Save as you borrow – credit unions creating good habits

A report by the Fairbanking Foundation

February 2017

fairbanking
Banking made fairer for your financial well-being

Contents

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The Fairbanking Foundation is a charity dedicated to encouraging and helping banking institutions to improve the financial well-being of their customers and thereby the UK public as a whole. Our work is designed to provide well-researched, independent and insightful new input to assist in producing financial products that benefit customers. In 2011 the first Fairbanking Marks were granted for products that have features which help customers alter their financial behaviour. In 2013, the Fairbanking Foundation became the first certification body in the UK for financial products to be accredited by the UK Accreditation Service for meeting international standards.

More information about Fairbanking can be found at **www.fairbanking.org.uk** and enquiries can be sent to **info@fairbanking.org.uk**.

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Foreword

Money often plays a central role in the difficult times in our lives. In the many uncertain moments in life, money worries can lead to anxiety and fear. Supporting more people into good savings habits can have a profound impact on mitigating these moments and liberating lives to be lived in fullness. This is why I welcome The Fairbanking Foundation's new research, which shows that the approach taken by many credit unions to lending and saving is having a transformative effect on the financial lives of most of their members.

It is uplifting to read the comments of those who are benefiting from the reassurance provided by a small amount of savings and the sense of achievement from having improved their financial security. It is particularly encouraging to see that even those who have limited financial resources can see the benefit of saving as they borrow.

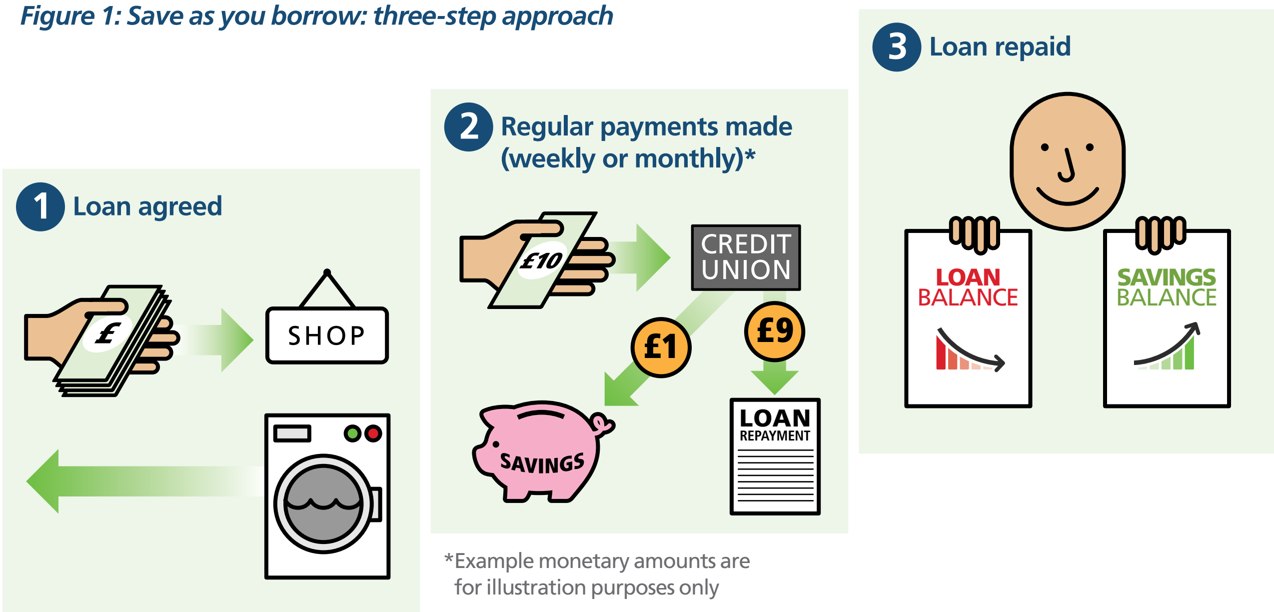
I hope that those involved in developing the use of credit unions (e.g. employers, churches and housing associations) will study this report carefully and make use of the evidence that it presents, and that other financial organisations will take note and consider how they can take a similar approach to benefit their customers and members.

The research is important not only because it provides clear evidence of how to create good savings habits, but because it prioritises reducing the vulnerability of those on low incomes. Alongside its leadership in developing the Fairbanking Mark, this timely research demonstrates the scale of transformation that is occurring through the credit union sector. There is a clear opportunity to grow this approach, so that many more families can be released from the uncertainly and anxiety that comes from financial instability.

Most Revd and Rt Hon Justin Welby
The Archbishop of Canterbury
Patron

Introduction

Figure 1: Save as you borrow: three-step approach



What I am going to write about in this short report will come as no surprise to those familiar with the credit union movement. For the rest (except for behavioural economists) it may be a bit of a shock to see the transformation to savings habits that occurs when customers are expected to save while they borrow. To turn so many people that have never been able to save into committed savers by lending them money seems perverse (especially for monetary economists), but this short report will indicate how it can be done . It will cast light on why it brings a greater sense of well-being to the members of credit unions. It will also show that the "cost", if there is one at all, is generating value for the vast majority of the participants in our surveys (c. 97%).

In 2015, the Fairbanking Mark was made available to credit unions as a result of a subsidy provided by a grant from the Barrow Cadbury Trust ("BCT"). The Fairbanking Mark is a certification, offered by the Fairbanking Foundation, a registered charity. The credit unions have applied for the personal loan certification, which seeks to verify that the loan has many features to help customers manage their money (see Appendix 1). One of the requirements for certification is an independent survey of customers to verify that there is evidence of each feature working and to identify signs of detriment. Performing independent surveys is a bread and butter activity for larger financial institutions, but would not be a priority for the limited resources of most credit unions. The BCT grant enabled these surveys to be conducted by Ipsos MORI (see Appendix 2 for methodology). They proved valuable to the management of the credit unions as well as providing crucial information for the certification process. The credit unions have agreed to the survey results being publically available and this has provided the information on which to base this report. Ipsos MORI was responsible for fieldwork only. The analysis and interpretation was carried out by the Fairbanking Foundation.

The credit unions in this report have self-selected themselves to go through the process of certification and are likely to represent some of the most effective credit unions in the sector. However, the "save as you borrow" (SAYB) model is generally used by credit unions and it is reasonable to assume that the effects are occurring in all credit unions. Evidence was gathered that the surveyed credit unions are treating their members well both during the process of lending to them and if they get into difficulty. The loan products were granted 5 Star Marks, which is the highest and is difficult to obtain.

The Fairbanking Foundation is pleased to be able to highlight how such good outcomes are being consistently provided to credit union members.

Executive Summary

"Save as you borrow" (SAYB) is the practice of credit unions to encourage their members to put an amount (c. 10% of the payment) into a savings account as part of making a loan repayment (see Figure 1). The SAYB model of lending used by credit unions is very helpful to their members as a way of developing savings habits. For members that have never been able to save, the well-being benefits are tangible. As they experience the anxiety reducing effects of having a savings buffer, most are motivated to continue the painless practice they have begun. The participants find four aspects of the approach helpful: it is easy, the savings provide security, it provides a lump sum at the end of the loan and there is a sense of achievement. 26% of participants in the surveys were saving regularly before they took out the loan or joined the credit union and the experience of SAYB leads to 71% having the realistic expectation that they will save throughout the year i.e. 45% of participants expect to become new regular savers. From the last Money Advice Service survey[1] of the UK, the savings practices of members begin in line with those of households with income under £13,500 (25% save every month) and are transformed into being close to those of households with earning over £75,000 (74% save every month), although the amounts saved will be a lot less.

There is a small cost to the members as they could pay off the loan quicker if the savings amount was applied to the loan and this would potentially reduce the interest cost. Although rational economic thinking, the costs/benefits of this approach are not so straightforward. The loan rate from credit unions is very competitive (12.7% for most members), particularly for the relatively small loans that they offer and the savings element is not sufficient to undermine this competitiveness. It is reassuring that the vast majority of the participants appreciate how they are being helped and either think the "cost" is worth it or do not really regard it as a true "cost" given the competitive loan rate (79% of participants think it is worth paying the extra amount of interest). Significantly, this is the outcome for those that due to poor credit history are borrowing small amounts at the highest rate on offer from credit unions (42.6%). This concept will cause palpitations for economists as the habit forming benefits and the quasi insurance of the savings buffer are difficult to quantify. Bankers struggle to rationalise it because in addition to the cost complexity it muddles savings and lending, which would normally be in separate profit centres for a bank.

SAYB is not the only way in which credit unions are helping their members. This report goes on to explain five others:

- **Budgeting** – helping members to work out for themselves what they can afford;
- **Loan amount and term** – helping members consider the best option;
- **Easy payment** – providing a choice of payroll deduction, standing order, direct debit, links to benefits and pre-paid card;
- **Prepayment** – enabling members to pay off early when they can afford to do so;
- **Supporting members in difficulty** – a range of approaches to help members, including the potential to use the savings accumulated through SAYB.

There will be many more borrowers, particularly those with household incomes below £35,000, who would benefit from SAYB in order to create a savings buffer. This report shows the transformative power of the approach when used by credit unions to support their members.

The government could use the "Help to Save" scheme or a variant of it in order to encourage more people to borrow using the SAYB approach. The credit unions are accessing households where a high proportion do not save and could no doubt reach a lot more.

Finally, a note of caution. The evidence for the SAYB approach in the context of credit unions is overwhelming. It is a rare financial services jewel and worth protecting and expanding for the right customers; it is important not to let it be undermined.

[1] Barriers and Building Blocks – An overview of the 2015 Adult Financial Capability Survey; MAS (November 2015)

Part 1 – Save as you borrow

Credit unions are membership organisations; in order to become a member a small amount is saved each month or week. The savings take the form of a "share" in the credit union and a dividend is paid on the share rather than interest. The dividend is based on the surplus generated by the credit union. The amount of accumulated savings will be taken into account when deciding what size of loan to grant. For the loan products included in this research there was an expectation that the member would continue to save and in order to access some of the lowest rate loans, the amount of saving is specified. Loans can be prepaid with the savings when the balance exceeds the loan amount and the member can access the savings (shares) in the case of difficulty. In the case of hardship, there are various options that can be considered, but the savings create more options for the member and the credit union.

A possible title for this report would have been "savings by default" meaning that the default position to obtain a credit union loan is that the member will save at the same time as repaying the loan. The term "default" has another meaning in the context of lending, describing non-payment, which makes its use confusing. "Default" in behavioural economics is widely recognised as the most powerful nudge that can be applied. Its effectiveness is taken for granted by the credit union movement, but this analysis shows that used wisely, it is worth promoting.

A member of a credit union is expected to save at the same time as repaying a loan. Although it is not always a condition of the lending, at the time of setting up a loan, the default position is that a member will agree to an affordable amount of saving at the same time as taking out a loan. The loan will only be granted if the customer can afford at least a modest amount of saving simultaneously. In some instances, a member will require a track record of saving before being able to access certain low interest loans; they may have to have been a savings member of the credit union for around three months before being granted their first loan. For these members the savings default is a natural part of being granted the loan.

As will be shown, the evidence for creating a savings habit where very little existed before is strong.

It is not economically sensible for customers to save at the same time as borrowing; the loan takes longer to repay and more interest is paid. However, the results of doing so are compelling and as will be shown, the evidence for creating a savings habit where very little existed before is strong.

1.1 Members overwhelmingly think it is helpful

Although credit unions generally adopt this approach, the way it is specifically applied varies as does the interest rate on the loan. However, there is very little variation in the response of members to this aspect of the lending. 97% of survey participants found it "helpful" being able to save at the same time as paying off their loan (see Figure 2).

Participants who found saving alongside borrowing to be helpful were asked "please can you tell us what makes you say that?" The top four answers across the credit unions for the 933 participants who commented were in four categories as shown in Figure 3.

Other reasons given, but much less frequently, included: using the savings to pay back the loan early, ability to borrow a larger loan in future from the credit union, means we will not need another loan, will pay for specific item e.g. birthday, Christmas, funeral expenses or leave to children.

Only 15 of the 1,055 participants responding found it unhelpful to save while repaying the loan. This is too few to categorise, but reasons given included – do not see the point in saving when owe money, not being able to spend the savings and not needing to save.

Figure 2: How helpful is/was it to be saving at the same time as paying off your loan?

	1st Alliance Ayrshire	*1st Class*	*Central Liverpool*	*Enterprise*	*Hoot*	*London Capital*	*NHS*	*All respondents*
Helpful*	98%	97%	99%	97%	98%	96%	98%	**97%**
Unhelpful**	2%	2%	1%	2%	1%	3%	0%	1%
Don't know/ Refuse	0%	1%	1%	1%	2%	1%	2%	2%

See Appendix 2 for sample size. *Combination of "very helpful" and "fairly helpful"
**Combination of "not very helpful" and "not at all helpful"

Figure 3: Most frequent reasons spontaneously given for finding saving while repaying loan helpful

29% Made Easy – difficult to do if not done for me

"It builds up really quickly and I would not save other than this method" – 1st Alliance Ayrshire CU member

"As both are taken off my salary I find it makes easier and practical" – NHS CU member

"It just helps me save and it all goes in one transaction" – Hoot CU member

"You don't really notice because it's only a couple of pound a week" – Cental Liverpool CU member

22% Contingency if need money – rainy day fund

"Because if you have anything that crops up unexpected you can go in and take it out if you need it. It's good to have for emergencies" – Enterprise CU member

"It's a great way to save for the raining day" – London Capital CU member

"If we have a bad week we can use some of the savings" – Hoot CU member

21% Money left at end – a lump sum

"Because by the end of the loan I will have money saved, it is a win-win situation" – London Capital CU member

"So when the loan is paid off I have built up a savings nest egg" – 1st Class CU member

"It means that I have a lump sum at the end of it to do whatever I need to do" – 1st Alliance Ayrshire CU member

16% Sense of achievement – it's a good thing to do

"I think it gives you a sense of achievement that you have been able to save something" – Central Liverpool CU member

"Knowing that I am saving during the period of my loan is just a good feeling!" – NHS CU member

"It's great to save" – 1st Class CU member

930 participants provided comments from seven credit unions surveyed by Ipsos MORI in 2015/16.
The grouping of reasons shown was carried out by Fairbanking.

1.2 Developing a savings habit for many

Life can be difficult; inadequate savings can make it worse. Regardless of the probability of the heating breaking down, death in the family, or losing overtime payments, when it happens, we will be in a much better position if we have self-insured through savings. 26% of working age adults in the UK have no savings and a further 29% have less than £1,000 saved[2], so there are many households with inadequate savings.

The Money Advice Service has recently statistically analysed its survey of a nationally representative sample of the UK population. It developed a measure of Current Financial Well-being (CFW), that measure includes "the capacity to pay a bill of £300". Only 54% of over 18 year olds in the UK can easily find £300 from their current or savings accounts. Furthermore, the top three drivers of CFW are "financial confidence", "managing credit" and "active saving".[3] An active saver will be saving more frequently and be saving for a range of expected and unexpected expenses. If a credit union has ensured that a member is borrowing wisely, helping them to become an active saver is the top priority.

26% of working age adults in the UK have no savings and a further 29% have less than £1,000 saved

A further piece of evidence is that customers told us what their savings habits had been before taking out the loan and what they were likely to be after the loan was paid off. The mix of savings practices when members apply for a loan with these credit unions is almost the same as that of the UK population for those with household incomes under £13,500, as shown by the MAS survey. This national survey shows that 38% rarely or never saved whereas 39% of the Ipsos MORI sample of credit union members say they have never been able to save. Similarly, the MAS national survey shows 25% saving every month of the low income group compared with 26% in the Ipsos MORI surveys prior to taking a loan.[4]

The evidence is that out of each 100 credit union members, c. 74 will not be regular savers and of these, 45 will become regular savers as a result of "save as you borrow". Most significantly, most of these members (26) will come from those (39) who said they had never previously been able to save at all. The approach enables two out of three (67% in Figure 4) people that have never previously saved to become not just savers, but regular savers. The scale of the change is such that, if sustained, the savings practices would be close to those of households with incomes of £75,000 or more; 74% of them are regular savers and only 7% rarely or never save[2].

Not surprisingly most (92%) of the quarter of participants that did save regularly will continue to do so. Almost two-thirds (61%) of participants who had previously either saved when they could or sometimes saved a lump sum said they would become regular savers.

The results are fairly uniform across the different credit unions. The only major difference was at Hoot with the higher proportion of participants with poor credit history, where only 50% of those that had never saved before thought that they would be able to save regularly. 16% of this group thought that they would never be able to save at all which was higher than the average of 10%, but was similar to the two credit unions in Liverpool. Even for this group that would have more constrained finances, 82% thought they would be doing some saving in the future; just not so many would manage to do it regularly.

[2] 2015 Adult Financial Capability Survey; MAS

[3] Measuring financial capability – identifying the building blocks: an in-depth analysis of the UK Financial Capability Survey; MAS (November 2016)

[4] Barriers and Building Blocks – An overview of the 2015 Adult Financial Capability Survey; MAS (November 2015)

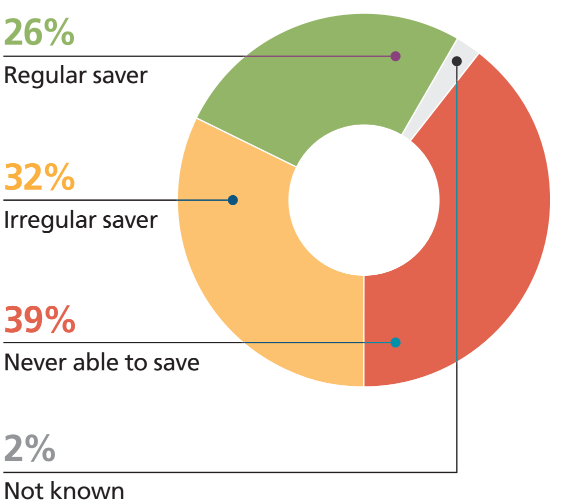
Figure 4:

A. Which of the following statements best applies to your savings habits before you joined the credit union/took out the loan?

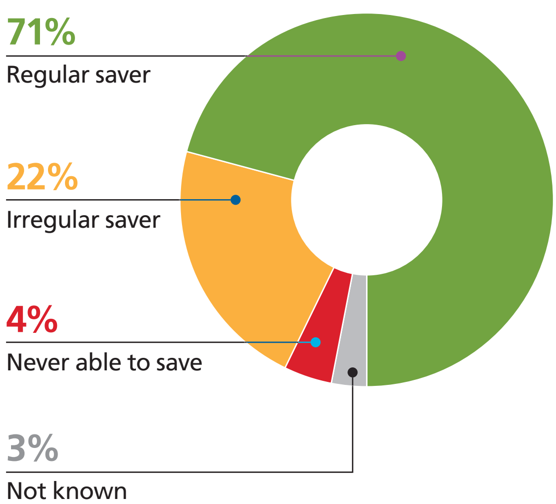
B. Please can you tell us which of the following statements best applies to your future savings plans after your loan has been paid off?

	All Respondents	All that have saved regularly	All that have saved but not regularly	All that were never able to save at all	All that do not know/ refused to answer
A. Savings habit before loan	**100%**	**26%**	**32%**	**39%**	**2%**
B. Future savings plan after loan					
Will save regularly throughout the year	**71%**	92%	61%	67%	28%
Save whenever I can	**19%**	6%	32%	17%	24%
Will sometimes save a one-off lump sum	**3%**	1%	3%	3%	10%
Will not be able to save at all	**4%**	1%	1%	10%	7%
Don't know	**3%**	1%	2%	3%	31%

A. Savings habit before loan



B. Future savings plan after loan has been paid off



Survey conducted by Ipsos MORI of 1,272 members of seven credit unions.

1.3 Why does it work?

There are a number of behavioural approaches working together to make SAYB so effective:

Default – this is the most powerful i.e. there is an expectation at the outset about saving an amount they can afford, if the customer wants to have a relatively cheap credit union loan. There are many loans available from other lenders that will not require this. The credit union is flexible if the amount proves too much, but it is a part of becoming a member and belonging to the credit union. The member could borrow elsewhere, but in order to take advantage of the low loan rate, modest savings are expected.

Commitment – the regular amount is a commitment. We have a strong tendency to maintain a commitment and therefore the members are unlikely to question this action once the commitment has been made.

> *The evidence is overwhelming that new savings habits are being developed as a result of "Save as you borrow"*

Salience – members get feedback on their savings balance and seeing it grow is a further motivator. A member will be reluctant to go back to a position of not having any savings once they see the balance in their account and being aware of the time it has taken to grow it.

Social norm – the involvement of people with the credit union will have the effect of changing their expectations from funding purchases with debt to saving up for at least a proportion e.g. for holidays and Christmas. They may have been in a community that did not practice savings and they are joining a community where people like them are managing to do it.

Figure 5: Savings Habits: most frequent reasons for having helped

32% Helped/taught me to save – not have saved otherwise

"It has given me trust in saving and not getting ripped off" – Enterprise CU member

"I have saved money I could not have saved by myself" – London Capital CU member

"It's just budgeting, better way to manage your money" – Hoot CU member

"It has educated me about my finances and how to manage my money" – Central Liverpool member

18% Saving will continue regularly

"I save regularly now I see the money is there once saved" – 1st Alliance Ayrshire CU member

"I have now gotten into the good habit of saving a small amount each month to boost my future finances" – NHS CU member

18% Savings are taken automatically – making it easy

"Regular savings direct from payroll helps me to save" – 1st Class CU member

"It's made it much better because it comes directly from my wages as opposed to me putting something into an account" – 1st Alliance Ayrshire CU member

926 participants provided comments from seven credit unions surveyed by Ipsos MORI in 2015/16. The grouping of reasons shown was carried out by Fairbanking.

These behavioural components are combining to develop a savings habit. The default approach is clearly the most important, as it is a well-researched area of behavioural science. It is recognised that if there is an opportunity to apply a default approach, this is almost certain to be highly effective. The other aspects are likely to be contributing, but there does not seem to be a need to conduct further research into exactly how much effect each is having.

The members were asked "in what ways, if any, had taking out your personal loan helped your savings habits?". 92% of participants (926 members) responded positively to this question giving reasons, Figure 5 gives the most popular reasons.

There were no systematic reasons from the 8% of members that did not think it had helped with their savings habits other than for some of them they had been good savers previously.

In conclusion, the evidence is overwhelming that new savings habits are being developed as a result of "save as you borrow".

1.4 Is there a "cost" of saving while you borrow?

This section will put the economic "cost" to the credit union member in perspective. However, it should be emphasised that there may be no cost at all. This is because one of the reasons that credit unions can provide relatively small loans at competitive rates is that members are saving with them, which is both providing funding and reducing risk. However, it is worth exploring how the "cost" to members can be quantified.

There is not a standard approach across credit unions for how much a member is encouraged to save. The primary objective is to ensure that the member is able to afford the total amount of the loan repayment and the savings. In addition to being good for the member to save, it also ensures that the member has not borrowed to the maximum that they can afford i.e. the savings act as a buffer should the member face an unexpected need for money.

One of the reasons that credit unions can provide relatively small loans at competitive rates is that members are saving with them, which is both providing funding and reducing risk

The different approaches of the credit unions surveyed reflect the different kinds of members and the scope for different practice. This shows that the "cost" of saving while the member repays the loan varies significantly according to the underlying interest rate and the amount of saving. The higher the interest rate, the larger the amount that the interest paid on the loan would be reduced by repaying quicker. The amount of interest paid increases if a larger amount is saved rather than used for debt repayment.

It is important to acknowledge that this is a hypothetical "cost" as the savings element is integral to the loan approval. The member is unlikely to be able to get a loan at the best rate without an element of savings. Figure 6 illustrates the "cost" for some members and is for illustration in order to get a sense of the amounts involved. The actual numbers will depend on the amounts being borrowed and saved since credit unions do not work on a formula. Ultimately the customer will determine the amount of saving beyond a minimum level.

Figure 6: Examples of annual "cost" of extra loan interest paid to save while repaying a loan

Credit Unions	Interest Rate	Savings Expectation	Monthly payment, including savings	Per annum savings	Annual "cost" of extra interest
Central Liverpool, Enterprise, 1st Alliance Ayrshire	12.7%	c.10% of loan repayment	£97.85	c.£108	£6.34
NHS and 1st Class	12.7%*	£10 per month	£98.85	£120	£6.91
London Capital	12.7%	£27 per month	£115.85	£324	£15.56
Hoot (lower risk)	16.1%**	c.10% of loan repayment	£99.27	c.£108	£8.02
NHS and 1st Class	19.6%	£10 per month	£101.68	£120	£10.57
Hoot (high risk)	42.6%	Min.£1 per week, £5 per month	£19.93	£52	£8.23

Illustration based on £1,000 loan for one year   High interest loan of £200 for one year
*Lower rates for larger loans, this rate may not be available for a £1,000 loan. **Lower rates for lower risk borrowers.

Figure 7: By building up savings with … at the same time as paying off your loan, you will pay more interest back as the loan will take longer to pay off than if you were not saving. Do you feel it is worth the extra interest on your loan, to have an amount in savings available when your loan is paid off?

	1st Alliance Ayrshire	1st Class	Central Liverpool	Enterprise	Hoot	London Capital	NHS	All Respondents
Yes	83%	81%	83%	75%	85%	64%	85%	**79%**
No	5%	8%	6%	5%	9%	12%	3%	**7%**
Don't Know	10%	10%	11%	17%	6%	22%	11%	**13%**
Prefer not to say	2%	1%	1%	3%	–	2%	1%	**1%**

See Appendix 2 for sample size

When asked about what their savings plans would be following completion of the loan, only 6% of these members with a poor credit rating said they "will not be able to save at all"

On the standard loan product for £1,000 at a rate of 1% per month (12.7% APR), the cost of saving between £109 and £120 in a year is between £6.34 and £6.91 or c. 55 pence per month. The rates offered by the credit union are very competitive for the size of loan[5]; it is an excellent arrangement for the members. One of the credit unions (London Capital) has a loan that encourages a member to save £324 in a year. The cost of doing this is around £15.50 (£1.30 per month) for the one-year loan of £1,000, which equates to c. 2% on the interest rate. The rate would be only 10.6% and the loan repaid in 9 months if the entire payment went to paying off the loan. Given the rate is competitive at 12.7% and the member would have no savings buffer built, the member well-being benefits are substantial. Importantly, most members consistently say that the cost is worthwhile as will be demonstrated.

Of particular interest, one credit union (Hoot) offers loans at the maximum rate permitted (42.6%) for members with a poor credit history. The member saves £1 or £2 per week according to how much they can afford. These are generally one year loans with a relatively high proportion of members needing to restructure the loan due to affordability issues during the course of the year. The cost of accumulating the savings is relatively high due to the high interest rate (e.g. £8.23 for a one-year loan of £200). When taking out this loan 43% of these high risk customers said they had "never been able to save at all". When asked about what their savings plans would be following completion of the loan only 6% of these members with a poor credit rating said they "will not be able to save at all". The costs were fully explained in a question and 83% thought it was worth the extra time period and cost of the loan to achieve the savings.

This view is mirrored across all the customers as shown in Figure 7. 79% of survey participants agree that it is worth the extra amount of interest, although the question did not specify the interest cost for most of the credit unions. The question was asked differently to the Hoot customers and specified both the amount of savings and the interest cost. The members at London Capital CU that are saving a larger amount were more likely to answer that it was not worth it (12%), there were many more that did not know (22%). It is possible that the amount of savings expected at London Capital CU is testing the boundary of savings, although more work would need to be done before firmly drawing this conclusion. It is possible that even those who have expressed reservations may be more positive when they see the savings they have accumulated at the end of the loan period. Those that have answered "yes" are very positive about what they are managing to achieve with the credit union's support.

The participants were asked to give an answer as to why they thought it was worth the extra interest on the loan and to take longer to pay it off in order to build up a savings amount. Figure 8 gives the top answers to this question.

Similarly, participants were asked to give an answer as to why they did not think it was worth the extra interest on the loan and taking longer to pay it off in order to build up a savings amount. The sample size of 64 is very small as excluding the 20 members who either did not understand or did not have a view, it is 44 members with 20 of these comments from the credit union with the relatively high savings component for the low interest loan (London Capital CU). It is this credit union that has some of the most positive comments from other members that are seeing their savings balance grow.

[5] Credit union loans were the most competitive in the market for amounts up to £2,000 and, at 12.7%, for loans up to £3,000 too. DWP Credit Union Expansion Project Feasibility Study Report (2012)

Figure 8: Savings amount – yes, it is worth the extra interest and taking longer to pay off loan

17% Lump sum at end of loan

"It's a rewarding combination for someone like me who hasn't always found saving money easy. So it's lovely to know that at the end of the repayment period there is a little something for me in a savings account. For me, even with the extra interest being paid it is worth it."
– London Capital CU member

"Nice to know the savings will be there after I finish off my loan"
– Central Liverpool CU member

16% It's good to have savings

"It's just a lot better for me"
– 1st Alliance Ayrshire CU member

"Good that you have it – I would end up using it for bad reasons"
– Hoot CU member

15% Money to fall back on

"It gives me some security, funds available for emergencies etc"
– NHS CU member

"Because it's like having a security blanket. You have to pay into a service to get something back"
– Enterprise CU member

12% Teaches you how to save – savings become a habit

"Feel I wouldn't save through-out year if didn't commit at start of loan"
– 1st Class CU member

"I feel that I would not be able to save unless I was "forced" to do so, so therefore I'm happy to pay a little extra interest in the knowledge that I will have funds available to me when I have finished paying the loan"
– Enterprise CU member

12% Lower interest rate than banks/other loan sources

"It is still cheaper than the banks interest"
– 1st Alliance Ayrshire CU member

"The interest on Credit Union loans is much lower than any other financial outlets I use the difference to push up my savings"
– London Capital CU member

11% Simple convenient way to save

"As not missed deductions from wages so would like to carry on contributing to savings when loan paid off"
– 1st Class CU member

"I've had several loans in the past ten years. I'm a busy guy, for me it's easy, and it's a small price to pay for something so convenient"
– Hoot CU member

806 participants provided spontaneous comments from seven credit unions surveyed by Ipsos MORI in 2015/16. The grouping of reasons shown was carried out by Fairbanking.

From the comments given, the three most frequent reasons were:

- **Prefer to pay the loan back earlier than save at the same time (19 members)**
  "I like the idea of saving, but I think where possible it's better to try and pay off the loan earlier" (London Capital CU member)

- **Not wanting to pay more interest (12 members)**
  "Less interest would be more favourable" (NHS CU member)

- **Not interested in saving (10 members)**
  "My focus was getting the money irrespective of the interest" (London Capital CU member)

1.5 Loan rate is lower than members expect

One piece of relevant information is that members consider the rates as being low compared with their expectation overall. Figure 9 shows the different views of the interest rates for different credit unions. Overall, 22% of participants thought the interest rate on their loan is much lower than they thought it would be. The highest proportion of members having this view is at Hoot credit union. This is surprising given that a lot of these have the high rate loan and 35% was the proportion for this loan type that thought it was much lower than expected. This reflects the very high rates that borrowers with poor credit history need to pay to access loans, the limited choice and the much higher rates generally charged for smaller loans. This is further vindication that even if the rate were a little higher than 42.6%, taking into account the "cost" of savings, it would still represent very good value to the members.

22% of participants thought the interest rate on their loan is much lower than they thought it would be.

Figure 9: Thinking about the interest rate which applies to your loan, please can you tell us how does the rate you were offered compare to the rate you expected to be given when you decided to apply for the loan?

	1st Alliance Ayrshire	1st Class	Central Liverpool	Enterprise	Hoot	London Capital	NHS	All respondents
It was much higher than I thought it would be	1%	1%	–	–	3%	4%	2%	**2%**
It was slightly higher than I thought it would be	6%	5%	3%	8%	8%	13%	12%	**8%**
It was the same as I thought it would be	52%	49%	41%	36%	34%	35%	41%	**42%**
It was slightly lower than I thought it would be	14%	15%	20%	17%	18%	16%	18%	**17%**
It was much lower than I thought it would be	21%	20%	28%	27%	30%	16%	18%	**22%**
Don't know	6%	9%	8%	13%	7%	14%	9%	**9%**

Survey conducted by Ipsos MORI of 1,272 members of seven credit unions.

Part 2: A "high five" for credit union lending

The following five sections cover other aspects of the way in which credit unions support their members with the loan process. They each represent important ways in which these credit unions are offering an exceptional service to help members.

2.1 Budgeting

Credit unions are keen to assist customers understand what they can afford and to have considered their budget carefully. Overall, 81% of participants say that they had reviewed income and expenditure in order to work out how much they could afford (see Figure 10). The highest proportion is for the credit union (Hoot) offering loans to high risk customers whereas the lower percentages at some credit unions are more likely to include loans to customers that have a track record with the credit union. The proportion of customers on the high risk/highest interest loan saying that they had reviewed income and expenditure was 99%. The overall figures are on a par with major banks with the responses above 75% being exceptionally good, which we know from separate certification surveys. It is important to note that this budgeting support is helping the member understand for themselves whether they can afford the loan, not the financial institution determining it on their behalf.

Customers find considering their total out-goings, including debt repayments a very important part of the process and 96% of those engaged with the budget find it helpful.

The following comments show common themes relating to:

Affordability – working out how much a member can afford to repay.

Cutting back – reducing outgoings to be able to afford the loan.

Being in control – creating a cushion so as to avoid struggling.

Where the budgeting process is leading to a greater sense of control, it is highly likely to be improving the well-being of the members. There is a lot of evidence from the comments that this is the outcome.

> *"It made me realise how much the ingoings and outgoings were. It's a very good idea as doing that means you're not being set up to fail, and it's realistic. It's the best price you would get compared to anywhere else, and the planner can deter people from going to loan sharks. It has helped set me up for life." (1st Alliance Ayrshire member)*

> *"It makes you realise what your actual outgoings a month are and where you can cut back on things." (NHS member)*

> *"It helped me to decide whether it was affordable and I wouldn't struggle with any important outgoings." (1st Class member)*

> *"It helped me to decide the amount to borrow that would be comfortable to payback." (London Capital member)*

> *"Because I knew then what I would be able to manage payment wise, it's just better always knowing what you can afford to pay." (Handy Loan, Hoot member)*

Most of the credit unions enabled customers to have a copy of the income and expenditure analysis (see Figure 10). The credit union (Hoot) that did not offer a copy of the analysis as a matter of course, enquired of its members as to whether this would be useful. It found that 59% of members thought that this would be something that would be helpful for them to refer to at a later stage. Between 31% and 60% of participants of credit unions that do this were retaining a copy to refer to later, so there is good evidence that this is a valuable part of the service being provided. In some cases, there may be an opportunity to enhance this, but it does depend on the mix of business in that customers topping up a loan may not find it so useful.

2.2 Reviewing loan amount and term options

The credit unions are excellent at enabling customers to consider what size loan over what period to consider. Figure 11 shows how helpful the members found being able to do this.

Members find this part of the process very helpful with 94% of participants finding this helpful in determining how much to borrow and the repayment period; most describe as "very helpful".

The following quotes explain why this is a key part of the process for the members.

> *"Lets you set your realistic expectations regarding repayments you can afford." (1st Class member)*

> *"It just helped me to explore all of my options and to keep within my budget." (Enterprise member)*

Figure 10: Did you review your income and expenditure to help you decide how much you could borrow? Did you keep a copy?

	1st Alliance Ayrshire	1st Class	Central Liverpool	Enterprise	Hoot	London Capital	NHS	All respondents
Reviewed income and expenses	68%	79%	86%	89%	94%	66%	90%	**81%**
Kept the copy of the income and expenses statement	60%	35%	54%	31%	*	38%	39%	**45%**

See Appendix 2 for sample size.

Figure 11: How helpful, if at all, has it been to calculate possible monthly repayments and repayment periods?

	1st Alliance Ayrshire	1st Class	Central Liverpool	Enterprise	Hoot	London Capital	NHS	All respondents
Helpful	96%	98%	94%	86%	98%	93%	95%	**94%**
Unhelpful	2%	1%	2%	4%	2%	2%	–	**2%**

See Appendix 2 for sample size.

2.3 Easy payment mechanism

Credit unions are at the forefront of offering loans via employers and the payments are made by payroll deduction. Other members are encouraged to make payment shortly after receiving income. Between 81% and 91% of participants across the seven surveys are doing this and 96% or more find it helpful. This is viewed by members as an important way of avoiding "temptation" and adds to control by reducing the problem of missing it. Customers like to know what is left after making the loan payment.

"As soon as my wages get paid the money leaves my account, avoiding temptation to dip into it." (London Capital member)

"That way I don't have to think about it and no chance of missing the payment or spending it on other things" (Central Liverpool member)

"It suits me, it's in and out. Being a single mother and being on the bread line on benefits, my boys would need something if the money didn't come out immediately, I'd spend that money on my boys otherwise. I don't have time to spend it now, so I'm happy that's the way it's done for me." (Alliance Ayrshire member)

"It just goes straight in and I don't have to worry about leaving money in the bank to cover it and I know my loan is getting paid on a regular basis. It takes the worry away from me." (Enterprise member)

"That way what is left is yours and you don't have to worry about repaying your loan." (1st Class member)

The method of payment needs to be easy; otherwise the member may miss a payment. The problems of missing a payment can escalate quickly. Between 98% and 100% of participants find the payment methods provided are convenient. This would be similar to the level finding the direct debit convenient at major banks where customers predominantly use this payment method, which we know from other certification surveys. A greater variety of payment method is provided by the credit union to achieve this high score for convenience. In addition to payroll deduction, members are paying by standing order, direct debit, linking payment to benefits and by prepaid card.

Between 19% and 32% of these participants from the seven surveys use standing orders and between 11% and 26% use direct debits. Some members will prefer standing orders as it gives them greater control over the amount being taken. The proportion using a standing order is much higher than would be the case at a bank, as is shown in separate certification surveys for banks.

Overall, encouraging members to make payment soon after receiving income and making the payment method easy are both features that work well.

2.4 Repaying the loan early

Being able to pay more than the required repayment is viewed very positively by members. Between 90% and 100% of participants find this helpful. All the credit unions are reminding members that they can do this without a penalty and a variety of methods are used for the repayment, including online electronic transfers, altering regular payments and going into the branch.

The members like to be able to do this as it saves them interest and means that the loan is repaid earlier. There is the unacknowledged benefit that reducing the loan amount will mean there is less of a problem should they suffer a future payment problem, which is likely to be part of the reason for paying off the loan quicker. Here are two examples from participants of the reasons for making an early payment:

"To cut down the repayments, and get them paid off quicker." (1st Alliance member)

"I like to keep interest to the minimum and I always like the idea that I can finish paying sooner." (Enterprise member)

Even when the member had not done anything as a result of being reminded about the potential to repay the loan early; the information was received positively. The reminder is making the potential to repay early more salient and there is an implication that others are doing it, both of these are likely to be motivators to take action when possible. Here are some comments from participants who did not always respond to being advised they could repay early:

"Nothing but was good to know if I felt I could pay off loan early." (NHS member)

"I didn't do anything at the time but I have put bits in extra now and again when I can." (Hoot member)

"A couple times I paid extra when I could." (Central Liverpool member)

2.5 Members in difficulty

Credit unions do not have high default rates so it was not possible to get a representative sample from each credit union. The features relating to members in difficulty were included in the survey, but the credit unions obtained a 5 star Mark based on other features, without evidencing in this area. The Foundation has examples of major institutions that have provided sufficient evidence on the speed of contacting customers as part of certification. There is nothing notably different about either the method or speed of contact used by credit unions compared with larger organisations surveyed for certification purposes.

The following comments received from customers reflect the support they have been given when they encountered financial difficulty. The first section shows how the savings can be useful to smooth a temporary difficulty. The credit union will use their discretion in this area to support the customer.

Using the savings "pot" temporarily:

"They arranged to take it out the savings so that everything was up to date." (Central Liverpool member)

"I was out of work for 2 months last year so I could not pay my loan, they were really helpful and took a payment out of my savings I had with them." (Enterprise member)

"They took money out of my savings and I am now paying back into my savings" (1st Class member)

"I was actually abroad, so they took the loan repayment from my shares so I didn't miss the payment" (1st Alliance member)

Need for a new payment schedule:

"They gave me a time frame where I can start repaying my loan normally." (London Capital member)

"The were very understanding due to my job ending due to cuts, and requested that I contacted them when my benefit claim was sorted." (London Capital member)

"We arranged to extend loan period" (1st Class member)

"I came to an agreement to pay the payments" (1st Class member)

"They held the payment and I paid double the money once my finances were sorted out." (Central Liverpool member)

"They cut our payments for a couple of months to give me room to get things fixed financially." (1st Alliance member)

"They helped me sort it out by going through the arrangement we had. We then worked out a new plan which was great." (Hoot member)

"We arranged a lower payment on a couple of occasions as a result of emergencies." (Hoot member)

Not an issue of affordability:

> *"They addressed it, and there was no further problems or complications. An unexpected expenditure delayed the repayment, and they just collected the payment a few days later with no hassle." (1st Alliance member)*

> *"They were helpful. I was in hospital and they were able to send a member of staff to collect my payment." (Central Liverpool member)*

> *"They understood I had changed jobs and my payment date had changed then helped me to manage it." (Enterprise member)*

Conclusion

The “Save as you borrow” loans provided by the credit unions are very successful at creating a savings habit. The loans represent very good value compared to the competition, even when the savings feature is included. All that is required is a sensible approach to be taken in striking the right balance for the specific interest rate and amount of savings. It is really encouraging to see that this balance can be struck even for the highest interest rate loans offered by some credit unions (42.6%).

Should the approach be applied more widely? The psychological effect of having acquired a savings pot over a period of time appears to be significant. Given that the building of a saving buffer is known to be a primary method of creating financial well-being; wider application should be considered.

Credit unions themselves should promote this successful mechanism as much as possible. We have shown that it works both for larger balance personal loans with relatively low interest rate and smaller balance loans with higher interest rates which compete more directly with high-cost lenders. The benefits for the least creditworthy members should be made available throughout the UK.

This report has coincided with the government fine-tuning the “Help to Save” initiative. The application of “Help to Save” or a similar scheme in the context of “Save as you borrow” would be a positive development. The very high proportion of credit union customers that have never been able to save before means that the “Help to Save” incentive will underscore the worthwhile nature of saving while you borrow. It will be particularly relevant for those that have poor credit history. These members are more likely to be in need of the savings buffer that the scheme is aiming to promote. These customers are more vulnerable and being able to acquire a savings “pot” with a bonus after a period of saving would reduce their vulnerability and should play a part in improving their credit rating.

Finally, although the evidence from this report is compelling, it would be useful to have a study that tracks the behaviour of members in respect of savings and borrowing before and after completing their loans. Some members may not continue saving, but others may continue at an increased level that matches the former loan repayment.

Appendix 1

Fairbanking Mark Certification

Seven credit unions have been through the process to obtain the Fairbanking Mark and have been granted the Mark for eleven loan products. All were granted a 5 Star Mark.

The Fairbanking Mark is a product certification granted by The Fairbanking Foundation. The Foundation is a not-for-profit, research and advisory body created to assist providers of retail banking products to improve the financial well-being of their customers. The 'Fairbanking Mark' is granted in three, four or five star versions, based on an assessment of the financial well-being that the product delivers.

The Fairbanking Mark certification scheme is accreditation by the UK Accreditation Service, and is the first accredited scheme for financial products to operate in the UK. Its certification procedure is similar to such bodies as the British Standards Institute (the "kitemark").

Each product is tested against relevant criteria, derived from customer research and academic/behavioural theory. A crucial part of the testing is independent research to ensure that the product's relevant features have been sufficiently effective that customers are changing behaviour in beneficial ways.

There are five existing "product specifications" available for certification under the Fairbanking Mark:

- Current Accounts (with and without overdraft)
- Credit Cards
- Personal Loans
- Regular Savings

There are currently 27 products with Fairbanking Marks. 5 products have 3 star marks, 4 products have 4 star marks and 18 products have 5 star marks.

Once an application for a Fairbanking Mark has been received, the product goes through a rigorous five-stage assessment and certification process:

1. Star Rating Review

The product features are reviewed against the appropriate criteria – separate specifications have been drawn up for regular savings, credit cards, and current accounts (with and without overdrafts). An initial star rating is proposed against which the product will be fully tested and validated by the assessment process.

2. Customer Survey

A product-specific survey is designed to test whether customers are using the relevant product features that support the proposed star rating, and to gather examples of how customers are using those features. This survey is conducted by an independent market research company (Ipsos MORI), with questions set by the Fairbanking Foundation.

3. Product Research

Product descriptions, operational procedures, promotional materials and other relevant materials are reviewed by a product assessor to understand how the product works in practice. Also, fairness factors are reviewed. These vary for the different product specifications, but include:

- A review of product-specific complaints received by the organisation
- Ensuring that interest charges and fees are within acceptable bounds for the product compared to the market, and that they do not lead to problems for customers
- Assurance that there are no restrictive practices, such as compulsory cross-selling, relating to the product.

4. Assessment Panel

The Fairbanking Mark Assessment Panel is an independent body that reviews all product assessments carried out by the Fairbanking Foundation. An Assessment Report is submitted to the Panel, which then decides whether to grant a Fairbanking Mark, and what star rating to award.

5. Documentation and Monitoring

A Fairbanking Mark licence is granted to successful applicants for the product that has been certified. This sets out in detail how the Mark may be used. The Foundation carries out a programme of ongoing monitoring to ensure that the terms of the licence are adhered to, and that the product continues to meet the requirements of the Fairbanking Mark and Star Rating.

Appendix 2

Survey Methodology

The analysis provided in these tabulations refers to surveys carried out by Ipsos MORI on behalf of the FairBanking Foundation with 7 Credit Unions between May 2015 and April 2016. The specific dates of fieldwork for each credit union are below;

The universe was defined as all customers that currently had a personal loan or had recently paid off a loan (within 6 months) for that specific credit union. The interviews were conducted using a mix of online and telephone methodology.

The total figure refers to the combined results from these surveys. Results are not weighted to reflect the actual relative number of members. The total number of survey participants is 1,272.

1st Alliance Ayrshire Credit Union
12th August – 23rd August 2015
200 interviews – telephone only

1st Class Credit Union
23rd March – 8th April 2016
201 interviews – online only

Central Liverpool Credit Union
11th May – 21st May 2015
188 interviews – 7 online and 181 telephone

Enterprise Credit Union
11th May – 21st May 2015
132 interviews – 84 online and 48 telephone

Hoot Credit Union
23rd March – 13th April 2016
135 interviews – 42 online and 93 telephone

London Capital Credit Union
11th May – 21st May 2015
207 interviews – 157 online and 50 telephone

NHS Credit Union
23rd March – 4th April 2016
209 interviews – online only

No quotas were set to control the profile of survey participants for each credit union.

Detailed Question Text and Response Options

Figure 2

Q. How helpful is it [for paid off: was it] to be saving at the same time as paying off your loan? (Central Liverpool/Enterprise/London Capital /Hoot/NHS/1st Class/1st Alliance Ayrshire)

Rating on a 4-point scale:

- Helpful = very and fairly helpful
- Unhelpful = not very and not at all
- DK & Refused Options

Question Sample Size

Credit Union	*Sample Size Number of Respondents answering the question*
1st Alliance Ayrshire	155
1st Class	183
Central Liverpool	153
Enterprise	110
Hoot	117
London Capital	194
NHS	143

Figure 4

Q. Which of the following statements best applies to your savings habits, before you took out the <personal> loan?

By saving, we mean putting money into savings products such as a savings account or ISA.

(Central Liverpool/Enterprise/London Capital /Hoot/1st Alliance Ayrshire)

Q. Which of the following statements best applies to your savings habits, before you joined the <insert CU name> Credit Union?

By saving, we mean putting money into savings products such as a savings account or ISA (NHS/1st Class)

Single response question asked to everyone.

- I saved regularly throughout the year
- I saved whenever I could
- I sometimes saved a one-off lump sum
- I was never able to save at all
- Don't know
- Prefer not to say

Credit Union	*Sample Size Number of Respondents answering the question*
1st Alliance Ayrshire	200
1st Class	201
Central Liverpool	188
Enterprise	132
Hoot	135
London Capital	207
NHS	209

Q. Which of the following statements best applies to your savings habits, since you finished paying off your loan?

By saving, we mean putting money into savings products such as a savings account with <CU name> Credit Union. (Central Liverpool/Enterprise/London Capital /Hoot/1st Class/1st Alliance Ayrshire)

Single response question asked to paid off customers only.

- I save regularly throughout the year
- I saved whenever I could
- I sometimes saved a one-off lump sum
- I was never able to save at all
- Don't know
- Prefer not to say

Credit Union	*Sample Size Number of Respondents answering the question*
1st Alliance Ayrshire	9
1st Class	15
Central Liverpool	47
Enterprise	29
Hoot	28
London Capital	45
NHS	n/a

Q. Please can you tell us which of the following statements best applies to your future savings plans after your loan has been paid off? (Central Liverpool/Enterprise/London Capital /Hoot/NHS/1st Class/1st Alliance Ayrshire)

Single response question asked to all customers currently paying their loan.

- I will save regularly throughout the year
- I save whenever I can
- I will sometimes save a one-off lump sum
- I will not be able to save at all
- Don't know
- Prefer not to say

Credit Union	*Sample Size Number of Respondents answering the question*
1st Alliance Ayrshire	191
1st Class	186
Central Liverpool	141
Enterprise	103
Hoot	107
London Capital	162
NHS	209

Figure 7

Q. By agreeing to save with Hoot Credit Union at the same time as paying off your loan, you will pay more back to the Hoot Credit Union as the loan will take longer to pay off. E.g. A loan of £200 over 52 weeks would be repayable at £4.60 per week, with £1 per week saving you would have saved £52 by the end of the loan; with your £1 savings ADDED to the repayment instead, you could have paid the loan back in 42 weeks, paid £8.23 less interest, but have no savings. Do you feel it is worth the extra time and money it takes to repay your loan, to have an amount in savings available when your loan is paid off? (Hoot)

Q. By building up a savings amount with <CU name> Credit Union at the same time as paying off your loan, you will pay more interest as the loan will take longer to pay off. Do you feel it is worth the extra interest on your loan, to have an amount in savings available when your loan is paid off? (London Capital/ Central Liverpool/ Enterprise)

Q. By building up a savings with 1st Class Credit Union at the same time as paying off your loan, you will pay more interest back as the loan will take longer to pay off than if you were not saving. Do you feel it is worth the extra interest on your loan, to have an amount in savings available when your loan is paid off? (1st Class)

Q. By building up savings of at least £10 a month at the same time as paying off your loan with NHS Credit Union, you will pay more interest back than if you were not saving. Do you feel it is still worth saving and having an available amount of savings when the loan is paid off? (NHS)

Q. By building up a savings amount with 1st Alliance Ayrshire Credit Union at the same time as paying off your loan, you will pay more interest back to 1st Alliance Ayrshire Credit Union as the loan will take longer to pay off. Do you feel it is worth the extra interest on your loan, to have an amount in savings available when your loan is paid off? (1st Alliance Ayrshire)

Single response question asked to everyone.

- Yes
- No
- Unsure
- Refused/ Prefer not to say

Credit Union	*Sample Size Number of Respondents answering the question*
1st Alliance Ayrshire	200
1st Class	183
Central Liverpool	188
Enterprise	132
Hoot	117
London Capital	207
NHS	209

Figure 9

Q. Thinking about the interest rate which applies to your <personal> loan, please can you tell us how does the rate you were offered compare to the rate you expected to be given when you decided to apply for the loan? (Central Liverpool/Enterprise/London Capital /Hoot/NHS/1st Class/1st Alliance Ayrshire)

Single response question.

- It was much higher than I thought it would be
- It was slightly higher than I thought it would be
- It was the same as I thought it would be
- It was slightly lower than I thought it would be
- It was much lower than I thought it would be
- Don't know
- Refused

Credit Union	*Sample Size Number of Respondents answering the question*
1st Alliance Ayrshire	200
1st Class	201
Central Liverpool	188
Enterprise	132
Hoot	135
London Capital	207
NHS	209

Figure 10

Q. During the application process, did you review your income and expenditure to help you decide how much you could afford to borrow? (Hoot)

Q. During the application process, did you undertake a budget plan detailing your income and expenses to help you decide how much you could afford to borrow? (London Capital/ Central Liverpool/ Enterprise/1st Alliance Ayrshire)

Q. During the application, did you undertake an income and expenditure planner which detailed your income and expenses to help you decide how much you could afford to borrow? (1st Class)

Q. When completing the loan application, did you complete an income and expenses statement detailing your income and expenses to help you decide how much you could afford to borrow? (NHS)

Single response question asked to everyone.

- Yes
- No
- Can't remember
- Prefer not to say/ Refused

Credit Union	*Sample Size Number of Respondents answering the question*
1st Alliance Ayrshire	200
1st Class	201
Central Liverpool	188
Enterprise	132
Hoot	135
London Capital	207
NHS	209

Q. Did you keep a copy of that budget plan to refer to later? (London Capital/ Central Liverpool/ Enterprise/1st Alliance Ayrshire)

Q. Did you keep a copy of the income and expenditure planner to refer to later? (1st Class)

Q. Did you keep a copy of that income and expenditure statement to refer to later? (NHS)

Single response question asked to everyone.

- Yes
- No
- Can't remember
- Prefer not to say/ Refused

Credit Union	*Sample Size Number of Respondents answering the question*
1st Alliance Ayrshire	136
1st Class	159
Central Liverpool	162
Enterprise	117
Hoot	n/a
London Capital	136
NHS	188

Figure 11

Q. How helpful, if at all, has it been to calculate possible monthly repayments and repayment periods? (Central Liverpool/Enterprise/London Capital /Hoot/NHS/1st Class/1st Alliance Ayrshire)

Single response question asked to all who liaised with their credit union over the repayments amount.

Rating on a 4-point scale:

- Helpful = very and fairly helpful
- Unhelpful = not very and not at all
- DK & Refused Options

Credit Union	*Sample Size Number of Respondents answering the question*
1st Alliance Ayrshire	175
1st Class	189
Central Liverpool	178
Enterprise	121
Hoot	123
London Capital	184
NHS	204

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