

## Consumers and Retail Credit - UK - February 2018

Report Price: £1995.00 | \$2693.85 | €2245.17

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“Consumer confidence and good credit availability has driven year-on-year growth in retail credit lending. Going forward, technology innovation will make the provision and application of online retail credit more streamlined, helping to attract new customers. However, the squeeze on incomes and consumers’ desire to cut back on spending will likely dampen growth.”

– **Jessica Galletley, Financial Services Analyst**

This report looks at the following areas:

- **Open Banking presents new opportunities for point-of-sale credit**
- **Improving the perception of retail credit**
- **Retail credit competes with credit cards**

The retail credit market has grown year-on-year, driven by good credit availability and consumers’ willingness to borrow. However, it has grown at a slower rate than the rest of the unsecured lending market, having had to compete with increasingly competitive credit cards and loan products. Credit cards are also seen as being much more convenient than arranging retail credit for individual purchases. There are also perceptions that retail credit is more expensive than other forms, despite the wide availability of interest-free credit, which tends to be the primary reason for uptake.

This report explores consumer usage and attitudes towards retail credit. It looks at what purchases people make with retail credit, the types of credit they use, and how they use it in relation to other forms of credit. It also looks at what would incentivise more people to use retail credit, such as interest-free credit and loyalty schemes. It explores consumers’ purchasing preferences and their wider attitudes towards using retail credit.

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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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The implications

Retail credit competes with credit cards

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The implications

## The Market – What You Need to Know

FLA members lend £6.7 billion in 2017

Lending set for modest annual growth in the coming years

Weak pound drives up the value of retail sales

FCA publishes findings of its high-cost credit review

Open Banking presents opportunities for e-commerce

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Shop Direct dominates the retail credit market

More retailers switching to credit cards

Online IFC options offer opportunities and challenges for retailers

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