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Are Household Perceptions of Borrowing Costs Creating Spending Headwinds?

by Tom Akana, Julia Cheney, Bob Hunt, and Geng Li[1]

Financing conditions in credit markets play a critical role in household and business spending, thereby influencing overall economic activity. Borrowing costs — the interest rates at which consumers and firms finance their purchases and investments — are a crucial element of overall financing conditions and a major indicator tracked by policymakers and market participants. In the household credit market (e.g., mortgage, credit card, personal, and auto loans), borrowing costs rose sharply in 2022 (in conjunction with rises in key benchmark interest rates like the prime rate and the fed funds rate) and have stayed elevated relative to their pre-pandemic averages during the post-Great Financial Crisis era (**Figure 1**).

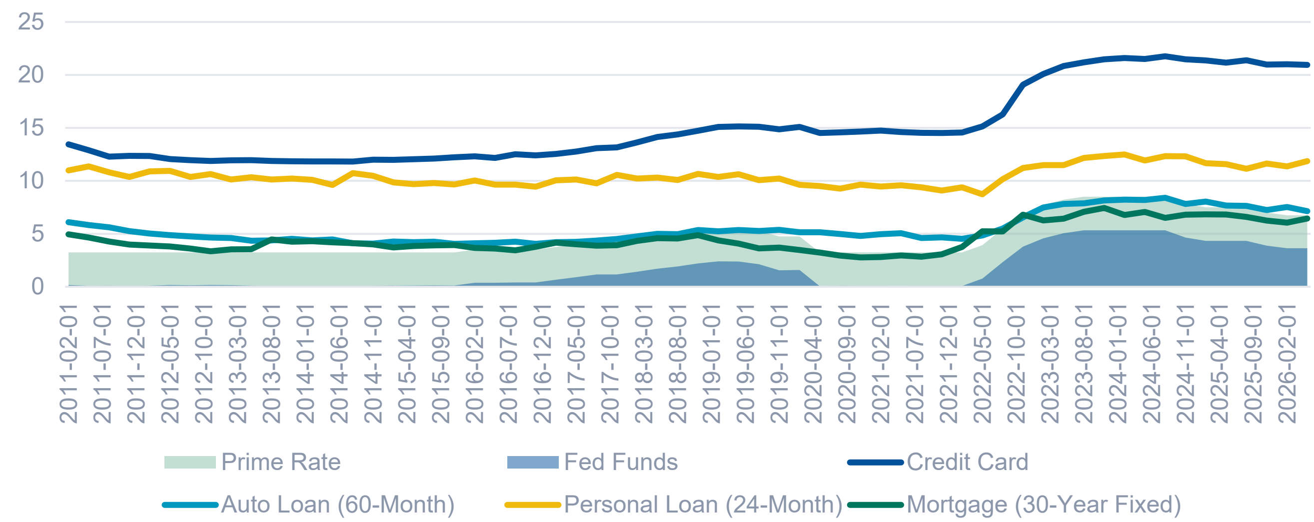
From July 20–23, 2026, the Consumer Finance Institute (CFI) at the Federal Reserve Bank of Philadelphia conducted a survey with a nationally representative sample of just over 4,000 adults to assess their views on prevailing interest rates and the extent to which purchase and financing decisions were affected by perceptions of high borrowing costs.[2] Over one-quarter of respondents considered borrowing money to make a large purchase (such as a home, a car, or a new appliance) during the past six months but decided not to; among these respondents, half cited high borrowing costs as the most important reason. Thus, 12.6 percent, or one-eighth, of all respondents chose not to make a large purchase because they decided borrowing costs were too high.[3]

[1] Akana, Cheney, and Hunt are affiliated with the Federal Reserve Bank of Philadelphia; Li is affiliated with the Board of Governors.

[2] Information on CFI's survey and program methodology are available on the Philadelphia Fed's website.

[3] In addition, about one-quarter of the respondents indicated that the cost of a large purchase led them to buy a different version of the item over the last six months, of which slightly over one-fifth cited high financing costs as the most important reason.

Figure 1 - Key Interest Rates, Post-Great Financial Crisis



Source: Board of Governors of the Federal Reserve System and Freddie Mac, via FRED. See endnote for specific variable references.

We use the survey instrument to explore the underlying factors affecting the perception of borrowing costs and financial decisions of the respondents. The survey collects information about both sides of the household balance sheet, taking into account not only current types of debt and but also types of investment assets held by the respondents' households. The results suggest that consumers with potentially higher-return investments are less likely to view high borrowing costs as a binding financing constraint. Finally, we investigate the degree to which respondents' assessments of "affordable" interest rates are influenced by their awareness of lenders' cost of funds using an experiment of survey question design: Reminding respondents of lenders' costs seems to alter their view on what a reasonable and affordable level of borrowing cost should be.

Main Results on Borrowing Cost Perceptions and Implications

12.6 Percent of Consumers Reported Choosing not to Make a Large Purchase Because of High Borrowing Costs

Against the backdrop of interest rates remaining elevated in a range of household credit markets, the survey asked, "Over the last six months (i.e., from January 2026 to now), did you consider borrowing money for a large purchase but decided NOT to make the purchase for financial reasons?"

As shown in column 1 of **Table 1**, just over one-quarter (25.8 percent) of all respondents indicated having forgone a large purchase. This share is remarkably stable across the income distribution, with the share among consumers with household income above $120,000 being only 5 percentage points below the share for those with incomes lower than $30,000.

Respondents who did forgo a purchase were then asked whether they did so because of financing costs, the price of the item itself, more attractive uses for the money, or some other reason. Columns 2–4 tabulate the share of each reason. About half (49.0 percent) selected "the cost of financing (i.e., loan interest rate) was too high" as the primary reason, implying about 12.6 percent of all respondents elected not to make a large purchase in the prior six months because of high borrowing costs. The second most chosen reason was "the price of the item itself" (27.0 percent), followed by "I got better value from saving or investing the money" (14.6 percent). Notably, we also see the share fairly evenly distributed across income ranges for the reasons given — relatively similar proportions of high- and low-income respondents chose to forgo a purchase for each of the three reasons.

Table 1 - Proportion of Respondents Forgoing Financing with Most Important Reasons, by Income Range[4]

	% Did forgo financing a purchase (1)	The cost of the financing (i.e., loan interest rate) was too high (2)	The price of the item itself (3)	I got better value from saving or investing the money (4)	*Unweighted N (Did forgo financing a purchase) (5)*
All	25.8%	49.0%	27.0%	14.6%	*1,057*
<$30,000	**28.8%**	46.0%	24.8%	15.6%	*296*
$30,000–$59,999	26.8%	53.9%	23.5%	13.7%	*245*
$60,000–$119,999	27.4%	50.1%	28.9%	15.3%	*290*
$120,000+	23.9%	49.8%	27.7%	13.5%	*142*

Note: Bolded values are significantly different from the "All" group average at the p<0.05 level.

Interest Rates Are a Key Component in Borrowing Decisions for Most Consumers

The survey asked respondents to indicate how important interest rates are to them when deciding to finance a large purchase. As we might expect, a significant majority (82.4 percent) rated interest rates as either "extremely" or "very" important; respondents in the highest-income group were moderately more likely (6 percentage points) than those in the lowest-income group to respond this way (**Table 2**, column 1).

The survey then asked respondents to rank four aspects of a purchase–financing decision (the interest rate, price of the item, required monthly payment, and length of loan) against each other in terms of importance to their decision. Just over one-quarter (26.6 percent) of respondents ranked interest rates as the *most* important

[4] More detailed versions of the tables in this report, including additional demographic data, appear in the appendix.

component on the list (column 2), behind the price of the item, which 43.5 percent of respondents ranked as the most important (not shown). That said, over 60 percent of the respondents ranked interest rates as one of the top two factors, the highest among all four choices (column 3). Overall, the survey results indicate strongly that the current level of interest rates is a major factor in consumers' borrowing decisions.[5]

Table 2 - Attitudes Toward Interest Rates and Perceived Affordability of Borrowing Costs

	% Rating interest rates important (1)	% Ranking interest rates first (2)	% Ranking interest rates in top two (3)	Agree interest rates are currently unaffordable (4)	*Unweighted N (5)*
All	82.4%	26.6%	61.4%	58.9%	*4,071*
<$30,000	**79.7%**	27.4%	**54.6%**	**55.7%**	*1,039*
$30,000–$59,999	84.0%	**22.8%**	59.5%	59.6%	*901*
$60,000–$119,999	83.7%	25.9%	62.1%	**63.7%**	*1,039*
$120,000+	**85.6%**	**29.8%**	**71.1%**	**63.9%**	*595*

Note: Bolded values are significantly different from the "All" group average at the p<0.05 level.

The Majority of Respondents Believe Current Interest Rates Are Unaffordable to Typical Borrowers

We now turn to consumers' perception of current interest rates, specifically their general affordability for typical borrowers. The survey asks whether the respondents agree with the statement, "Current interest rates make most loans unaffordable to the typical borrower right now." Note that we asked respondents to evaluate the affordability of rates broadly (i.e., for "the typical borrower") rather than specifically (i.e., affordable to them) to understand how they view the current rate environment generally, regardless of their personal financial capacity. Across all respondents, 58.9 percent chose "agree" or "strongly agree"; the share is higher at 63.9 percent among those earning more than $120,000 (**Table 2**, column 4). Not surprisingly, the perceived importance of interest rates and the perceived general affordability of current borrowing costs are highly correlated — 64.0 percent of those who see interest rates as important view current borrowing costs as unaffordable to typical borrowers, compared with only 34.8 percent among those who do not see interest rates as an important factor (**Table 3**).

[5] Among respondents who initially reported that interest rate was something other than "very" or "extremely" important, 16.3 percent still ranked it as the most important component in the ranking question (see **Table 3**). This suggests that the importance of interest rates to a given consumer increases when compared against other parts of a loan decision versus when considered in a vacuum.

Table 3 - Ranking of Loan Components by Individual Importance of Interest Rates

	% Ranking interest rates first (1)	% Ranking interest rates in top two (2)	Agree interest rates are currently unaffordable (3)	*Unweighted N (4)*
All	26.6%	61.4%	58.9%	*4,071*
Consider interest rate important	**28.8%**	**65.5%**	**64.0%**	*3,330*
Do not consider rate important	**16.3%**	**41.9%**	**34.8%**	*741*

Note: In each of the first three columns, the shares of respondents answering affirmatively in these two groups (consider or do not consider interest rates important) are statistically significantly different from each other ($p<0.05$) and hence are bolded.

What Interest Rates Do Respondents Consider Affordable?

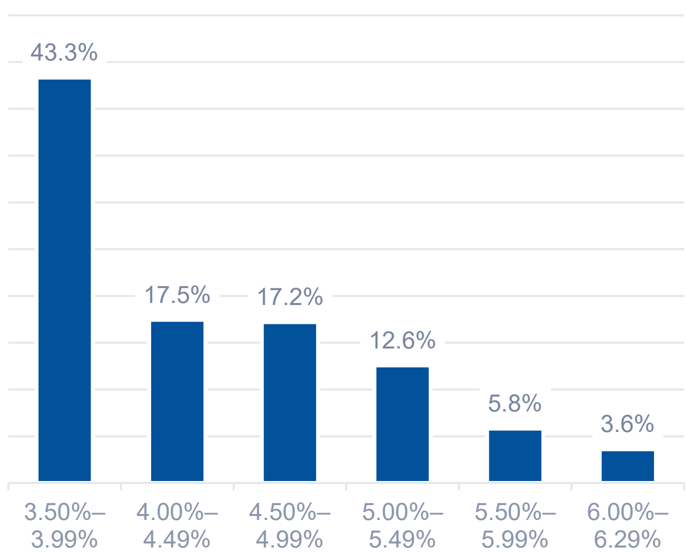
If a respondent indicated that they believe interest rates make loans unaffordable, they received a follow-up question to elicit information about how much lower they thought rates would need to be to become affordable. The question was as follows:

> *Lenders charge interest to offset their own costs and to account for the risk they take in lending money.*
>
> *You previously agreed that interest rates are making loans unaffordable for typical borrowers at their current levels. Recently, the average interest rates on mortgages and auto loans have been between 6.30%–6.50%. Which ONE of the following levels do you think would be affordable for most borrowers while also being reasonable for lenders to charge?*
>
> *A. 6.00%–6.29%*
> *B. 5.50%–5.99%*
> *C. 5.00%–5.49%*
> *D. 4.50%–4.99%*
> *E. 4.00%–4.49%*
> *F. 3.50%–3.99%*

The average interest rates quoted in the question were based on the average rates for mortgage and auto loans at the time the question was written (around July 19, 2026). Also, note that, similar to the question above, this question asks about the level of interest rate perceived affordable for general borrowers, not the respondents themselves.

Among respondents who believed rates are currently unaffordable; 43.3 percent believe that rates would need to be in the lowest range among the options in the survey (3.50%–3.99%) to become affordable (**Figure 2**). More than one-third of almost every demographic group selected the lowest range; the only exception was 18–34-year-olds (29.1 percent), but that was still the largest proportion of that age range. Respondents over the age of 55 were the most likely to select the lowest range, at nearly 50 percent. The large share of respondents selecting the lowest range as the affordable level of interest rate is suggestive that recent interest rate experiences may prime some borrowers as to what a normal and attainable rate is.

Figure 2 - Distribution of "Affordable" Interest Rates (Among Those Who Agree Interest Rates Are Currently Unaffordable



Multivariate Analysis

Who Chose to Forgo Financing Purchases Recently?

We are interested in how consumers' attitudes and perceptions regarding interest rates and their balance sheet position are associated with the reported recent experience of having to forgo financing purchases and the reasons mentioned. We first estimate the following linear probability model:

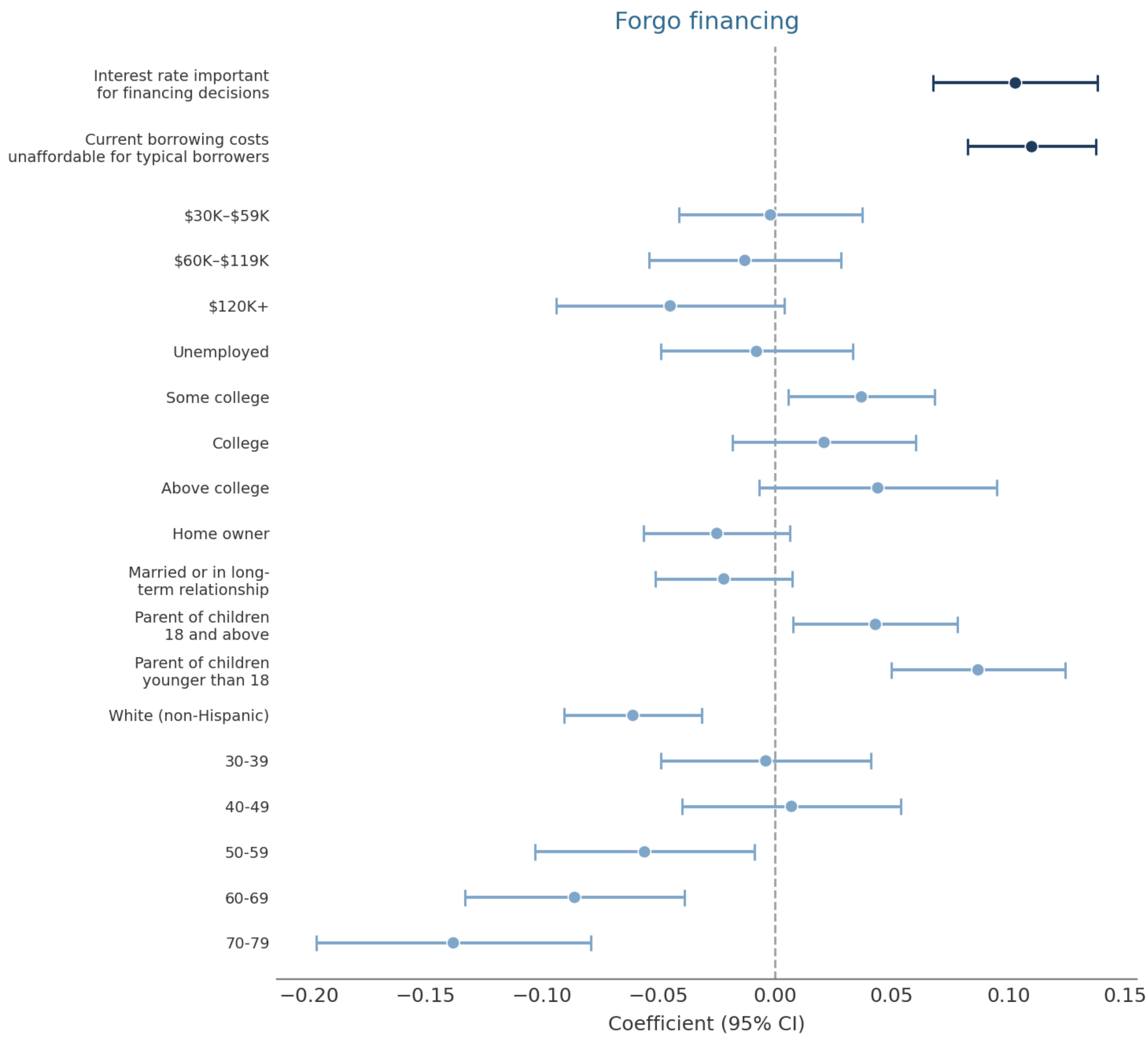
$$Forgo = \alpha + \beta \; Important + \gamma \; Unaffordable + \theta Z + \varepsilon, \quad (1)$$

where the dummy of having forgone financing a large purchase over the past six months is projected on the dummy (Important) of the interest rate being important for making financing decisions and the dummy (Unaffordable) of agreeing that "current interest rates make most loans unaffordable to the typical borrower right now." In the model, Z is a vector of socioeconomic and demographic control variables, including dummies of income quartile, unemployment status, age, educational attainment, race, family composition, and homeownership.

In **Figure 3**, we see that, compared with those who do not view interest rates as an important factor, consumers who consider interest rates as important (plotted in dark blue) are substantially more likely (by 10 percentage points) to report having forgone financing purchases over the past six months, when interest rates in a wide range of household credit markets were elevated compared with the pre-2022 time period. Similarly, consumers who agree that current interest rates make most loans unaffordable to the typical borrower are also more likely to have forgone financing. To put these differences in context, recall that 26 percent of the entire sample reported forgoing financing. Respondents who believed either that interest rates are important or that they are currently unaffordable were respectively about 40 percent more likely than the sample average (26 percent) to report that they chose to forgo financing a purchase in the last six months.

The estimated coefficients of the control variables (plotted in light blue on **Figure 3**) are consistent with the unconditional summary statistics discussed earlier in the note. Notably, relative to those with incomes lower than $30,000, consumers with incomes up to $120,000 do not have a significantly different likelihood of forgoing financing. Among the characteristics associated with statistically significant differences in the propensity to forgo a purchase, people with children — particularly younger children — were more likely to forgo financing purchases, whereas older consumers were less likely to have done so. These patterns are broadly consistent with the lifecycle dynamics of asset positions and need for financing.

Figure 3 - Factors Relating to Forgoing Financing

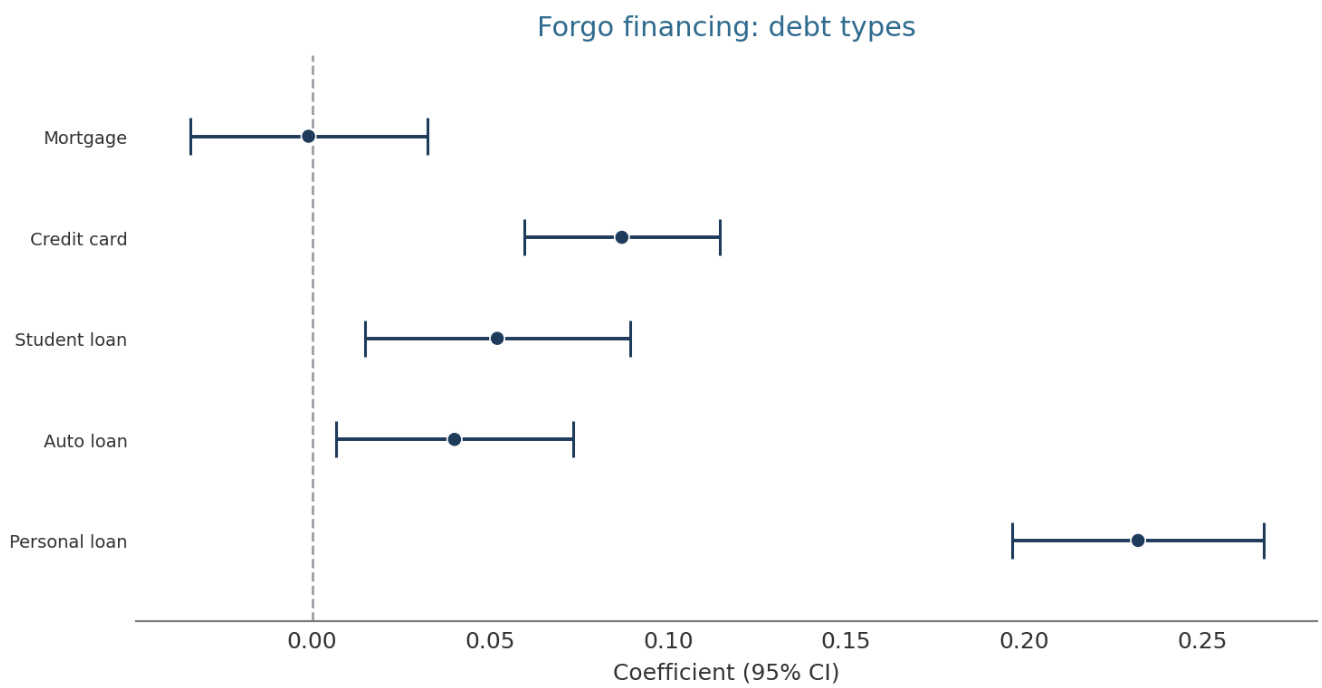


Notes: This chart plots coefficients from a linear probability regression explaining the likelihood of having forgone financing (0=did not forgo financing, 1=did forgo financing during the prior six months). Point estimates for the coefficients show the difference from sample average of the dependent variable (26 percent), and 95 percent confidence intervals are displayed. The reference variables are income <$30,000, employed, high school or less education, nonhomeowner, unmarried, not having children, non-White, and younger than 30.

It is interesting to note that equation (1) yields an R-squared (the share of variations in the dependent variable that can be accounted for by variations in the independent variables) of 0.066, whereas regressing *Forgo* on *Important* and *Unaffordable* alone yields a R-squared of 0.031. In other words, in this regression, those two perceptions alone are about as important as all the demographic factors that influence respondents' decision to forgo a purchase.

Next, we augment equation (1) with variables relating to household debt composition to study if current experience with debt may affect decisions on additional borrowing. As shown in **Figure 4**, mortgage borrowers have an identical likelihood of forgoing financing as an average consumer not having mortgage debt, but holders of other consumer loans (credit card, student, auto, and personal loans) are significantly more likely to report having forgone financing. The margins are particularly large for credit card and personal loans borrowers — 8.7 and 23.2 percentage points, respectively. Thus, personal loan borrowers are twice as likely to forgo financing a purchase than are respondents as a whole. Indeed, credit card and personal loans tend to have high interest rates and debt service burdens, and these borrowers can feel particularly constrained when contemplating adding more debt.

Figure 4 - How Debt Composition Is Associated with Recently Forgoing Financing

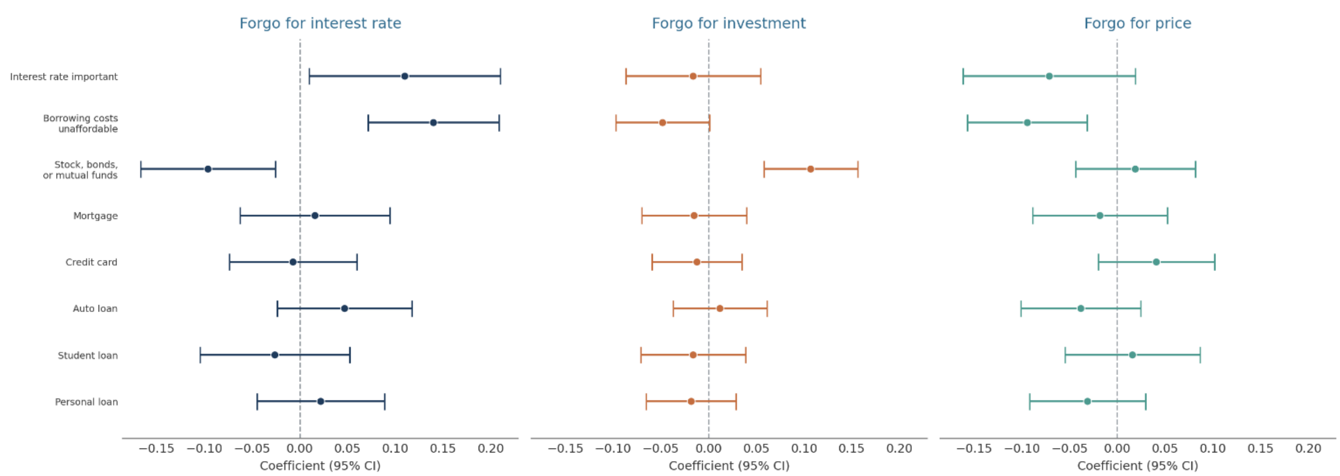


Notes: This chart plots coefficients from a regression including the variables used in Figure 3, augmented with variables characterizing the debts respondents are carrying. The dependent variable is whether the respondent chose to forgo financing in the last six months (0=did not forgo financing, 1=did forgo financing). Point estimates for the coefficients show the difference from sample average of the dependent variable (26 percent), and 95 percent confidence intervals are displayed.

Why Forgo Financing?

Next, we modify equation (1) in two ways to explore the factors associated with the reasons respondents chose when they reported forgoing financing (e.g., "the cost of financing (i.e., loan interest rate) was too high," "the price of the item itself," or "I got better value from saving or investing the money"). The model is estimated only on the group of respondents that did forgo financing, replacing *Forgo* with a dummy indicating each of the three reasons and adding an investment dummy to indicate that the respondent has stock, bonds or mutual fund investments as well as dummies representing debt types. The results, illustrated in **Figure 5**, show some interesting patterns. First, factors boosting the odds of mentioning *high interest rates* as the reason lower the odds for picking *investment returns* as the reason. For example, *Unaffordable*=1 raises the likelihood of high interest rates as the reason by 14 percentage points but lowers the likelihood of *investment returns* as the reason by 5 percentage points. Furthermore, consumers investing in stocks, bonds, and mutual funds are substantially less likely to pick the *interest rates* reason but more likely to pick the *investment returns* reason, each by 10 percentage points. The contrast is consistent with the notion that some consumers account for both direct and opportunity costs of the funds when evaluating borrowing decisions (at least when they have access to financial instruments where opportunity costs are relevant). Households with access to higher-return investment vehicles are less likely to forgo financing because of high borrowing costs; they do so because they believe the money is more valuable as an investment at the time they make the decision. Finally, we note that while debt composition seems to explain whether respondents chose to forgo financing (**Figure 4**), it does not appear to explain the reason why they chose to forgo financing.

Figure 5 - Factors Associated with Reasons for Forgoing Financing



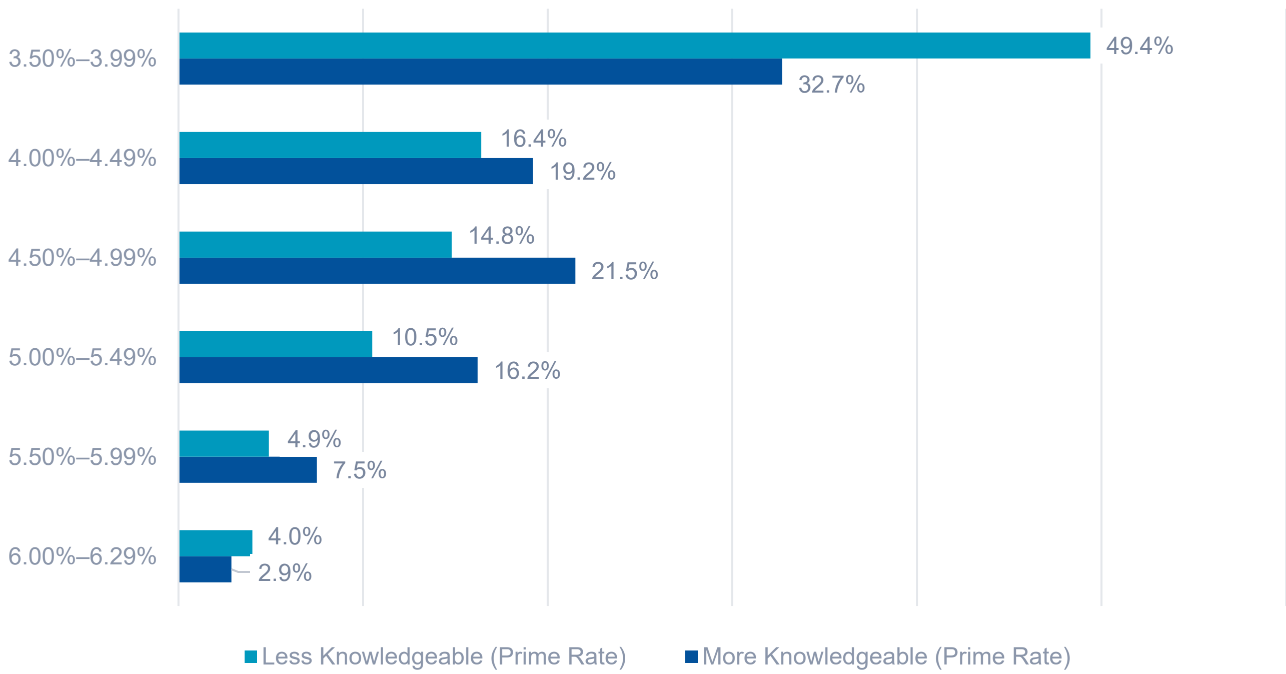
Notes: This chart plots coefficients from a regression including the variables used in Figure 3, augmented with variables characterizing the assets and debts respondents are carrying. The sample is limited to only those respondents who only chose to forgo financing in the last six months. The dependent variable is the reason the respondent chose to forgo financing in the last six months. For example, in the first column, the dependent variable is 1 if the reason was the interest rate and 0 otherwise. Point estimates for the coefficients show the difference from sample average of the dependent variable, and 95 percent confidence intervals are displayed.

The Role of Priors and Financial Awareness

We find an interesting phenomenon among respondents with some general understanding of the current interest rate environment. Our survey asked respondents about the current level of the prime rate (6.75 percent at the time of the survey); we chose the prime rate for this question because it directly affects the interest rates offered on credit cards, auto loans, and other types of consumer borrowing. We define *more knowledgeable* respondents as those who responded with a prime rate in the range of 5.00 to 7.99 percent. *Less knowledgeable* respondents were defined as those who responded with a value outside that range or who answered “I don’t know” (the latter represents about 50.5 percent of respondents).

Figure 6 compares the distributions of perceived affordable interest rates based on how respondents answered the prime rate question; a greater share of the *more knowledgeable* respondents answered that an affordable interest rate fell between 5 percent and 6.3 percent. On the other hand, we find that respondents who are *less knowledgeable* about the current prime rate are most likely to choose the lowest interest rate range (49.4 percent of this group, nearly 20 percentage points more than those in the *more knowledgeable* group).

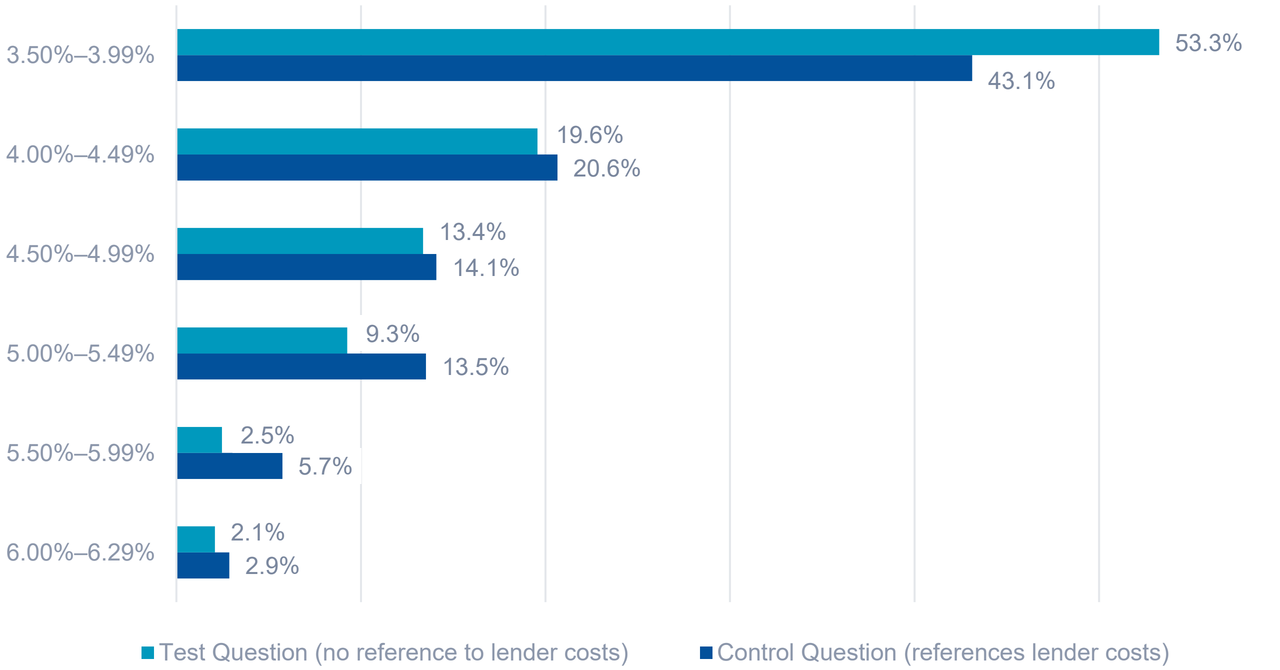
Figure 6 - Distribution of “Affordable” Interest Rates (by familiarity with the current prime rate)



Note: More knowledgeable respondents indicated the current prime rate fell in the range of 5.00 to 7.99 percent.

We see a similar effect when we experimented with elevating the salience of lender costs with respondents. Recall that when we asked respondents what interest rates they considered would be affordable for most borrowers, the question referenced lenders’ cost of funds (explicitly) and alluded to potential credit losses. To test whether the language about lenders’ costs had any effect on respondents’ choices, we ran a follow-up survey (fielded July 29–30, 2026, N=1,417) randomizing on whether the question included a reference to lender costs (the “control”) or simply asked respondents which rates would be considered affordable (the “treatment”). The results indicate a clear effect — 43.1 percent of the control group selected the lowest rate category (identical to the main survey), whereas 53.3 percent of the test group selected the lowest rate (**Figure 7**). The average “affordable” rate for the treatment group, (based on t**he bottom value of each range**) was 3.97 percent, compared with 4.13 percent for the control group. This may be interpreted as an indication that some consumers are more willing to view higher financing costs as affordable for the typical borrower when they are reminded of what those costs are offsetting.

Figure 7 - Distribution of "Affordable" Interest Rates (Lender Priming Test)



Note: The control question is identical to the question originally asked in the primary survey.

Conclusion

Financing conditions in credit markets have a large effect on overall economic activity. Borrowing costs in the form of interest rates on consumer loans can influence the decisions people make about their consumption as they calculate the trade-offs between spending, borrowing, and saving.

Using survey data collected in July 2026 by the CFI at the Federal Reserve Bank of Philadelphia, we show that over one-quarter of respondents chose to forgo borrowing money for a large purchase during the six months preceding the survey. Of that group, half cited high borrowing costs as the reason, indicating that 12.6 percent of all respondents chose not to make a large purchase because they decided borrowing costs were too high. In addition, about 5 percent of respondents decided to make an alternative, less expensive purchase primarily because of the cost of financing that purchase.

Additionally, the survey results suggest that consumers who own potentially higher-return investments are less likely to view high borrowing costs as a constraint on their consumption, while being more likely to seek returns on their investments rather than borrowing. Last, we show that respondents who demonstrate some understanding of the interest rate environment, or who are reminded of lenders’ costs, are more likely to believe that a higher interest rate can be affordable for the typical borrower.

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Appendix

References, Figure 1

Credit Cards:

Board of Governors of the Federal Reserve System (US), Commercial Bank Interest Rate on Credit Card Plans, All Accounts, from the G. 19 report, [TERMCBCCALLNS], retrieved from FRED, Federal Reserve Bank of St. Louis; fred.stlouisfed.org/series/TERMCBCCALLNS, August 19, 2026.

Auto Loans:

Board of Governors of the Federal Reserve System (US), Finance Rate on Consumer Installment Loans at Commercial Banks, New Autos 60 Month Loan, from the G. 19 report, [RIFLPBCIANM60NM], retrieved from FRED, Federal Reserve Bank of St. Louis; fred.stlouisfed.org/series/RIFLPBCIANM60NM, August 19, 2026.

Personal Loans:

Board of Governors of the Federal Reserve System (US), Finance Rate on Personal Loans at Commercial Banks, 24 Month Loan, from the G. 19 report, [TERMCBPER24NS], retrieved from FRED, Federal Reserve Bank of St. Louis; fred.stlouisfed.org/series/TERMCBPER24NS, August 19, 2026.

Mortgages:

Freddie Mac, 30-Year Fixed Rate Mortgage Average in the United States, from the Freddie Mac Primary Mortgage Market Survey, [MORTGAGE30US], retrieved from FRED, Federal Reserve Bank of St. Louis; fred.stlouisfed.org/series/MORTGAGE30US, August 19, 2026.

Prime Rate:

Board of Governors of the Federal Reserve System (US), Bank Prime Loan Rate, from the H. 15 report, [MPRIME], retrieved from FRED, Federal Reserve Bank of St. Louis; fred.stlouisfed.org/series/MPRIME, August 19, 2026.

Fed Funds Rate:

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Table 1A - Proportion of Respondents Forgoing Financing with Most Important Reasons

	% Did forgo financing a purchase (1)	The cost of the financing (i.e., loan interest rate) was too high (2)	The price of the item itself (3)	I got better value from saving or investing the money (4)	*Unweighted N (Did forgo Financing a Purchase) (5)*
All	25.8%	49.0%	27.0%	14.6%	*1,057*
<$30,000	**28.8%**	46.0%	24.8%	15.6%	*296*
$30,000–$59,999	26.8%	53.9%	23.5%	13.7%	*245*
$60,000–$119,999	27.4%	50.1%	28.9%	15.3%	*290*
$120,000+	23.9%	49.8%	27.7%	13.5%	*142*
18–34	**30.6%**	47.0%	29.6%	**18.2%**	*354*
35–54	**31.8%**	51.2%	24.2%	16.2%	*384*
55+	**18.6%**	48.7%	27.6%	**9.0%**	*319*
Male	24.7%	50.0%	26.3%	15.1%	*487*
Female	26.8%	48.2%	27.6%	14.2%	*570*
White	**21.9%**	47.9%	28.9%	12.5%	*601*
Black	**36.5%**	47.0%	27.1%	16.8%	*176*
Hispanic	**31.7%**	54.2%	22.5%	16.7%	*183*
Other (net)	25.9%	47.1%	26.9%	16.8%	*97*
No HS, HS graduate	24.7%	49.0%	26.4%	14.0%	*414*
Some college, two-year	**28.0%**	49.2%	25.2%	15.1%	*361*
Four-year	24.5%	46.1%	31.0%	15.2%	*182*
Postgrad	26.0%	53.0%	27.0%	14.1%	*100*
Own	**22.7%**	47.6%	29.0%	15.5%	*468*
Rent	**32.0%**	52.1%	25.7%	13.0%	*523*

Notes: The total sample of respondents includes those who chose not to report their income and/or housing status. Bolded values are significantly different from the "All" group average at the p<0.05 level.

Table 2A - Attitudes Toward Interest Rates and Perceived Affordability of Borrowing Costs

	% Rating interest rate important (1)	% Ranking interest rate first (2)	% Ranking interest rate in top two (3)	Agree interest rates are currently unaffordable (4)	*Unweighted N (5)*
All	82.4%	26.6%	61.4%	58.9%	*4,071*
<$30,000	**79.7%**	27.4%	**54.6%**	**55.7%**	*1,039*
$30,000–$59,999	84.0%	**22.8%**	59.5%	59.6%	*901*
$60,000–$119,999	83.7%	25.9%	62.1%	**63.7%**	*1,039*
$120,000+	**85.6%**	**29.8%**	**71.1%**	**63.9%**	*595*
Consider interest rate important	**100.0%**	**28.8%**	**65.5%**	**64.0%**	*3,330*
Interest rate not important	**0%**	**16.3%**	**41.9%**	**34.8%**	*741*
18–34	**78.3%**	26.1%	**57.3%**	**54.9%**	*1,180*
35–54	82.7%	28.5%	**59.0%**	**62.9%**	*1,231*
55+	**84.9%**	25.7%	**65.6%**	58.6%	*1,660*
Male	**81.1%**	26.1%	60.5%	**57.0%**	*1,961*
Female	**83.7%**	27.1%	62.2%	**60.6%**	*2,110*
White	81.8%	**24.6%**	61.1%	59.2%	*2,655*
Black	81.1%	30.2%	60.2%	60.1%	*477*
Hispanic	**86.8%**	**32.7%**	62.8%	58.9%	*579*
Other (net)	80.2%	23.9%	61.5%	55.4%	*360*
No HS, HS graduate	**80.1%**	**28.6%**	**59.1%**	**55.3%**	*1,706*
Some college, two-year	83.6%	25.1%	62.4%	60.4%	*1,283*
Four-year	82.4%	24.7%	60.3%	61.1%	*709*
Postgrad	**86.7%**	27.3%	**67.1%**	62.1%	*373*
Own	**84.2%**	**28.0%**	**66.1%**	59.3%	*2,048*
Rent	81.5%	25.7%	**56.2%**	59.0%	*1,636*

Notes: The total sample of respondents includes those who chose not to report their income and/or housing status. Bolded values are significantly different from the "All" group average at the p<0.05 level.

Survey Questionnaire (The following questions comprise the portion of the survey that is used in this report.)

We'd like to ask you some questions about interest rates and how you think about them when you are deciding whether to borrow money from a lender. Please do your best to consider your responses carefully, even if you don't have a lot of experience with thinking about borrowing or lending. We appreciate your thoughtful responses.

IMPORTANCE_RATES: When thinking about a large purchase (such as a home, a car, or a new appliance), there are many factors you may consider in deciding whether to borrow money for the purchase. How important is the interest rate to you in making this decision?

1. Extremely important
2. Very important
3. Somewhat important
4. Not very important
5. Not important at all

LOAN_COMPONENT_IMPORTANCE: When you consider the interest rate of a loan against other components, such as the length of the loan or the payment amount, how do you rank them against each other? Please rank the following list in the order of most to least important to you, with 1 being the most important, when making a decision about financing.

- The price of the item for purchase itself
- The amount of the required monthly payment
- The interest rate on the loan
- The length of time I will be paying (i.e., term of the loan)

FOREGO_FINANCING: Over the last six months (i.e., from January 2026 to now), did you consider borrowing money for a large purchase but decided NOT to make the purchase for financial reasons?

1. Yes
2. No

FOREGO_FINANCING_RSN (If FOREGO_FINANCING = 1): You previously said that over the last six months you considered financing a large purchase but decided not to make the purchase for financial reasons. Which ONE, if any, of the following reasons was most important to your decision not to make the purchase?

1. The price of the item itself
2. The cost of the financing (i.e., loan interest rate) was too high
3. I got better value from saving or investing the money
4. None of these

PRIME_RATE_LEVEL: The ‘prime rate’ is the rate at which banks borrow money, and it can affect the interest rates that consumers see on credit cards, auto loans, and other types of borrowing. Which ONE of the following is the prime rate today?

1. 3–3.99%
2. 4–4.99%
3. 5–5.99%
4. 6–6.99%
5. 7–7.99%
6. 8%+
7. I don’t know

RATES_AFFORDABILITY: How much do you agree or disagree with the following statement? **Current interest rates make most loans unaffordable to the typical borrower right now.**

1. Completely disagree
2. Disagree
3. Neither agree nor disagree
4. Agree
5. Completely agree
6. I don't know

RATES_AMT_LOWER (If RATES_AFFORDABILITY = 4,5): Lenders charge interest to offset their own costs and to account for the risk they take in lending money.
You previously agreed that interest rates are making loans unaffordable for typical borrowers at their current levels. Recently, the average interest rates on mortgages and auto loans have been between 6.30%–6.50%. Which ONE of the following levels do you think would be affordable for most borrowers while also being reasonable for lenders to charge?

1. 6.00%–6.29%

2. 5.50%–5.99%
3. 5.00%–5.49%
4. 4.50%–4.99%
5. 4.00%–4.49%
6. 3.50%–3.99%

HH_DEBT_TYPES: Which, if any, of the following types of debt does your household currently have? Please select all that apply.

1. Credit card
2. Mortgage
3. Home equity loan or line of credit
4. Student loan
5. Auto loan
6. Personal loan (excluding home, student, and auto)
7. None of these

HH_ASSET_TYPES: Which, if any, of the following types of financial accounts or assets does your household currently have? Please select all that apply.

1. Checking account
2. Savings account
3. Stocks or bonds
4. Mutual funds
5. Money market account
6. Certificates of deposit
7. Retirement savings (e.g., 401(k), IRA, etc.)
8. None of these

Test Survey Questionnaire (The following questions comprise the questions used to test the effects of the lender-cost language.)

RATES_AFFORDABILITY: How much do you agree or disagree with the following statement? **Current interest rates make most loans unaffordable to the typical borrower right now.**

1. Completely disagree
2. Disagree
3. Neither agree nor disagree
4. Agree
5. Completely agree
6. I don't know

RATES_AMT_LOWER (If RATES_AFFORDABILITY = 4,5 [50% Sample]): Lenders charge interest to offset their own costs and to account for the risk they take in lending money.
You previously agreed that interest rates are making loans unaffordable for typical borrowers at their current levels. Recently, the average interest rates on mortgages and auto loans have been between 6.30%–6.50%. Which ONE of the following levels do you think would be affordable for most borrowers while also being reasonable for lenders to charge?

1. 6.00%–6.29%
2. 5.50%–5.99%
3. 5.00%–5.49%
4. 4.50%–4.99%
5. 4.00%–4.49%
6. 3.50%–3.99%

RATES_AMT_LOWER_TEST (If RATES_AFFORDABILITY = 4,5 [50% Sample]): You previously agreed that interest rates are making loans unaffordable for typical borrowers at their current levels. Recently, the average interest rates on mortgages and auto loans have been between 6.30%–6.50%. Which ONE of the following levels do you think would be affordable for most borrowers?

1. 6.00%–6.29%
2. 5.50%–5.99%
3. 5.00%–5.49%

4. 4.50%–4.99%
5. 4.00%–4.49%
6. 3.50%–3.99%