Marketing preferences and brand awareness

Insights for customers in financially vulnerable circumstances

October 2022

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Executive summary

This report forms part of our broader work on segmentation and understanding the needs of people in financially vulnerable circumstances.

There are at least 17.5 million people in the UK who are currently experiencing financially vulnerable circumstances. The segments show a spectrum of financial vulnerability, with differing needs for different groups. The segments allow us to identify some additional distinct characteristics, challenges, attitudes, perceptions, and actions of each group.

By developing a greater understanding of the differences of each group in how they live their financial lives now and want to live their financial lives in the future, we can design and tailor products, services and journeys that work for them. It also helps us to consider other opportunities to expand the portfolio of customers currently served, supporting sustainable and diverse growth.

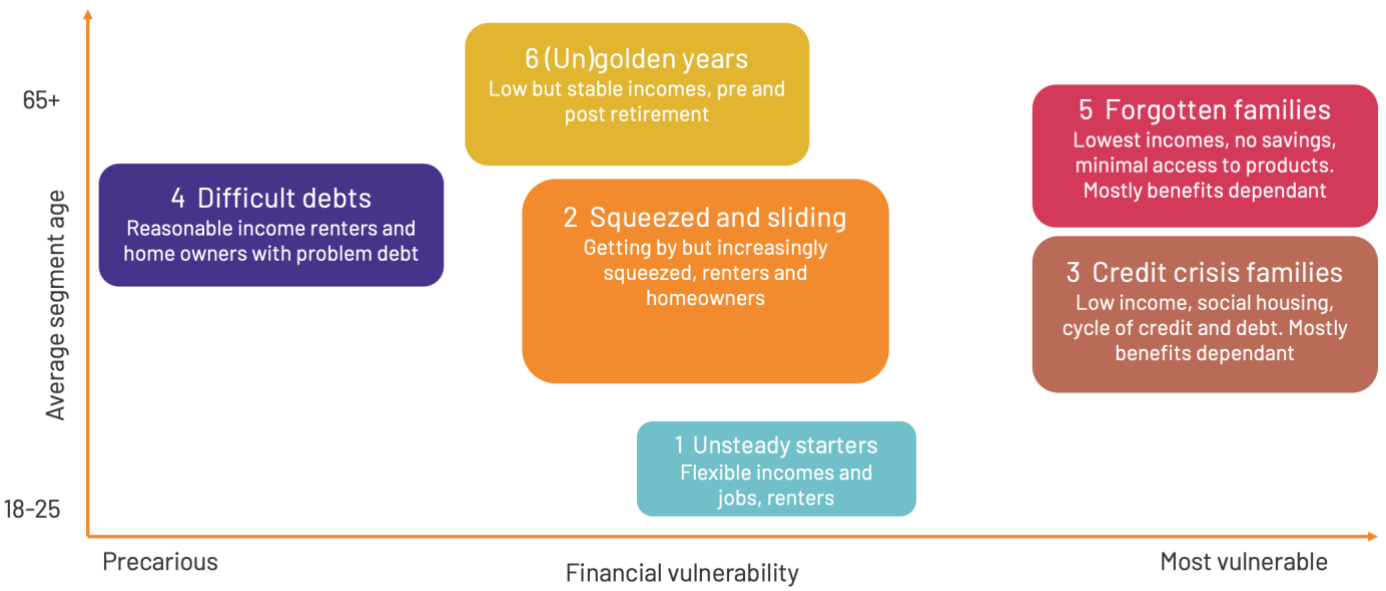


Figure 1: Six segments for those in financially vulnerable circumstances, positioned by age and by level of vulnerability. The size of the bubble represents the size of the segment

Key findings

Sources of information

- Use of online information sources is high, although some people use online channels reluctantly and a minority of the population are not online
- Most attention is paid to either TV adverts or social media posts of companies they already follow. If an individual sees a social post from a company they don't recognise or follow, it is more likely to be dismissed
- Among most segments, on-demand channels were more relevant than terrestrial or as-broadcast commercial channels, which will make TV advertising challenging
- Sources of information about money and finances vary but include information sites like MoneySavingExpert and banks and building societies and trusted local services, like Citizens Advice. Personal networks, especially friends and family, can be important too

How do people prefer to interact?

- At the research stage, many customers prefer not to interact at all, instead researching by themselves using the information sources above. However when they do interact we see a mix of more traditional channels – face to face and telephone being used alongside online options such as email and app
- When applying or buying a product, face to face interaction is generally preferred, although **Credit crisis families (segment 3)** and **Difficult debts (segment 4)** retain a preference for using an app

Perceptions of financial services

- Awareness of credit providers varies considerably. Higher awareness generally corresponds to how established the brand is and their advertising reach
- However, smaller local or regional organisations – especially some credit unions – often had quite high awareness within their operating areas. For some, one in five people in vulnerable financial circumstances had heard of them. However this isn't true for all
- Awareness does not correlate with perception. Amigo Loans and Provident are among the most well known brands but also the least well perceived. Contrastingly, although fewer people had heard of providers like Fair for You, Skyline Direct or Five Lamps/Conduit they were very favourably viewed

Knowledge, awareness and perception of credit unions and community finance providers

- Awareness of both specific organisations and credit unions and community development finance institutions (CDFIs) generally is low
- In face to face research, we found many people had heard of credit unions in general, but beyond that had little knowledge about what services they provided or how they were different

- In the online survey, we found that most people who hadn't used a credit union or community finance provider cited 'not knowing what they do' or not thinking 'they're for me' as the main reason why
- For people with a particularly negative view of 'credit' (around one in five of those we spoke to in hall tests), the name 'credit union' could be poorly perceived when people were not clear on what credit unions offer. When tested, 'community bank' performed strongly as an alternative

Introduction to the segments

There are at least 17.5m people in financially vulnerable circumstances in the UK.

People who experience financially vulnerable circumstances have a diverse set of needs and perspectives. There is no single cause of vulnerability and no common set of characteristics, preferences or behaviours in relation to how they engage with financial services.

To help understand this audience in more detail six segment groups have been identified, combining current customer insights and external data sets available including:

1 A quantitative survey focusing on low income and financially excluded people (3,165 responses in March 2022)

2 Short, face to face interviews in hall tests with low income or financially excluded people (total 483 people from the segments across nine UK locations May – June 2022)

3 In-depth interviews for deeper qualitative insights (14 people June – July 2022)

4 External data from CACI, FCA Financial Lives Survey 2020 and Money and Pensions Service segmentation

Our segments have been developed using customer behaviour and financial circumstances as driving variables, rather than demographic information. Below is a summary of the six segments. More in-depth information about each one can be found in our pen portraits and segment personas.

This report is aimed at marketing leads of Community Finance organisations, or anyone who is responsible for marketing strategy and development for people in vulnerable financial circumstances. In it we will explore more detail about the segments under two broader themes

- Marketing channel usage and preferences
- Brand awareness and usage, including specific views on credit unions

Segment number and name	Brief description of the segment	People in the UK
1 Unsteady starters	Younger people with flexible incomes establishing their home, work and financial lives. They often use shorter term credit in smaller amounts.	1.3m
2 Squeezed and sliding	People with less certainty around their finances and becoming squeezed. Most are just about managing their debts but some are using savings or borrowing more to make ends meet.	3.9m
3 Credit crisis families	Families who are in a cycle of juggling and struggling with everyday bills and debts; finding as much credit as they can in all forms.	3.5m
4 Difficult debts	Reasonable income, renting families. They are burdened with repayments on higher, longer term debt levels from multiple sources.	2.2m
5 Forgotten families	People with very low income and low savings, with many living in poverty. They have lower levels of debt potentially explained by fewer options to access credit, or attitudes to credit.	3.6m
6 (Un)golden years	Older people, many with health issues. They have better financial circumstances than other groups but having limited ability to earn means they are worried about the future.	3.1m

Marketing channel usage

In this section of the report we will look at the different ways in which the segments use media sources and gather information about financial services products. It explores the sources of information that people have access to, what types of information they trust, who they turn to for help and advice and the implications this has for marketing activity and spend.

Sources of information

What do people have access to?

Across the segments use of online information sources is high. This was evident across the different research methods, including the face to face hall tests, where online access was not guaranteed. Online access and channels are the standard expectation for most customers, as they are used to having good online experiences across all aspects of their life.

But there were some exceptions. Some individuals in the hall tests – particularly the older **(Un)golden years** segment - did not have any internet access at home at all. Some others, particularly those managing the most complex set of needs (typically **Credit crisis families** and **Forgotten families**) often had very limited access – such as a simple feature phone – rather than smartphone or broadband access. These digitally excluded sub segments would be unable to access online only service providers.

Others are somewhat reluctantly online. In the hall tests we encountered people who had felt slightly 'pushed' into digital life by a complex set of societal factors, from work to leisure and the steady move of services online. Again, typically these were people in **(Un)golden years**.

For some, there was a sense of a zero sum game from this shift – because everything's online, speaking to people in person is rarer. In the context of financial services, many people who were reluctantly online did use online banking services, but for relatively simple things like checking their balance. There was also nervousness about online services, especially for finances, for those who are closer to or experiencing digital exclusion.

'Don't trust technology, like doing everything face to face or you can get scammed.'

(Hall test, **Credit crisis families**)

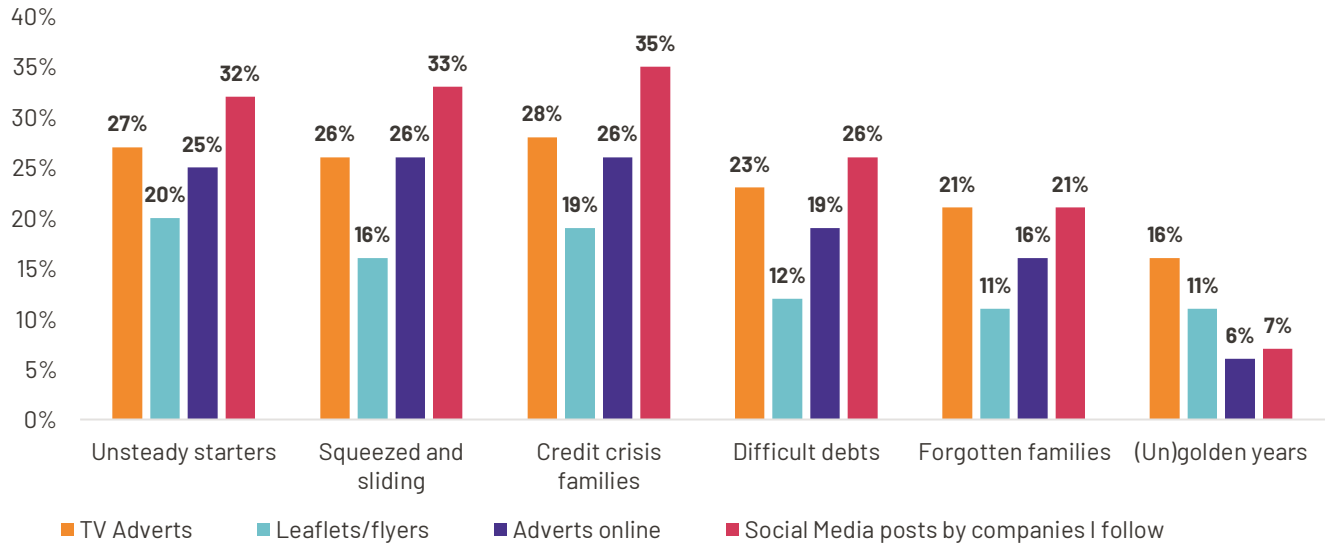
Recommendation: For some in **(Un)golden years**, **Credit crisis families** and **Forgotten families** a combination of age and digital exclusion sees online access more limited in comparison to other segments. For these groups in particular offline communication has a key role in all parts of the consumer journey. Referral partnerships with local authorities, housing associations, citizens advice and debt advice services could offer a connection to those most vulnerable and excluded. Our report Unlocking tenant financial resilience covers partnerships with housing associations for community finance providers.

Where do people receive information?

In our report Credit: Product ownership and decision insights we explore the channels people use when proactively researching specific products. Here, we talk about how people receive information from media and marketing sources, and financial information generally.

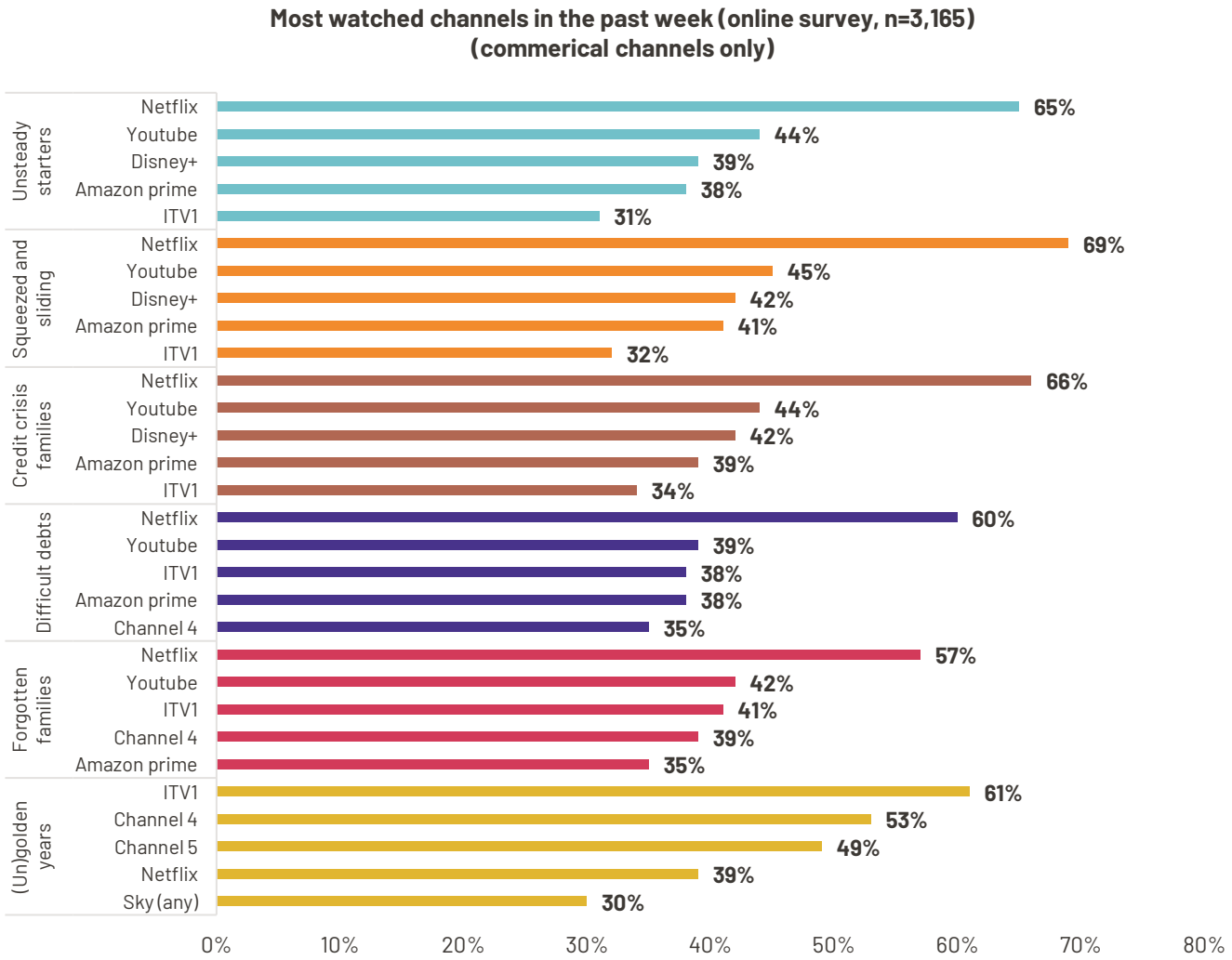
People are likely to say they pay a high level of attention to TV adverts – but this varies sharply between the segments. Around a quarter of people in Segments 1-4 say that TV adverts are key for them – dropping to 16% of **(Un)golden years** (although the number for our older segment is not high, TV still outperforms other channels).

Overall, how much attention would you say you pay to information you see in the following places? - All saying a high level of attention (Online Survey, n=3165)



Somewhat conversely, younger segments are less likely to use TV services where advertising occurs. Most segments (1-5) are most likely to watch online or video on demand (VOD) channels. Netflix was consistently the most watched 'channel' among these segments. And at least three of the top five 'channels' are online streaming services without adverts.

These are in the mix for the older segment but traditional TV channels dominate, despite them paying less attention to the adverts.



For younger segments online adverts, especially social media posts by companies they follow, are as important or more important than TV. Leaflets and flyers also perform relatively strongly – and much more strongly than other forms of printed media. This was particularly and somewhat surprisingly true for **Unsteady starters**, our youngest segment.

The importance of online advertising for these younger segments is likely to come with some caveats. Firstly, trust in general is low – especially for financial services. Even younger people who are confident online (and social media users) told us they wouldn't trust an offer from a company they didn't recognise or already follow if they stumbled across it online.

This makes it hard for organisations with low brand awareness to get cut through to new customers in these channels. Brands and organisations they already follow are more likely to be trusted messengers.

Information from online or physical newspapers is generally less relevant for this audience. For almost every segment, 'none of the above' is the most frequently selected option when asked which source the segment tends to read for news, either online or physical paper. The only exceptions to this are **Unsteady starters** and **Squeezed and sliding**, where the online version of The Sun (**Unsteady starters**) and BBC.co.uk (**Squeezed and sliding**) dominate.

Local news is not widely read, either online or in a physical copy by this audience. Around one in seven (15%) of **Credit crisis** families say they read a local newspaper online, but this is the highest for any segment, online or offline.

Recommendation: Marketing plans must not take a homogenous approach to those who are financially vulnerable. What this data shows is a clear variation in attitudes and accessibility to online services and media consumption across the segments. Therefore a tailored acquisition journey needs to be developed for each segment where commonalities can be identified if a product or activity is targeted to multiple segments.

Where possible a multi platform approach needs to be taken to any campaign to build awareness. Whilst social media drives awareness it does not necessarily drive trust especially when they don't already follow the organisation online. TV adverts cut through to most segments but it is worth noting that viewing habits differ, with Netflix and other VOD being more popular with younger groups and traditional TV channels with the older segments.

Partnerships with trusted brands and influencers could also help to deliver marketing messages, however thought will have to be given as to which brands/influencers, depending on which segments are the main target for the activity.

Financial information and advice

Sources of information and advice vary from segment to segment. **Unsteady starters** for example favour speaking to their family first (perhaps reflecting their younger age), backed up by online information as a second using information websites like MoneySavingExpert. **Squeezed and sliding** and **Credit crisis families** balance online sources with people they know much more evenly – with **Squeezed and sliding** also more likely than other younger segments to go to their bank (reflecting their access to mainstream financial services). **Credit crisis families** are more likely to talk to debt advisors or local council services, like Citizens Advice, than any other segment.

Forgotten families are slightly less likely to talk to people they know, and much more likely to look online. They are a more financially established group with higher incomes and higher debt levels and are comfortable with self-serving. **Difficult debts** by contrast under index for most sources of advice – and one in five of this group say they wouldn't speak to anyone, which is worrying considering their levels of financial exclusion.

Finally, **(Un)golden years** are the least likely to talk to people they know and the most likely to use both online sources of information and banks or building society. They are also the most likely to go it alone, not asking anyone for help.

In short, each segment has a very different information profile. Younger segments are typically likely to seek help and advice from multiple sources, including people they know and the internet. Among the more financially distressed segments, services like the council and CAB are also added to the mix. Finally, older segments are likely to either do their own research or not speak to anyone – certainly not people they know.

Table: Which of the following sources of advice or information do you use when looking for help or information regarding money? (online survey, n=3,165) ordered by average most used

	1	2	3	4	5	6
Information websites	33%	38%	28%	37%	31%	40%
Family	40%	39%	36%	33%	30%	21%
Comparison sites	23%	30%	26%	36%	26%	32%
My bank account	24%	30%	21%	29%	23%	33%
Friends	30%	29%	28%	24%	23%	13%
Banks/building societies	19%	26%	20%	21%	17%	25%
TV programmes	16%	17%	16%	18%	16%	22%
Online forums	20%	19%	15%	20%	14%	6%
Debt advisors/council services (eg CAB)	17%	13%	19%	15%	17%	12%
None of the above	8%	9%	17%	15%	21%	22%
Colleagues	11%	12%	8%	8%	4%	5%
Local services (eg job centre, council)	10%	7%	11%	6%	7%	4%
Credit union	6%	6%	6%	6%	5%	2%
Charity/religious institution	6%	4%	4%	5%	4%	3%

Recommendation: Information websites and price comparison websites remain popular sources across segments for finding out information. Price comparison sites are a good route to reach different segment groups, when the right operational models in place. Additionally, increased awareness of www.findingfinance.org.uk and www.findyourcreditunion.co.uk would be impactful.

In hall tests the mix was less extreme than in the online survey but the pattern was similar. Differences in levels of internet access and confidence meant that the hall test sample, especially **Difficult debts**, **Forgotten families** and **(Un)golden years** were notably less likely to report using information websites.

The face to face hall tests revealed a particular dependence on local services, particularly among some of the most vulnerable segments, like the Citizens Advice. This is unsurprising given these surveys were conducted on high streets/in town centres.

Several mentioned debt advice services, and in Scotland and Wales, their Welfare Rights Officer. Only a few mentioned credit unions as source of advice. This might be because many of those who used them had a transactional relationship – they would use them to bank or borrow but not for advice or help.

Essentially, they saw them as a provider of services rather than a provider of information or advice. Martin Lewis was often mentioned as a trusted source of information across the segments, whether online or on TV.

Recommendation: Face to face interaction is still an incredibly important way in which all segments interact. The local branch presence of credit unions and other community finance organisations have an opportunity to talk more about this as a benefit they can offer. Online interactions need to be user friendly and simple to use to overcome both trust issues and those less confident with online channels. This is particularly true for older segments.

Perceptions of financial services

Generally, trust in financial services in the UK is not high. In the 2021 Edelman Trust Barometer, 47% of people said they trusted financial services – situating the UK 18th out of 27 countries surveyed. In the hall tests and qualitative interviews 'trust' was often raised, directly and indirectly. This affects both their views of financial services providers and communication from those providers. Often trust is deeply negative, reflecting the broader national picture.

'I trust them [high street bank] as far as you can trust a bank...it's a tricky word. For me trust is someone who is looking out for your best interests.'
(Depth interview, **Squeezed and sliding**, Female aged 32)

'I don't really trust any banks to be fair, some are more ruthless than others and some are more clever than others.'
(Depth interview, **Difficult debts**, Female aged 44)

Lack of trust can be deep-rooted, and often manifested itself in cynicism at what is being offered.

'Lenders have never reached out or offered any support, wouldn't appreciate a lender reaching out it would feel like money grabbing, as if they were making sure we could still pay them.'
(Depth interview, **Squeezed and sliding**, Male aged 26)

A product that looks to work for the consumer (eg a loan with no interest or the promise to maximise benefit payments) can be seen as too good to be true. In some cases, the presence of certain words (eg credit, borrow or loan) affected wider perception of what is on offer – to the extent that participants struggled or refused to engage with the detail or information further.

Occasionally, this cynicism centred around digital tools and communication channels. Although use of online channels and enthusiasm about them was high in the survey, people were sometimes more circumspect in the hall tests, often using online banking reluctantly and not always trusting it to protect them.

We also heard cynicism around trust in products advertised on social media – with even younger people who were confident online (and social media users) telling us they wouldn't trust an offer from a company they didn't recognise or already follow. This was not the majority view, but one heard during the hall tests as the sample were not guaranteed to have internet access.

In the hall tests, the other side of mistrust was frustration. This was less to do with promises about potential products and more to do with service delivery – financial services are perceived to be hard to reach when you need to contact them and unlikely to put your interests, as the customer, first.

'I applied for a [brand] bank card 6 weeks ago but I am still waiting.'
(Hall test, **Squeezed and sliding**, Female aged 36)

'[Financial services are] grabblers, meaning they take all without thinking about who they are taking from...it is all computerised and you are a number rather than a person.'
(Depth interview, **(Un)golden years,** Female aged 60)

In some respects, credit unions and community finance providers are the exception to this. Where people had heard of them perceptions were generally positive, even if knowledge was shallow. They are not seen as remote or distant corporates. Respondents generally associated them more readily with looking after their members, providing a local presence and serving the community.

There were some exceptions to this positive perception, where people had previously had a bad experience with a credit union. For others, their perception was driven by a lack of understanding or incorrect information, for example comparing a credit union to an organisation like Provident, which in both the online survey and hall tests had an unfavourable reputation.

This shows the lack of understanding and awareness of the sector, given the stark differences between community finance providers and home collected credit.

Recommendation: Creating trust in a sector where mistrust is the default attitude amongst customers is challenging. There is a clear opportunity to differentiate credit unions and community finance initiatives from other finance providers. Those that had used community finance providers were generally positive, so conveying case studies and independent reviews creates impactful messaging. In addition, talking about the not for profit status and reinforcing the local/physical presence of providers could also negate some of the cynical attitudes.

Brand awareness and usage

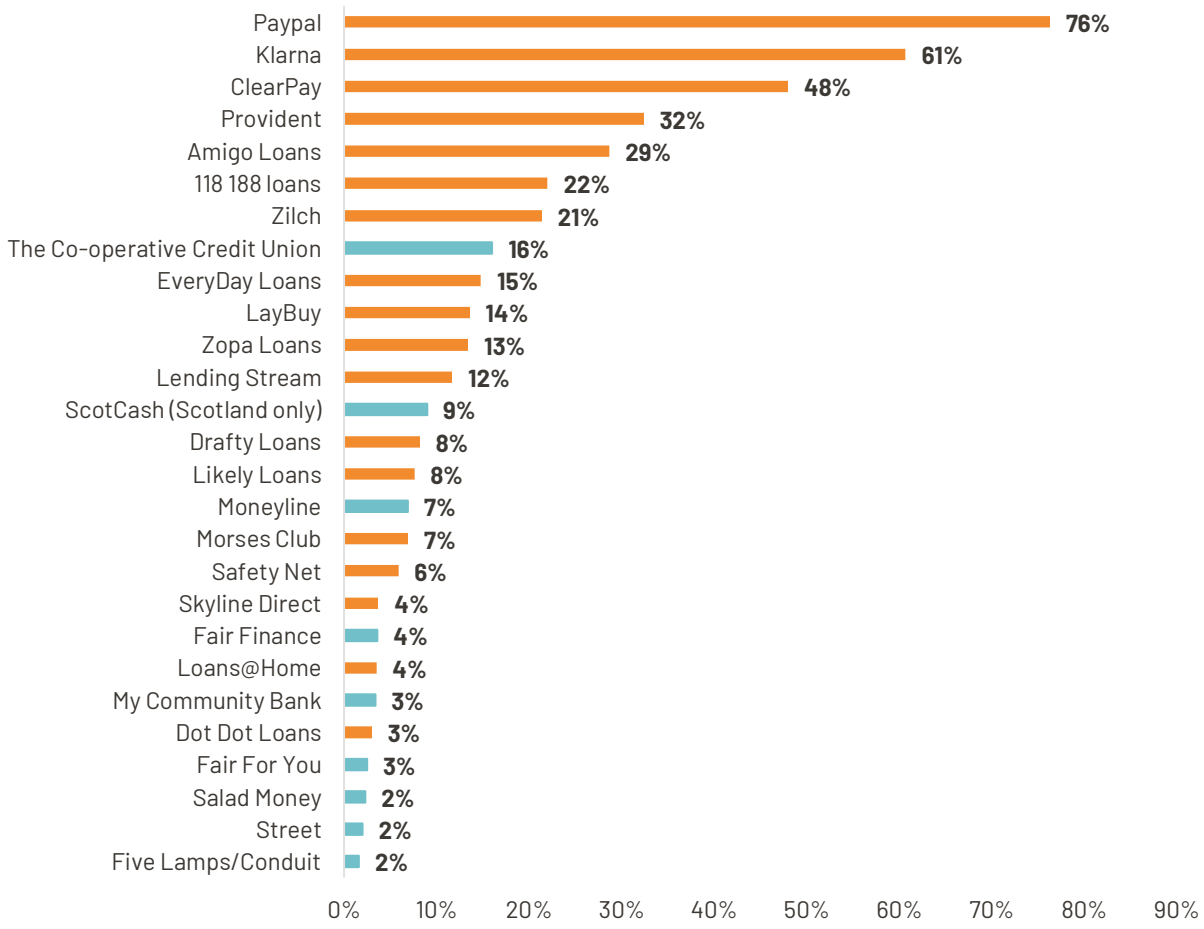
Here we will look at the segments' awareness and use of different financial brands, especially alternative and community finance providers. We explore their use and perception of different organisations.

Awareness of financial services providers

Awareness of national providers varies considerably. In this data we include a wide range of different types of organisations from online payment systems, like PayPal, BNPL providers like Klarna or ClearPay, responsible credit providers operating nationally, like Fair for You or Moneyline to lenders like Amigo or 118 118.

As expected mainstream organisations like PayPal and Klarna have very high name recognition, with a majority of the financial vulnerable population aware of them, and are included in this research for comparison only. Others, like Five Lamps or Dot Dot Loans have very little nationwide awareness at all.

Which, if any, of the following organisations have you heard of? (National organisations) (Online survey, n=3,165)

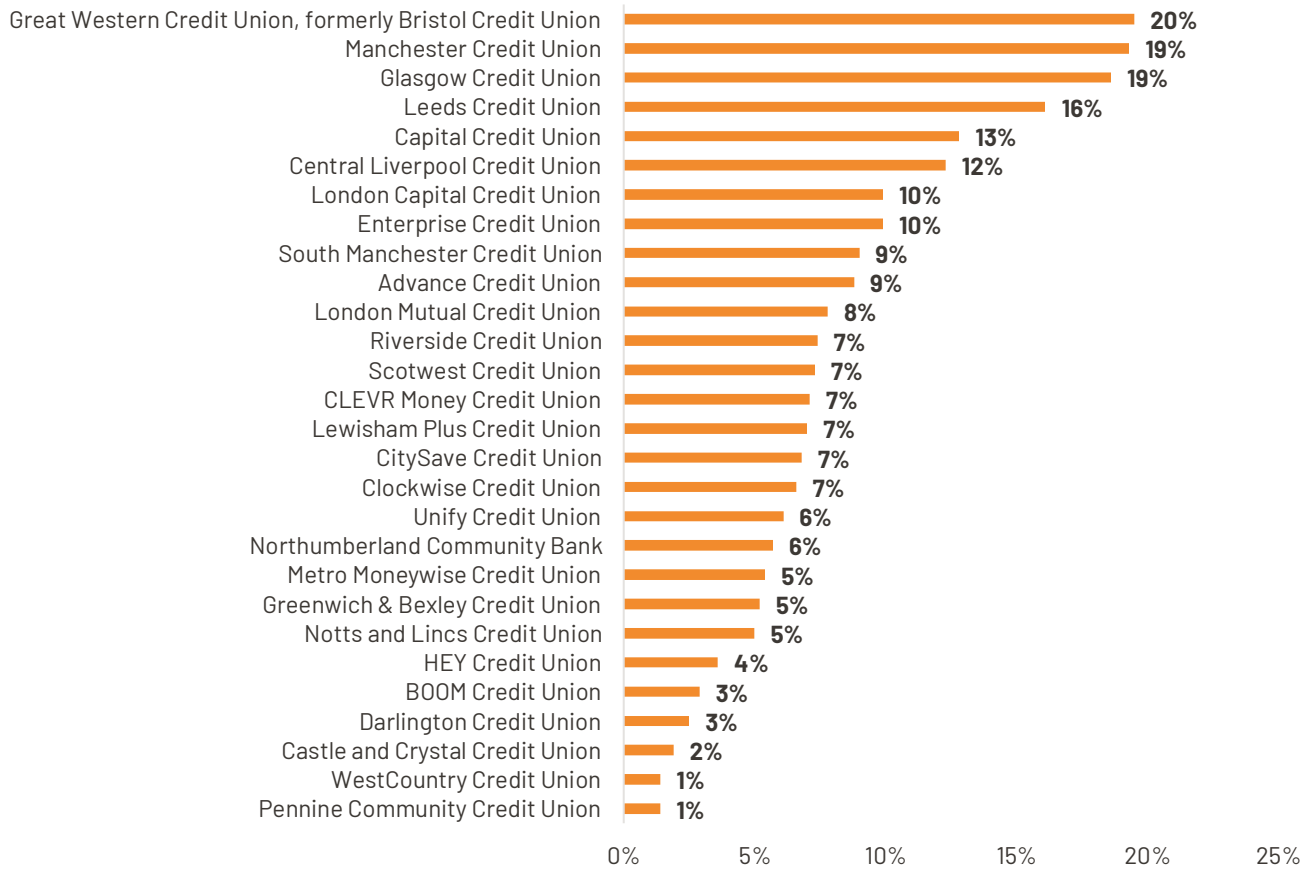


Notes: teal denotes a community finance provider. The Co-operative Credit Union may be conflated by some respondents with the Co-op bank. There are two financial organisations called Moneyline which may have impacted results.

Generally, organisations with the highest levels of brand awareness are either online payment providers relevant to a number of customers and present in the consumer mindset alongside retailers (eg PayPal, ClearPay, Klarna), loan providers with higher advertising spend (eg Amigo, 118 118) or longstanding organisations with established brands (eg Provident)

In addition to national organisations, we also tested local and regional credit unions. Sample sizes vary – each was tested within the local area in which it operates giving us comparable awareness figures – see appendix 2 for more information.

Which, if any, of the following organisations have you heard of? (Local/regional organisations) (Online survey, sample varies)



Although the variance in awareness of these organisations is not as stark as the national split, there is significant difference between awareness. For example, Manchester Credit Union (asked of people living in Greater Manchester) is known to around one in five people in that area, while Pennine Community Credit Union (asked of people living in Lancashire) is known to only around one in fifty.

Recommendation: Awareness raising of the community finance sector is critical. Fair4All Finance is working with a community finance working group on this, with activity beginning in late 2022. Brand activity is often longer term and harder to measure the impacts of in a shorter period.

Partnerships with other organisations that serve target customers can be instrumental, especially where the partnership is with a trusted brand as recently seen by the Fair for You and Iceland Food Club partnership. We'd love to hear more from community finance providers who have delivered targeted brand activity.

Awareness and use of providers by segment

We can also use this data to explore how awareness of some providers varies by segment. This applies only to the national providers, and where awareness is above 10%, as the sample sizes for regional and local providers are too small to cut across six different segments.

Table: Awareness of financial services providers, by segment (Online survey)

Segment	Unsteady starters	Squeezed and sliding	Credit crisis families	Difficult debts	Forgotten families	(Un)golden years
EveryDay Loans	14%	13%	20%	13%	16%	13%
Zopa Loans	14%	12%	14%	13%	15%	14%
Klarna	59%	63%	65%	62%	60%	51%
ClearPay	47%	48%	54%	48%	49%	38%
Zilch	20%	21%	31%	20%	23%	11%
LayBuy	14%	11%	23%	13%	14%	5%
Provident	19%	20%	38%	33%	47%	47%
Amigo Loans	26%	24%	31%	31%	32%	30%
Morses Club	7%	5%	12%	6%	9%	2%
Lending Stream	11%	8%	16%	12%	15%	9%
Safety Net	7%	4%	10%	6%	5%	2%
Drafty Loans	9%	5%	11%	8%	11%	8%
118 188 loans	19%	17%	25%	22%	27%	26%
Likely Loans	9%	4%	14%	8%	9%	2%

Awareness of different providers varies across the segments. Consistently, **Credit crisis families** and **Forgotten families** have a higher level of awareness (particularly of loan providers) than other segments.

For **Credit crisis families** this chimes with their higher use of credit. It is interesting that **Forgotten families** also have such high awareness of loan providers given their reduced access to and use of credit – this could be the result of aborted or rejected applications or research that is not followed by an application.

Recommendation: **Squeezed and sliding** and **Difficult debts** are customers who historically have been sourcing prime or near prime products and services so there is a clear opportunity to target these two groups for specific awareness raising of community finance providers as an alternative. This could also help balance the diversity of the portfolio of customers (see our separate report on purchase decisions).

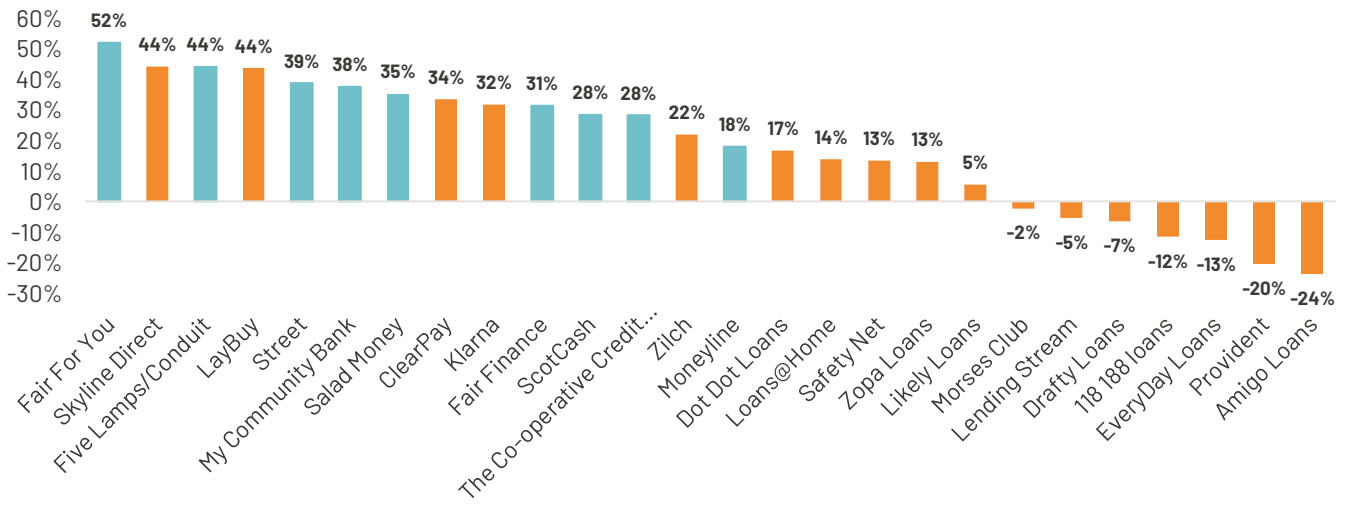
Learnings from how BNPL brands communicate should be taken given their high awareness across most segments. Whilst being positioned on well known brands websites will be a huge driver they also do their own advertising and particular attention should be paid to the language they use, while also being tailored to products and services.

Perceptions of providers

Awareness is not the same as perception. Views on different providers vary very widely, with some brands perceived very positively despite low awareness, while others have a very poor reputation.

The chart below shows the net rating of each of the brands, based on the views of all who heard of them. The net rating is created by subtracting those with a negative view from those with a positive view. Higher scores therefore mean a much more favourable view while lower and negative views indicate the opposite. Note the sample varies for each organisation – see appendix 2.

Favourability of organisations (all who've heard of the organisation), net (Online Survey, n=varies)



Note: Teal denotes community finance provider

Several providers who are not well known nevertheless have a very positive reputation. These include community finance organisations like Fair for You, Five Lamps, Street, Salad Money and My Community Bank. Also at the very positive end of the favourability scale is the home collected credit provider Skyline Direct and BNPL provider LayBuy.

Amigo Loans and Provident have the poorest reputations, which is unsurprising given recent media coverage, schemes of arrangement and high levels of customer complaints. Only 10% of those that have heard of Amigo have a positive view of them. They are closely followed by 118 118 loans, Everyday and Drafty Loans.

The picture for BNPL providers – among the most recognised brands – is quite mixed. All are in positive territory, but Zilch, ClearPay and Klarna are all view less positively than LayBuy. This may be the result of LayBuy's commitment to not charging interest.

The hall tests provided us with further insight into how these different brands are perceived. Often, the key determinant is the extent to which they signify, or are associated with, a particular type of product. Sitting above all of this is the respondent's view of 'credit'.

For some, any kind of credit, loan or borrowing of any kind is to be avoided if at all necessary. At the most extreme, the word 'credit' itself (including in other contexts, like a credit union) can be quite toxic, putting up significant perception barriers that prevent the detail of a particular product or organisation being considered more thoroughly. This can play out differently for different types of product.

'Don't agree with credit you should only buy if you can afford it.'
(Hall test, **Difficult debts**, Male aged 43)

'[Credit unions] are just a loan company. Just getting into debt.'
(Hall test, **Difficult debts**, Male aged 64)

For example, BNPL results in two main sets of views. On one hand, some view it as a more flexible way to pay for things and welcome the options to split payments over time. This includes those who might otherwise be wary or resistant to credit cards or personal loans. Other people see BNPL as a form of credit and associate it with rising interest, having to 'keep up' with payments and potentially, falling behind and getting into debt.

'I use Klarna a lot. I'm not a loan person. It is sort of a loan, but I'm paying it back within a month.'
(Hall test, **Unsteady starters**, Female aged 21)

Occasionally a particular type of product develops a persistently negative reputation. Payday loans are one such example. They are indelibly associated with high, perhaps exploitative interest rates.

'I actually know a girl who got in a lot of trouble over payday loans.'
(Depth interview, **Forgotten families**, Female aged 35)

'I'd never get a loan. Costs too much to pay it back in interest. Stay away from that.'
(Hall test, **(Un)golden years**, Female aged 59)

Perceptions of credit unions

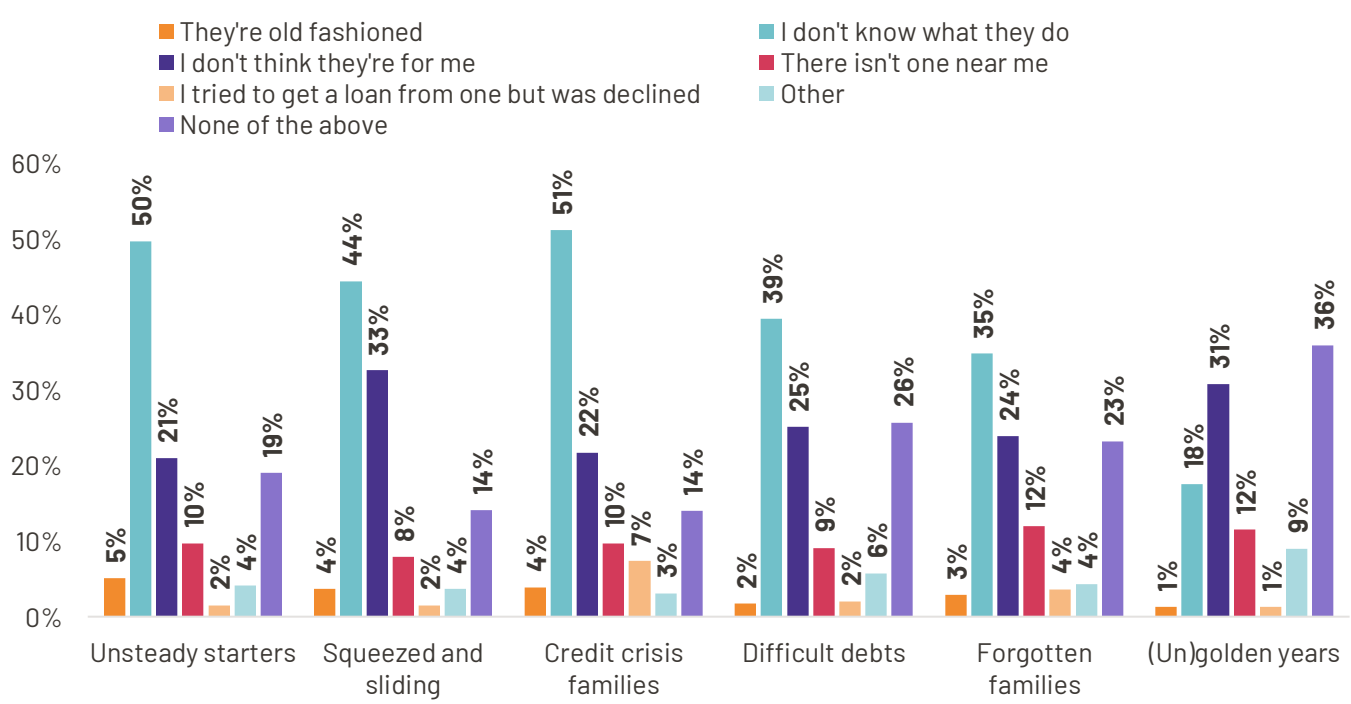
Knowledge and awareness

There are some challenges for credit unions to solve to serve this market. The first is awareness and knowledge of what credit unions are, who they are for and what products they provide.

Awareness of community finance providers is very low. In the hall tests, although it varied by location the majority of people included in the research had either not heard of credit unions or had heard the name but had no knowledge of what they were or the services they provide.

The table below shows where people had heard of credit unions but haven't used one. The primary reason was simply not knowing what credit unions do, followed by not perceiving them as an organisation they would use.

For those who heard of credit unions but not used one - why haven't you used one before?



These findings are reinforced by the online survey, which found that the majority (between 77% and 93%) of each segment had either never heard of credit unions or never used one. Of those that hadn't used one, the most common reasons were 'not knowing what they do' and 'I don't think they're for me'.

'[On credit unions] I don't know about them. I don't like it, don't like borrowing. I'd go to family if I needed something.'
(Hall test, **Unsteady starters**)

Recommendation: On the whole brand awareness was low for both credit unions and CDFI's but for customers who had engaged with them we saw favourable sentiment and positive reputation. The high perception scores for community finance providers show that trust could be a unique selling point for organisations.

There is a clear opportunity to use more ways to leverage this favourability across all segments eg loyalty schemes, refer a friend, real customers talking about great service, customer ambassadors online/in communities, and customer reviews prominent in communications and early in the acquisition journey.

Clear concise marketing should explain what credit unions offer and what they do in messaging. While membership is an overwhelmingly positive aspect, it could sound like a barrier for people who are first seeing credit union messaging, and this should be considered in the user journey and in marketing materials.

Customer reviews in the advert itself may also bolster trust.

There is also an opportunity for activity to be supported by randomised trials on messaging with different brands, offers and channels to provide insight into what messages perform better.

Perception

Even where there is awareness, perceptions vary. Occasionally misconceptions emerged, for example the idea that they might be a credit reference agency of some kind. Often there was little or no knowledge of local credit unions, or where there was some awareness, a narrow definition of the services provided (for example just savings, or just loans).

'[On credit unions] are they for debt recovery?'
(Hall test, **Unsteady starters**, Male aged 26)

In hall tests, while many people who were aware of credit unions knew they offered savings accounts (and some had used them) those that didn't often mistook them as primarily a provider of loans. As discussed elsewhere, this can lead people down the wrong path, particularly if they have strongly negative perceptions of credit, debt and loans.

At the same time, as providers of affordable loans, credit unions and community finance providers can be tarnished by association with other, higher cost lenders. This also shows the need for more consumer understanding and brand awareness raising, explaining that community finance providers can give customers flexibility and security over their money, help build credit scores and provide loans and credit when its needed.

However, credit unions in general, and specific local credit unions, were positively viewed when respondents were aware of them. Among people with a less first hand knowledge or experience the associations were of a local organisation with a community focus that provided financial services (often people associated them with either savings or loans). Where people had more knowledge, or had used them before, those associations were stronger but often balanced with opinions on the quality of customer service or products.

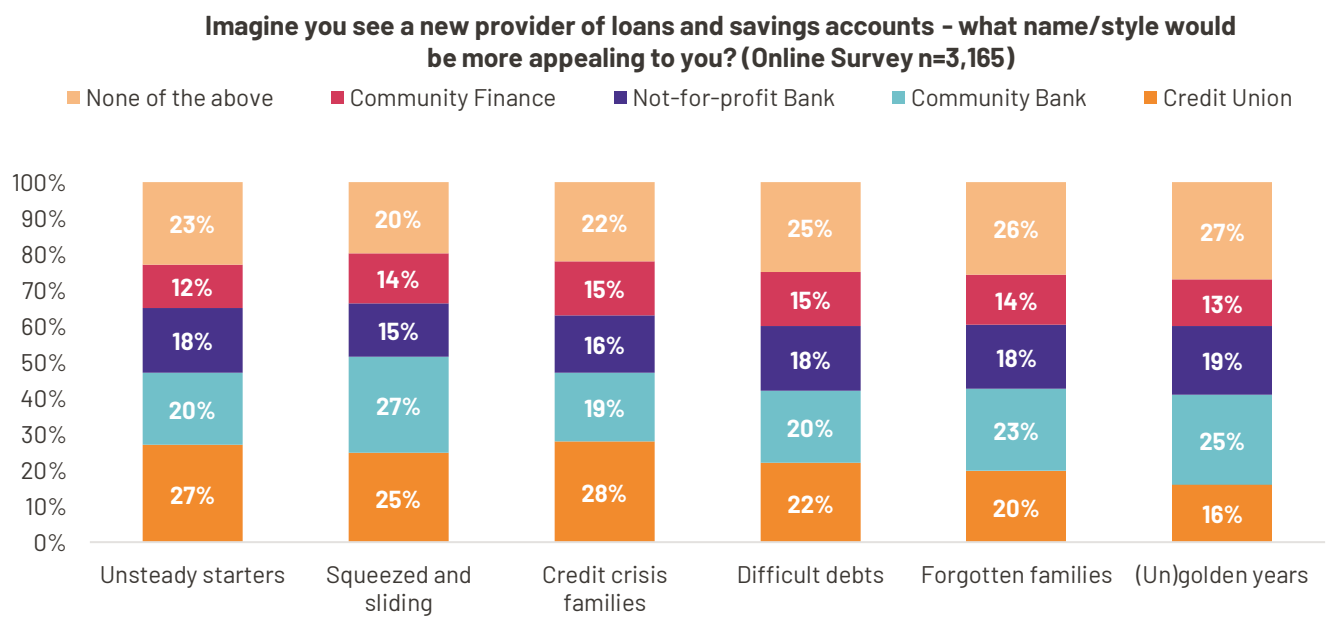
'Used a credit union before, they were very nice to deal with and helpful, it was positive.'
(Hall test, **Squeezed and sliding**, Male aged 41)

'[On credit unions] I've used them in the past and loved them. They do savings and loans.'
(Hall test, **Credit crisis families**, Female aged 41)

'[Credit unions] help people who might be struggling through no fault of their own.'
(Hall test, **Difficult debts**, Female aged 43)

Among the people who'd used credit unions the perception was generally positive and one of the most common uses was savings accounts – often Christmas club savings accounts that 'protect' money throughout the year and pay out at Christmas.

Given the low awareness and incorrect perceptions of credit unions, as well as the emergence of different credit union branding, we asked respondents about different examples of credit union names. While there was no clear 'leading' name, 'credit union' and 'community bank' were viewed favourably by different segments.



Recommendations

Marketing

1 **Messaging** should reflect customer needs and priorities (see our report on Credit: Product ownership and decision insights). This could improve the match between the ways each segment wants to interact and the channels that are available. It can also help identify gaps that can lead to development of relevant content or pivoting the existing offer to a new or different segment. Each segment has different preferences at different parts of the customer journey so what works for the acquisition stage might not work for the application or management stage of their journey

2 Channel choice for different segments is highlighted in the findings. **A multi-channel approach** is important, price comparison websites could help attract slightly more wealthy segments (**Squeezed and sliding**, **Credit crisis families**) to balance the customer types across the portfolio. Younger segments prefer online channels but distrust pop-up ads about financial services unless they are through a trusted brand or endorsed channels. Partnering with brands or influencers that the different segments already engage with to promote services could significantly improve engagement and conversion at the acquisition stage. Segments 1-5 are also more likely to watch video on demand (VOD) channels such as YouTube, TikTok and Instagram stories and online streaming services (Netflix, Disney, Amazon, ITV Hub). Automated interactions on apps and chatbots need to be really user friendly for all but are more likely to appeal to younger segments. Many people do still prefer to speak to a human being for some parts of the customer journey

3 For some in **(Un)golden years**, **Credit crisis families** and **Forgotten families** a combination of age and digital exclusion sees online access more limited in comparison to other segments. For these groups in particular offline communication has a key role in all parts of the consumer journey. **Referral partnerships** with local authorities, housing associations, citizens advice and debt advice services could offer a connection to those most vulnerable and excluded. Our report Unlocking tenant financial resilience covers partnerships with housing associations for community finance providers

4 Information websites and price comparison websites remain popular sources across segments for finding out information. **Price comparison sites** are a good route to reach different segment groups, when the right operational models in place

5 **Online interactions need to be user friendly and simple to use** to overcome both trust issues and those less confident with online channels. This is particularly true for older segments

Brand

1 **Raising awareness of the community finance sector is critical**. Fair4All Finance is working with a community finance working group on this, with activity beginning in late 2022. Brand activity is often longer term and hard to measure the impacts of in a shorter period. Partnerships with other organsiations that serve target customers can be instrumental, especially where the partnership is with a trusted brand. We'd love to hear more from community finance providers who have delivered targeted brand activity

2 **Creating trust** in a sector where mistrust is the default attitude amongst customers is challenging. There is a clear opportunity to differentiate credit unions and community finance initiatives from other finance providers. Those that had used or were members of credit unions or customers of community finance providers were generally positive, so conveying positive case studies and independent reviews creates impactful messaging. In addition, talking about the not for profit status and reinforcing the local/physical presence of providers could also negate some of the cynical attitudes

3 **Partnerships with trusted brands** or influencers could be used to deliver marketing messages more effectively. The research found audiences can be cynical or dismissive of messages from organisations they do not recognise or already follow. Additionally widening use of independent reviews in advertising and reinforcing the local/physical presence of providers would help to build trust

4 Community finance providers can leverage their positive favourability through activities like **loyalty schemes, refer a friend, real customers talking about great service**, customer ambassadors online/in communities, and customer reviews prominent in communications and early in the acquisition journey

5 One of the biggest barriers for people not using credit unions was not knowing what they do. **Clear concise marketing should explain what credit unions offer** and what they do as part of the messaging. While membership is an overwhelmingly positive aspect, it could sound like a barrier for people who are first seeing credit union messaging, and this should be considered in the user journey and in marketing materials

6 **Squeezed and sliding** and **Difficult debts** are customers who historically have been sourcing prime or near prime products and services so there is a clear opportunity to target these two groups for specific awareness raising of community finance providers as an alternative. This could also help balance the diversity of the portfolio of customers (see our separate report on Credit: Product ownership and decision insights)

Appendix 1 – Methodology

This report was created following a comprehensive programme of research and analysis into the experiences of people in financially vulnerable circumstances in the UK.

This research included:

- A quantitative survey focusing on low income and financially excluded people (3,165 responses in March 2022)
- Short, face to face interviews in hall tests with low income or financially excluded people (total 483 people from the segments across 9 UK locations May – June 2022)
- In-depth interviews for deeper insights (14 people June – July 2022)
- External data from CACI, FCA Financial Lives and MaPS segmentation.

The quantitative survey data was used by CACI, alongside other external datasets, to identify six distinct segment groups.

Appendix 2 – Credit Union, Alternative Finance and CDFI Providers

This report contains survey data on customers' awareness, use and perception of different financial providers. Some were asked of the entire pan-UK sample, others were only asked of a local or regional sample. This table summarises the geographical samples of each one.

Name	Area	Total sample	Aware (number)	Used (number)
Fair for You	National	3,900	81	29
Moneyline	National	3,900	252	27
Salad Money	National	3,900	77	17
Fair Finance	National	3,900	125	24
Street	National	3,900	64	18
Five Lamps/Conduit	National	3,900	51	18
My Community Bank	National	3,900	117	35
ScotCash	Scotland	450	92	17
Loans@Home	National	3,900	112	42
EveryDay Loans	National	3,900	531	52
Zopa Loans	National	3,900	503	71
Paypal	National	3,900	3,037	2,093
Klarna	National	3,900	2,267	730
ClearPay	National	3,900	1,735	482
Zilch	National	3,900	725	171
LayBuy	National	3,900	451	163
Provident	National	3,900	1,378	248
Amigo Loans	National	3,900	1,082	84
Morses Club	National	3,900	229	80
Lending Stream	National	3,900	418	81
Dot Dot Loans	National	3,900	97	26

Name	Area	Total sample	Aware (number)	Used (number)
Safety Net	National	3,900	193	59
Drafty Loans	National	3,900	295	28
Skyline Direct	National	3,900	122	29
118 188 loans	National	3,900	832	60
Likely Loans	National	3,900	257	45
The Co-operative Credit Union	National	3,900	664	40
Enterprise Credit Union	Merseyside	93	8	2
Leeds Credit Union	Yorkshire and Humberside	312	49	7
Great Western Credit Union	Southwest	296	57	1
HEY Credit Union	Yorkshire and Humberside and Lincolnshire	356	10	2
Central Liverpool Credit Union	Merseyside	93	12	0
Advance Credit Union	West Midlands	235	18	2
BOOM Credit Union	Southeast	497	12	2
Clockwise Credit Union	East Midlands	272	14	3
CLEVR Money Credit Union	Lancashire	76	5	3
CitySave Credit Union	West Midlands	235	14	3
Greenwich and Bexley Credit Union	London	376	18	11
Lewisham Plus Credit Union	London	376	25	7
London Capital Credit Union	London	376	34	13
London Mutual Credit Union	London	376	30	12
Manchester Credit Union	Greater Manchester	188	36	13
South Manchester Credit Union	Greater Manchester	188	16	1
Metro Moneywise Credit Union	Greater Manchester	188	9	3
Northumberland Community Bank	Northumberland and Tyne and Wear	92	7	1
Notts and Lincs Credit Union	Derbyshire and Nottinghamshire and Lincolnshire	160	6	1
Pennine Community Credit Union	Lancashire	76	1	0
Riverside Credit Union	Merseyside	93	8	0
WestCountry Credit Union	Dorset and Somerset, Cornwall and Isles of Scilly & Devon	181	4	1
Glasgow Credit Union	Scotland	450	73	9
Scotwest Credit Union	Scotland	450	29	3
Capital Credit Union	Scotland	450	55	7

Name	Area	Total sample	Aware (number)	Used (number)
Unify Credit Union	Cheshire, Greater Manchester and Lancashire	318	20	3
Castle and Crystal Credit Union	West Midlands	364	7	3
Darlington Credit Union	Northeast and North Yorkshire	212	5	1