The impact of Covid-19 and associated lockdown on financial difficulties, debt and illegal money lending

Ulster University
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CONTENTS

1. EXECUTIVE SUMMARY

Background

1. Ulster University (UU) was commissioned by the Consumer Council in late 2020 to conduct follow-up research to a larger study published by the Consumer Council in 2020 on illegal money lending.[1] The purpose of this follow-up study was to provide an update on what had been previously found, by assessing the impact of Covid-19 and the lockdown on the issues impacting upon individuals and households.
2. In total, 33 organisations - predominantly from the community/voluntary sector - participated in this research. These included community development groups, youth workers, addiction/gambling support services, and organisations supporting ex-combatants and ex-prisoners. The research itself consisted of:
   - a facilitated online workshop with participants drawn from the youth sector and the financial support sector (such as those working for gambling/addiction support groups)
   - telephone conversations with participants (from the community/voluntary and political sectors)
   - online interviews with seven representatives from community/voluntary sector organisations

Key Findings

Risk factors for financial exclusion

3. While interviewees stressed that Covid-19 and the lockdown had brought a new series of challenges and exacerbated existing issues (in terms of levels of poverty and poor mental health), there was a general view that reliance on lenders outside of mainstream providers was 'nothing new' - particularly for those living in low-income households in areas of socio-economic deprivation.
4. However, most interviewees felt that economic difficulties, debt and having to turn to unscrupulous lenders had increased as a result of lockdown. A key challenge is lack of access to mainstream forms of credit. However, it was felt that the fall-out of the economic impact of Covid-19 (redundancies and furloughing of staff) had widened this vulnerability to now include those who had lost employment.

The scale of illegal lending

5. Interviewees were unable to approximate with any degree of accuracy the extent to which illegal lending had increased during the pandemic - although the majority were of the view that it had increased.
6. Many organisations were not having the same face-to-face interactions with people experiencing financial difficulties (these took place online or via the telephone). This meant that there was a general feeling that the "murky world of illegal lending has become even murkier."

1. Illegal_Money_Lending_Report.PDF (consumercouncil.org.uk)

Who is at risk of needing to use illegal money lenders?

7. There were reported instances of vulnerable people having to withdraw their benefits from the Post Office or bank while illegal lenders waited nearby, taking the money and bank/social security card until the next time they were 'owed.' Other respondents described incidents where community members had been unable to repay a loan and had been subjected to personal threats, had members of their family threatened or even subjected to physical violence. While it was suggested that most money lenders are men, there were reports of an increasing number of women becoming involved in the practice.
8. Lack of access to mainstream credit and a build-up of debt to payday loan companies (those still in operation) were also cited as key reasons as to why some people may have to turn to illegal lenders to make ends meet. There were also instances reported where families were getting into debt - legal and illegal - to pay off the 'illegal debts of their children.' Addiction and drugs were reported as playing a key role in these cases.
9. A sense of desperation; of being turned down for mainstream credit or loans; of being in seemingly insurmountable debt already; and not having to present previous bank statements or a financial history to a lender all appeared to contribute to why someone would make the decision to engage in dealings with an illegal lender.

Other forms of debt/credit

10. Payday loans were still felt to be particularly problematic for the under-25 age group, and were sometimes used to 'plug the gaps' while waiting for Universal Credit applications to be processed. The difficulties faced by young adults due to the pandemic was also a common theme throughout the research and led to some interviewees reporting challenges with other more legitimate sources of finance and loans over the past 18 months.
11. It was reported that a lack of job opportunities for school and college leavers had led them to consider applying for a university place, when their preferred option would have been to commence a career. This led them to accrue high levels of student debt to service tuition and accommodation costs.
12. Credit Unions were cited by several interviewees as a more accessible form of credit that promoted responsible lending. However, the fact that you needed an account with them and to show some ability to save, even a small amount per week, was not going to perhaps help those individuals who are in desperate need of cash to pay bills immediately. This contributed to a greater risk of turning to higher cost lenders.

Impact of debt/borrowing

13. This follow up research found examples of the impact of legal and illegal debt including stress, worry and the impact on mental health as per the main study. Similarly, there were heightened issues relating to physical and mental health reported (including risk to personal/family safety) as a result of being in debt to an illegal lender (especially where violence had been used as a threat).

14. Those working with clients who had accrued illegal debts suggested that they suffered from weight loss, tiredness, irritability, mental health issues, withdrawal from social circles, depression, increased substance use, insomnia, and relationship breakdowns. These issues only served to exacerbate the mental health difficulties for those already struggling with the restrictions on social interaction during the Covid-19 pandemic. In some very sad circumstances, poor mental health, lack of access to credit, illegal debt and homelessness coalesced. Those leaving care and former prisoners appeared particularly at risk of accruing illegal debt which could then lead to homelessness.

Conclusions

- The findings of this follow up study have corroborated the central findings of the original much larger piece of research published in 2020. However, it has also highlighted the manner in which the risk factors associated with accessing illegal lending have been amplified by the worsening economic and social conditions produced by the pandemic.
- Interviewees suggested measures for reducing the reliance on illegal and high-cost lenders. Central to this is **widening access to alternative forms of credit** which was also a core consideration in the larger 2020 research.
- **Greater regulation of the remaining payday loan companies** was also believed to be necessary - and particularly on the background checks they conduct for eligibility.
- Regulation was suggested as important, for example **putting in place greater controls of the activities of high street 'cash convertors'** which were also in some instances used as a means of accessing cash.
- It was suggested that l**egislation should be strengthened with respect to the gambling industry,** including around advertising, greater curbs on fixed odds betting terminals, and stronger penalties for bookmaker shops that allow under 18s to gamble on their premises.
- **Education and awareness raising** were cited as crucial - again mirroring a core finding from the 2020 research. Key to this was educating young people about fiscal management and interest rates, particularly the problems with high rates of interests and the risks from illegal lending.
- More broadly, the evidence put forward in this report suggests that Covid-19 impacted young people more severely than other sections of society with **a need for further consideration of the insecurity in employment and housing for young people**, as well as the broader range of risks such as gambling and substance addiction.
- Finally, it was considered that **urgent measures will be needed to protect those who are already on the margins of our society from the impact of a lessening of income support mechanisms**.

2. INTRODUCTION

Ulster University (UU) was commissioned by the Consumer Council in late 2020 to conduct follow up research to a larger study published by the Consumer Council in 2020 on illegal money lending (see Annex 1 for an outline of the methodology employed). The purpose of this follow-up study was to provide an update on what had been previously found, by assessing the impact of Covid-19 and the associated lockdown on the issues faced by individuals and households. The research complements and builds upon previous work by Ulster University in this area.

3. ECONOMIC CLIMATE

Northern Ireland consumers were already ill-equipped to deal with income shocks before the impact of Covid-19, with our levels of discretionary income lower than other UK regions and our level of savings the lowest across the UK.

While the discretionary income for households in NI increased throughout 2020, £115 in March of that year[2] to £138 in December 2020, this still lagged behind the UK figure of £239 in December 2020 - a difference of £101 (42%).

In February 2021 the number of people unemployed in NI stood at 31,200. This was up by nearly 49% from March 2020 (21,000). Similarly, the NI benefits claimant count was up by 90% in the same period (29,875 in March 2020 and 56,700 in February 2021).[3]

The number of government confirmed redundancies totalled 5020 over the course of 2020. This was an increase of 56% from the 2019 total of 3200, and almost double (92%) the average from the previous five years (2015-2019).[4]

Covid-19 seems to have had an impact on earnings as well. Over the last 20 years in NI, the median gross weekly earnings for full-time employees has increased by an average of around £10 each year. However, over the year to April 2020, weekly earnings decreased by £6 to £529. This is only the third annual decrease in the last 20 years and is the largest decrease on record.[5]

The decrease of 1.1% in NI was the second largest decrease of all the UK regions (second only to North-East which decreased by 2.2%), and weekly earnings in NI were the second lowest of all the UK regions. Weekly earnings overall in the UK increased by 0.1% to £586. The difference between the UK and NI median therefore widened over the year with NI median weekly earnings being £57 or 9.7% below the UK median.

2. Asda Income Tracker April 2020 (asda.com)
3. A01: Summary of labour market statistics - Office for National Statistics (ons.gov.uk)
4. Redundancies - Historical Tables | Northern Ireland Statistics and Research Agency (nisra.gov.uk)
5. NI-ASHE-Bulletin-2020.PDF (nisra.gov.uk)

4. RESEARCH FINDINGS

4.1 Risk factors for financial exclusion

While interviewees stressed that Covid-19 and the lockdown had brought a new series of challenges and exacerbated existing issues (in terms of levels of poverty and poor mental health), there was general consensus that the accrual of debt and having to borrow money from unscrupulous or illegal lenders outside of mainstream credit providers was 'nothing new' - particularly for those living in low-income households in areas of socio-economic deprivation.

One interviewee suggested the move to Universal Credit three years ago had an even more significant impact than Covid-19 on the numbers of people borrowing money to pay for basic essentials such as food or electricity.

> *"You can hardly survive on Universal Credit. Anybody on it needs top up benefits to manage."*

Another respondent noted that the young people they worked with:

> *"Are all skint and living on their housing benefit/ESA/PIP/Universal Credit. No bank overdrafts are available, and they can't get to Credit Unions or legal money lenders. So where else can they go to get money? All the young people have crisis loans from housing benefits."*

However, most interviewees felt that economic difficulties, debt and having to turn to unscrupulous lenders in dire financial times had undoubtedly increased significantly as a result of lockdown and the restrictions on working, socialising and everyday life.

Interviewees suggested that prior to lockdown there were two main cohorts who were most vulnerable to borrowing from illegal money lenders:

- younger people under 30 with mental health and/or addiction issues (drugs/alcohol/gambling)
- families on low incomes paying for unplanned expenses

A key challenge facing both of these groups is lack of access to mainstream forms of credit. However, it was felt that the fall-out of the economic impact of Covid-19, large scale redundancies and furloughing of staff had widened this vulnerability to include those who had lost employment, particularly those in:

- the service/hospitality industry
- the entertainment industry (such as freelance musicians)
- transport sectors which survive on public gatherings to make money (self-employed taxi drivers in particular)

Graduate students were also reported to be in a very difficult situation as the labour market was practically shut down to new recruitment at the time of the research.

The self-employed generally were also viewed as particularly vulnerable - especially if they did not have one year of full accounts prior to the Self-Employment Income Support Scheme and could not avail of government grants.

As one interviewee put it:

> *"It's ok for those who have a nice office job and can work from home. Great. But if you work in a pub, a shop, or drive a taxi - what are you supposed to do?"*

In one case in Belfast, it was reported that a man who worked in the entertainment industry and was financially 'comfortable' had lost all his work as a result of lockdown and had to use up all his savings:

> *"The impact on him in terms of stress was unreal."*

In another instance, a taxi-driver in Derry/Londonderry worked a 12-hour shift when lockdown eased in summer 2020 and made £40 in those 12 hours - £20 of this was owed to the depot and £10 was spent on fuel.

The added impact of Covid-19 was highlighted by the reported increase in the usage of food parcels and packages. Several interviewees suggested that in their areas (Belfast, Carrick, Larne and Newtownabbey), the usage of such services had:

> *"at least doubled during lockdown - at least."*

A number of community-based interviewees noted that they were delivering food parcels on a weekly basis to:

> *"...people who you thought would never need the help and who we have never seen coming to us before. Like a mum and dad who were both working but lost their jobs in the pandemic."*

4.2 The scale of illegal lending

Interviewees were unable to approximate with any degree of accuracy the extent to which illegal lending had increased during the pandemic - although the vast majority were of the view that it had increased.

Difficulties around a sensitive topic which may potentially have criminal justice consequences, coupled with the fact that many organisations were not having the same face-to-face interactions with people experiencing financial difficulties (these were taking place online or via the telephone) meant that there was a general feeling that the:

> *"...murky world of illegal lenders has become even murkier.""*

One interviewee noted that in several decades of public service and campaigning around this issue, and with constituents raising it privately as an ongoing concern, only three people had ever come forward to willingly give their testimony.

This indicates the extent of the secrecy of the practice, which may have been even more difficult to assess due to the limitations placed on face-to-face interactions by the Covid-19 restrictions.

4.3 Who is at risk of needing to use illegal money lenders?

There were incidents reported within the research which indicated that, as a result of a variety of issues (mental health/addiction/very poor economic situation), there were some people who were turning to illegal lenders.

While most money lenders were suggested as being men, there were reports of an increasing number of women becoming involved in the practice (as it was reported they will be less likely to be considered suspects by the authorities).

There were reported instances of vulnerable people having to withdraw their benefits from the Post Office or bank while these illegal lenders waited nearby, taking the money and bank/social security card until the next time they were 'owed.'

Other respondents described incidents where community members had been unable to repay a loan and had been subject to personal threats, had members of their family threatened or even had been subject to physical violence.

Lack of access to mainstream credit and a build-up of debt to payday loan companies (those still in operation) were also cited as key reasons as to why some people may have to turn to illegal lenders to make ends meet.

In relation to the former, the pandemic and the closure of key public services such as libraries was viewed as having increased the financial barriers vulnerable households face in accessing mainstream credit. In some instances, there were reported difficulties in applying for Universal Credit, if the only computer a household could access was in a library.

In relation to the latter point, in a number of reported instances illegal debts were accrued trying to pay off legal debts (and vice versa).

In one case, a young man in his twenties owed £10,000 to three illegal lenders (£6,000 to one, and £2,000 to the other two). The young man was reported to have an 'ok' relationship with the two smaller lenders and thus borrowed from them to pay off the bigger loan which was perceived to be associated with more risk.

There were also instances reported to us wherein families were getting into debt - legal and illegal - to pay off the illegal debts of their children. Addiction and drugs were reported as playing a key role in these cases.

In several cases the 'bank of mum and dad' was reported to have run dry and they then had to resort to legal or illegal loans to pay the debts of their child:

> *"the mother or father paid off the illegal debt by borrowing money from payday loan agencies at high interest rates."*

In some cases, it was reported this resulted in the parents being placed under threat of retaliation for non-payment rather than the child - it did not ease the financial or psychological strain of the debt itself.

Other youth leaders noted a worrying trend for young people who fall into debt with drug dealers being tasked with working off their debt by running drugs, with this practice often repeating in families as younger siblings are drawn into the nexus of the dealers.

Similarly, respondents spoke of the activities of high street 'cash convertors' which were also, on some occasions, used as a means of accessing cash. These were viewed as a form of exploitation where those accessing such services often had to pay to place items in the shop, or received far below the value of their possessions or, more worryingly, those of their family.

In another case discussed, a young woman in her mid-20s took on the responsibility of providing for her entire family who had lost employment as a result of the pandemic - but when her wages and supplementary benefits ran out, she had to turn to illegal lenders.

Another respondent cited a vulnerable person who had been scammed out of £1,500. In this case, they had thought they were paying for rent, but ended up homeless as a result and had to run up a tab in the local corner shop. It was in the corner shop that it was suggested they use a local money lender. This highlights the often insidious and underground nature of the activity which very often relies on subtle knowledge within communities of who to approach if in need.

In a further case in Belfast, it was reported that drug dealers were delivering 'drink and drugs on tick all night long' to small groups of young people who were building up debts which they could not pay. They would then be forced to deal drugs themselves to settle their debts.

Gambling was also reported as having increased significantly as a result of lockdown, particularly amongst young women, who were then having to resort to potentially criminal enterprises, or to approach an illegal lender, to feed their habit.

While the risks inherent in engaging with illegal lenders appear to be common knowledge, it is clear that many vulnerable people continue to do so. This can be through a sense of desperation, resulting from being turned down for mainstream credit or loans, or from already being in seemingly insurmountable debt. The fact that illegal lenders do not require previous bank statements or financial histories may also contribute to someone's decision to borrow in this way.

There were also examples cited whereby illegal lenders may 'do a good turn' in a 'time of need' for someone, such as sending flowers to a loved one's funeral or:

> *"...slipping them a few quid when their mum died. They actually don't care if that's paid back, it's the power they then have over that person that they have 'helped."*

Thus, the simplistic external portrayal of illegal lenders as 'all bad', whilst resonating with most in society, may differ for some vulnerable people within communities. There may be an alternative, perhaps even romanticised 'Robin Hood' persona which makes such lenders an option to approach when in need of cash quickly.

4.4 Other forms of legal, high-cost debt/credit

In some cases, the debt was a result of sheer desperation and having nowhere else to turn. In others, it was reported to us that some young people had little concept of saving or of interest rates and did not know what they were getting into, even if they took out what was technically a 'legal' loan to begin with.

As one respondent suggested:

> *"You just need money here and now - and you don't think 'Oh at 54% APR that is going to be hard to pay back and have a detrimental impact on my economic footprint."*

The fact that few background checks were carried out on eligibility or ability to repay such loans was a cause of frustration for many.

As one interviewee noted:

> *"I'm working with one young man who secured a legit loan of 10k with 53% pay back rate - how was this allowed?"*

In another instance, a young man was encouraged to approach a payday lender by a 'friend' and ended up owing hundreds of pounds he could not repay. His friend was given £200 for 'recruiting' him to the scheme.

Payday loans were still felt to be particularly problematic for the under 25 age group, and were sometimes used to 'plug the gaps' while waiting for Universal Credit applications to be processed.

As one interviewee noted:

> *"Six weeks - but in crisis or debt that's too long - even parachute payments have to be paid back so they are in debt immediately."*

The difficulties faced by young adults due to the pandemic was a common theme throughout the research and led to some interviewees reporting challenges with other, more legitimate, sources of finance and loans over the past 18 months.

It was reported at the time of the research that a lack of job opportunities for school and college leavers had led them to consider applying for a university place when their preferred option would have been to commence a career.

This led them to accrue high levels of student debt to service tuition and accommodation costs, with many then going on to realise that university was not for them and subsequently withdrawing from their course.

One example was cited of a course to encourage young men into higher education with a local university which had increased the entry fee from £800 to £2,800 in a relatively short space of time.

> *'Who is going to pick up that cost?"*

There were also issues around student loans, rights and entitlements.

One young man spoke about his difficulties repaying a student loan and struggling with £9,000 of debt on top of other mounting debts. He said he stopped opening the letters demanding payment after the first few that arrived.

Another young female spoke of the difficult financial situation she found herself in as a university student (without going into specific details):

> *"The student loan is based on your household. I had a student overdraft. That's still hanging over me three years later. It's unfair what you are entitled to - or not entitled to. My mum can't support me, so I had to turn to other options."*

Some respondents noted that while these difficulties have been around for a long time, the reduction in opportunities to carry out part-time work had a negative impact on the financial situation for Higher and Further Education students, with students across the education sector experiencing hardship.

This is exacerbated by the high cost of student accommodation with students who are unable to live at home often having to endure sub-standard or impractical accommodation.

There were key issues around education and awareness of the availability of support and also to rights and entitlements.

In relation to the young man referred to above, he continued:

> *"I hadn't a clue (where to turn to for support). No one in my family had done the application form. Citizen's Advice helped. I left my job as they wouldn't allow me to transfer branch to go to uni. But I then had no money and we filled forms out for financial support - but I wasn't aware of maintenance or tuition grants of up to £1,200 - I didn't know I could get that. That would have really helped."*

Credit Unions were cited by several interviewees as promoting responsible lending and offering more accessible forms of credit. However, these were not without barriers, as they require an account and an ability to save even a small amount per week. This caused problems for individuals in desperate need of cash to pay bills immediately - contributing to a greater risk of them turning to illegal lenders.

4.5 Impact of debt/borrowing

While there were similarities reported with regards to the impact of both legal and illegal debt - such as stress, worry and a negative impact on mental health - these issues were heightened when an illegal lender was involved. This included risks to personal and family safety, especially where violence had been used as a threat.

Those who worked with clients who had accrued illegal debts suggested that they suffered from weight loss, tiredness, irritability, mental health issues, withdrawal from social circles, depression, increased substance use, insomnia and relationship breakdowns (the latter is the second main reason given to the NIHE for statutory homelessness presentations).

As one interviewee commented:

> *"I saw a wee boy this week. We have a great relationship with the wee fella. But he said, 'I've lost weight.' He has been giving his money to his mum to help pay to keep the household going and ran out and now he's in debt to the lenders. I phone him every week and sometimes you get conversation and sometimes you don't. But I phone at the same time just to make sure he is alright. But you can just see the toll it has taken on him - the stress and the worry."*

These issues only served to exacerbate the mental health difficulties for those struggling with the restrictions on social interaction during the Covid-19 pandemic. In some very sad circumstances, poor mental health, lack of access to credit, illegal debt and homelessness all coalesced.

We were told of one instance where a young man had an illegal debt, was homeless and had been sleeping in his car for the past three months.

Those leaving care and former prisoners appeared particularly at risk of accruing illegal debt which could then lead to homelessness. Some individuals were reported to be 'sofa surfing' or staying with friends, family or peers while owing money to illegal lenders.

This in turn brings with it a host of other issues which can result from unstable living arrangements including stress, a lack of access to personal items, and the potential for sexual or financial exploitation in return for accommodation. Such issues highlight the serious concerns over the potential linkages between financial barriers, illegal debt and homelessness.

5. CONCLUSION

The findings of this follow up study into illegal money lending in light of the Covid-19 pandemic and subsequent lockdowns have corroborated the central findings of the original much larger piece of research published in 2020.

However, this study has also highlighted the manner in which the risk factors associated with accessing illegal lenders have been amplified by the worsening economic and social conditions produced by the pandemic.

Although interviewees struggled to give specific detail on the scale of illegal lending as a result of Covid-19, there was a general view that the practice had increased with more people finding themselves in financial difficulties as a result of the lockdown.

The mental health challenges associated with lockdown also exacerbated existing underlying conditions and addiction issues which may also fuel this perceived increased reliance on illegal lenders.

All of these factors emphasise the need for the continuation and expansion of measures designed to support those at risk, build awareness of the problem and provide viable alternatives for all sections of the public.

Based on the responses of participating organisations, the recommendations of this report fall into three broad areas:

- Access to credit and regulation of financial services
- Education and awareness raising
- Support and protection

5.1 Access and Regulation

The most pressing issue was **widening access to alternative forms of credit**, which was also a core consideration in the larger 2020 research. Those using illegal lenders are often dealing with a short term financial shock, and the amount of money borrowed is relatively small. However, they may be unable to access mainstream lending due to a poor credit history, or the fact that the loan sought is below the lender's threshold. This can lead to the client borrowing from higher cost lenders, either legal or illegal. The establishment of a small fund to allow Credit Unions to take on higher risk clients may increase the number and scope of people able to access their services.

Greater regulation of the remaining payday loan companies was also believed to be necessary - and particularly on the background checks they conduct for eligibility. It was suggested that there should be a proven ability to repay, or the loan should be wiped as null and void - and that the organisation providing the loan should be held responsible, not the client.

Regulation was also suggested as important in **putting in place greater controls of the activities of high street 'cash convertors'**, which were in some instances used as a means of accessing cash and were seen to increase the financial vulnerability of those already in a precarious position.

However, it is recognised that further steps to regulate the provision of payday lending or 'cash convertor' type services could further reduce access to credit for those who cannot access mainstream credit. This could then lead to more people having to turn to illegal lending where alternative sources of credit are unavailable. It is therefore essential that any such regulation should go hand-in-hand with moves to widen access to alternative forms of credit.

Several respondents felt that **legislation should also be strengthened with respect to the gambling industry**, including around advertising, curbs on fixed odds betting terminals, and stronger penalties for bookmaker's shops that allow under 18s to gamble on their premises.

5.2 Education and Awareness

Education and awareness raising were cited as crucial - again mirroring a core finding from the 2020 research. Key to this was educating young people about fiscal management and interest rates, particularly the problems associated with high rates of interest and the threat from illegal lenders. The issues raised in this report regarding third level students further highlight the need for a concerted focus on financial education.

Likewise, increasing awareness of the support available from advice providers is important for those who are already struggling with debt. Borrowing more money will not always be an option and debt advice or support is what is needed. This awareness raising should begin in schools and continue into adulthood, to empower consumers to find help before their debts reach a crisis point.

Education with respect to gambling and the link to addiction was also highlighted as important (despite more recent efforts from some gambling companies to advertise that they are 'responsible' and 'care' for the well-being of those who gamble with them).

5.3 Support and Protection

The evidence put forward in this report suggests that Covid-19 impacted young people more severely than other sections of society with a need for further consideration of the insecurity in employment and housing for young people as well as the broader range of risks such as gambling and substance addiction detailed here.

It is vital that the economic and social consequences from ending the temporary Covid-19 support arrangements are properly prepared for in Northern Ireland - Urgent measures will be needed to protect those who are already on the margins of our society from the impact of a lessening of income support mechanisms.

5.4 Next Steps

The Consumer Council is grateful to Ulster University for this research, which builds on the work produced by Ulster University in 2020. It shows that the impact of Covid-19 has exacerbated many existing problems for those consumers already financially vulnerable.

It show us that we need to continue our work to establish viable alternative lending provision for those people who feel they have no options to borrow money. It also shows that we must continue to inform people about the support available to those in financial difficulty and how to get help.

We will continue to promote our True Cost information campaign[6] to raise awareness of help available for people whose financial situation is a constant worry, and to signpost people to alternative forms of credit.

The Consumer Council has developed educational materials targeted at primary and post primary students. We will be developing these resources further with the aim of seeing them embedded in schools throughout Northern Ireland. These materials have been endorsed by the curriculum body in Northern Ireland, CCEA.

We are also working with NIACRO and UK Finance with a view to improving access to basic bank accounts for those due for release from prison, to improve financial inclusion.

Finally, we will use this research to campaign and influence policy makers, such as government departments, regulators and other stakeholders, to secure positive policy changes on behalf of Northern Ireland consumers, based on a more detailed understanding of their specific needs.

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Annex 1 METHODOLOGICAL APPROACH

A small-scale qualitative research methodology was agreed between the Consumer Council and the UU research team. Focus-groups and semi-structured interviews were chosen as the most appropriate means of gathering data. The benefits of semi-structured interviews are that they retain a core set of questions and issues to allow comparison across the data, while at the same time are flexible enough to allow interviewees to steer the conversation towards topics that they believe to be relevant, as opposed to solely discussing what the interviewer feels is important (Sarantakos, 2013).

Due to the restrictions on face-to-face meetings and social gatherings as a result of the Covid-19 pandemic, interviews were conducted online via the platform Zoom (requiring meeting room codes and passwords); or via the telephone.

In total, 33 participants - predominantly from the community/voluntary sector - participated in this research. This included:

- A two-hour facilitated online workshop with 22 participants drawn from the youth sector, financial support sector (such as those working for gambling/addiction support groups), one retired banker and a retired judge;
- Telephone conversations with four participants (from the community/voluntary and political sectors); and
- Online interviews with seven representatives from four community/voluntary sector organisations.

To protect anonymity, no individuals or organisations have been named in this report.

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