

BORROWING AND LENDING BETWEEN LOVED ONES PLUMMETS

- **Borrowing money from loved ones dropped by almost a third (30%) in the last year, then a further 44% during lockdown**
- **Lending money to friends and family also reduced by almost a third (29%) in the last year, then a further third (31%) during lockdown**
- **The main reason for borrowing from loved ones is to pay off other debts**

Borrowing money from friends and family has reduced significantly since 2019, and even more so following lockdown, with a 61% decrease in borrowing and a 51% decrease in lending, since March of last year.

According to the latest *How Scotland Lives* research from Bank of Scotland, borrowing significant sums of money from friends and family reduced by almost a third (30%) between March 2019 and March 2020, and then by a further 44% throughout lockdown. Just 14% of Scots have borrowed money from friends or family in the last 12 months, compared to the 36% who had done so, in March 2019. (See graph 1).

Similarly, lending has also seen a significant decline. The loaning of money to loved ones reduced by almost a third (29%) between March 2019 and March 2020, and then by a further third (31%), over the months of lockdown. Just a fifth (20%) have lent money to loved ones in the last year compared to just over two fifths (41%) in March 2019. (See graph 2).

Tara Foley, Managing Director, Bank of Scotland, said: “This significant shift in loved ones’ borrowing or lending money to each other suggests that recent uncertainty has made people much less likely to be reliant on each other financially.

“Even before the pandemic hit in Scotland, there had been a sharp reduction in borrowing and lending between friends and family, and this has been compounded further by the pandemic. We expect to see this change over the next 12 months, as people try to balance the financial fallout of Covid-19, with wanting to move forward with life plans after months of restrictions.”

Of those who have borrowed money recently, the main reason for doing so was debt consolidation, with 17% of people citing this as the reason. The second most popular reason was the purchase of a car (15%), followed by home improvements (13%). One in four (25%) Scots lending money to love ones did so without knowing what it was going to be used for.

Bank of Scotland press office:

Kimberley Hamilton, Kimberley.hamilton@lloydsbanking.com, 07557 257 298
Caroline Cody, caroline.cody@lloydsbanking.com, 07385 033 062

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More than half of Scots (53%) who have borrowed money feel unhappy about doing so as they would have liked to provide for themselves and around a quarter (26%) say they feel comfortable borrowing money from family.

Family and friends who have been lending money are much less likely to be happy about doing so, with just 49% saying they were pleased to be able to help someone out, compared to 58% in 2019, and fewer people expect to be paid back than in 2019 (44% vs 46%).

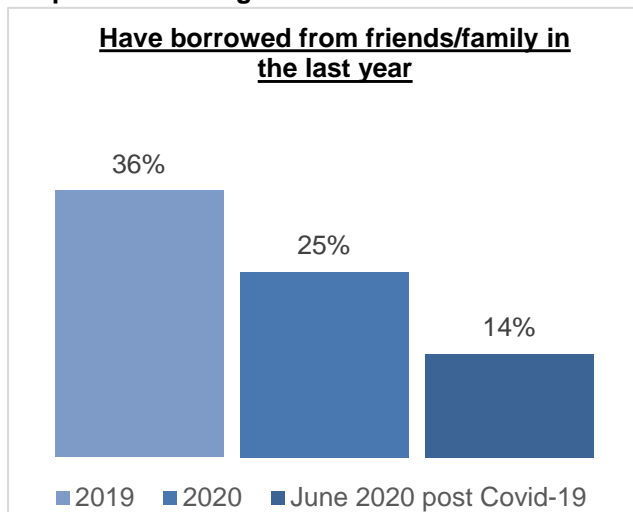
Regional variations

Those in the Highlands and Islands are least likely to borrow money from friends and family, with just one in 10 (10%), having done so in the last 12 months. This is also the greatest reduction in borrowing, down 63% since 2019. Those from the Lothians are the most likely to borrow from loved ones, with 15% having done so in the last year, down from 41% in 2019.

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Notes to editors:

Graph 1: Percentage of Scots who have borrowed money from friends and family in the last year



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Graph 2: Percentage of Scots who have lent money to friends and family in the last year:

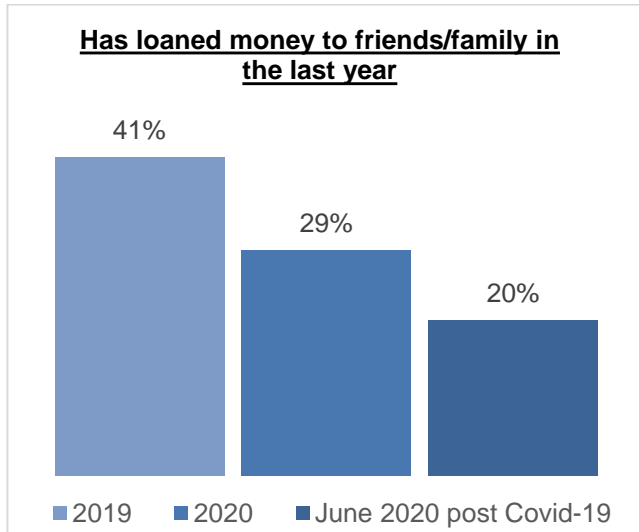


Table 1: Percentage of people who have borrowed money, split by region:

	March 2019	March 2020	June 2020
North East Scotland	37%	24%	16%
Highlands and Islands	32%	24%	10%
South Scotland	32%	17%	14%
West Scotland	34%	26%	12%
Central	33%	31%	12%
Mid-Scotland and Fife	36%	27%	13%
Lothians	41%	26%	15%
Scotland	36%	25%	14%
UK	31%	22%	13%

Methodology

YouGov fielded a quantitative survey to a nationally representative sample of the Scotland population, interviewing 3,048 Scottish panellists who agreed to take part in research in March 2020 and then conducted a follow up quantitative survey in June 2020 amongst a similar sample profile in the Scotland, interviewing 3,038 Scottish panellists

This research is part of a wider series from Bank of Scotland called 'How Scotland Lives', a major study looking into the issues that Scottish people face in today's modern world including insight on their lives, attitudes and daily pressures.

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