

Consumer Attitudes towards Debt - UK - July 2016

Report Price: £2195.00 | \$2963.91 | €2470.25

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

This report looks at the following areas:

- Family and friends growing as a source of credit
- Opportunity for a resurgence of PPI?
- Postponed life-events will increase demand for credit later in life

In the short term while the terms of Brexit are determined, a period of uncertainty will lead to reduced demand for credit to pay for big ticket items – especially those purchases that can be delayed until people perceive there is more economic stability.

Gross lending to individuals is at its highest point since before the financial crisis, and has continued to grow at an ever-faster rate over recent years. This has been driven by a positive economic backdrop and record low interest rates, which have provided people with the confidence and incentive to borrow. Secured and unsecured lenders have also loosened their lending criteria in response to growing demand, subsequently increasing the availability of credit. More people are feeling comfortable with debt, as they feel better off than they have done over the past five years. However, this comfort is in danger of being undermined by the rapid growth in lending, as people put themselves in further danger of financial difficulty.

Going forward, demand for credit is likely to be affected by a number of wider economic factors. The UK's recent decision to leave the EU has already led to much speculation about the future of the UK economy. This uncertainty is already having a negative impact on consumer confidence and is likely to result in reduced demand for credit to pay for big-ticket items – at least in the short term.

This Report presents Mintel's exclusive consumer research into consumer attitudes towards debt. It examines how views are changing and the types of credit people are turning to. The Report looks at how much people owe and where, as well as how consumers are managing their debt and expected



“Lending has grown rapidly in recent years, driven by rising consumer confidence and the cheap availability of credit. However, consumer confidence has taken a knock following the UK's decision to leave the EU, which will result in a more cautious approach towards personal finances.”

– Jessica Galletley, Financial Services Analyst

Buy this report now

Visit store.mintel.com

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

Consumer Attitudes towards Debt - UK - July 2016

Report Price: £2195.00 | \$2963.91 | €2470.25

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

sources of credit in the future. It explores the macroeconomic drivers behind consumer behaviour, and provides insight into consumer relationships with credit in the future.

MINTEL

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

Did you know?

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

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

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



Report Price: £2195.00 | \$2963.91 | €2470.25

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
- Definitions

EXECUTIVE SUMMARY

- **The market**
- **Lending at highest level since financial crisis...**
- **...but some lessening of demand expected in the short term**
Figure 1: Gross and net (amount outstanding) unsecured consumer credit lending, excluding the Student Loans Company, (includes credit cards), quarterly lending, 2009-15
- **Mortgage lending at highest point since 2008...**
- **...but EU referendum result will slow growth during 2016**
Figure 2: Total secured lending, by gross and net advances, 2010-15 (not seasonally adjusted)
- **The consumer**
- **Nearly two thirds have some form of debt**
Figure 3: Ownership of credit products, May 2016
- **Majority feel comfortable with their repayments...**
Figure 4: Level of comfort with debt repayments, 2014-16
- **Most people will use their salary to repay debt**
Figure 5: Expected source of funds for debt repayments, May 2016
- **Credit is seen as a last resort**
Figure 6: Agreement with attitudes towards managing and borrowing money, May 2016
- **Credit most likely to be used to fund unexpected expenses**
Figure 7: Any expected reason for taking out credit products in the future, May 2016
- **What we think**

ISSUES AND INSIGHTS

- **Family and friends growing as a source of credit**
- **The facts**
- **The implications**
- **Opportunity for a resurgence of PPI?**
- **The facts**
- **The implications**
- **Postponed life-events will increase demand for credit later in life**
- **The facts**
- **The implications**

What's included

- Executive Summary
- Full Report PDF
- Infographic Overview
- Powerpoint Presentation
- Interactive Databook
- Previous editions

Did you know?

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

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit	store.mintel.com
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



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

THE MARKET – WHAT YOU NEED TO KNOW

- **Growth in real disposable income lags behind GDP**
- **Consumer confidence rising steadily**
- **Lending at highest level since financial crisis**
- **Mortgage lending at highest point since 2008**
- **Decline in write-offs stalls**

ECONOMIC OUTLOOK

- **Growth in real disposable income lags behind GDP**
Figure 8: Gross domestic product, quarterly growth rate (seasonally adjusted), 2009–16
Figure 9: GDP per head at current market prices, and real household disposable income per head, 2011–15
- **Consumers are saving less in relation to their income**
Figure 10: Household saving ratio, 2009–15
- **A cut to base rate will keep borrowing rates low**
Figure 11: UK interest rates, January 2009–May 2016
- **Unemployment at lowest level since 2005**
Figure 12: Total UK unemployment rate among people aged 16+, quarterly, January 2010–March 2016

CONSUMER FINANCIAL SITUATION

- **Financial well-being has continued to edge upwards**
Figure 13: The financial well-being index, January 2009–July 2016
- **People feel better off than they did last year**
Figure 14: The recovery index, July 2011–July 2016
- **Financial confidence also moves upwards...**
- **...but Brexit vote increases level of uncertainty**
Figure 15: Financial Confidence Index, January 2009–July 2016

CONSUMER CREDIT LENDING

- **Consumer credit lending at highest level since before financial crisis**
Figure 16: Gross and net (amount outstanding) unsecured consumer credit lending, excluding the Student Loans Company, (includes credit cards), quarterly lending, 2009–15
- **'Other' consumer credit lending sees resurgence**
Figure 17: Consumer credit lending (excluding student loans), 2009–15

MORTGAGE LENDING

- **Mortgage lending at highest point since 2008**

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

Did you know?

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

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

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

Report Price: £2195.00 | \$2963.91 | €2470.25

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

Figure 18: Total secured lending, by gross and net advances, 2010-15 (not seasonally adjusted)

- Mortgage approvals peak at the start of 2016**

Figure 19: Number of quarterly mortgage approvals seasonally adjusted, by type, January 2010-March 2016

WRITE-OFFS, REPOSSESSIONS AND ARREARS

- Decline in write-offs stalls**

Figure 20: Value of write-offs to loans to individuals, 2010-15 (not seasonally adjusted)

- Arrears and repossessions remain low**

Figure 21: Mortgage arrears (2.5% or more of mortgage balance) and repossessions, January 2010-March 2016

- Insolvencies continue to fall**

Figure 22: Individual insolvencies in England and Wales, by type, 2010-15 (not seasonally adjusted)

- 36% decline in debtor's petitions**

Figure 23: Individual bankruptcies in England and Wales, by petition type, 2010-15 (not seasonally adjusted)

THE CONSUMER – WHAT YOU NEED TO KNOW

- Nearly two thirds have some form of debt**
- Debt remains under control**
- Most people will use their salary to repay debt**
- Credit is seen as a last resort**
- Credit most likely to be used to fund unexpected expenses**

CREDIT PRODUCT OWNERSHIP

- Nearly two thirds have some form of debt**
- Credit cards are the most popular form of credit**
- Informal borrowing plays a key role for some groups**
- 35-44-year-olds most likely to have debt**

Figure 25: Ownership of credit products, by age, May 2016

- Most people have three or fewer credit products**

Figure 26: Repertoire of credit products, May 2016

- Overdrafts and loans are secondary products**

Figure 27: Repertoire of credit products, by type of credit products, May 2016

AMOUNT OWED ON UNSECURED CREDIT PRODUCTS

- Debt remains under control**

Figure 28: Amount owed on unsecured credit products, 2012-16

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

Did you know?

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

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

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



Report Price: £2195.00 | \$2963.91 | €2470.25

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

- Higher earners have higher levels of debt**

Figure 29: Amount owed on unsecured credit products, by household income, May 2016

LEVEL OF COMFORT WITH DEBT REPAYMENTS

- Majority feel comfortable with their repayments...**

Figure 30: Level of comfort with debt repayments, May 2016

- ...but one in five is struggling**

- Lending criteria has relaxed over the last year**

Figure 31: Level of comfort with debt repayments, 2014-16

- Unsecured debt causes more worry**

- Over-65s are most likely to increase repayments**

Figure 32: Level of comfort with debt repayments, by age, May 2016

EXPECTED REPAYMENT METHOD

- Most people will use their salary to repay debt**

- People use credit over dipping into savings**

Figure 33: Expected source of funds for debt repayments, May 2016

- Paying for debt in retirement**

Figure 34: Expected source of funds for debt repayments, by age, May 2016

- Family and friends are a last resort when borrowing**

Figure 35: Expected source of funds for debt repayments, by level of comfort with debt repayment, May 2016

- Repayment strategies by level of debt**

Figure 36: Expected source of funds for debt repayments, by amount owed, May 2016

ATTITUDES TOWARDS BORROWING

- Credit is seen as a last resort**

Figure 37: Attitudes towards managing and borrowing money, May 2016

- Majority of people think its socially acceptable to have debt**

- Three in five think it's important to know your personal credit rating**

- Most are happy to have products with different providers**

- Online platforms can help those who are struggling**

Figure 38: Agreement with the statement 'I would be interested in using an online platform to help manage my debt', by level of comfort with debt repayments, May 2016

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

Did you know?

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

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

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



Report Price: £2195.00 | \$2963.91 | €2470.25

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

FUTURE USE OF CREDIT PRODUCTS

- **Credit most likely to fund unexpected expenses**
Figure 39: Future use of credit products, May 2016
- **Credit cards are the go-to form of credit**
- **Intended loan usage remains low despite record rates**
- **Younger people more likely to use credit**
Figure 40: Future use of credit products – ‘Any type of credit’, by age, May 2016

APPENDIX – DATA SOURCES, ABBREVIATIONS AND SUPPORTING INFORMATION

- **Abbreviations**
- **Consumer research methodology**

What's included

- Executive Summary
- Full Report PDF
- Infographic Overview
- Powerpoint Presentation
- Interactive Databook
- Previous editions

Did you know?

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

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world’s leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit	store.mintel.com
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



About Mintel

Mintel is the **expert in what consumers want and why**. As the world's leading market intelligence agency, our analysis of consumers, markets, product innovation and competitive landscapes provides a unique perspective on global and local economies. Since 1972, our predictive analytics and expert recommendations have enabled our clients to make better business decisions faster

Our purpose is to help businesses and people grow. To find out how we do that, visit **[mintel.com](https://www.mintel.com)**.