

STUDENT LOAN ONLINE SURVEY INSIGHTS

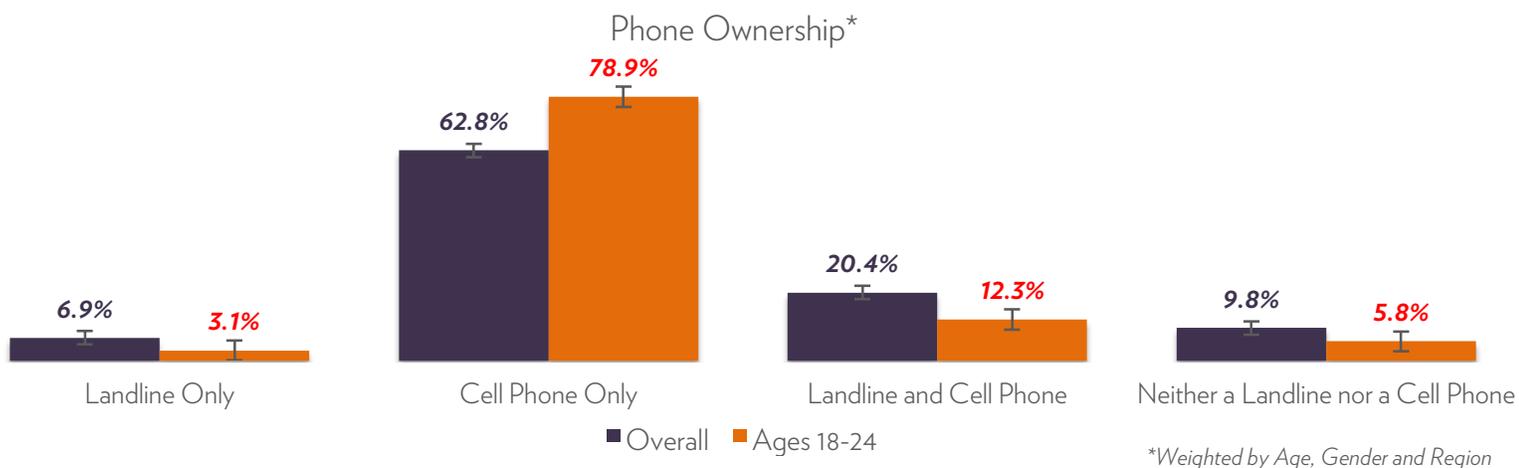
FEBRUARY 12, 2016

Introduction

Between January 24 and 27, 2016, the National Council of Higher Education Resources (NCHER) fielded an online poll using Google Consumer Surveys among current and former students on the issue of education loan servicing and methods of communication. In total, 4,004 respondents completed the entire survey. 2,221 (55%) of respondents were college or university graduates with loans, 1,255 (31%) were current students with loans and 546 (14%) were former students with loans who did not graduate. The following document outlines notable results from the poll that suggest current methods of contact available to student loan providers – notably landline phone calls and traditional mail – are not effective means of communication for reaching borrowers and that increased use of cell phone calls, text messages and e-mails would be the best means of adapting current policy to meet changing borrower demographics and preferences.

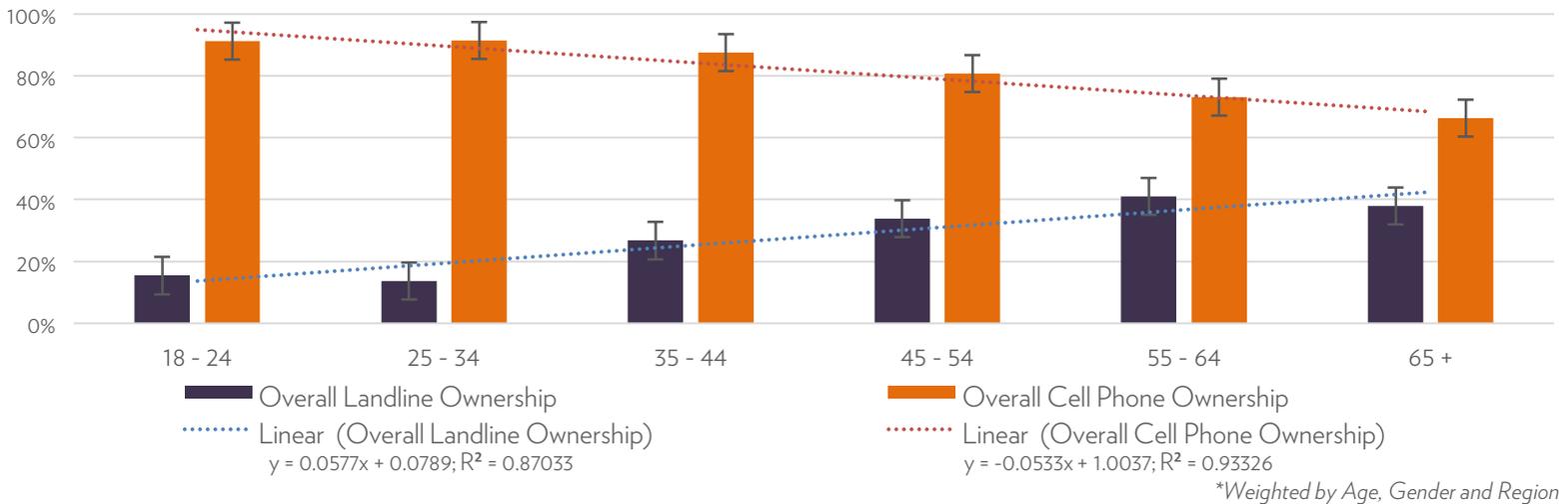
Device Usage

Overall, the survey found significant rates of cell phone ownership among student borrowers and notable disparities in communications technology usage between different age groups. As a whole, 83.2 percent of all survey respondents report owning a cellphone, compared to 27.3 percent who own a landline. In the 18-24 age group, however, 91.2 percent of borrowers own a cell phone while just 15.4 percent report owning a landline.



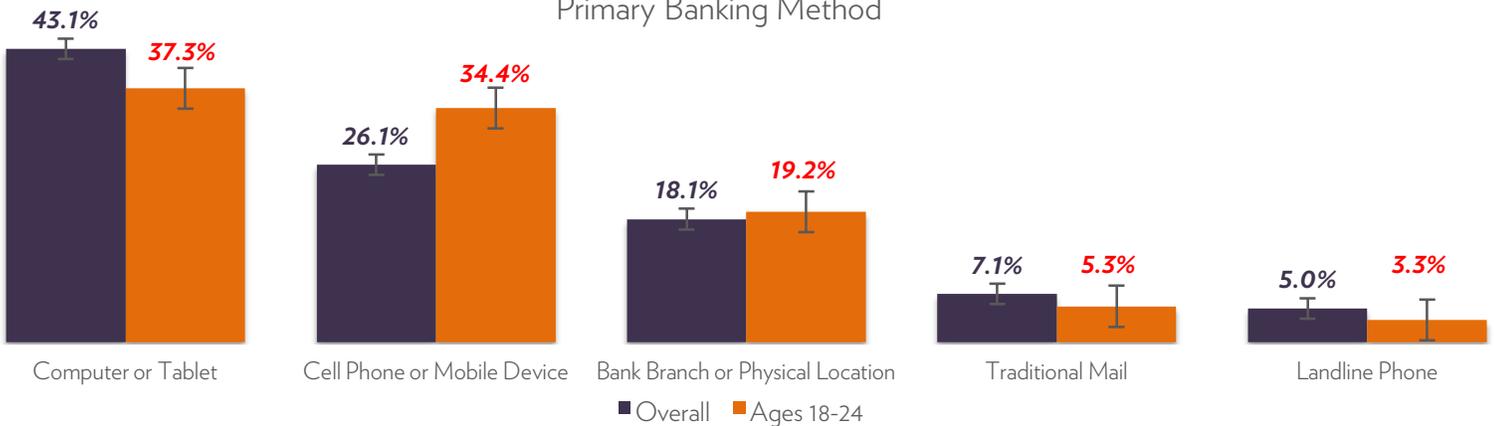
This high degree of correlation between age and phone ownership suggests that primarily older borrowers own landlines while younger borrowers are much more likely to own only cell phones. There is also considerably less dual adoption among younger borrowers, as just 12.3 percent of survey respondents between the ages of 18 and 24 own both a cell phone and a landline.

Overall Phone Ownership by Age Group*



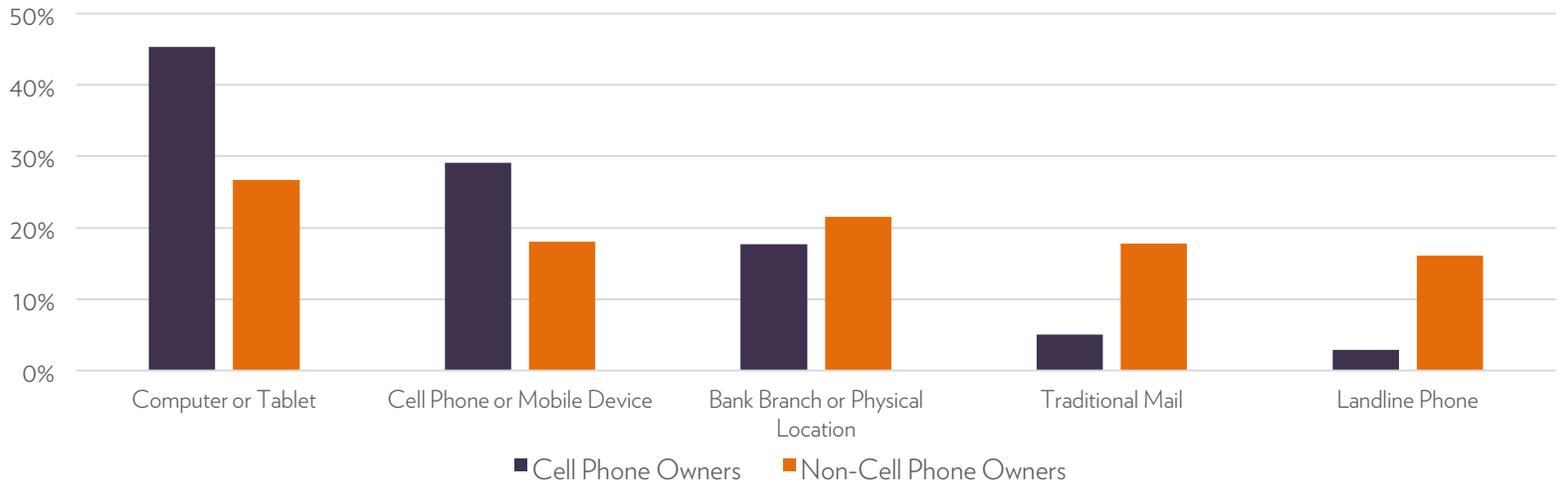
Age also plays a significant role in determining methods of banking activity. Overall, 43 percent of borrowers report making financial decisions on a computer or tablet, with cell phones and mobile devices ranking second at 26 percent. However, younger respondents are 30 percent more likely to use cell phones as their primary method of banking. Of borrowers in the 18 to 24 age group, 34.3 percent rank mobile devices as their top method of banking, in a statistical tie with computers and tablets at 37.3 percent.

Primary Banking Method



Banking methods vary by device ownership as well. Among borrowers who own a cell phone, over 70 percent select a digital platform such as computer or mobile device as their top means of making financial decisions. For those without cell phones – primarily older borrowers – traditional methods of banking such as visiting a physical branch, receiving mail and completing a landline phone call are more popular.

Primary Banking Method by Cell Phone Ownership

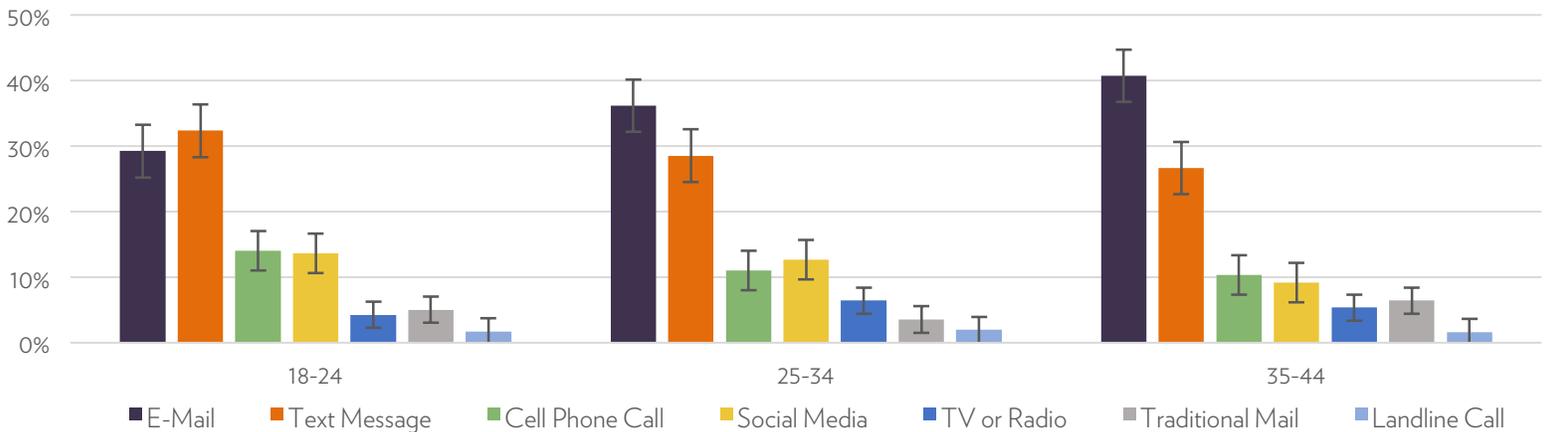


As new generations of students take out loans to finance their education, it is clear that they will be reachable via cell phones rather than landlines and accustomed to making their financial decisions electronically. These differences between age groups indicate a shift in technology adoption and preferences that policy must adapt to.

Contact Preferences

When asked about the most effective method of getting information to them, borrowers overwhelmingly select e-mail and text message as their primary means of communication. E-Mail ranks as the top method for all borrowers at 35 percent, but younger audiences gravitate much more towards mobile devices, as nearly half of 18 to 24 year olds select cell phone calls or text messages. For respondents of all age groups – and especially younger borrowers – traditional mail and landline calls rank among the least-selected methods of effective contact.

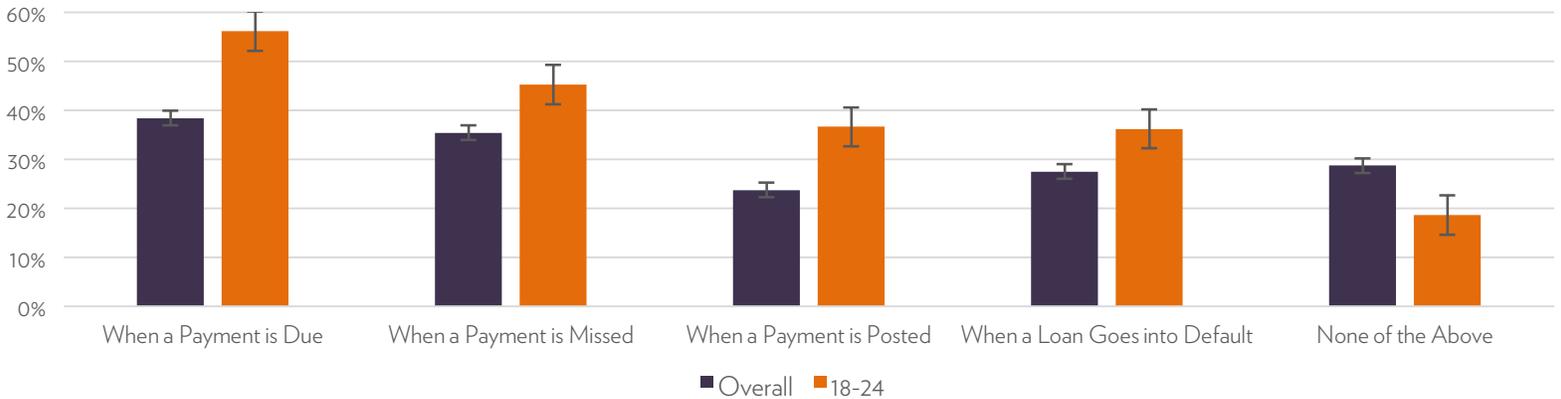
Most Effective Contact Method by Age Group*



*Weighted by Age, Gender and Region

Respondents also demonstrate a desire to be contacted around important events related to their student loans. When presented with a range of options, 71.3 percent of all borrowers and 81.4 percent of borrowers aged 18 to 24 select at least one event for which they would like to receive information. Among the youngest age group, over half select “when a payment is due” and 68.4 percent select one or both of “when a payment is due” and “when a payment is missed.”

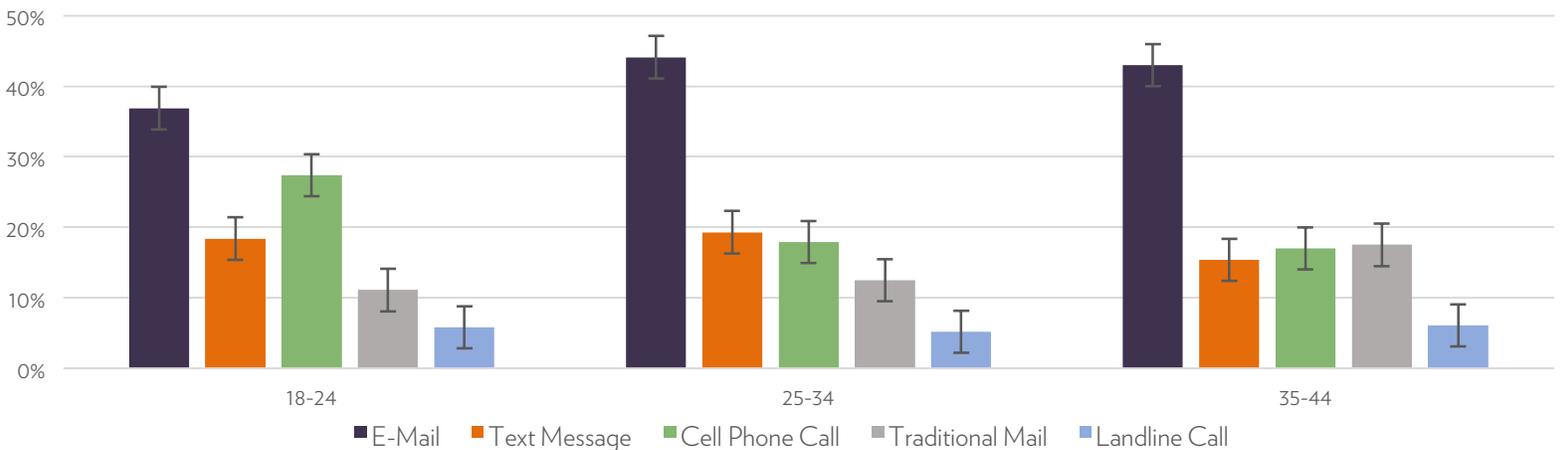
Contact Approval per Event



Though respondents demonstrate some reluctance to openly welcome contact, there is significant evidence that younger borrowers are more willing to receive information about important events, as those aged 18 to 24 are 35 percent less likely to select none of the events.

When presented with a specific scenario, such as loan default or delinquency, borrowers indicate a desire to be reached via their most effective method of communication. E-mail again ranks as the top method; though younger audiences select some form of mobile communication – either a cell phone call or text message – 45.8 percent of the time and significantly more than their older counterparts.

Preferred First Contact Method by Age Group



Conclusion

Overall, student borrowers represent significant generational and technological divides. From landline ownership to banking methods, younger borrowers are significantly more likely to only own cell phones and conduct their communications and financial decisions electronically. Whereas older and less technologically advanced borrowers demonstrated a reluctance to be contacted, younger survey respondents were significantly more interested in receiving important updates about their student loans and do so on their mobile devices via cell phone call or text message. The same group also relies much less on landline calls and traditional mail to get information and is largely uninterested in receiving time-sensitive information via those methods. In order to effectively adapt to coming demographic and technological shifts, policy must be ready to meet student borrowers where they are: on mobile devices and electronic platforms.