

LBBB Affordable Credit Options Research

Final Report

September 2020

Produced by

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Background

1.1 Overview of current context

LBBB is one of four Councils selected to take part on the Local Government Association's [Reshaping Financial Support Programme](#) providing a range of consultancy support and £20,000 of dedicated funding to implement a preventative financial support scheme for low-income households.

As part of the programme, the Financial Inclusion Centre (FIC), an independent not-for-profit research and consultancy firm undertook a scoping session with a small group of Council Officers. This specifically explored the potential need and existing delivery of affordable credit and financial service provision in the borough. It built on the experience and learning taken from the borough's participation on BBC's The Fix that looked to address the issue of financial problems and debt.

Following on from this initial session, LBBB decided to utilise its allocated LGA funds to commission FIC to firstly undertake this options appraisal exercise to help determine the most appropriate delivery of fair, affordable and appropriate financial products and services within the borough.

In addition, subsequent funding has been set aside for FIC to continue to support the Council to further refine and develop the chosen option(s) and help take forward its identified approach.

1.2 Research approach and management

The research was undertaken by Gareth Evans (Director) and Matt Earnshaw (Associate Research Consultant) between June and September 2020. The work consisted primarily of desk-based analysis combined with internal¹ and external² consultation.

Weekly management meetings have been maintained throughout the project with Katy Brown (Programmes & Strategy Officer, Community Solutions) and Promise Williams (National Management Trainee, Community Solutions). Furthermore, a project steering group consisting of: Katherine Gilcreest (Head of Support, Community Solutions), Gill Wilson (Service Manager, Community Solutions) and Mohammed Hossain (Strategy & Commissioning Officer, Inclusive Growth) have provided guidance and input every three weeks.

Initial feedback presentations were also delivered to the Community Solutions OMT meeting on Wednesday 15 July and then the Community Solutions Strategy Board on Monday 20 July.

1.3 Report structure and purpose

The report firstly focuses on setting out the evidence of the need and demand for affordable credit and responsible financial services within the borough that will provide greater understanding of the

¹ Monica Needs (Head of Participation and Engagement, Policy and Participation), Julia Kanji (Service Manager- Financial Investigations, Planning Enforcement and Trading Standards), Linda Humphrey (HR & Payroll Core Manager, Core Human Resources and Payroll Services) and Rachel Laurence (Head of Enterprise and Employment Strategy, Inclusive Growth)

² London Mutual Credit Union, North London Credit Union, London Community Credit Union and London Plus Credit Union.

financial issues facing residents and the detrimental impact, thus providing the rationale for intervention.

The second section will then outline the existing scale of high-cost subprime credit use locally, including estimates of the financial cost to the borough and the demographic profile of users, alongside a review of the two identified providers of more affordable credit operating in the borough, Liberty Credit Union and Fair Finance.

The research then attempts to paint a picture of what affordable finance provision could deliver in Barking and Dagenham. Firstly, it offers an overarching vision and set of objectives for this work and sets it in the context of current Council strategies. Then it uses visual examples from leading credit unions to highlight the portfolio of financial products and services, as well as delivery channels, that should be expected from a dynamic forward-thinking provider.

Finally, the report brings together the various insights and findings throughout the research to draw together four potential options for delivering affordable finance provision with recommendations for the Council to consider.

It is intended that these findings and recommendations will be presented to key Council representatives for consideration and an agreed approach determined. This will enable further development and implementation work to be taken forward.

Evidence of need

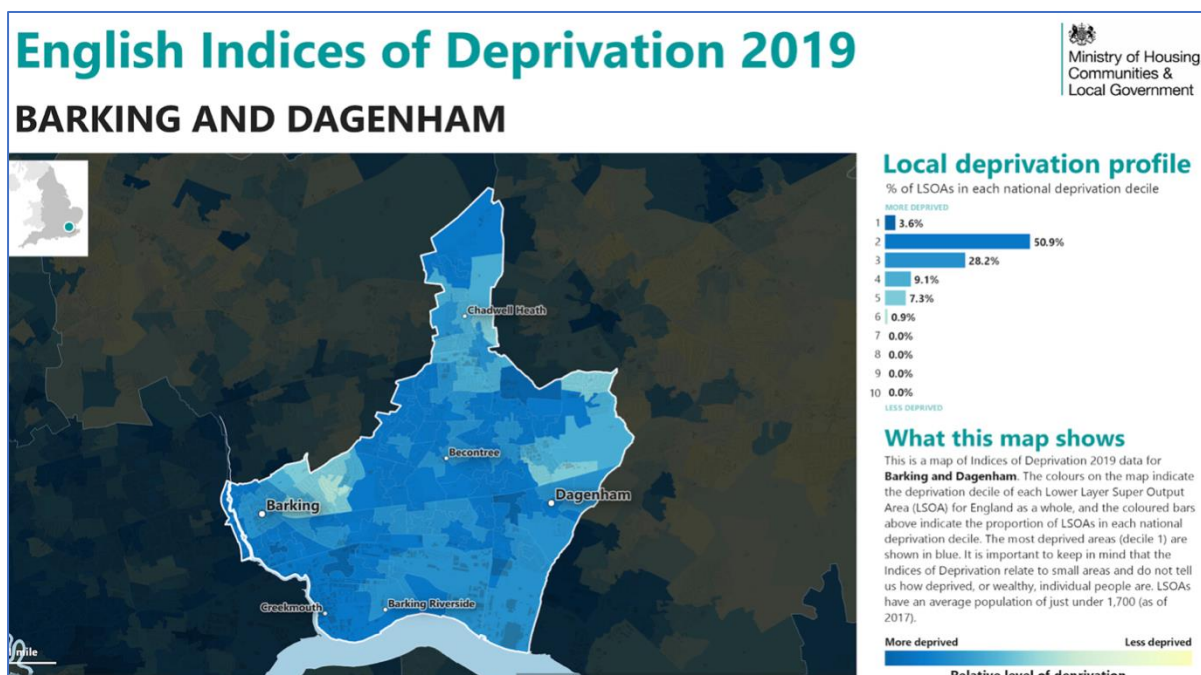
This section sets out the evidence related to the need and demand for affordable credit and responsible financial services within Barking and Dagenham. Utilising a wide range of research from external sources and the council's own data, it provides a detailed picture of the financial issues facing the Borough's households and the potential impact of Covid-19.

2.1 Poverty and deprivation

2.1.1 Indices of Multiple Deprivation

The latest IMD data set (2019) evidences the scale of deprivation across Barking and Dagenham, with headlines including:

- Barking and Dagenham is the **5th most deprived** out of 151 upper-tier authorities – based on the IMD average rank. This measure is based on population weighted ranks of all neighbourhoods within an area, so an area that is more uniformly deprived will tend to rank higher on this measure.
- Barking and Dagenham is the **17th most deprived** out of 151 upper-tier authorities – based on the IMD average score. This measure is based on population weighted scores of all neighbourhoods within an area.
- 3.6% of Barking and Dagenham's neighbourhoods (Lower Super Output Areas) are in the 10% most deprived nationally, whilst just under 60% are in the 20% most deprived. Barking and Dagenham has no neighbourhoods in the 40% least deprived nationally. See map below for further details.
- Specifically, with regards to income deprivation, Barking and Dagenham is the **4th most deprived** out of 151 upper-tier authorities – based on the IMD average rank.



2.1.2 Poverty Tracker

In addition to the IMD, Barking and Dagenham's Poverty Tracker provides further evidence of the scale of poverty that exists across the borough, through the measurement of 10 national indicators ranked against 312 English local authority districts, including:

- Unemployment,
- Incapacity benefit claimants,
- Careers allowance claimants,
- Universal Credit claimants in employment,
- Pension credit claimants,
- Income support claimants,
- Housing benefit households,
- Fuel poverty households,
- Children living in relative low-income families, and
- Households assessed as threatened with homelessness.

Summary headlines include:

- Barking and Dagenham is the 13th most deprived Borough in the country – based on the average rank of the 10 indicators,
- Barking and Dagenham has the worst average rank out of the 32 London boroughs,
- Within London, Barking and Dagenham has the highest rates of unemployment, carers allowance claimants and income support claimants, and
- Within London, Barking and Dagenham has the second highest proportion of children under 16 living in low-income households.

In summary, the scale of poverty and deprivation across Barking and Dagenham is clear. This data provides important contextual information as regards the potential need and demand for affordable and responsible financial services, as the underpinning levels of unemployment, benefits claimants and low-incomes, would suggest that a significant number of households across the Borough will be under financial pressure or at risk of financial hardship, which has direct implications in relation to borrowing and debt.

2.1.3 The impact of Covid-19 on financial hardship

Through its involvement in the Local Government Association's Reshaping Financial Support programme, LBBD is currently supporting the development of a Financial Hardship Demand Dashboard, the aim of which is to track the impact of Covid-19 on economic vulnerability and financial hardship.

In the first instance, a simple data set of existing indicators has been collated for participating authorities, which it is anticipated will provide some initial indication of how

incomes have changed, or are likely to change in the near future, due to Covid-19 and therefore how and where the scale of financial hardship is increasing.

Table 1: Barking and Dagenham: Financial Hardship Dashboard Data

Measure	Data	Details / Source
Scale of furloughed employment	33,300 furloughed employments by 31 July 2020	Estimates of the number of claims made to HMRC for the Coronavirus Job Retention Scheme - https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/891607/Coronavirus_Job_Retention_Scheme_Statistics_Tables_June_2020.xlsx
Scale of self-employment support provision	81% take-up rate - of those eligible for support	Number of claims made to the Self-Employed Income Support Scheme administered by HMRC - https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/891166/SEISS_Official_Statistics_Tables_June_2020.xlsx
Total Claimant count / rate – May 2020	10.3% in July 2020 - up from 4.4% in March 2020	Administrative measure of the number of people claiming benefit principally for the reason of being unemployed, using individual records from the benefit system – https://www.nomisweb.co.uk/home/release_group.asp?g=1
Annual change in claimant count	173% - between July 2019 and July 2020	As above
Benefits calculator applications	257% increase in the number of applications to check benefits entitlements – between March/April 2019 and 2020	https://public.tableau.com/profile/npc8488#!/vizhome/NPCDashboard/UserGuide
Council tax support applications	100% increase between July 2019 and 2020	LBBB
Council tax collection rate	6.4% decrease in % collection rate between June 2019 and 2020	LBBB

The data from the demand dashboard indicates that residents across Barking and Dagenham are already likely to be experiencing increasing levels of financial hardship as a result of the Covid-19 crisis. Whilst the claimant rate had risen to 10.3% in July 2020, increases in benefits entitlement checks, alongside a decrease in the council tax collection rate, suggest increasing numbers of people trying to manage lost or reduced income and struggling to pay their bills. Additionally, the numbers of furloughed employments and those accessing self-employment support, highlight the scale of households still at potential risk of increasing financial hardship, pending the resolution of these schemes later this year.

2.2 Financial Vulnerability and Resilience

2.2.1 The National Context

At a national level, MaPS have undertaken a consumer segmentation focused on financial resilience and how people manage their money. They undertook this work to help identify and profile the different groups of people that exist and to understand their specific financial and advice needs. MaPS identified three distinct groups across the UK population:

- those who are **Struggling** (the least financially resilient group), who make up 19.6% of the population;
- those who are **Squeezed** (working-age families on average incomes with significant financial commitments), who account for 25.2%; and
- those who are **Cushioned** (the most financially resilient group, with the highest levels of income and savings), accounting for 55.2%

Whilst the segmentation provides a useful overview of the different financial issues and behaviours associated with the three groups, the data highlighted in section 2.1 would suggest that caution should be taken in terms of applying these proportional splits to Barking and Dagenham's population. Given the profiles associated with these segments, it is likely that the Struggling and Squeezed groups are over-represented within the borough.

Further detail on the segment profiles is highlighted in Appendix 1, whilst a number of relevant documents can also be accessed at:

www.moneyadvice.service.org.uk/en/corporate/research:

May 2016:

- Market Segmentation – An Overview
- Market Segmentation – Technical Report
- Financial Resilience Segmentation Conference Slides
- The Squeezed Segment

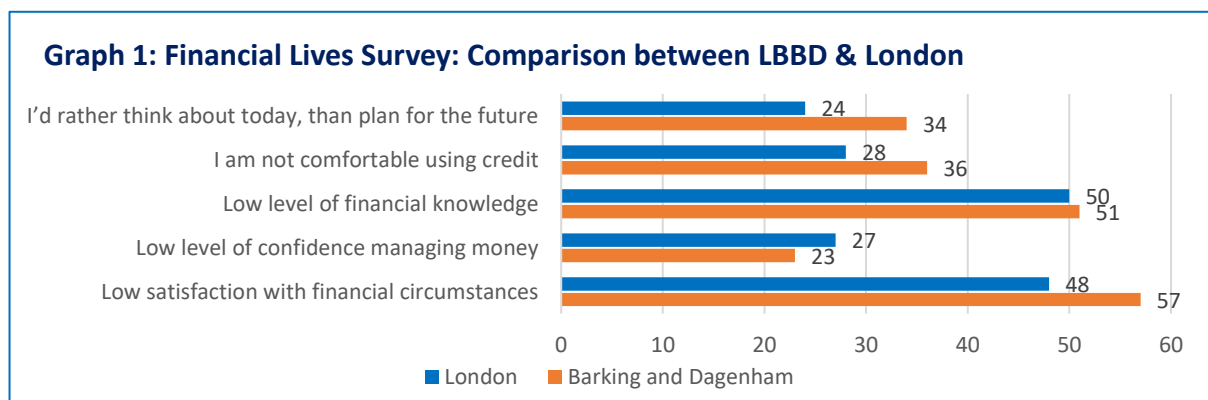
January 2019:

- Market Segmentation – Segment Infographics

2.2.2 Financial Lives Survey

The Financial Lives Survey is a large-scale survey of UK adults, undertaken by the FCA to aid their understanding of consumers in the retail financial markets they regulate, including in relation to their financial situations and their attitudes towards managing their money. It therefore provides some useful insight into levels of financial vulnerability and resilience.

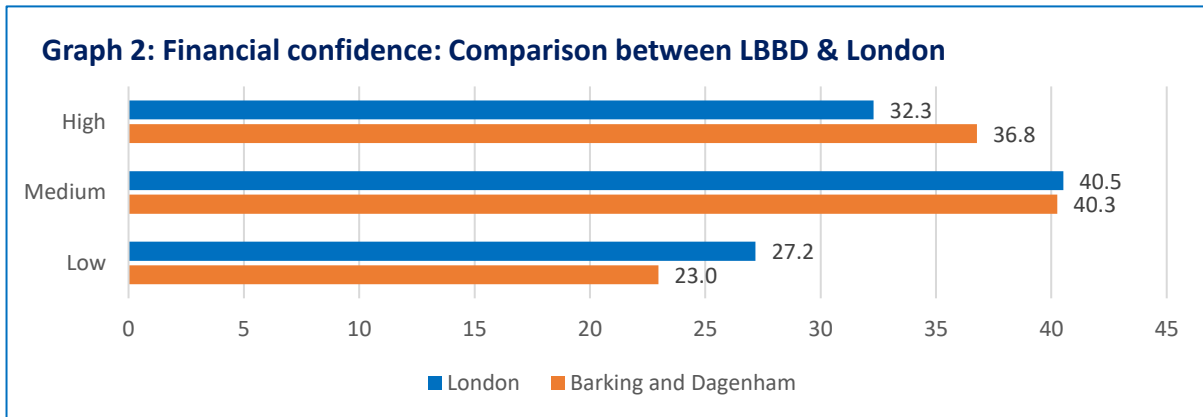
The 2017 study provides a number of findings for the UK as a whole and by a range of other geographic areas, including NUTS 3 areas (comprising counties or groups of unitary authorities). For the purposes of this report, statistics for the NUTS 3 area of Barking & Dagenham and Havering have been used, as highlighted in the graphs below:



The results highlighted in Graph 1 (above), suggest a fairly broad level of financial vulnerability exists across the borough, particularly given half of the population (51%) say they have a low level of financial knowledge, whilst 57% are not satisfied with their current financial circumstances.

It is interesting to note that whilst a quarter (23%) of residents highlight a low level of financial confidence, this is lower than the London-wide figure of 27%. In fact, when this is explored in further detail (graph 2 below), it corresponds to the fact that 37% of local residents indicate a high level of financial confidence, compared to 32% across London. This is despite similarly low levels of financial knowledge between the two and the fact that more residents in the borough highlight that they are not comfortable using credit and are more likely to take a short-term approach to managing their situation. This may therefore be the result of over-confidence bias and suggest that some residents highlight being more financially confident than they actually are.

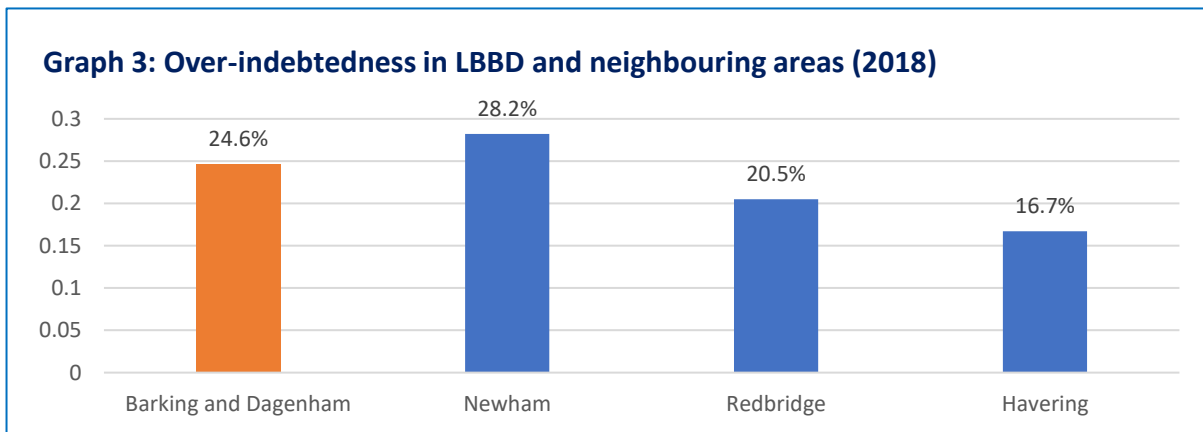
Additionally, the Financial Lives Survey report identified Barking and Dagenham as an area of the UK where higher proportions of adults than average have no savings or investments and are identified as being 'in difficulty' - those least financially resilient who in at least three of the last six months have missed paying domestic bills or meeting credit commitments – which would indicate low levels of financial resilience across the borough.



2.2.3 Over-indebtedness

Following on from the reference to people being ‘in difficulty’, as highlighted in the previous section, the Money and Pensions Service have also previously undertaken research (2018) to measure the levels of individual over-indebtedness across the country.

Over-indebted individuals are defined as those that either: find meeting their monthly bills / commitments a heavy burden; or have missed bill payments in three or more months out of the last six months.

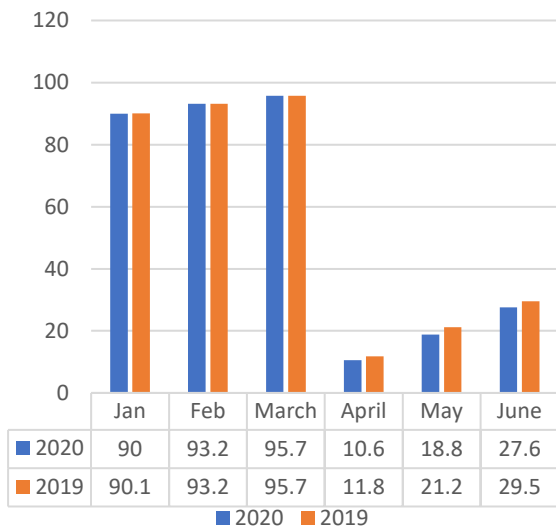


As Graph 3 highlights, a quarter of adults in Barking and Dagenham are identified as being over-indebted, that is they are finding their monthly bills a heavy burden and/or have missed payments in the last few months.

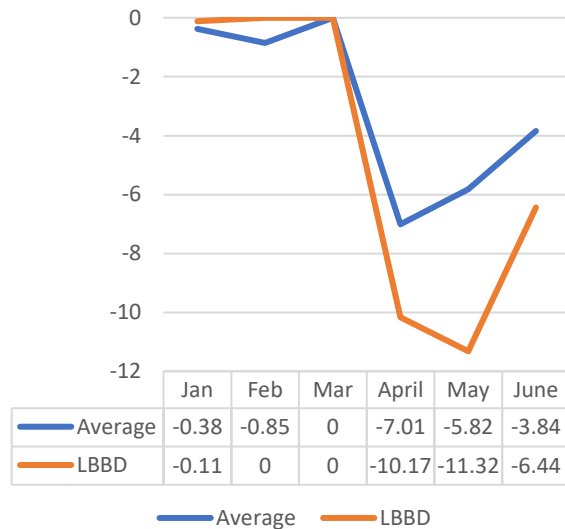
Council data highlights that last year (May 2019) over 10,000 households (with 30,000 inhabitants) across the borough owed debt to the council, in terms of council tax and/or rent arrears. The council identified that the average person in council tax arrears owed £1,700, and those in rent arrears, £583. It was also noted that individuals living in households with council tax debt are 300% more likely to experience homelessness than those who do not.

Additionally, the latest figures for Council Tax and Housing Rent collection rates (as detailed in graphs 4, 5 and 6 below), taken from LBBB's submission to the Financial Hardship Demand Dashboard, suggest that increasing numbers of local residents have begun to find their monthly bills a heavy burden over the last few months.

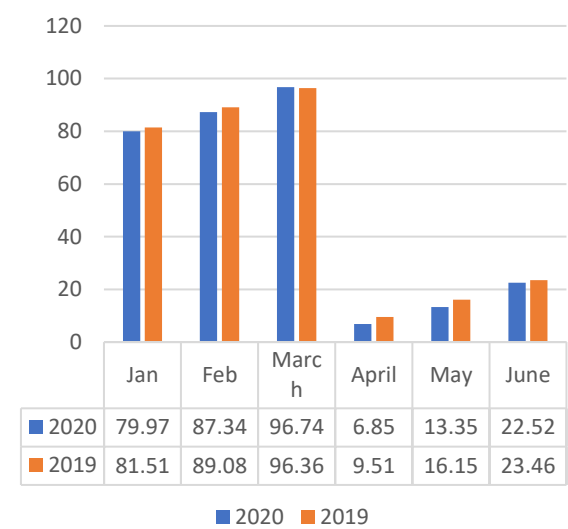
Graph 4: Council Tax Collection Rate (%)



Graph 5: % change in Council Tax Collection Rate (2020)



Graph 6: Housing Rent Collection Rate (%)



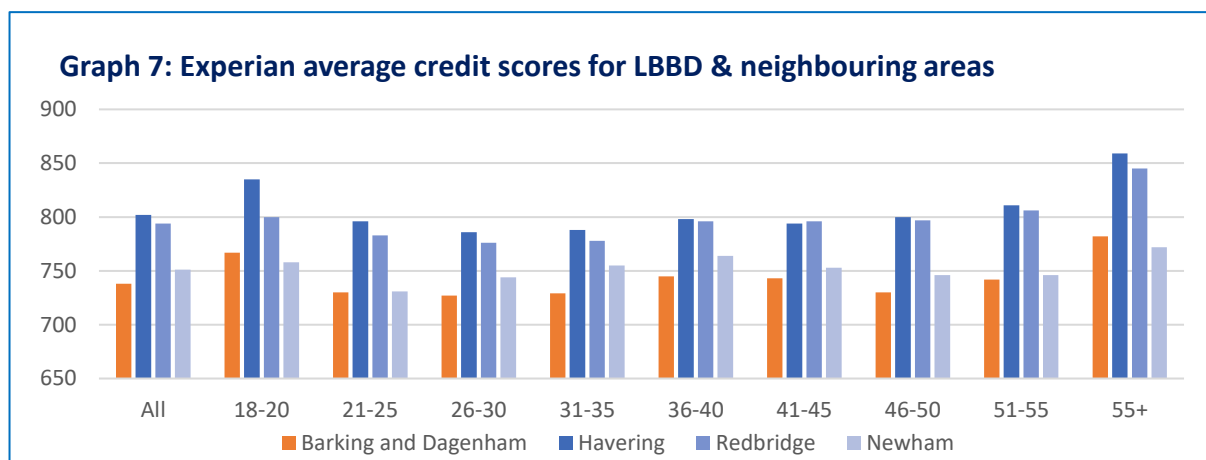
2.3 Credit Scores

Another indicator of potential financial vulnerability is an individual’s credit score, which highlights how likely you are to be accepted for credit, based on your credit report, which is a record of how you have handled credit in the past. Credit scores are determined by a large number of different factors, including debts, county court judgements and insolvencies which all drag down credit scores.

Experian, the credit reference agency, have mapped out the average credit score for 391 areas across the country. The average scores for Barking and Dagenham and neighbouring authorities are highlighted in table 2 and graph 7 below.

Table 2: Experian average credit scores for LBBD and neighbouring authorities

	All	18-20	21-25	26-30	31-35	36-40	41-45	46-50	51-55	55+
LBBD	738	767	730	727	729	745	743	730	742	782
Havering	802	835	796	786	788	798	794	800	811	859
Redbridge	794	800	783	776	778	796	796	797	806	845
Newham	751	758	731	744	755	764	753	746	746	772
UK	767	785	753	739	744	758	769	779	795	841



Credit Score

961-999	Excellent	881-660	Good	721-880	Fair	561-720	Poor	0-560	Very Poor
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Table 2 above highlights that as well as having the lowest average credit score for all adults compared to neighbouring authorities, Barking and Dagenham also has the lowest score across seven of the nine age ranges, from 21 to 55 years old. The lowest credit scores are 727 and 729 for those aged 26-30 and 31-35 respectively.

All of the average credit scores for Barking and Dagenham are classified as 'fair'. However, the average score for the borough of 738 is within the lowest 20% of the scoring range in the 'fair' classification, whilst of the nine different age ranges, four are within the lowest 10% and three, the lowest 20%. Essentially therefore, these scores are at the bottom end of the 'fair' classification, just above a poor credit score, which can have implications in terms of access to affordable and responsible financial services, including borrowing.

A fair credit score means that the credit reference agencies essentially think an individual is doing an okay job of managing their credit history, but some lenders will still see them as a risk. This means lenders could reject them for some of the best credit cards or loans, or even if accepted, it might be at a higher interest rate or for a lower credit limit, whilst even lower credit scores will present even further restrictions and barriers to affordable borrowing options.

The Experian Credit Score Map can be accessed at:

<https://www.experian.co.uk/consumer/credit-score-map-uk/>

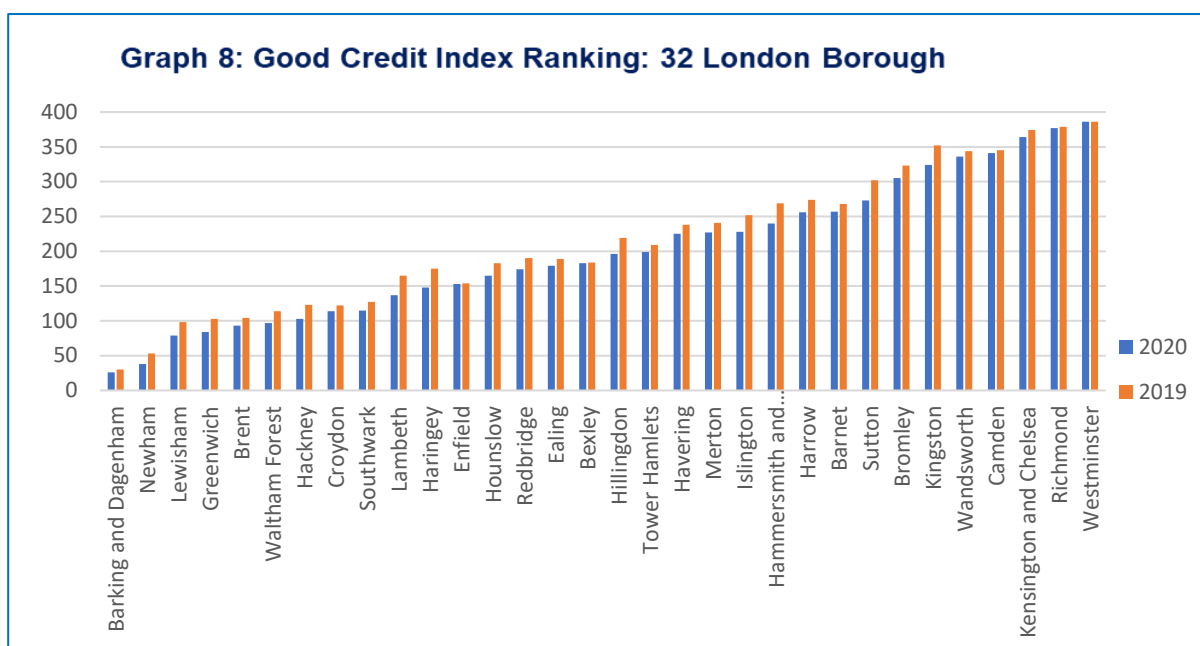
2.3.1 The Good Credit Index

The annual Good Credit Index, produced by Demos, maps access to good credit across the UK. Combining a number of public and private data sets measured at the local authority level, the Index is more granular and comprehensive than previously possible. It is divided into three strands:

- credit need (including variables such as income, the percentage of people struggling to keep up with bills and the volume of credit searches);
- credit scores (including; rates of CCJs and insolvencies as well as average credit scores); and the
- credit environment (the number of payday lenders and pawnbrokers but also bank branches and credit unions on the high street).

The Index ranks 387 local authorities in relation to their scores for these three strands. Higher Index scores relate to areas where the need for credit is lower and credit scores are high, whilst the authorities with the lowest Index scores are highlighted as 'credit deserts' – places where high need for credit coincides with low credit scores and an over-representation of unaffordable lenders.

As Graph 8 highlights below, Barking and Dagenham, with a rank of 26 out of 387, has the lowest ranking in the 2020 Good Credit Index out of the 32 London boroughs, whilst Westminster has the highest. This ranking for Barking and Dagenham reflects a high need for credit within the borough, but low resident credit scores and an over-representation of unaffordable lending options. Barking and Dagenham's ranking for 2020, is worse than the previous year, when it ranked 35. This deteriorating picture relates primarily to an increase in credit need, which is mirrored across London and has been principally driven by increasing levels of over-indebtedness.



The Good Credit Index and accompanying report can be accessed at:
<https://demos.co.uk/project/the-good-credit-index-2020/>

In summary, the data clearly evidences the scale of financial vulnerability and lack of resilience that exists across the borough, as characterised by low levels of financial knowledge, skills and confidence; high levels of over-indebtedness; lack of safety-net savings and low credit scores. This financial vulnerability will therefore have obvious impacts in terms of the financial issues and pressures faced by local households and the options that are available to them in terms of being able to access affordable and responsible financial services. Additionally, whilst this level of vulnerability existed pre Covid-19, the economic impacts of this crisis and increasing financial hardship will only exacerbate the scale and impact of this vulnerability across the borough.

Existing credit provision in LBBB

This section attempts to estimate the existing scale of high-cost subprime credit use in the borough and set that in the context of the two identified providers of more affordable credit in the borough, Liberty Credit Union and Fair Finance.

3.1 Subprime credit use in LBBB

The Financial Conduct Authority (FCA) identifies nine different types of non-mainstream credit. However, for the purposes of this analysis, the following main types of commercial non-mainstream credit have been specifically used to provide an estimate of subprime credit use within Barking and Dagenham:

Table 3 Subprime credit type	Typical APR	Examples
High-Cost Short-Term Credit ³ (HCSTC) • also referred to as payday / instalment loans.	1,200% APR	Lending Stream My Jar Satsuma
Home Collected Credit • also referred to as doorstep lending.	535% APR	Provident Morse Club
Rent to Own	119.9% APR	Brighthouse Perfect Home
Pawnbroking	69% APR	H&T Pawnbrokers Cash Converters

These are the types of credit where typical borrowers have low incomes and low credit scores, thus indicating restricted choice, and where APR's are high and payment periods short.

Table 4: Data on UK High Cost Credit Market (FCA):

	Annual number of customers	Annual loans	Annual value of loans
HCSTC	800,000	3,600,000	1.1 billion
Home Credit	700,000	1,700,000	1.3 billion

³ The FCA highlight that one of the main types of loan that falls within their definition of a HCSTC loan is a payday loan - traditionally repayable within 1 month, in a single instalment and attracting a very high APR. The HCSTC market also increasingly features loans which are of a longer duration than a month and repayable over several instalments (short-term instalment loans).

Rent to Own	200,000	600,000	0.6 billion
Pawnbroking	350,000	1,000,000	0.3 billion

<https://www.fca.org.uk/publication/feedback/fs17-02-technical-annex.pdf>

3.1.1 Estimating subprime credit use in LBB

Whilst detailed statistics are not available for local geographies (with the exception of high-cost short-term credit, highlighted below), utilising the national usage statistics via the FCA enables some reasonable estimates of local subprime credit use.

In addition, one area where the FCA has undertaken more detailed analysis of real-life data, is in relation to high-cost short-term credit (HCSTC), where they have mapped out the number and volume of HCSTC loans by postcode district for the period of Quarter 3 2016 to Quarter 4 2018. This data has been mapped against LBB postcode districts in table 4.

Table 5: Number and value of HCSTC loans in LBB between Q3 2016 and Q4 2018

Postcode District	Wards	Number of Loans	Total Loan Value	Loan Average
RM10	River; Parsloes; Eastbrook; Heath; Eastbury; Village	4713	1,284,154	272.5
RM9	Mayesbrook; Thames; Eastbury; Goresbrook; Heath; Albion; Parsloes; River	4116	1,089,538	264.7
RM8	Whalebone; Valence; Heath; Parsloes; Becontree; Mayesbrook	4659	1,264,176	271.3
RM7	Eastbrook	3304	890,484	269.5
RM6	Whalebone; Chadwell Heath	3285	922,822	280.9
IG11	Thames; Gascogne; Eastbury; Abbey; Longbridge; Becontree; Mayesbrook	5252	1,557,392	296.5
Total		25,329	7,008,566	276.7

<https://www.fca.org.uk/publication/foi/foi6305-information-provided.pdf>

This data highlights a total of just over 25,000 loans at a value of just over £7 million for the two- and half-year period. At an annual level therefore, approximately 10,132 loans at a total value of £2,803,426 were provided each year during this period. Using the data in tables 3 and 4 above, an estimate of annual high-cost credit use in Barking and Dagenham has therefore been produced, as detailed in table 5.

Table 6: Estimated High-Cost Credit Usage in Barking and Dagenham

Subprime lending type	Annual number of customers	Annual loans	Annual value of loans
HCSTC	2,240 (1.5% of LBBB adults)	10,080 - 10,132 (Av 4.5 loans per person)	£2.80 - £3.08 million (Av £306 & £277 per loan)
Home Credit	2,091 (1.4% of LBBB adults)	5,018 (Av 2.4 loans per person)	£3.84 million (Av £765 per loan)
Rent to Own	597 (0.4% of LBBB adults)	1,791 (Av 3 loans per person)	£1.79 million (Av £1,000 per loan)
Pawnbroking	1,046 (0.7% of LBBB adults)	3,033 (Av 2.9 loans per person)	£0.91 million (Av £300 per loan)
Total	5,974	19,922 – 19,974	£9.34 - £9.62 million

Source: <https://www.fca.org.uk/publication/feedback/fs17-02-technical-annex.pdf>

The analysis summarised in table 6, provides an estimate of approximately 6,000 annual users of high-cost credit across Barking and Dagenham, accessing approximately 20,000 loans at a total value of over £9.6 million. Whilst these figures are estimates, they are considered conservative estimates of high-cost credit use across the borough, given the exclusion of other non-mainstream credit sources, including illegal money lenders (detail below), where useable data is less readily available for analysis. Additionally, as the data relates to a pre-Covid19 period, it doesn't account for the increasing levels of financial pressure and hardship as a result of this crisis, which it is expected will significantly increase the need and demand for credit across the borough.

3.1.2 Illegal Money Lending

Money lenders have to be authorised by the Financial Conduct Authority (FCA) to lend money legally. Illegal money lenders (or loan sharks) are lenders who aren't authorised by the FCA and are therefore breaking the law. They often charge very high interest rates, provide very little paperwork and often take other illegal action to collect the money they have lent, such as threatening violence or taking away credit cards or valuables.

Understanding the true scale of loan shark activity, both nationally and at a more local level, is extremely difficult. Due to the criminal nature of this activity, the extent to which people use such services is difficult to quantify, as it generally remains unreported. However, the national Illegal Money Lending team estimate that 310,000 people are in debt to illegal money lenders in the UK. Additionally, they also warn of potentially increased loan shark

activity in response to increasing levels of financial pressure and hardship as a result of the Covid-19 crisis.

In relation to Barking and Dagenham, the profile of loan shark victims provided by the Illegal Money Lending team (detailed in Appendix 4), which is characterised by low incomes and high levels of vulnerability, would suggest that the borough provides a typical environment in which loan sharks operate in, taking advantage of the high levels of financial hardship and restricted choice available to local residents.

3.1.3 The financial cost of sub-prime lending in LBBD

Using the above average costs together with the estimated scale of lending figures highlighted in section 3.1.1, the annual total costs for the four credit types have been estimated within Barking and Dagenham, as detailed in table 7 below. These estimates have been produced using relevant online lending examples, identified via desktop research.

Subprime lending			Alternative lending via a Credit Union			
Average loan size	Interest charged	Total amount paid back	Typical APR	Equivalent interest	Potential amount saved	
HCSTC ⁴	£277	£274	£551	42.6 %	£25	£249
Home Credit ⁵	£765	£667	£1,432	42.6 %	£54	£613
Rent to Own ⁶	£1,000	£536	£1,536	42.6 %	£140	£396
Pawnbroking ⁷	£300	£105	£405	42.6 %	£13	£92

⁴ Based on a £277 loan paid back over 1 year (52 weeks), from Satsuma Loans - <https://www.satsumaloans.co.uk>

⁵ Based on a £765 loan paid back over 1 year (52 weeks) weeks, from Provident - <https://www.providentpersonalcredit.com>

⁶ Based on £1,000 of goods paid back over 2 years (104 weeks) from Rent2Buy - <https://www.rent2buytv.co.uk>

⁷ Based on a £300 loan paid back over 7 months from – www.pawnbrokeronline.co.uk

Table 8: Estimated total cost of subprime lending in LBB compared to a credit union

Subprime lending					Alternative lending via a Credit Union		
	Number of annual loans	Annual value of loans	Estimated total interest	Estimated total amount paid back	Estimated total interest	Estimated total amount paid back	Potential amount SAVED
HCSTC	10,080	£2,792,160	£2,761,920	£5,554,080	£252,000⁸	£3,044,160	£2,509,920
Home Credit	5,018	£3,838,770	£3,347,006	£7,185,776	£270,972⁹	£4,109,742	£3,076,034
Rent to Own	1,791	£1,791,000	£959,976	£2,750,976	£250,740¹⁰	£2,041,740	£709,236
Pawnbroking	3,033	£909,900	£318,465	£1,228,365	£39,429¹¹	£949,329	£279,036
Total	19,922	£9,331,830	£7,387,367	£16,719,197	£813,141	£10,144,971	£6,574,226

These figures highlight the scale of interest payments that are likely to be made in relation to high-cost lending activity across the borough, with an annual loan value of at least £9.3 million generating a total amount paid back of £16.7 million. It is therefore estimated that a minimum of £7.4 million (80% of the amount borrowed) is being spent by local residents each year to meet the interest payments on their loans.

To provide a comparison, the research team has estimated the equivalent lending costs for the borough, had all this lending been affordably and responsibly sourced via a credit union instead (at 42.6% APR). In this instance, the same number and value of loans would generate a total amount of £10.1 million to be paid back, with the level of interest equalling approximately £0.8 million, 9% of the amount borrowed with a total potential saving calculated at £6.6 million each year.

⁸ Based on a £277 loan paid back over 1 year (52 weeks) from Credit Union at 42.6% APR

⁹ Based on a £765 loan paid back over 1 year (52 weeks) from a Credit Union at 42.6% APR

¹⁰ Based on a £1,000 loan paid back over 2 years (104 weeks) from a Credit Union at 42.6% APR

¹¹ Based on a £300 loan paid back over 7 months from a Credit Union at 42.6% APR

The loan analysis provides an estimate of the total amount of interest that is being paid by residents in Barking and Dagenham each year when they access high-cost credit - approximately 80% of the total loan value of £9.3 million is paid back in interest payments. By comparison, supporting local residents to access more affordable and responsible sources of local credit, could potentially reduce these interest payments by approximately 90%, providing borrowers in the borough with an additional annual total of £6.6 million in disposable income.

3.1.4 Subprime borrower profiles

Typical customer profiles for the four subprime credit types together with illegal money lending) are detailed in Appendix 4.

Table 9: Typical customer profiles for the four subprime credit types

	HCSTC	Home Collected Credit	Rent to Own	Pawnbroker	Illegal Money Lending
Gender (typical)	Male	Female	Female	Female	Male
Median Average Age	32	42	36	39	35-54
Employment status	Working (F/P time)	Unemployed	Unemployed	Unemployed	Unemployed
Median Income (Net)	£20,000	£15,500	£16,100	£15,000	Under £15,000
Housing tenure	Rented	Socially rented	Rented	Socially rented	Socially rented
Credit score	Fair/poor	Poor / Very Poor	Very Poor	Very Poor	Poor / Very Poor

3.2 Affordable credit provision - Liberty Credit Union

3.2.1 Credit Union sector summary

Over the last decade, credit union use has grown significantly across the UK. Between 2007 and 2017, membership grew by 167%, lending by 198% and deposits by 232%, resulting in credit unions becoming an increasingly important and valued part of the financial landscape.

At the end of 2019, there were 280 credit unions across England, Scotland and Wales, with 1.4 million members, total assets of £1.8 billion and total loans of £1.1 billion. During the preceding 12 months, membership increased by 2.8% and loans by 9%.¹²

Within the sector, credit unions themselves are incredibly diverse and varied, ranging from the smallest with just a few hundred members through to the largest providing services to over 40,000 members. Broadly, they can be split into three groups: those providing a basic offer, characterised by a traditional outlook and limited service provision; those providing a standard offer, characterised by a good range of services, but with some gaps in terms of products and full digital access, and those providing an advanced offer, characterised by financial strength, strong leadership, a dynamic and forward-thinking approach and a comprehensive suite of affordable financial products and services.

At this end of the scale, significant digitalisation and professionalisation has been taking place within credit unions over the last few years. A range of technological developments has underpinned this change, which means that online membership applications, remote ID verification, online, telephone and mobile transactional banking, automated loan application and decisions, current account facilities and issuing payment cards allowing cash deposits and withdrawals locally are all being applied by the more modern credit unions to service their growing membership. Increasingly therefore, credit unions are becoming more competitive and providing services to a more diverse customer base. A number of the larger credit unions are also open to the 'white labelling' of services, by establishing a different trading name for services delivered to members in different geographies for example. This is common practice within the financial services industry and it could provide LBBD with an opportunity to develop a brand and trading name that resonates with the borough's residents.

3.2.2 Overview of Liberty Credit Union

Liberty Credit Union (LCU) is the only credit union provider that currently delivers in the borough. It also operates across the neighbouring boroughs of Havering and Redbridge. It provides savings and loans to its self-stated 3,750 members.

Launched in 2003, LCU only began delivering in Barking and Dagenham in 2011 as a result of investment from the Council over several years to amend its operations to cover the borough.

¹² Association of British Credit Unions - <https://www.abcul.coop/credit-unions/credit-unions-facts-and-statistics>

3.2.3 Products and service delivery

Product offer:

The credit union offers the most traditional product range of basic savings and loan products with no other financial services or support.



www.lcu.org.uk/loans/apply-now/

Savings – the credit union offers a single savings account for all members and doesn't appear to offer different saving accounts for different saving purposes or goals (such as Christmas or holidays). Depositing can be made by cash or cheques at the branch office or setting up a regular standing order.

Loans – there is very limited information about LCU loan products. It operates a very traditional model of lending¹³ where loans can only be made to existing members who have saved with the credit union for an initial qualifying period of three months. Loans are charged between 12.7% APR and 26.8% APR but there doesn't appear to be any information on when the different interest rate is charged and there is also an unusual loan administration charge.¹⁴

Service delivery channels:

Liberty Credit Union appears to operate a very basic delivery that relies heavy on face-to-face services with limited online delivery.

Branch office - LCU has its main offices in Barking¹⁵, which provides customer facing branch services for local households. Prior to



¹³ This contrasts with the risk-based lending approach taken by most credit unions – where a lending assessment is made based on the applicant's ability to repay– so that loans can be made to both new and existing members based on creditworthiness and affordability assessment without the requirement to save in advance.

¹⁴ Administration loan charge of £5 for loans up to £2,000 and £10 on loans over £2,000.

¹⁵ Barking branch address: Unit 38, Vicarage Field, Ripple Road, Barking IG11 8DQ

Covid-19, it was open six days a week but has continued to remain closed to the public.¹⁶

Digital delivery – from a desk-based review of the LCU website, compared to other credit unions, LCU has extremely limited online service delivery with a poor quality non-responsive website (www.lcu.org.uk) with no mobile app facility.



It also has very little use of digital technology beyond being able to have basic online account checking¹⁷ and apply for membership online - but it appears that applicants still have to take identification to branches for verification. There is no ability for loan applications to be made online with the only method to print off their application form and take it in person to the Barking branch.

The credit union does have a limited social media presence on Twitter with 665 followers and Facebook with 65 followers – but it has not posted since January 2020 and October 2015 respectively.

www.lcu.org.uk/loans/

Payroll deduction - LCU has payroll partnerships with the three local authorities including LBBB that allows Council staff to save and make loan repayments via salary deductions. Nevertheless, take-up within LBBB has been consistently very low with less than 1% of the workforce taking advantage of this service.

Table 10: LBBB Payroll Deduction Figures	May 2020	May 2019
Number of participating LBBB staff	48	48
Total deductions value (savings deposits & loan repayments)	£4,497.00	£4,556.00
Average deduction per LBBB staff	£94	£95

3.2.4 Overall appraisal/assessment

Advantages:	Disadvantages:
Already established and delivering savings and loan services to LBBB residents.	Very traditional operating model with narrow range of financial products and services.

¹⁶ As at 03 September 2020.

¹⁷ Allowing registered users to check account balances, print off statements and to send online enquiries.

Branch office located in the borough.	Limited adoption of technology and digital delivery – with basic/poor website that still relies heavily on manual / face-to-face operations.
	Limited ability to provide credit to the low-income / financially vulnerable household at the point of need. Applicants must become a member first and save for a number of months before being able to apply for a loan.
	Manual process to apply for membership and loans – with need to print forms and take into branch with no external credit/affordability checks for remote servicing.
	Poor brand and limited internal or external promotion / communication.

3.3 Affordable credit provision – Fair Finance CDFI

3.3.1 CDFI sector summary

There are approximately 50 not-for-profit Community Development Finance Institutions (CDFI) operating across the UK. The majority focus on delivering lending to small businesses and social enterprises, particularly those in deprived areas that are unable to access mainstream finance to start-up, innovate and grow.

Fair Finance is one of just ten CDFIs offering personal lending to the most financially excluded. Collectively, these CDFIs delivered approximately 45,000 personal loans totalling £26 million to individuals in 2018, that Responsible Finance, the CDFI trade body, calculates saved low-income households over £7.5 million in interest payments¹⁸.

Over the last five years, personal lending levels have stagnated with the number of annual loans tending to remain between 40,000 and 50,000 personal loans and total personal lending between £20 and £25 million.¹⁹

These CDFIs provide short-term unsecured loans with interest rates ranging between 75% to 250% APR. In addition to lending, some CDFIs also deliver savings accounts provided by a partner bank or credit union and money/debt advice services.

¹⁸ Responsible Finance (2020) – The Industry in 2019.

¹⁹ Community Finance Solutions at University of Salford (2020) - Scaling up the UK personal lending CDFI sector.

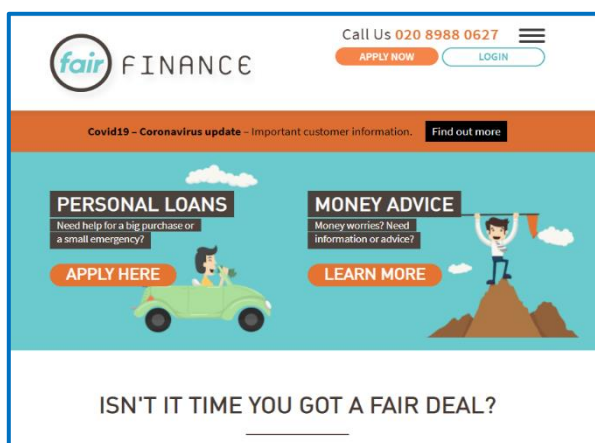
3.3.2 Overview of Fair Finance

Established in 2005, Fair Finance is one of the longest established and well respected CDFIs in the country, operating primarily in London (but also nationally via online delivery channels) offering personal loans and debt advice from its two branches in Dalston and Brixton²⁰.

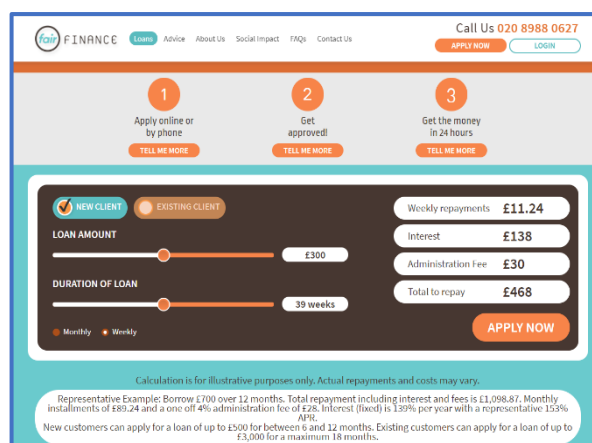
According to its most recent annual accounts²¹, in 2017/18, it lent 4,550 loans with a total value of £3.9 million that saved over £2.3 million in interest for its clients who have a mean income of £16,000 and 45% are in receipt of benefits.

3.3.3 Products and service delivery

Fair Finance only provides personal loans and does not offer any other savings or banking products. Its loans range between £100 - £3,000 with repayment terms over 6 - 18 months²² with a representative 153% APR.



www.fairfinance.org.uk/



www.fairfinance.org.uk/personal-loans/

Lending is delivered either in one of their two branches (which remain close to customers due to Covid-19) or via telephone or online application at www.fairfinance.org.uk/personal-loans

3.3.4 Local provision

Fair Finance publishes details of its lending in each postcode area that shows that since 2007, it has provided 1,373 small value loans worth over £1.11 million to households in LBB D localities.

Over the latest three years, up to and including 2018, it delivered an annual average of 222 loans totalling £205,000 (with a typical loan value of £910) to LBB D residents.

²⁰ It appears to have recently closed its third branch in East Ham.

²¹ <https://www.fairfinance.org.uk/wp-content/uploads/2018/07/Fair-Finance-annual-report-2018.pdf>

²² New customers can apply for a first loan of up to £500 and repay between 6-12 months

Table 12: Fair Finance annual lending in LBBD postcodes (2018)

Postcode District	Wards	Number of Loans	Total Loan Value
RM10	River; Parsloes; Eastbrook; Heath; Eastbury; Village	46	£53,860
RM9	Mayesbrook; Thames; Eastbury; Goresbrook; Heath; Albion; Parsloes; River	36	£38,950
RM8	Whalebone; Valence; Heath; Parsloes; Becontree; Mayesbrook	32	£26,435
RM7	Eastbrook	8	£6,775
RM6	Whalebone; Chadwell Heath	23	£19,060
IG11	Thames; Gascogne; Eastbury; Abbey; Longbridge; Becontree; Mayesbrook	101	£94,614
Total		246	£239,694 (av loan £974)

<https://www.fairfinance.org.uk/map/interactive-map/>

3.3.5 Overall appraisal/assessment

Fair Finance has been providing borrowing across Barking and Dagenham for over a decade. It is a well-run and well-respected not-for-profit lender that could form a part of the affordable finance offer within the borough, particularly for the most financially vulnerable households that are unable to access borrowing via a credit union.

Advantages:	Disadvantages:
Track record of delivering loans to LBBD residents over the last 10 years (without partnership working).	Does not offer holistic financial service – only delivering loans (without any savings or other financial products).
Ability to lend remotely online or via telephone.	CDFIs have to raise their own lending capital (not regulated to accept saving deposits).
CFDI can set interest at whatever rate thus enabling it to lend to lower income / more financially vulnerable households.	Reputationally more challenging to justify support for interest rates of 153% APR (even though demonstrably much cheaper than subprime).
Fair Finance offers debt advice service.	
Strong reputation nationally.	

Affordable Finance Requirements

This section outlines the aspiration for what affordable finance provision in Barking and Dagenham could look like. It offers an overarching vision and set of objectives for this work within the context of the Councils existing strategies before highlighting the portfolio of financial products and services as well as delivery mechanisms that should be expected to be delivered to help meet short-term crisis response and longer-term rebuilding of household finances.

4.1 Vision and objectives

An overarching vision for affordable finance in the borough has been formulated with four related objectives as a starting point for further refinement and future confirmation.

Vision: Fair, affordable and appropriate financial products and services are available to every LBBB household.

Objective 1:
Nobody is held back because of their financial situation.

Objective 2:
We keep more money within residents' pockets and our local economy.

Objective 3:
Build the financial resilience & confidence of the borough.

Objective 4:
Everyone can access support to meet their financial needs and aspirations.

Addressing the identified lack of affordable finance in the borough aligns well with LBBB's overall strategy of:

- **Prioritising early intervention** that proactively engages residents with holistic support.
- **Inclusive growth** that addresses poverty and debt so that no one is held back by their financial situation.
- **Building long-term resilience** that reduces the risk of financial issues becoming more complex and costly.

4.2 Product and service portfolio

4.2.1 Saving products

Basic: Very limited savings offer, often just membership savings account available.

Standard: Range of saving accounts available, to cater for different customer groups, including young savers.

Advanced: Diverse range of savings accounts available, including specifically branded accounts to encourage saving for particular reasons (such as Christmas, holiday or wedding), prize-linked savings schemes and in some instances cash ISA's. Provides even greater customer choice and incentive to save.

Range of Saving Products

Main saving account
Core saving account that every member is required to have.

Specific saving accounts
Christmas.
Holiday.
Education.

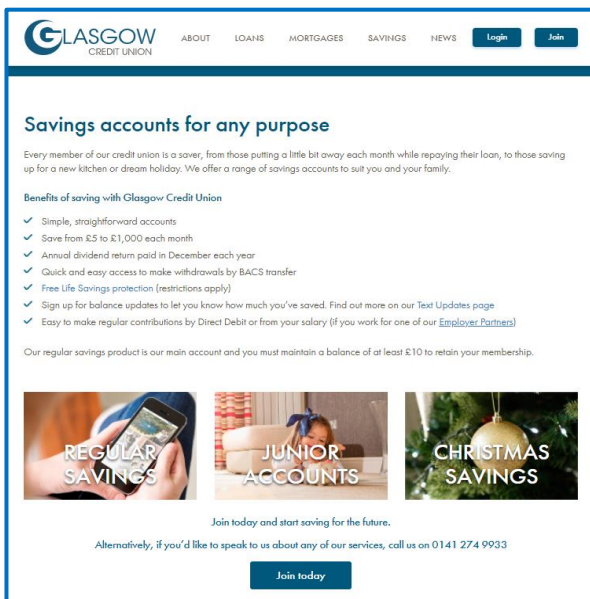
Junior accounts
Saving accounts specifically for children and young people.

Prize Saver
Collaborative scheme across 20+ CUs – monthly prize draw for each £1 saved.

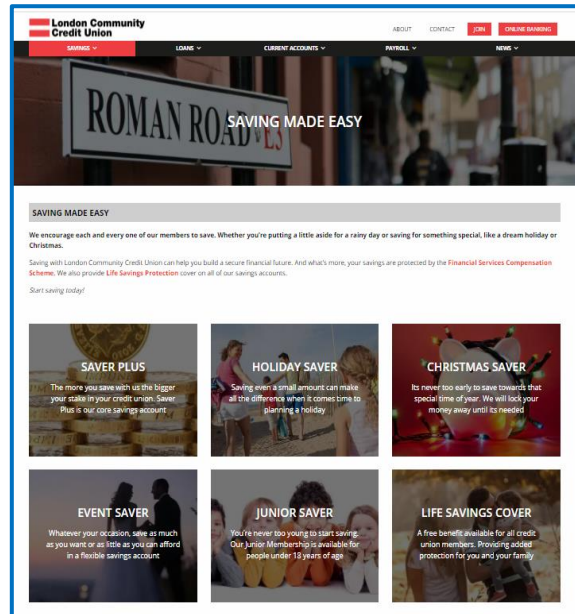
Individual Saving Accounts (ISAs)
Tax free saving accounts with fixed interest.



www.prizesaver.co.uk/



www.glasgowcu.com/savings/



www.londoncu.com/savings/



www.bristolcreditunion.org/cash-isa

4.2.2 Affordable credit

Basic: Limited and traditional loan offer, often requiring a saving history before a loan can be made, thus reducing access to affordable credit at a time of crisis.

Standard: Good range of affordable loan products at different rates of interest, to cater for different customer groups. Low level and instant access loans available, alongside specifically branded loans, such as home improvement loans.

Advanced: Extensive range of affordable loan products, catering for a wide range of customers, as well as the opportunity for mortgage provision and the development of tailored new loan products to meet partner requirements (for example Eviction Prevention interest-free loans with Councils/HAs).

Range of Loan Products

Instant access loans
Loans between 4% and 42.6% APR.
Secured/unsecured.
Based on capacity to repay (affordability / credit checks).
Borrow from £100 - £25,000.
Weekly/monthly payments.
No early repayment charges.

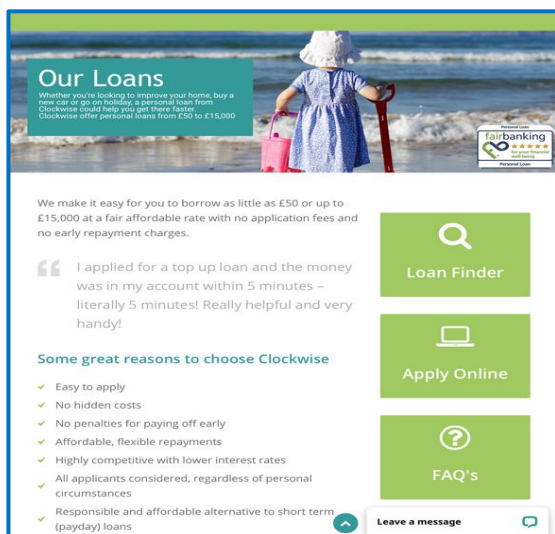
Child Benefit loans
Typically, small value loans £100-£1,000 to lowest-income.
Borrower repays via DWP CB payment.

Revolving credit
Continuous credit limit like an overdraft/credit card with funds when required.

Payday loans
Provision of automated short-term credit over 1-9 months.

Save as You Borrow loans
Special loans that require saving as part of the repayment that builds saving assets.

Homeless Prevention loans
Council backed interest-free loans for those facing eviction.



Our Loans
Whether you're looking to improve your home, buy a new car or go on holiday, a personal loan from Clockwise could help you get there faster. Clockwise offer personal loans from £50 to £15,000.

We make it easy for you to borrow as little as £50 or up to £15,000 at a fair affordable rate with no application fees and no early repayment charges.

I applied for a top up loan and the money was in my account within 5 minutes – literally 5 minutes! Really helpful and very handy!

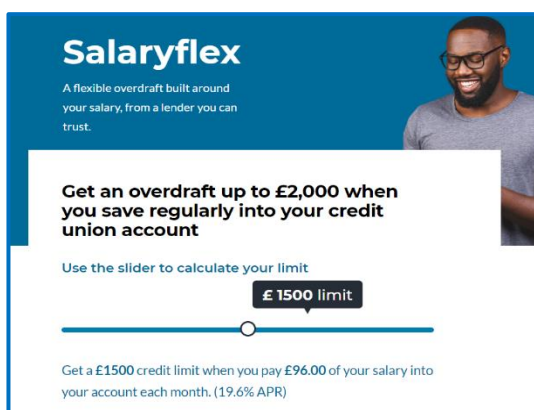
Some great reasons to choose Clockwise

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- ✓ Highly competitive with lower interest rates
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- ✓ Responsible and affordable alternative to short term (payday) loans

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www.clockwise.coop/loans



Salaryflex
A flexible overdraft built around your salary, from a lender you can trust.

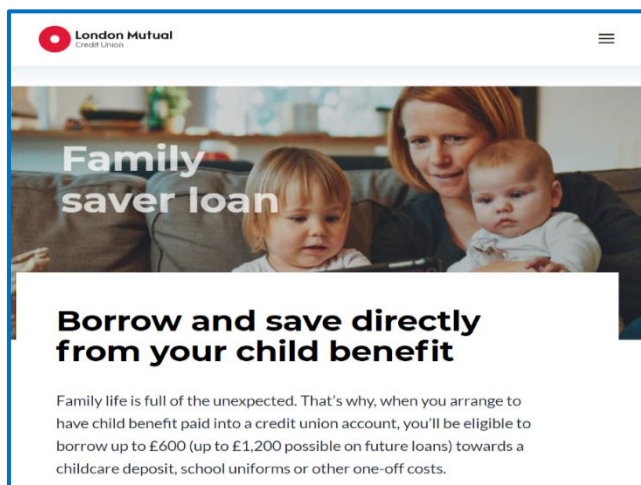
Get an overdraft up to £2,000 when you save regularly into your credit union account

Use the slider to calculate your limit

£1500 limit

Get a £1500 credit limit when you pay £96.00 of your salary into your account each month. (19.6% APR)

www.creditunion.co.uk/loans/salaryflex/



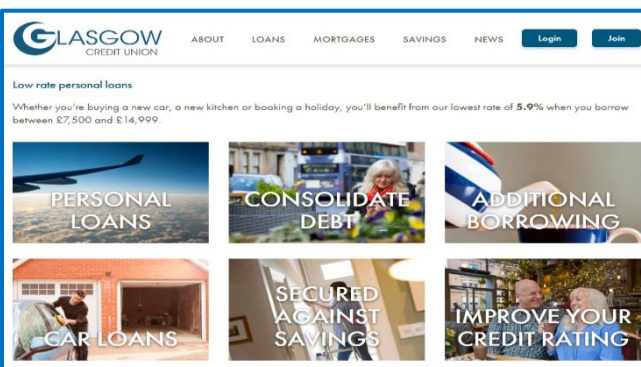
London Mutual Credit Union

Family saver loan

Borrow and save directly from your child benefit

Family life is full of the unexpected. That's why, when you arrange to have child benefit paid into a credit union account, you'll be eligible to borrow up to £600 (up to £1,200 possible on future loans) towards a childcare deposit, school uniforms or other one-off costs.

www.creditunion.co.uk/loans/child-benefit-savings-loans



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PERSONAL LOANS | CONSOLIDATE DEBT | ADDITIONAL BORROWING
CAR LOANS | SECURED AGAINST SAVINGS | IMPROVE YOUR CREDIT RATING

www.glasgowcu.com/loans

4.2.3 Banking and budgeting accounts

- Basic:** No budgeting or current account services.
- Standard:** Some budgeting accounts available with pre-paid cards, designed to help with money management and bill payment.
- Advanced:** Full range of banking products available, including fully functional current accounts providing a debit card and flexible access to cash machines.


Banking Products

CU Current Account

Functionality of any CA with own sort/act number
 Receives all benefit / salary / pensions
 Cash via LINK ATM
 Debit card payments
 Pay bills via DD/SO
 No hidden charges /overdraft fees
 Free/monthly fee £1-£10.

Pre-Paid/Budget Account

Account receives all benefit / salary / pensions
 Member agrees rent and bill and prioritises payments.
 Residue allocated to a pre-paid card
 Cash at ATM or debit card payments
 Can be released weekly/ fortnightly/monthly.
 Usage charges.



Take control of your finances with a London Mutual current account.


Our credit union current accounts provide everything you'd expect from a bank account, with a convenient debit card, the ability to set up direct debits, and access to cash machines both here and while on holiday.

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If you are already a credit union member and you wish to open or upgrade your current account, please confirm your preferred option below.

If you are not a member yet [join us here](#).

You will need to upload proof of ID and proof of address. See our [examples of acceptable documentation](#).

BRONZE	SILVER	GOLD <small>our top choice</small>	PLATINUM
a basic account that can accept payments like wages or benefits	manage regular payments with standing orders or Direct Debit	with contactless Debit Mastercard to make banking easy	our premium account offer for those looking for limitless banking
<ul style="list-style-type: none"> <input checked="" type="checkbox"/> branch cash withdrawals <input checked="" type="checkbox"/> online and phone banking <input checked="" type="checkbox"/> regular statements online <input type="checkbox"/> no Direct Debit / standing orders <input type="checkbox"/> no debit card <input type="checkbox"/> no ATM use <p style="text-align: center;">FREE</p>	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Direct Debit / standing orders <input checked="" type="checkbox"/> branch,online, phone access <input checked="" type="checkbox"/> regular statements online <input type="checkbox"/> no debit card <input type="checkbox"/> no ATM use <p style="text-align: center;">£3 per month</p>	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> contactless Debit Mastercard <input checked="" type="checkbox"/> Direct Debit / standing orders <input checked="" type="checkbox"/> branch, online, phone access <input checked="" type="checkbox"/> regular statements online <input type="checkbox"/> 5 ATM withdrawals, 5 ATM balance inquiries per month <p style="text-align: center;">£5 per month</p>	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> unlimited ATM use <input checked="" type="checkbox"/> contactless Debit Mastercard <input checked="" type="checkbox"/> Direct Debit / standing orders <input checked="" type="checkbox"/> branch,online, phone access <input checked="" type="checkbox"/> regular statements online <p style="text-align: center;">£10 per month</p>

www.londoncu.com/current-account

4.2.4 Other financial products and services

Other financial products and services

Free life insurance

Some CU provide free life insurance that cover savings and loans

Range of insurances

CU offering other insurances including: funeral plans, home contents, motor & travel.

White goods / furniture

Specific scheme offering loans for goods delivered direct to member.

Mortgages

Largest CU are able to provide mortgage lending. Fixed or variable rates



Lottery

A number of CU run their own lottery with charitable giving to local causes.

Business Accounts and Loans

CU can deliver deposit accounts and lending for businesses


FANTASTIC DEALS ON ELECTRICAL GOODS

With the Credit Union you can avoid paying the high interest rates charged by the weekly repayment stores. We have teamed up with Co-operative Electrical to bring you an affordable alternative.

Follow these easy steps:

- Go to www.coopelectricalshop.co.uk and choose your products
- Fill in the products and codes you want on the reverse of this form. Alternatively, if you would like the special offer bundle, please tick the appropriate box on the reverse
- Complete a Credit Union Loan & Membership Application Form (if you want to purchase a product from your savings please email the address below)
- Post or hand in your completed loan application and your completed product form to the staff at any Credit Union branch
- Once your loan is approved, we will call you to organise payment and fast delivery
- Pay us back with affordable weekly or monthly repayments at a low interest rate



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Terms And Conditions
How To Apply

Transparent And Fair Business Loans

North London Credit Union unsecured loans provide a straightforward way to finance improvements to your business, if you have been trading for two years or more. Affordable, fixed monthly repayments can help to minimise the impact of a large purchase on your day to day cash flow. With fixed interest rates for the life of the loan, you don't need to worry about sudden changes in

- ✓ Borrow between £2,500 to £15,000
- ✓ Interest 1.5% monthly (19.6% APR)

www.northlondoncreditunion.co.uk/for-business/business-loans/



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Home » Free Insurance on Savings and Loans

Free Insurance on Savings and Loans

One of the unique benefits of credit union membership is the fact that your Savings and Loans are covered by free life cover (Subject to terms and conditions – see below). All members who qualify for insurance are included for coverage automatically, you do not need to sign up for insurance to start.

Free Life Savings Cover

What is Covered?

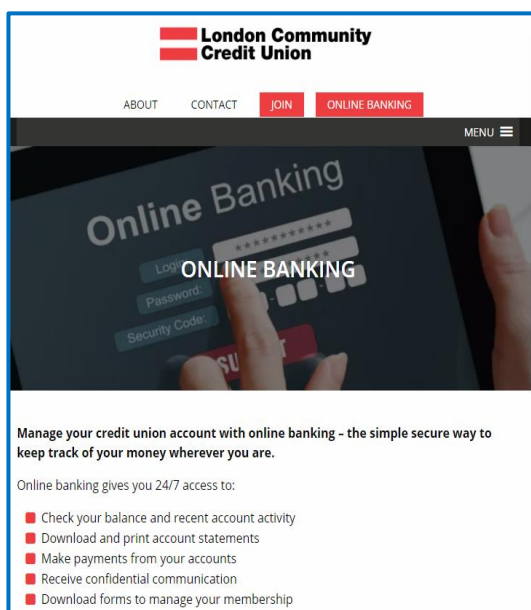
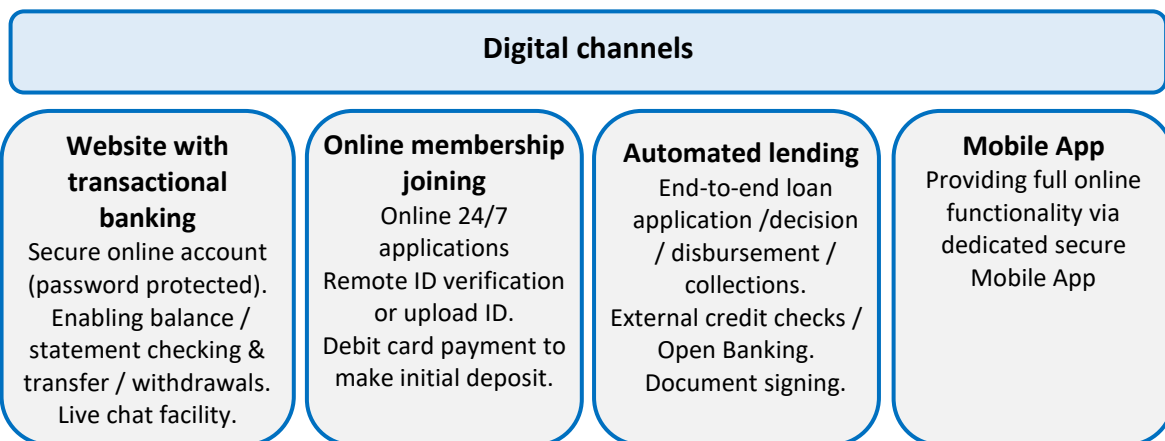
The level of that protection is subject to your age when you deposited your shares and is proportionate to the amount saved. It does not decrease as you grow older provided that the deposit remains in the your's savings account.

www.cambrianacu.com/en/free-insurance-savings-loans/

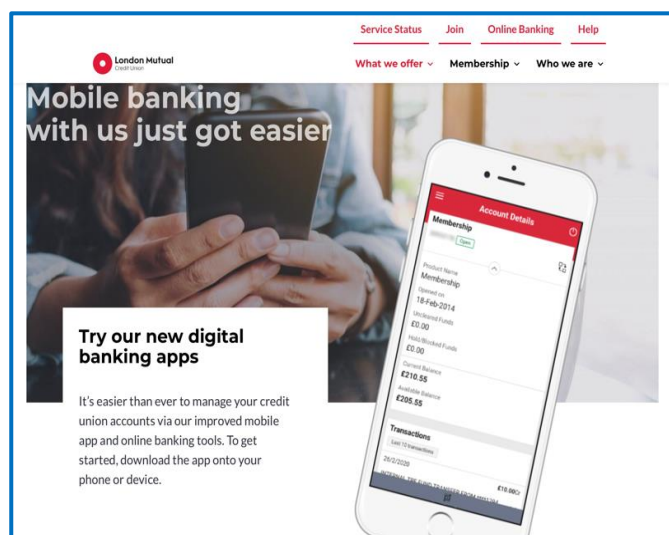
4.3 Potential service delivery mechanisms

4.3.1 Digital banking access and tools

- Basic:** Basic informational website with limited functionality and no transactional banking facilities, except maybe online membership application forms.
- Standard:** Good, attractive website with range of digital banking tools, providing online account management, including: check account balances; view statements; transfer money; apply for loans and other products; update details and send and receive messages.
- Advanced:** Excellent, professional website, comparable to commercial competition. Full range of digital banking tools including mobile app, providing comprehensive online access and account management.



www.londoncu.com/online-banking/



www.creditunion.co.uk/digital-banking/

CAMBRIAN
SAVINGS & LOANS
Supporting Communities

MEMBERSHIP | SAVINGS | **LOANS** | PAYROLL SAVINGS | OTHER SERVICES | ABOUT US | CONTACT US

Home > Loans > Loans under £2000

Loans under £2000

See how much you can borrow (and what it'll cost) with our online loan calculator – for loans under £2000 use the calculator below:

How much do you want to borrow?
 £1,000.00

How much can you repay each month?
 £105.00

12 monthly repayments of **£100.22**

Total repayment: £1,202.59
 Total interest: £202.59
 (APR: 42.60%)

APPLY NOW

www.cambriancu.com/en/loans/loans-under-2000/

NORTH LONDON CREDIT UNION

New Membership

Apply for a North London Credit Union membership

Complete the form below then we will contact you with your membership details.

www.northlondon.cuaccount.com/join/

COMMUNITY FIRST
SAVINGS AND LOANS CREDIT UNION

MOBILE BANKING > MOBILE BANKING

On the Move? Manage your money anywhere, anytime.

Your Credit Union has now made it easier for you to manage your money 'on the go' and in a way that is convenient to you. All you need to do is download the Mobile App to securely check your balances, pay bills and internally and externally transfer funds.

Available on the **App Store**

GET IT ON **Google Play**

To download the app today please select either link above or go directly to the App Store or Google Play Store.

This facility is open to all members who have registered for Online Access. To register for Online Access click here.

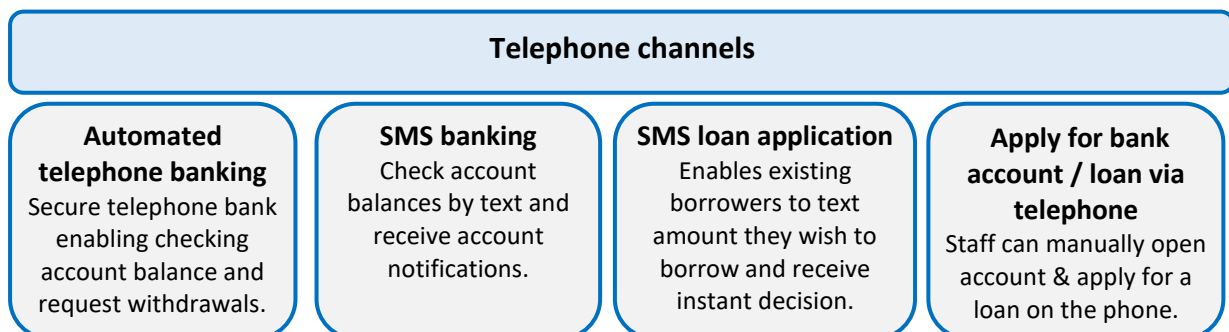
www.communityfirstcu.co.uk/mobile-app

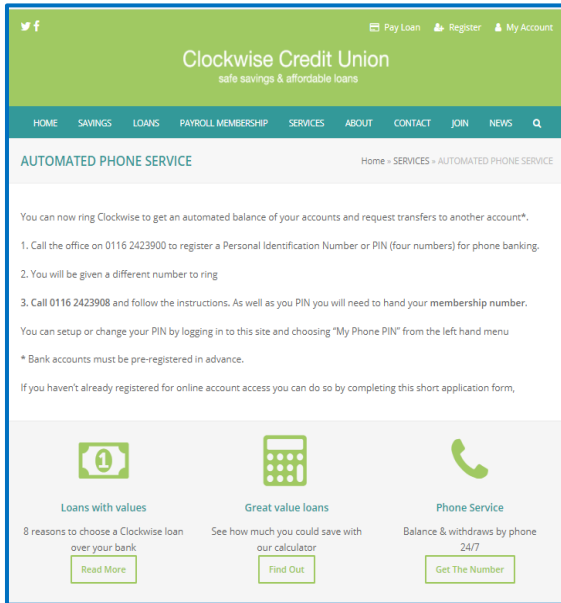
4.3.2 Telephone banking

Basic: Office hours telephone service only.

Standard: Ability to contact office by telephone and speak to a staff member during office hours combined with simple SMS text balance service.

Advanced: Range of fully automated telephone and SMS text banking and notifications enabling members to both speak to staff during office hours and 24/7 self-service.





www.clockwise.coop/card-account/automated-phone-service/



www.glasgowcu.com/text-updates/

4.3.3 Physical branch

- Basic:** Services often provided from community buildings, or via pop-up stalls in partnership organisations, with restricted opening hours (e.g. every Tuesday and Thursday, 10am-2pm). Provides very limited physical presence and poor accessibility, whilst the image portrayed is often unappealing to potential customers.
- Standard:** Visible, accessible premises generally providing good customer access to a range of services. Opening hours may be limited though (e.g. no access outside of standard working hours), whilst the image presented could be refined.
- Advanced:** Very visible high-street presence, with a broad range of opening times, and an image that conveys good quality, professional financial services. Also, opportunity to 'white-label' the premises to make the credit union's brand relevant to all local residents (for example B&D Money).

Face-to-face channels

Branch office in LBB

Fully functioning branch office located in high street location.

Pop-up points

Permanent or temporary community access point offering partial or full service that are located in LBB sites.



London Mutual CU - Walworth Road branch



London Mutual CU - Peckham branch



Leeds Credit Union - Your Loan Shop



London Community CU - Roman Road branch

4.3.4 Other possible channels

Other delivery channels

Payroll deduction

Regular saving and loan repayments via deductions from salary with LBBB and other local businesses.

LBBB staff delivery

Council staff trained to act as 'trusted intermediaries' advising residents about CU at LBBB outlets or during key interactions (e.g. new tenancy visit)

MONEY4U
PROVIDED BY LEEDS CREDIT UNION

HOME | LOANS | SAVINGS | PAYROLL PLUS | BIBET CARDS | ABOUT US | CONTACT US

SUPPORTING YOUR EMPLOYEES' FINANCIAL WELLBEING AT EVERY LIFE STAGE

MONEY4U payroll services offer a free and simple way of building financial resilience in the workplace. Provided by Leeds Credit Union (LCU), MONEY4U offers your employees affordable loans and savings directly from their salary to help at every life stage. Our team are also on hand via the phone, email or via webchat to support employees with any budgeting and money queries, and can guide to appropriate support if needed.

We know from our recent work with the Money and Pensions Service that financial worries can have negative impact on our wellbeing – and work life. Productivity, performance, decision making and attendance can all be affected. MONEY4U is a free service to businesses which can help improve the financial health of your employees whether they're just starting out on their life journey or approaching retirement.

When over half of workers report that their current financial situation is a real worry, payroll scheme like Money4U can make a big difference.

[FIND OUT MORE](#)

Some of our existing employer partners

Leeds, Harrogate, JRF, NHS, Wakefield Council, etc.

www.money4upayroll.co.uk (via Leeds CU)

London Plus

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PAYROLL PLUS

Our Partners

unite, Metropolitan Thames Valley, Hexagon, LLOYDS BANK, h&f, htb, Notting Hill Genesis, L&Q, SHEPHERDS BUSH HOUSING GROUP, Wandsworth, EKAYA HOUSING ASSOCIATION

www.londonpluscu.co.uk/payrollplus

London Mutual

Service Status | Join | Online Banking | Help

What we offer | Membership | Who we are

Salary-deducted savings and loans

Our salary deduction service is available to staff at 25+ major local employers, including those listed below.

Southwark Council, NHS Guy's and St Thomas, Lambeth, Royal Free London, Camden, GREATER LONDON AUTHORITY, anchor, King's College Hospital

www.creditunion.co.uk/salary-deduction/

4.3.5 Promotion and marketing

- Basic:** Basic promotional offer, focusing on the distribution of traditional format materials such as leaflets and posters. Marketing material is often poor quality and, as such, doesn't present a particularly appealing image.
- Standard:** Range of promotional and marketing activity is undertaken, including digital (social media, email and text message). The content and image presented may still be quite basic.
- Advanced:** Broad range of marketing activity undertaken and material/content produced conveys a good quality, professional image, and uses behavioural insights guidance to create salience with customers. Comparable to commercial competition. Utilising user profile data to target advertising to customer segments.

Looking for an affordable loan this Christmas?

Snow problem!

Borrow from £250 to £20,000

Affordable Flexible Fair

Apply now at www.leedscreditunion.co.uk/christmas

Leeds Credit Union

Read the full details on the website. Leeds Credit Union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

<p>Lending a Hand. (Loans from 4.9% APR)</p> <p>Plane Saver helps and helps find the loan that's best for you.</p> <p><small>Find out more at www.leedscreditunion.co.uk/loans</small></p>	<p>Saving for your little worries (Straight from your pay)</p> <p>Save with Plane Saver's 5.9% and 7.9% plans and help you save for your future.</p> <p><small>Find out more at www.leedscreditunion.co.uk/savings</small></p>	<p>Fast track your mortgage deposit. (Help-to-Buy Loans)</p> <p>Helping you to make the most of your property loans.</p> <p><small>Find out more at www.leedscreditunion.co.uk/help-to-buy</small></p>
<p>Stay in control. Own your Taxi. (Taxi loans from 6.9% APR)</p> <p>Affordable loans to help Taxi drivers own their vehicle.</p> <p><small>Find out more at www.leedscreditunion.co.uk/taxi-loans</small></p>	<p>When things get tough financially. (Loans of up to £500)</p> <p>Spends loans to lend a hand when you need cash quickly.</p> <p><small>Find out more at www.leedscreditunion.co.uk/spends</small></p>	<p>We look at finance differently (Looking (and juggling) to free)</p> <p>Plane Saver improves the financial wellbeing of the people we serve through a range of flexible, low cost and affordable loans.</p> <p><small>Find out more at www.leedscreditunion.co.uk/plane-saver</small></p>

Staff Benefits and Wellbeing

“ I’m saving for... A special birthday next year, so that I can do something great to celebrate ”

Lydia Morrison, Bed Manager

Take saving off your to-do list...
...Put it onto ours

London Mutual Credit Union

Transform financial wellbeing in your workplace

local banking for local people

London Community Credit Union

Options Appraisal for Affordable Finance Provision in LBBD

Using the finding of the research and the various consultations, this section draws together four potential options for delivering affordable finance provision that could meet the requirements within the borough.

Option 1: Do (Next to) Nothing

Summary: As identified in sections 3.2 and 3.3, the borough already has both Liberty Credit Union and Fair Finance delivering credit and other financial services to a limited number of residents in the borough. Therefore, one option could be to allow this to simply continue without any major intervention by the Council or potentially focus a degree of effort on signposting and awareness raising to divert more households to this current provision.

However, current provision in the borough is not sufficient to meet the scale of the challenge we face.

The enormity of the problem requires a more substantive intervention. One that aligns with the Council's strategy of preventative solutions to realise long-term benefits and opportunities from greater access to affordable finance that avoids potential costly financial crisis.

This position has also been raised during initial presentations and feedback from LBBD Community Solution management team and Board.

Recommendation:

With significant need for affordable finance and with demand already high and likely to be significantly exacerbated by Covid-19, doing nothing is not seen as an option.

Instead, the Council must consider proactively intervening to strengthen the availability of fair, affordable and appropriate financial products and services for every resident and ensure a minimum standard of service that addresses their key financial needs.

Option 2: Enhance existing provision (Liberty Credit Union)

Summary: The second option would be to strengthen the incumbent provision with Liberty Credit Union. The research has shown that it currently operates a traditional delivery model with a narrow range of products and basic service delivery approach with limited digital capability. In its current form, it is unlikely to meet the scale of need evidenced in the borough.

Enhancing existing provision could be accomplished in one of two ways. Firstly, by investing heavily in the current Liberty Credit Union to build its infrastructure and capacity to deliver digitally. Such an overhaul would almost certainly require the greatest investment of time, effort and financial resources by the Council. Alternatively, it could be achieved by working to proactively engineer a transfer of engagements into a stronger more modern credit union. Such mergers are often fraught with difficulties and can take both time and resource investment.

Therefore, it is highly unlikely their either of these solutions would be ultimately successful or represent value for money as both would bear significant costs

Recommendation:

The degree of change required to meet the potential demand evidenced in the borough would be significant and would not provide the borough with any value for money.

As a result, it is proposed that the option of enhancing Liberty Credit Union is not viable and therefore discounted.

Option 3: Alternative credit union delivery

Summary:

The third option would be to identify, select and work in direct partnership with a leading credit union to extend their geographical operations to cover Barking and Dagenham. This would enable the Council to clearly set out its expectations for delivering a comprehensive service in the borough including the range of products and the delivery channels it would offer that could meet the identified requirements of the borough.

Either a formal open procurement and selection process or a more proactive commissioned exercise would need to be implemented to identify interested credit unions (or other community lenders) that could deliver against the requirements and make an assessment of their capability, capacity and financial stability.

A number of credit unions have expanded over recent years and continue to show an appetite for further growth, so levels of interest to establish a service in LBBB should not be a problem. Nevertheless, there are some potential issues that could influence interest. One of the main barriers to a credit union from putting themselves forward would be the maximum cap on the number of potential members - the number of eligible members within a credit union's common bond is now 3 million. For some credit unions this could be a potential issue as they have already reached the upper limits following recent expansion. However, even in these instances feedback from the credit unions highlights that they believe additional eligible membership could be accommodated by redefining the calculation of their eligibility criteria of their common bond.

In order to begin delivering services in Barking and Dagenham, the selected credit union will need to change their formal rules, which can only be achieved through the agreement of its membership at either an Annual General Meeting (AGM) or Special General Meeting (SGM). Once achieved, it is a relatively straightforward notification to the regulator, the Financial Conduct Authority (FCA) of the extension of their common bond. As part of any application to the FCA, the selected credit union would need to demonstrate its ability to deliver their services to all its eligible membership and enable active participation within its democracy.

Finally, and most critically, the Council will need to demonstrate its commitment, determination and ambition to a productive and lasting partnership in order to attract the leading credit unions to put themselves forward in the first instance. However, constant senior-level support and partnership coordination as well as sufficient financial and in-kind resources will also be essential to ensuring the selected credit union has the additional capacity to successfully operate locally and maximise the awareness, uptake and ultimately the impact across the new borough.

Advantages:

- Short set-up period enabling services to be delivered in LBBB relatively quickly.

Disadvantages:

- Potential risk that leading CUs do not engage in the process – as they have reached their limit for potential eligible

- Cost-effective method of development, with resources invested directly within CU and its operational delivery in the borough.
- Councils can determine its requirements and implement a process to identify and select strongest proposition.
- Bring together a package of partnership support, engagement and promotional opportunities and funding/resources to reflect requirements and attract potential CUs.
- Established credit union brings existing capability/experience and infrastructure, product range, technology and delivery channels.
- Greater prospect of long-term sustainability and impact.
- Mirrors current trends in the credit union movement towards greater economies of scale.

- membership, or not interested in expansion to this part of London, or incentive package is not sufficiently generous.
- Selected CU's membership needs to agree to the change of its 'common bond' coverage at a Special General Meeting – so there is a slight risk of non-agreement.

Case studies / inspiration:

London Borough of Wandsworth (2013):

Wandsworth was one of the last remaining London boroughs without a borough-wide credit union. The Council determined through a feasibility process that instead of setting up a new credit union or enhancing one of the existing smaller credit unions covering only part of the borough, it would procure a London-based Credit Union to deliver within Wandsworth.



A formal procurement process was undertaken, which in the first instance did not secure involvement from sufficiently suitable credit unions as it was overly formal and prescriptive. This was followed by a more proactive approach that engaged suitable credit unions and resulted in the Council selecting the neighbouring Hammersmith and Fulham CU (now known as London Plus) to deliver its services in Wandsworth. Initially, the Council wanted a face-to-face delivery package but it was not viable after it was fully costed. Instead the two parties agreed a three-year contracted delivery plan with an agreed development grant of £91,000 and then £105,000 (£35,000 per year for three years), together with an intensive programme of marketing and development of the service with dedicated staff employed to promote services.

Much of the development costs went on improving the digital delivery and running the local brand of Wandsworth Plus Credit Union with a skinned website and marketing materials www.wandsworthpluscu.co.uk.

Affinity Sutton Group and Circle Housing (2013/2014):

The two housing associations went through very similar feasibility exercises to determine the selection of a single provider to deliver a universal credit union service nationally across their entire housing stocks.

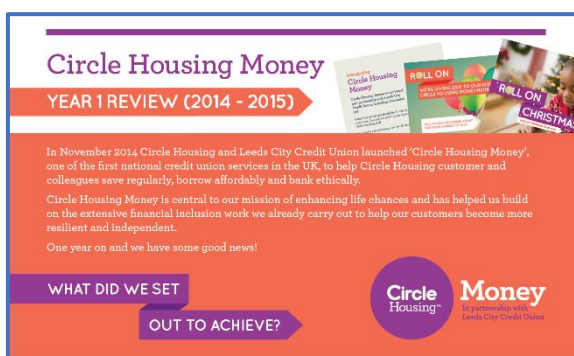
Both identified specific funding available to the credit union with ASG committing £200,000 and Circle £175,000 over a 5-year period. Yet, both established a broader package of internal partnership support and promotional opportunities (which for example with Circle took the total project costs to £350,000 - which covered internal staff costs, marketing, staff incentives etc).

Embarking on separate competitive procurement processes both yielded the same outcome – the selection of Leeds Credit Union as the preferred provider.

However, each adopted very different approaches to customer facing delivery with ASG choosing to universally promote LCU's existing brand to its residents. In contrast, Circle chose to rebrand LCU's services to its residents as Circle Housing Money – with a separately branded website and promotional activity.

Moreover, Circle made a strategic decision to establish a project group with senior representation and adopted a strategy focused on maximising staff engagement via payroll saving levels, that both raised understanding and importantly levered investment into the CU, as well as improving its workforces' financial wellbeing. This led to over 530 Circle staff (23% of total workforce) joining the credit union and depositing £105,000 in the first 6 months.

When the two subsequently merged to become Clarion Housing in 2016, it was determined to drop the 'white-labelling' with the partnership continuing to date.



Development options:

In theory, any credit union could be engaged to extend services into Barking and Dagenham, which means it could select a leading credit union from outside London to operate remotely in the borough.

However, given the need for close partnership working and 'on-the-ground' operational delivery within the borough, it seems sensible to initially concentrate on the opportunity to extend a London-based credit union. This also means that depending on the credit union – the existing branding would likely be appropriate and remove the necessity to rebrand and the additional costs and effort this would incur.

There are at least 13 community-based credit unions operating within London:

- [Croydon Plus Credit Union](#)
- [CUBE Credit Union](#)
- [Greenwich and Bexley Credit Union](#)
- [Hillingdon Credit Union](#)
- [Lewisham Plus Credit Union](#)
- [Liberty Credit Union](#)
- [London Capital Credit Union](#)
- [London Community Credit Union](#)
- [London Mutual Credit Union](#)
- [London Plus Credit Union](#)
- [M4Money Credit Union](#)
- [North London Credit Union](#)
- [Thamesbank Credit Union](#)

In terms of these existing credit unions – there are probably only a handful that combine sufficient size, financial stability and overall capability together with the full range of financial products required and have the comprehensive digital technology and delivery channels already in place:



www.londoncu.com/

- Established in 2000
- Neighboring CU geographically covering; Hackney, Haringey, Islington, Newham, Tower Hamlets, Waltham Forest or the City of London,
- Membership – 13,500 (adults)
- Assets -£17.6 million
- Loans - £9.9 million
- Comprehensive range of products and online, telephone and 4x branch service delivery.



London Mutual
Credit Union

www.creditunion.co.uk/

- Established in 1982
- Operates geographically across Southwark, Lambeth, Westminster and Camden
- Membership - 32,000 (adults)
- Assets -£29 million
- Loans - £16 million
- Comprehensive range of products and online, telephone and 3x branch service delivery.



www.londonpluscu.co.uk/

- Established in 2008
- Operates geographically across Hammersmith & Fulham, Kensington and Chelsea, Wandsworth, Hounslow and Richmond
- Membership – 5,948 (adults)
- Assets -£2.6 million
- Loans - £1.4 million
- Good range of products and online, telephone and 1x branch service delivery.

The research team have informally spoken to a number of London-based CUs to gauge feedback and possible interest. Everyone consulted expressed initial interest – especially given the ambitions of the Council to address the lack of provision. Yet, a number highlighted possible issues over the ceiling for potential membership and the need for commitments to long-term joint partnership working.

In light of these considerations, the Council should look to adopt a more commission-based selection approach that proactively engages with strong candidates that can deliver against clearly defined portfolio of essential products and service delivery mechanisms and acceptable minimum levels in relation to existing scale, financial indicators and standards expected of the successful credit union.

Comprehensive digital delivery (Minimum Viable Approach) – the credit union provision must be built on excellent digital technology - enabling full remote service delivery across the borough. Therefore, selecting a suitable credit union that already has this infrastructure allows the Council to focus any resource investment and organisational effort on maximising awareness and uptake and establishing innovative partnership working and delivery.

LBBB branded delivery – given the calibre of London-based CUs with likely suitable existing branding, it unlikely to be a necessity to white-label the service specifically for LBBB. In fact, the additional costs and ongoing effort could dilute impact and be better served in promotional activity that emphasises that the two organisations are working in partnership to deliver services specifically for Barking and Dagenham residents (and workers).

Permanent LBBB branch delivery – given the likely upfront capital and initial revenue costs involved in refurbishing and supporting the credit union to operate a dedicated high street branch, requiring such delivery at the outset and the necessary investment would not represent a good value for money. This does not prevent the Council from revisiting this option at a later date with the credit union or if a unique opportunity presents itself.

Resources implications:

An extensive and innovative package of funding and resource commitments, support opportunities and ambitious joint KPI targets will need to be assembled that reflects both the requirements being asked of the credit union and the ambitions of the borough.

As a minimum, this is likely to include;

- Of critical importance will be the establishment and resourcing of a senior level project group with ownership across the Council to manage and oversee delivery.
- To maximise effectiveness, we have also suggested resourcing a temporary internal position of a general project manager / coordinator to drive the development and implementation of the delivery plan (as well as additional commitments from key departments).
- Exclusive payroll deduction arrangement for LBBB staff and pledges to extensive internal promotions to maximise uptake amongst the workforce
- Leverage Councils position to proactively encourage other local businesses/suppliers to offer payroll deduction and collective workplace campaigns to attract workers to join.
- Annual revenue funding commitment for the credit union over a minimum of three years. The budget should depend on the exact delivery requirements, partnership work and output reporting specified by the Council covering, initial development/set-up cost and annual implementation / partnership budget.
- Extensive marketing and promotional commitments with dedicated internal communication staff capacity and healthy marketing and advertising budget to implement a comprehensive and targeted strategic plan.
- Facilitate partnership work with key local stakeholders – including potential volunteering and work placement programme within the credit union.
- Identifying a range of opportunities for embedding the credit union within the various functions, service delivery and customer interaction points across the entire Council – including potential co-locations for temporary (or permanent) pop-up sites in Council locations.
- Set out the potential contractual arrangements for the credit union to deliver services for the Council such administering specific grant or loan schemes such as Local Welfare Assistance or Homeless Prevention Loan schemes or operating specific financial products to furnish new Council properties. This will need to include an underwriting fund to share the default risks of lending specifically to the most financially vulnerable households.

LBBB Project Group Co-ordinator (temporary 2-3 year internal Council role)	£35,000 - £45,000
CU capacity building/partnership working to deliver in borough	£35,000 - £50,000
Dedicated marketing, campaigns and advertising budget	£25,000 - £50,000

Underwriting fund / saving incentive scheme / product innovation budget	£10,000 - £30,000
Total (annual budget)	£100,000 - £175,000

The final budget will require more detailed and collaborative consideration once the approach has been determined by the Council. Some of the above indicative costs may well be lower over the full contracted period. For example, the temporary project coordinator role within the Council might not be required for the entire period, while some of the funding allocated for the credit union, might be agreed either on a performance-related basis or on a reducing scale (to reflect the credit union's growing income generation from activities in the borough).

Potential additional options that could be taken forward by the Council -

- Depending on the nature of the selected CU's existing branding and/or whether the Council decides that a specific local brand is an essential prerequisite for an LBB service.
- Should high street branch premises be determined a necessity – significant one-off resources will be required to identify, secure, obtain planning consent (if necessary) and refurbish the property as well as ongoing discretionary business rate relief and initial contribution to rent, staffing and operational costs incurred by the credit union.

Branding and white-labelling costs	£15,000 - £20,000
Branch premises refurbishment	£75,000 - £100,000
Total (capital budget)	£90,000 - £115,000

Annual contribution to premises costs (rent / staffing / operations)	£75,000 - £150,000
Total (annual budget)	£75,000 - £150,000

Social Return:

There is limited available research estimating the economic impact of improving access to affordable finance. The most applicable return on investment research is taking from work undertaken by Circle Housing that estimated that the 'economic multiplier' of its CH Money work with Leeds Credit Union. This calculated the benefit of savings, affordable loans, banking products, incentives and dividends into its local economies by considering how this money is spent or saved within the following year. Its research estimated that for every £1 invested by CH Money, there was a £5.60 benefit to the economy.

This would equate to an economic multiplier of between £1.68 million and £2.94 million for the local economy from the proposed 3-year Council investment of between £300,000 and £525,000 to deliver the Minimum Viable Approach.

Timeframes and milestones:

- | | |
|----------------------|---|
| Within
3 months | <ul style="list-style-type: none">• Agree options to pursue.• Council established project group.• Selection/procurement approach agreed and service requirements.• Identify funding and support package.• Completes selection/commissioning process. |
| Within
6 months | <ul style="list-style-type: none">• Selected CU completes common bond amendments and FCA approval to cover Barking and Dagenham.• Finalising of joint strategic implementation & marketing/promotion plan.• CU launches operational delivery in borough. |
| Within
12 months: | <ul style="list-style-type: none">• Establish payroll saving scheme with council and launch comprehensive workforce engagement campaign.• Implementation of comprehensive marketing / promotional plan across borough.• Key KPI targets:<ul style="list-style-type: none">- 750 LBBB residents become members.- £375,000 new lending to LBBB households.- £175,000 saved by LBBB households.- 250 current accounts opened. |
| Within
3 years | <ul style="list-style-type: none">• Key KPI targets:<ul style="list-style-type: none">- 4,500 LBBB residents become members.- £2,250,000 new lending to LBBB households.- £1,000,000 saved by LBBB households.- 1,250 current accounts opened.- 8 payroll schemes with LBBB employers. |

Recommendation:

The Council should overhaul the lack of current provision of affordable financial services by selecting a strong, dynamic and forward-looking credit union partner to amend its operation. This offers the simplest, quickest and by-far the most cost-effective route to achieving a comprehensive suite of affordable financial products and services across the borough from a provider that brings financial strength and assurances on capability and capacity.

In light of the various considerations, it is recommended that in taking forward the alternative credit union delivery model, the Council should:

- Adopt a straightforward commission-based selection approach to identify and engage with the strongest most suitable London-based CU - against clearly defined set of standards/requirements.

- Focus on digital delivery – ensuring that the selected CU already has the existing technology infrastructure to remotely deliver its services.
- Not require the selected credit union to white-label to deliver a separate B&D brand – it is both costly and likely to be unnecessary.
- Avoid the expense of a permanent branch location and instead invest heavily in marketing and advertising, partnership working and co-location with LBBB services.
- Establish a 3-year partnership agreement with a comprehensive package of funding and support – delivered against joint KPI targets.

Option 4: LBBB Money Portal

Summary:

The fourth option to enhance access to affordable finance within Barking and Dagenham involves the creation of a new standalone holistic financial guidance/money advice website that incorporates an interactive credit brokerage facility particularly focused on low-income and financially vulnerable households in the borough.

In its basic form, it would be an information site that enables those looking for credit and other financial products to be directed towards various affordable finance providers – in particular the newly selected credit union (Option 3) and various CDFIs such as Fair Finance and [Fair For You](#). In addition, it would offer various guidance and tools on financial management and access to local advice/support.

However, at the other end of the spectrum, it could utilise new technology and data sources to provide a centralised facility that matches the borrowing requirements and the financial circumstances of each applicant to the most suitable loan product offered by a number of different lenders.

Innovatively, this approach would also harness the wealth of data being presented by the applicant, obtained via external sources (e.g. Credit Reference Agencies and Open Banking) and potentially held by the Council's One View system. This could be utilised to present both one-off and ongoing tailored financial guidance/advice and individualised outcomes – such as budgeting amendments (where potential savings could be made – for example by switching energy supplier), maximisation of income by checking unclaimed benefits, improvements to their credit scores and links directly to other sources of Council support and services.

Finally, for declined applicants, where financial problems and hardship are identified during the loan assessment stage, the facility could automatically triage for support as well as determining eligibility for Council discretionary funds and other charitable/hardship grants. With express consent, such declined applicants' information could be reformatted

and transferred directly to specialist debt advice providers without the client needing to provide any additional data or complete any forms.

This option has huge potential to not only offer a central point for affordable credit, helping divert residents away from high-cost borrowing sources, but also centrally assess and broker applicants to the most appropriate product and lender. This not only reduces the numbers being turned down, as each applicant would either get an affordable loan or where credit is not appropriate for their current situation, a tailored advice and financial support outcome would be provided.

Advantages:

- Enables households with varying degrees of creditworthiness/risk to access credit with a product/community lender that matches their circumstances.
- Single entry and application point for affordable credit (and other financial products/services) – particularly focused on low-medium income households.
- Helps address the growing numbers being declined as assessments increasingly automated and online thus relying on credit scores.
- Opportunity to utilise holistic data on an individual to integrate budgeting, income maximisation, credit score building and other tailored advice.
- Transfer those identified as overindebted households directly for debt advice.
- Use of Open Banking could identify wider issues (such as gambling) and offer direct support/signposting.
- Provides tailored suggestion about other sources of grants/funds and other internal and external support.
- Significant opportunity to integrate/link Homes and Money Hub services.
- Innovative approach that could attract external funders.
- Development/rollout could be phased.
- Potential to partner with/expand across other local authorities (especially boroughs covered by selected CU).

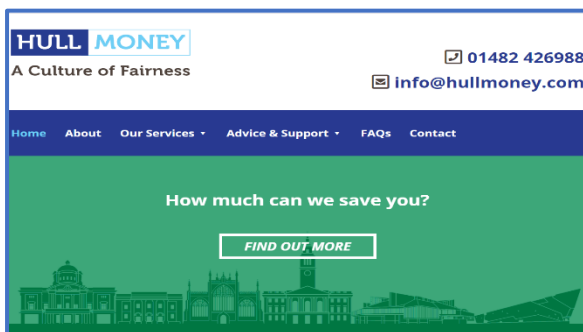
Disadvantages:

- As identified, LBBB does not have a capable CU already delivering locally and therefore this option is reliant on also implementing Option 3 and would be delayed until this process is underway/completed.
- Requires Council or a partner organisation to have FCA permissions as a ‘credit broker’ (and depending on the type of financial advice/support offered ‘provider of credit information services’) – via [FCA’s regulatory sandbox](#). Note - If portal was only promoting financial services offered by the credit union – then this permission would not be required.
- Potentially complex development that would need to work and integrate with multiple partners/support services and lending providers that have different loan criteria and assessment processes and systems.
- Needs constant promotion to avoid becoming an underused resource.

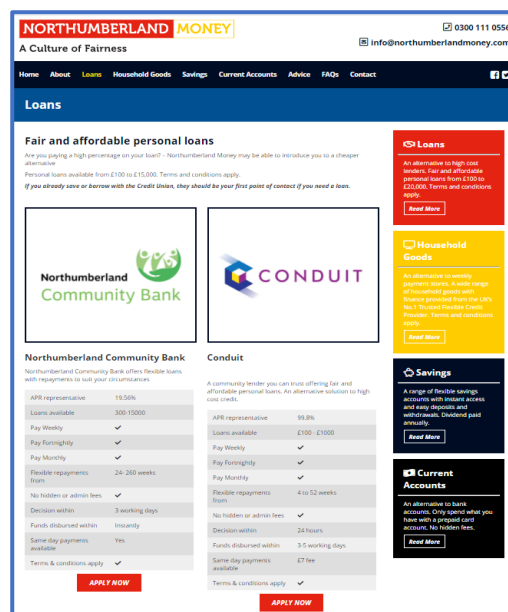
Case studies / inspiration:

Hull Money / Northumberland Money

Both schemes are basic credit brokering websites together with financial information, tips and news and a directory of advice and support.



www.hullmoney.com/



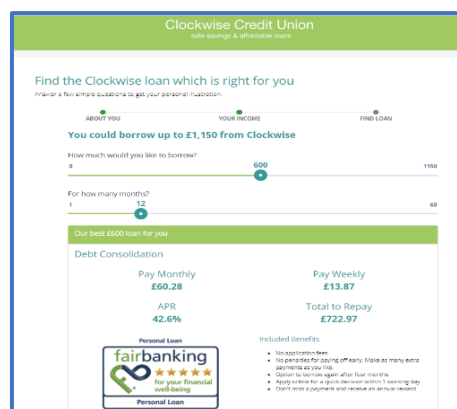
www.northumberlandmoney.com/loans/

Operated by Five Lamps (a charity that runs [Conduit](#) – a national CDFI lender) it has credit brokering permissions. The sites offer information on different loan options that when the individual self-selects, simply redirects to the affordable lending partner (either local CU and Conduit) to make an application without any determination of relevance or likelihood of success. It also offers similar approach to saving accounts; bank accounts and household goods.

Clockwise Credit Union (Loan Finder)

CCU is one of the country's leading CUs in the adoption of new technology and digital delivery.

It's new Loan Finder facility matches interested borrowers to the most relevant of the CU's various loan products based on a series of initial questions (on employment status, debt consolidation, homeownership, age and household income). This approach offers a much more user friendly and effective method of determining which loan product is suitable for an interested borrower based on key information.

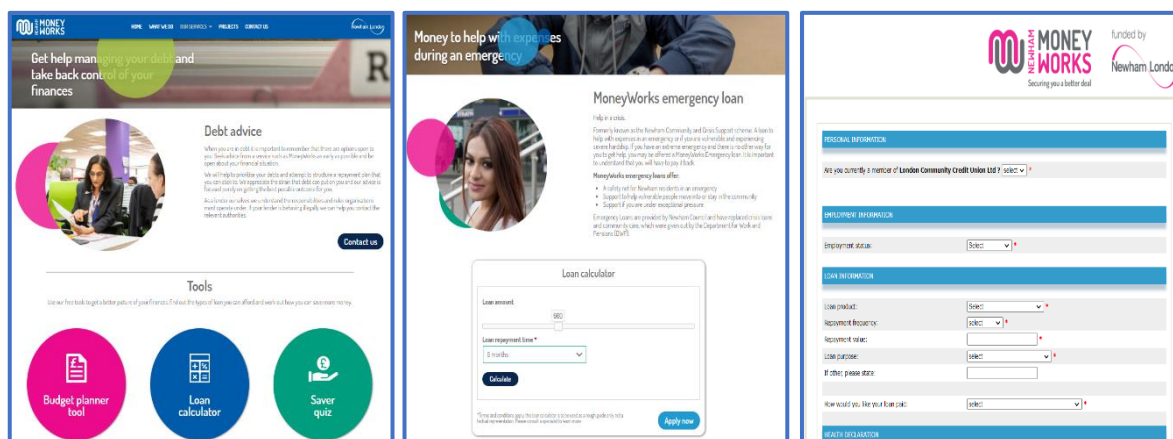


<https://myaccount.clockwise.coop/LoanFinder>

MoneyWorks (Newham) - www.newhammoneyworks.co.uk

MoneyWorks is an online, telephone and face-to-face service that supports Newham residents who may be struggling with debt or financial issues. It has an appealing website that offers financial information, articles, guides and third-party tools (such as MAS's Budget Planner and Entitledto's Benefits Calculator) as well as access to its specialist in-house debt advice service.

The site also promotes a number of loan products branded as MoneyWorks (such as MoneyWorks Helper Loans) but actually delivered via London Community CU (LCCU). Interested borrowers select the loan product and adjust the loan amount/terms to suit their requirement and then apply online. This directs to a 'skinned' loan application form for manual assessment by LCCU loan officers.



Development options

LBBD money portal (Minimum Viable Approach) – this requires the creation of a new B&D branded interactive website (based as a minimum on the approach similar to MoneyWorks). This would replace the current Money and Debt section on the Council website and become a standalone single point of access for financial guidance, interactive tools and links to the advice services offered by the Council and other local partners. In addition, it could promote the range of affordable loans together with saving accounts, current accounts and other financial services available via the newly commissioned CU. By integrating directly with the CU's digital system, interested resident could select from the different financial products, including determining the loan amount, term and weekly/monthly repayment and apply immediately. Such arrangements wouldn't require credit brokerage permissions and therefore could be produced as part of an initial development phase.

LBBD credit brokerage portal with multiple lenders and integrated advice / support.

– unless one of the lenders already has credit brokerage approval²³, either the Council or one of the partners will almost certainly need regulatory permission where anything more substantial than promotion is undertaken. This application process is not unduly difficult and the intervening 3-6 month period could be utilised to undertake development work required to identify and bring together the other affordable finance providers, alongside working through the exact nature of the credit assessment and brokering arrangements/processes and the extent of the integrated support and advice facility.

²³ None of the identified CUs already has this permission but Fair Finance does appear to have Credit Brokering.

Resources implications

As the full extent of this option has not been done before, there is no clear road map and therefore it would require further work to properly design and cost the project based on the final approach and the exact functionality decided upon. If implemented in a staged development, it would involve the following indicative costs (which would be in addition to those resources identified above in Option 3):

Phase LBBB money portal (Minimum Viable Approach)

Project development/management	£5,000 - £10,000
Branding and website design/development	£15,000 - £20,000
Regulatory consultancy	£5,000 - £10,000
Total	£25,000 - £40,000

Phase 2 - LBBB credit brokerage and integrated support portal

Additional project development/management	£15,000 - £25,000
Web design	£5,000 - £10,000
IT development and integration	£25,000 - £40,000
Total (capital budget)	£45,000 - £75,000

Timeframes and milestones:

- | | |
|-------------------|---|
| Within 3 months | <ul style="list-style-type: none">• Further project development work undertaken alongside credit union selection (Option 3). |
| Within 6 months | <ul style="list-style-type: none">• Regulatory permission work commenced.• Branding exercise and website development commenced. |
| Within 12 months: | <ul style="list-style-type: none">• New LBBB Money portal site launched.• FCA permission obtained.• Development work on credit brokerage commenced. |
| Within 2 years | <ul style="list-style-type: none">• Credit brokerage facility launched. |

Recommendation:

This option offers the potential for significant innovation and collaboration that could deliver significant holistic impact in not just increasing the availability of affordable credit but tackling the identified debt problems facing LBBB residents. However, given that this

approach hasn't been done before and more pertinently, the distinct lack of affordable finance infrastructure in the borough, there are significant unknowns and uncertainties to taking forward this approach at this particular moment.

Ultimately, it first requires the progression of Option 3 to secure a suitable credit union provider that would become a critical component of this approach. Realistically, without this, working towards the implementation of the full credit brokering facility feels premature and inherently risky.

However, this would not prevent the early development of the newly branded service and the creation of the standalone website – as the precursor to a decision and implementation of the more comprehensive credit brokerage development. This would also enable further exploration and planning work to be undertaken and the process to obtain regulatory permission commenced as early as possible either by the Council or the selected credit union.

Therefore, at this stage, it is recommended that the Council's primary focus should be on accelerating Option 3 and that Option 4 remains on the table for future consideration when the selection of the credit union has been progressed.

Conclusions and recommendations

Households in Barking and Dagenham are shown to already face disproportionate challenges in relation to poverty and deprivation, their financial capability and resilience as well as levels of over-indebtedness. This situation has been and will continue to be greatly exacerbated by the impacts of Covid-19. Combined with evidence of high subprime credit usage amongst at least 6,000 households that collectively costs over £6.6 million each year in unnecessary interest charges, it makes the need for access to affordable financial services even more acute.

Credit unions, at their best, are shown to offer a professional, modern and holistic community banking solution that facilitates access to fair, affordable and appropriate financial services locally. Widespread availability of such financial services – including savings, affordable credit and transactional bank accounts that meet residents’ financial needs and aspirations, can not only deliver significant savings for these households and in turn the local economy but can also build long-term financial resilience that prevent financial issues from escalating.

Unfortunately, the traditional range of products and service delivery mechanisms in the incumbent credit union, draw value for money into the question as significant cost is likely to be incurred enhancing the existing offer to meet the scale of demand evidenced in the borough.

This means that whilst the argument for tackling the lack of affordable finance in the borough is convincing, the options for doing so are more restricted.

Firstly, the evidence of need highlighted during the research and distinct lack of current provision in the borough means that doing nothing is not seen as an option. Therefore, the Council must proactively intervene to stimulate more provision and greater uptake – especially amongst the lowest income and most financially vulnerable households.

Therefore, alternative credit union provision needs to be brought into the borough. The report strongly recommends that this be achieved firstly through a proactive commissioning exercise to select the strongest and most capable credit union. This would be best served by LBBD identifying the range of essential products and service delivery requirements, minimum standards and joint KPI targets expected. It can then actively engage with suitably capable credit unions who can deliver these. A comprehensive package of funding and partnership opportunities of between £300,000 and £525,000 over at least three years would need to be assembled.

Unless there is specific desire or rationale from within the Council, it should not look to either re-badge the credit union as an LBBD service (unless the selected credit union brand is not locally applicable) nor embark on expensive high street face-to-face delivery. Instead, innovative technology and comprehensive digital delivery capabilities should be married with extensive and targeted promotional activity and local partnership working.

The priority should be on achieving Option 3, which would be a prerequisite to seriously considering Option 4 to create a centralised online portal offering automated and tailored money advice and affordable credit brokering facility.

While initial work could commence to develop the separately branded service and the creation of the standalone website – this option is reliant on securing a suitable credit union partner first. Therefore, at this stage, it is recommended that the Council’s primary focus should be on accelerating Option 3 and that Option 4 remains on the table for future consideration when the further exploration and progress has been made.

Summary of recommendations/next steps:

- LBBB should actively pursue a partnership with the strongest possible London-based credit union to deliver a holistic community banking service to all those living and working in Barking and Dagenham.
- A project implementation group should be established with senior representation from across the Council.
- A range of investment and support options have been outlined with indicative budgets establish for each. LBBB should carefully consider how it wishes to support the credit union partnership and what resources it is willing and able to commit to achieve this over an initial 3-5 years.
- The Council must identify the range of financial products and service delivery mechanisms, the minimum organisational requirements and joint delivery KPI targets.
- Working with procurement colleagues, a proactive engagement process should be used to identify and secure the strongest possible credit union partner.
- The Council should avoid the requirement for ‘white labelling’– unless the selected credit union’s brand is unsuitable or the Council determines an LBBB branded service a necessity. Additional budgets would be needed in this case.
- Similarly, the costs involved in establishing and operating a high street branch service would be significant and far outweigh the potential benefits of such face-to-face delivery. Therefore, should not be seen as a necessity, at least from the outset.
- Option 4, the creation of an innovative credit brokering and integrated advice/support website, should be further developed and a decision taken at a later point, when progress has been made on selecting the new credit union provider.

Appendices

Appendix 1: Barking and Dagenham – Financial Hardship Demand Dashboard Data

		JAN	FEB	MAR	APR	MAY	JUN	JUL
UNEMPLOYMENT	Furloughed Jobs							
	Total potential eligible population						97900	97900
	Total number of claims					25600	30800	33300
	Take-up rate: %						31	34
	Self-Employed Support							
	Total potential eligible population					24000	22400	22400
	Total number of claims					15300	17600	18300
	Take-up rate: %					68	79	81
	Claimant Count - Total							
	Number	5445	5770	5850	8315	13500	13165	13800
	% rate	4.1	4.3	4.4	6.2	10	9.8	10.3
	Number - same month last year (2019/20)	4325	4620	4695	4815	4940	5065	5050
	% rate - same month last year (2019/20)	3.2	3.4	3.5	3.6	3.7	3.8	3.8
	% change - between years	25.9	24.89	24.6	72.69	173.28	165.35	173.27
	% change - latest month and Jan 2020				52.71	147.93	146.83	153.44
	Claimant Count - Male							
	Number	2680	2890	2910	4430	7750	7425	7775
	% rate	4	4.3	4.4	6.7	11.6	11.2	11.7
	Number - same month last year (2019/20)	2195	2370	2380	2445	2530	2575	2575
	% rate - same month last year (2019/20)	3.3	3.6	3.6	3.7	3.8	3.9	3.9
	% change - between years	22.1	21.94	22.27	81.19	206.32	195.34	201.94
	% change - latest month and Jan 2020				65.3	189.18	183.77	190.11
	Claimant Count - Female							
	Number	2765	2880	2940	3885	5750	5740	6025
	% rate	4.1	4.3	4.3	5.7	8.5	8.5	8.9
	Number - same month last year (2019/20)	2130	2250	2315	2320	2410	2490	2480
	% rate - same month last year (2019/20)	3.1	3.3	3.4	3.5	3.6	3.7	3.7
% change - between years	29.81	28	27	67.46	138.59	134.34	142.94	
% change - latest month and Jan 2020				40.51	107.96	111.03	117.9	
		JAN	FEB	MAR	APR	MAY	JUN	JUL
BENEFITS TAKE-UP	Checking Benefits Entitlement							
	Applications on Turn2us Benefits Calculator	550	686	1883	1751	678	524	469

	Applications - same month last year (2019/20)	629	501	515	502	808	711	811
	% change	-12.56	36.93	265.63	248.8	-16.1	-26.3	-42.2
	Council Tax Support							
	Number of applications	576	449	595	928	1019	726	
	Number of applications - same month last year (2019/20)	582	448	534	414	424	498	
	% change	-1.03	0.22	11.42	124.15	140.33	45.78	
	Number of awards	15,209	15,225	15,246	15508	15642	16184	
	Number of awards - same month last year (2019/20)	15835	15798	15809	15733	15515	15458	
	% change	-3.95	-3.63	-3.56	-1.43	0.82	4.7	
	DHP applications							
	Number of applications	171	162	185	332	212	218	
	Number of applications - same month last year (2019/20)	140	162	211	196	172	141	
	% change	22.14	0	-12.32	69.39	23.26	54.61	
	Number of awards	49	85	89	118	172	177	
	Number of awards - same month last year (2019/20)	50	75	55	77	88	82	
	% change	-2	13.33	61.82	53.25	95.45	115.85	
		JAN	FEB	MAR	APR	MAY	JUN	JUL
STRUGGLING WITH BILLS	Council Tax Collection							
	% collection rate	90	93.2	95.7	10.6	18.8	27.6	
	% collection rate - same month last year (2019/20)	90.1	93.2	95.7	11.8	21.2	29.5	
	% change	-0.11	0	0	-10.17	-11.32	-6.44	
	Cancelled Direct Debits for Council Tax							
	% of monthly payments made by direct debit	51.85	51.38	51.2	51.06	51.08	62	
	Housing Rent Collection							
	% collection rate	79.97	87.34	96.74	6.85	13.35	22.52	
	% collection rate - same month last year (2019/20)	81.51	89.08	96.36	9.51	16.15	23.46	
	% change	-1.89	-1.95	0.39	-27.97	-17.34	-4.01	
	Cancelled Direct Debits for Housing Rent							
	% of monthly payments made by direct debit	29.19	29.19	29.16	29.07	29.06	28.92	

	Emergency food support provided per 10,000 population – eg food parcels, food vouchers (but NOT foodbank referrals)				562 (26.4 per 10,000)	242 (11.4 per 10,000)	184 (8.6 per 10,000)	
	Hardship Support provision							
	Number of applications	0	0	0	43	94	295	
	Number of awards – split by category if relevant – eg: food; fuel; household essentials	0	0	0	34	42	179	

Appendix 2: Money and Pensions Service: Consumer Segmentation – Profiles

STRUGGLING	SQUEEZED	CUSHIONED
UK 10.2m (19.6%)	UK 13.1m (25.2%)	UK 28.8m (55.2%)
<p>The least financially resilient segment, typified by:</p> <ul style="list-style-type: none"> • Low household incomes (although half are working) • High levels of over indebtedness • High levels of benefits dependency • Budgets are tight, with little or no buffer • Lower levels of financial confidence • Half live in social rented accommodation • More likely to have a disability or impairment 	<p>Working-age families on average incomes with significant financial commitments, typified by:</p> <ul style="list-style-type: none"> • Working age (most are under 55) • Mostly working (low to middle income) • Likely to be renting privately or mortgaged • More likely to have children • High dependency on credit • High over-indebtedness • Highly Digital & Mobile 	<p>The most financially resilient segment, with the highest levels of income and savings. Comfortable or affluent households, typified by:</p> <ul style="list-style-type: none"> • Higher household incomes (esp those working) • Likely to own their home or have a mortgage • Higher savings buffer • More confident managing money • Lowest level of over indebtedness
Many live on a financial tightrope – with money a constant source of anxiety	They have busy lives – with multiple financial, work and family pressures	More likely to have good financial foundations – through education, family support and higher expectations and aspirations
Many are overwhelmed by debt – a belief they may be trapped in debt for some time	A live for today attitude – resorting to credit to support their ‘I want it now’ lifestyle	Higher financial resilience – through high incomes, a savings buffer, retirement provision and investments / property portfolios
Circumstances often dictate a very short term and reactive approach to money	Focussed on the here and now – many don’t plan, and do not recognise the need for financial help	However, they are not without risk given their high spending and borrowing

	A lack of savings buffer – leaves them vulnerable to income shocks	
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Appendix 3: FCA Financial Lives Survey Data

How knowledgeable would you say you are about financial matters?	B&D	London
Low	51.45	49.62
Medium	32.88	36.7
High	15.67	13.68
How satisfied are you with your overall financial circumstances?		
Low	57.38	48.05
Medium	24.79	35.61
High	17.82	16.34
How confident do you feel managing your money?		
Low	22.97	27.18
Medium	40.26	4.52
High	36.77	32.3
I am comfortable using credit - it feels quite normal to me		
Strongly disagree	9.54	8.99
Slightly disagree	25.83	18.61
Neither agree or disagree	29.41	27.74
Slightly agree	25.77	31.83
Strongly agree	9.45	12.83
I'd rather think about today than plan for the future		
Strongly disagree	23.32	30.52
Slightly disagree	30.97	30.25
Neither agree or disagree	11.13	15.05
Slightly agree	18.24	16.35
Strongly agree	16.35	7.84
MAS Over indebtedness		
MAS Over Indebted	19.57	17.13
Not MAS Over Indebted	80.43	82.87

Appendix 4: High-cost Credit User Profiles

High-Cost Short-Term Credit - average borrower:

- Likely to be younger than other borrowers, with a median age of 32
 - Working full-time
 - Higher income than other borrowers, with a median net income of £20,000
 - Primarily living in rented property
 - Averagely indebted compared to other borrowers
 - Slightly higher credit score than other borrowers
-

The following statistics have been summarised from the FCA report: High-Cost Credit Review Technical Annex 1: Credit Reference Agency Data Analysis of UK Personal Debt - <https://www.fca.org.uk/publication/feedback/fs17-02-technical-annex.pdf>

Age:

- 25-34: 33% of borrowers
- Median age: 32

Gender:

- Payday loans: 60% female; 40% male
- Short-term instalment loans: 45% female; 55% male

Tenure:

- Predominantly renting or living with parents

Employment:

- 83% working full-time

Household income:

- Median estimated annual net income: £20,000

Debt:

- 70% of payday loan borrowers over-indebted
- Median outstanding personal debt: £3,600
- Median number of products with outstanding personal debt: 5

Benefits and Money:

- 87% of those with a payday loan report low levels of satisfaction with their overall financial circumstances

- 61% of those with a payday loan have low confidence managing money (compared with 24% of all UK adults)
- 56% of those with a payday loan have low levels of knowledge about financial matters (compared to 46% of all UK adults)
- Median credit score: 42

Home Collected Credit - average borrower:

- Female
 - Likely to be older than other borrowers, with a median age of 42
 - Less likely to be in employment
 - Lower income than other borrowers, with a median net income of £15,500
 - Primarily living in socially rented property
 - Over-indebted, but not as much as other borrowers
 - Slightly lower credit score than HCSTC borrowers, but higher than rent-to-own
 - Potential health problems, including long-term disability
-

The majority of the following statistics have been summarised from the Citizens Advice report – Doorway to Debt: Protecting consumers in the home credit market – <https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/debt-and-money-policy-research/doorway-to-debt/>

Where highlighted, some additional statistics have been taken from the FCA report – High-Cost Credit Review Technical Annex 1: Credit Reference Agency Data Analysis of UK Personal Debt - <https://www.fca.org.uk/publication/feedback/fs17-02-technical-annex.pdf>

Age of borrowers:

- Median age: 42 (FCA report)

Gender:

- Tend to be female

Family:

- 32% are single parents

Tenure:

- 91% live in rented accommodation
- 62% in socially rented property and 27% in private

Employment:

- 32% in employment

Household income:

- Median estimated annual net income: £15,500 (FCA report)

Health:

- 48% have a long-term disability

Debt:

- Severely over-indebted
- Median outstanding personal debt: £2,800 (FCA report)
- Median number of products with outstanding personal debt: 5 (FCA report)
- 50% have council tax arrears
- 43% have water rates arrears
- 35% have rent arrears

Benefits and Money:

- Median credit score: 41 (FCA report)

Rent-To-Own - average borrower:

- Female
 - Average age compared to other borrowers, with a median age of 36
 - Living with family – dependent children
 - Likely to be wholly or partly reliant on benefits
 - Slightly higher income than home credit borrowers, with a median net income of £16,100
 - Primarily living in rented property
 - More over-indebted than other borrowers
 - Lower credit score than other borrowers
-

The majority of the following statistics have been summarised from the Financial Inclusion Centre report: Better and Brighter? Responsible Rent-to-Own Alternatives - <http://inclusioncentre.co.uk/wordpress29/wp-content/uploads/2016/03/Better-and-Brighter-Responsible-RTO-Alternatives-Full-Report-150316.pdf>

Where highlighted, some additional statistics have been taken from the FCA report – High-Cost Credit Review Technical Annex 1: Credit Reference Agency Data Analysis of UK Personal Debt - <https://www.fca.org.uk/publication/feedback/fs17-02-technical-annex.pdf>

Age:

- Median age: 36 (FCA report)

Gender:

- Female: 78%
- Male: 22%

Family:

- Have a family with dependent children: 60%
- Typically single parents

Tenure:

- Rented accommodation: 94%

Household income:

- Median estimated annual net income: £16,100 (FCA report)

Debt:

- Median outstanding personal debt: £4,300
- Median number of products with outstanding personal debt: 8

Money and Benefits:

- 50% of borrowers wholly or partly reliant on benefits
- Median credit score: 35

Pawnbroking - average borrower:

- More likely to be female
 - Average age compared to other borrowers, 39 years
 - Living with family – dependent children
 - Less likely to be in employment
 - Primarily living in social or private rented property
 - Relatively low income, with majority earning less than £15,000
 - Likely to have other debts
-

The following statistics have been summarised from the Personal Finance Research Centre report - <https://www.bristol.ac.uk/geography/research/pfrc/themes/credit-debt/pawnbroking-2010.html>

Age:

- 20-49: 76%
- Average age: 39 years

Gender:

- Female: 64%

- Male: 36%

Family:

- Have a family with dependent children: 46%
- Couple with children: 26%
- Single parents: 20%
- Single person living alone: 20%

Tenure:

- Owner occupiers: 20%
- Socially rented: 48%
- Private rented: 22%
- Live with parents: 6%

Employment:

- No one in work: 53%
- Part-time earnings only: 9%
- One full-time earner only: 28%
- Two full-time earners: 10%

Household income:

- Less than £100 per week: 21%
- £100-£299 per week: 49%
- £300-£499 per week: 19%
- £500+ per week: 11%

Benefits, Debt and Money:

- Generally borrowing elsewhere

Illegal Money Lending - average borrower:

- More likely to be male
 - Likely to be older than other borrowers, between 35-54
 - Likely to be a parent, with dependent children
 - Primarily living in social or private rented property
 - Relatively low income, with majority earning under £20,000
 - Claiming benefits
 - High levels of over-indebtedness
 - Potential health problems
-

The following statistics have been summarised from the 2019 Victim Report produced by the Illegal Money Lending Team (ILMT):

<https://www.stoploansharks.co.uk/wp-content/uploads/2020/02/IMLT-Victim-Report-2019.pdf>

Age of borrowers:

- Under 25: 7%
- 25-34: 19%
- 35-44: 36%
- 45-54: 27%
- 55+: 11%

Gender:

- Male: 55%
- Female: 45%

Family:

- 55% of victims were parents, with an average of two children per family

Tenure:

- Accommodation supplied by employer: 1%
- Living with family/friends: 4%
- Owner occupier: 20%
- Private rented: 35%
- Social Housing (Council & Housing Assoc): 35%
- Supported accommodation or refuge: 3%
- Homeless: 1%
- The owner occupier figure of 20% in 2019, is the highest it's been since the IMLT started recording this statistics in 2011

Employment status:

- Carer for relative: 1%
- Employed full-time: 46%
- Employed part-time: 7%
- Retired: 5%
- Self-employed: 7%
- Student: 2%
- Unemployed: 31%

Household Income:

- Zero: 1%
- Up to £14,999: 43%
- £15,000 - £20,000: 18%
- £20,001 - £30,000: 24%
- £30,001 - £39,000: 7%

- Over £39,000: 7%

Health:

- 46% of borrowers said they had long-term health conditions
- 14% said they had a physical illness
- 21% highlighted they suffered from mental health issues
- 79% of borrowers said that they were in a state of worry, stress, depression or severe anxiety because of their involvement with a loan shark
- 34% said they had considered committing suicide – 17% had attempted suicide

Benefits, Debt and Money:

- 62% of victims were claiming benefits
- 69% of victims owed money to legal creditors as well as the loan shark – the average amount owed was £12,749
- 40% had priority debts including rent, mortgage or council tax arrears
- 73% didn't have home contents insurance
- 44% had pre-payment meters for fuel supply