

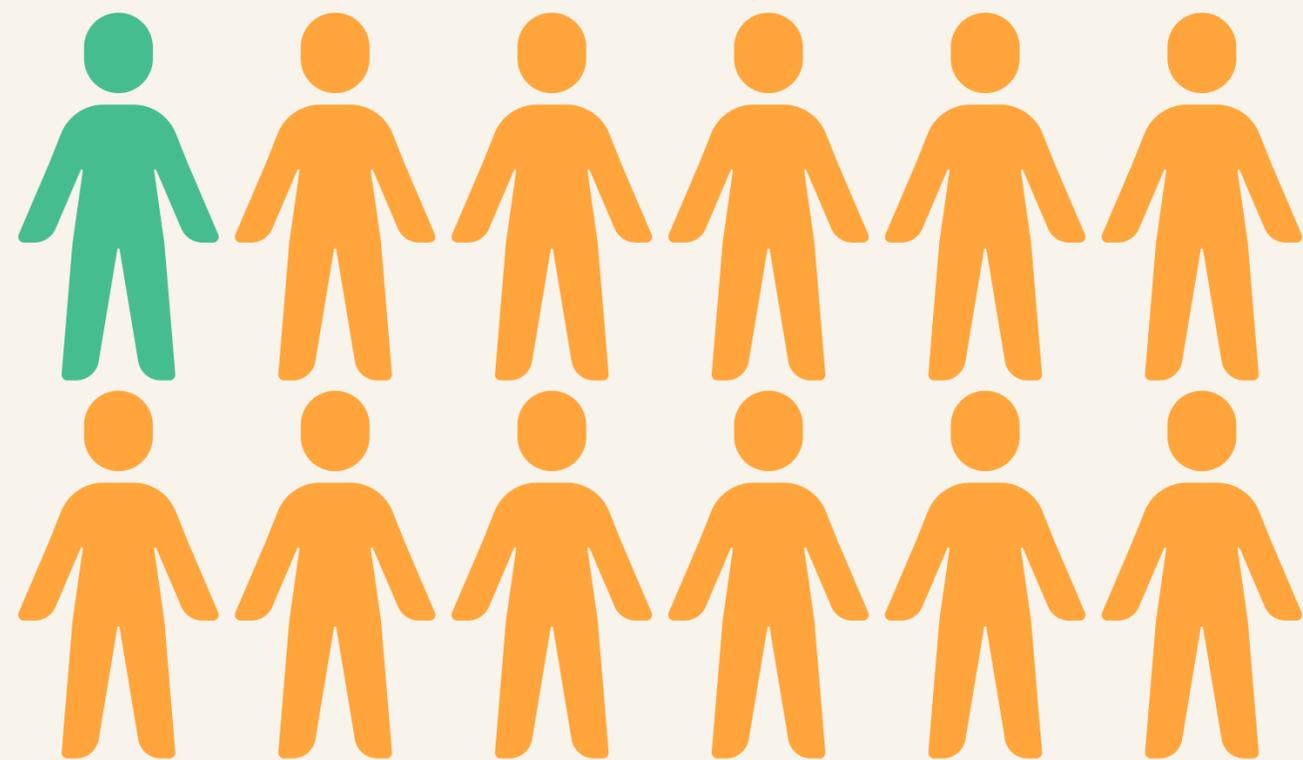
Credit unions, gambling and vulnerability

How credit unions can achieve the best outcomes for members who gamble

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At least one in twelve adults in Britain (around 4 million people) experience harmful gambling, either because of their own gambling or someone else's.

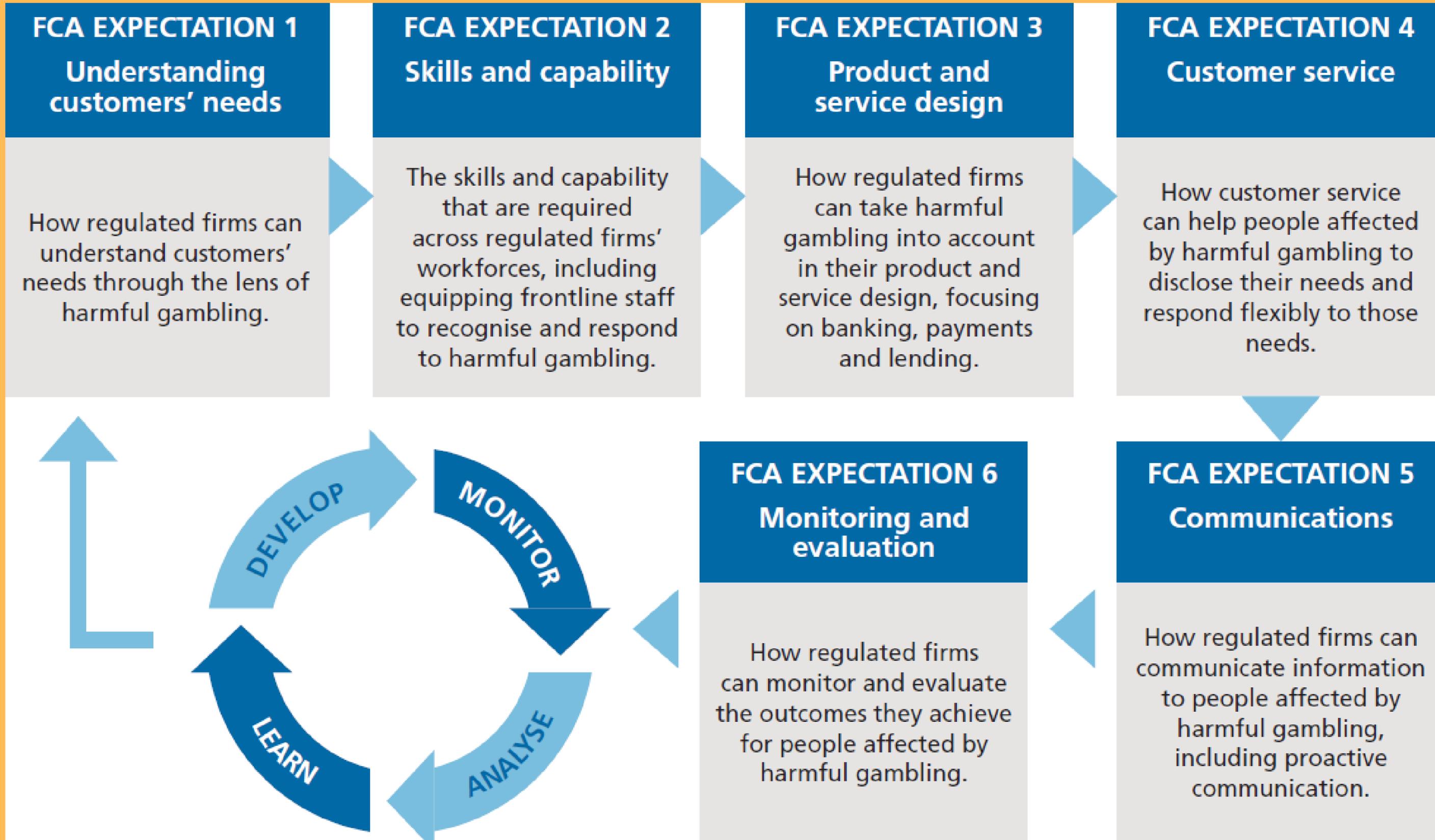
Ireland has in the region of 30,000 people aged 15+ with gambling problems. There are particular concerns about gambling among teens and young adults.



In July 2021, we published a practical guide to show financial services firms how they can address gambling-related financial harms.

It is based on c.50 hours of interviews and discussion groups held between Sept 2020-Apr 2021.

It is framed around what the UK's Financial Conduct Authority expects firms to do to ensure they are treating vulnerable customers fairly.



3 reasons credit unions should be interested in reducing gambling-related financial harm among members...

Your focus on members' interests.

Your relationship with members.

It makes business sense e.g. controlling bad debt.

"... there is undoubtedly a correlation between customers that are experiencing gambling harm who then end up in our Collections Teams and so it's almost in our self-interest to help them early doors, rather than allow them to get into that kind of process, because once you're in there it's really hard to get out."

Bank representative.

UNDERSTAND CUSTOMERS' NEEDS

Proactive data analytics can help credit unions understand gambling-related vulnerability among their members and take action to prevent harm.

Groups at risk of harmful gambling are over-represented in high-cost credit, motor finance, overdrafts and credit cards that are not paid off in full each month.

BUILD SKILLS AND CAPABILITY

Credit unions can make harmful gambling a standard feature in their work on vulnerability.

They can also prepare frontline staff for 'bad paths' where interactions with members around gambling might be especially difficult or do not go well.

"We've got a responsibility really to our loans team to give them some tools really and resources to have those conversations."

Credit union representative.

Financial Ombudsman Service decisions in banking, credit and mortgages that feature the keyword gambling:

2014-15: **50** decisions, with **12%** upheld.

2016-17: **197** decisions, with **58%** upheld.

2020-21: **399** decisions, with **56%** upheld.

One bank's analysis of complaints that mentioned gambling found that around **40%** were from customers who thought the bank should not have lent to them because of their gambling.

DESIGN PRODUCTS & SERVICES TO AVOID POTENTIAL HARMFUL IMPACTS

Credit unions can develop lending criteria for assessing credit applications where gambling is identified as an issue, tailored to their target market, product range and operating model; and informed by data such as complaints data and Open Banking data.

RESPOND TO CUSTOMER NEED

For someone to open up about their harmful gambling may mean overcoming feelings of shame, embarrassment and worry.

Credit unions can actively create a good disclosure environment by making it simple for members to tell them about a gambling-related support need and have supportive messages across all communications.

"I haven't told them the truth because I feel ashamed, I've not told them it's because I can't stop gambling or buying scratch cards and playing bingo and slots on-line. I just don't want to tell them because I know that they won't be sympathetic towards me."
'Jill', one of our interviewees.

COMMUNICATE EFFECTIVELY

A UK bank has piloted a targeted mailout by letter and email to customers at risk of gambling-related financial harm. It identified this customer segment using data analytics based on a set of stringent criteria.

The supportive tone of the communication is around 'helping you with your finances' and customers are offered tools and resources to reduce or stop gambling. While the communication does reference gambling transactions on the customer's account, it does not mention amounts spent or other details.

The mailout has been rolled out gradually so the bank can monitor customer feedback. It also plans to monitor the impact this communication has on gambling spend.

Credit unions can make sure their member communications are clear and jargon-free because harmful gambling can impact people's ability to process information and make decisions, as can mental health problems which may co-occur with harmful gambling.

Credit unions can also undertake test-and-learn exercises around proactive member communications where gambling is identified as a potential issue.

MONITOR AND EVALUATE

Credit unions can introduce data collection measures, information systems, and analytics to evaluate whether they have met the needs of consumers affected by gambling-related vulnerability at an individual and aggregate level.

To monitor and evaluate outcomes for vulnerable customers, including those experiencing harmful gambling, one bank conducts:

- Targeted call reviews
- Root cause analysis
- Complaints analysis.

In 2022, CFCFE and University of Bristol will develop and publish a short guide for credit unions...

**Lived
experience case
studies.**



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**Tools and
resources for
credit unions.**

**Practical
examples of
what credit
unions are
already doing.**

We need your help!

**Please get in touch if you would
like to input to the new guide:**

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THANK YOU!