

UX Research Report

Chime - The Student Loan Experience

03/03/2022

Team A

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The Team

The Student Loan Experience

Student 1

Student 2

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Executive Summary

The Student Loan Experience

What we did

Student loan debt is the fastest growing debt for people aspiring higher education. Our team worked with the financial institution Chime to conduct user research with people who have, or recently had, student loan debt.

Our objectives were to gain a deeper understanding of both the pain points that students face when taking out loans and the user requirements for that process. We generated personas and a journey map, and suggestions for how Chime may approach integrating student loans into their product.

What we learned

Student loans can be traumatizing. The cost of higher education creates a demand for loans which are often met by predatory private loan companies with high interest rates and inflexible payment schedules. Administrators of government loans generally treated participants better.

Participants often started paying the minimum amount through manual payments, eventually graduating to automated payments. Some found it difficult to keep track of due dates and amounts due. Furthermore, loans often change hands and this made it difficult for participants to track who to pay.

Research Methods & Process

The Student Loan Experience

STUDY PLAN

After the initial stakeholder meeting with the Chime team, we discussed research questions and objectives that would yield the deepest insights. We recruited participants using convenience sampling of the researchers' friends and family.

[Read the study plan here.](#)

USER INTERVIEWS

We interviewed five people, transcribed the interviews, and then examined the data thoroughly. We gathered data on users' feelings, motivations, and actions, as well as how they experienced the student loan application procedure while in school and after graduation.

PERSONAS

We developed personas based on the interviews and created two distinct profiles. Personas include key pieces of information like motivations, goals, tasks, pain points and representative quotes.

Research Methods & Process

The Student Loan Experience

JOURNEY MAPPING

Journey mapping was created to visualize how users interact with the student loan product and services. The shared artifact created by the mapping will be used to communicate to all parties. As our team progresses, the maps can also serve as a basis for making decisions.

SWOT ANALYSIS

A SWOT analysis was done for three competitors to understand the strengths, weaknesses, opportunities, and threats.

KEY FINDINGS

After we collected the data from our user research sessions, we identified valuable insights that address the primary goals of these users and our study plan.

RECOMMENDATIONS

We crafted recommendations, such as tools to help users track payment progress and communication strategies based on our findings, which will we use to prototype solutions for further testing.

Participants

The Student Loan Experience

	P1	P2	P3	P4	P5
Age	33	41	35	30	30
Loan purpose	Undergraduate	Graduate	Undergraduate	Graduate	Undergraduate
Number of loans	5	2	3	2	2
About	Current graduate student studying communication. Took out student loans for undergraduate and recently paid them off.	Graduated from master's program. Working as technical team leader. Recently paid their loan off.	Recently graduated and working as a UX Researcher. Took out two student loans for their graduate program and recently paid off one loan. Currently paying off the other one.	Current part-time graduate student who is working as product manager. Paid off previous undergraduate loan and took another loan for graduate school.	Event coordinator at a university and has recently paid off all of their loans. Has a bachelor's degree.

Sara Nash



Age: 25-30

Location: Orange County, CA

Occupation: Software engineer

Status: Single

Education: Graduate degree

Income: \$100,000

"I just want enough money to become financially independent."

"Private loans had incredibly high interest rates are incredibly inflexible in any sort of repayment structure."

About Sara

Sara graduated from a college in California with a Master's degree 2 years ago and has been working for a mid-sized company as a software engineer.

Goals

- Discover new tools for tracking and managing financial situation.
- Repay her student loan in the next five years.

Behavioral Considerations

- Loves to solve problems, improve efficiency and automate process.
- Interested in paying off student loan quickly.
- Looking for more information about repayment options.

Frustrations

- She is overwhelmed with her bills including student loans, credit card, etc.
- She is unhappy with the high interest rate of her private loan.
- Not sure if she can afford to pay more than the minimum on her student loans every month.

Tasks

- Refinance her loan for a lower interest rate.
- Uses an app for monthly auto payment.
- Talks with different lenders to discuss her refinance options.
- Needs a platform to compare loan rates.

Jonathan Miller



Age: 30-35

Location: Charlotte, NC

Occupation: Construction manager

Status: Married

Education: Undergraduate

Income: \$120,000

"It would be amazing if I had one central location where I could just hit pay on each of them, and it was all set up for me."

"I knew we could transfer the loan to another bank for lower rates, but I didn't really know anywhere."

About Jonathan

Jonathan works for a construction company as a foreman and is hoping to establish his own construction company. He is married and has two children. While he works hard, he loves to spend his free time with his kids.

Goals

- To learn how he can easily manage his financial accounts including his loans.
- To be debt-free so that he can start saving money.

Frustrations

- Struggles with his multiple loan debts.
- Doesn't know which debt relief company or financial expert to trust.
- Worried that his loans may affect his financial situation.

Behavioral considerations

- Not comfortable with technology.
- Needs a reminder for his due dates and deadlines.

Tasks

- Work hard to save money to pay off his loan sooner.
- Work with an advisor on a strategic repayment plan.

Key Findings

The Journey Map

The Student Loan Experience



	Loan selection process		General Loan Paying Process		Financial Management	
Stages	Loan Provider Search	Application process	Repayment	Change of status	Tools	Payoff
Actions	I'm comparing loan options but the T&Cs are complex.	I'm filling out the FAFSA and it feels like taxes.	When I sign in to pay, I see that the providers changed without my knowledge.		I use Google sheets, Excel, Nerdwallet, Mint, smart assets, Ramsey solutions.	I pay my final bill!
Feelings	 Excited to start the loan process	 Got loan approval, starting school!	 Complex loan process	 Monthly loan repayment	 Manage financials with tools	 Loan paid off!
Pain points	High interest rates with private loans when compared with federal.	There is no checklist to submit the supporting docs. Need to submit additional documents to get the loan approval.		Pay the minimum manually because it's hard to keep up with payments.		No tools to compare the payment due dates and payment schedules.
Opportunities	Side by side comparison with low interest rates.	Help to complete application process smoothly without surprises in the future.		Tools within payment portal to display payment options with due date alerts.		Easy to pay with just one click of a button

The General Loan Experience

There was a perceived lack of communication about loan details from the lender to the borrower.

Some participants mentioned a **lack of communication when they were applying for the loan. This led to misunderstanding about interest rate or repayments schedules** after graduation.

Compassionate and clear communication was highly important to one of our participants.

“I have no idea when I'm supposed to reapply for things [loan refinancing], or you know let's say my income change do I have to like reapply again or do I have to let them know.”

- P3

Student loans were used to either cover the all school expenses or supplement other payment.

For some participants, a federal loan was enough to cover all expenses during school. However, **some participants had to apply for private loans to cover four years of undergraduate expenses.**

“Well, I want to stay at the school. So that kept, you know, that cycle of okay the only way I can pay for this means taking out private loans.”

- P1

Participants didn't have a mature grasp on money or its management going into undergraduate.

We heard from a couple of participants that **when they applied for loans as undergraduates they did not realize the gravity of what they signed up for.** As 18 year olds, 30-year repayment schedules with high interest rates didn't seem as daunting then as they did after they graduated and the first payment deadline loomed.

"I don't think at 18 I registered any sort of difference. [Whatever] enabled me to go to school, and then as I paid them off into my 20s, it was evident that private loans had incredibly high interest rates are incredibly inflexible in any sort of like, repayment structure, tanked my credit score if I miss[ed] payments."

- P1

Pain Points: Student Loans & Repayment

Student loans limited some participants from working in their desired job.

Two of our participants **chose to accept jobs they otherwise wouldn't have so they would have the income to pay off their loan.** Soon after their loans were paid off, they pursued other interests. Both quit their jobs and one went back to graduate school.

“I had to pay, because I didn't have any interest that was the way university provided me. And I chose the job to pay that way and, you know, getting my masters.”

- P2

Most loans felt inflexible in their repayment schedules and interest rates.

Many of our participants had federal loans *and* private loans. Both loan types had repayment schedules that were presented to the student, sometimes in a formal walk through (called “entrance counseling” for one participant. However, **these loans were often inflexible and didn’t accommodate students’ needs** if they couldn’t pay one month, for example.

Government loans were seen as more flexible and, to one participant, a more compassionate experience.

“My understanding is that there are better or **better rates with federal loans**, that there's **more flexibility** with like repayment, and sort of like other things with federal loans that you don't have those options with private loans.”

- P4

Participants had excessive interest rates on their private loans, sometimes high as 13%.

The interest rates on private loans varied and could be as high as 13%, whereas federal loans had lower interest rates.

The high interest rates, combined with inflexible payment schedules, made private loans a more frustrating and traumatizing for participants than federal loans.

One participant said interest rates should be zero because the more money he saves from not paying interest goes back into the economy.

“I remember...reading something about being more strategic about, like, which interest rate on loans to focus on so if you had lower interest rate know, like those could sit a bit longer, but I had some that were like 10 or 13% interest...it's disgusting.”

- P1

Participants made manual payments early on, and often just the minimum.

Since **participants often weren't making that much money out of school they didn't want to set up automatic payments. They needed to monitor their checking account closely,** especially since a couple were living paycheck to paycheck.

When participants became more stable and making more money, they set up automatic payments.

“At first think it was chaos, which is like around the time period that Chase was defaulted on, and then I think as I had a steadier income in my corporate job, I found that I could throw money against [them] every month.”

- P1

Loans are sold to different companies or administrators often, making for a convoluted experience.

A couple of participants said that **their loans were sold from the original loan holder to a new administrator or company, causing frustration and, seemingly, a lack of control.** This was true across both federal and private loans.

A participant told us that, one time, when they signed in to make a payment on a loan, they learned that the loan had been sold to a different company without their knowledge.

“Sometimes I would want to try and log into something and it just wouldn't work because they'd sold my loans to another company. Trying to follow that kind of stuff is a nightmare...and within those three companies and other companies that they sold them to I probably had maybe half a dozen loans across those the way.”

- P1

General Financial Management

Participants kept track of loans in Google Sheets, Excel, other apps, or not at all.

Some participants kept track of loans in **Google Sheets or in Excel**. Sometimes with other bills they needed to pay. A couple of participants **didn't keep track in an app or with a system**. Instead, they would sign in to learn payment dates or **keep payment dates on their calendar as personal reminders**.

One participant told us that she used budgeting apps for couple of years but never enjoyed using them, so found the best way is to do manually in Excel spreadsheets.

"I use Google sheets in Excel to just like, keep track of all my bills. And then I have different tabs for like, forecasting. So I'm like, Okay, I have this tab where I can look at if I double my student loan payments, and then I use one of those websites to kind of say, like, alright, what does that look like long term? That how much will I save on interest? If I pay off that much, and then I use Excel or Google Sheets to like, figure out if I can actually afford that are not from my side of it. So kind of a combination of all those things."

- P3

Participants want greater transparency in total loan costs, interest rates, and repayment schedules.

Most of participants said that there is **little transparency during the application process for student loans**. They don't realize what they are getting into until they start paying off the loan.

Prior to accepting a loan, some participants wanted to have greater transparency and help in understanding how much the loan would truly cost overtime.

"I want to say that that was through [undergraduate college]. I think they like recommended Sallie Mae or like they would offer you ones that were were approved for your FAFSA application, but I don't remember. You know, my parents helped navigate that. I could ask them but I feel like that would be like such a sore subject."

- P1

SWOT Analysis

Key Findings

SWOT Analysis: Competitors

There are several categories of competitors:

1. Lenders that deal with both federal and private loans (i.e. Maxiums, Aidvantage, ECSI).
2. Lenders that are focused on private loans (i.e. Navient, College Ave, Sallie Mae).
3. Companies that function as a bridge between lenders and provide resources and tools (i.e. Student Loan Hero).
4. Financial management tools (i.e. Mint) and spreadsheet software.

Assuming that becoming a federal loan servicer is not Chime's best interest, we selected one competitor from categories 2 and 4.

Key Findings

SWOT Analysis: Recommendations

- Offer multiple payment options or custom control for extra payment to pay off loan ahead of the schedule.
- Provide resources to help users select best student loan option to cater unique needs.
- Build tools that calculate the optimal loan amount and allocation of funds once the repayment starts.
 - The popularity of Excel indicates users prefer flexible and customizable tools.
- Offer excellent customer service that demonstrates care for students. Help files and resources alone are not sufficient. Rather than focusing resources for collecting payments, providing human customer help can minimize the chance of delinquency and default.

SWOT Analysis

The Student Loan Experience

Student Loan Hero (by LendingTree)

Strengths	Weaknesses	Opportunities	Threats
Owned by LendingTree - offers many private loan options. One stop shop.	It doesn't directly fund loans (not sure if it's negative), instead connects users to loan options	Offer payment tool - a bridge between banks and loan lenders.	Other companies can copy the model easily by providing more exclusive deals.
Can refinance student loans.	Pay external fees when taking out loans or credit cards from companies the site recommends	Provide an applicant pre-screen services.	If introduce too many low quality applicants, lenders may cancel contracts.
Highly rated on Consumer Affairs.			
Provides free educational resources and tools.			
The website is easy to use.			
Provides low interest options.			

SWOT Analysis

The Student Loan Experience

Navient

Strengths	Weaknesses	Opportunities	Threats
Provides multiple private loan options	Engaged in deceptive and abusive practices - low trust - 2017 and 2022 lawsuits	Improve customer service (no more robo calls etc)	Lawsuits for predatory loan practices.
	Low quality customer service	Provide additional information and be transparent about fees	Payees defaulting on their loans
	High interest		Recession could cause mass defaults
	No more federal loans		

SWOT Analysis

The Student Loan Experience

Spreadsheets (Excel, Google Sheets)

Strengths	Weaknesses	Opportunities	Threats
Flexible, customizable	It doesn't help getting a loan	Provide templates for budget and payment calculation	If lenders provide a tool integrated to their system, there is no need for a spreadsheet
Easy to use	No tools/resources provided	Integrate onto lender's payment system to display what is owed and when	Might be easy for people to drop off in usage and abandon their software
Low barrier to entry with Google products	No customer service	Offer an alert system for upcoming deadlines in the spreadsheet.	
Can be shared with others online	It doesn't send reminders		
Large amount of online tutorials available			
It can be utilized for any purpose			

Recommendations

The Student Loan Experience

Pain Point

Many of our participants talked about the lack of transparency and communication between them and their lender once they started making payments.

Recommendations

Chime as a lender could capitalize on this fact by creating a clear, compassionate, and accessible platform that meets customers where they are in their financial journey.

Chime as a money management aid could assist in keeping track of deadlines and important dates. It is easy to lose track of when payments are due each month or when loans come out of deferment and must be paid back.

Recommendations

The Student Loan Experience

Pain Point

Automated payments are usually offered with some kind of financial incentive from lenders but aren't always a wise option for those living paycheck to paycheck.

Recommendations

Chime as a lender could provide an automated payment "snooze button" that defers the transaction if the customer can't afford the payment.

Chime as a banking app could utilize a feature similar to their paycheck advancement program that monitors their customers bank account and provides an advancement on their paycheck if they will be overdrawn because of automated bill payments.

Chime as a money management aid could provide tools to help people make monthly budgets that feature in automated payments and notify them if they are on track.

Recommendations

The Student Loan Experience

Pain Point

Student loans can be hard to manage on their own let alone when combined with other bills and expenses. With no or inadequate tools provided by the lender most people resort to using a simple Excel Spreadsheet to manage their finances.

Recommendations

Chime is well suited to offer a robust toolkit to help integrate both student loans and everyday money management. This would help users get a better picture of their financial situations and how best to plan for the future.

Customers would also appreciate tools that help them keep track of their loans specifically. Tools that help them determine the principal vs interest, how long it will take to repay the loan, and calculators to determine how different payments amounts affect how long it will take to pay off the loan and the money they could save on interest.

Next Steps

The Student Loan Experience

1. Prioritize pain points and recommendations for design.
 - a. Convert user stories to features.
2. Make a decision on a business model - 1. Private loan lender, 2. Loan market place site, 2. Platform to Business (P2B) payment app (similar to Venmo, but with private loan lenders).
3. Wireframe and low fidelity interactive prototype solutions.
4. Test design solutions in usability testing.
5. Iterate and refine designs.