

Secured Loans - UK - February 2016

Report Price: £1750.00 | \$2834.04 | €2223.04

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



"Secured loans are experiencing a revival, following a dramatic decline in sales a few years ago due to the impact of the financial crisis. The market faces regulatory overhaul in 2016, which will bring greater attention to secured loans and change the way these products are viewed by both brokers and consumers."

– Jessica Galletley, Financial Services Analyst

This report looks at the following areas:

- Moving beyond a product of last resort
- Consumer education is key to growth
- Broker proactivity will unlock potential borrowers

The secured loans market has seen strong growth over the past five years. Increasing consumer confidence and demand for credit has driven lending, whilst changing consumer attitudes and product innovation has opened up secured loans to a wider range of potential borrowers. Strong growth is forecasted for the next five years, with Mintel expecting the market to more than double in size by 2020.

Secured loans are still viewed by many as a last resort option, with consumers preferring unsecured forms of credit that pose less of a risk to their home. A lack of consumer awareness of how secured loans work and when they could be a better solution than other forms of borrowing also presents a challenge. However, with the Mortgage Credit Directive (MCD) set to align first and second charge mortgages from March 2016, the way both brokers and consumers view secured loans is set to change.

This report examines the performance of the secured loans market. It identifies key market drivers and competitor activity in terms of product and service innovation. It also explores consumer ownership of and attitudes towards secured loans, along with potential reasons for use and use of sources when seeking information about loans secured on a property.

**BUY THIS
REPORT NOW**

VISIT:
store.mintel.com

CALL:
EMEA
+44 (0) 20 7606 4533

Brazil
0800 095 9094

Americas
+1 (312) 943 5250

China
+86 (21) 6032 7300

APAC
+61 (0) 2 8284 8100

EMAIL:
reports@mintel.com

DID YOU KNOW?

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

Secured Loans - UK - February 2016

Report Price: £1750.00 | \$2834.04 | €2223.04

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Table of Contents

Overview

What you need to know

Executive Summary

The market

24% growth in 2015

Figure 1: Forecast of secured loans market by gross advances 2011-20

Existing mortgage providers are first port of call for borrowers

Figure 2: Sources of information used/likely to be used to find information on secured loans, October 2015

Key players

Number of lenders has grown over recent years

MCD drives product innovation

The consumer

3% of people have a secured loan

Figure 3: Loan and credit product ownership, October 2015

Nearly two thirds of homeowners would not consider a secured loan

Figure 4: Secured loan usage and consideration, October 2015

Consumers most likely to consider a loan for home improvements

Figure 5: Factors influencing choice of secured loan provider

Three quarters do not want to put their home at risk

Consumers struggle to find relevance in secured loans

Figure 6: Attitudes towards secured loans, October 2015

What we think

Issues and Insights

Moving beyond a product of last resort

The facts

The implications

Consumer education is key to growth

The facts

The implications

Broker proactivity will unlock potential borrowers

The facts

The implications

The Market – What You Need to Know

Strong market growth forecast

Consumers would go to their mortgage provider

Tightened credit conditions lead people to alternative forms of credit

BUY THIS
REPORT NOW

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Secured Loans - UK - February 2016

Report Price: £1750.00 | \$2834.04 | €2223.04

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Market success relies on broker acceptance

Market Size and Forecast

24% growth expected in 2015

Figure 7: Value of secured loans, by gross advances, 2011-15

Significant growth expected over the next few years

Figure 8: Forecast of secured loans market, gross advances, 2010-20

Figure 9: Value of secured loans forecast, 2010-20

Forecast methodology

Channels to Market

Distribution structure has evolved

Figure 10: Possible channels to purchase for secured loans

Consumers would go to their mortgage provider

Over half would use online sources

Figure 11: Sources of information used/likely to be used to find information on secured loans, October 2015

Market success relies on broker acceptance

Market Drivers

Secured lending faces regulatory overhaul

Tightened credit conditions lead people to alternative forms of credit

Secured loan rates reach record lows

Market confidence has driven an increase in funding

Rising property prices make it appealing to take out a secured loan

Consumer confidence is increasing

Figure 12: Financial confidence, January 2009-October 2015

Key Players – What You Need to Know

Changing landscape for secured lending

Less than half of lenders offer direct purchases

The rise of prime borrowing

Buy-to-let secured loans

Lending into retirement

Key Players

Changing landscape for secured lending

Evolution Money

Overview

Secured loan product range

Distribution channels

Recent activity

Masthaven Secured Loans

Overview

BUY THIS
REPORT NOW

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Secured Loans - UK - February 2016

Report Price: £1750.00 | \$2834.04 | €2223.04

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Secured loan product range

Distribution channels

Recent activity

Precise Mortgages

Overview

Secured loan product range

Distribution channels

Recent activity

Prestige Finance

Overview

Secured loan product range

Distribution channels

Recent activity

Shawbrook Bank

Overview

Secured loan product range

Distribution channels

Recent activity

Competitive Strategies

Heightened period of innovation

The rise of prime borrowing

Buy-to-let secured loans

Less than half of lenders offer direct purchases

Growing number of fixed rate products

Lending into retirement

Lenders reduce fees

Technology is key to good service

The Consumer – What You Need to Know

Ownership increases among those with multiple products

Two thirds would not consider a secured loan

Secured loans used for investment purchases

Interest rates and flexibility are a priority

Secured loans seen as a last resort

Loan and Credit Product Ownership

Only 3% owe money on a secured loan

Figure 13: Loan and credit product ownership, October 2015

Ownership increases among those with multiple products

Figure 14: Loan and credit product ownership, by repertoire of loan and credit products ownership, October 2015

BUY THIS
REPORT NOW

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Secured Loans - UK - February 2016

Report Price: £1750.00 | \$2834.04 | €2223.04

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Secured loans outside the scope of borrowing needs

Figure 15: Amount owed on credit products (excluding main mortgage), by credit products owned, October 2015

Secured Loan Consideration

Two thirds would not consider a secured loan

Figure 16: Secured loan usage and consideration, October 2015

Mortgage holders more likely to consider a secured loan

Figure 17: Secured loan usage and consideration, by housing situation, October 2015

Lenders need to do more to attract prime customers

Reasons for Secured Loan Ownership

Home improvements drive borrowing

Other considerations split across key milestone purchases

Figure 18: Reasons for taking out a secured loan, October 2015

Factors Influencing Choice of Provider

Interest rates are a priority

Flexibility gives consumers an element of control

Borrowing from a reputable brand is less important

Online purchase is not a priority

Figure 19: Factors influencing choice of secured loan provider, October 2015

Attitudes towards Secured Loans

Three quarters do not want to put their home at risk

Women less likely to put their home at risk

Secured loans seen as a last resort

Secured lending seen as an option for borrowing larger amounts

A third don't fully understand how secured loans work

Confusion over the cost of borrowing

Figure 20: Attitudes towards secured loans, October 2015

Attitudes towards Borrowing

General dislike of being in debt

Credit check concerns

Combining credit could make it easier to manage

Figure 21: Attitudes towards borrowing, October 2015

High consideration among those looking to take out a loan

Figure 22: Secured loan usage and consideration, by agreement with the statement 'I am considering taking out a loan within the next 12 months', October 2015

Appendix – Data Sources, Abbreviations and Supporting Information

Products covered in this report

Data sources

Abbreviations

BUY THIS
REPORT NOW

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Secured Loans - UK - February 2016

Report Price: £1750.00 | \$2834.04 | €2223.04

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Consumer research methodology

Appendix – Market Size and Forecast

Figure 23: Best- and worst-case scenario forecast – Value of secured loans, by gross advances, 2015-20

Forecast methodology

BUY THIS
REPORT NOW

VISIT: store.mintel.com
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094
Americas +1 (312) 943 5250 | China +86 (21) 6032 7300
APAC +61 (0) 2 8284 8100 |
EMAIL: reports@mintel.com