

Tackling Payday Lenders – 'Prevention'

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Rhona McGrath

Tackling Poverty & Welfare Reform Programme Manager

Renfrewshire Council

Rhona.mcgrath@renfrewshire.gsx.gov.uk

Drivers for change:

- **Rise in non standard lending**
 - Payday loans
 - Home lending/door step lenders etc
- **HB changes**
 - Under occupancy – rent shortfall
- **Universal Credit**
 - Single monthly payment to 'household'
 - Managed payment of housing costs to claimant
 - Paid monthly, in arrears, with real time updates online
 - Creating similar conditions to 'work'



Universal Credit and banking

- All UC recipients must have a transactional account.....and internet access!
- Around 1 in 5 social housing tenants, are unbanked
- 29,000 basic accounts in Renfrewshire with 33,000 returned item charges!
- The remaining unbanked will wait for a trigger event to get an appropriate account – we need to be ready for the late rush!

Our journey so far....

- **Gathered intelligence**
 - Initial local survey
- **Research for West Dunbartonshire, Renfrewshire and Falkirk Councils**
 - Segmented market
 - Understood value of what was being lost in Renfrewshire and potential gains
- **Follow up report for Renfrewshire**
 - Availability of products in Renfrewshire for unbanked
 - Fully costed alternatives to high cost lending

Alternatives to high cost credit

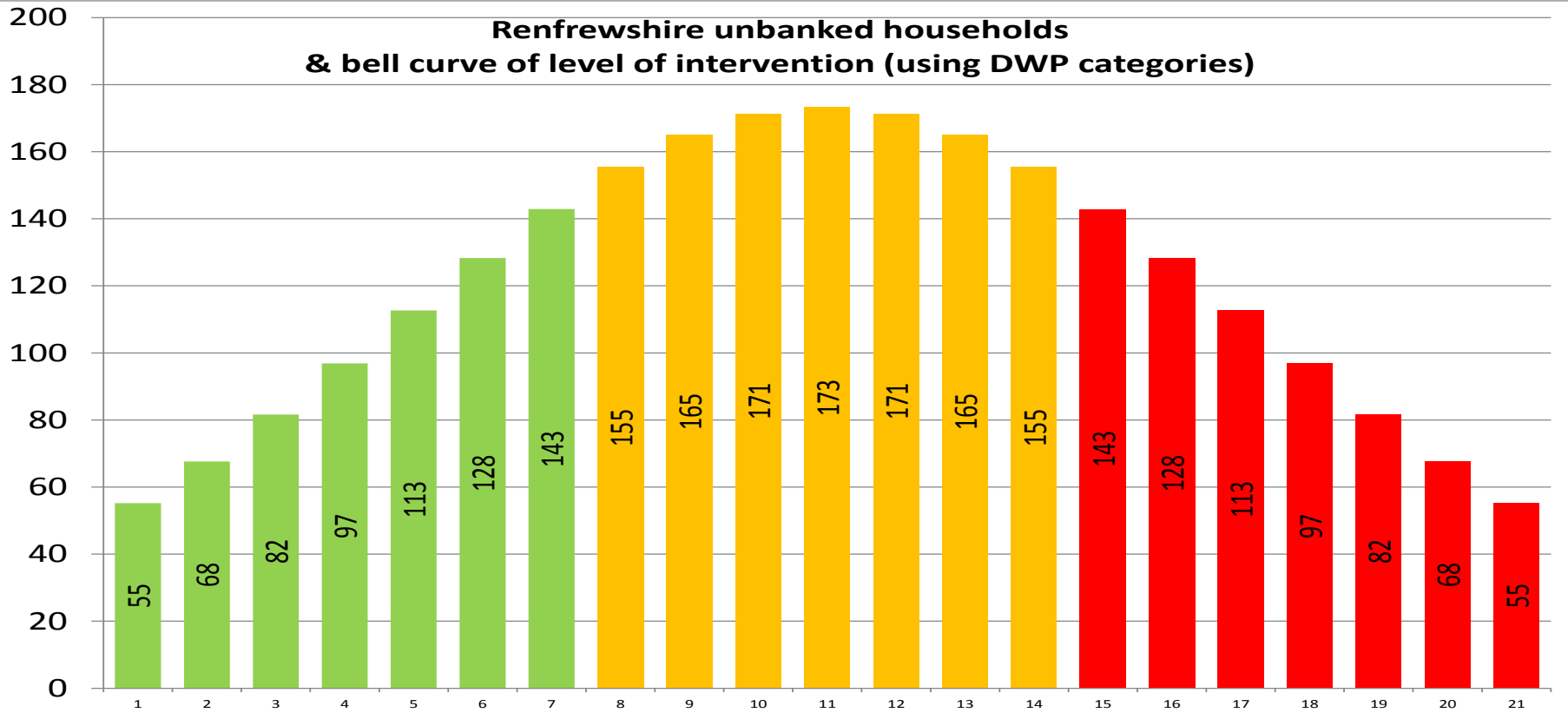
- **The council?**
- **Credit Unions?**
- **CDFI?**
 - Moneyline
 - Scotcash
- **Challenges**
 - Myth busting – cost v price
 - Recognise market segmentation
 - Customer behaviour
- **Sustainability**
 - Pricing for higher risk customers
 - Critical mass required
 - Marketing
 - Make it simple and keep cost down

A focus on banking options:

- **Estimate of 2500 unbanked in Renfrewshire**
 - Social housing tenants
 - Use of POCA account
 - Hard to reach
 - Would they use banking products - trust?
- **Transaction costs**
- **Changing environment re UC - switch backs**
- **Further identification of groups**

Our unbanked...based on DWP segments

**Renfrewshire unbanked households
& bell curve of level of intervention (using DWP categories)**



Segmentation	Able	Mainly Able	Unable
Not Worried	(1) Ready & Able	(2) Ready & Mainly Able	(7) Not Worried & Unable
Bit Worried	(3) Worried & Able	(4) Worried & Mainly Able	(8) Worried & Unable
Very Worried	(5) Very Worried & Able	(6) Very Worried & Mainly Able	(9) Very Worried & Unable

Where are we now and what next?

- **Bid Lottery Support and Connect funding £0.306 m**
 - Budgeting accounts
 - FLAIR group of HAs and Renfrewshire Wide CU
 - Financial skills
 - Furniture re-use
 - Home energy - advocacy
- **£0.5 m earmarked to support credit unions in Renfrewshire**
 - Develop a banking platform
 - Focus on unbanked
 - Transactional account/budgeting account
 - S1 Credit Union initiative

Discussion time - over to you....



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