

Canada Student Loans Program Borrowers Survey

Final Report

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Submitted to:

Guy Schryburt
Senior Advisor
Public Opinion Research
Strategic Policy Communications
Human Resources Development Canada
Place du Portage, Phase IV, Level 3
140 Promenade du Portage
Hull, Quebec
K1A 0J9

Submitted by:

EKOS Research Associates Inc.

Head Office: 99 Metcalfe Street, Suite 1100, Ottawa, Ontario K1P 6L7 – Tel: (613) 235-7215 – Fax: (613) 235-8498
Toronto Branch: 480 University Avenue, Suite 1006, Toronto, Ontario M5G 1V2 – Tel: (416) 598-8002 – Fax: (416) 598-2543
Edmonton Branch: 9925 109 Street NW, Suite 606, Edmonton, Alberta T5K 2J8 – Tel: (780) 408-5225 – Fax: (780) 408-5233
E-mail: pobox@ekos.com

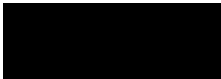


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1 INTRODUCTION

1.1 Background

The Canada Student Loans Program (CSLP) represents the cornerstone of the Government of Canada's commitment to accessible education, providing loans to over 350,000 students a year. Since 1964, the program has assisted over 3.4 million students with the costs of their post-secondary education by providing more than \$16.7 billion in subsidized loans.

In the summer of 2000, the Government of Canada began to put in place alternate arrangements to ensure the uninterrupted delivery of the CSLP when the existing agreement with financial institutions expired. The Government of Canada requested responses from financial institutions for a new agreement on the delivery and administration of the program. Too few financial institutions indicated an interest in continuing to participate in the CLSP to ensure viable delivery of the program.

To ensure that students can continue to get financial help under the Program, the Government of Canada ensured that money is available to student borrowers with no interruption in service.

To assist in the establishment of service standards for alternate arrangements, the Government of Canada required information from loan holders on their dealings with financial institutions, their satisfaction with service and the adequacy of information provided to them.

1.2 Methodology

The findings presented in this report are based on a random sample telephone survey of student loan holders conducted between October 23 and November 2, 2001.

A total of 1,518 interviews were conducted in all provinces except Quebec, which does not participate in the CSLP. The sample was distributed non-proportionately, with approximately 500 interviews in each of the three major regions (Atlantic, Ontario and West).

Following the completion of all fieldwork, a weighting scheme was applied to these data to ensure that the regional sample allocation was reflective of the actual population of student loan holders in those three regions. Based on this sample size, the statistical error margins for these findings are accurate to within +/- 2.5 percentage points at a confidence level of 95 per cent.

The sample frame was developed based on a list of student loan holders provided by Human Resources Development Canada. These individuals were extracted randomly from a larger database with a filter for those who had had a recent processing activity on their account.

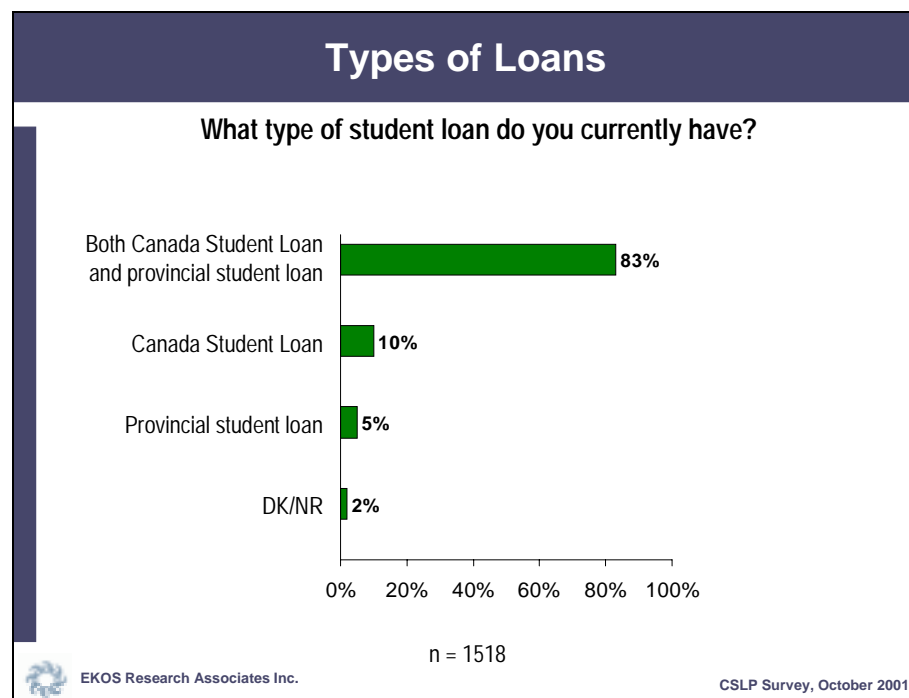
A further random selection was conducted on this list of borrowers to produce the final 1,518 completed interviews.

All data were examined for regional variations using cross-tabulations. Only those differences which are significant at an alpha of 0.05 or less (using chi-square analysis) are reported here. As an overall observation, these findings are remarkably consistent across all regions.

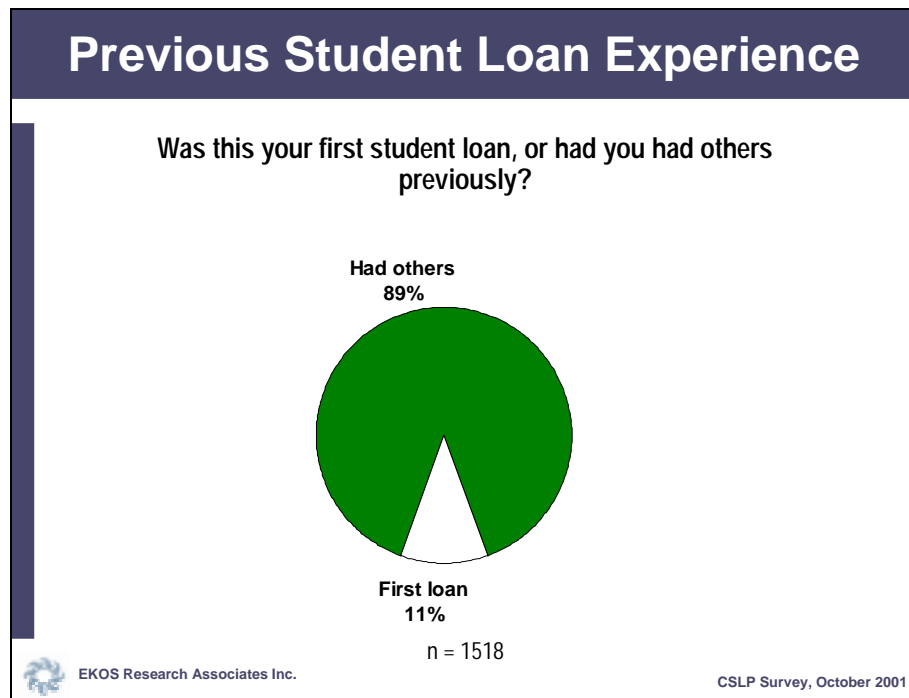
2 FINDINGS

2.1 Profile of borrowers

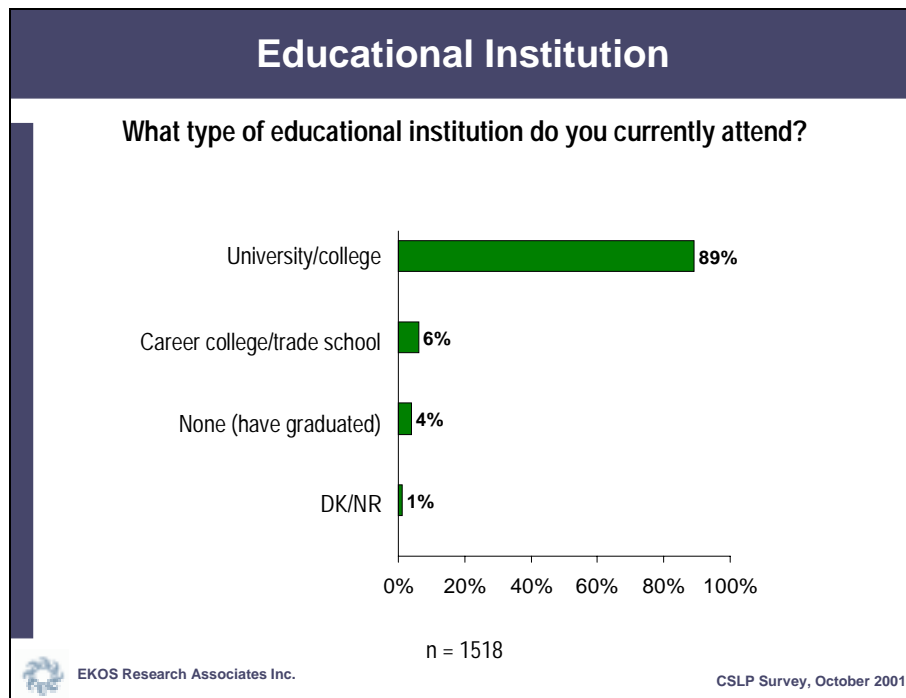
The majority of borrowers (83 per cent) currently have both a Canada Student Loan and a provincial student loan. One in ten (10 per cent) have just a Canada Student Loan and half that number (5 per cent) hold just a provincial loan.



Nearly nine (89 per cent) in ten borrowers have had previous student loans. We find some modest regional variations on this indicator, with Ontario borrowers somewhat more likely (14 per cent) to be first time borrowers (*versus* 6 per cent and 8 per cent respectively in the Atlantic and Western provinces).



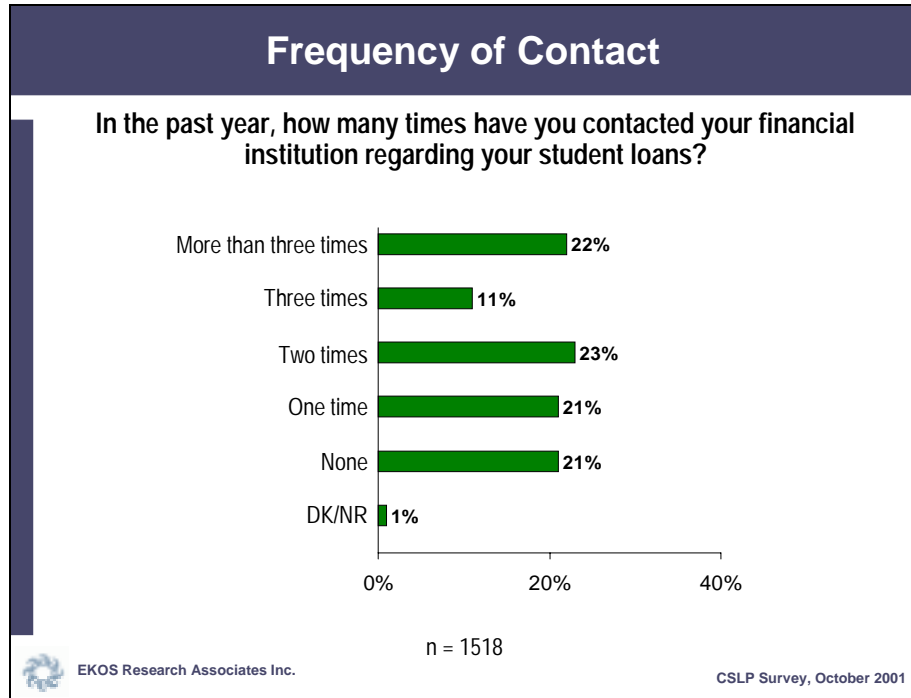
The lion's share of borrowers (89 per cent) are currently attending a university or college. Approximately one in 20 are either attending a career or trade college (6 per cent) or have graduated or left school (4 per cent).



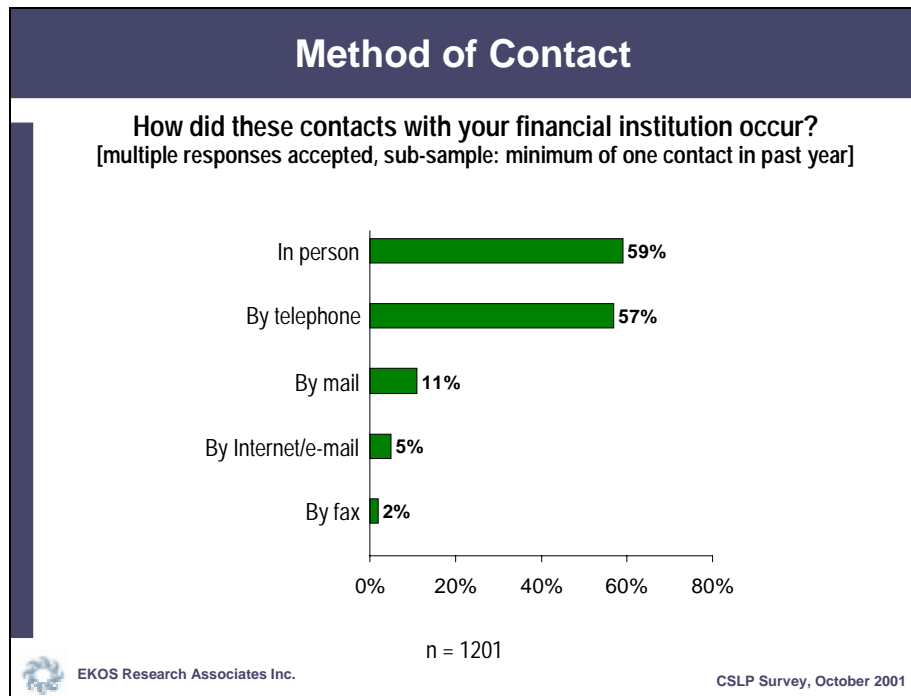
2.2 Student initiated contacts

A number of items were included on the questionnaire which probed on contacts, either initiated by the borrower or the financial institutions.

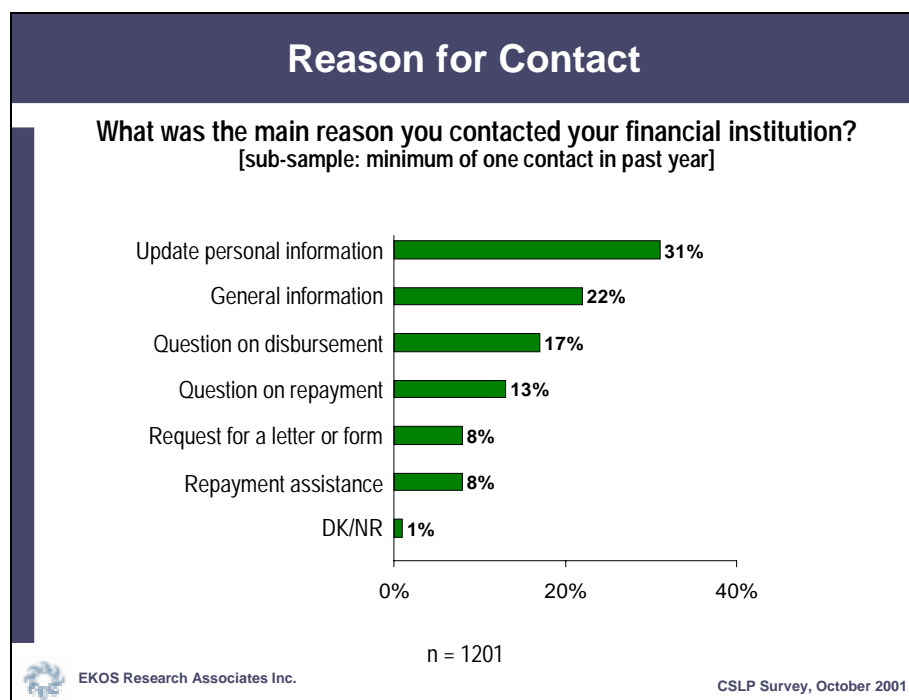
One in five (21 per cent) borrowers report not having contacted their financial institution over the past 12 months. Essentially equal numbers report between one and two contacts, dropping off somewhat and then spiking again at more than three contacts. We find borrowers in the Atlantic provinces more likely to have made frequent contacts, with close to three in ten (28 per cent) having made in excess of three contacts *versus* just 17 per cent in the Western provinces and 24 per cent in Ontario (see exhibit on following page).



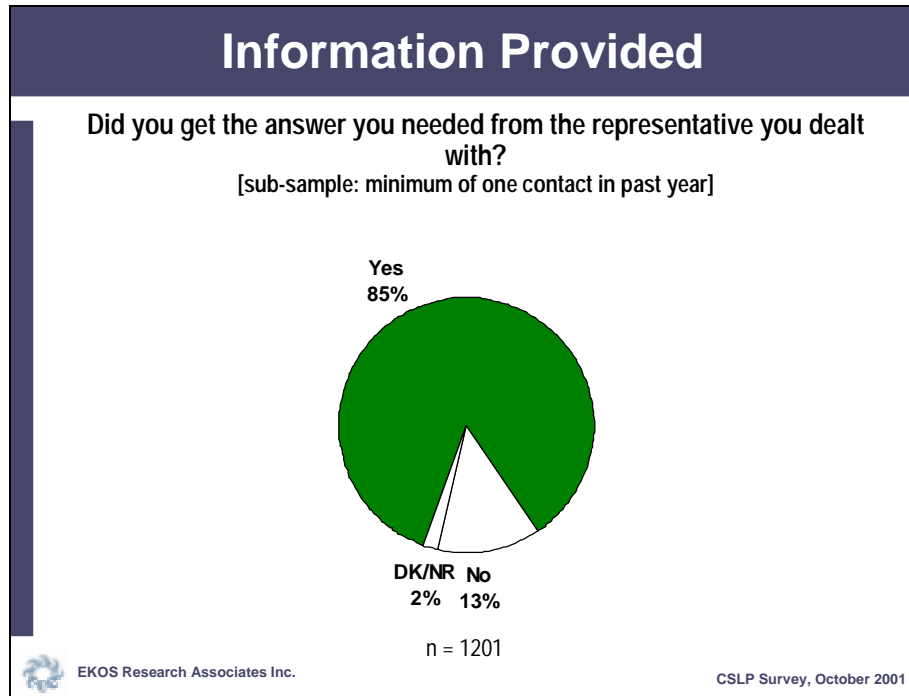
The dominant methods of student initiated contact are in-person (59 per cent) and telephone (57 per cent). Much smaller numbers opted for a mail (11 per cent) or Internet/e-mail (5 per cent) avenue of contact.



A host of reasons for these contact were cited, with a (fairly modest) plurality of 31 per cent saying they were updating personal information on their file. Roughly one in five were seeking either general information (22 per cent) or had a question related to the disbursement of their monies (17 per cent). Just over one in ten (13 per cent) were seeking information related to repayment and just under one in ten were asking about a letter or form or repayment assistance (8 per cent).



A strong majority (85 per cent) of those who initiated a contact felt that the service representatives they dealt with provided the information they were seeking, although just over one in ten (13 per cent) took a less favourable view.

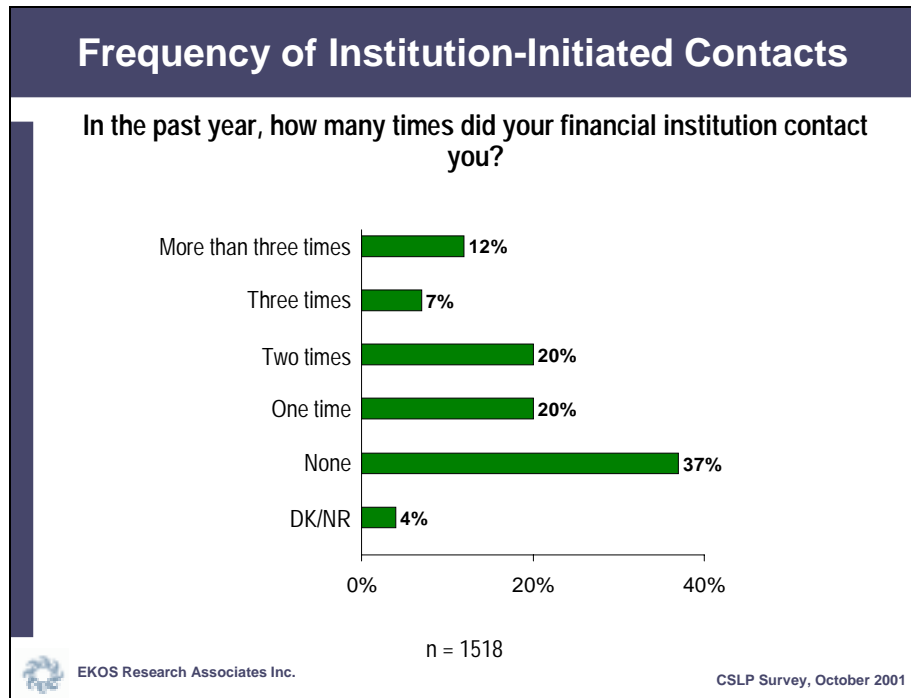


Continuing on this theme, borrowers were asked for their views on how knowledgeable the staff they dealt with were. A strong majority (82 per cent) felt that the staff were at least moderately knowledgeable, with just under one in five (18 per cent) taking an opposing viewpoint. While overall views on how knowledgeable staff were are fairly consistent across the country, we find those in the Atlantic more likely than others to give the staff they dealt with the highest rating, with close to one in two (48 per cent) saying the staff were very knowledgeable.



2.3 Institution initiated contacts

In the 12 month period preceding the fieldwork, roughly six in ten borrowers said that their financial institution had contacted them, with a range of frequency of contacts reported.



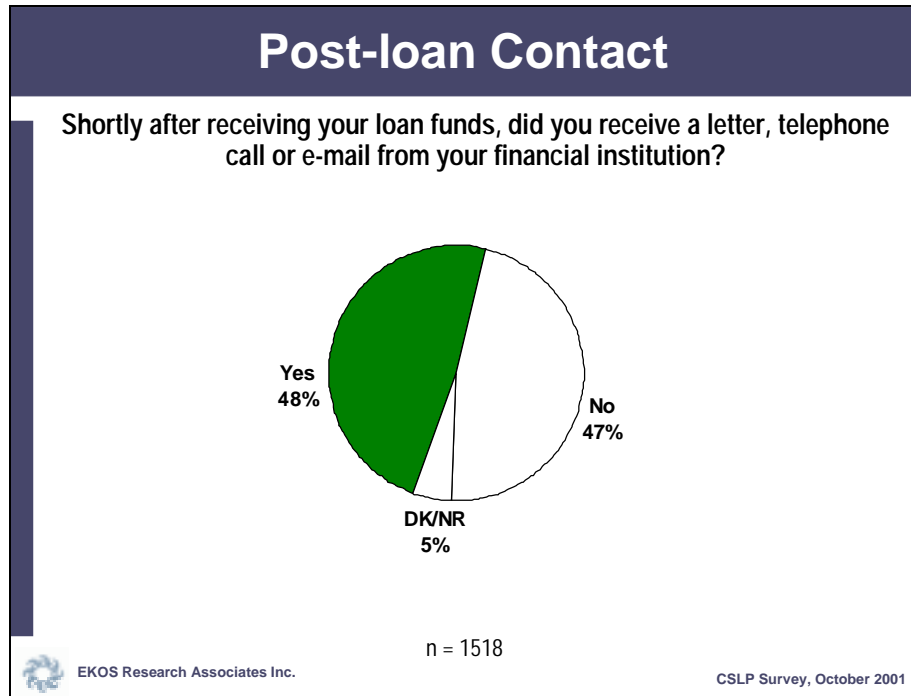
Among those who had been contacted, the dominant method (80 per cent of all institution initiated contacts) was by mail. Approximately one in five (19 per cent) were contacted by telephone with a very small number (1 per cent) reporting an Internet or e-mail based contact.



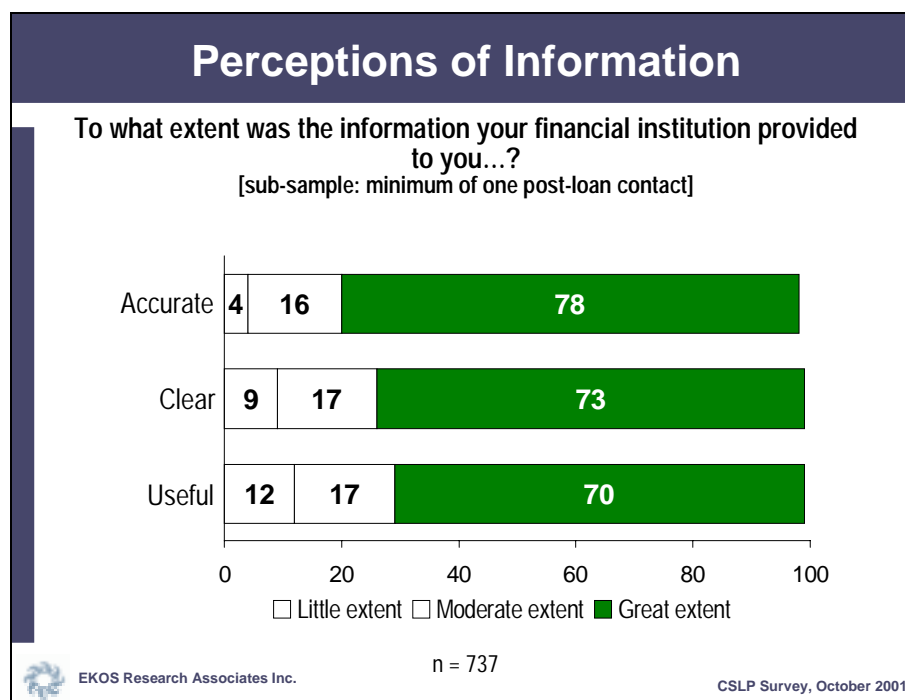
Mirroring (and surely linked to) the reasons cited for borrower contacts, the most frequently cited reason for a financial institution initiated contact was the updating of personal information (45 per cent). Approximately one in five said they were contacted with information on the disbursement of monies (22 per cent) or to discuss loan repayment (18 per cent). One in ten were contacted with information on repayment options.



One of the service standards for financial institutions involves initiating a relationship with students following the disbursement of funds. Borrowers were essentially evenly divided as to whether this standard had been met, with 48 per cent recalling such a contact and 47 per cent saying it had not been made.



Those with a post-loan contact were asked to rate the information provided to them by their financial institution on a number of dimensions. All receive generally high marks, albeit with a slight hierarchy emerging. About four in five (78 per cent) say that, to a great extent, the information was accurate, with just slightly smaller numbers deeming it to have been clear (73 per cent) and useful (70 per cent).

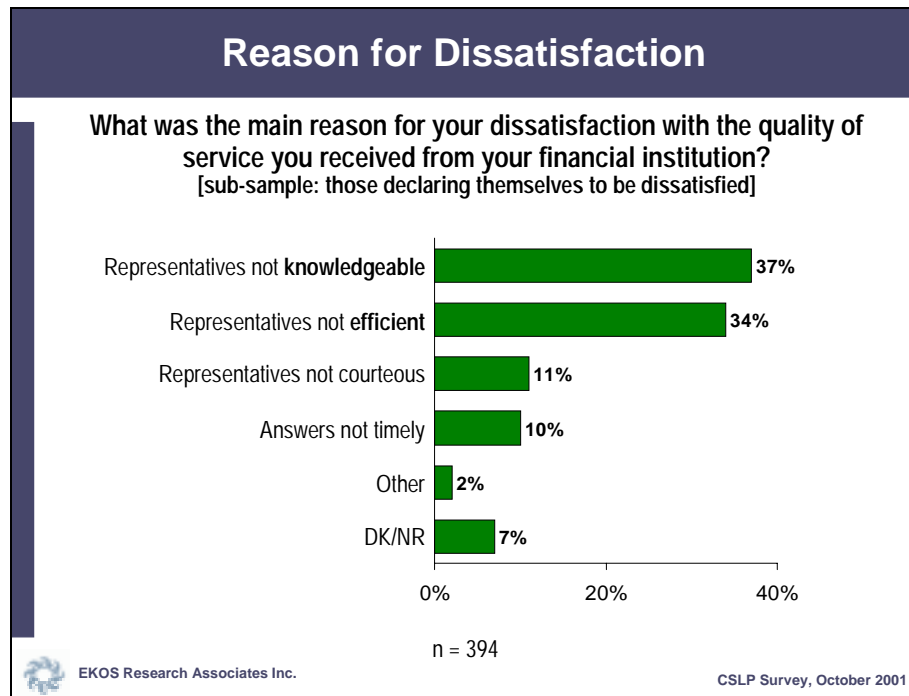


2.4 Service satisfaction

All in all, a healthy majority (73 per cent) of borrowers declare themselves to be satisfied with the quality of service provided to them by their financial institution. A fairly small number (12 per cent) place themselves squarely into the dissatisfied camp with a somewhat greater number taking a neutral position.



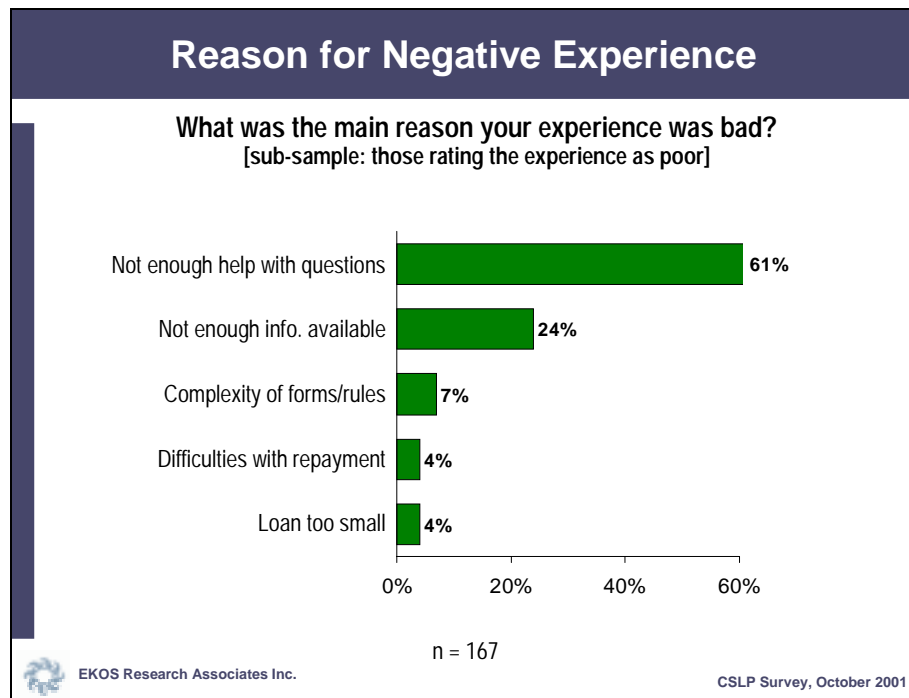
Among the small number who were dissatisfied, two dimensions dominate the reasons for feeling this way – staff not being knowledgeable (37 per cent) or efficient (34 per cent). Smaller number of about one in ten say that their dissatisfaction is driven by service representatives not being courteous (11 per cent) or not providing answers in a timely fashion (10 per cent).



Taking a more macro level view, borrowers were asked about their overall experience with their financial institution. Seven in ten (68 per cent) rate their experience as good, with just one in ten (11 per cent) saying it was poor.



Among the small number who deemed their experience to be poor, the dominant driver was a sense that they did not receive enough assistance with questions they had. This could in fact easily be combined with the one quarter who felt that there simply was not enough information available to them. Fewer than one in ten say that they had a negative experience due to the complexity of the system and its rules (7 per cent), difficulties experienced with repayment (4 per cent) or their loan being too small (4 per cent).





3 CONCLUSIONS

- ❑ All in all, these findings produce no evidence of profound issues with dealings with financial institutions.
- ❑ Satisfaction with service and evaluation of overall experiences are fairly strong. Across a number of indicators, we find Atlantic borrowers particularly positive in their assessments.
- ❑ With the exception of the post-disbursement contact (mentioned below) there seems to be a healthy two-way system of communications in place. While many contacts are to update personal information on a borrower's file, we also see communications aimed at disbursement and repayment issues.
- ❑ Financial institution staff are generally seen as knowledgeable about the CSLP, although among the minority who were dissatisfied with the quality of service provided by their financial institution, the perception that staff were not knowledgeable was the most often cited reason for this dissatisfaction.
- ❑ While the information provided to borrowers receives high marks, it is nevertheless along a dimension of information and communications where room for improvement is evident.
 - Half of respondents had no recollection of the required post-disbursement contact;
 - Among the (albeit quite small number) who had a negative experience, the strongest factor was a perceived lack of assistance with questions and with the general availability of information.