

<b>Institution:</b> Newcastle University		
<b>Unit of Assessment:</b> 34 Communication, Cultural and Media Studies, Library and Information Management		
<b>Title of case study:</b> Reducing Consumer Indebtedness: Transforming Access, Debt Advice and Education in Digital Credit		
<b>Period when the underpinning research was undertaken:</b> September 2016 to August 2018		
<b>Details of staff conducting the underpinning research from the submitting unit:</b>		
<b>Name(s):</b> Dr James Ash	<b>Role(s) (e.g. job title):</b> Reader in Technology, Space and Society	<b>Period(s) employed by submitting HEI:</b> September 2013-Present Day
<b>Period when the claimed impact occurred:</b> January 2018 to December 2020		
<b>Is this case study continued from a case study submitted in 2014?</b> N		
<b>1. Summary of the impact</b>		
<p>The research has had significant national impact by developing an evidence-based understanding of consumer borrowing decisions in the digital HCSTC (High Cost Short Term Credit) market, which has:</p> <ol style="list-style-type: none"> <li>1. Increased availability of affordable credit to low-income borrowers across the UK, through the co-development of a new digital credit platform (<i>Just Borrow</i>) with UK credit unions.</li> <li>2. Changed how debt advice is given in relation to HCSTC across a range of organisations and charities in England and Scotland, including Citizens Advice, Money Advice Scotland, Wiseradviser, and the Institute of Money Advisers.</li> <li>3. Transformed consumer understanding to support safer borrowing habits through the production and dissemination of an innovative digital app (<i>Indebted Life</i>). The app, developed by the project team and a local software company, offers users a chance to play as three fictional characters (drawing upon anonymised real-life experiences from the research, see PUB 1, 2, 3) to explore the implications of applying for digital credit in a safe way. The app has been promoted and used in partnership with Money Advice Scotland, Wiseradviser, and the Institute of Money Advisers.</li> </ol>		
<b>2. Underpinning research</b>		
<p>Ash was Principal Investigator on the two year (2016-18) ESRC-funded project <i>Digital Interfaces and Debt: Understanding Mediated Decision Making Processes in High-Cost Short-Term Credit Products</i>, with co-investigators Prof Ben Anderson (Durham University), Prof Paul Langley (Durham University) and Research Associate Dr Rachel Gordon (Newcastle University). Ash is an internationally recognised expert in digital interfaces and culture, having conducted research in this area for the last 10 years. Evidence of this expertise includes the publication of 2 well received monographs <i>The Interface Envelope</i> (2015, Bloomsbury) and <i>Phase Media</i> (2018, Bloomsbury) and over 20 journal articles in top-ranked journals in the area of Communication, Cultural and Media Studies including <i>Theory, Culture and Society</i>.</p> <p>The research investigated how access to digital credit on digital devices is influencing consumer borrowing decisions and their understandings of indebtedness in relation to new forms of digitally mediated credit. The HCSTC market, where consumers borrow money for short periods (usually between 1-30 days) at high interest rates, has grown hugely over the last 7 years, often creating significant harm for consumers, including unsustainable debt and mental health problems associated with indebtedness (PUB 1, 2). At the time the research was conducted, the cash and</p>		

pay day loan market (a well-publicised part of HCSTC) was estimated to be worth GBP2,000,000,000 a year (Competition and Markets Authority [CMA] 2015). The growth of this market was largely driven by the ease of access to these products digitally, through smart phones, PC's and other digital devices, with 82% of all cash and pay day loans in the UK applied for and approved online (CMA 2015). To understand how digital devices and the design of interfaces shaped consumer experience, the research involved original empirical investigation, including 11 interviews with web and app user interface (UI) and user experience (UX) designers, some of whom had worked on the biggest HCSTC platforms; 40 interviews with consumers who had accessed HCSTC online; and 10 interviews with representatives from financial regulators (including the Financial Conduct Authority [FCA] and the CMA), money advice organisations, and debt advice charities.

Through an innovative and original focus on the relationship between technology and embodied practice, data from the research demonstrated that:

1. The digitally mediated nature of applying for these loans had a direct and significant impact on consumers decision to borrow, and how much they borrowed (PUB 1, 2). Consumers would regularly end up borrowing more than they initially intended and this increase in amount borrowed could be directly traced back to the design of the interfaces for these products (PUB 3). The increase in borrowing was not forced upon the consumer, but encouraged through the playful design of different aspects of the interface (e.g. the loan amount slider), which discouraged the consumer to critically reflect on the loan's affordability. This data challenged predominant academic, media and regulatory accounts, which suggested that digital interfaces played no significant role in borrowers decision making regarding HCSTC and digital credit in general (e.g. Aldohni 2017).
2. The cost of borrowing had no real effect on decisions to borrow (PUB 2). This data challenged both regulator and debt advice sector understandings of HCSTC and digitally mediated credit in general. For example, the FCA's regulation of the HCSTC market (introduced in 2015) focused on the cost of credit only (e.g. total cost cap), and assumed that capping the total cost of a loan would limit consumer harm and discourage consumers from taking out loans. In a similar manner, the debt advice sector would often base consumer education on helping consumers understand the actual cost of borrowing (e.g. total repayment of a loan including interest). While these are important and significant interventions, the evidence from the research demonstrated that cost, or awareness of cost, did not significantly affect consumer's decision to borrow (PUB 1). Rather, actual consumer borrowing is shaped by space-times of decisions and human interaction with digital interfaces, which is explicitly tied to experiences of indebtedness (PUB 1, 2).

The originality of these findings resulted in significant national media coverage in a range of print, radio and online media including *BBC News* (347,000,000 global digital readers), *The Times* (print readership 359,960, digital readership 304,000) and *Radio 4* (10,500,000 listeners) and in specialist credit and debt industry publications such as the *Money Advisers Quarterly Account* (1,900 print subscribers) and the *Consumer Credit Trade Association Magazine* (1,000+ industry specific email distribution). In turn, Ash has been invited to speak over 20 times internationally and nationally since 2018 on these issues in the US, China, Sweden, Netherlands and Germany to a range of audiences, from national regulators (FCA) and government officials (HM Treasury), to debt advice charities (Money Advice Scotland, Citizens Advice) and financial thinktanks (New Economics Foundation). Through significantly expanding and challenging dominant accounts of digital credit, findings from the research offered important original evidence to credit unions, regulators and the debt advice sector, which resulted in significant national impact (see section 4).

### 3. References to the research

PUB 1: Anderson, B; Langley, P; Ash, J; Gordon, R (2020) 'Affective life and cultural economy: payday loans and the everyday space-times of credit-debt', *Transactions of the Institute of British Geographers*, 45 (2): 420-433, doi.org/10.1111/TRAN.12355

PUB 2: Langley, P; Anderson, B; Ash, J; Gordon, R (2019) 'Indebted life and money culture: Payday lending in the United Kingdom', *Economy and Society*, 48 (1): 30-51, doi:10.1080/03085147.2018.1554371

PUB 3: Ash, J; Anderson, B; Gordon, R; Langley, P (2018a) 'Digital Interface Design and Power: Friction, Threshold, Transition', *Environment and Planning D: Society and Space*, 36 (6): 1136-1153, doi:10.1177/0263775818767426

PUB 4: Ash, J; Anderson, B; Gordon, R; Langley, P (2018b) 'Unit, Vibration, Tone: a post-phenomenological method for researching digital interfaces', *Cultural Geographies*, 25 (1): 165-181, doi:10.1177/1474474017726556

The underpinning research is significantly above a 2\* REF rating. This is evidenced through the research proposal undergoing triple blind peer review as part of its award by a national research council (ESRC ref: ES/N012666/1) and its publication in world leading, double blind peer reviewed international journals. E.g. *Transactions of the Institute of British Geographers* Impact Factor (IF) 4.32; *Economy and Society* IF 2.20; *Environment and Planning D: Society and Space* IF 3.68 and *Cultural Geographies* IF 2.23.

### 4. Details of the impact

Significant national impact from the research can be organised into 2 main areas. In the first, the research has directly influenced and informed the design and creation of a credit union backed digital credit platform (*Just Borrow*). In the second, the research has directly led to changes in debt advice education for a range of national debt advice organisations.

#### **a) Impact on increasing the availability of affordable credit to low-income borrowers across the UK.**

Ash worked with representatives from the Financial Inclusion Centre, GRE Consulting, London Mutual Credit Union, and Lewisham Plus Credit Union on the launch of a new digital credit platform (*Just Borrow*) that specifically targets low-income borrowers and allows them to borrow quickly and easily without the costs associated with HCSTC. This involved: 1. Co-delivery of a workshop with stakeholders to identify ways in which the research could be used to improve the usability and functionality of *Just Borrow*; 2. Collaborative user testing of the platform between the research team at Newcastle University and stakeholders; and 3. Production of a final recommendations report. This made explicit reference to original empirical material, especially interviews with HCSTC users and UI and UX designers (PUB 3, 4). Impact was delivered by addressing a specific problem experienced by *Just Borrow* stakeholders, outlined in their words in a letter of support: 'One of the problems we encountered was how to design a digital platform that could compete with high-cost lenders and appeal to consumers as a viable alternative. This is where your research has had the most impact for us... [enabling] us to make evidence-based changes that have improved the look, feel and functionality of the platform' (SOURCE 1). This led to direct improvements of the platform, including real-time calculation of total loan cost on the loan slider, repositioning of buttons to gain prominence and clarity, improved tone of voice, clearer application form presentation, and live application form guidance to improve consumer understanding. The evidence provided by the research helped the *Just Borrow* team 'to recruit new credit unions [...] support[ing] the extension of its reach, increas[ing] credit union membership and benefit[ing] more consumers with affordable credit.' (SOURCE 1). *Just Borrow* is now live with 12 UK credit unions.

It is estimated that *Just Borrow* will save borrowers between GBP386 and GBP515 in interest alone on an average loan of GBP600 over a 6-month term (SOURCE 1). In its first year, *Just Borrow* has lent over GBP250,000 to customers, saving borrowers GBP000s in interest, compared to high-cost alternatives and its credit union partnerships means it now covers 31% of the UK population (SOURCE 2). Borrowers using the platform have stated: *'I'd used payday loans in the past and got into increasing debt. A Just Borrow loan has helped me break the cycle and I am now looking forward to be debt free'*. Furthermore, 100% of those who used and reviewed *Just Borrow* would recommend it to family and friends (SOURCE 3). As a result, the *Just Borrow* platform has been accredited as an ethical finance product by the charity Fairlife, and such a reputation will ensure its continuing utility in the future (SOURCE 2).

#### **b) Impact on national debt advice giving**

The research has directly improved debt advisers' understanding of consumer borrowing decisions and helped them to better understand how digital access to credit can increase instances of impulse borrowing, especially for vulnerable consumers, which has transformed how they give advice and support.

Specifically:

1. Ash co-designed and co-delivered an online training webinar for Wiseradviser, the national training arm of the Money Advice Trust. Wiseradviser provides training and support to debt advisers in the UK and is accredited by the Money Advice Service Quality Framework. The webinar was based entirely on the research findings and is available as a CPD resource (worth one CPD point) for money advisers to access. 72 advisers have accessed the webinar in 2019 and Wiseradviser estimated another 70 accessed the webinar in 2020. 92% of advisers who completed feedback rated the webinar as Good or Excellent. The great majority (92%) of advisers said that the webinar improved or refreshed their knowledge and *'made them think differently'* about online lending and its impact on borrowers (SOURCE 4).
2. The research directly led to the reframing of a National Institute of Money Advisers course for money advisers. The previously titled Sub Prime Lending course has been renamed to High Cost Credit to reflect the changing landscape of UK credit services (SOURCE 5). The evidence-based findings were incorporated into the training, focusing in particular on who borrows high-cost credit and the reasons why people borrow. Feedback from the course writer said that the research findings made them rethink the reach of the high-cost credit market in terms of people affected (not just those in poverty but also those in work) and the significance of digital credit access (its ease, availability, and speed). To date, 46 money advisers have attended the updated High Cost Credit course and feedback has been extremely positive, with the IMA stating the research ensured *'training is up-to-date and evidence-based'* (SOURCE 6).
3. Co-development and co-delivery of financial wellbeing sessions for money advice practitioners in partnership with Clean Slate Financial Wellbeing Services CIC. To date, a total of 20 people have attended these sessions. Our specific contribution drew explicitly from the research and included: a. how digital access to credit is changing where and when people apply for and use credit and their experiences of indebtedness; b. how high-cost credit changes people's relationship with money, credit, and debt; c. real-life experiences of people who use high-cost credit and its consequences; d. how high-cost credit providers deliberately use design techniques to shape consumer decision-making. During sessions, we also facilitated interactive exercises involving the *Indebted Life* app. Some of the practitioners we trained have taken on the role of 'Financial Wellbeing Champions' in their

community setting, implementing their learning to help people they come into contact with who may be facing money and debt issues. We also demonstrated how *Indebted Life* could be used in one-to-one and group settings. All practitioners said that they would use the app in their work, with feedback highlighting the app was an *'informative...experience to show how easy a split second decision can effect other people'* (SOURCE 7).

4. The *Indebted Life* app, and the activities the research team designed, have been used in other settings, including by Money Advice Scotland in secondary school outreach work. Feedback from those using the *Indebted Life* app included: *'It really [made me] think about the consequences of making rash decisions without any actual risk', 'It [helped me] to understand payday loans better'*. When asked if the app had changed the way users thought about money management and use of HCSTC, one person said *'[It made me think about how to] budget finances and to work out if taking out the loan is affordable every month'* (SOURCE 7).
5. Citizens Advice Newcastle said the research revealed how much pressure their clients are under (and the lived experiences of borrowing HCSTC). The research has benefitted the organisation because staff are now *'better able to understand our clients' debt problems'* and, as a result, staff *'have been better able to articulate our clients' problems'*. This has made them even more determined to challenge poor practice by lenders as an organisation with a campaigning arm (SOURCE 7). Quaker Social Action said the research gave the organisation *'a better understanding of how people use these services...'*, especially in terms of using HCSTC as a source of monthly income, and the impact technology has on consumer decision making. When asked what changes have taken place in the organisation as a result of the research, respondents stated that the research has directly influenced the design of a new course that links digital and financial skills (SOURCE 8).

As a result of these impacts, the research has significantly altered understandings of both HCSTC in particular and the problems associated with digital credit more generally. This impact has been national and influenced and shaped a range of actors and practices, from informing the design of new affordable credit platforms, to creating new accredited educational content and releasing innovative educational apps that benefit vulnerable and low-income borrowers. The collaborative nature of these changes, and how they have been embedded into organisations, ensures that the impact from the research will continue to have an effect and *'inform future research and campaigns work'* (SOURCE 8) as the debt advice sector responds to the growing digital credit marketplace.

### 5. Sources to corroborate the impact

- 1: Letter from CEO, GRE Consulting on behalf of stakeholders involved in the *Just Borrow* digital credit platform.
- 2: Website detailing *Just Borrow's* lending and Fairmark accreditation.
- 3: Tweets from *Just Borrow* Twitter, showing feedback from customers.
- 4: Letter from Wiseradviser Training Officer, Money Advice Trust.
- 5: Institute of Money Advisers Training Programme.
- 6: Letter from Institute of Money Advisers, regarding the redesign of the High Cost Credit course.
- 7: Questionnaire responses from Clean Slate Financial Wellbeing Services CIC workshops.
- 8: Stakeholder Questionnaire responses from project partners.