

Pay Day Loans.....Our Journey



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Why?



- 16,500 people in Plymouth using doorstep and online lending. This represents 8% of adults in Plymouth;
- Citizens Advice Bureau (CAB) estimate that at any one time 5,000 people are using payday loans in Plymouth;
- Only 1,500 adults were using Credit Unions in Plymouth;
- Increasing number of people seeking advice around personal problem debt – Step Change charity received 1,456 calls from Plymouth residents in 2013 compared to 1,008 in 2012 – a 44% increase;
- Money Advice Service states 29.3% of Plymouth population is 'over-indebted' – ranked 48 out of 406;

True cost of borrowing



Payday Lender

Loan	£400
Typical APR	5,853%
Length of agreement	30 days
Total Repaid	£527

Credit Union

Loan	£400
Typical APR	26.8%
Length of agreement	30 days
Total Repaid	£408

What Plymouth did



- Banned access to the most used 50 payday loan websites on all Council owned PC's;
- Banned payday loan advertising on all Council owned billboards and in Council owned car parks;
- Motion of Notice to lobby Government around payday loan legislation;
- Strategically planned National and Local media campaign led by Cllr Penberthy, Portfolio Holder;
- Funded the first bespoke credit union shop front in Plymouth City Centre;

Challenges



- Was it legal? There was a danger that we could be challenged by the payday loan industry;
- Could we provide an alternative? E.g. a viable Credit Union
- Resource allocation – could the Capital budget to open a City centre Credit union shop front?
- Customer choice – could we be pushing people into illegal money lending?

Is it working?



- CAB advise us that the number of people seeking advice around payday loans has stabilised;
- Credit Union adult membership has increased by 15%;
- New Financial Conduct Authority regulation;

What next?



- Continued partnership working with Credit Unions e.g. following the Glasgow model, Emergency Welfare Fund, Plymouth Energy community;
- Feasibility study into Plymouth City Council setting up an alternative to payday lending;
- City wide payday loan campaign led by CAB;
- Overview and scrutiny panel co-operative review on personal problem debt planned for 2014;