondents were surveyed (i.e. once the 'Other' quota was filled, those respondents who did not identify as Māori and/or Pacific were deemed ineligible, due to sufficient numbers of such respondents having already been surveyed).

⁷ A meshblock is the smallest geographic unit for which statistical data is collected by Statistics NZ.

⁸ For the purposes of analysis and reporting, ethnicity was treated as a multiple response variable, given that some respondents identified with more than one ethnic group.

⁹ Middle Eastern, Latin American and African.



Accuracy

Following the completion of surveying, the data was weighted by age, gender and prioritised ethnicity (based upon 2013 Census data sourced from Statistics New Zealand). This was done to adjust for the oversampling of Māori and Pacific respondents beyond their normal proportions in the population and any non-response bias by age or gender.¹⁰

The maximum margin of error, at the 95 percent confidence level, for the achieved sample of n=1,200 respondents is ± 4.0 percent. This means, for example, that were 50 percent of the total achieved sample to correctly report a particular statement about lenders' obligations is true, then we are 95 percent confident that general awareness of the statement's veracity among the target population is somewhere between 46 and 54 percent.

Results based upon smaller sub-samples will have larger margins of error, and results based on proportions of more or less than 50 percent will have varying margins of error as well.

To assist the reader in interpreting the likely accuracy of a particular finding reported in this report, Table 67 provides indicative margins of error for various proportional responses for the total sample and by ethnicity.

Table 67: Margins of error at the 95 percent confidence level (total sample and by ethnicity) for various proportional outcomes

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
Percentage	±	±	±	±
50%	4.0	7.5%	5.8%	4.7
40% or 60%	3.9	7.3%	5.6%	4.6
30% or 70%	3.6	6.9%	5.3%	4.3
20% or 80%	3.2	6.0%	4.6%	3.7
10% or 90%	2.4	4.5%	3.5%	2.8
5% or 95%	1.7	3.3%	2.5%	2.0

¹⁰ Males and respondents aged under 29 years old are less likely to participate in surveys than females and older respondents.



Baseline Consumer Survey (CCCFA Reforms)

Research New Zealand #4692

FEBRUARY 2015

Introduction

Good morning/afternoon/evening, my name is **AI** from Research New Zealand. We are conducting a short 15 minute survey on behalf of the Ministry of Business, Innovation and Employment about people's experiences in managing money matters.

To help make sure we interview a good mix of people, could I please speak to the:

Oldest male/Oldest female/Youngest male/Youngest female in your household who is at least 18 years of age?

IF PERSON NOT AVAILABLE: When would be the best time for us to contact them? **Make appointment.**

CONFIRM PARTICIPATION: Would you/they be interested in taking part? It should only take about 15 minutes.

If not available now: When would be the best time to contact you/them? **Make appointment.**

BACKGROUND INFO IF NEEDED

- This is genuine market research. I'm not selling anything.
- We're doing this research on behalf of the Ministry of Business, Innovation and Employment (formerly the Ministry of Consumer Affairs).
- Your name, along with that of thousands of other people's names was randomly selected from the Electoral Rolls.
- Your household's phone number was obtained from a directory such as the White Pages.
- Your contact details will only be used for the purposes of this survey and will not be shared with any other organisation.
- The survey is being conducted in accordance with the Research Association of New Zealand's Code of Practice, which guarantees confidentiality. When we report back to the Ministry, we group the responses collected to produce summary statistics that do not identify any individual respondents.
- If you would like to speak to someone at the Ministry, you can contact [Contact name and telephone number].

Read

Just to let you know, this call is being recorded for Research New Zealand's training and quality control purposes.



Soft quotas based on Q2

QUOTA (ETHNICITY)	BASED ON RESPONSE TO Q2
Pacific n=200	ANY 3 - 8 IN Q2
Māori n=400	1 IN Q2 AND NOT ANY 3 - 8 IN Q2
Other n=600	NOT 1 IN Q3, AND NOT ANY 3-8 IN Q3

Qualification and demographic questions

1. First of all, to help us ensure that we have spoken to a good mix of people, can you tell me which of the following age groups you are in? **Read**
118-19
220-29
330-39
440-49
550-59
660-69
770 plus
8Under 18 years ****Do not read**] Terminate 1**
99 ...Refused ****Do not read**] Terminate 1**

Terminate 1: Thank you for your time. For this particular survey we need to speak to people who are 18 years of age or older.

2. And which of the following ethnic groups do you belong to? You can belong to more than one.? **Read. Code many.**
1Māori
2New Zealand European/Pakeha
3Samoan
4Cook Islander
5Tongan
6Niuean
7Tokelauan
8Fijian/Fijian Indian
9Chinese
10 ...Indian
96 ...Other **[SPECIFY]**
98 ...Don't know **;E **DO NOT READ****
99 ...Refused **;E **DO NOT READ****

For quotas 1 and 2 Assign to ethnicity counters in the following priority order:

1. **Pacific island: (Any 3 - 8 in Q2).**
2. **Māori: (1 in Q2 and not any 3 - 8 in Q2).**
3. **Other: (Not 1 in Q2 and not any 3 - 8 in Q2).**



Awareness of credit/lending options

3. The next section of the survey is about borrowing money. First of all, how much would you say you know about managing personal finances in general? Would you say you...? **Read.**
- 1Know a lot
 - 2Know a reasonable amount
 - 3Know little
 - 4Or would you say you really know nothing at all
 - 98 ...Don't know ****DO NOT READ****
 - 99 ...Refused ****DO NOT READ****
4. If a person needed to borrow money in a hurry, for example in the next 2 to 3 days, for an emergency or to tide them over, what are all the options available for them to do this? **Code many. Probe to no. OQ 1**
- 1Bank loan
 - 2Existing overdraft on cheque account
 - 3Temporary overdraft
 - 4Credit union/building society
 - 5Finance company (other than a bank, credit union, or building society)
 - 6Cash advance from employer
 - 7Cash advance from WINZ
 - 8Credit card
 - 9Cash-in insurance, superannuation schemes
 - 10 ...Hire purchase (with retailer)
 - 11 ...Rent to own/rent to buy
 - 12 ...Retailers store card
 - 13 ...Loan shop/loan company
 - 14 ...Payday advance loan company (where people are loaned money against their pay or wages)
 - 15 ...Family/friends
 - 16 ...Pawnbroker/Pawn shop
 - 96 ...Other **(SPECIFY)**
 - 97 ...None **;E**
 - 98 ...Don't know **;E**
 - 99 ...Refused



5. If a person needed to borrow money, to buy a car, refrigerator, television or some other purchase for the house, where could they go, or who could they approach for this? Please tell me all the options that you can think of. **Code many. Probe to no. OQ**

- 1Bank loan
- 2Existing overdraft on cheque account
- 3Temporary overdraft
- 4Credit union/building society
- 5Finance company (other than a bank, credit union, or building society)
- 6Cash advance from employer
- 7Cash advance from WINZ
- 8Credit card
- 9Cash-in insurance, superannuation schemes
- 10 ...Hire purchase (with retailer)
- 11 ...Rent to own/rent to buy
- 12 ...Retailers store card
- 13 ...Loan shop/loan company
- 14 ...Payday advance loan company (where people are loaned money against their pay or wages)
- 15 ...Family/friends
- 16 ...Pawn Broker/Pawn Shop
- 96 ...Other (**SPECIFY**)
- 97 ...None ;**E**
- 98 ...Don't know ;**E**
- 99 ...Refused



Recent borrowing/use of credit

6. Please note that the following questions exclude student loans. Thinking about your own situation, have you borrowed money, got a cash loan or applied for credit in the last 2 years? **If yes, read:** Was it? **Code many.** OQ 2
- 1To cover day-to-day expenses such as groceries, petrol, school trips etc.
 - 2To pay the rent
 - 3To pay utilities expenses (e.g. power, gas etc.)
 - 4To pay other bills, loans or debts

 - 5For an emergency like an illness or a car repair
 - 6For family emergencies
 - 7To avoid bouncing a cheque
 - 8To cover an overdue credit card bill, or other debt

 - 9To pay for school fees and uniforms
 - 10 ...To purchase presents/gifts for other people (e.g. birthday, Xmas, wedding)
 - 11 ...For a holiday or recreation

 - 12...For a mortgage
 - 13 ...For a major purchase for your home (such as a refrigerator, washer/dryer, or television)
 - 14 ...To buy a car
 - 15 ...To buy a boat
 - 16 ...To give/send money to family

 - 95 ...Have not borrowed money/bought things on credit/got a cash loan in last 24 months ;**E** ****DO NOT READ****
 - 96 ...Other (**SPECIFY**) ****DO NOT READ****
 - 97 ...No reason ;**E** ****DO NOT READ****
 - 98 ...Don't know ;**E** ****DO NOT READ****
 - 99 ...Refused



7. **IF CODE 95, 97, 98 OR 99 Q6 skip to Q24, else ask.** And thinking about the most recent occasion when you borrowed money, got a cash loan or applied for credit, which of the following credit facilities did you use? **Read. Code many. QQ3**

Note to interviewer: READ LIST QUICKLY. Only one response expected here, in most cases.

- 1A loan
- 2A credit card
- 3A store card
- 4A hire purchase
- 5An existing overdraft on a cheque account
- 6A new overdraft facility
- 7A cash advance
- 96 ...Or something else? **(SPECIFY)**
- 97 ...None ;E ****DO NOT READ** skip to Q24**
- 98 ...Don't know ;E ****DO NOT READ** skip to Q24**
- 99 ...Refused ;E ****DO NOT READ** skip to Q24**

8. And what type of company or person did you get it from? **Code many. Probe clear answer**

- 1Bank
- 2Credit union/building society
- 3Finance company (other than a bank, credit union, or building society)
- 4Loan shop
- 5Payday advance loan company
- 6An online short-term loan provider
- 7Pawnbroker/Pawn shop
- 8Retailer
- 9Insurance company
- 10 ...Employer
- 11 ...WINZ
- 12 ...Family/friends
- 96 ...Other **(SPECIFY)**
- 97 ...None ;E **skip to Q24**
- 98 ...Don't know ;E **skip to Q24**
- 99 ...Refused ;E ****DO NOT READ** skip to Q24**



8a. **If code 12 Q8 ask, else skip to Q9.** Excluding any borrowing from family and friends, which of the following credit facilities did you use on the most recent occasion when you borrowed money, got a cash loan or applied for credit from other sources? **Read. Code many.**

Alternative wording if only code 12 selected at 8: Excluding borrowing from family and friends, have you borrowed money, got a cash loan or applied for credit from other sources in the last two years? **If yes:** Which of the following credit facilities did you use on the most recent occasion?

Note to interviewer: READ LIST QUICKLY. Only one response expected here, in most cases.

- 1A loan
- 2A credit card
- 3A store card
- 4A hire purchase
- 5An existing overdraft on a cheque account
- 6A new overdraft facility
- 7A cash advance
- 96 ...Or something else? (**SPECIFY**)
- 97 ...None ;**E **DO NOT READ** skip to Q24**
- 98 ...Don't know ;**E **DO NOT READ** skip to Q24**
- 99 ...Refused ;**E **DO NOT READ** skip to Q24**

8b. And what type of company or person did you get it from? **Code many. Probe clear answer**

- 1Bank
- 2Credit union/building society
- 3Finance company (other than a bank, credit union, or building society)
- 4Loan shop
- 5Payday advance loan company
- 6An online short-term loan provider
- 7Pawnbroker/Pawn shop
- 8Retailer
- 9Insurance company
- 10 ...Employer
- 11 ...WINZ
- 12 ...Family/friends
- 96 ...Other (**SPECIFY**)
- 97 ...None ;**E skip to Q24**
- 98 ...Don't know ;**E skip to Q24**
- 99 ...Refused ;**E **DO NOT READ** skip to Q24**



9. **If more than one code selected at Q7 or Q8a ask, else skip [if Q8a was answered, this supersedes the response to Q7].** You said before that you got money from **[insert options mentioned at Q7 or Q8a]**. Which of those sources did you get most of the money from? **Show options selected at Q7 or Q8a.**

- 1A loan
- 2A credit card
- 3A store card
- 4A hire purchase
- 5An existing overdraft on a cheque account
- 6A new overdraft facility
- 7A cash advance
- 96 ...Other
- 95 ...Obtained equal amounts from each source
- 98 ...Don't know
- 99 ...Refused

9a. **If more than one code selected at Q8 or q8b ask, else skip if was q8b answered, this supersedes the response to Q8 or q8b]**. You said before that you got money from **[insert options mentioned at Q8 or q8b]**. Which of those lenders did you get most of the money from? **Show options selected at Q8**

- 1Bank
- 2Credit union/building society
- 3Finance company (other than a bank, credit union, or building society)
- 4Loan shop
- 5Payday advance loan company
- 6An online short-term loan provider
- 7Pawnbroker/Pawn shop
- 8Retailer
- 9Insurance company
- 10 ...Employer
- 11 ...WINZ
- 12 ...Family/friends
- 96 ...Other
- 95 ...Obtained equal amounts from each source
- 98 ...Don't know
- 99 ...Refused

Create 'credit type' variable based on response to Q7, Q8a [supersedes 7] or 9. If code 95/99 at Q9, randomly select one credit type.

Create 'source' variable based on response to Q8, q8b [supersedes 8] or Q9a. If code 95/99 at Q9a, randomly select one source.

Read out for all respondents: For the next few questions we would like you to think about the money you got from **[credit type] [if Q9a=1/11: from source]**.



10. Was this the first time you had applied to this lender for credit? **If yes:** Had you ever dealt with the lender before? **Probe clear answer**

- 1Yes – had dealt with them before but first time getting credit
- 2Yes – first time I had ever dealt with lender
- 3No – used lender before to get credit
- 96 ...Other (**SPECIFY**)
- 98 ...Don't know
- 99 ...Refused

11. Did you consider any other options for borrowing money before choosing this one?

- 1Yes
- 2No
- 98 ...Don't know
- 99 ...Refused

12. **If Q11=1 ask, else skip.** Did you actually shop around and compare different finance options before deciding on a lender? **If yes:** What did you look at? OQ3

- 1Yes (**SPECIFY**)
- 2No
- 98 ...Don't know
- 99 ...Refused

13. How did you apply for the [**if credit type = 1: loan / else: credit**]? **Code many. Probe clear answer. Probe to no**

- 1Applied online
- 2Applied by post
- 3Applied by phone
- 4Applied in lender's premises
- 5Applied in retailer's premises – in store
- 6Applied at home – lender or broker came to respondent's home
- 96 ...Other (**SPECIFY**)
- 98 ...Don't know ;**E**
- 99 ...Refused ;**E**

13a. **If more than code 1/96 at Q13 ask, else skip.** Which one of those was the main way you applied? **Show options selected at Q13.**

- 1Applied online
- 2Applied by post
- 3Applied by phone
- 4Applied in lender's premises
- 5Applied in retailer's premises – in store
- 6Applied at home – lender or broker came to respondent's home
- 96 ...Other
- 98 ...Don't know
- 99 ...Refused



14. What made you choose that particular lender? Was it ...? **Read. Code many** OQ3

- 1Low interest rates or fees
- 8**[Show if code 5 Q13 or source=8]** It was suggested by the retailer
- 2It was referred to you by someone you know
- 3An easy process or convenience
- 4It was advertised
- 5You felt comfortable dealing with the lender
- 6You found the lender by searching online
- 7The lender was first to accept your application
- 96 ...Any other reasons? **(SPECIFY)**
- 97 ...No reason ;**E** ****DO NOT READ****
- 98 ...Don't know ;**E** ****DO NOT READ****
- 99 ...Refused ;**E** ****DO NOT READ****

14a. **If more than one coded at Q14 ask, else skip:** What is the main reason you chose that particular lender? **Show options selected at Q14. Read.** OQ3

- 1Low interest rates or fees
- 8**[Show if code 5 Q13 or source=8]** It was suggested by the retailer
- 2It was referred to you
- 3An easy process or convenience
- 4It was advertised
- 5You felt comfortable dealing with the lender
- 6You found the lender by searching online
- 7The lender was first to accept your application
- 96 ...Other
- 98 ...Don't know ****DO NOT READ****
- 99 ...Refused ****DO NOT READ****

14b. **If code 1 Q14 ask, else skip.** Where did you find out the information about interest rates and fees? **Code many.**

- 1Advertising
- 2Lender's website
- 3At the lender's premises
- 4**[Show if code 5 Q13 or source=8]** At the retailer's premises – in store
- 96 ...Other **(SPECIFY)**
- 98 ...Don't know ;**E**
- 99 ...Refused ;**E**

14c. **If code 2 Q14 ask, else skip.** Who referred the lender to you? **Code many.**

- 1Family member
- 2Friend
- 3Budgeting service
- 4Work colleague
- 96 ...Other **(SPECIFY)**
- 98 ...Don't know ;**E**
- 99 ...Refused ;**E**



14d. **If code 3 Q14 ask, else skip.** What was it about the process that was easy? Was it because ...? **Read. Code many.**

- 1The application process was straightforward
- 2The application process was quick
- 3You got the money quickly
- 4You did not need to provide many documents
- 5**[Hide if Q10=1/2]** You had used them before
- 6No fees were required upfront
- 96 ...Other **(SPECIFY)**
- 97 ...No reason ;**E** ****DO NOT READ****
- 98 ...Don't know ;**E** ****DO NOT READ****
- 99 ...Refused ;**E** ****DO NOT READ****

14e. **If code 4 Q14 ask, else skip.** What was it about the advertising that made you choose the lender?

- 1Answer **(SPECIFY)**
- 98 ...Don't know
- 99 ...Refused

15. When you talked to or contacted the lender about **[if credit type = 1: taking out a loan / if credit type = 2/6: getting credit / else: borrowing money]**, did the lender ask you about any of the following? **Read. Code many. Probe clear answer** OQ 10

- 1Any other loans you might have
- 2Your ability to make repayments
- 3Your current financial circumstances in general
- 4**[Hide if Q10=2]** Did your lender already know about your credit history?
- 95 ...Not applicable – did not talk to the lender ****DO NOT READ****
- 96 ...Other **(SPECIFY)** ****DO NOT READ****
- 97 ...None – lender did not ask ;**E** ****DO NOT READ****
- 98 ...Don't know ;**E** ****DO NOT READ****
- 99 ...Refused ;**E**



16. Which of the following documents did you have to provide before **[if credit type = 1: taking out a loan / if credit type = 2/6: getting credit / else: borrowing money]**? The options are yes, no or can't remember. **Read. Code many.** OQ 10

	Yes	No	DK/Can't remember	Ref
a. More than one recent bank statement	1	2	98	99
b. Only one recent bank statement	1	2	98	99
c. A payslip or other evidence of income	1	2	98	99
d. Your employer's contact details	1	2	98	99
e. Permission for a credit check	1	2	98	99
f. Details of existing loans	1	2	98	99
g. Utility bills (e.g. power or phone bill)	1	2	98	99
h. Photo ID	1	2	98	99
i. Any other documents? (SPECIFY)				



17. And still thinking about the last time you **[if credit type = 1: took out a loan / if credit type = 2/6: got credit / else: borrowed money]**, were you given a copy of the written agreement or contract that you had signed? **Probe clear answer** OQ 9
- 1Yes
 - 2No – I was not given a copy
 - 3.... I never signed an agreement or contract
 - 4There was no agreement/contract involved at all **Skip to Q21**
 - 98 ...Don't know
 - 99 ...Refused
18. **If code 1/2 Q17 ask, else skip.** And thinking about that contract or agreement, which of the following apply to you? **Read. Code many. Probe clear answer** OQ9
- 1You read through it
 - 2The lender took you through it by phone
 - 3The lender took you through it in person
 - 4**[Show if Q8=8 or Q8b=8]** The retailer took you through it
 - 97 ...None of these options – did not read it at all ;**E **DO NOT READ****
 - 98 ...Don't know ;**E **DO NOT READ****
 - 99 ...Refused ;**E **DO NOT READ****
19. **If code 3/99 at Q17 or 97/99 at Q18, skip. If code 2/4 Q18 ask:** About how long would you say the **[if Q18=2/3: lender / if Q18=4: retailer]** spent taking you through the agreement? Would you say ...? **Read.**
- 19a. **If only code 1 Q18 ask:** About how long would you say you spent reading through the agreement? Would you say ...? **Read.**
- 1Less than 2 minutes
 - 2More than 2 but less than 5 minutes
 - 3More than 5 but less than 10 minutes
 - 410 minutes or more
 - 98 ...Don't know ****DO NOT READ****
 - 99 ...Refused ****DO NOT READ****
20. **If code 1/2 Q17 ask, else skip.** Did you feel that the lender gave you enough time to consider the contract before you signed it? OQ 4
- 1Yes
 - 2No
 - 98 ...Don't know
 - 99 ...Refused



21. At the time, how confident would you say you were that you understood everything you needed to know about your loan or credit agreement? Would you say ...? **Read** OQ 8/9
- 1Not at all confident
 - 2Somewhat confident
 - 3Very confident
 - 96 ...Other (**SPECIFY**)
 - 98 ...Don't know
 - 99 ...Refused
22. **If code 1/2 Q17 ask, else skip.** After you signed the contract the last time you borrowed money, was there any other information about your [**if credit type = 1: loan / else: credit**] that you wish you had been told about? OQ 9
- 1Yes (**SPECIFY**)
 - 2No
 - 98 ...Don't know
 - 99 ...Refused
23. And still thinking about the last time you [**if credit type = 1: took out a loan / if credit type = 2/6: got credit / else: borrowed money**] did you experience any of the following issues later on? **Read. Code many.** OQ 11
- 1Payments were more than expected
 - 2The lender changed or increased the interest rate charged
 - 3There were fees that you weren't aware of
 - 4It wasn't clear when payments were due
 - 5You got behind on payments
 - 6You were turned over to a debt collector
 - 7Your financial circumstances changed
 - 96 ...Any other issues? (**Specify**)
 - 95 ...Not applicable ;**E** ****DO NOT READ****
 - 97 ...No issues ;**E** ****DO NOT A READ****
 - 98 ...Don't know ;**E** ****DO NOT READ****
 - 99 ...Refused ;**E** ****DO NOT READ****
24. **ASK OF ALL.** In general, in the last two years have you ever decided not to sign or go ahead with borrowing money after reading the small print or terms in a lending or purchase agreement? **Probe clear answer** OQ 4
- 1Yes
 - 2No, never changed my mind
 - 3No, never read small print
 - 97 ...**[Hide if code 1/96 Q7]** Never considered borrowing money
 - 98 ...Don't know
 - 99 ...Refused



Awareness of rights and obligations

25. I'm going to read some statements about lenders' current legal obligations. For each of these statements, can you tell me whether the statement is true or false, or you can say that you're not sure. **Read RND OQ 5**

	True	False	DK	Ref
a. A lender has to provide a borrower with a written statement that includes the interest rate and any applicable fees [<i>true</i>]	1	2	98	99
b. A lender has to provide a borrower with written information about their right to cancel the credit contract [<i>true</i>]	1	2	98	99
c. A lender has to give a borrower financial advice [<i>false</i>]	1	2	98	99
d. A lender must not offer a borrower a higher loan amount than what they initially asked for [<i>false</i>]	1	2	98	99



26. I'm going to read some other statements about lenders' legal obligations. Again, for each of these statements, can you tell me whether the statement is true or false, or you can say that you're not sure. **Read RND OQ 7**

	True	False	DK	Ref
a. If a borrower can't make repayments, the lender must offer more affordable payment options [<i>false</i>]	1	2	98	99
b. A lender can sell a borrower's credit contract to another lender [<i>true</i>]	1	2	98	99
c. A lender is allowed to call or contact a borrower to offer more credit [<i>true</i>]	1	2	98	99
d. A lender is allowed to hire a debt collector if a borrower can't repay the loan [<i>true</i>]	1	2	98	99
e. A lender can repossess items that are bought on credit if a borrower can't repay the loan [<i>true</i>]	1	2	98	99
f. A debt collector can knock on a borrower's door to ask for payment [<i>true</i>]	1	2	98	99

27. I'm going to read some statements about borrowers' legal rights and obligations. Again, the options are true, false or 'not sure'. **Read RND OQ 6**

	True	False	DK	Ref
a. A person has the right to fully repay a loan at any time, but may have to pay early payment fees [<i>true</i>]	1	2	98	99
b. If facing unexpected financial hardship, a person can apply for changes to their agreement when they are unable to meet the payments [<i>true</i>]	1	2	98	99
c. If a person can't pay back their loan, their guarantor may have to pay it [<i>true</i>]	1	2	98	99
d. The law prevents lenders from charging very high interest rates [<i>false</i>]	1	2	98	99
e. A person has the right to change their mind and cancel a loan/credit agreement within a few days after signing it [<i>true</i>]	1	2	98	99
f. If a person can't repay a loan, a debt collector can take any item in the house to pay for that debt, regardless of what the contract says [<i>false</i>]	1	2	98	99



28. Overall, how good would you say you are at managing your personal finances?
Would you say...? **Read.**
- 1Very good
 - 2Good
 - 3Fair
 - 4Poor
 - 98 ...Don't know ****DO NOT READ****
 - 99 ...Refused ****DO NOT READ****
29. In the last two years has any lender declined you credit, other than for a home loan,
based on their concern that you might not be able to repay it? OQ 10
- 1Yes
 - 2No
 - 97 ...Have not borrowed in the last two years
 - 98 ...Don't know
 - 99 ...Refused

Demographics

30. Now, to help us analyse our data, I would like to ask some questions about you.
Which of the following best describes your household? **Read**
- 1Couple without children
 - 2Single parent household
 - 3Family household
 - 4Couple with children not living at home
 - 5Single or one-person household
 - 6Flat or shared household – not a family household
 - 96 ...Other **(Specify) **Do not read****
 - 98 ...Don't know ****Do not read****
 - 99 ...Refused ****Do not read****
31. **If code 2/3 Q30 ask, else skip.** And how many children aged under 18 are living with
you in your household?
- 1Answer **(Specify)**
 - 95 ...Not applicable
 - 97 ...None
 - 98 ...Don't know
 - 99 ...Refused
32. **If code 1 Q31 ask, else skip.** And how old is the youngest child living in your house?
- 1Answer **(Specify)**
 - 95 ...Not applicable
 - 98 ...Don't know
 - 99 ...Refused



33. Are you ...? **Read. Code many**
- 1Self-employed
 - 2A salary or wage earner
 - 3Retired
 - 4A full time home-maker
 - 5A student
 - 6Unemployed
 - 96 ...Other beneficiary
 - 98 ...Don't know ;E ****Do not read****
 - 99 ...Refused ;E ****Do not read****
34. Which of these best describes your personal income from all sources, before tax for the last year? **Read**
- 1\$10,000 or less
 - 2\$10,001 to \$20,000
 - 3\$20,001 to \$30,000
 - 4\$30,001 to \$40,000
 - 5\$40,001 to \$50,000
 - 6\$50,001 to \$60,000
 - 7\$60,001 to \$70,000
 - 8\$70,001 to \$80,000
 - 9\$80,001 to \$90,000
 - 10 ...\$90,001 to \$100,000
 - 11 ...\$100,001 or more **skip to Q36**
 - 98 ...Don't know ****Do not read** skip to Q36**
 - 99 ...Refused ****Do not read** skip to Q36**
35. **If 2, 5 or 6 not coded at Q30 ask, else skip.** Which of these best describes the combined income of your household before tax, for the last year? Please include any child support, benefits or other income support you or your partner may receive. **Read**
- 1\$10,000 or less **[Hide if Q34=2, 3, 4, 5, 6, 7, 8, 9 or 10]**
 - 2\$10,001 to \$20,000 **[Hide if Q34=3, 4, 5, 6, 7, 8, 9 or 10]**
 - 3\$20,001 to \$30,000 **[Hide if Q34=4, 5, 6, 7, 8, 9 or 10]**
 - 4\$30,001 to \$40,000 **[Hide if Q34=5, 6, 7, 8, 9 or 10]**
 - 5\$40,001 to \$50,000 **[Hide if Q34=6, 7, 8, 9 or 10]**
 - 6\$50,001 to \$60,000 **[Hide if Q34=7, 8, 9 or 10]**
 - 7\$60,001 to \$70,000 **[Hide if Q34=8, 9 or 10]**
 - 8\$70,001 to \$80,000 **[Hide if Q34=9 or 10]**
 - 9\$80,001 to \$90,000 **[Hide if Q34=10]**
 - 10 ...\$90,001 to \$100,000
 - 11 ...\$100,001 or more
 - 98 ...Don't know ****Do not read****
 - 99 ...Refused ****Do not read****



35aa. Which country were you born in?

- 1New Zealand
- 2Australia
- 3UK
- 4China
- 5India
- 6South Africa
- 7Samoa
- 8Cook Islands
- 96 ...Other (**Specify**)
- 98 ...Don't know
- 99 ...Refused

If Q35a=2/96 ask, else skip. When did you first arrive to live in New Zealand?

- 1Month (if known) (**Specify**)
- 2Year (**Specify**)
- 98 ...Don't know
- 99 ...Refused

36. **If Q35a =4/96 ask, else skip.** Thinking now about languages spoken. What language do you speak best?

- 1English
- 2Another language (not English) (**Specify**)
- 98 ...Don't know
- 99 ...Refused

37. **IF Q3636=2 ASK, ELSE SKIP.** How well would you say you speak English? Would you say...?

Read

- 1Very well
- 2Well
- 3Not well
- 4Or not at all well
- 98 ...Don't know ****DO NOT READ****
- 99 ...Refused ****DO NOT READ****

38. **Code respondent's sex – **Do not read as question****

- 1Male
- 2Female

Closing questions

39. Do you have any other comments you'd like to make about the subject of this interview?

- 1Comments **Specify**
- 2No



40. May I please confirm your name in case my supervisor needs to check on the quality of this interview? **Record first and last name**
41. **Ask if respondent is not named elector.** And can I just confirm that you are the oldest male/Oldest female/Youngest male/Youngest female in your household who is at least 18 years of age?

Code "Yes" if all three elements are confirmed. If answer to any element is "No", code No.

- 1.Yes
- 2.No
- 98. ..Don't know**Do not read**
- 99. ..Refused**Do not read**

Those are all the questions I have. Thank you very much for your help. My name is **Q01V** from Research New Zealand. If you have enquiries about this survey, please ring the project manager Sarah Buchanan, on our toll-free number: 0800 500 168. (Wellington respondents 499-3088)



Appendix C: Tabular results

Table 68:

Gender

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
Male	48	48	46	48
Female	52	52	54	52
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 69:

Q1. First of all, to help us ensure that we have spoken to a good mix of people, can you tell me which of the following age groups you are in? READ

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
18-19	6	11	9	5
20-29	13	23	17	12
30-39	18	25	24	17
40-49	19	15	21	19
50-59	17	13	15	18
60-69	13	7	10	14
70 plus	13	6	4	14
Under 18 years	0	0	0	0
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 70:

Ethnicity quota group

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
Pacific	5	100	0	0
Māori	11	0	100	0
Other	83	0	0	100
Total	100	100	100	100

Total may not sum to 100% due to rounding.



Table 71:

Q2. And which of the following ethnic groups do you belong to? You can belong to more than one.

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
Māori	12	7	100	0
New Zealand European/Pakeha	71	10	41	79
Samoan	2	40	0	0
Cook Islander	1	15	0	0
Tongan	1	19	0	0
Niuean	0	6	0	0
Tokelauan	0	3	0	0
Fijian/Fijian Indian	1	19	0	0
Other Pacific Island	0	3	0	0
Chinese	2	2	1	2
Indian	4	2	0	5
Other	14	6	4	16
Don't know	0	0	0	0
Refused	0	0	0	0

Total may exceed 100% because of multiple responses.

Table 72:

Q3. The next section of the survey is about borrowing money. First of all, how much would you say you know about managing personal finances in general? Would you say you...? READ

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
Know a lot	22	18	21	22
Know a reasonable amount	57	44	52	58
Know little	16	24	20	15
Or would you say you really know nothing at all	6	14	7	5
Don't know	0	0	0	0
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.



Table 73:

Q4. If a person needed to borrow money in a hurry, for example in the next 2 to 3 days, for an emergency or to tide them over, what are all the options available for them to do this? (Unprompted awareness)

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
Bank loan	76	65	64	78
Family/friends	52	51	59	51
Finance company (other than a bank, credit union, or building society)	34	40	29	35
Loan shop/loan company	24	19	22	24
Credit card	19	10	14	20
Loan sharks	9	3	7	9
Pawnbroker/Pawn shop	8	3	8	8
Cash advance from WINZ	6	3	8	6
Existing overdraft on cheque account	5	5	4	6
Credit union/building society	5	1	5	5
Temporary overdraft	4	4	3	4
Payday advance loan company (where people are loaned money against their pay or wages)	4	2	1	4
Savings/investments	3	3	8	2
Mortgage extension/re-mortgage	3	2	3	3
Cash advance from employer	2	3	2	2
Cash-in insurance, superannuation schemes	2	4	2	2
Sell belongings/valuables	2	3	2	2
Hire purchase (with retailer)	1	2	0	1
Retailers store card	1	1	1	1
Other	7	4	10	7
None	1	1	1	1
Don't know	8	14	7	8
Refused	0	1	0	0

Total may exceed 100% because of multiple responses.



Table 74:

Q5. If a person needed to borrow money, to buy a car, refrigerator, television or some other purchase for the house, where could they go, or who could they approach for this? (Unprompted awareness)

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
Bank loan	70	74	66	70
Finance company (other than a bank, credit union, or building society)	47	50	43	47
Hire purchase (with retailer)/layby	33	19	26	34
Family/friends	33	33	36	33
Loan shop/loan company	20	22	14	20
Credit card	17	7	12	19
Retailers store card	10	5	7	11
Cash advance from WINZ	6	7	11	5
Credit union/building society	4	0	3	4
Loan sharks	4	1	7	4
Savings/investments	4	5	6	4
Car dealership/car finance	4	3	4	4
Mortgage company/mortgage extension	4	2	2	4
Existing overdraft on cheque account	3	1	1	3
Pawnbroker/Pawn shop	3	3	2	4
Temporary overdraft	2	1	1	2
Rent to own/rent to buy	2	3	3	2
Through the retailer (method not specified)	2	1	1	3
Cash advance from employer	1	1	1	1
Cash-in insurance, superannuation schemes	1	1	2	1
Payday advance loan company (where people are loaned money against their pay or wages)	1	0	2	1
Online lenders	0	0	2	0
Other	8	9	9	8
None	2	1	1	2
Don't know	3	3	5	2
Refused	0	0	0	0

Total may exceed 100% because of multiple responses.



Table 75:

Q6. Thinking about your own situation, have you borrowed money, got a cash loan or applied for credit in the last 2 years. Was it...?

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
For a mortgage	12	10	10	12
To buy a car	10	10	15	9
For a major purchase for your home (such as a refrigerator, washer/dryer, or television)	8	7	9	8
To pay other bills, loans or debts	6	8	6	5
For a holiday or recreation	6	5	9	5
For an emergency like an illness or a car repair	4	6	5	4
To cover day-to-day expenses such as groceries, petrol, school trips etc.	3	5	6	3
To cover an overdue credit card bill, or other debt	3	4	4	2
For family emergencies	2	7	4	1
To purchase presents/gifts for other people (e.g. birthday, Xmas, wedding)	2	4	2	1
House renovations/home improvements	2	1	2	1
To pay the rent	1	3	2	0
To pay utilities expenses (e.g. power, gas etc.)	1	2	2	1
To pay for school fees and uniforms	1	1	2	1
To give/send money to family	1	1	2	1
For business purposes	1	1	1	1
To avoid bouncing a cheque	0	1	0	0
To buy a boat	0	0	1	0
Have not borrowed money/bought things on credit/got a cash loan in last 24 months	59	62	54	59
Other	1	2	1	1
No reason	0	1	0	0
Don't know	1	1	0	1
Refused	0	0	1	0

Total may exceed 100% because of multiple responses.



Table 76:

Q7. And thinking about the most recent occasion when you borrowed money, got a cash loan or applied for credit, which of the following credit facilities did you use? (Prompted – multiple response possible)

	Total	Pacific	Maori	Other
Unweighted base =	450*	71	187	192
Weighted base =	478*	23**	61	395
	%	%	%	%
A loan	54	59	56	54
A credit card	24	17	22	24
A store card	6	4	8	6
A hire purchase	9	16	8	9
An existing overdraft on a cheque account	7	11	8	6
A new overdraft facility	6	5	5	7
A cash advance	2	2	4	1
Mortgage/mortgage extension	6	3	2	6
Or something else? (Specify)	1	1	5	1
None	1	1	1	1
Don't know	0	0	0	0
Refused	0	1	0	0

Total may exceed 100% because of multiple responses.

*Sub-sample based on those respondents who reported borrowing money, getting a cash loan or applying for credit in the last 2 years. Excludes early respondents who said they had borrowed from family or friends on the most recent occasion.

**Caution: low base number of respondents - results are indicative only.

Table 77:

Q7/Q7a. And thinking about the most recent occasion when you borrowed money, got a cash loan or applied for credit, which of the following credit facilities did you (mainly) use? (Prompted – single response)

	Total	Pacific	Māori	Other
Unweighted base =	450*	71	187	192
Weighted base =	478*	23**	61	395
	%	%	%	%
A loan	51	54	53	51
A credit card	18	7	14	20
A store card	5	4	6	5
A hire purchase	8	13	5	8
An existing overdraft on a cheque account	5	8	6	5
A new overdraft facility	4	3	4	4
A cash advance	1	2	3	1
Mortgage/mortgage extension	5	3	2	5
Other	2	4	6	1
None	1	1	1	1
Don't know	0	0	0	0
Refused	0	1	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported borrowing money, getting a cash loan or applying for credit in the last 2 years. Excludes early respondents who said they had borrowed from family or friends on the most recent occasion.

**Caution: low base number of respondents - results are indicative only.



Table 78:

Q8. And what type of company or person did you get it from? (Prompted – multiple response possible)

	Total	Pacific	Māori	Other
Unweighted base =	446*	70	185	191
Weighted base =	475*	22**	60	393
	%	%	%	%
Bank	71	59	59	73
Credit union/building society	3	2	5	3
Finance company (other than a bank, credit union, or building society)	15	25	23	13
Loan shop	2	5	2	2
Payday advance loan company	0	0	0	0
An online short-term loan provider	0	0	1	0
Pawnbroker/Pawn shop	0	5	0	0
Retailer	8	5	8	8
Insurance company	0	0	0	0
Employer	0	0	0	0
WINZ	1	1	0	1
Family/friends	4	1	8	3
Other (Specify)	1	2	2	0
None	0	0	0	0
Don't know	0	0	1	0
Refused	0	1	0	0

Total may exceed 100% because of multiple responses.

*Sub-sample based on those respondents who reported borrowing money, getting a cash loan or applying for credit in the last 2 years, and who reported using one or more of the credit facilities listed in Q7. Excludes early respondents who said they had borrowed from family or friends on the most recent occasion.

**Caution: low base number of respondents - results are indicative only.



Table 79:

Q8/Q8a. And what type of company or person did you get it from (mainly)? (Prompted – single response)

	Total	Pacific	Māori	Other
Unweighted base =	446*	70	185	191
Weighted base =	475*	22**	60	393
	%	%	%	%
Bank	70	56	58	73
Finance company (other than a bank, credit union, or building society)	12	25	21	10
Retailer	8	5	6	8
Loan shop	3	5	1	3
Credit union/building society	2	2	4	2
Family/friends	2	1	6	1
WINZ	1	1	0	1
Payday advance loan company	0	0	0	0
An online short-term loan provider	0	0	1	0
Pawnbroker/Pawn shop	0	2	0	0
Insurance company	0	0	0	0
Employer	0	0	0	0
Other	1	2	3	1
Don't know	0	0	1	0
Refused	0	1	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported borrowing money, getting a cash loan or applying for credit in the last 2 years, and who reported using one or more of the credit facilities listed in Q7. Excludes early respondents who said they had borrowed from family or friends on the most recent occasion.

**Caution: low base number of respondents - results are indicative only.

Table 80:

Q10. Was this the first time you had applied to this lender for credit? IF YES: Had you ever dealt with the lender before? PROBE CLEAR ANSWER.

	Total	Pacific	Māori	Other
Unweighted base =	434*	68	178	188
Weighted base =	464*	22**	56	386
	%	%	%	%
Yes - had dealt with them before but first time getting credit	12	12	13	12
Yes - first time I had ever dealt with lender	22	39	24	21
No - used lender before to get credit	64	49	62	66
Other	1	0	0	1
Don't know	0	0	0	0
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported borrowing money, getting a cash loan or applying for credit in the last 2 years, and who reported using one or more of the credit facilities listed in Q7 or Q8a. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

**Caution: low base number of respondents - results are indicative only.



Table 81:

X10. Was this the first time you had applied to this lender for credit? IF YES: Had you ever dealt with the lender before? - constructed variable

	Total	Pacific	Māori	Other
Unweighted base =	434*	68	178	188
Weighted base =	464*	22**	56	386
	%	%	%	%
Yes	35	51	37	33
No	64	49	62	66
Other/Don't know/Refused	1	0	1	1
Total	100	100	100	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported borrowing money, getting a cash loan or applying for credit in the last 2 years, and who reported using one or more of the credit facilities listed in Q7 or Q8a. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

**Caution: low base number of respondents - results are indicative only.

Table 82:

Q11. Did you consider any other options for borrowing money before choosing this one?

	Total	Pacific	Māori	Other
Unweighted base =	434*	68	178	188
Weighted base =	464*	22**	56	386
	%	%	%	%
Yes	24	41	32	22
No	76	57	68	78
Don't know	0	2	0	0
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported borrowing money, getting a cash loan or applying for credit in the last 2 years, and who reported using one or more of the credit facilities listed in Q7 or Q8a. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

**Caution: low base number of respondents - results are indicative only.

Table 83:

Q12. Did you actually shop around and compare different finance options before deciding on a lender? IF YES: What did you look at?

	Total	Pacific	Māori	Other
Unweighted base =	118*	27**	53	38
Weighted base =	110*	9**	18**	83
	%	%	%	%
Yes (Specify)	63	60	50	66
No	37	40	50	34
Don't know	0	0	0	0
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported considering other borrowing options than the one chosen.

Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

**Caution: low base number of respondents - results are indicative only.



Table 84:

Q12. Options considered before deciding on chosen option.

	Total	Pacific	Māori	Other
Unweighted base =	118*	27**	53	38
Weighted base =	110*	9**	18**	83
	%	%	%	%
Interest rates	20	35	20	18
Other fees/total cost of borrowing	6	7	5	7
Terms and/or payment options	8	22	7	7
Banks	40	18	19	47
Loan/finance companies	21	4	22	22
Other	14	11	20	13
Did not shop around	37	40	50	34
Don't know	0	0	0	0
Refused	0	0	0	0

Total may exceed 100% because of multiple responses.

*Sub-sample based on those respondents who shopped around and compared different finance options before deciding on a lender. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

**Caution: low base number of respondents - results are indicative only.

Table 85:

Q13. How did you apply for the loan or credit?

	Total	Pacific	Māori	Other
Unweighted base =	434*	68	178	188
Weighted base =	464*	22**	56	386
	%	%	%	%
Applied online	18	10	13	19
Applied by post	1	2	2	1
Applied by phone	22	16	21	22
Applied in lender's premises	38	46	37	38
Applied in retailer's premises - in store	22	27	23	21
Applied at home - lender or broker came to respondent's home	3	2	3	3
Other (Specify)	4	1	5	4
Don't know	0	1	0	0
Refused	0	0	0	0

Total may exceed 100% because of multiple responses.

*Sub-sample based on those respondents who reported borrowing money, getting a cash loan or applying for credit in the last 2 years, and who reported using one or more of the credit facilities listed in Q7 or Q8a. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

**Caution: low base number of respondents - results are indicative only.



Table 86:

X13. Main way credit was applied for – constructed variable

	Total	Pacific	Māori	Other
Unweighted base =	434*	68	178	188
Weighted base =	464*	22**	56	386
	%	%	%	%
Applied online	15	9	12	16
Applied by post	1	2	2	1
Applied by phone	19	12	18	19
Applied in lender's premises	36	46	37	36
Applied in retailer's premises - in store	21	26	23	21
Applied at home - lender or broker came to respondent's home	3	2	2	3
Other	4	1	5	4
Don't know	0	1	0	0
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported borrowing money, getting a cash loan or applying for credit in the last 2 years, and who reported using one or more of the credit facilities listed in Q7 or Q8a. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

**Caution: low base number of respondents - results are indicative only.

Table 87:

Q14. What made you choose that particular lender? Was it...?

	Total	Pacific	Māori	Other
Unweighted base =	434*	68	178	188
Weighted base =	464*	22**	56	386
	%	%	%	%
Low interest rates or fees	50	44	44	51
It was suggested by the retailer	7	9	7	7
It was referred to you by someone you know	13	17	10	13
An easy process or convenience	47	38	49	47
It was advertised	13	8	9	13
You felt comfortable dealing with the lender	48	26	41	50
You found the lender by searching online	3	3	6	3
The lender was first to accept your application	16	7	17	16
Have used them before/I was an existing customer	28	19	24	30
Other reasons	9	12	9	9
No reason	0	0	0	0
Don't know	0	1	0	0
Refused	0	0	0	0

Total may exceed 100% because of multiple responses.

*Sub-sample based on those respondents who reported borrowing money from family and/or friends (on the most recent occasion) in the last 2 years, and who identified using one or more of the credit facilities listed in Q7 or Q8a. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

**Caution: low base number of respondents - results are indicative only.



Table 88:

Q14e. What was it about the advertising that made you choose the lender?

	Total
Unweighted base =	46*
Weighted base =	59*
	%
Interest free/interest free period	24
Lower interest rates	17
Deals/discounts/special offers	4
I already knew/trusted the lender	15
Other	13
Advertising did not influence decision	19
Don't know	12
Refused	0

Total may exceed 100% because of multiple responses.

*Sub-sample based on those respondents who reported choosing a particular lender because of advertising they had seen.

**Caution: low base number of respondents - results are indicative only.

Table 89:

Q15. When you talked to or contacted the lender, did the lender ask you about any of the following?

	Total	Pacific	Māori	Other
Unweighted base =	434*	68	178	188
Weighted base =	464*	22**	56	386
	%	%	%	%
Any other loans you might have	65	57	67	65
Your ability to make repayments	62	55	63	62
Your current financial circumstances in general	68	65	71	68
The lender already knew about your credit history	64	47	62	65
Not applicable - did not talk to the lender	2	3	2	2
Other	1	4	2	1
None - lender did not ask	5	4	3	5
Don't know	0	3	0	0
Refused	0	0	0	0

Total may exceed 100% because of multiple responses.

*Sub-sample based on those respondents who reported borrowing money, getting a cash loan or applying for credit in the last 2 years, and who reported using one or more of the credit facilities listed in Q7 or Q8a. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

**Caution: low base number of respondents - results are indicative only.



Table 90:

Q16. Which of the following documents did you have to provide before taking out a loan / getting credit?

	Total %	Pacific %	Māori %	Other %
More than one recent bank statement				
Unweighted base =	434*	68	178	188
Weighted base =	464*	22**	56	386
Yes	33	51	40	31
No	62	41	57	64
Don't know/Can't remember	4	7	2	4
Only one recent bank statement				
Unweighted base =	434*	68	178	188
Weighted base =	464*	22**	56	386
Yes	13	26	20	11
No	81	69	78	82
Don't know/Can't remember	6	5	2	6
A payslip or other evidence of income				
Unweighted base =	434*	68	178	188
Weighted base =	464*	22**	56	386
Yes	47	67	54	44
No	52	26	45	54
Don't know/Can't remember	2	7	1	1
Your employer's contact details				
Unweighted base =	434*	68	178	188
Weighted base =	464*	22**	56	386
Yes	38	52	53	35
No	54	47	45	56
Don't know/Can't remember	8	1	2	9
Permission for a credit check				
Unweighted base =	434*	68	178	188
Weighted base =	464*	22**	56	386
Yes	51	68	61	49
No	40	29	32	42
Don't know/Can't remember	9	3	7	9
Details of existing loans				
Unweighted base =	434*	68	178	188
Weighted base =	464*	22**	56	386
Yes	53	54	53	52
No	43	42	41	43
Don't know/Can't remember	5	4	6	5
Utility bills (e.g. power or phone bill)/proof of address				
Unweighted base =	434*	68	178	188
Weighted base =	464*	22**	56	386
Yes	18	40	26	16
No	77	51	72	79
Don't know/Can't remember	5	9	2	5

Continued overleaf



Table 90: (cont.)

Q16. Which of the following documents did you have to provide before taking out a loan / getting credit?

	Total %	Pacific %	Māori %	Other %
Photo ID				
Unweighted base =	434*	68	178	188
Weighted base =	464*	22**	56	386
Yes	56	73	64	54
No	40	26	34	42
Don't know/Can't remember	4	1	2	4
Property value information				
Unweighted base =	434*	68	178	188
Weighted base =	464*	22**	56	386
Yes	1	2	0	2
No	99	98	100	98
Don't know/Can't remember	0	0	0	0

Totals may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported borrowing money, getting a cash loan or applying for credit in the last 2 years, and who reported using one or more of the credit facilities listed in Q7 or Q8a. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

**Caution: low base number of respondents - results are indicative only.

Table 91:

Q17. And still thinking about the last time you [took out a loan/got credit/borrowed money], were you given a copy of the written agreement or contract that you had signed?

	Total %	Pacific %	Māori %	Other %
Unweighted base =	434*	68	178	188
Weighted base =	464*	22**	56	386
Yes	86	94	91	85
No - I was not given a copy	6	3	3	6
I never signed an agreement or contract	2	1	1	2
There was no agreement/contract involved at all	4	0	2	4
Don't know	3	1	3	3
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported borrowing money, getting a cash loan or applying for credit in the last 2 years, and who reported using one or more of the credit facilities listed in Q7 or Q8a. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

**Caution: low base number of respondents - results are indicative only.



Table 92:

Q18. And thinking about that contract or agreement, which of the following apply to you?

	Total	Pacific	Māori	Other
Unweighted base =	405*	66	167	172
Weighted base =	427*	21**	52	353
	%	%	%	%
You read through it	39	37	39	39
The lender took you through it by phone	17	12	15	18
The lender took you through it in person	58	65	68	57
The retailer took you through it	5	4	2	5
None of these options - did not read it at all	4	4	3	4
Don't know	3	0	2	3
Refused	0	0	0	0

Total may exceed 100% because of multiple responses.

*Sub-sample based on those respondents who reported signing a contract or agreement on the most recent occasion that they borrowed money, got a loan or applied for credit. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

**Caution: low base number of respondents - results are indicative only.

Table 93:

Q19. And how long would you say [the lender/retailer spent taking you through the agreement] or [you spent reading the agreement].

	Total	Pacific	Māori	Other
Unweighted base =	382*	64	157	161
Weighted base =	399*	21**	50	328
	%	%	%	%
Less than 2 minutes	4	1	6	4
More than 2 but less than 5 minutes	24	18	18	26
More than 5 but less than 10 minutes	25	25	22	25
10 minutes or more	46	53	54	44
Don't know	1	3	1	1
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported signing a contract or agreement on the most recent occasion that they borrowed money, got a loan or applied for credit. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

**Caution: low base number of respondents - results are indicative only.



Table 94:

Q20. Did you feel that the lender gave you enough time to consider the contract before you signed it?

	Total	Pacific	Māori	Other
Unweighted base =	405*	66	167	172
Weighted base =	427*	21**	52	353
	%	%	%	%
Yes	97	91	93	98
No	2	9	5	1
Don't know	1	0	2	1
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported taking having signed a contract or agreement on the most recent occasion. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

**Caution: low base number of respondents - results are indicative only.

Table 95:

Q21. At the time, how confident would you say you were that you understood everything you needed to know about your loan or credit agreement? Would you say...?

	Total	Pacific	Māori	Other
Unweighted base =	434*	68	178	188
Weighted base =	464*	22**	56	386
	%	%	%	%
Not at all confident	1	3	3	1
Somewhat confident	27	28	21	28
Very confident	71	65	75	71
Other	1	3	0	0
Don't know	0	1	1	0
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported borrowing money, getting a cash loan or applying for credit in the last 2 years, and who reported using one or more of the credit facilities listed in Q7 or Q8a. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

**Caution: low base number of respondents - results are indicative only.



Table 96:

Q22. After you signed the contract the last time you borrowed money, was there any other information about your loan/credit that you wish you had been told about?

	Total	Pacific	Māori	Other
Unweighted base =	405*	66	167	172
Weighted base =	427*	21**	52	353
	%	%	%	%
Information about repaying the loan early	1	0	2	1
What the interest rates/repayment amounts would be	1	5	3	1
Unexpected fees/insurance	2	2	1	3
How to make repayments	1	0	1	1
Making it easier to understand the contract/how the credit works	1	0	1	1
Other	1	8	0	1
No - did not need any other information	93	85	91	94
Don't know	0	0	2	0
Refused	0	0	0	0

Total may exceed 100% because of multiple responses.

*Sub-sample based on those respondents reported having signed a contract or agreement on the most recent occasion. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

**Caution: low base number of respondents - results are indicative only.

Table 97:

Q23. And still thinking about the last time you took out a loan, got credit or borrowed money, did you experience any of the following issues later on?

	Total	Pacific	Māori	Other
Unweighted base =	434*	68	178	188
Weighted base =	464*	22**	56	386
	%	%	%	%
Payments were more than expected	3	4	6	2
The lender changed or increased the interest rate charged	8	6	11	7
There were fees that that you weren't aware of	7	10	11	7
It wasn't clear when payments were due	6	12	9	5
You got behind on payments	5	19	9	4
You were turned over to a debt collector	2	7	4	1
Your financial circumstances changed	15	31	21	14
Any other issues? (Specify).	3	1	3	3
Not applicable	7	4	2	8
No issues	57	51	58	58
Don't know	0	0	0	0
Refused	0	0	0	0

Total may exceed 100% because of multiple responses.

*Sub-sample based on those respondents who reported borrowing money, getting a cash loan or applying for credit in the last 2 years, and who reported using one or more of the credit facilities listed in Q7 or Q8a. Excludes early respondents who said they had borrowed from family or friends or had used an existing credit card on the most recent occasion.

**Caution: low base number of respondents - results are indicative only.



Table 98:

Q24. In general, in the last two years have you ever decided not to sign or go ahead with borrowing money after reading the small print or terms in a lending or purchase agreement? PROBE CLEAR ANSWER

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
Yes	13	21	24	10
No, never changed my mind	37	29	35	37
No, never read small print	6	7	5	6
Never considered borrowing money	42	38	34	44
Don't know	2	5	1	2
Refused	0	1	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 99:

A lender has to provide a borrower with a written statement that includes the interest rate and any applicable fees

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
True	92	82	83	93
False	2	4	3	1
Don't know	7	15	14	5
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 100:

A lender has to provide a borrower with written information about their right to cancel the credit contract

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
True	83	76	77	84
False	3	8	4	3
Don't know	14	15	19	13
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.



Table 101:

A lender has to give a borrower financial advice

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
True	32	54	38	30
False	47	25	40	49
Don't know	21	21	22	21
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 102:

A lender must not offer a borrower a higher loan amount than what they initially asked for

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
True	40	50	44	39
False	29	24	30	29
Don't know	31	25	26	32
Refused	0	1	1	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 103:

If a borrower can't make repayments, the lender must offer more affordable payment options

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
True	33	58	39	30
False	33	17	28	35
Don't know	34	25	32	35
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.



Table 104:

A lender can sell a borrower's credit contract to another lender

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
True	33	15	23	35
False	31	44	34	30
Don't know	36	41	42	35
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 105:

A lender is allowed to call or contact a borrower to offer more credit

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
True	53	43	46	55
False	19	24	24	18
Don't know	28	33	30	27
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 106:

A lender is allowed to hire a debt collector if a borrower can't repay the loan

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
True	86	73	79	88
False	4	11	5	3
Don't know	10	16	16	9
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.



Table 107:

A lender can repossess items that are bought on credit if a borrower can't repay the loan

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
True	80	75	75	81
False	5	10	6	5
Don't know	15	15	19	15
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 108:

A debt collector can knock on a borrower's door to ask for payment

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
True	61	54	53	62
False	15	20	21	14
Don't know	24	26	26	24
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 109:

A person has the right to fully repay a loan at any time, but may have to pay early payment fees

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
True	83	73	78	84
False	6	12	7	6
Don't know	11	15	14	10
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.



Table 110:

If facing unexpected financial hardship, a person can apply for changes to their agreement when they are unable to meet the payments

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
True	69	72	68	69
False	7	7	8	7
Don't know	24	22	24	24
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 111:

If a person can't pay back their loan, their guarantor may have to pay it

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
True	85	72	82	86
False	6	16	7	5
Don't know	10	13	10	9
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 112:

The law prevents lenders from charging very high interest rates

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
True	26	43	27	25
False	47	25	39	50
Don't know	27	32	34	26
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.



Table 113:

A person has the right to change their mind and cancel a loan/credit agreement within a few days after signing it

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
True	67	60	63	68
False	14	22	12	14
Don't know	19	18	24	18
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 114:

If a person can't repay a loan, a debt collector can take any item in the house to pay for that debt, regardless of what the contract says

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
True	22	40	22	21
False	48	38	45	49
Don't know	29	22	33	29
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 115:

Number of correct answers - all true/false statements

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
0-4	5	13	7	4
5-7	14	26	20	12
8-10	36	38	40	35
11-13	38	22	27	40
14-16	8	1	5	9
Total	100	100	100	100

Total may not sum to 100% due to rounding.



Table 116:

Q28. Overall, how good would you say you are at managing your personal finances? Would you say...?

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
Very good	32	22	31	32
Good	43	40	34	45
Fair	19	27	29	18
Poor	5	11	5	5
Don't know	0	1	0	0
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 117:

X29. In the last two years has any lender declined you credit, other than for a home loan, based on their concern that you might not be able to repay it?

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
Yes	4	11	9	3
No	37	29	39	37
Have not borrowed in the last two years	58	56	51	59
Don't know	1	3	1	1
Refused	0	1	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.



Table 118:

Q30. Now, to help us analyse our data, I would like to ask some questions about you. Which of the following best describes your household? READ

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
Couple without children	10	3	7	11
Single parent household	7	5	12	7
Family household	44	74	53	41
Couple with children not living at home	14	8	12	15
Single or one-person household	17	4	10	19
Flat or shared household - not a family household	7	5	5	7
Other (Specify).	0	0	0	0
Don't know	0	0	0	0
Refused	0	1	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 119:

X31. And how many children aged under 18 are living with you in your household?

	Total	Pacific	Māori	Other
Unweighted base =	621*	165	235	221
Weighted base =	610*	51	87	472
	%	%	%	%
One	28	21	23	29
Two	29	27	28	30
Three	12	12	12	12
Four or more	9	19	19	6
Not applicable	2	2	1	2
None	20	19	17	21
Don't know	0	0	0	0
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents...



Table 120:

X32. And how old is the youngest child living in your house?

	Total	Pacific	Māori	Other
Unweighted base =	480*	132	187	161
Weighted base =	477*	40	72	365
	%	%	%	%
Under 5	41	42	46	40
5 to 15	49	46	50	49
Over 15	11	13	4	12
Not applicable	0	0	0	0
Don't know	0	0	0	0
Refused	0	0	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents...

Table 121:

X30. Constructed family/life-stage variable

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
Couple without children	10	3	7	11
Single parent household	7	5	12	7
Family household - youngest child under 5	15	26	20	14
Family household - youngest child aged 5-15	16	26	21	15
Family household - youngest child aged 15-18	3	6	2	3
Family household - no children under 18	10	16	10	10
Couple with children not living at home	14	8	12	15
Single or one-person household	17	4	10	19
Flat or shared household - not a family household	7	5	5	7
Other	0	0	0	0
Don't know	0	0	0	0
Refused	0	1	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.



Table 122:

Q33. Are you...?

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
Self-employed	14	14	11	14
A salary or wage earner	52	45	55	52
Retired	18	6	8	20
A full time home-maker	6	8	6	6
A student	8	15	9	8
Unemployed	6	9	11	6
Other beneficiary	8	7	13	7
Don't know	0	1	1	0
Refused	0	1	0	0

Total may exceed 100% because of multiple responses.

Table 123:

Q34. Which of these best describes your personal income from all sources, before tax for the last year?

READ

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
\$10,000 or less	12	20	13	11
\$10,001 to \$20,000	12	15	12	12
\$20,001 to \$30,000	14	8	15	14
\$30,001 to \$40,000	8	10	9	7
\$40,001 to \$50,000	11	8	11	11
\$50,001 to \$60,000	8	7	9	8
\$60,001 to \$70,000	7	4	7	7
\$70,001 to \$80,000	5	5	5	5
\$80,001 to \$90,000	3	4	4	3
\$90,001 to \$100,000	2	1	3	2
\$100,001 or more	8	4	3	9
Don't know	5	12	4	5
Refused	5	4	4	6
Total	100	100	100	100

Total may not sum to 100% due to rounding.



Table 124:

Q35. Which of these best describes the income of your household before tax, for the last year?

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
\$10,000 or less	4	7	4	4
\$10,001 to \$20,000	7	8	7	7
\$20,001 to \$30,000	10	6	10	11
\$30,001 to \$40,000	6	7	5	5
\$40,001 to \$50,000	8	4	8	8
\$50,001 to \$60,000	7	9	7	7
\$60,001 to \$70,000	7	4	9	7
\$70,001 to \$80,000	6	5	8	6
\$80,001 to \$90,000	5	2	4	5
\$90,001 to \$100,000	3	5	4	3
\$100,001 or more	22	21	18	23
Don't know	8	19	11	7
Refused	6	4	4	6
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 125:

Q35. Which of these best describes the income of your household before tax, for the last year?

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
\$30,000 or less	22	20	20	22
\$30,001 to \$60,000	20	19	21	20
\$60,001 to \$90,000	18	11	22	18
\$90,001 or more	25	26	22	26
Don't know/Refused	14	23	15	14
Total	100	100	100	100

Total may not sum to 100% due to rounding.



Table 126:

Q35a. Which country were you born in?

	Total	Pacific	Māori	Other
Unweighted base =	1200	200	421	579
Weighted base =	1200	64	135	1000
	%	%	%	%
New Zealand	71	41	98	70
Australia	2	0	1	2
UK	10	0	0	12
China	1	0	0	1
Indian	3	0	0	4
South Africa	2	0	0	2
Samoa	1	18	0	0
Cook Islands	0	7	0	0
Other Pacific country	2	33	0	0
Other Asian country	6	0	0	7
Other (Specify)	2	0	0	3
Don't know	0	0	0	0
Refused	0	1	0	0
Total	100	100	100	100

Total may not sum to 100% due to rounding.

Table 127:

Q36. Thinking now about languages spoken. What language do you speak best?

	Total	Pacific	Māori	Other
Unweighted base =	224*	108	3**	113
Weighted base =	257*	37	1**	219
	%	%	%	%
English	64	45	100	67
Another language (not English)	35	54	0	32
Don't know	0	1	0	0
Refused	1	1	0	1
Total	100	100	100	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported being born in a country where English is not necessarily the main language spoken.

**Caution: low base number of respondents - results are indicative only.



Table 128:

Q37. How well would you say you speak English? Would you say...?

	Total	Pacific	Other
Unweighted base =	86*	58	28**
Weighted base =	90*	20**	70
	%	%	%
Very well	27	21	28
Well	67	55	70
Not well	6	24	1
Or not at all well	0	0	0
Don't know	0	0	0
Refused	0	0	0
Total	100	100	100

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who reported being born in a country where English is not necessarily the main language spoken and that English was not the language they spoke best.

**Caution: low base number of respondents - results are indicative only.