

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

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



"The unsecured loans market has experienced continuing growth over the last five years due to strong consumer confidence and record-low interest rates. However, looking ahead concern over rising levels of household debt has resulted in government intervention which may slow growth in this market".

- Sam Marks, Financial Services Analyst

This report looks at the following areas:

- Open Banking is the next stage of evolution for arranging and managing personal loans
- Traditional lenders are best positioned in the market
- Soft-searches help find acceptance

BUY THIS REPORT NOW

VISIT: store.mintel.com

CALL:EMEA
+44 (0) 20 7606 4533

Brazil 0800 095 9094

Americas +1 (312) 943 5250

+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



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

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

Products covered in this Report

Executive Summary

The market

Unsecured lending continues steady growth

Figure 1: Forecast of the value of unsecured personal loans, by gross advances, 2012-22

More than half of borrowers arranged their loan online

Figure 2: Loan arrangement methods, October 2017

Bank of England's base rate rises to 0.5%

Companies and brands

LBG is the market leader in personal loans

Figure 3: Value of outstanding balances for personal loans/unsecured lending (UK), by selected providers, 2014, 2015 and 2016

Adspend for unsecured loans rose by 20% in 2016/17

Figure 4: Total above-the line, online display and direct mail advertising expenditure on loans, 2012/13-2016/17

Traditional lenders have high levels of popularity

Figure 5: Attitudes towards and usage of selected brands, November 2017

The consumer

Majority of consumers owe money on a loan or credit product

Figure 6: Loan and credit product ownership, October 2017

Consumers most likely to borrow from a bank, building society or major retailer

Figure 7: Type of personal loan, October 2017

Majority of borrowers do not know what their interest rate is

Figure 8: Rates paid on recent loans, October 2017

Over half of borrowers took out their most recent loan within the last two years

Figure 9: Timing of most recent loan, October 2017

Acceptance can be more important than rate

Figure 10: Borrowing behaviours, October 2017

60% of consumers want to view all their borrowing/debts in one place

Figure 11: Attitudes towards borrowing, October 2017

Only 7% of people pay to receive a regular credit report

Figure 12: Paying for monthly credit reports, October 2017

What we think

Issues and Insights

Open Banking is the next stage of evolution for arranging and managing personal loans

The facts

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



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

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

The implications

Traditional lenders are best positioned in the market

The facts

The implications

Soft-searches help find acceptance

The facts

The implications

The Market - What You Need to Know

Unsecured lending continues steady growth

Growth expected to be slow but steady

More than half of borrowers arranged their loan online

Open Banking will give lenders a new platform

Lending criteria to be tightened amid Bank of England warning

Bank of England's base rate rises to 0.5%

Write-offs fell to below £1 billion in 2016

Market Size and Forecast

Unsecured lending continues steady growth

Figure 13: Gross unsecured lending, 2012-16

Figure 14: Gross unsecured lending, 2012-17 (est)

Credit card lending keeps pace for 2017

Growth in 'other' consumer credit slows

Unclear Brexit direction is causing problems for the car finance market

Big purchases may be put on hold

Overdrafts are in decline

Figure 15: Other consumer credit, 2012-17 (est)

Growth expected to be slow but steady

Figure 16: Forecast of the value of unsecured personal loans, by gross advances, 2012-22 $\,$

Figure 17: Forecast for gross lending for personal loans, 2012-22

Channels to Market

More than half of borrowers arranged their loan online...

... Whilst two fifths of borrowers opted for more traditional channels

Figure 18: Loan arrangement methods, October 2017

Traditional lenders boosted by online banking traffic

Arranging loans online could help to find better value

Figure 19: Loan arrangement methods, by rates paid on recent loans, October 2017

Market Drivers

Open Banking will give lenders a new platform

P2P continues to build on last year's success

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



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

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

Term Funding Scheme due to close

Lending criteria to be tightened amid Bank of England warning

Bank of England's base rate rises to 0.5%

Figure 20: £5,000 and £10,000 Loan Interest rates, average credit card rates, LIBOR, and base rate, January 2013-November 2017*

Concern for those struggling with their financial obligations

Figure 21: Consumers' financial situation, June 2017

Write-offs fell to below £1 billion in 2016

Figure 22: Annual write-offs of other unsecured lending to individuals, 2012-16

Companies and Brands - What You Need to Know

LBG is the market leader in personal loans

Lenders compete to attract customers

Soft-searches are becoming more common

Adspend for unsecured loans rose by 20% in 2016/17

Market Share

LBG is the market leader in personal loans

Figure 23: Value of outstanding balances for personal loans/unsecured lending (UK), by selected providers, 2014, 2015 and 2016

Competitive Strategies

Lenders compete to attract customers...

...by slashing prices

...and increasing accessibility

Soft-searches are becoming more common

Employee lenders lead the way

The UK trails in chatbot tech for lending

Advertising and Marketing Activity

Adspend for unsecured loans rose by 20% in 2016/17

Figure 24: Total above-the line, online display and direct mail advertising expenditure on loans, 2012/13-2016/17*

QuickQuid spends most on advertising

Figure 25: Top 20 spenders on advertising for unsecured and payday loans, 2014/15-2016/17**

TV is the major media platform

Figure 26: Advertising spend for loans, by media type, 2016/17*

Nielsen Ad Intel coverage

Brand Research

What you need to know

Figure 27: Attitudes towards and usage of selected brands, November 2017

Key brand metrics

Figure 28: Key metrics for selected brands, November 2017

Brand attitudes: Tesco Bank stands out for rewarding loyalty

Figure 29: Attitudes, by brand, November 2017

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



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

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

Brand personality: Nationwide and The AA seen as most accessible

Figure 30: Brand personality - Macro image, November 2017

Payday lenders seen as irresponsible

Figure 31: Brand personality - Micro image, November 2017

Brand analysis

Traditional lenders have high levels of popularity

Non-financial brands benefit from high awareness

Specialist lenders are the least trusted

The Consumer - What You Need to Know

Majority of consumers owe money on a loan or credit product

Consumers most likely to borrow from a bank, building society or major retailer

Majority of borrowers do not know what their interest rate is

Over half of borrowers took out their most recent loan within the last two years

Acceptance can be more important than rate

Only 7% of people pay to receive a regular credit report

Loan and Credit Product Ownership

Majority of consumers owe money on a loan or credit product

Figure 32: Loan and credit product ownership, October 2017

Consumers with loans seek improved accessibility

Borrowing to make ends meet

Nearly one in three people owe money on two or more products

People with low savings are more likely to owe on multiple products

Figure 33: Repertoire of loan and credit ownership, October 2017

Type of Personal Loan

Consumers most likely to borrow from a bank, building society or major retailer

Figure 34: Type of personal loan, October 2017

Young people have more high cost credit

Rates Paid on Unsecured Loans

Majority of borrowers do not know what their interest rate is

Figure 35: Rates paid on recent loans, October 2017

Aggregation can help consumers to keep track

Figure 36: Rates paid on recent loans, October 2017

More young people arrange borrowing online

Figure 37: Loan arrangement methods, October 2017

Timing of Most Recent Loan

Over half of borrowers took out their most recent loan within the last two years

Figure 38: Timing of most recent loan, October 2017

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



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

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

Structured loans market may have benefited from payday struggles

Figure 39: Type of personal loan, by timing of most recent loan, October 2017

Borrowing Behaviours

Acceptance can be more important than rate

Figure 40: Borrowing behaviours, October 2017

Being accepted is even more important for 18-44s

AI could engage young borrowers

Attitudes towards Borrowing

60% of consumers want to view all their borrowing/debts in one place

Consumers look for convenience

Figure 41: Attitudes towards borrowing, October 2017

Millennials have the most to gain from Open Banking

Figure 42: Response to the statement 'I would like to view all my borrowing/debts from different providers in one place', by generation, October 2017

Credit Reports

Only 7% of people pay to receive a regular credit report

Figure 43: Paying for monthly credit reports, October 2017

Almost two fifths of consumers have signed up or are interested in a free credit report

Figure 44: Attitudes towards credit reports, October 2017

Appendix - Data Sources, Abbreviations and Supporting Information

Abbreviations

Consumer research methodology

Appendix - Market Size and Forecast

Additional best/ worst forecast table

Figure 45: Best and worst case forecasts for the value of unsecured personal loans, by gross advances, 2017-22

Forecast methodology

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