

6 Interest in a new financial initiative

6.1 Level of interest in aspects of a Community Development Finance Initiative

All respondents were asked how interested they were in various aspects that could form part of a Community Development Finance Initiative. The greatest level of interest was in somewhere local where you could borrow money at a reasonable rate of interest, and somewhere local where you could save small amounts of money. These were most pronounced for lone parents (50%) and current users of moneylenders (57%): two of the most financially excluded groups).

Appendix C shows the level of interest for the sub-groups. In general, people on low incomes, or on benefits and people living in rented accommodation were the most interested in these potential services. Younger people were more interested in all these services than older people. Women were slightly more interested than men.

Table 6-1: Level of interest in local financial services

| | Very interested % | Fairly interested % | Not very interested % | Not at all interested % | Not sure % |
|---|----------------------|------------------------|--------------------------|----------------------------|---------------|
| Advice on welfare benefits | 14 | 18 | 21 | 45 | 1 |
| Advice about money matters | 11 | 18 | 22 | 46 | 2 |
| Advice about managing debts | 11 | 11 | 21 | 55 | 2 |
| Somewhere local take out credit or loan reasonable interest | 18 | 16 | 16 | 47 | 2 |
| Somewhere local save small amounts of money | 18 | 18 | 16 | 47 | 1 |
| Somewhere local place to cash a cheque | 16 | 14 | 16 | 52 | 2 |
| Bill paying services | 11 | 16 | 16 | 55 | 3 |
| Savings account for children | 16 | 12 | 11 | 59 | 2 |
| More information about financial matters | 13 | 18 | 16 | 52 | 1 |
| Loan for business | 8 | 12 | 13 | 66 | 2 |

Base: complete sample (410)

Advice on welfare benefits: Overall, 14% of respondents were very interested in advice on welfare benefits and 18% were fairly interested. Social housing tenants were more interested than owner-occupiers (18% very interested compared with 7%). Interest was higher than average amongst the following groups: lone parents, unemployed

respondents, women, respondents' aged under 45, people with no savings and people on benefits.

Advice on money matters: Overall, 12% of respondents were very interested and 18% were fairly interested in advice on money matters. Interest was low amongst people aged over 60 (9% interested) and higher amongst people aged under 30 (37% interested). Again, social housing tenants, people in privately rented accommodation, lone parents, couples with children, people with no savings and people on benefits were the most interested.

Interest in advice on managing debts: Overall, 11% of respondents were very interested and 11% were fairly interested in advice on managing debts. Interest was low amongst older people and owner-occupiers. A quarter of social housing tenants and a third of those in privately rented accommodation and half the lone parents said they were interested in this.

Interest was higher amongst those respondents who had been in debt or behind with a payment in the last two years with more than a half expressing an interest. Of this group, 22% were very interested in advice on managing debts and 19% fairly interested.

Somewhere local to take out credit at reasonable rates of interest: Overall, 18% of respondents were very interested in this and 18% were fairly interested in this. Interest was lower amongst older people and owner-occupiers.

Interest was higher among the following groups:

- Social housing tenants (39%)
- Lone parents (50%)
- People with loans from the Provident, moneylenders, Shoppachecker, or catalogues (57%)
- People with no savings (43%)

Somewhere local where you could save small amounts of money: Overall, 18% of respondents were very interested in this and 18% were fairly interested in this. Interest was low amongst older people.

Interest was higher among the following groups:

- Social housing tenants (41%)
- Lone parents (53%)
- People without a building society savings account (46%)
- People with no savings (46%)
- People on welfare benefits (39%)

Somewhere local where you can cash a cheque: Overall, 16% of respondents were very interested in this and 14% were fairly interested in a local cheque cashing service. Lone parents were more interested in this than others (11%).

A bill paying service: Overall, 11% of respondents were very interested in this and 16% were fairly interested in a bill paying service by direct debit, which is cheaper than paying by key meter. A total of 39% of those who paid by key meter, coin meter or payment card said they were interested in this service.

Savings scheme for children: Overall, 29% of respondents with children were very interested in this and a third of social housing tenants with children were very interested in this. 53% of lone parents said they were interested in a savings scheme for children.

Interest in more knowledge or information about financial matters in general: Overall, 13% of respondents were very interested in this and 18% were fairly interested in more knowledge or information about financial matters in general. People aged under 44 were more interested than those aged over 45. More than half of those who had been in debt or behind with a payment in the last two years (51%) said that they were interested in financial information in general. 40% of lone parents expressed some interest in more knowledge about financial matters.

Level of interest in a loan to start a small business: A total of 8% of respondents said that they were very interested and 12% fairly interested in a loan to start a small business. People from Black and other ethnic minority groups were the most interested in this.

6.2 Level of interest in attending financial literacy courses or sessions

Respondents were asked how interested they would be in attending courses or sessions looking at financial matters and basic literacy or numeracy (Table 6 –2).

Table 6-2: Level of interest in courses or sessions

| | Very interested % | Fairly interested % | Not very interested % | Not at all interested % | Not sure % |
|---|-------------------|---------------------|-----------------------|-------------------------|------------|
| Support for managing money | 7 | 15 | 15 | 63 | 1 |
| Support for numbers, arithmetic or maths | 4 | 7 | 11 | 77 | 1 |
| Support with reading | 2 | 5 | 10 | 82 | 1 |
| Support with expressing yourself in writing | 4 | 7 | 10 | 79 | 1 |
| Support with how to operate a bank account | 4 | 5 | 12 | 79 | 1 |

Base: complete sample (410)

Relatively few respondents said they were ‘very interested’ in any of these types of courses or sessions.

Managing money matters: Overall, 7% of respondents said they were very interested and 15% fairly interested. Social housing tenants, lone parents, and couples with children were slightly more interested than others.

Numbers, arithmetic or maths: A total of 4% were very interested and 7% fairly interested in numeracy courses or sessions.

Support with reading: A total of 2% of respondents was very interested and 5% fairly interested in literacy support. People in households where the main language spoken was not English were slightly more likely to be interested in this. A small number of respondents commented that they would like English classes.

Expressing yourself in writing: A total of 4% respondent said they were very interested in this and 7% were fairly interested. People in households where the main language spoken was not English were slightly more likely to be interested in this.

Support with how to operate a bank account: A total of 4% respondent said they were very interested in this and 5% were fairly interested. There was no difference in the views of those who had and those who did not have a bank account. People with a basic bank account were slightly more interested in this than those with other types of bank account.

6.2.1 Understanding of financial terms

However, when asked about a specific aspect of financial literacy only half the sample said they knew what the term APR meant when referring to a credit or a loan (Table 6—3). This was much higher for people who had overdrafts, bank loans, credit cards or building society loans. A total of 48% of those with loans from licensed lenders, or pawnbrokers said they knew what APR meant.

Table 6-3: If you see the term APR referring to a loan or credit, do you understand what it means?

| | Total % | Has credit/borrowings from bank, building society or HP % | Has credit or borrowings from other sources % |
|-----------------------|---------|---|---|
| Yes | 50 | 70 | 48 |
| No | 45 | 26 | 45 |
| Not sure | 5 | 4 | 7 |
| Base: complete sample | 410 | 115 | 68 |

The majority of respondents (90%) said they knew what the term ‘interest’ meant, but 8% did not. As noted earlier many of those that did claim to know what APR was also did not understand the interest rate they were currently paying on loans. Thus the total percentage of the sample in need of an introductory session in financial literacy is much higher than 60%.

In summary, the survey shows that the respondents are utilising a wide variety of credit sources and other financial products. Yet their knowledge of general financial information and of alternative, particularly lower cost packages, was limited. The actual levels of indebtedness may not appear excessive in total amount, but have a severe impact in households where income levels are moderate or low. Finally, about a third expressed interest in low cost credit and savings facilities as well as money and welfare advice. Therefore collectively the survey suggests there is a demand for a range of financial inclusion services. The provision of this in Leeds, both currently, and in the future will be explored in sections 8 and 9. However, the following section compares the Leeds survey results with similar exercises in other English cities.