

### Evolution of home credit customers' profiles over time

1. This analysis presents data from the TGI survey conducted by BMRB (HC 219, also published on the CC's website) and Provident's customers tracker (HC 306 and 341).
2. The TGI survey defines new home credit customers as those who currently use home credit and have started doing so no more than 12 months ago; long-term customers are defined as those who currently use home credit and have started doing so more than 12 months ago.
3. Provident's customer tracker considers current and (recently) paid-up customers, irrespective of when they started using Provident.<sup>1</sup> All quotes from Provident's customer tracker in this analysis refer to the company's current customers.
4. Using data from these surveys we analyse the following customer metrics:
  - (a) socio-economic grade;
  - (b) working status;
  - (c) household income; and
  - (d) housing tenure.
5. In terms of these four metrics, both surveys do not suggest that the home credit customer base is decreasing in quality. The two surveys suggest that, during the periods considered, the proportion of home credit customers:
  - in socio-economic grades D and E was stable or decreased (Figures 1, 2);
  - working part or full time was stable (Figures 3, 4);
  - with an annual household income of less than £10,000 decreased (Figures 5, 6); and
  - renting from local councils or housing associations decreased (no time series data available from the TGI survey).

### Socio-economic grades

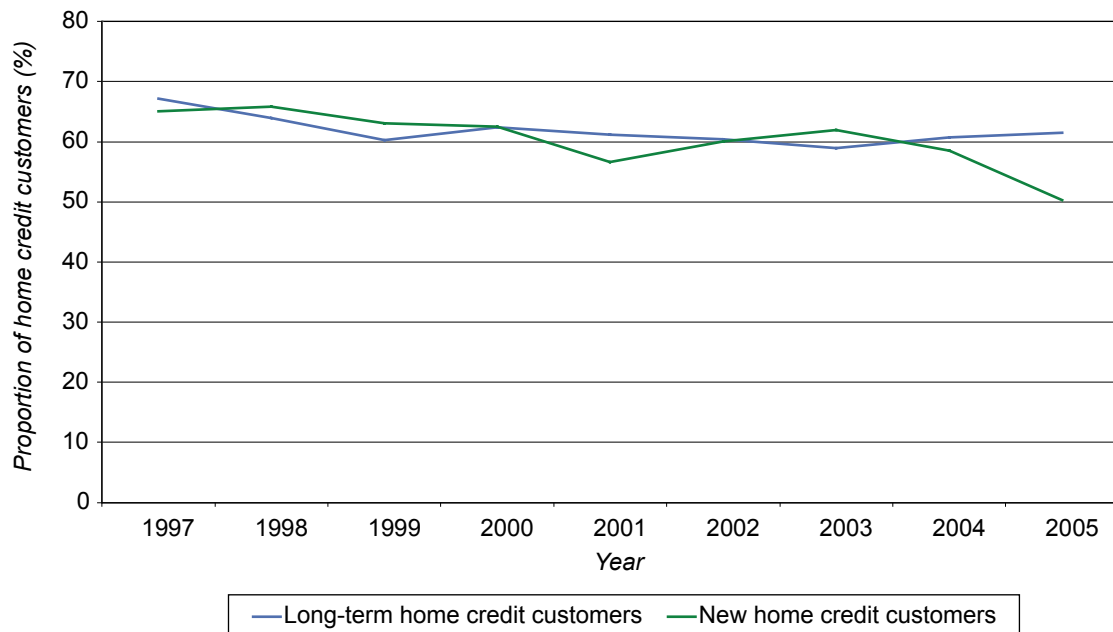
6. The TGI survey suggests that around half of new home credit customers fell into socio-economic grades D and E in 2005, down from around 65 per cent in 1997. According to the same survey, around 60 per cent of long-term home credit customers fell in socio-economic grades D and E in 2005, down from around 70 per cent in 1997.

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<sup>1</sup>The questionnaire and methodology of Provident's customer tracker changed after the first quarter 2003.

FIGURE 1

**Proportion of home credit customers in socio-economic grades D and E**

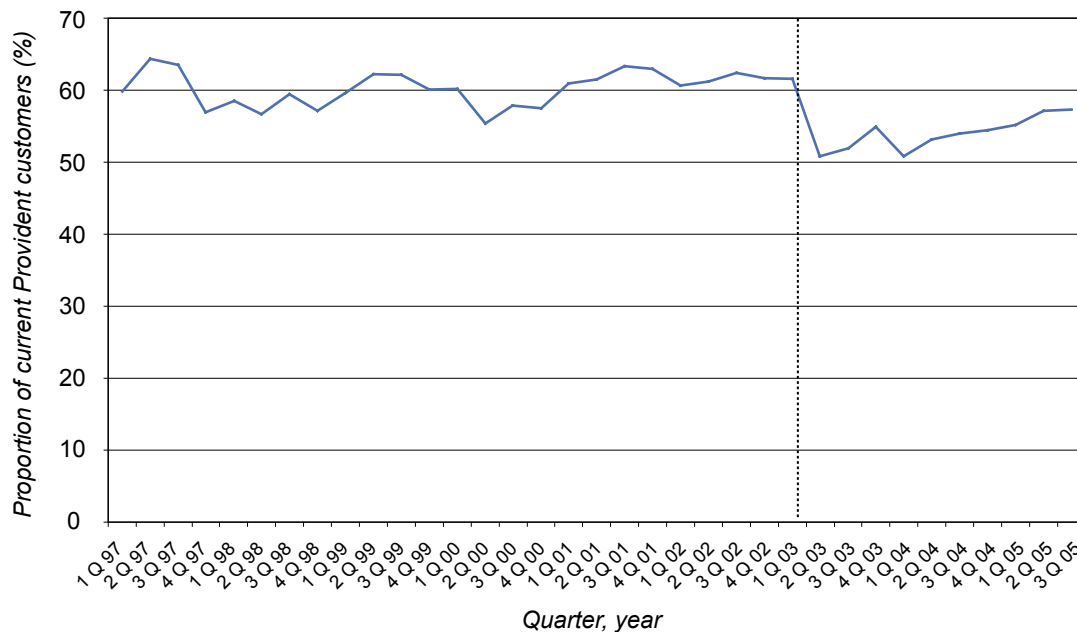


Source: TGI survey.

7. Provident's customer tracker suggests that around 57 per cent of its current customers fell into socio-economic grades D and E in 2005. A shift in the proportion of customers falling into these grades coincided with a change in the survey's questionnaire in the first quarter of 2003. The proportion of current customers falling into grades D and E stayed relatively constant between 1997 and 2003 at around 60 per cent.

FIGURE 2

**Proportion of current Provident customers falling into socio-economic grades D and E**



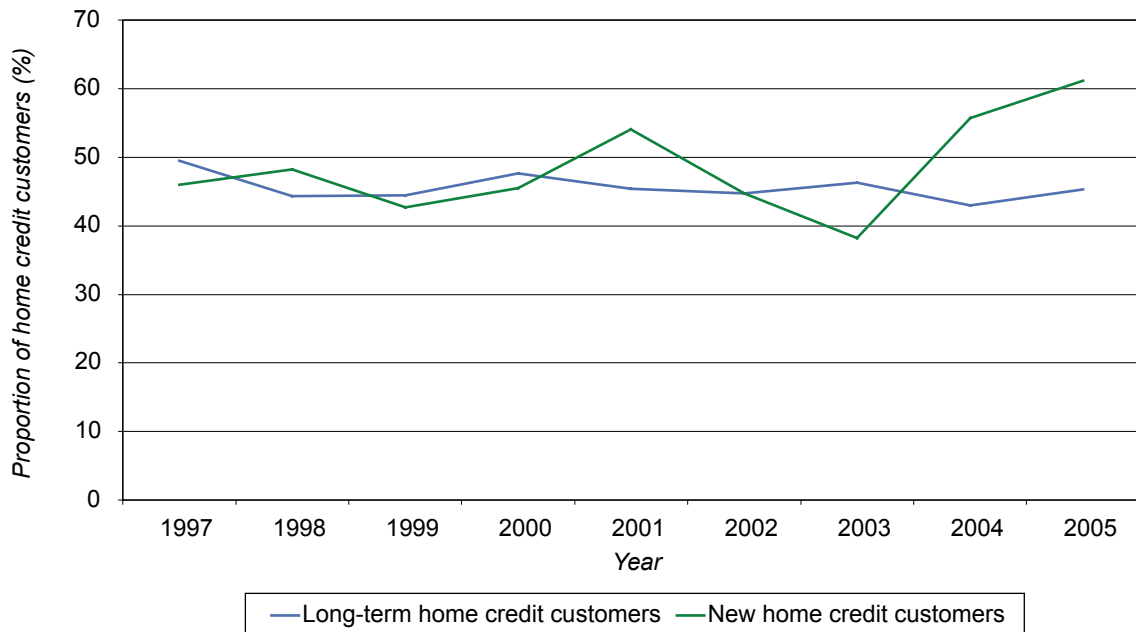
Source: Provident customer tracker.

**Working status**

- The TGI survey suggests that 60 per cent of new home credit customers were in full- or part-time employment in 2005, compared with around 45 per cent in 1997. The survey suggests that around 55 per cent of long-term home credit customers were in full- or part-time employment in 2005, down from around 50 per cent in 1997.

FIGURE 3

**Proportion of home credit customers working full or part time**

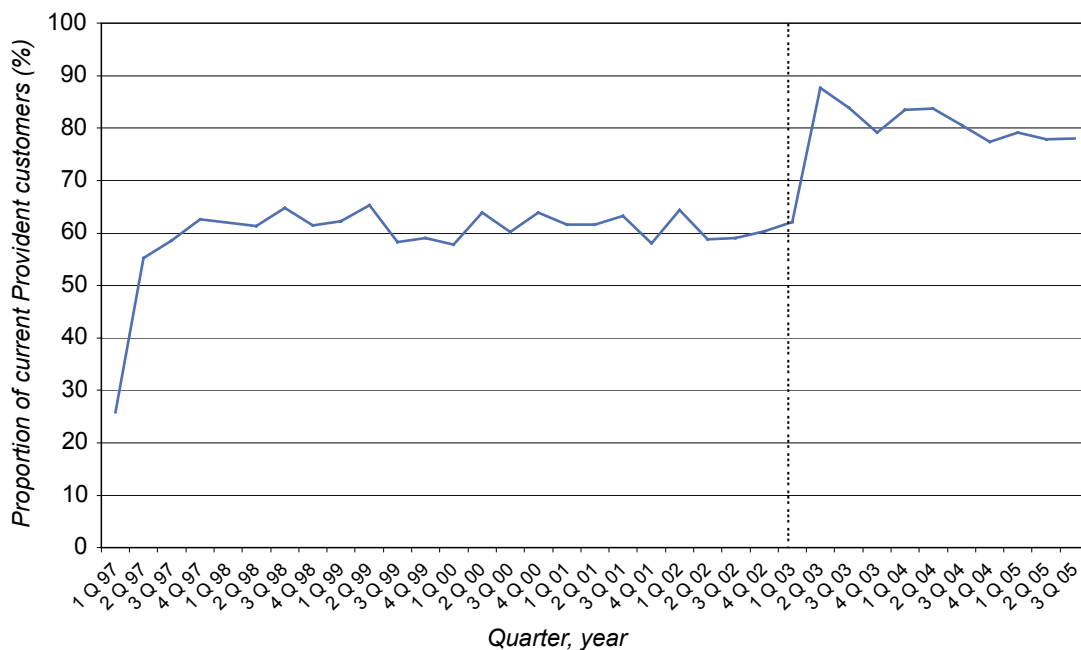


Source: TGI survey.

9. Provident's customer tracker suggests that around 60 per cent of its current customers were in full- or part-time employment in 2002. This proportion appears to have stayed constant between 1997 and 2002, before increasing sharply after the first quarter in 2003, when the questionnaire changed.

FIGURE 4

**Proportion of current Provident customers working full or part time**

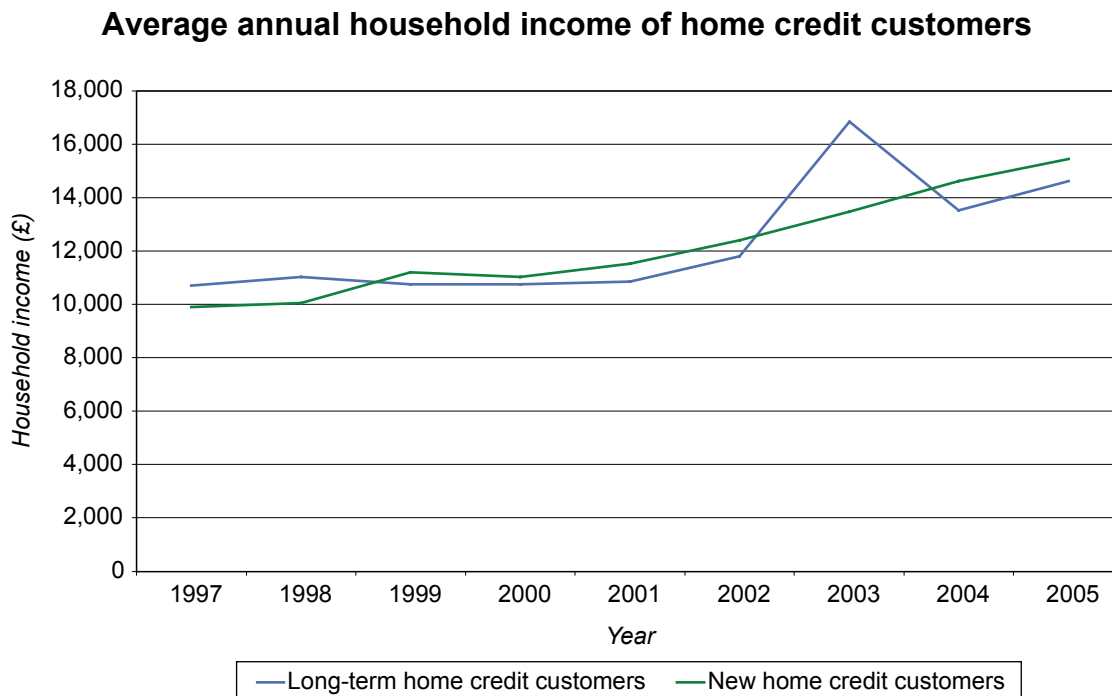


Source: Provident customer tracker.

## Household income

10. The TGI survey suggests that the average household income of long-term and new home credit customers was around to £15,000 in 2005, up from £10,000 to £11,000 in 1997.

FIGURE 5

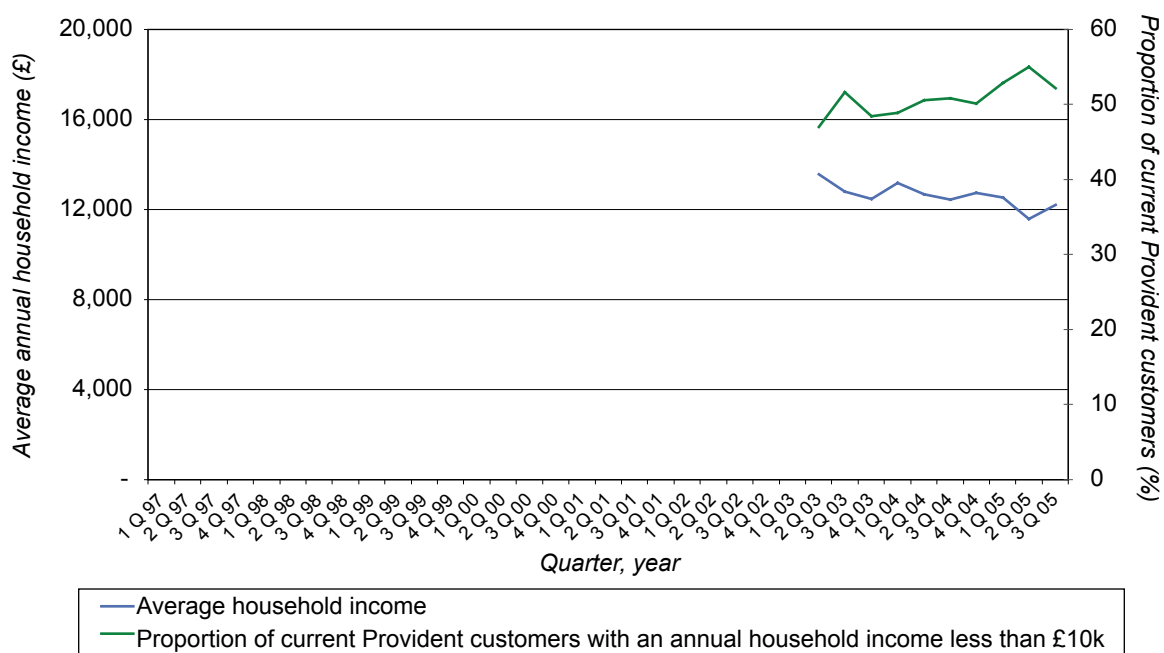


Source: TGI survey.

11. Provident's customer tracker suggests that the average income of its current customers was around £12,000 in 2005, down from around £13,000 in 2003. During the same period, the proportion of the company's current customers with an annual household income of less than £10,000 increased from around 36 to around 41 per cent.

FIGURE 6

**Average annual household income of current Provident customers**



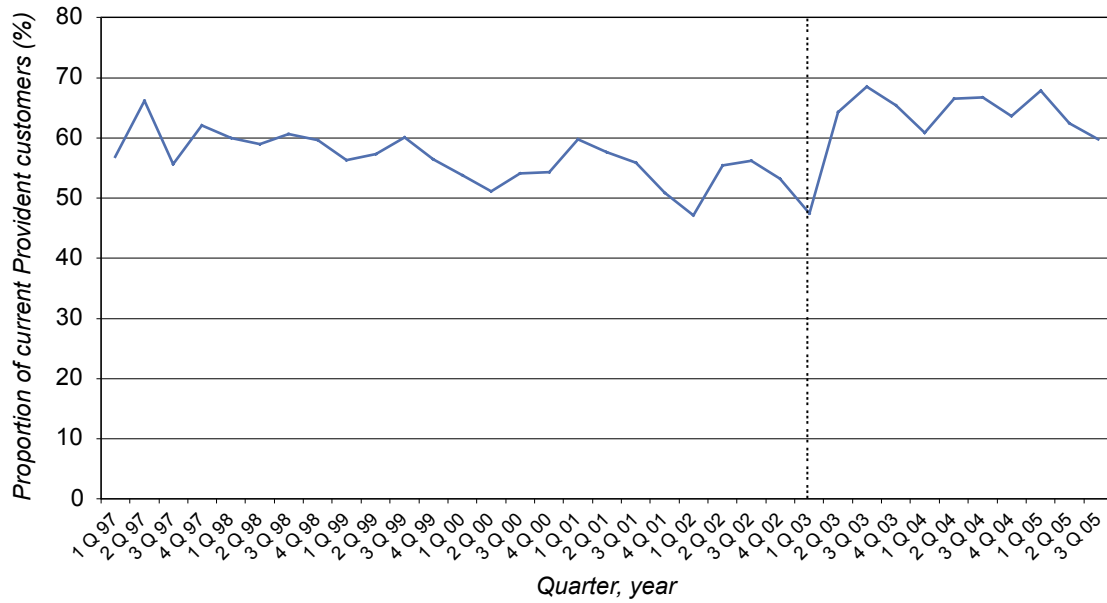
Source: Provident customer tracker.

**Housing tenure**

12. Provident’s customer tracker suggests that, in 2002, around 53 per cent of its customers rented accommodation from local councils or housing associations. This compares with around 60 per cent in 1997. The proportion of current customers falling into this group increased sharply from 48 to 64 per cent after the first quarter of 2003, when the questionnaire changed.

FIGURE 7

**Proportion of current Provident customers renting from local council or housing association**



Source: Provident customer tracker.

- 13. No comparable data is available from the TGI survey.