

Unsecured Loans - UK - January 2021

Report Price: £2195 | \$2995 | €2600

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This report looks at the following areas:

Despite growing demand for flexibility in many consumer-facing markets, just 22% of existing and potential loan customers say the ability to extend or increase their loan is important when looking for a new product and 21% want the option to take a payment holiday. This highlights the dominance of concerns about interest rates and the importance of price competition.

COVID-19 has had a huge negative effect on unsecured loans. Consumers have seen their opportunities for big-ticket spending – a major driver of demand for loans – severely reduced by restrictions to trade and social activities. This led to an estimated 19% drop in gross lending in 2020. Looking ahead, the January 2021 lockdown will continue to dampen demand for loans and delay the recovery of the market. In the longer term, however, low rates and consumer appetite for loans to fuel major purchases mean lending is expected to recover quickly when circumstances allow.

One side-effect of COVID-19 that could threaten to further delay a recovery in lending is the increase in savings activity during the pandemic. Consumers who have been unable to spend as they normally would have instead boosted their savings funds, building a pot of money that, if made available to spend, will lessen the need to borrow on credit.

However, the pandemic has also given lenders an opportunity to improve perceptions and build trust with consumers by supporting customers through this difficult period. Payment holidays have been the most high-profile example of lenders providing assistance to borrowers affected by COVID-19. Continuing to stand by customers as government support measures are gradually wound down could result in significant reputational benefits.

Key issues covered in this Report

- The impact of COVID-19 on the unsecured loans market.
- The size of the unsecured loans market and major players.



“COVID-19 has had a profound impact on the unsecured loans market. Lending has been slashed as opportunities for consumers to make major purchases requiring credit have been severely reduced due to lockdowns and other COVID restrictions.”

– Rich Shepherd, Associate Director - Financial Services

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- Ownership of unsecured loan products and the cost of repayments.
- Reasons for taking out a loan and consumer plans to borrow in the next 12 months.
- Important features that consumers look for in a new loan.
- Attitudes towards loans, including trust in lenders to lend responsibly.

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