

Unsecured Loans - UK - January 2016

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“The unsecured personal loans market is expected to have grown by 12% in 2015, with easing credit conditions and growing consumer confidence leading to an increased demand for credit.”

— Jessica Galletley, Financial Services Analyst

This report looks at the following areas:

- Peer-to-peer platforms: turning lenders into borrowers
- Payday loans have scope to move away from being a last resort product
- Smart searches will resolve concerns over credit checks

Record-low interest rates and growing consumer confidence have seen demand for consumer credit rise. As a result, Mintel expects the unsecured personal loans market to have grown by 12% in 2015, to £35 billion. Further growth is forecast over the next five years, with the market expected to reach £50 billion in 2020.

However, with a base rate rise on the horizon, growth in demand could slow as consumers face the effect of rising costs of borrowing. Maintaining a competitive edge will be important for lenders, as challenger lenders disrupt the market with innovative forms of online lending, which continues to grow as the most used channel for arranging unsecured loans. Personalisation will be increasingly important going forward, as borrowers want products that match their individual needs, with greater levels of flexibility.

This report examines the performance of the unsecured loans market, and consumer ownership of loan and credit products. It looks at the reasons why people choose to take out a loan and consumer attitudes towards borrowing in general. It also looks at the performance of more niche providers, who continue to challenge the incumbents and consumer perceptions of the market. It explores changing consumer attitudes and the use of payday lenders, and looks into the ever-growing peer-to-peer lending market, and how this might challenge more traditional lenders going forward.

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DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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Lloyds Banking Group remains the market leader

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The Consumer – What You Need to Know

- Nearly a fifth owe money on an unsecured loan
- Over half owe less than £3,000
- Over a fifth have a loan to pay for a car/vehicle
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