

‘Save As You Borrow’ proves successful in turning borrowers into savers

London, 22 February 2017 – A new report finds overwhelming evidence that Save As You Borrow (SAYB) schemes by credit unions prove successful in turning people into habitual savers. Research by the Fairbanking Foundation carried out by Ipsos MORI shows that 67% of SAYB users who had no savings, and found it impossible to put money aside, now have plans to save regularly throughout the year as a result of using a Save As You Borrow product.

This change in habits brought about by the integration of savings features in financial products, has been hailed by the Archbishop of Canterbury as “having a transformative effect on the financial lives” of SAYB users. The new *Save As You Borrow – Credit Unions Creating Good Habits* report, which was drafted with the support of the Barrow Cadbury Trust, will officially be launched today at Westminster during a session of the All-Party Parliamentary Group on credit unions.

Illustrating the scale of the positive impact of SAYB schemes, the report found that only 26% of respondents were saving regularly before taking out an SAYB loan. Through the positive effect of SAYB encouraged saving, 71% of users said they would continue to save regularly throughout the year after paying back the loan. An overwhelming majority (97% of respondents) confirmed that they found the approach from credit unions helpful in encouraging them to save.

When respondents were asked about how they thought their SAYB product was helping them, almost a third replied that they would find it difficult to save if it wasn’t done for them through their loan. One in five also replied that they realised the need to set funds aside for a “rainy day”. Only 15 out of 1,055 respondents said that they thought saving while repaying the loan was unhelpful.

Credit union loans are among the most competitive in the market for amounts up to £3,000. Although customers might think that it takes a little longer and there is an incremental increase in the interest costs of SAYB loans, the additional cost brought about by the savings features will in most cases prove to be very small. On top of this, 79% of people said that this approach was worth it in the long run. 17% of these spontaneously said that it paid off, quite literally, in terms of having a lump sum at the end of the loan and 12% said that it helped change their approach to saving in the future.

In addition to the SAYB impact, the report analysed the effectiveness of further product features that are deemed positive for the financial well-being of their customers and found that many of these prove highly effective as well, such as the support that is given to borrow the right amount: 81% of respondents said that they had reviewed their income and expenditure in order to work out how much they could afford.

Antony Elliott, Chief Executive of the Fairbanking Foundation, comments:

“This report coincides with the government fine-tuning the ‘Help to Save’ initiative. We have proven that Save As You Borrow is highly effective in creating new savers and that it is so much more than just an abstract idea. Turning borrowers into savers is a concept that should be applied more widely among credit unions and beyond because the concept is a win-win for everybody - customers as well as the financial institutions that offer them.”

Most Revd and Rt Hon Justin Welby, The Archbishop of Canterbury comments:

“I hope that those involved in developing the use of credit unions (e.g. employers, churches and housing associations) will study this report carefully and make use of the evidence that it presents, and that other financial organisations will take note and consider how they can take a similar approach to benefit their customers and members.”

– Ends –

About the *Save As You Borrow – Credit Unions Creating Good Habits Report*

The *Save As You Borrow – Credit Unions Creating Good Habits Report* is based on surveys carried out by Ipsos MORI on behalf of the Fairbanking Foundation with 7 Credit Unions between May 2015 and April 2016. The universe was defined as all customers that currently had a personal loan or had recently paid off a loan (within 6 months) for that specific credit union. The interviews were conducted using a mix of online and telephone methodology.

The total figures refer to the combined results from these 7 surveys. Results are not weighted to reflect the actual relative number of members. The total number of survey participants is 1,272. No quotas were set to control the profile of survey participants for each credit union.

The report was drafted with support of the Barrow Cadbury Trust.

About the Fairbanking Foundation

The Fairbanking Foundation is a charity (no. 1125769) whose sole purpose is to make financial products fairer for consumers. It has been working alongside banks, building societies and other financial institutions since 2008 to help shape products that actively put consumers first. Where products achieve this, they can be granted the “Fairbanking Mark”; 24m UK consumers currently use products that are certified by the Fairbanking Mark. The Fairbanking Foundation’s work is underpinned by extensive research into consumer financial well-being.