

# PrizeSaver Evaluation: Final Report

IFF Research for HM Treasury

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# 1 Executive Summary

- 1.1 In the Autumn 2018 budget, HM Treasury committed to developing and launching a pilot for a new prize-linked savings scheme offered by credit unions. The aim was to raise awareness and membership of credit unions, build financial resilience for individual savers and test whether the prize-linked savings model works in encouraging more people to save. The PrizeSaver model was developed, and it ran from October 2019 to March 2021 through fifteen participating credit unions, with financial and marketing support from HM Treasury.

## Awareness and membership of credit unions

- 1.2 Almost two-thirds (63%) of general savers surveyed were aware of credit unions, which includes 10% were members of a credit union themselves. General savers who were aware of credit unions were more likely to have heard of community or 'regional' – based rather than employer-based credit unions (71% vs. 51%).
- 1.3 Survey results show that almost a third (32%) of PrizeSavers were new members, having joined the credit union in the last year. However, Management Information (MI) data supplied by a small number of participating credit unions suggests that the PrizeSaver scheme has not acted to increase the total number of members joining credit unions when compared with the previous year.
- 1.4 Most customers interviewed as part of the qualitative research strand already had a largely positive view of credit unions before the introduction of the PrizeSaver scheme. For a small number who did not already have positive perceptions of their credit union, PrizeSaver had typically acted to increase their interest and engagement. Qualitative research highlighted the chance to win a prize was the leading incentive for both new and existing credit unions members to have opened their PrizeSaver account.

## Financial resilience

- 1.5 A significant proportion of PrizeSavers surveyed opened their account with a relatively modest sum (45% with under £50) and were using the account to build up savings, with roughly two in five saving regularly (42%) and saving more often (46%) since opening their PrizeSaver account.
- 1.6 Most PrizeSavers already had another savings account with a bank (68%) or their credit union (67%) and these PrizeSavers were more likely to be saving into their other accounts monthly than PrizeSaver (77% vs. 48%). However, amongst the 11% who did not have any other savings account, more than half (53%) said they were saving more regularly since opening a PrizeSaver, suggesting that the PrizeSaver scheme, to some extent, encouraged first time savers.

## Future Direction

- 1.7 Almost all PrizeSavers interviewed would recommend the scheme to family and friends, with leading factors being a chance to win a prize and the goodwill felt towards credit unions for helping communities. Additionally, although nearly all interviewed participants had not yet won a prize, this did not appear to be a disincentive to continuing to save in PrizeSaver. Credit union representatives were typically positive about its future and felt PrizeSaver had potential to

improve financial resilience by encouraging saving with existing members and providing a new “hook” to incentivise first time savers.

- 1.8 A number of potential improvements to the scheme were suggested by credit union representatives, with the most commonly cited improvements relating to the marketing strategy. A need was expressed for a targeted marketing campaign to attract new types of savers. Credit union representatives also suggested changes to prize amounts or upper savings limits, and research with customers suggests they would welcome a higher threshold and greater recognition of regular deposits.
- 1.9 Most credit union representatives highlighted the overarching importance of a standard set of rules regarding most aspects of the scheme, particularly prizes, being maintained across all credit unions going forward. Now that the pilot has ended, almost all participating credit unions have continued the scheme.

## 2 Introduction

- 2.1 This report provides HM Treasury with final findings from the PrizeSaver Evaluation conducted by IFF Research. This incorporates results from the first and second wave of the customer survey, as well as analysis of qualitative interviews with credit unions and PrizeSaver customers, designed to understand the impact of the pilot PrizeSaver scheme. The findings aim to inform decision-making about the future of the scheme.
- 2.2 This chapter includes the background and policy context to the research, before discussing the approach and methods used in the evaluation.

### Background

- 2.3 In the Autumn 2018 budget, HM Treasury committed to pilot a new prize-linked savings (PLS) scheme offered by credit unions. The aim was to raise awareness and membership of credit unions, build financial resilience for individual savers and test whether the prize-linked savings model works in encouraging people to start saving and encouraging existing savers to save more.
- 2.4 The pilot was launched in October 2019 and ran until March 2021. There were fifteen credit unions participating in the scheme.
- 2.5 The pilot scheme gives those with a PrizeSaver account the chance to win prizes every month and boost their savings. Every month a top prize of £5,000 is awarded to the winning saver, with a further twenty prizes of £20 also awarded. The first draw took place in December 2019. As well as the monthly draws, there has been the occasional ad-hoc draw. With one entry for every pound in the account, up to a limit of 200 prize draw entries per month, members have a greater chance of winning the more they save.
- 2.6 Outside of these broad conditions, there are a number of elements that are at individual credit unions' discretion, including: payment of dividends; deposit limits; withdrawal restrictions; standard members' fee (if applied, must be same as non-PLS members); what happens when the scheme closes (remove prize terms; close the account; transfer them into another account)
- 2.7 There were three broad policy aims for the scheme:
- Build financial resilience for individual savers by getting individuals to start saving and to save more;
  - Raise awareness and membership of participating credit unions;
  - To test whether the prize-linked savings model is effective and is financially sustainable.

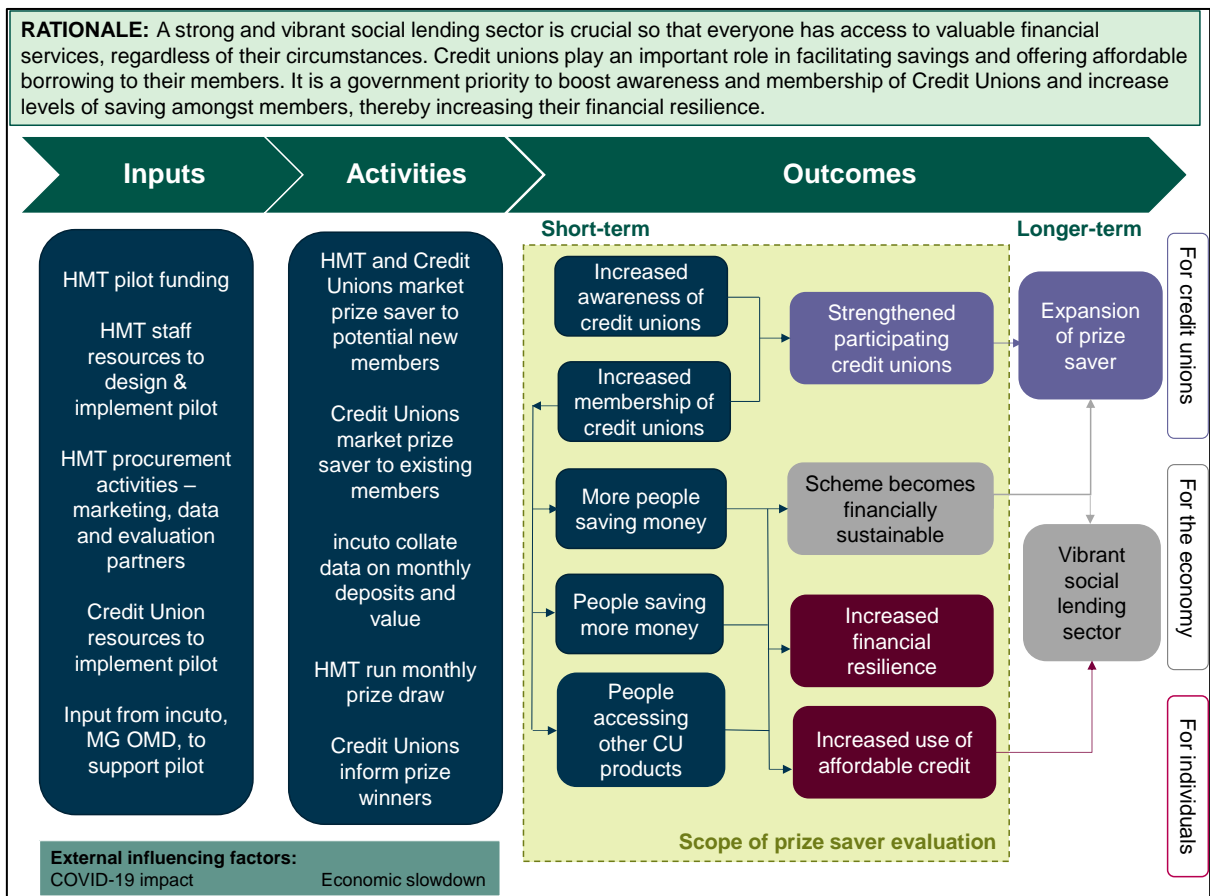
### Evaluation objectives and approach

- 2.8 HM Treasury commissioned IFF Research to undertake an evaluation to assess the effectiveness of the pilot scheme in meeting its policy aims.
- 2.9 To achieve these aims the overall design approach was developed in three phases: an initial **scoping phase** involving the review of key relevant documents, the development of a **logic**

**model** of the PrizeSaver pilot to provide a framework for the evaluation, and **the main evaluation** stage.

- 2.10 **Scoping phase:** the purpose of the scoping phase was to understand the specific features of the PrizeSaver scheme. As well as building familiarity with the scheme, the scoping stage was used to inform development of the logic model. Key documents provided by HM Treasury were reviewed. In addition to this, interviews were conducted with key members of HM Treasury and incuto, who run the monthly prize draws.
- 2.11 **Logic model phase:** a logic model is a tool to help understand how a long-term objective(s) for a specific policy or programme can be realised, linking together inputs and activities to short- and medium-term outputs as well as the long-term objective(s). A logic model is important for evaluating a policy programme because it visualises what is being evaluated and ensures that the evaluation approach is able to systematically answer the evaluation objectives. The logic model was therefore used to ensure the evaluation approach (including topic guides and questionnaire design) was structured against key outputs and outcomes. Developing the logic model is an iterative process, developing understanding of the scheme through literature review, stakeholder discussions and discussion with HMT. This process resulted in the logic model outlined in **Error! Reference source not found..**

**Figure 2.1 PrizeSaver logic model**



- 2.12 In addition to guiding our evaluation approach, the logic model informed the structure of this report with chapters 3 and 4 focusing on short- and medium-term outputs and chapter 5 on the long-term prospects for the PrizeSaver scheme.
- 2.13 **The main evaluation stage:** There were a number of strands developed, covering both qualitative and quantitative components, to the evaluation programme. This included online surveys of PrizeSavers and other savers, analysis of Management Information (MI) data provided by incuto and the participating credit unions, and in-depth interviews with PrizeSaver customers and credit union representatives. Further detail regarding the timelines and sample for qualitative and quantitative fieldwork, including demographic profile of respondents to the PrizeSaver and general saver (panel) survey, can be found in Appendix A.

### About this report

- 2.14 The report is structured as follows:
- **Chapter 3** looks at the extent to which PrizeSaver has raised awareness and membership of credit unions;
  - **Chapter 4** looks at the extent to which PrizeSaver has built financial resilience for savers;
  - **Chapter 5** looks at the future of the PrizeSaver scheme;
  - **Chapter 6** concludes the report and discusses implications for sustainability of the scheme.
- 2.15 All differences reported are statistically significant, at the 95% confidence level. Where percentages do not round to 100% this is due to rounding.
- 2.16 Throughout the survey, 'general savers' refers to respondents from the panel survey detailed in table 7.1 in the Technical Annex. These respondents were screened from an online survey panel and were only eligible if they had opened a savings account with a bank, building society or other provider in the six months prior to the survey. It should be noted that some 'general savers' surveyed were also members of a credit union; they were not excluded from the 'general saver' sample on this basis. Where appropriate, throughout the report, comparisons are made between PrizeSaver customers surveyed and 'general savers'.
- 2.17 Throughout the report, comparisons are also made between responses from employer-based and community-based (also known as 'regional-based') credit unions and PrizeSavers. Further details on these two groups can be found in the technical annex.<sup>1</sup>
- 2.18 All survey results reported use combined figures from wave 1 and 2 of survey, fieldwork dates are shown in table 7.1 in the Technical Annex. It has not been possible to weight survey data therefore findings cannot be assumed to be representative of all PrizeSaver members or all 'general savers'.
- 2.19 Membership number and PrizeSaver profile data reported in Chapter 3 uses management information provided to IFF Research from a number of credit unions involved in the evaluation.

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<sup>1</sup> 'Employer-based' credit unions were: Commsave, PlaneSaver, Serve and Protect. 'Community-based' credit unions were: 1<sup>st</sup> Alliance Ayrshire, Bradford, Central Liverpool, Clockwise, East Sussex, Lewisham, London Capital, Merthyr Tydfil, Nottingham, Riverside, South Manchester.

Complete data was not available for all participating credit unions and therefore results should be treated as indicative only. Reported figures do not reflect all credit unions or all credit union members in the pilot scheme.

2.20 Further details of survey respondents and credit union data provided can be found in the technical annex.



### 3 Awareness and membership of credit unions

- 3.1 Increased awareness and membership of credit unions were two of the key short term aims of the PrizeSaver scheme. This section looks to determine the impact that the PrizeSaver scheme has had to date on credit union membership. It investigates the demographic and attitudinal profile of new PrizeSaver customers, and whether this differs from typical credit union members. It also looks more widely at awareness, perceptions and use of credit unions over the course of the pilot, both amongst PrizeSaver customers and other savers.

#### Summary of key findings

- Amongst the general saver population, awareness of credit unions was relatively high, with 62% of savers aware of credit unions. This group was more likely to be aware of community- rather than employer-based credit unions (71% vs. 51%).
- Survey results show that almost a third (32%) of PrizeSavers were new members, having joined the credit union in the last year. However, data supplied by a small number of participating credit unions suggests that the PrizeSaver scheme has not acted to increase the total number of members joining credit unions when compared with the previous year.
- PrizeSaver members broadly reflected the age and gender profile of typical credit union members. There is evidence the PrizeSaver scheme was more likely to attract older savers (10% of PrizeSavers over age of 65 vs. 4% of credit unions members in the previous year).
- In terms of their attitudes, PrizeSavers tend to have a savings mindset. Most felt that saving for a rainy day was important, alongside keeping track tracking of household income and expenditure (76%, and 83% of PrizeSavers respectively).

#### The Impact of PrizeSaver on credit union membership

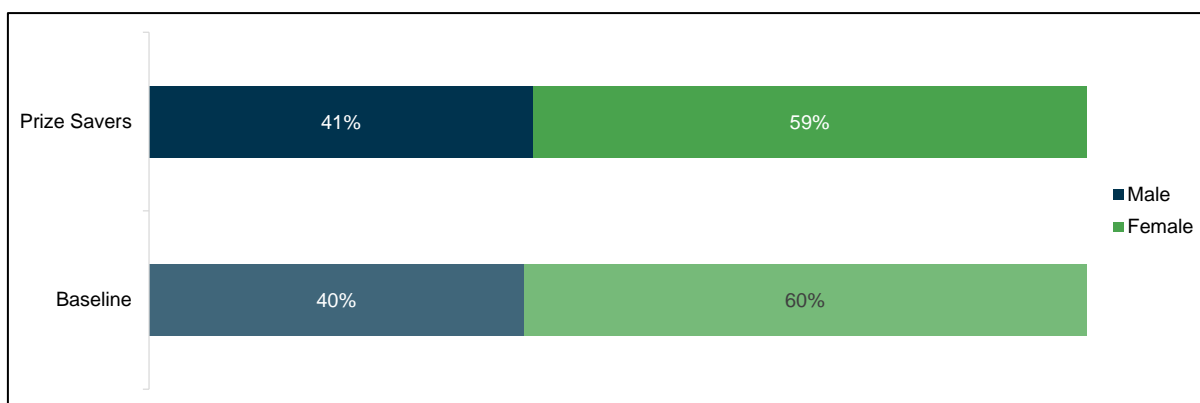
- 3.2 In order to assess the impact of the PrizeSaver scheme on overall membership, the majority of credit unions participating in the pilot scheme provided data on total membership numbers and the number of PrizeSaver accounts opened.
- 3.3 Membership data received from credit unions showed that, as of November 2020, an average 4% of pilot credit union members held a PrizeSaver account. The percentage of PrizeSavers varied significantly between different credit unions, from 1% to 7% of members. It should be noted that information was not available from credit unions on the remaining 96% of 'non-PrizeSaver' members.
- 3.4 A small number of credit unions in the pilot provided total membership numbers between October 2018 and September 2019 as a baseline, and again following the introduction of PrizeSaver between October 2019 and September 2020. From October 2018 to September 2019, pre-PrizeSaver, membership numbers increased by an average of 7%, ranging from 4% to 13%.
- 3.5 Following the introduction of the PrizeSaver scheme, between October 2019 and September 2020, membership numbers typically remained stable, with credit unions reporting an average 3% increase in members, ranging from -1% to 6%. These finding suggest that the Prizesaver scheme had a negligible effect on the overall number of new members joining credit unions.

3.6 However, these preliminary findings should be treated with caution. Firstly, complete and comparable data on total membership numbers was only available for a small number of credit unions in the pilot (five in total). Secondly, credit union membership is likely to have been impacted by the COVID-19 pandemic, which may have inhibited growth for some credit unions in 2020.

### Profile of PrizeSavers

3.7 Data was also collected from credit unions on the demographic profile of their members and loan uptake. Figure 3.1 shows the gender profile of new PrizeSavers between October 2019 and December 2020, comparable with the 'baseline' profile of credit union members opening a new savings account between October 2018 and September 2019. As Figure 3.1 demonstrates, the gender profile of PrizeSavers reflects that of typical credit union savers, with more female PrizeSaver members than male (59% vs. 41%).

**Figure 3.1 Gender profile of PrizeSavers compared with baseline credit union members**

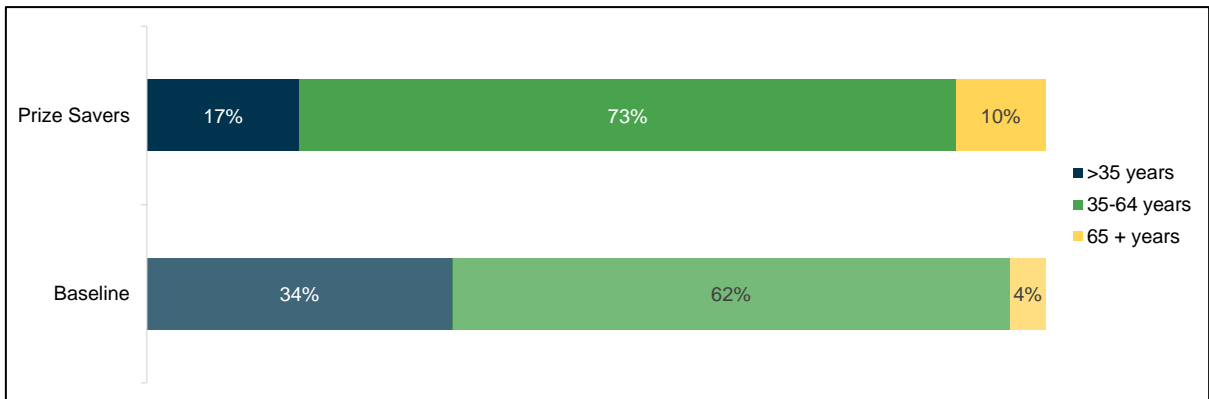


*Base: All new savers for who gender information was available (Baseline 17,225, Prize Savers 2,800). 'Baseline' shows demographic of new CU savers between Oct '18 and Sept '19. 'Prize Savers' shows demographic of new Prize Savers between Oct '19 and Dec '20.*

3.8 Some difference could be seen in the age profile of PrizeSavers, compared with the baseline group of new credit union savers in the previous year. Figure 3.2 shows that PrizeSaver accounts were slightly more likely to attract older savers (10% of PrizeSavers over 65 years old vs. 4% of baseline) and less likely to attract younger members (17% of PrizeSavers under the age of 35 vs. 34% baseline).<sup>2</sup> These findings suggest there is scope for more targeted advertising to attract younger savers to the scheme.

<sup>2</sup> Again, any comparisons between 'baseline' and 'PrizeSavers' should be interpreted in context of the COVID—19 pandemic. This may be more likely to financially impact people of working age (under the age of 65).

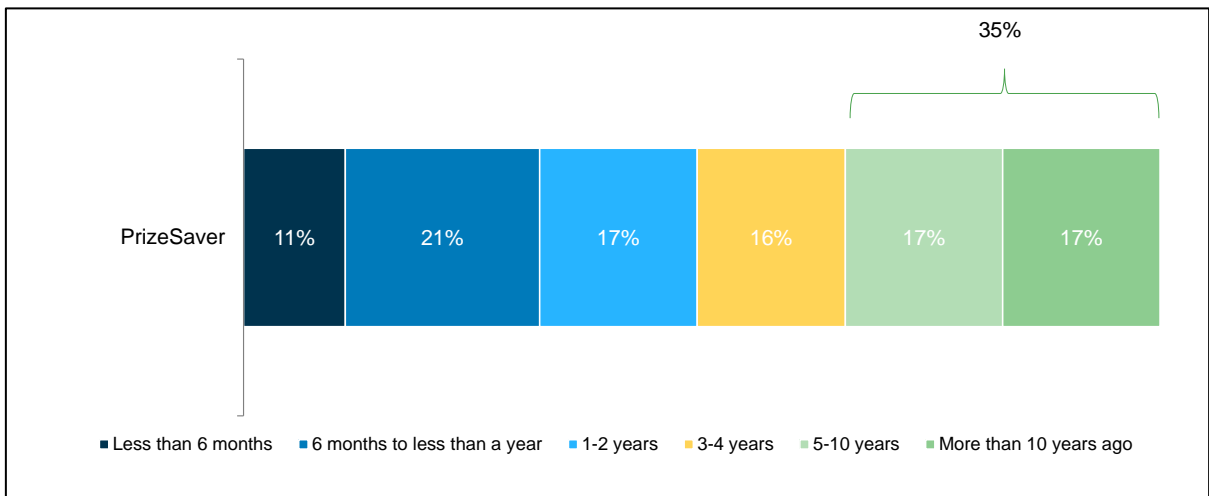
**Figure 3.2 Age profile of PrizeSavers compared with baseline credit union members**



*Base: All new savers for who age information was available (Baseline 20,030, Prize Savers 2,800). 'Baseline' shows demographic of new CU savers between Oct '18 and Sept '19. 'Prize Savers' shows demographic of new Prize Savers between Oct '19 and Dec '20.*

3.9 As shown in Figure 3.3, the quantitative survey of PrizeSaver customers found that around a third (32%) could be considered new credit union members (having joined in the last year), compared with 35% who had been a member of their credit union for five years or more.

**Figure 3.3 Length of credit union membership**



*Base: All PrizeSavers (422)*

3.10 Qualitative depth interviews with customers revealed that the PrizeSaver scheme had attracted a wide range of different types of saver. Some savers interviewed were very engaged with the scheme and motivated by the chance to win a prize, whilst others had very low levels of engagement with their savings. Attitudes towards the PrizeSaver account are discussed further in Chapter 4.

### PrizeSaver customer attitudes to saving and financial management

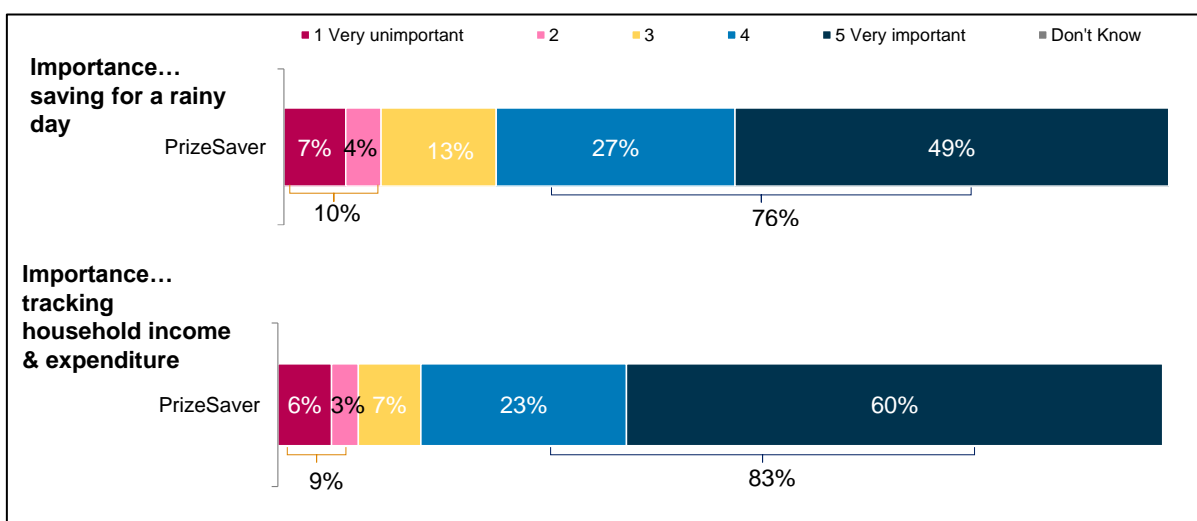
3.11 The survey also explored attitudes towards savings and managing expenditure with both PrizeSavers and a group of 'general savers' who had opened a savings account over the same

period.<sup>3</sup> The analysis shows that the two groups were broadly similar in terms of outlook which suggest a tendency towards a 'savings mindset' and proactively engaging with managing their money.

### Having a savings mindset

3.12 **Error! Reference source not found.** illustrates attitudes towards saving for a rainy day and tracking household income and expenditure. Three-quarters of PrizeSavers (76%) agreed that saving for a rainy day was important, with half (49%) rating it 'very important'. While a slightly higher proportion (83%) of PrizeSavers rated the tracking of household income and expenditure as important.

**Figure 3.4 Importance of saving and tracking**



Base: All PrizeSavers (422), A3

3.13 Amongst the PrizeSaver group, perhaps unsurprisingly, those whose overall savings had increased since opening their account were more likely to say saving for a rainy day was 'important' (84%), compared with those whose level of savings had not increased (68%).

### Engagement with money

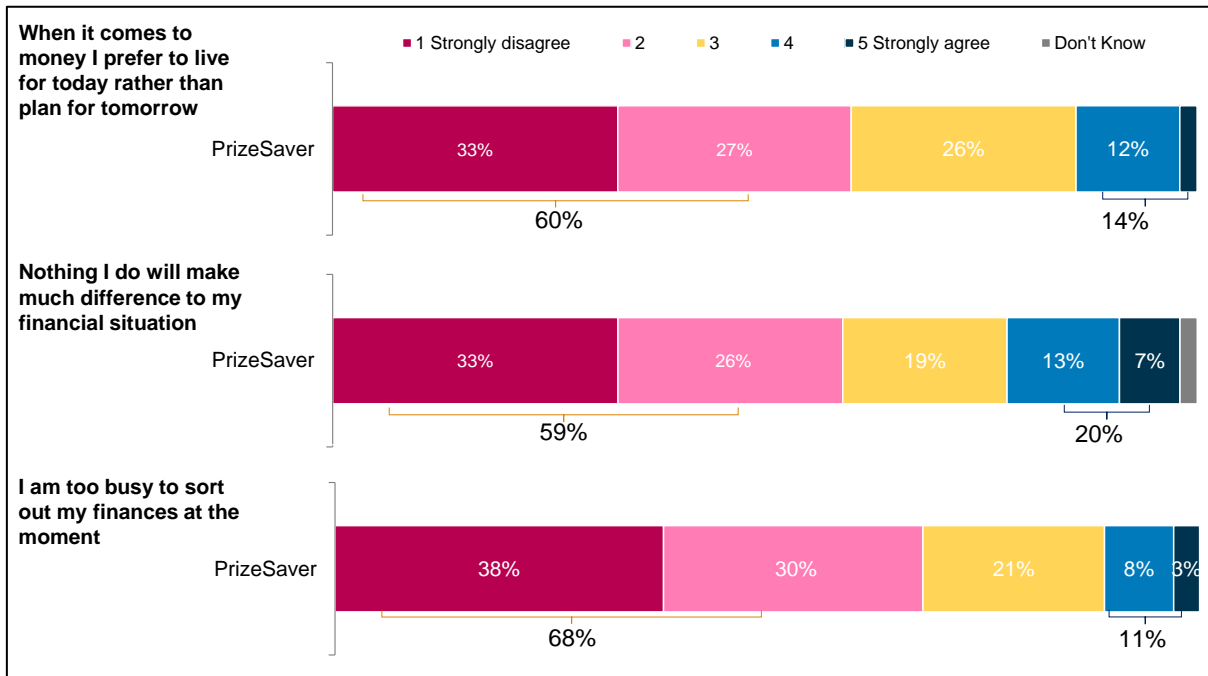
3.14 The PrizeSaver group is also, largely, proactive in the management of finances. PrizeSavers surveyed tended to disagree with the statement that they 'prefer to live for today rather than tomorrow' (60% disagreed). Looking at the extremes, a third of PrizeSavers strongly disagreed with this statement (33%); while only 2% of PrizeSavers 'strongly agreed' that they 'prefer to live for today'.

3.15 However, opinions were less clear on the impact an individual can have on their finances. Although three in five PrizeSavers (59%) disagreed with the statement 'Nothing I do will make much difference to my financial situation'; a sizeable proportion (20%) felt that their own actions could not affect their finances (20% of PrizeSavers).

<sup>3</sup> Questions are taken from the Money and Pensions Serve Adult Outcomes Framework.

3.16 As shown in Figure 3.5 below, most savers did not attribute being busy to stopping them sort out their finances. Just one in ten (11%) PrizeSavers agreed with the statement 'I am too busy to sort out my finances at the moment'.

**Figure 3.5 Planning and the ability to influence finances**



Base: All PrizeSavers (422), A2 Percentages under 3% not shown.

3.17 General savers had a slightly less cautious attitude; being more likely to 'prefer to live for today' when it comes to money than Prize Savers (22%, compared with 14%), but also feel that 'nothing I do will make much difference to their financial situation' (26%, compared with 20%). They were also more likely to find themselves 'too busy to sort out my finances at the moment' (18% of general savers, compared with 11% of PrizeSavers).

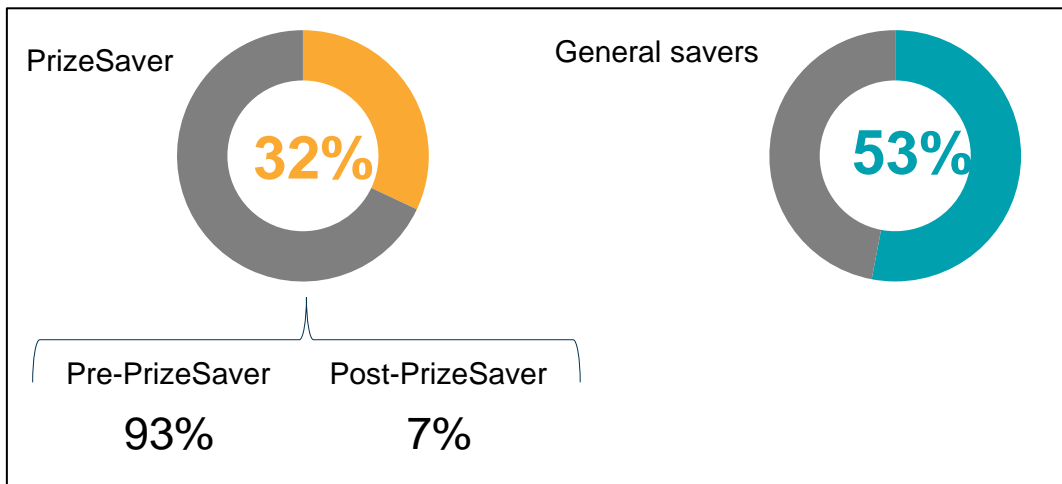
3.18 The statement 'Nothing I do will make much difference to my financial situation' highlighted how the following groups feel unable to affect their finances:

- Longer-term credit union members (including PrizeSavers) who had been members for a year or more, compared with newer members (28% agree, compared with 18%).
- PrizeSavers who were members of employer credit unions, compared with members of community-based credit unions (25% and 15%, respectively).

### Uptake of other credit union products

3.19 This research also sought to understand whether PrizeSavers had gone on to utilize other credit union products, namely loans. The quantitative survey found that one in three PrizeSavers had taken out a loan with their credit union at some point in their membership (32%), see Figure 3.6. However, the majority of PrizeSavers who had had taken out a loan had done so *before* opening their PrizeSaver account (93%), with just one in twenty taking out a loan since opening their PrizeSaver account (7%). The proportion of general savers who were credit union members who had taken out a loan with their credit union was higher (53%).

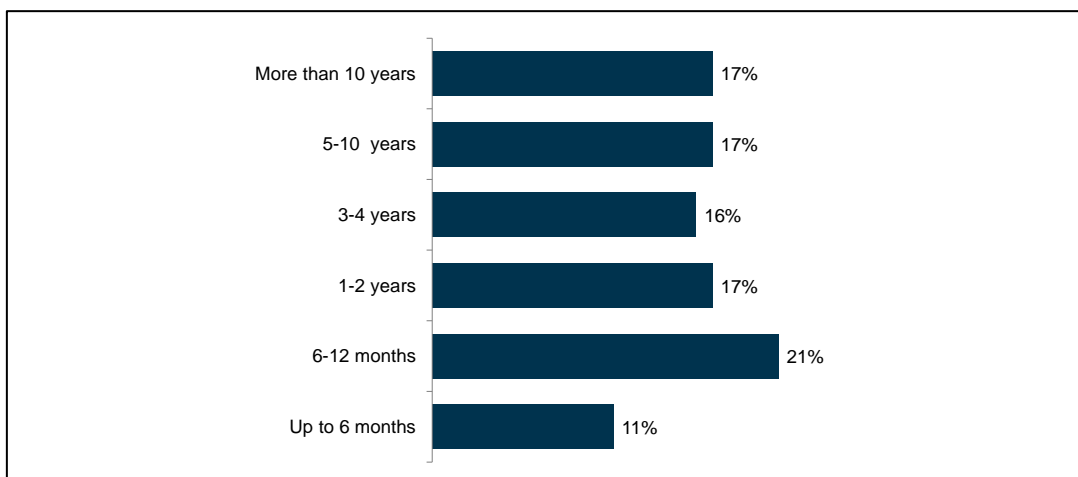
**Figure 3.6 Proportion of savers who had taken out a loan with their credit union**



Base: All PrizeSavers (422), C3,C4, General savers who are a member of a credit union (93)

3.20 When considering PrizeSavers take-up of other products, it is important to remember that this group was surveyed within the first six months of opening their PrizeSaver account. Figure 3.7 shows that the likelihood of taking out a loan is the lowest in the first six months of membership. Around one in ten PrizeSavers who had been a member for less than six months took out a loan (11%), this rose to one in five (17%) for those who had been members for between 1 – 2 years.

**Figure 3.7 Proportion of PrizeSavers who have taken out a loan by length of membership**



Base: All PrizeSavers who have taken out a loan (422), C2

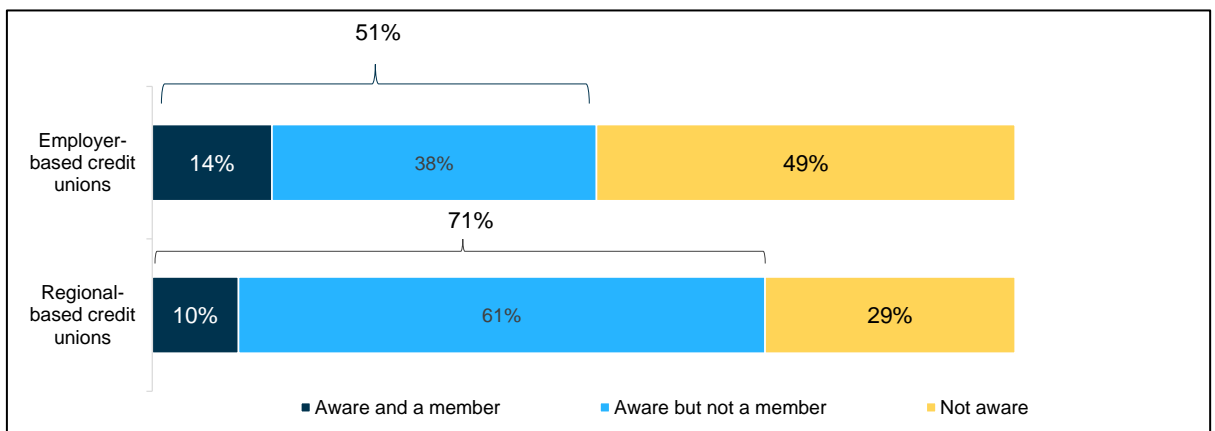
3.21 It is also important to note that the survey fieldwork took place in late 2020 and early 2021, during the COVID-19 pandemic. This is likely to have had an impact on borrowing behaviour, limiting the extent to which the research can assess the relationship between the PrizeSaver scheme and borrowing behaviour. Some credit union representatives spoken to in the qualitative research strand, typically those from employer-based credit unions, reported an overall reduction in the number of members taking out a loan during this time. Further detail on the impact of COVID-19 on savings and borrowing is discussed in chapter 4.

## Awareness and perceptions of credit unions

3.22 With a focus on those participating in PrizeSaver, the evaluation is limited in its ability to explore the impact of the pilot on general population awareness of credit unions. However, the survey provides some insight into awareness and membership of credit unions amongst a wider sample of savers who had opened a savings account in the last six months.<sup>4</sup> Almost two-thirds of this general saver group said that they were aware of credit unions (63%); which includes 10% who were a member of a credit union.

3.23 As shown in Figure 3.8, general savers who were aware of credit unions were more likely to have heard of community or 'regional'-based, rather than employer-based unions (71% vs. 51%).

**Figure 3.8 Awareness of employer-based and regional-based credit unions**



Base: General Savers aware of credit unions – wave 2 only (301)

3.24 Qualitative interviews with PrizeSavers investigated their perceptions of credit unions. Most PrizeSavers interviewed in the already had a relationship with the credit union before opening their PrizeSaver account. These existing members were generally very positive about credit unions and their products and services – particularly appreciative of the underlying community ethos, the encouragement to save and help people, and the potential to access loans. Both new and existing members typically perceived credit unions to be trustworthy institutions.

*“Brilliant idea. Anything where it’s co-operative and the benefits go to members”*

**PrizeSaver, Existing Member, Community-Based**

*“It’s a small light in a very dark place – a social conscience in this very difficult environment”*

**PrizeSaver, Existing member, Employer-Based**

3.25 Other more commonly mentioned positives about credit unions were members’ ability to save directly from salary/payroll into credit union accounts and access cheaper loans at lower interest rates.

<sup>4</sup> Arguably, people who are saving may be more aware of financial products and banking options than the population as a whole.

*“They generally seem to be able to offer loans and financial services that are lower interest rates than what the high street banks offer. They are more interested in the community than just for profit.”*

**PrizeSaver, Existing Member, Community-Based**

- 3.26 Most members did not perceive any drawbacks of credit unions; however some members flagged that outdated IT infrastructure, compared to what some banks offer, was a hinderance.
- 3.27 Customers were also asked in the interviews if their view of credit unions had changed since opening their PrizeSaver account. Most members stated that the PrizeSaver had *not* changed their view of credit unions, and that their view was largely already positive. For a small number who did not already have positive perceptions of their credit union, PrizeSaver had acted to increase their interest and engagement.

*“I don’t think I would have [opened the account] otherwise.”*

**PrizeSaver, New Member, Employer-Based**



## 4 Financial resilience

- 4.1 One of the main policy aims of the PrizeSaver pilot was to build financial resilience for individual savers by getting people to start saving or to save more. This chapter explores the extent to which the PrizeSaver account has had an impact on financial resilience, examining not only savings behaviour but perceived confidence in their financial situation. It also touches on the impact of Covid-19 on individuals' current situation. Where appropriate, PrizeSavers are compared to a group of 'general savers' to understand the extent to which they are similar or different to the wider community of recent new savers.

### Summary of key findings

- Most PrizeSavers (86%) already had another savings account when they joined Prize Saver. Of the 11% who cited PrizeSaver as their only savings account, over half (53%) said they were saving more regularly. This suggests that the scheme did, to a limited extent, encourage first-time savers.
- A significant proportion of PrizeSavers surveyed opened their account with a relatively modest sum (45% with under £50) and were using the account to build up savings, with roughly two in five saving regularly (42%) and saving more often (46%) since opening their PrizeSaver account.
- The majority of PrizeSavers (65%) felt in control of their finances and expressed confidence when it came to managing their own finances (63%). However, confidence was lower when it came to making decisions about financial services and products (49% of PrizeSavers expressed confidence).
- The findings indicate that individuals were saving money into other saving accounts on a more regular basis than their PrizeSaver account (77% were saving 'every month' into another savings account, compared with 48% of PrizeSavers). Those who were not saving on a regular basis, felt that there was 'no incentive to save more than £200 in a PrizeSaver account' (72%) and typically opened their account with £200 (71%), the maximum number of entries in the prize draw.
- Interaction with PrizeSaver accounts varied widely. Almost a quarter (26%) maintained a balance of £200 from the time of opening their account to the end of the research period. Others deposited and withdrew money from the account on a regular basis. Incuto data suggests that PrizeSavers in community-based credit unions were more likely to build up savings in their account compared with employer-based credit unions (75% vs 36% average balance increase across the course of the pilot scheme).
- For many, the Covid-19 pandemic had allowed them to save *more* (41%) rather than less (23%) and for most savers (73%) the pandemic had no impact on their need to borrow. However, one in seven savers (14%) said that they needed to borrow more money because of Covid-19, and one in ten (11%) needed to take a payment holiday on an existing loan repayment.
- Survey results suggest that PrizeSavers were less likely to take out a loan than other credit union members (32% vs. 53%). Most PrizeSavers that had taken out a loan with their credit

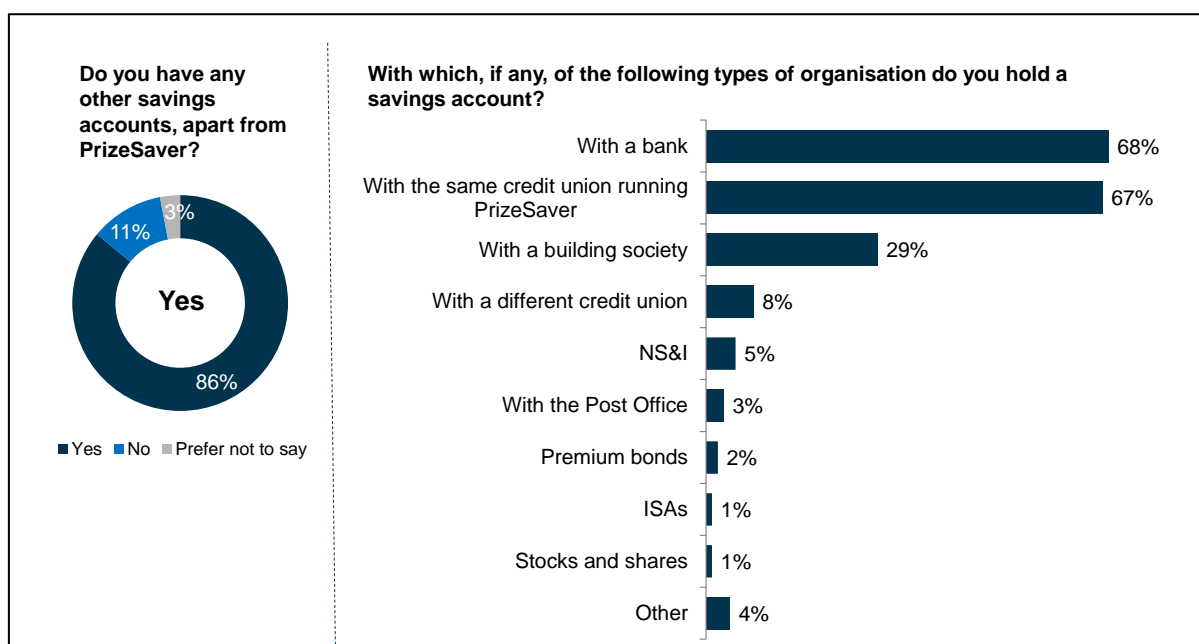
union did so prior to opening the Prizesaver account (just 7% of PrizeSavers surveyed had taken out a loan since opening their Prizesaver account).

## Opening the PrizeSaver account

### Savings status when opened the PrizeSaver account

- 4.2 Almost nine in ten PrizeSavers said they had one or more savings accounts in addition to PrizeSaver (86%). People who rarely or never saved into their PrizeSaver account were more likely to have another account compared with those who saved into their PrizeSaver account every month (92%, compared to 84%). Individuals who were confident in managing money were also more likely to have another savings account (88%, compared with 74% who were not confident), as were older savers (94% of people aged 55 or over, compared with 83% of 35-54 year olds).
- 4.3 Just over two-thirds of PrizeSavers (68%) said that the additional account was with a bank. However, almost the same proportion (67%) held another savings account with the credit union running PrizeSaver (67%), while one in ten (8%) held one with a different credit union. Three in ten (29%) had a savings account with a building society, as shown in (Error! Reference source not found.).

**Figure 4.1 Financial institutions with which savers had another savings account (s)**



Base: All PrizeSavers (422), B4. Base: All PrizeSavers with another savings account(s) (362), B5

- 4.4 Amongst the 11% who did not have any other savings account, more than half (53%)<sup>5</sup> said they were saving more regularly since opening a PrizeSaver (compared with 40% of those who had another savings account), suggesting that the PrizeSaver scheme, to some extent, encouraged first time savers. Frequency of saving into PrizeSaver account is discussed in further detail below.

<sup>5</sup> Small base size (34); results should be interpreted with caution.

## Opening the PrizeSaver account

- 4.5 In the qualitative interviews the reasons for opening a PrizeSaver account were explored. Among the existing PrizeSaver account holders, the most common reason given for opening the account was the incentive to win a prize.

*I thought, if there's a chance of winning some extra money, I might as well put money in there as well. PrizeSaver, existing member, community-based*

*There was a novelty in that there's a prize. I also liked the fact that you could put little bits in. PrizeSaver, existing member, community-based*

- 4.6 For many it was a combination of both the chance to win a prize and the desire to save which encouraged them to open a PrizeSaver account.

*For every pound you put in, you get entered into a draw, so I thought instead of putting it into my normal saver, I may as well put £20 in there instead. PrizeSaver, existing member, community-based*

*A chance to win extra money every now and then. I split what I was putting into my normal credit union savings account with the PrizeSaver and did half/half - £50 in each month. PrizeSaver, existing member, employer-based*

*I thought there is nothing to lose and I am trying to maximise my savings. So, I simply moved money from the savings account to the PrizeSaver. PrizeSaver, existing member, community-based*

- 4.7 Other reasons for opening an account included the fact that the money would be locked away, rather than allowing instant access, better interest rates than other accounts, low risk and ease of opening a PrizeSaver account for existing members.

- 4.8 Among those new credit union members interviewed, the main reason for opening a PrizeSaver account was also the incentive of winning a prize, but the perception of better returns than traditional savings account, currently offering low interest rates, was also key.

*I hoped I would win a prize! I wanted to open a regular savings account and the prize was the motivation to open this one. PrizeSaver, new member, community-based*

*Predominantly done for saving as there are no (savings) interest rates anywhere, so might just as well stand a chance of winning something. PrizeSaver, new member, employer-based*

*I quite liked the look of it. I am not long out of University and have a lot of debt behind me, so I am never going to have huge amounts of savings to go in. And with interest rates not being great, it seemed like a better option because the chance of getting something more. The interest accrued in a traditional account would be minimal at best. PrizeSaver, new member, employer-based*

- 4.9 A few new members were motivated by the philosophy underpinning a community-based credit union, and some highlighted the attraction of the low initial investment and the ability to deposit small amounts. Overall, the prize itself was less of a dominant motive to opening an account than it was for the existing credit union members.

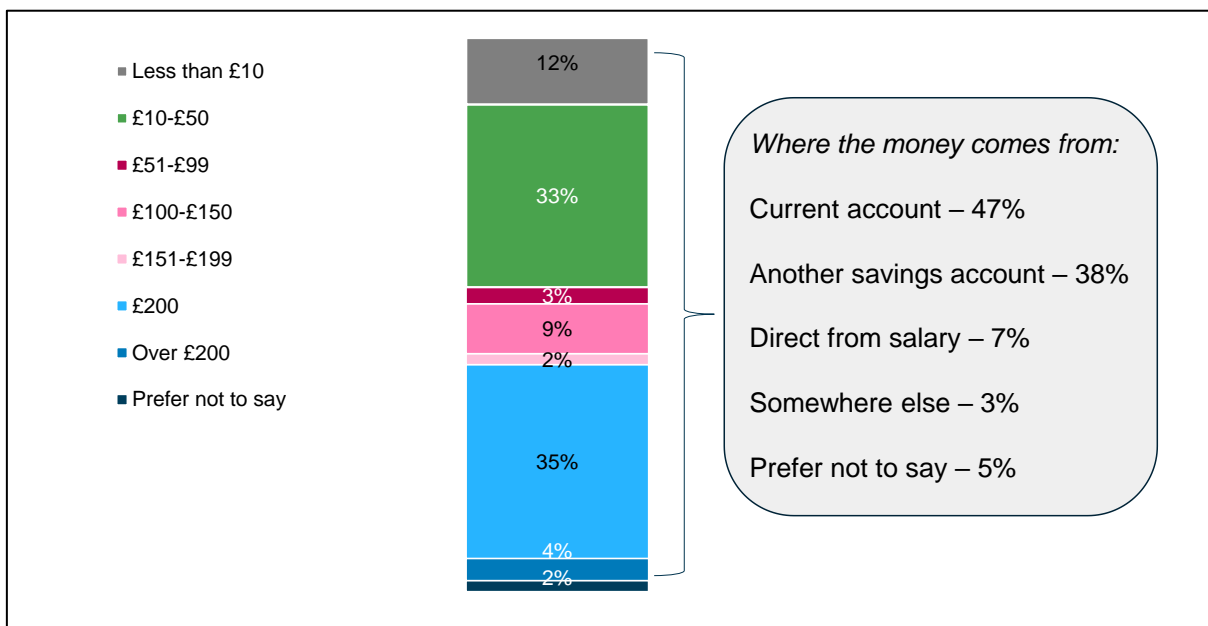
## Opening the PrizeSaver account

- 4.10 In order to understand the extent to which PrizeSaver savings are new or displaced, the analysis looked at the value of the initial deposit with which savers opened their PrizeSaver

account, with a particular focus on those opening their account with £200. Two hundred represents the maximum number of entries into the prize draw, one entry for every pound in the account. Savers were also asked where the money for their initial deposit came from.

- 4.11 As shown in Figure 4.2, over a third of PrizeSavers surveyed (35%) had an opening deposit of £200, matching the maximum number of entries into the prize draw. However, a significant proportion (45%) opened their account with a deposit of £50 or less; 12% with less than £10 and 33% with between £10 and £50, giving them the potential to build up to the £200 threshold. Just one in twenty started with more than £200 (4%).
- 4.12 These findings are supported by data provided by incuto which shows that 34% of accounts on record were opened with a deposit of £200 and 49% were opened with less than £50. Data from incuto also suggests that those in employer-based credit unions were more likely to open the account with £200 than those in community-based credit unions (39% vs 24% opening with £200). This data shows the average opening balance across employer-based credit unions was £74, compared with £58 across community-based credit unions.

**Figure 4.2 Initial deposit value and source for PrizeSaver account (survey results)**



Base: All PrizeSavers (422), B7, B8

- 4.13 Those who rarely or never saved into their PrizeSaver account were much more likely to have opened their account with a £200 deposit, which would qualify for the maximum prize draw entries per month (71%, compared to 12% of people who were saving every month and 21% those saving some/most months). Those who described themselves as monthly savers were more likely to open their account with a smaller sum of between £10-£50 (53%, compared with 7% of those who rarely/never save money into their PrizeSaver).
- 4.14 People who were more confident in managing their money were more likely to open with a £200 deposit compared with those who were not confident (38%, compared to 24%), as were men (42% opened with £200, compared to 29% of women).
- 4.15 **Error! Reference source not found.** also shows the source for the initial deposit. Almost half of PrizeSavers used money from a current account (47%), and around two in five transferred

their opening deposit from another savings account (38%). The source of the money used to open the account varied by saving habits and both credit union type and length of membership:

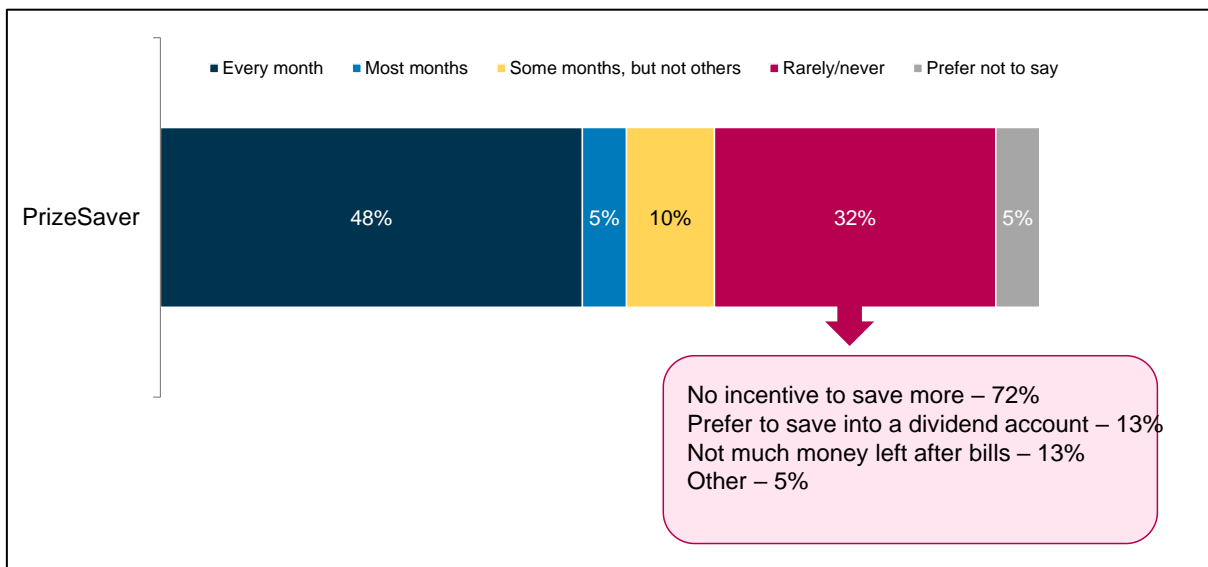
- Those who were newer members of a credit union (less than a year) were more likely to have used money from a current account to open their PrizeSaver account (67%), than older members (38%), as were individuals who were part of a community-based credit union (57%), compared with an employer-based credit union (38%).
- In contrast, people who had been with a credit union for a year or more, were more likely to find their deposit from another savings account (48%, compared with 18% of newer members). Likewise, people who were part of an employer credit union tended to use money from another savings account (45%, compared with 32% of those who were part of a community-based credit union).
- While only a small proportion (7%) used money direct from their salary to open their PrizeSaver account, this increased to 13% of regular savers i.e. those who save money into their PrizeSaver every month.

## Savings behaviour

### Frequency of saving into a PrizeSaver account

4.16 PrizeSavers were asked about the frequency with which they saved money into their PrizeSaver account. Most (63%) indicated that they were saving on a regular basis; either ‘every month’ (48%), ‘most months’ (5%) or ‘some months’ (10%), see **Error! Reference source not found..** However, almost a third of PrizeSavers said that they ‘rarely/never’ saved into their account (32%), rising to 38% of men (compared with 28% of women).

**Figure 4.3 Frequency of saving into a PrizeSaver account**



Base: All PrizeSavers (422), B10. Base: PrizeSavers who said they rarely/never save into their PrizeSaver account (136), B11

4.17 As shown in Figure 4.3, the main reason for rarely or never saving into a PrizeSaver account was not because they could not afford to do so, after paying their bills/ expenses (only mentioned by 13%), but that there was ‘no incentive to save more than £200 in a PrizeSaver

account' (72%). As every pound represents one entry into the prize draw, and two hundred represents the maximum number of entries, this group clearly felt no incentive to invest further, for them the prize draw was the main appeal of the scheme.

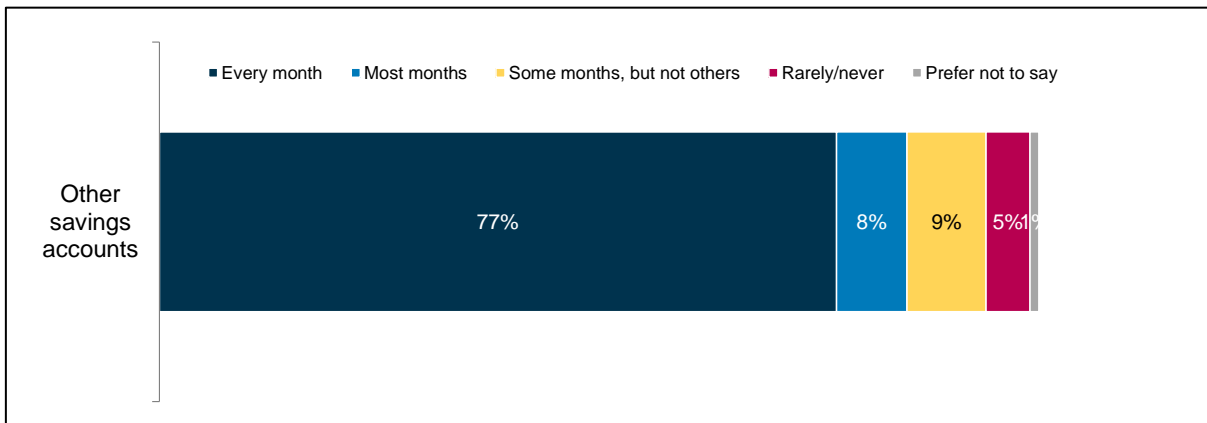
4.18 Looking further at those who felt they had no incentive to save more, men were more likely than women to cite this as a reason for rarely or never saving (82% and 59%, respectively). Women were more likely than men to have said that they do not have much money left at the end of the month after bills (20% of women, compared with 8% of men). Of those who said there was 'no incentive to save more' the vast majority opened their PrizeSaver account with a relatively large initial amount of £200 (71%).

**Frequency of saving into other savings accounts**

4.19 To put the findings in context, PrizeSavers were asked about their saving behaviour in relation to other accounts. Figure 4.4 indicates that they were saving money into other saving accounts on a more regular basis than their PrizeSaver account, with more than three-quarters (77%) saving 'every month', compared with 48% who save money into their PrizeSaver monthly. Those who saved into their PrizeSaver accounts monthly were more likely to also be saving into their other accounts monthly (81% vs 74%).

4.20 At the other end of the scale, just one in twenty (5%) said they 'rarely/never' saved into their other account(s), whereas a third (32%) 'rarely/never' saved money into their PrizeSaver. These findings are consistent across sub-groups of PrizeSavers.

**Figure 4.4 Frequency of saving into other savings accounts**



Base: All who have another savings account (362), B10

**How PrizeSavers are using their account**

4.21 Data provided by incuto allowed for an investigation of longer-term use of the PrizeSaver account and emerging savings patterns. The data showed that PrizeSaver accounts were being used in a variety of ways. Typically, balances were being maintained month to month. Incuto data shows that around a quarter (26%) of accounts maintained £200 throughout the course of the scheme; this was more common amongst members of employer-based credit unions compared with community-based (29% vs. 19%).

4.22 Incuto data shows that other PrizeSaver members were using the account flexibly, with some using the account to both deposit and withdraw money from over the course of the scheme.

Overall, nearly half (48%) of PrizeSaver members had withdrawn money from their account, and 65% had made deposits. Deposits were typically lower in value and made more frequently. Amongst those making deposits into their account, the average value was £45 every 36 days. Withdrawals were typically slightly higher in value and made less frequently, on average £93 every 62 days. This suggests some PrizeSavers may have been using the PrizeSaver account for shorter term rather than longer term saving.

- 4.23 Despite this flexible use, overall combined average PrizeSaver balances were higher at the end of the pilot scheme, compared with to opening balances (see table 4.1). This shows an overarching pattern of saving rather than withdrawing funds. The average increase in balance across the scheme was more marked in community-based credit unions who saw 75% increase in balance compared with a 36% balance increase amongst employer-based credit unions).

**Table 4.1 Average balance of PrizeSaver accounts upon opening and end of pilot (incuto data)**

Head	Average opening balance (£)	Average at end of pilot (March 2021) (£)	Average balance increase
All PrizeSaver accounts	£68.70	£99.47	45%
Employer -based	£74.00	£98.81	36%
Community-based	£57.63	£100.82	75%

Base: All PrizeSaver accounts opened (All; 13917, Employerbased; 9416, Community-based 3515)/ All open accounts March 2021 (All; 10,695, Employer-based; 7180, Community-based; 3515) 'Average at end of pilot' does not include any data from accounts closed prior to March 2021.

- 4.24 Incuto data also revealed that, each month, an average of 86% of PrizeSaver accounts maintained their balance and 10% of accounts increased their balance.<sup>6</sup> Employer-based credit unions were more likely to see the balances in PrizeSaver accounts being maintained (95%), whereas community-based credit unions were more likely to see balances increasing (30%).

### Current financial position and ability to save

- 4.25 PrizeSaver account holders who were interviewed as part of the qualitative strand of research were asked how they felt about their current financial position and their ability to save. There was a real mix of opinion: almost equal proportions described their financial situation either as positive, using words such as comfortable/secure, or as satisfactory, stable, reasonable, okay. However, for a significant few the description they used for their financial situation was typically negative, using phrases such as insecure, not good, and anxious.
- 4.26 Those who looked on their financial position favourably often said they had a good savings habit. Many were able to save regularly at present and found themselves in a variety of different situations such as living off a healthy pension, having had a promotion at work, a stable job and

<sup>6</sup> Each account was categorised by the balance change compared to the previous month: increase, maintain, decrease.

These were then averaged to give each member their total behaviour, examples:

- an account that deposited every month would be 100% increase, 0% maintain and decrease
- an account that only put in the opening balance would be 0% increase, 100% maintain and 0% decrease.

Reported averages show the overall percent increasing and maintaining across all members.

enjoying investing (spreading their investments and considering themselves sophisticated). In addition, in the last year several said that they were spending less due to the Covid-19 pandemic.

*I'm comfortable...house is paid off, I have a pension, small amount of Credit Card debt and can pay my bills with money left over.... saving is a lifelong habit. PrizeSaver, new member, community-based*

*We as a couple have always saved and put money away ... I am one of these that will change accounts – ISAs or whatever every year and go for the best deal ... my wife is always telling me we have too many accounts because I have money here there and everywhere to get the best rate ... I have a spreadsheet ... I enjoy figures and finance. PrizeSaver, existing member, employer-based*

*It feels very positive as I will be debt free (mortgage aside). I have been very conscious of building up as much savings as I can, while I am in a stable career. PrizeSaver existing member, employer-based*

- 4.27 Those who looked on their financial position negatively cited a range of reasons for this – some had reported reduced income (e.g. pay cut at work, retiring, partner passing away so losing pension income) and some reported no income (if training, losing job, or disabled and unable to work). A few said they would like to be able to save more, and several said they were trying to save, finding it difficult but managing to save just small sums each month.

*I feel a bit anxious at times not knowing if I have the money to pay the bills at the end of the month...I am still saving a small amount like I did before, just in case, [but] have cut back on other things especially with Christmas coming. PrizeSaver, existing member, community-based*

*Moneywise I struggle at the moment [not working, living in temporary accommodation, two young children]. Saving is hard but I have to try. PrizeSaver, existing member, community-based*

- 4.28 Of the interviewees who had described their financial position in neutral terms (stable/ reasonable/ okay), several of them said they could afford to save regularly, whilst others said they would like to be able to save more but were on a tight budget. Scenarios often included a stable job or stable income but a desire to want to build up savings to cover emergencies or unexpected events. Some mentioned saving towards specific events such as Christmas, or a wedding or funeral; whilst others cited wanting to save for their own children's expenses or their children's futures.

*My financial situation feels stable, but I am not able to save more than £10 or £20 a month at the moment. PrizeSaver, existing member, employer-based*

*A lot better than a year ago [CU having provided a loan to help pay off debts]. We are both in work now, paying off the loan, putting a little bit away, can afford food...I feel pretty good about myself – I put £20 a month into the PrizeSaver – it's good to know it's there. PrizeSaver, existing member, community-based*

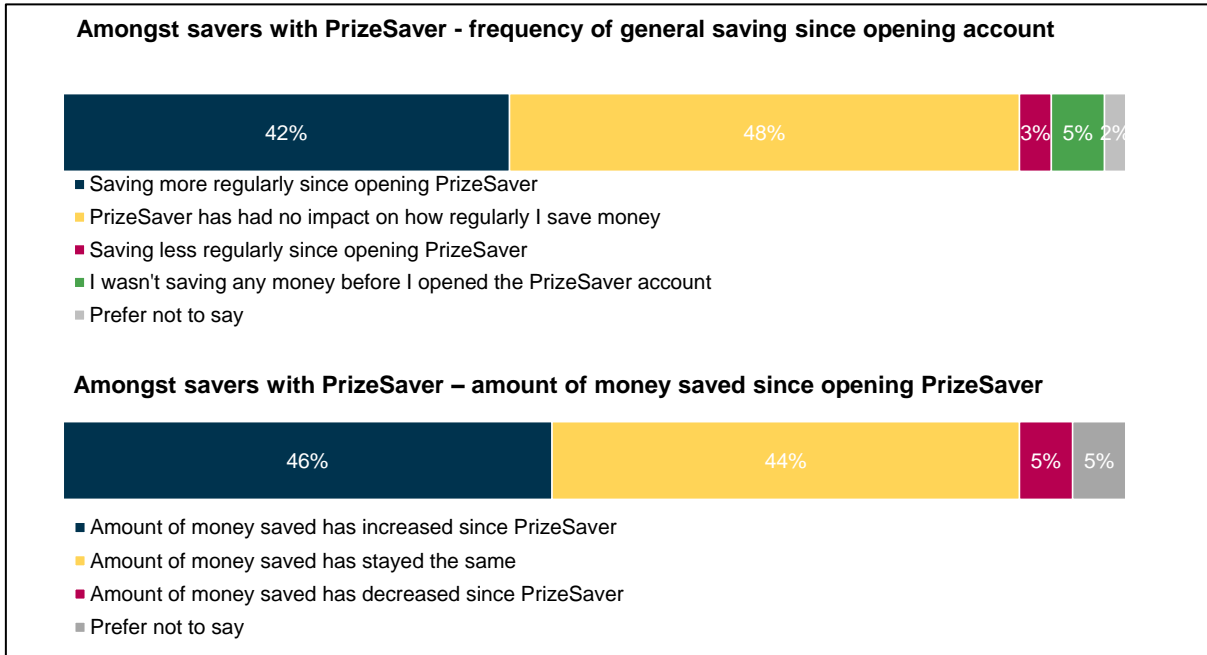
### Changes in saving behaviour since opening a PrizeSaver account

- 4.29 Encouragingly, since opening their PrizeSaver account around two in five who saved every, most or some months, said that they were saving more regularly (42%) and very few were saving less regularly (3%). However, around half said that opening the PrizeSaver account had no effect on the frequency with which they save (48%). As shown in **Error! Reference source not found..**



4.30 PrizeSavers were also asked about the overall amount of money they had saved since opening their PrizeSaver account. There was an even split between those saying that the amount of money saved had increased (46%) and those saying that the overall amount of money saved had stayed the same (44%). Very few said that the amount of money saved had decreased (5%), that is they had withdrawn more money than they had saved.

**Figure 4.5 Change in frequency of saving and amount saved since opening PrizeSaver**



Base: PrizeSavers who save every, most or some months (264), B12, B13

4.31 Looking across the subgroups of customers who saved into their PrizeSaver account every, most or some months, there were differences in their saving behaviour by age. Younger PrizeSavers, aged 18-34, were more likely to be saving more regularly, compared with older savers (56%, compared with 32% of those aged 55+) and indicated that the amount of money saved had increased since opening a PrizeSaver account (64%, compared with 45% of 55+ year olds). In contrast, the majority of older PrizeSavers (59%), reported that PrizeSaver had no impact on how regularly they save money.

4.32 There were also variations by membership length and type of credit union. Newer members and members of community-based credit unions were more likely to highlight how they were saving more regularly since opening a PrizeSaver account (52% and 50%, respectively), compared with members who had been with a credit union for a year or more and those in employer-based credit unions (38% and 34%, respectively).

4.33 The qualitative research further explored the impact of PrizeSaver on frequency of saving. Where customers said PrizeSaver had made little difference on their savings behaviour, for some, a long-standing savings mentality already existed and opening a PrizeSaver account was just a vehicle for an established habit. Others were already credit union members and just switched accounts or opened an additional account but did not change the amount they saved each month. A few remarked on how the appeal of the PrizeSaver was akin to Premium Bonds, which they would not necessarily increase their investment in after the first deposit.

*Like a Premium Bond, but with more liquidity and at a lower cost [of initial investment]. From my perspective it is a Premium Bond for people who can't afford the £100 to start one. PrizeSaver, existing member, employer-based*

- 4.34 However, 42% of PrizeSavers were saving more regularly since opening the account; and this was reflected in the qualitative discussion, with some interviewees reporting that the scheme *had* changed their attitudes towards saving and in a *positive* way; their most common reflections were that the incentive of the prize had encouraged them to save or that it motivated them to build up 'a buffer' of emergency funds. A few said that seeing how little amounts could build up was motivating and they were working towards the £200 target or that seeing how easy it was to save with a credit union gave them the motivation to save more. Another said it had encouraged them to start saving for the children's futures.

*It is good because it gives you an incentive because you could win £20 so incentive to leave it there and forget about it and then you have so many entries for the draw ... instead of wasting £2.50 on a lottery ticket you know you are saving and entered into a draw so you tend to leave it in that account. PrizeSaver, existing member, community-based*

*Because you can see the little amounts – even if you've saved a little bit, it's there if you need it for an emergency. PrizeSaver, existing member, employer-based*

*You can't lose because, at the end of the day, it's your money you're putting into it – it's your savings. [It] makes me leave the money in there because if I withdraw it, I won't win anything. PrizeSaver, existing member, employer-based*

- 4.35 Where customers said they were able to save more since opening the PrizeSaver account, reasons for this included: joining the scheme during lockdown when restrictions meant spending less on leisure, travel to work or luxuries; getting a new job or a wage increase; having freed up money after paying off a loan or credit card debt. Others had opted to transfer the amount they were saving directly from their salary at the point of joining.

*Saving more because of Covid and lockdown – we are spending less on going out - like on restaurants and stuff. So, all that goes into the savings pot! PrizeSaver, new member, community-based*

*I know it's a drop in the ocean, but I have gone up. I have a better job now that gives me more money. PrizeSaver, existing member, community-based*

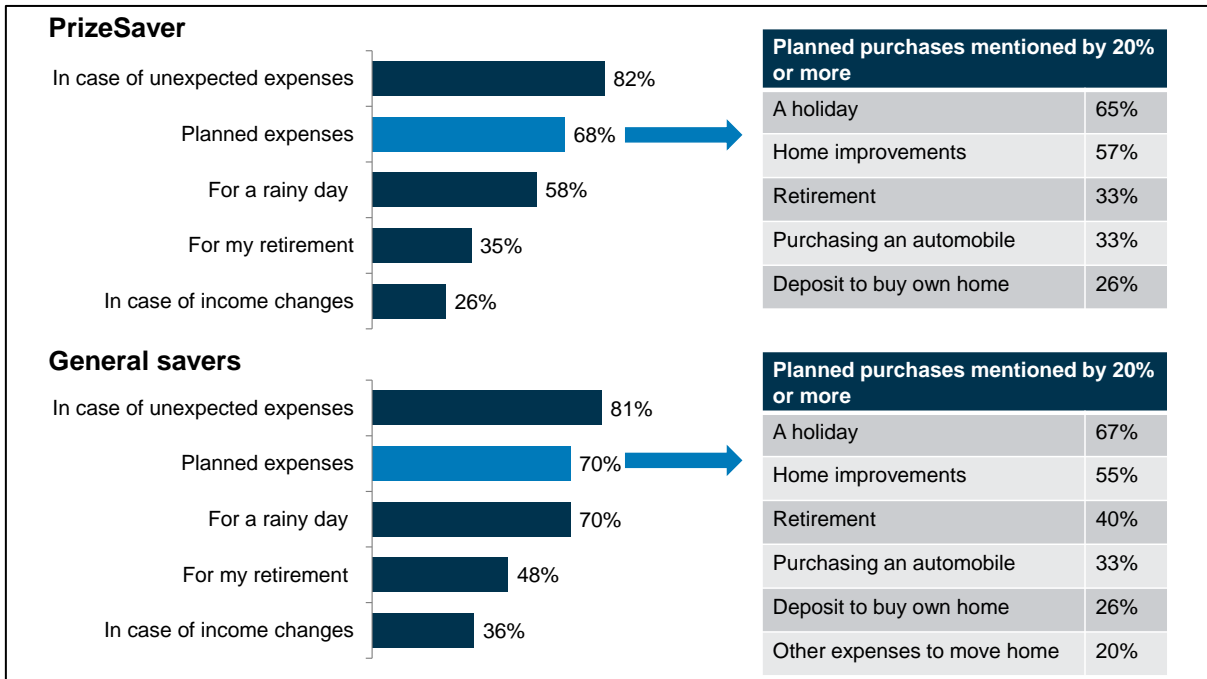
- 4.36 The few who were saving less since opening the PrizeSaver account, generally said it was due to a drop in income, resulting in no surplus income for saving, or as a result of the Covid-19 pandemic which has affected their ability to earn. Only one said they were saving less due to increased expenditure since lockdown. Nobody who participated in the qualitative research said that dissatisfaction with the PrizeSaver product was their reason for not saving into it.

### **Purpose of saving**

- 4.37 The survey asked about people's motivations for saving. As echoed by the qualitative research, the majority of PrizeSavers were saving for unexpected events (82%), planned expenses (68%) or a rainy day (58%). These were also the most common motivations for saving amongst general savers, as shown in Figure 4.6.
- 4.38 However, there were some differences in the reasons for saving among the two groups, with general savers more likely / more able than PrizeSavers to be saving for a rainy day (70%),

compared with 58%), for their retirement (48%, compared with 35%) and in anticipation of any future changes in income (36%, compared with 26%).

**Figure 4.6 Reasons for saving and specific planned purchases**



Base: All PrizeSavers (422), General savers (1,001), A4

Base: All PrizeSavers who saved money for a planned expense (287) and General savers who saved money for a planned expense (699), A5

4.39 Among those who were saving for a planned expense/purchase or event, the priorities of PrizeSavers and general savers were aligned with a holiday as the top priority, followed by home improvements and retirement.

*Very much my back-up...washing machine or car breaks down, safety net I suppose.* **PrizeSaver, existing member, community-based**

*With two children, it means I can give them something they really want at Christmas.* **PrizeSaver, existing member, community-based**

*I'm thinking of putting it towards a holiday – but I'm really using it as an emergency fund* **PrizeSaver, existing member, employer-based**

### Perceived financial well-being

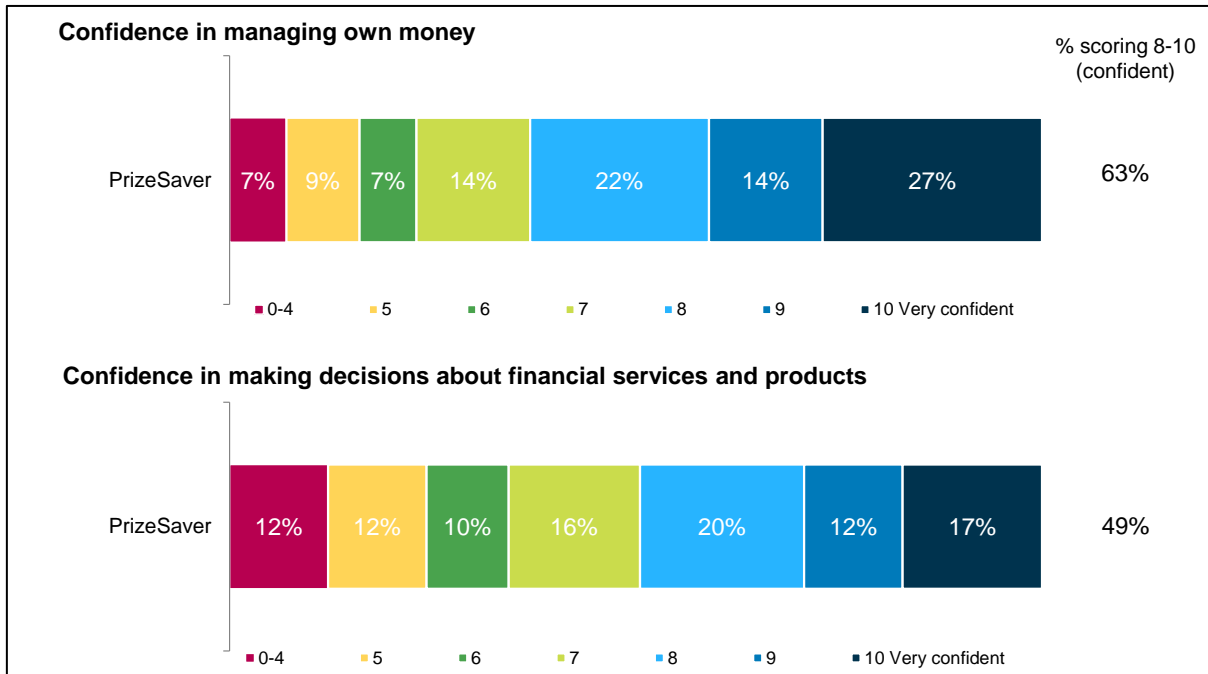
4.40 In addition to savings behaviour, the survey also sought to understand how PrizeSavers felt about their financial well-being and resilience, in terms of their confidence in managing their money and perceived control of their financial position.

#### Confidence in financial management

4.41 Around two-thirds of PrizeSavers (63%) expressed confidence when it came to managing their own finances (defined as a rating of 8-10 on the confidence scale). However, 7% had little or no confidence (a score of between 0 and 4) in their ability to manage money. See Figure 4.7. Confidence was lower still when it came to making decisions about financial services and

products. Around half (49%) of PrizeSavers expressed confidence, while one in ten had little or no confidence (12% of PrizeSavers).

**Figure 4.7 Confidence in financial management**



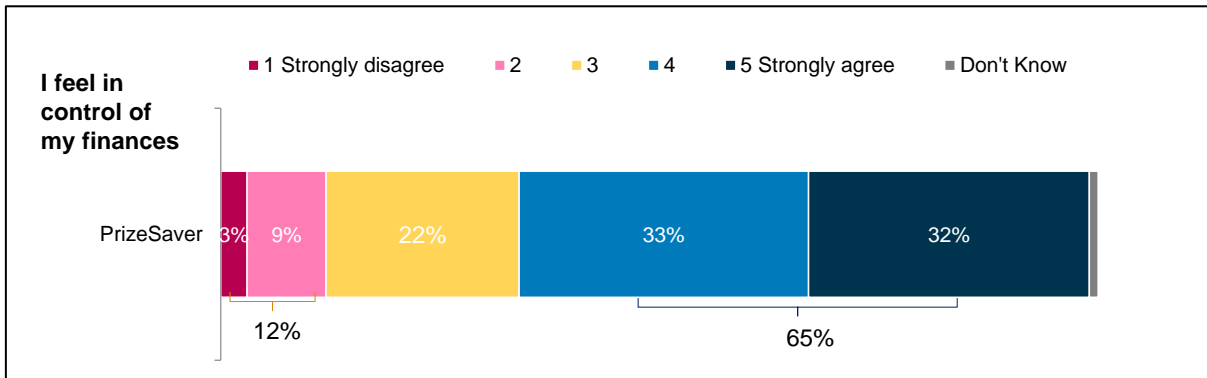
Base: All PrizeSavers (422), A1

4.42 General savers had a similar level of confidence in managing their own finances; 68% expressed confidence, compared with 63% of PrizeSavers (defined as a rating of 8-10 on the confidence scale). However, they were more confident in making decisions about financial services and products; 59% expressed confidence (defined as a rating of 8-10 on the confidence scale), compared with 49% of PrizeSavers.

**Control over finances**

4.43 Overall, the majority of PrizeSavers (65%) agreed with the statement 'I feel in control of my finances'. However, one in ten (12%) did not, as shown in Figure 4.8 below. Significantly more general savers, than PrizeSavers, felt in control of their financial situation (76%, and 65%, respectively).

**Figure 4.8 Attitudes towards financial control**

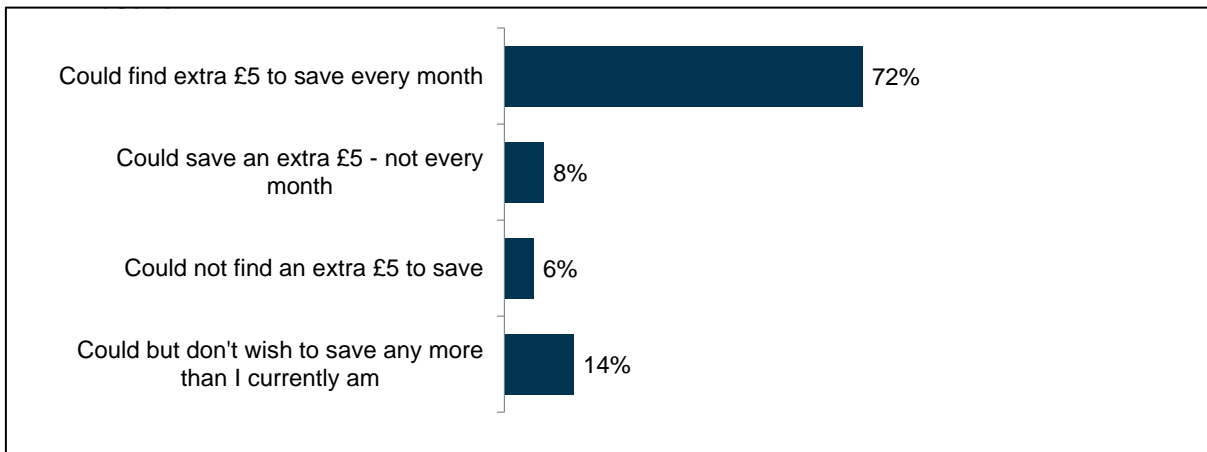


Base: All PrizeSavers (422), A2. Percentages under 3% not shown.

**Potential to save more**

4.44 As a further indicator of financial well-being and an indicator of future behaviour, the survey asked about the capacity to save more. PrizeSavers were also asked whether they could afford to save an extra £5 per month if they chose to do so. Most said they could find an extra £5 per month to save (72%), see Figure 4.9. Just under one in ten (8%) said they could find an extra £5, but not every month. Only one in twenty (6%) PrizeSavers said they would not be able to find an extra £5 to save and around one in seven said that they ‘could but don’t want to save any more’ (14%).

**Figure 4.9 Capacity to save more at the moment**



Base: All PrizeSavers (422), B14

4.45 PrizeSavers who were not confident about managing their own money were more likely to say that at the moment they could not find an extra £5 to save, than those who were confident (13%, compared with 4%). Unsurprisingly, PrizeSavers who had taken a payment holiday as a result of the pandemic were more likely to say that they could not find an extra £5, than those who had not done so (19%, compared with 4%).

4.46 The qualitative interviews explored expectations around future saving, with most saying they planned to continue saving into their Prize Saver account. The most popular reason being the prize incentive:

*Yes, because I still want to try to win the prize and it makes me more likely to save. PrizeSaver, existing member, community-based*

*Without wishing to sound greedy, the opportunity to win money while saving is phenomenal. PrizeSaver, new member, employer-based*

*The carrot of the draw without having to buy those raffle tickets...It's a gambler's get out – hope! Instead of saving £10 a month and spending on two tickets, I now save £20 a month and get a chance to win some money anyway, so quids in! PrizeSaver, existing member, community-based*

- 4.47 Only a handful said “no” they would not be saving any more into the account, and this was because they had already put in £200 which was the maximum in terms of securing further draw entries so they saw no point in adding any further money into the account.

*Once you've met the £200 limit and you are in the prize draw then there is no other reason to invest more. PrizeSaver, existing member, community-based*

*If they increased the limit it would have to be a bigger prize obviously, and then I would just keep putting more money in there. PrizeSaver, existing member, employer-based*

*As far as I am aware the £200 is the limit, so as long as I have £200 in it that's the limit. So, I will only put money {in the future} into my other credit union account to save. PrizeSaver, existing member, employer-based*

- 4.48 Different factors may be more important at different times in people's lives, and some will be more proactive and others more reactive or passive. Those citing personal financial circumstances for not saving more, said it would either need to be an increase in income, for example a salary increase, or inheritance, or a reduction in expenditure, such as spending less on their home improvements/appliances or finishing paying off debts, to increase saving into their PrizeSaver account.

*I'd need either a salary increase, or potentially paying off a debt may mean I can redirect some money into saving. Saving really needs to be important but it is just not quite the top priority yet. PrizeSaver, new member, employer-based*

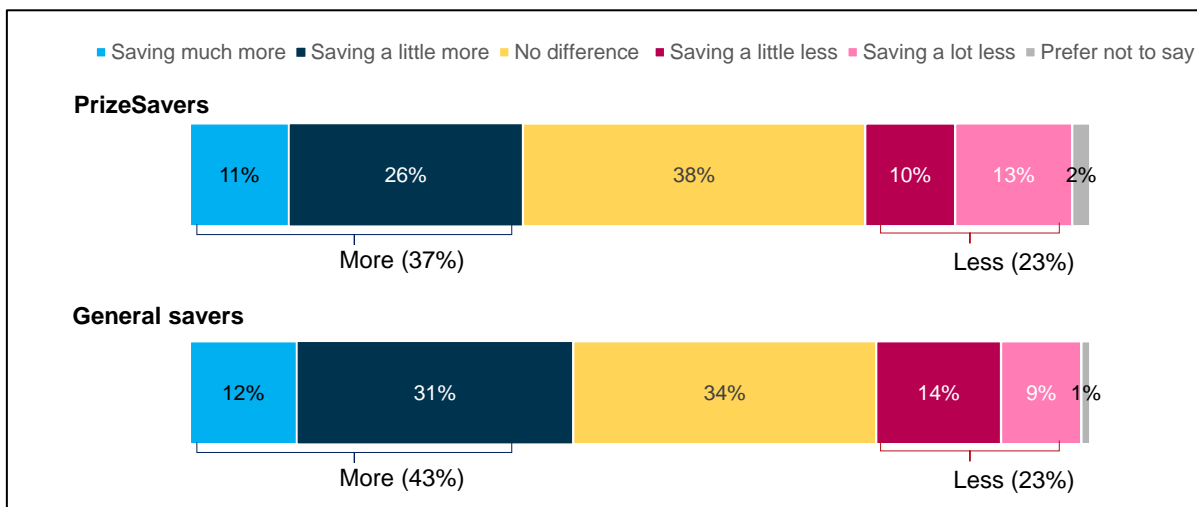
*£10 a month has been set and it is too difficult to change – I don't know how to change it...I'm not even sure if I chose £10 – I'm sure I wouldn't have chosen such a low number! PrizeSaver, new member, employer-based*

## The impact of Covid-19

### Savings behaviour

- 4.49 The survey of PrizeSavers and general savers explored the impact of the Covid-19 pandemic on an individual's ability to save. Overall, the pandemic had allowed people to save more (41%), rather than less (23%). Just over a third of savers (35%) said it had made no difference.
- 4.50 As shown in Figure 4.10, there was a small, but significant, difference between the impact that the Covid-19 pandemic had on PrizeSavers and general savers. Individuals with PrizeSaver accounts were more likely to report that they were saving a *lot* less (13%, compared with 9% of general savers), while general savers were more likely to find themselves saving more (43%, compared with 37% of PrizeSavers).

**Figure 4.10 Impact of the Covid-19 pandemic on savings**



Base: All PrizeSavers (422), All general savers (1,001), A6

4.51 The impact of Covid-19 on individuals’ ability to save varied by credit union type; with community-based credit union members more likely to save less during the pandemic, compared with members of employer credit unions (28%, compared with 18%).

4.52 Qualitative interviews reflected the survey findings, with more reporting ‘no change’ or a ‘positive impact’ than reporting a ‘negative impact’. The main reason people were able to save more was that they were spending less on going out, socialising or for entertainment and there were fewer opportunities for impulse purchasing. This was often thought to be a ‘short-term’ effect which would cease when Covid-19 was over. Some reported reduced travel costs if they were now working from home– which some felt could be a long-term effect as they did not think that working location would necessarily return to what they were pre-Covid.

*I was furloughed for 12 weeks and I managed to save more money than I normally would!*  
**PrizeSaver, existing member, community-based**

*Since Covid I’m working from home - income has remained static but fewer outgoings due to less travel and buying lunches etc. As a result, I am saving double to last year – up from £150 per month to £300 per month. When life gets back to normal, my spending habits will get back to normal.*  
**PrizeSaver, new member, community-based**

*We were stuck inside so long [due to lockdown] so I couldn’t go out and waste money. Outgoings were minimal. The food bills went up a little bit but nowhere near as much money as on commuting and I paid off some debts and had a little space [to save].*  
**PrizeSaver, new member, employer-based**

4.53 Those who felt that their financial situation or ability to save had been *negatively* impacted by Covid-19 generally reported reasons related to a reduction in income rather than an increase in expenditure, which were typically due to higher utility or food bills, buying fitness equipment or helping out other family members. A reduction in income was largely a result of being furloughed or loss of earnings; losing their job completely or not being able to find work. Some of those who reported a drop in income said this meant they could no longer save a little each month, as they had no surplus; whilst others were still saving – either because they had experienced a reduction in expenses during lockdown or because they had been spurred on to keep saving because Covid-19 had highlighted how uncertain life can be. There were mixed

feelings about whether job insecurity or loss of earnings would be short- or long-term and a couple expressed anxiety about this.

*I feel like I have less job security. I work for a small business and I am not confident that there will still be a job for me in a year's time if this pandemic carries on the way it is. PrizeSaver, new member, employer-based*

*We are being careful with money as the future is uncertain. PrizeSaver, existing member, employer-based*

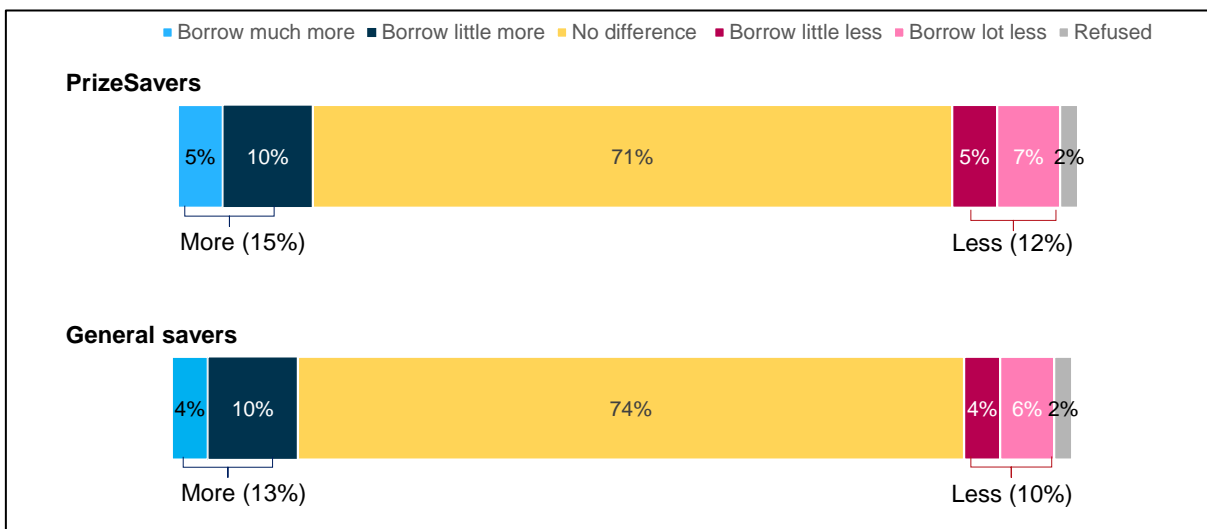
4.54 Given that the PrizeSaver pilot ran, for a large part, concurrently with the Covid-19 pandemic, it is not surprising that it is the main issue raised when PrizeSavers were asked whether they felt their financial circumstances and their ability to save had changed at all since opening their account. Other factors that had helped to improved individual's financial situation since opening their PrizeSaver account were starting a new job, an inheritance, paying off their mortgage and downsizing property.

4.55 Those who felt their financial situation and potential to save, in general, had *deteriorated* cited a range of reasons, but Covid-19 was implicated as an underlying factor behind most of the issues raised. For example, being furloughed; reduced income or loss of overtime; losing a job; not being able to find a job; saving less and taking money out of savings to pay for hobbies/activities during lockdowns. Just a few people mentioned non-Covid-19 related changes in circumstances which negatively affected people's ability to save, namely retirement; a new baby; a pay cut at work due to restructuring, a partner dying and buying a home.

**Borrowing behaviour**

4.56 Figure 4.11 shows the impact of the Covid-19 pandemic on the need to borrow, with people who need to borrow often less likely to be able to save. For most PrizeSavers (71%) the pandemic had no impact on their need to borrow, in fact around one in ten said it had resulted in a need to borrow less money (12%). However, around one in seven (15%) said that because of Covid-19 they had needed to borrow more money. This pattern was also consistent across general savers.

**Figure 4.11 Impact of the Covid-19 pandemic on borrowing**



Base: All PrizeSavers (422), All general savers (1,001), A7



4.57 Those groups who were highlighted as being unable to save during the pandemic were also more likely to borrow money i.e. PrizeSavers who were members of a community-based credit union (20%, compared with 10% of those in employer credit unions).

4.58 For the most part, qualitative interviews mirrored the survey findings. Among those who were borrowing less, it was typically a result of taking up a new job or additional work in response to the pandemic. One individual talked about returning to work early from maternity leave, while another had re-entered the job market.

4.59 Some respondents gave reasons for being unlikely to take out loans in future – but these seemed to reflect their general reticence to get into debt again rather than any specific effect of the Covid-19 pandemic *per se*. Others highlighted their fears about economic recovery and job security during and after the pandemic, and were unlikely to take out a loan in this climate.

*There is nothing I want that badly in the world where I would do that to myself again [get into debt]. PrizeSaver, existing member, employer-based*

*Because of my tough situation [bad credit rating in the past] I can't get any loans anyway – which is why it's important that I put money aside. PrizeSaver, existing member, community-based*

*I'm less likely to take out a loan while [Covid is happening]. I'm just being cautious and unsure about the future of the economy. PrizeSaver, existing member, employer-based*

4.60 Only a minority of PrizeSavers in the quantitative research (15%) anticipated a need to borrow a little, or much, more in the future, as a result of Covid-19. Reasons included contemplating a loan due to job insecurities, to cover day-to-day essentials or due to concerns about financial stability due to a loss of income:

*I am very wary of trying to [take out another loan] ... I had to do some emergency stuff [borrow money] just to get through, so now I am trying to look at the fallout of that. PrizeSaver, existing member, community-based*

4.61 Most PrizeSavers (89%) did not take a payment holiday on existing loans; just one in ten (9%) did so as a result of Covid-19. This finding is largely consistent across sub-groups.

## 5 Future direction

- 5.1 This chapter examines the future direction of the prize-linked savings model, from the perspective of PrizeSaver account holders' and credit union representatives. It explores whether there are any changes which would need to be made for the pilot to be rolled out more widely and whether PrizeSavers would recommend the product to others. Credit unions' views on the financial sustainability of the model are also explored, focusing on whether they will continue with the scheme and, if so, how this might work. The final section of the chapter looks at learnings from the pilot, and suggested improvements from PrizeSaver and credit union respondents.

### Summary of key findings

- Almost all PrizeSavers would recommend the scheme to a family member or friend, with the chance to win a prize the most attractive element, although heavily underpinned by the goodwill felt towards credit unions.
- Credit union representatives typically felt the scheme had good potential to encourage existing members to save and to attract new savers to the credit union in the future. Almost all credit unions are continuing with PrizeSaver following the end of the pilot scheme.
- A range of improvements were suggested by credit union representatives for future rollout; improved marketing to attract new savers was the most commonly cited suggestion for improvement from credit unions.
- Increasing the upper savings limit, spreading prizes so more people can win something and weighting the likelihood of winning by in-month deposits were suggestions for improvement shared by PrizeSavers and credit unions. Credit union representatives cautioned that any change in the model, particularly relating to prize structure, should be consistent across all participating credit unions for fairness.

## PrizeSavers' views on future potential for the scheme

### Likelihood of recommending the scheme

- 5.2 Encouragingly, almost all PrizeSaver account holders who participated in the qualitative research would recommend the scheme to a family member or friend; most frequently citing the chance to win a prize as the main reason why. Reassuringly, although almost all participants in the qualitative research had not yet won a prize, this did not appear to be a disincentive to continuing to save with the account. It would seem the *potential* to win is a motivating factor.

*Yes, because everyone's luck is different, and it will benefit someone who wins it.... You've got to be in it to win it.*

**PrizeSaver, Existing Member, Employer-Based**

*I said if you enter the Prize Saver you don't need to buy a lottery ticket each month because you automatically go into a draw.*

**PrizeSaver, Existing Member, Community-Based**

- 5.3 Positive views on PrizeSaver were often underpinned by a broader sense of goodwill towards credit unions for helping communities and providing low-interest loans. It is hard to unpick which of these factors most heavily influenced the willingness to recommend PrizeSaver.

*I'd mention credit union accounts before the PrizeSaver...if they wanted a nice, ethical, safe investment that they wouldn't lose out with [CU].*

**PrizeSaver, Existing Member, Community-Based**

*I told them about how much good work they do, and I told her about the prize fund and that was an extra bit of encouragement. She could put her money somewhere ethical and also win some money.*

**PrizeSaver, Existing Member, Community-Based**

- 5.4 Other reasons given for recommending PrizeSaver focused on the ease of saving; either through having access to the account online, being able to save relatively small amounts or starting with a low deposit, or the convenience of being part of a scheme that deducts savings from their payroll:

*I've already recommended it to my family ... you can save straight from your salary-this way, it's taken straight out, you don't think about it, it's done.*

**PrizeSaver, New Member, Community-Based**

*It's easy to save. It doesn't have to be a large amount of money.*

**PrizeSaver, Existing Member, Employer-Based**

- 5.5 Indeed, the perception that high street banks and building societies were offering low interest rates for savings was another reason why the PrizeSaver scheme, and the possibility of winning a prize, was viewed as an attractive alternative and recommended to others.

- 5.6 A few people did add caveats in recommending the prize-linked savings model, notably regarding an individual's financial situation and how it was better-suited for small savers, as it did not offer the benefits that some accounts offer larger savers. The difference that winning the headline prize could have on small savers was also highlighted in this context, alongside the ability to open the account with a smaller deposit than many accounts, including Premium Bonds.

*If there is an opportunity for [£200] to increase by £5,000. That is quite big, even though the chances of that happening are small, it is a chance for a life-changing amount of money.*

**PrizeSaver, New Member, Employer-Based**

- 5.7 Other caveats to recommending the scheme focused on eligibility, specifically from members of employer-based schemes who were unsure whether credit unions were available for all and others who were unsure about whether the scheme was only available in their region.

- 5.8 Among the minority who would not recommend PrizeSaver, the main issue was that they had not personally won a prize and were largely unaware of anyone who had. Premium Bonds were highlighted, in this context, as providing a more realistic chance of winning money, due to personal experience or that of friends. This emphasised the need for more publicity around PrizeSaver prize winners, to provide people with the reassurance that they had a realistic opportunity of winning a prize, which would in turn, give account holders the confidence to recommend the scheme.

*No because I've not won anything.*

**PrizeSaver, Existing Member, Community-Based**

*If you recommend something, they want to win something. They may say to me, we haven't seen any winnings so what's the point.*

**PrizeSaver, Existing Member, Community-Based**

*I'd probably sooner recommend Premium Bonds - I win on them!*

**PrizeSaver, Existing Member, Employer-Based**

- 5.9 Indeed, a lack of overall awareness of PrizeSaver or knowledge of elements of the product was another reason which held a small number of people back from recommending the scheme. Other reasons cited by a small minority for not recommending PrizeSaver included difficulties in signing up to the scheme, changing direct debits, or other payment issues, alongside issues with the App not being as user-friendly as other accounts they hold online.

### Credit unions' views on future potential for the scheme

- 5.10 Although only around half of the credit unions interviewed as part of the qualitative research felt that the PrizeSaver pilot had worked well for them (and this was typically larger credit unions, with larger membership bases and marketing budgets), nearly all have continued with the scheme.

*It's got legs, it could be a really nice product... There are some frustrations but, overall, it's been pretty successful.*

**Credit union representative, Employer-Based**

*It's worked exceptionally well for us given the situation over the past 12 months. It's encouraged people to save.*

**Credit union representative, Community-Based**

- 5.11 Reasons cited for continuing with PrizeSaver centred on how the scheme improved financial resilience through encouraging and promoting saving with existing members, while also providing a new "hook" to incentivise first time savers. Some highlighted how this new product had strengthened relationships with existing clients, and many saw this as a key benefit.

*I think it's a very, very innovative savings model... It's a very nice addition to anyone's suite of products ....and the benefits are abundantly clear.*

**Credit union representative, Employer-Based**

*A lot of our existing members using the product now would be disappointed if it didn't continue.*

**Credit union representative, Employer-Based**

- 5.12 A consequence of attracting new savers, and a further reason for continuing with the PrizeSaver scheme, was the potential to raise awareness of other credit union products, such as loans.

*It could make us more accessible and more widely known and more attractive to more people.*

**Credit union representative, Community-Based**

- 5.13 Just a small number of credit union representatives expressed reluctance at continuing with PrizeSaver at the end of the pilot. This was largely because credit unions expected higher take-up among new savers, with the bulk of membership coming from existing customers who simply transferred money across from other credit union accounts.

*It's [take-up] so low, and we'd have to pay to keep it running.*

**Credit union representative, Community-based**

*Definitely expected the uptake in new members to be massive and it hasn't really happened in large numbers.*

**Credit union representative, Employer-Based**

## Lessons learnt from the PrizeSaver pilot

### Credit union perspective

5.14 The approach to marketing PrizeSaver was a recurring theme from credit union representatives, in terms of changes they would like to see made to the scheme to carry it forward. The key recommendation was to focus on new, rather than existing, members. While larger credit unions had experienced some success attracting new members, as a result of their own marketing efforts via email and social media, smaller credit unions largely had not.

*We'd hope to attract more smaller savers and maybe a new demographic - people who can afford to save regularly but hadn't thought of credit unions*

**Credit union representative, Community-based**

*I'd want it to be more to really encourage new membership new savings rather than possibly churn existing savings*

**Credit union representative, Community-Based**

5.15 There was optimism that a targeted marketing campaign could be effective in attracting new types of savers to credit unions and raise awareness of other credit union products, but emphasised that it should be a Britain-wide campaign<sup>7</sup>:

*"It could be quite a shift... it's something that would be attractive to working, white-collar people: The majority of who are paying too much for credit.*

**Credit union representative, Community-Based**

*We want to focus on that 18-30 age bracket and are looking for ways for them to know that this is a place that belongs to them so if it could have that branding and spread out across more credit unions, it could be very powerful.*

**Credit union representative, Community-Based**

5.16 Credit union representatives also reflected there was a reliance on technology to ensure the smooth running of the scheme, particularly the prize draws, and mentioned a number of technical issues at the start of the pilot scheme. It was acknowledged that these issues had been ironed out at the start of the scheme, but this highlights the importance of piloting and testing any changes to existing programmes or new automated processes ahead of rollout.

5.17 Restructuring the prize draw model was another common theme in discussions around possible improvements to the scheme. Suggestions on the best way to design the draw were

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<sup>7</sup> Assuming that a roll out was also across all credit unions in Great Britain.

varied; with some recommending more prizes at lower levels so more people have more chances to win - which was considered to be in line with the ethos of credit unions, while others wanted fewer, higher value prizes. Other suggestions included pegging the monthly prize to the value of the fund, to encourage savers to save more.

- 5.18 Another commonly discussed option to increase the appeal of the scheme was increasing the draw threshold above £200. However, there was also an awareness of the need to incentivise regular saving. One suggestion was to make prize draws only available to those who had put new deposits into their account that month or weighted towards those who had increased their savings in any given month.

*We do have some members who would like to save more than the £200 and would be motivated to do that but still preserve the lower income track because we know it makes such a difference to people. We know that two to three hundred [pounds] at the right time in someone's life helps completely to stabilize their finances and it is part of our ethos to support that.*

**Credit union representative, Community-Based**

*The impact I'd hope for would be that more and more members build up a regular savings habit..... rather than just dumping the maximum in and leaving it. It's not the amount, it's the habit of saving.*

**Credit union representative, Employer-Based**

*Rather than a max of £200 maybe only put new deposits that month into the draw ... to encourage people to actually to save ... that is a more effective way of doing it so it has to be what you have saved into the account that month.*

**Credit union representative, Community-Based**

- 5.19 Finally, credit union representatives wanted to see more communications about the outcomes of participation, both the benefits of building up savings and the chance to win a prize. Some felt that this had been lost along the way, with opportunities to publicise winners missed. One representative shared their experience:

*"We've had two large winners so in our eyes, it's worked well. They have been able to promote these wins by using first names only ... that's the reason, they've been able to persuade the Board that it is beneficial for the organisation to continue the scheme and go forward.*

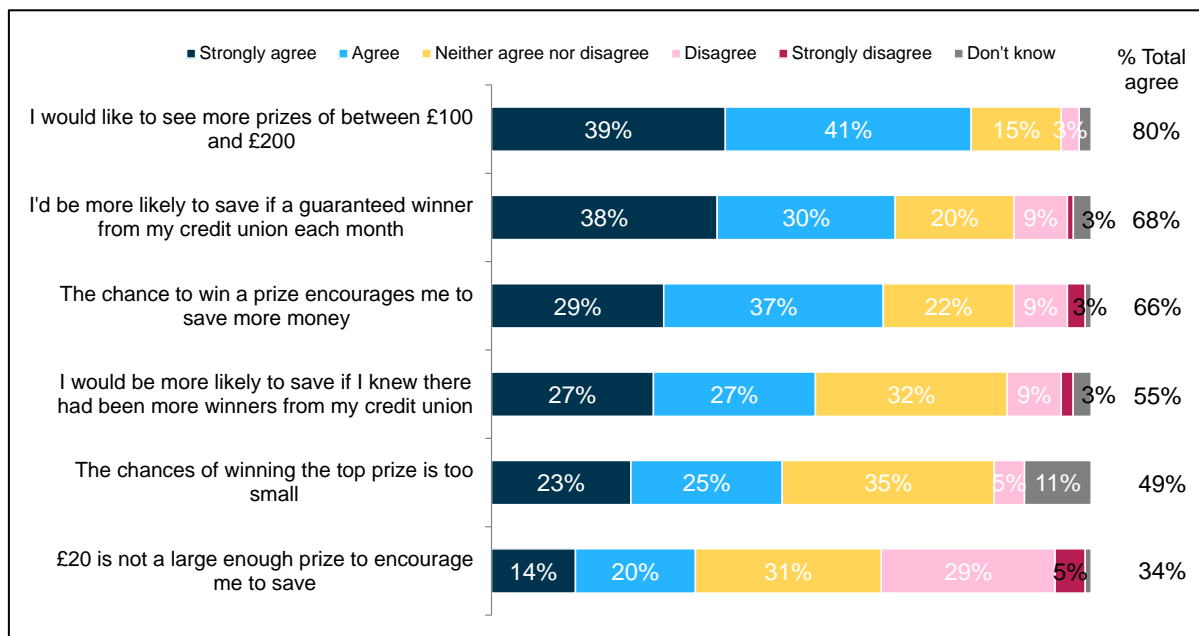
**Credit union representative, Community-Based**

- 5.20 As will be discussed further below, one point of learning from most credit union representatives was a desire for a standard set of rules, with most aspects (particularly prizes) consistent across all credit unions.

### **PrizeSavers' perspectives**

- 5.21 Both the qualitative and quantitative customer research explored potential improvements to PrizeSaver and their potential impact. In the survey a series of statements were shown to PrizeSaver customers to understand which elements of the product attracted customers and views on potential adjustments, see Figure 5.1.

**Figure 5.1 Saver attitudes towards PrizeSaver and impact on behaviour**



Base: All PrizeSavers (422), B17. Percentages less than 3% not shown

5.22 Findings indicates that increasing the number of prizes between £100 and £200 would be key to attracting or retaining members; four in five (80%) PrizeSavers agreed that this change to the PrizeSaver model might further incentivise saving, with 39% strongly agreeing.

5.23 Just over two-thirds (68%) agreed that they would be more likely to save if a winner from their credit union was guaranteed, with 38% strongly agreeing with this potential change to the product. Slightly fewer, but still more than half (55%) said that they would be more likely to save if they knew there had been more winners from their credit union.

*"A bit of a confirmation that people are winning. Otherwise your money is sitting there and you don't know whether anyone is winning in [respondent's location]"*

**PrizeSaver, Existing Member, Employer-Based**

5.24 The motivation to save more money is increased with the chance to win a prize; 66% of PrizeSavers agreed. However, half (49%) felt that the chances of winning the top prize is too small.

*"Having little chance to win a big prize isn't that encouraging"*

**PrizeSaver, New Member, Employer-Based**

5.25 With most of the prizes awarded being £20, the survey offered a chance to sense check whether £20 was sufficient as an incentive to save. PrizeSavers were evenly divided in their opinions. Just over a third (34%) 'agreed' that the value was too low to encourage them to save, but the same proportion (34%) 'disagreed' and three in ten 'neither agreed nor disagreed' (31%).

5.26 Attitudes towards potential changes to attract new PrizeSavers and encourage savers to save more were largely consistent across sub-groups. However, 18-34 year olds were particularly attracted to the chance of winning a prize (74% agree) and would be more likely to save if there

was a guaranteed winner from their credit union each month (77% agree, compared with 55% of 55+ year olds) and if there had been more winners from their credit union (65% agree, compared with 43% of 55+ year olds).

- 5.27 In line with the views of some credit unions, in qualitative research some PrizeSavers suggested increasing the amount that could be invested into the account or lifting the £200 cap on draw entries.

*If I could save more into that account and see the escalating benefits, then yes absolutely, I would use it more if that were the case. PrizeSaver, existing member, employer-based*

*If there was more of an incentive to continue saving i.e. if it was advantageous to me. But if the limit is £200 on the draw entries and there are no other incentives – so no real benefit to [continue to] save more . . . well, I can do that with any other account. PrizeSaver, existing member, community-based*

- 5.28 Also in line with credit unions, some customers also suggested increasing the incentive for building up savings, either by changing the eligibility for the monthly draw to be based on newly invested money or by rewarding regular deposits.

*Change the rules of the scheme, making only money invested that month eligible for the prize. PrizeSaver, existing member, employer-based*

*If you do a twelve-month payment plan into your PrizeSaver and you don't win a prize, you get a minimum £5 ... as a thank you for saving"*

**PrizeSaver, Existing Member, Community-Based**

- 5.29 Other potential new features for the PrizeSaver scheme included: paying a dividend; making changes to the interest rate; making it easier to transfer money from external accounts; changing the prize structure (both to more, smaller prizes and fewer, larger prizes); and a weekly instead of monthly draw.

*With my regular CU savings account, I get a dividend at the end of the year, but I don't get that with the PrizeSaver. PrizeSaver, New member, Employer-based*

*If either the limit was increased to £1,000 into the Prize draw entries, or the money earned interest, it would encourage more savings. PrizeSaver, New member, Community-based*

- 5.30 It is worth noting that qualitative research highlighted the complex interplay of personal financial circumstances, as well as the appeal of the product, that affect individual's capacity to save or their drive to do so. It will not be as simple as amending the model in a certain way and seeing savings immediately change in response.

### How credit unions might collaborate to take the scheme forward

- 5.31 Almost all credit unions said they would be willing to collaborate with others in order to continue the PrizeSaver scheme after the pilot ends. Indeed, at the time of the interview, some were already working together on the intermediate scheme that would run over the subsequent six months. Many felt that collaboration was at the heart of the credit union ethos and welcomed the chance to work together to put theory into practice and lessen the burden of commitment (in financial and administrative terms) on individual unions.



*We've come up with a six-month interim plan between us. We're all going to come together on that and then come up with a longer-term plan to open it out to more credit unions and revise it.*

**Credit union representative, Community-based**

- 5.32 One representative went as far as to refer to PrizeSaver as a 'cure for disparity' among credit unions. There was little appetite for 'going it alone' and some feared that if credit unions were to adopt their own approach to running the PrizeSaver scheme, it could cause confusion for customers and would not be sustainable:

*If [you] have different credit unions all using the same branding, same logo etc with hugely different offerings...potential legal issues...could be a complete disaster.*

**Credit union representative, Employer-Based**

- 5.33 Collaboration was also seen as important for developing a common brand and marketing campaign for the PrizeSaver scheme, with individual representatives keen to learn from other credit unions. There was also perceived strength in numbers if credit unions can come together to make an offer to savers that could compete with high street banks, in a way that would not be possible as individuals.

*If we can combine our numbers, we can combine our different strengths. If we can articulate a more collective message, I think it gets more attention – historically, we have been seen as a bit too individualistic ... being able to offer a kind of branding is quite powerful.*

**Credit union representative, Community-Based**

*If there was an effective marketing campaign with homogenous branding this could increase awareness. Not a silver bullet...but nothing we do is a silver bullet. It's a case of doing lots of smaller different things. We can't do a huge brand awareness campaign like [a major high street bank].*

**Credit union representative, Employer-Based**

- 5.34 Some acknowledged that there would be challenges. The main one was how to fund the scheme, as take-up and success largely depended on the size of the credit union. One solution had been put forward already; all credit unions are to contribute proportionate to their size, and this will be underwritten by one of the larger credit unions for an initial trial period.

*In order to keep the scheme going, we think it is worthwhile incurring an increase in costs in the hope that over the next six months we can come up with something different, so different funding available or to attract more credit unions and spread the cost but still have the product.*

**Credit union representative, Community-Based**

*All the Credit Unions are proportionally putting in money depending on how many accounts they have got so the Credit Union with the most prize saver accounts is putting in the biggest prize pot ... yes that is all decided ... seems fair to me and it is beneficial to all of us.*

**Credit union representative, Community-Based**

Further challenges focused on areas where credit unions would still welcome support from HMT, such as legal advice, and nationwide (rather than local) advertising:

*[It] would be really helpful if it comes from the top [HMT] e.g. an advert on the TV, radio, in newspapers - something that is not easily achievable by Credit Unions who don't have the*

*marketing budgets.... for some small Credit Unions, it would be good to know they'll have technical support and marketing support.*

**Credit union representative, Employer-Based**

## 6 Conclusions

- 6.1 This evaluation aimed to assess the effectiveness of the PrizeSaver prize-linked savings model in achieving two broad aims. These aims were, firstly, to support the social lending sector by raising awareness and membership of Credit Unions and, secondly to support individuals to build financial resilience by getting individuals to start saving and to save more.

### Impact on individuals

- 6.2 As anticipated, the majority of people opening PrizeSaver accounts during the pilot scheme were existing members of credit unions. There is limited evidence that Prize Saver attracted many savers with no prior history of saving (4%). Additionally, most PrizeSavers already had another savings account – often with the same credit union. Additionally, there are some indications that PrizeSavers may be on lower incomes or less financially stable than the general saver group and that they are slightly more cautious in their attitude to money and slightly more likely to feel that they could not influence their financial situation.
- 6.3 The evaluation has identified a significant group of small savers who have been building their savings gradually through PrizeSaver. Those PrizeSavers opening an account with less than £50 (45%) were more likely to be saving more into the account and saving more often, than those with higher opening balances. Of the group with no other savings account (11%), 53% said they were saving more regularly since opening PrizeSaver. Building up savings in this way, through modest sums saved regularly, increases the chance of the behaviour becoming habitual.
- 6.4 Another significant group of PrizeSavers were those who opened an account with the maximum amount and made no further deposits. Almost two in five PrizeSavers opened the account with a £200 deposit (38%), which suggests that they were motivated by the opportunity to win, rather than to build a savings buffer. This is supported by the finding that most of those who said they were rarely/never saving into the account indicated that ‘there was no incentive to do so’ (71%) - most of these were individuals that had opened their PrizeSaver account with £200 (83%).
- 6.5 Qualitatively, the evaluation found that the chance to win a prize acted as an effective incentive to save and that the chance to win did act as a deterrent to withdraw funds. Although over half of PrizeSavers said that it had not affected the frequency with which they were saving, this was often because they were already regular savers with established habits. Where individuals reported that the scheme *had* changed their attitudes towards saving in a positive way, their most common reflections were that the incentive of the prize had encouraged them to save and not withdraw this money.

### Impact on credit unions

- 6.6 Whilst the PrizeSaver pilot has not led to the intended increase in overall membership or in the high take-up of other financial products, credit unions remain positive about having the prize-linked savings model.
- 6.7 Reaching new members is a challenge and credit unions highlighted marketing as a key area for improvement in any future scheme. The evaluation has identified the key drivers for opening a PrizeSaver account which can be built upon in messaging to potential new customers. Key messages might include highlighting the ‘win-win’ nature of PrizeSaver, with the chance to win a prize with no cost or financial loss attached. Amongst those new to the credit union, a

comparison with low incentives (i.e. interest rates) available elsewhere is likely to be effective. For some, highlighting the social benefit of saving with a credit union – helping yourself whilst supporting your community - may also be attractive.

- 6.8 Most participating credit unions are already working to continue the scheme beyond the pilot. Arguably, a large, positive impact of PrizeSaver for credit unions is that it has facilitated collaboration – with support from the umbrella body ABCUL. This is a striking change from earlier in the pilot where credit union representatives described the sector as fragmented, and collaboration as problematic.
- 6.9 It is expected that PrizeSaver will run in this form to September 2021 which gives participating credit unions time to agree the design for any future scheme. Based on the findings from this evaluation, a revised design would benefit from recognising different ways that people use the account. This might include raising the overall threshold above £200, which would create a greater incentive to save more, whilst also doing something to reward regular saving in month. Whatever the design, it must remain simple for customers to understand and achieve a level of consistency in underpinning terms and conditions that support ongoing collaboration between credit unions.

#### **Impact of Covid-19**

- 6.10 In drawing conclusions about the impact of the pilot, it is clearly important to recognise that much of it has taken place in the context of the Covid-19. Individuals have experienced the pandemic in different ways, with many seeing a reduction in travel and leisure expenditure and increased ability to save, whilst others have experienced greater financial insecurity through reduction in working hours, job loss. This experience will affect their approach to financial products and savings behaviour, and it is difficult to say exactly how individuals may have responded to PrizeSaver in a different context.
- 6.11 The rise in saving and reduced requirement for borrowing in the early part of the pandemic inevitably created financial challenges for credit unions. Anecdotally however, credit unions report that these impacts are starting to change with spending and borrowing beginning to bounce back. As things return to normal, these findings suggest that credit unions consider PrizeSaver to be a useful tool in their suite of consumer products.

## 7 Appendix A: Technical Annex

### An overview of fieldwork

7.1.1 Table 7.1 below shows an overview of the quantitative and qualitative research strands.

**Table 7.1 Mainstage fieldwork**

Quantitative		
<i>Strand</i>	<i>Timing</i>	<i>Topics covered</i>
Online survey of PrizeSavers	Wave 1: September – October 2020  Wave 2: January 2021	Why customers opened a PrizeSaver account, opening deposit, how often they save into the account, whether they amount and frequency with which they save has changed since opening their account. Also asks about relationship with their credit union and general attitudes towards finances and savings.  Wave 1: 346 respondents who opened a Prize Saver account between January and June 2020  Wave 2: 76 respondents who opened a PrizeSaver account between July and December 2020.
Online survey of general savers (panel)	Wave 1: September – October 2020  Wave 2: January 2021	Focuses on general attitudes towards finance and savings amongst members of an online panel who had recently opened a savings account with a bank, building society or other provider.  Wave 1: 501 respondents who opened any savings account between January and June 2020.  Wave 2: 500 respondents who opened any savings account between July and December 2020.
Analysis of MI data supplied by the credit unions		Credit unions were asked to provide data on various metrics for the twelve months before the pilot for the PrizeSaver scheme came into effect and the same metrics during the time PrizeSaver has been running. Comparable data was requested for age, gender and loans.
Analysis of data provided by incuto		At the end of the pilot, data was provided by incuto on PrizeSavers account activity such as average opening balance, as well as the frequency and value of deposits and withdrawals.
Qualitative		

Formative interviews with credit unions	May-June 2020	Interviews with senior leaders at all 15 participating credit unions to understand both how they had implemented the pilot scheme and gauge opinions on how effective they think the scheme had been.
Depth interviews with PrizeSavers	November 2020	Sixty depth interviews with PrizeSaver account holders to discuss in more depth the topics covered in the online survey. Opportunity for PrizeSavers to discuss their experiences of the scheme in their own words.
Summative interviews with credit unions	February - March 2021	Follow-up interviews with senior leaders at 15 participating credit unions reflecting on the effectiveness of the pilot, changes made since initial implementation, and expectations for the future.

## Profile of survey respondents

- 7.2 This section present demographic comparisons between respondents to the PrizeSaver customer survey and the 'general saver' survey.
- 7.3 Two waves of the PrizeSaver and general saver surveys were carried out. The first ran from September 2020 to October 2020 and, the second throughout January 2021. Table 7.2 shows the achieved response numbers at each wave. In total, 422 PrizeSavers and 1001 general savers were surveyed.

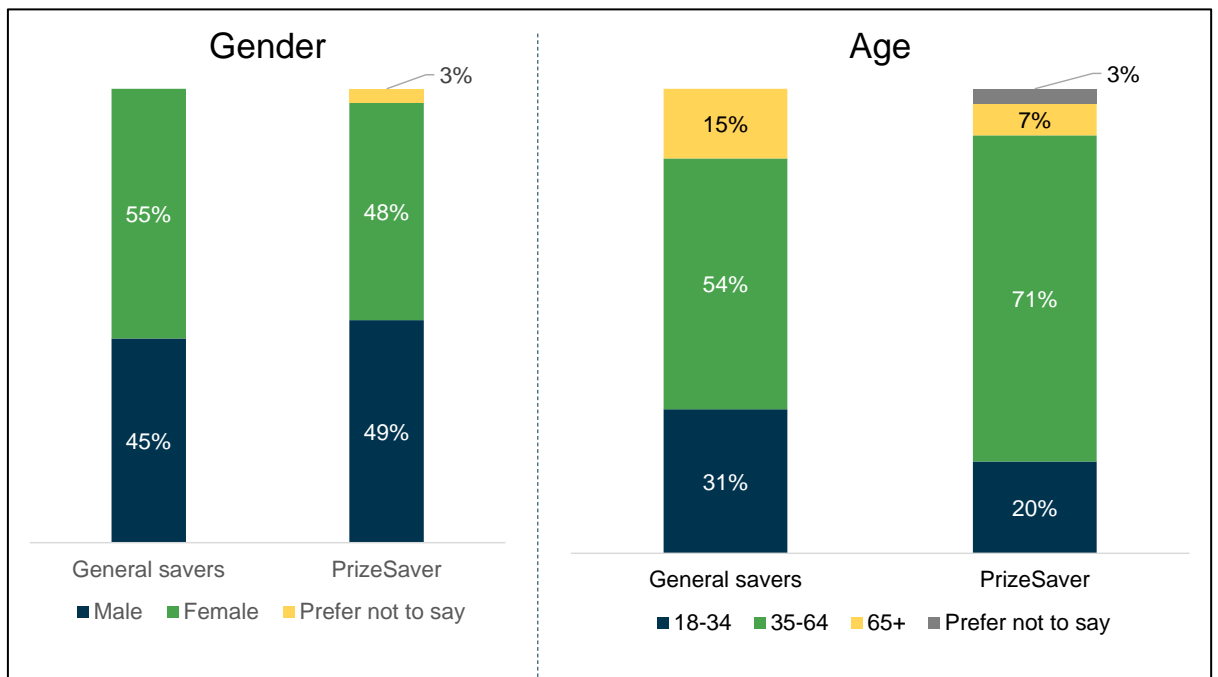
**Table 7.2 Achieved response numbers for PrizeSaver and general saver surveys**

	Number of PrizeSaver respondents	Number of 'general saver' respondents	Total
Wave 1	346	501	847
Wave 2	76	500	576
Total	422	1001	<b>1423</b>

- 7.4 Figure 7.1 shows a balance in PrizeSavers who responded to the survey with 49% male and 48% female. According to Management Information (MI) data provided by credit unions, 59% of PrizeSaver account holders are female and 41% male. In comparison, the general saver respondent profile is skewed towards females (55%) than males (45%).
- 7.5 PrizeSavers are more likely to be aged 35-64 (71%) compared with general savers (54%). PrizeSavers are much less likely to be aged under 35 (20%) compared with general savers

(31%). Less than one in ten PrizeSavers are aged 65 or over (7%); fewer than general savers (15%). The MI data shows that 17% of PrizeSavers are under the age of 35, 73% are aged 35-64 and 10% are aged 65 or over; the profile for PrizeSavers in the customer survey is in line with these figures.

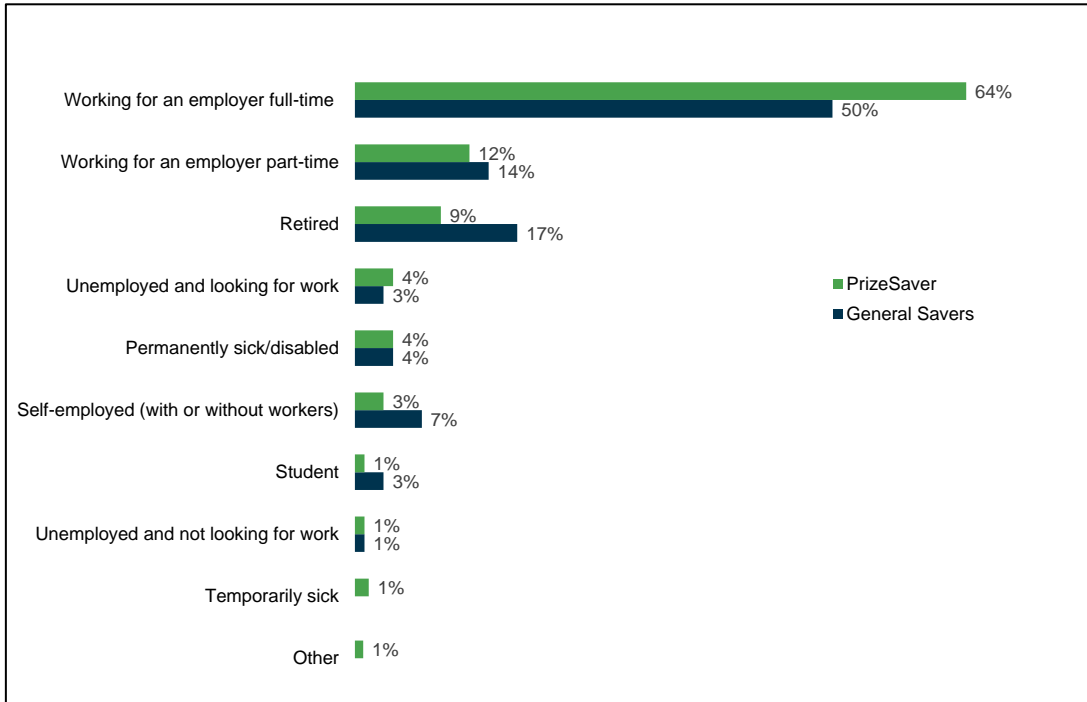
**Figure 7.1 Gender and age profile of survey respondents**



*Base: All general savers (1001); all PrizeSavers (422)*

7.6 Figure 7.3 shows the working status of respondents in the general saver and PrizeSaver surveys. Around two in three PrizeSavers are in full-time employment (64%); this is lower for general savers (50%). The higher prevalence amongst PrizeSavers might be the influence of having three large employer credit unions participating in the PrizeSaver pilot. General savers are more likely to be retired (17%) compared with PrizeSavers (11%) or self-employed (7% compared to 3%). General savers also were slightly more likely more likely to be students (3% vs 1%). There is no MI on working status for comparison with the total PrizeSaver population.

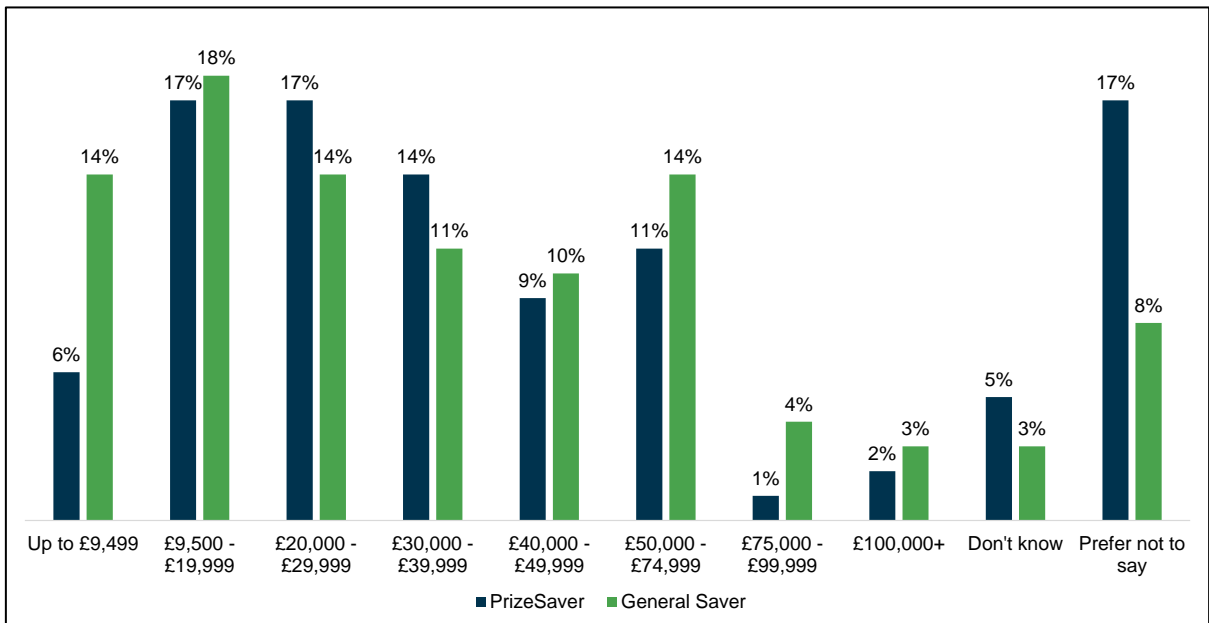
Figure 7.2 Working status



Base: All PrizeSavers (422); all general savers (1001)

7.7 Savers were asked about their household’s total gross income and were given the option to answer on a weekly, monthly or annual basis. Figure 7.4 reports the findings using the annual income bands. It shows that general savers are more likely to have an income of up to £9,499 (14%) compared with PrizeSavers (6%). For the remaining income bands, there was little difference between PrizeSavers and general savers.

Figure 7.3 Income measured on annual basis



Base: All PrizeSavers (422); all general savers (1001)



## Membership data provided by credit unions

- 7.8 Chapter 3 of this report uses MI data provided by credit unions to investigate the impact of the PrizeSaver pilot on membership numbers. It is also used to profile PrizeSaver members in comparison with credit union members opening new savings accounts in the year preceding the pilot.
- 7.9 All credit unions in the pilot scheme were initially asked to provide the following 'baseline' aggregated measures of credit union membership between October 2018 and September 2019.
- Total credit union membership numbers
  - New members by month
  - Profile of members i.e. age groups, gender, ethnicity, household income
  - Number of new savings accounts opened each month
  - Profile of new savers i.e. age groups, gender, ethnicity, household income
  - Value of savings deposits, by month, for new savings accounts
  - Uptake of loan products by new savers, by month
- 7.10 All credit unions in the pilot scheme were also asked to provide MI data for PrizeSaver customers between October 2019 and December 2020:
- Number of PrizeSaver customers
  - Profile of PrizeSaver customers i.e. age groups, gender, ethnicity, household income
  - Uptake of loan products
  - Total credit union membership
- 7.11 The range of MI data provided varied between credit unions. A number of measures, for example ethnicity and income data were not commonly held by the credit unions. Following a review of the available data provided by credit unions, the scope of the analysis reliant on this data was reduced and other data sources such as survey findings and incuto data were used in conjunction to build up a more comprehensive profile of PrizeSavers.
- 7.12 As shown in table 7.3, most credit unions were able to provide gender and age information on their members, and the total number of PrizeSaver members. Far fewer credit unions were able to provide usable data relating to the increase in membership numbers in the year preceding, and the year during, the PrizeSaver pilot.
- 7.13 In order to ensure direct comparisons could be made between 'baseline' and 'post-PrizeSaver' measures, credit union data was only determined usable if comparable measures were provided 'pre-' and 'post-' pilot data. If, for example, a credit union only provided post PrizeSaver data, this was excluded from analysis to avoid unfairly skewing the results. Similarly, if membership numbers were provided across different timeframes, for example the 'post'

measure of increased membership numbers were provided only aggregated across 6 months, but the baseline increase in membership numbers was provided aggregated across a whole year this was again excluded from analysis. Table 7.3, therefore provides details only of complete and usable data provided by credit unions, which was used for analysis and reporting.

**Table 7.3 MI data provided by credit unions used for reporting**

	Number of CUs providing data	Total number of 'baseline' members covered	Total number of PrizeSaver members covered
Total number of members and PrizeSavers	7	N/A	61,455
Increase in membership numbers	5	71,976 (starting <i>n</i> )	77,195 (starting <i>n</i> )
Age (opening new saver accounts)	8	20,030	2,800
Gender (opening new saver accounts)	9	17,255	2,800

### Incuto data

7.14 Data was provided by incuto for all PrizeSaver accounts opened across the course of the pilot scheme. All data was provided at credit union level (rather than member-level). This data showed:

- The average opening balance (£); balances of each account in the accounts first draw averaged
- The overall average balance; balances of each account throughout the lifetime of the account averaged
- The average balance at the end of the pilot; balances of each account when data was drawn (March 2021) averaged. *Only accounts still open as of March 2021 were included in this average.*
- The number of members who deposited money into their PrizeSaver account after the initial opening balance, the average number of days that each member deposited and the average transaction value of deposits

- The number of members who made withdrawals from their PrizeSaver account, the average number of days that each member withdrew and the average transaction value of withdrawals.
- The percentage of account maintaining a balance of £200 throughout the pilot scheme
- Average % balance increases, maintained and decreases. This provided an average behaviour pattern across all credit union members and was calculated in the following way:
  - Each account was categorised by the balance change we saw compared to the previous month: increase, maintain, decrease.
  - These were then averaged to give each member their total behaviour, examples:
    - an account that deposited every month would be 100% increase, 0% maintain and decrease
    - an account that only put in the opening balance would be 0% increase, 100% maintain and 0% decrease
  - Each credit union was then given an average of all of these percentages to show membership behaviour.

7.15 As data was also provided for the number of PrizeSaver members at each Credit Union, it was possible to report overall percentages for each of these measures, covering all credit union members, and also to report overall percentages split by employer- and community-based credit unions.

7.16 A total of 13,917 PrizeSaver accounts were included in the incuto datafile. Further detail on base sizes used for analysis can be seen in table 7.4.

**Table 7.4 Total number of accounts covered by incuto data**

Head	Total number of accounts	Number of accounts open in March 2021	Number of members making withdrawals	Number of members making deposits
All	13,917	10,695	6,632	9,066
Employer-based	9,416	7,180	4,492	5,573
Community-based	4,501	3,515	2,140	3,493

### Customer qualitative interviews

7.17 As part of the qualitative research strand, 60 in-depth telephone interviews were conducted with PrizeSaver account holders. These respondents were sampled from wave 1 survey respondents who agreed at the end of the survey to be contacted for follow-up. As shown in table 7.5, customers from 11 of the 15 participating credit union were spoken to. A total of 60 in-

depth interviews were carried out, with an even split between employer-based (30 interview) and community-based (30 interviews) credit unions.

**Table 7.5 Achieved customer qualitative interviews by credit union**

Credit Union	Employer- or community-based	Number of Customer Interviews Achieved.
Bradford District	Community	1
Central Liverpool	Community	1
Clockwise	Community	1
Commsave	Employer	10
East Sussex	Community	2
LCCU	Community	6
Lewisham	Community	5
Nottingham	Community	9
Serve & Protect	Employer	20
South Manchester	Community	2
West Country	Community	3
Total		60

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Whether employer or employee, client, or collaborator, we are all humans first and foremost. Recognising this essential humanity is central to how we conduct our business, and how we lead our lives. We respect and accommodate each individual's way of thinking, working and communicating, mindful of the fact that each has their own story and means of telling it.

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