

June 2016



IPF FINANCIAL WELLBEING REPORT THE STATE OF PLAY

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International Personal Finance plc is a leading international provider of consumer credit

We provide consumer loans to 2.8 million customers across 12 international markets. At the core of our business is a vision to make a difference in the everyday lives of our customers by providing small, unsecured, short-term loans in an inclusive, transparent and responsible way.

Our Provident home credit business serves customers that appreciate the unique qualities of our face-to-face, at-home service provided by our agents, while our digital business allows us to serve a different demographic of customer; those who prefer to take out and repay loans remotely.

The IPF Financial Wellbeing report is a major international survey conducted annually amongst IPF's customers in eight overseas markets. The research is carried out independently by GfK, a leading international, full service online market research agency that has offices in more than 100 countries.



The report is designed to engage with IPF's customer base, understand their views on a range of important economic and financial issues and report the key findings externally amongst key groups of decision makers and influencers.

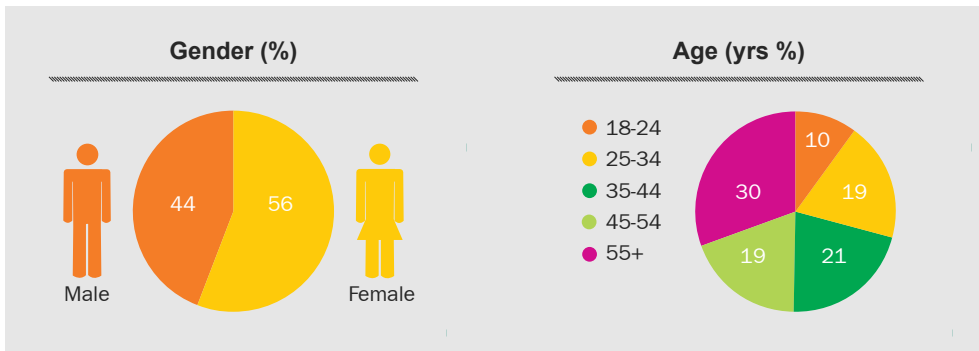
We hope you find this report useful and informative. Please do not hesitate to contact us for further information, or to enquire about the next report.

Research Methodology

IPF commissioned GfK to run the research for the following eight markets: Bulgaria, Czech Republic, Hungary, Lithuania, Mexico, Poland, Romania and Slovakia. A combination of online and telephone interviewing (dependent on the market) was undertaken between 26 March and 30 April with IPF customers who had previously agreed to be contacted.

A sample of 9,220 Provident customers aged 18 and above were interviewed across all eight markets. The sample was subsequently weighted to match each country's demographic breakdown (by age and gender). In addition to this, the European total was weighted to be reflective of the size of each market. Certain questions were omitted in Mexico, Bulgaria and Slovakia to streamline the questionnaire in these markets and to encourage higher participation.

The demographic profile for the European total was as follows:-



Executive Summary



IPF commissioned this report via GfK to better understand the views of our customers across a range of financial topics; including how satisfied they are with their standard of living, their primary concerns, economic confidence, views on retirement planning, as well as their trust in the financial sector.

The primary motivation for this report is to give our customers a voice in the on-going debate on financial inclusion amongst key decision makers and influencers.

It also helps IPF to further understand our customers, their concerns and needs; building on over one hundred million home visits that we conduct every year, so we

are even better able to deliver for each and every one of them. IPF has evolved its strategy to maximise the opportunity in an increasingly digital world, and one in which regulation and competition have intensified. Understanding our customers is crucial to this and will help to ensure we make the most of future opportunities and continue to meet the everyday needs of our customers.

**What
did we
find?**

Overall Summary

Economic Outlook

Living costs remain the biggest financial issue for people across Europe. Some markets express more concern than others, with Lithuania the most concerned, and Slovakia the least concerned. In line with findings from last year, whilst around a quarter believe that the economy will improve, a third expect it to get worse. In contrast, attitudes towards personal financial positions are more positive, with 44% believing that their position will improve over the next year, largely due to an increased income. Again, this remains unchanged from what we saw last year.



Planning for the Future

For the majority of respondents, a lack of cash savings remains a barrier to planning for the future financially, although Hungarian respondents are notably more likely to have savings compared to last year. A lack of disposable income means that two thirds of Europeans are not saving for retirement. Amongst those that are planning for retirement, the most widely used method this year is still a private pension, with the predominant reason for planning being to reduce the financial impact of a reduced income.

Use of Credit Services and Trust

Views differ across Europe in terms of the ease of borrowing credit, and trust in mainstream banks and non-bank financial institutions (NBFIs). In a number of markets trust in short-term loan companies is higher than in the mainstream banks. In terms of borrowing, the primary reason to borrow is to deal with unexpected expenses and the key consideration when taking out credit is the ability to afford repayments. A large proportion of respondents are likely to recommend an NBFi like Provident to friends or family. The vast majority believe that NBFIs play an important role in society by providing ready access to credit, and that products and services are explained very clearly.

Standard of Living

The majority are satisfied or indifferent about their current standard of living, with slightly more optimism than we saw last year. However, almost half stated that they are more cautious in their spending with reduced spend on holidays, socialising and consumer/household goods. Over half responded that they would find it difficult to raise money to cover an unexpected bill or expense without borrowing credit.

Aspirations

The majority of respondents are planning to spend their holidays at home this year as they are unable to afford a holiday, with a large proportion having no cash savings and being more cautious in their spending this year. There is little change in holiday intentions since last year, with the proportion



staying at home remaining approximately the same. Nearly half of respondents are unsure how much they can afford to spend on a holiday, but aren't considering taking a loan from either a financial provider or friends and family. A high proportion also report having insufficient money to spend on their hobbies, particularly amongst the older age-groups. Most people feel that their financial situation is the same as their friends and neighbours.

The full findings of the report are available on request.

Detailed View of Economic Outlook

Cost of living is a concern for 36% of IPF customers

The cost of living is a key concern for customers in Europe, with 36% believing it is the most worrying factor when considering their financial position. Cost of living is less of a worry in Slovakia and the Czech Republic, where the main concern is lack of disposable income, and in Bulgaria where unemployment is seen as a key problem.

Across all countries, very few respondents have ‘no concerns’ when thinking of their personal circumstances.

- Living Costs
- Lack of Disposable Income
- Unemployment
- Health Costs
- Immigration outside EU
- Education Costs
- Neighbourhood Crime
- Public Service Cuts
- Not sure
- Other (specify)
- I have no concerns

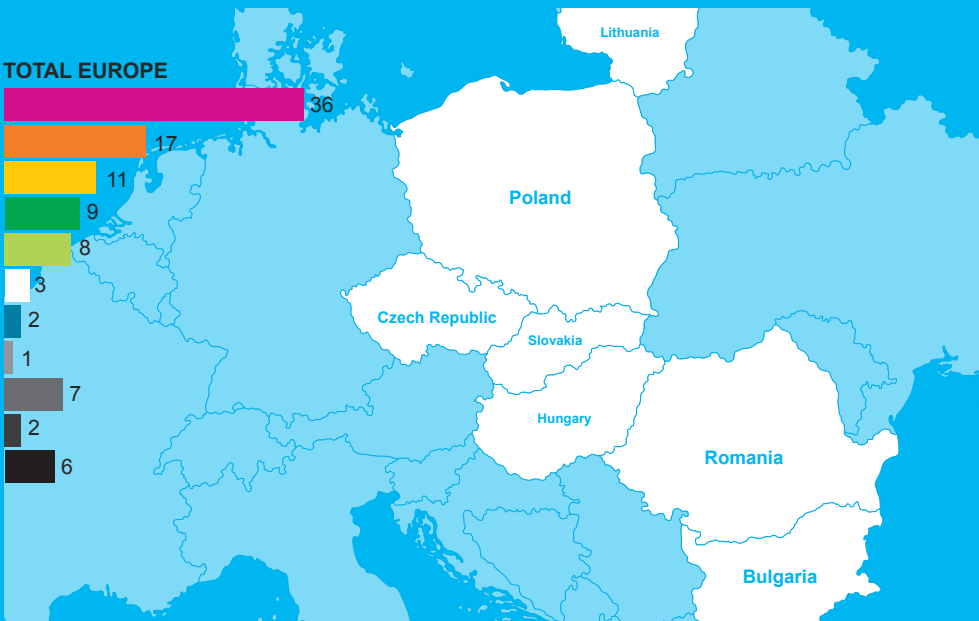


Figure 1: Q1. Thinking of your own circumstances, which of these is the most concerning to you?
 Base: European Total (8808), CZ (843), HU (3069), PO (1272), RO (1863), SL (725), LT (513), BG (725)

There remains a disparity between the confidence people have in their own financial position and their confidence in the economy.

Although there is a positive outlook towards personal financial position, views on the economy are more negative with only 23% believing it will improve across all European countries surveyed.

Romanians have emerged as significantly more optimistic than other markets about both the economy and their personal financial position. Hungarian and Polish customers are the most concerned about the economy, with a higher proportion of Polish customers believing that the state of the economy will get a lot worse over the next year.

Thinking of the next twelve months, do you expect the economy in your country to get better or worse?

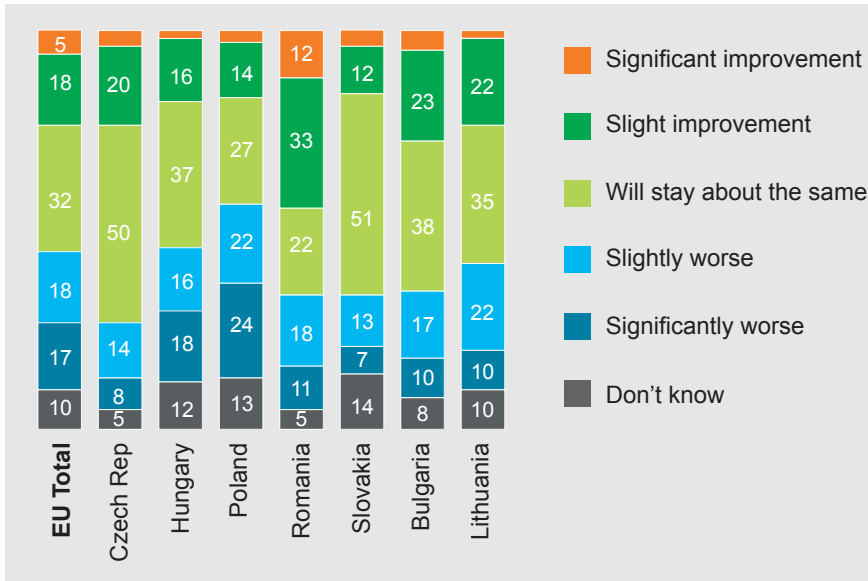


Figure 2: Q2. Thinking of the next twelve months, do you expect the economy in your country to get better or worse?
 Base: European Total (8808), CZ (843), HU (3069), PO (1272), RO (1863), SL (725), LT (513), BG (725)

Of those who think that their financial situation will be improved in the next 12 months (44%), the main reason cited is 'increased income', followed by 'changed personal or family circumstances'.

Though still a low proportion, the number of European customers claiming that their financial situation will improve due to 'help from the state' has increased to 6%, from the 1% seen last year.

Why do you think your financial position will get better?

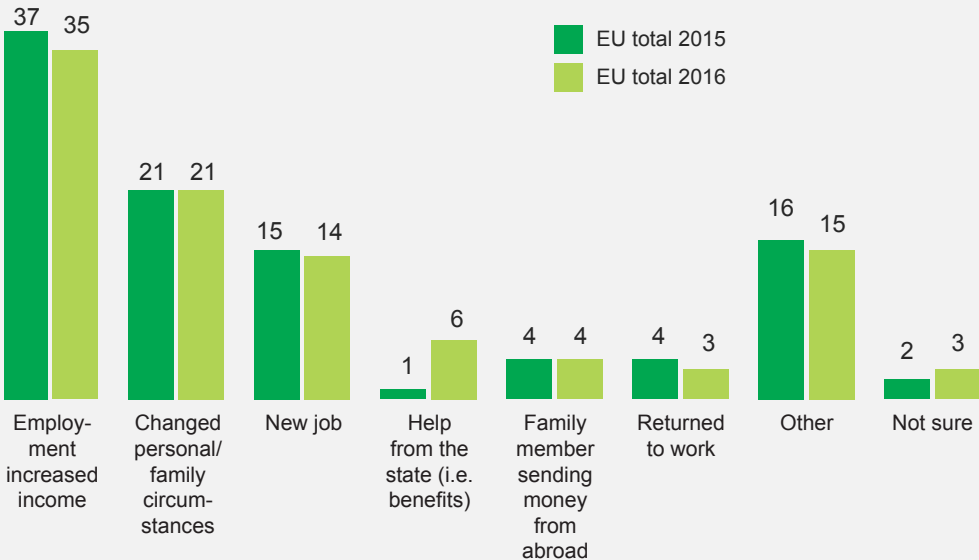


Figure 3: Q4b. Why do you think your financial position will get better? Base: European Total (3672)

As previously mentioned, the cost of living is a big concern across Europe. Customers of IPF identify this as the primary reason for the drop in confidence in their personal financial situation. Lithuanians are less confident in their financial position this year due to a perceived increase in the cost of living, bringing them in line with other European markets. Last year, 'reducing

income' was seen as the key concern relating to personal financial position. Mexicans are more likely to believe that their personal finances will improve this year, whereas most European markets see a decline or stability at best.

Why do you think your financial position will get worse?

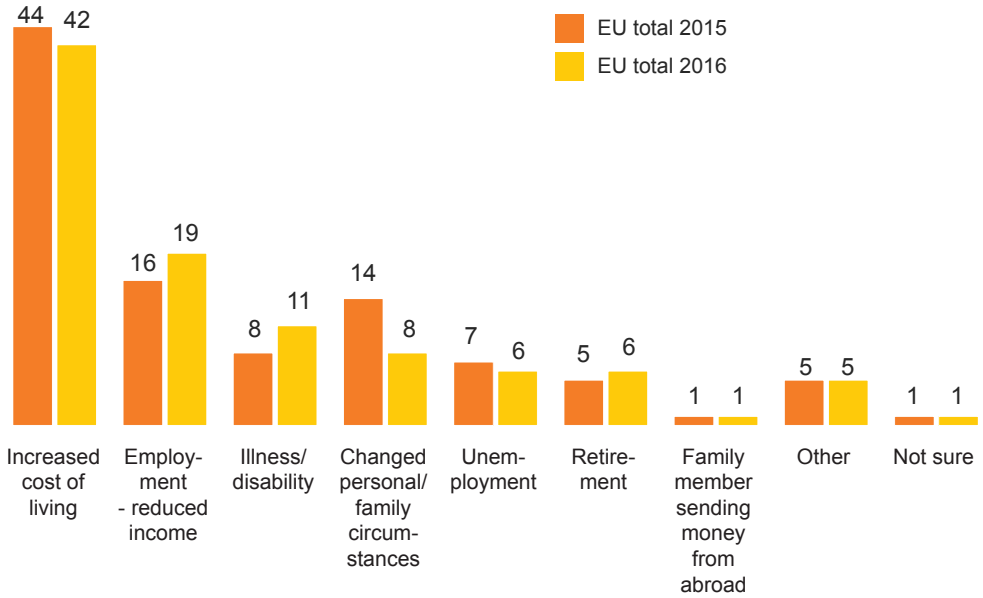


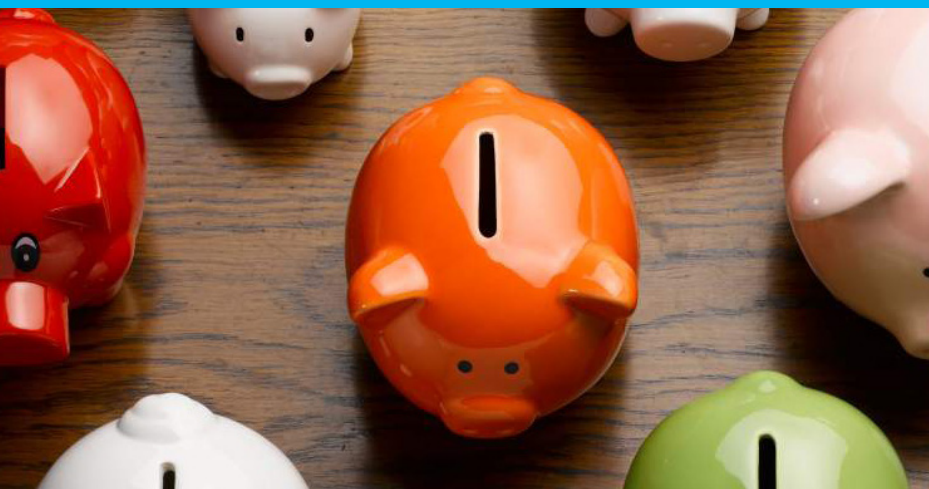
Figure 4: Q4a. Why do you think your financial position will get worse? Base: European Total (1183)

Planning for the Future Summary

In all markets a high proportion of customers feel they are unable to plan for the future financially, largely due to a lack of cash savings. This issue is particularly prevalent in Mexico, with the proportion without savings increasing this year to almost three-fifths of respondents (from 48% to 59%).

The level of personal savings across all our European markets is low, with a high proportion not having any savings at all, particularly in Bulgaria (69%).

Two thirds of IPF's European customers are not saving for their retirement, with the main reason being a lack of disposable income. Of those who are saving for retirement, the majority are using a private pension; however, in Poland state pensions are the main contributor to retirement savings. Amongst this group, the main motivations for saving for retirement are to 'reduce the financial impact of a reduced income', and to be able to treat themselves during retirement. The former is especially prominent in the Czech Republic, with over a third stating this as the main reason.



Detailed look at Planning for the Future

The value of savings customers have is low across all markets

Levels of savings are an area for concern. In most European markets over 40% of IPF customers don't have any cash savings. This proportion is highest in Bulgaria and Hungary, with 69% and 59% having no cash savings respectively.

% of those with no cash savings

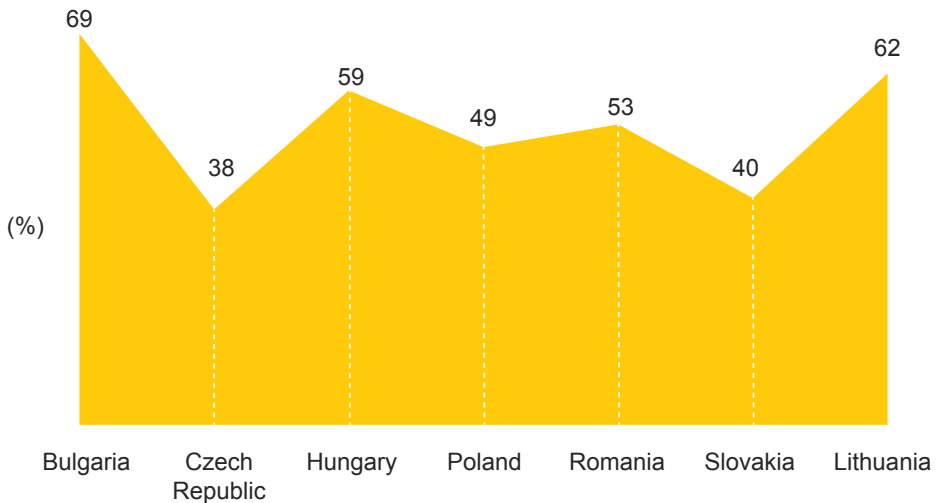


Figure 5: Q5. If you have any cash savings, how much have you saved? Those with no cash savings
Base: CZ (843), HU (3069); MX (412); PO (1272); RO (1863); SL (725); BG (523); LT (513)

Some customers are trying to save for retirement to mitigate the financial impact of reduced income

Just over a third of European customers have considered, or are considering, a retirement savings plan or pension.

Reducing the impact of lower income is the

most stated reason for saving for retirement; a motivation which is particularly prominent amongst Czech respondents, similar to what we saw last year. Being able to afford to treat oneself in retirement is a key driver of taking out a personal retirement plan, particularly in Romania. Polish customers are more likely to save to help pay their bills than in other European markets.

What were / are your main reasons when deciding to save for your retirement? EU total

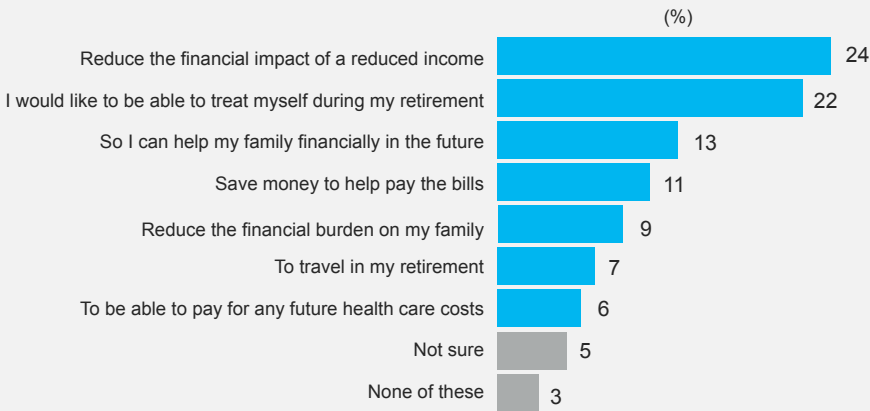


Figure 6: Q6a. What were/are your main reasons when deciding to save for your retirement? (If Q6= Yes)
 Base: CZ (509); HU (292); PO (542); RO (657); SL (724); LT (289)



When we look at the reasons why people do not save for their retirement, 'not being able to afford to save' remains the main reason, especially in Hungary. Only 1% say they would not save as they expect their children to support them during retirement.

Very few believe that the state will be able to support them in retirement, suggesting that if people did have the money, they would consider beginning to save for their retirement.

From the list below what are your reasons for choosing not to save for your retirement? EU total

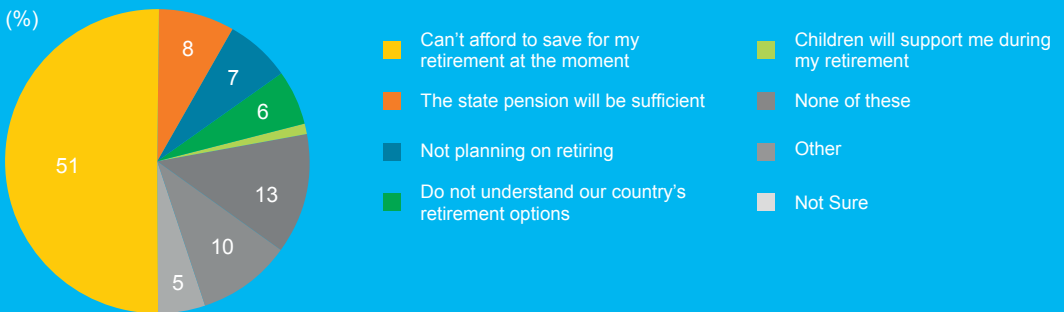


Figure 7: Q6c. From the list below what are your reasons for choosing not to save for your retirement? (If Q6= No)
Base: CZ (654), HU (1550); PO (1195); RO (377); SL (582); LT (111)

A private pension remains the most widely used method of saving for retirement

Private and state pensions account for two-thirds of respondents' means for saving for

their retirement, with saving using a bank account becoming more popular in the Czech Republic (37% this year, vs. 29% last year). Polish respondents are more inclined to save by means of a state pension.

How are you saving money for your retirement? EU total

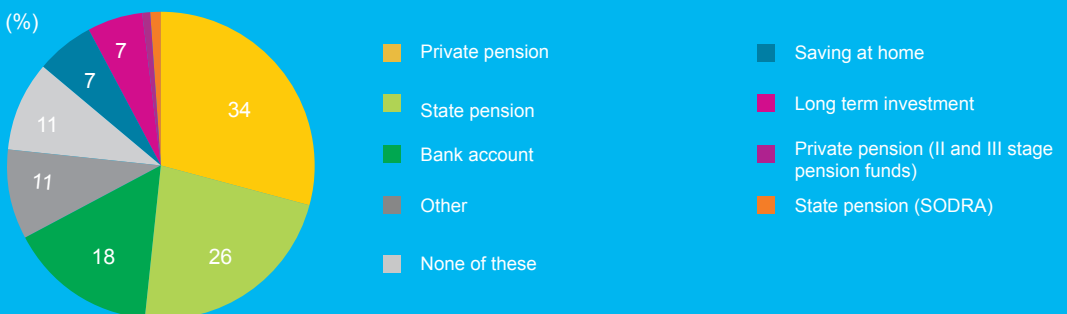


Figure 8: Q6b. How are you saving money for your retirement? (If Q6= Yes)
Base: European Total (3270); CZ (385), HU (565); PO (389); RO (1143); SL (410); BG (0); LT (378)

Use of Credit Services and Trust Summary

The vast majority of European consumers still think carefully before borrowing, with 86% never borrowing more than they know they can repay without difficulty. Consumers tend to only use credit in an emergency, showing that customers don't commit to taking out a loan without thinking it through fully.

As reported in the economic outlook section, the increase in living costs is the biggest concern. This rise is associated with 'rent or mortgages' and 'utilities' expenditure according to most customers, showing a concern with the most basic needs, which has remained similar to last year.

Views on the ease of being able to borrow are mixed across Europe. Hungarians tend to believe it is a lot harder to borrow than their European counterparts. In Lithuania respondents believe it has become harder to borrow this year compared to 2015.



Levels of trust in mainstream banks is similar across the majority of European markets, with slightly higher trust in Lithuania, Romania and Czech Republic. European respondents generally have similar levels of trust in mainstream banks and NBFIs, with the exception of Bulgarians and Mexicans who have substantially more trust in NBFIs than mainstream banks.

Detailed look at Credit Services and Trust

Europeans still think carefully before borrowing

The overwhelming majority of respondents claim to use credit in a sensible way, borrowing only when necessary. This is shown by the fact that 88% think carefully

before borrowing, 86% never borrow more than they can afford to pay back without difficulty, and 85% only using credit in an emergency. We see only a very small minority considering using credit on impulse, which has slightly fallen this year.

Please say whether you agree or disagree with the following statements about credit?

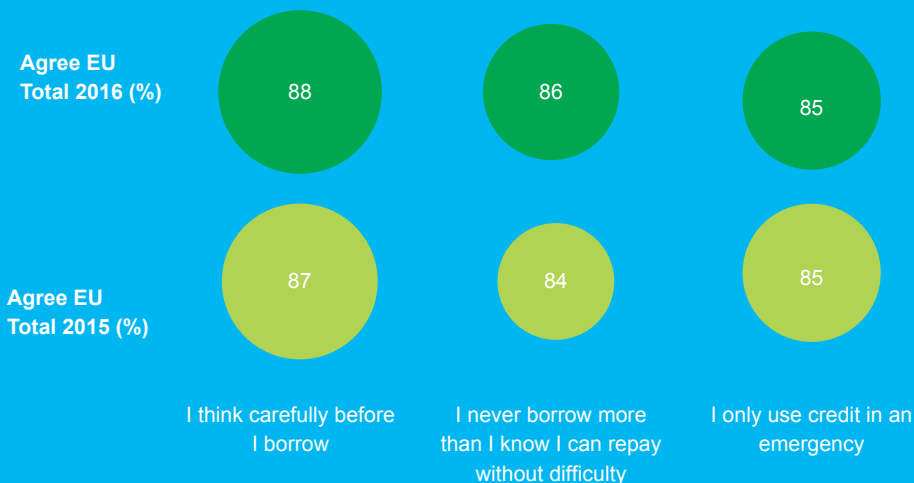


Figure 9: Q12. Please say whether you agree or disagree with the following statements about credit?
Base: European Total (8808)

European customers consider carefully before taking out a loan

Most European customers think carefully before taking out credit. This is evidenced by ‘being able to afford repayments’ and, the ‘amount of repayment in total’ being the most important factors considered by customers. These factors are both seen as more important than ‘ease of applying’ whilst ‘whether they really need the money’ is a higher consideration in Hungary, with processes involved in getting a loan more important to Bulgarian respondents (such as ‘speed of service’, ‘ease of applying’ and ‘the length of the loan’).

The reputation of the provider is most affected by previous usage and factors such as ‘good customer service’ and ‘honest employees’. However, these reasons tend to vary by market, with Hungarians placing

a higher importance on ‘expert in financial services’, Lithuanians on recommendations, and Poles on ‘knowing someone who works there’.

People are happy to recommend the services they receive from NBFIs like Provident

Personal recommendation is important as around a half of customers of Provident across Europe are highly likely to recommend the service of an NBFi to friends and family.

Almost two thirds strongly agree that NBFIs clearly explain their charges and fees to customers. This proportion is higher in Hungary, Romania and Bulgaria, with around three quarters agreeing with this statement. Mexicans tend to agree less strongly around this statement.



How likely would you be to recommend a short-term cash loan company, like Provident, to a friend, family member or colleague

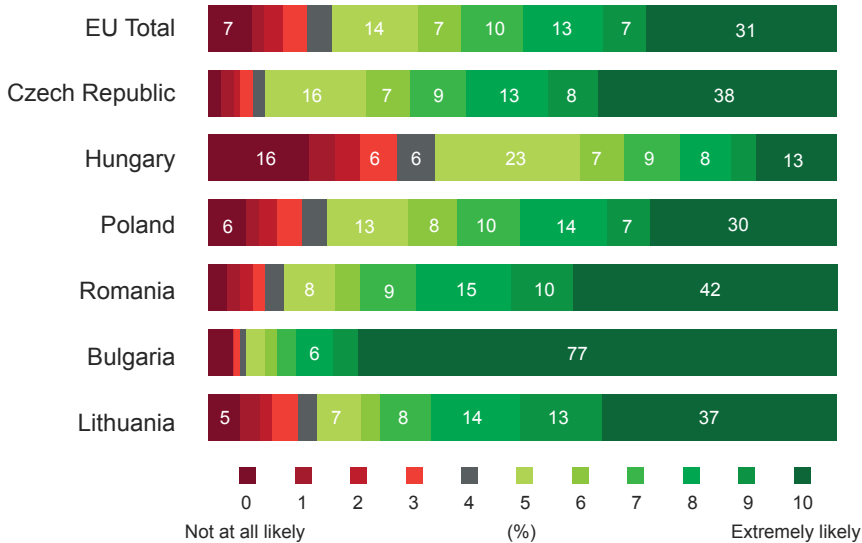


Figure 12: Q14c. Using a scale of 0 to 10 where 0 is not at all likely and 10 is extremely likely, how likely would you be to recommend a short-term cash loan company, like Provident, to a friend, family member or colleague? (strongly agreeing)
 Base: European Total (8083); CZ (843); HU (3069); PO (1272); RO (1863); BG (523); LT (513)

The majority of Europeans believe that NBFIs play an important role in society; Romanians and Bulgarians in particular agree with this statement, with Lithuania the least positive of the markets. However, only 5% disagree with the statement that NBFIs play an important role in society by giving people ready access to credit.

Hungary is more negative about borrowing than other European markets, with 54% finding it difficult to borrow from a mainstream bank or lender. In Lithuania, fewer people find it easy to borrow money than they did last year, making them also more negative than other markets.

A relatively equal proportion believe that borrowing money is easy or difficult, unchanged from last year

How easy do you think it would be for you to borrow from a mainstream bank or lender?

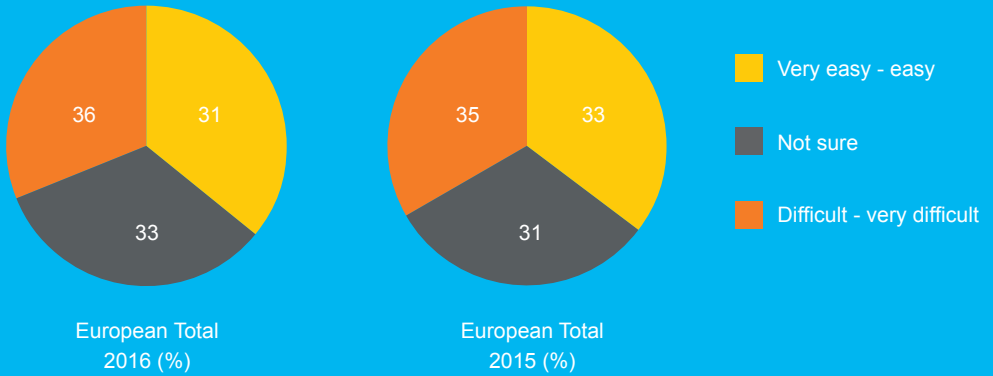


Figure 13: Q10. How easy do you think it would be for you to borrow local currency equivalent of the average issue value from a mainstream bank or lender?
 Base: European Total 2015 (7779); European Total 2016 (8808)

Across all European markets, customers do not tend to use NBFIs frequently, with the majority using them less than once a year. This supports the findings that customers tend to only use loans in the case of emergencies, and that they think carefully before they borrow.

How frequently do you use short-term credit from a provider like Provident?

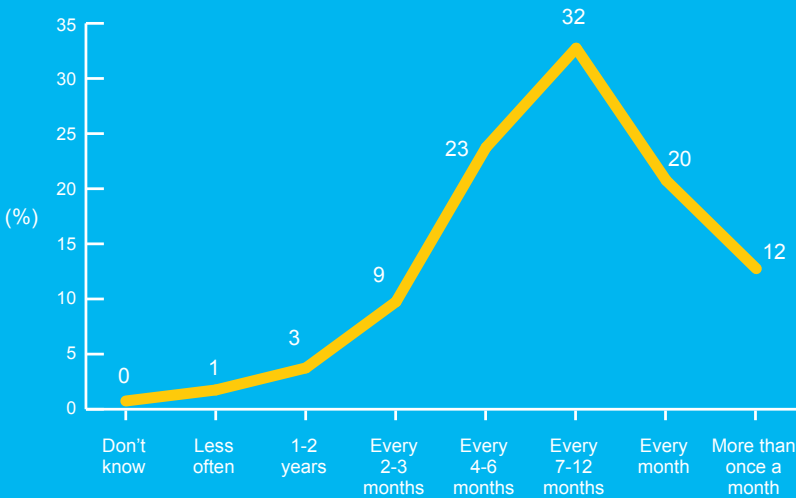


Figure 14: Q14e. How frequently do you use short-term credit from a provider like Provident?
 Base: European Total (8083); CZ (843); HU (3069); MX (412); (PO (1272); RO (1863); BG (523); LT (513)

Level of trust in mainstream banks and NBFIs is similar across most markets

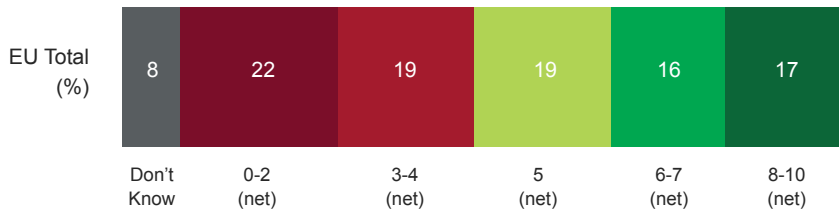
Trust in mainstream banks is similar across the European countries surveyed, with slightly higher levels of trust in Lithuania, Romania and Czech Republic.

Trust in NBFIs varies across markets, with higher levels seen in Bulgaria, Mexico,

Romania and Lithuania.

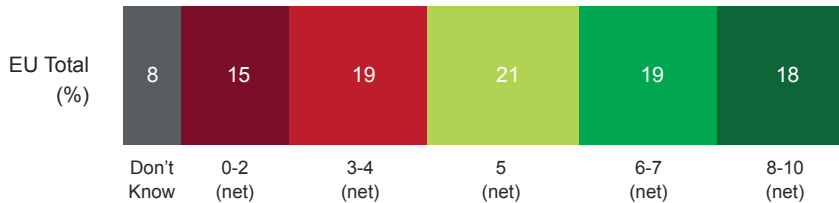
Lithuanian, Bulgarian, Romanian and Mexican respondents have a higher trust in NBFIs than in mainstream banks. The disparity is particularly evident in Mexico, with 58% trusting NBFIs compared to 26% for mainstream banks.

How much do you trust short-term cash loan companies?



Q13b. On a scale of 0-10 where "0" means that you do not trust these institutions, "10" means to completely trust them. How much do you trust short-term cash loan companies?
Base: European Total (8808); CZ (843); HU (3069); PO (1272); RO (1863); SL (725); BG (523); LT (513)

How much do you trust mainstream banks?



Q13a. On a scale of 0-10 where "0" means that you do not trust these institutions, "10" means to completely trust them. How much do you trust mainstream banks?
Base: European Total (8808); CZ (843); HU (3069); PO (1272); RO (1863); SL (725); BG (523); LT (513)

Standard of Living Summary

Overall, the majority of Europeans are satisfied or indifferent about their standard of living, a slight improvement on last year. Almost half feel that they are more cautious with their spending, particularly women and older people.

47% are satisfied with their standard of living, an increase of 5% since last year, with males more satisfied than females in all countries. Hungary differs substantially, with the majority of respondents indifferent about their perception of standard of living, and a higher proportion feeling dissatisfied. This is consistent with their comparatively negative views towards their personal financial situation and lower levels of trust in the financial sector than other countries. Lithuania also differs in terms of satisfaction with standard of living, with over a third dissatisfied.

For those spending cautiously, cuts have been mostly on personal treat activities such as holidays and socialising. In contrast, for those spending more freely, increases have been on household goods and food, with some nuances by market.

Across Europe, the majority of IPF customers feel that if they were faced with an emergency expense or unexpected bill, they would find it difficult to raise the money without borrowing. This is particularly evident in Poland, where confidence is lower this year than in 2015.



Detailed look at Standard of Living



Almost half of European customers are satisfied with their standard of living, a slight increase from last year

Hungary differs significantly, with the majority being indifferent about their satisfaction with standard of living, and a higher proportion of dissatisfied. This is consistent with negative views towards their personal financial situation and lower levels of trust in the financial sector than other countries. Lithuania also differs in terms of satisfaction with standard of living, with over a third dissatisfied.

In comparison to last year, with the exception of Lithuania decreasing, the proportion that is satisfied has either increased or stayed the same.

Generally, how satisfied are you with the overall standard of living of your household? EU Total

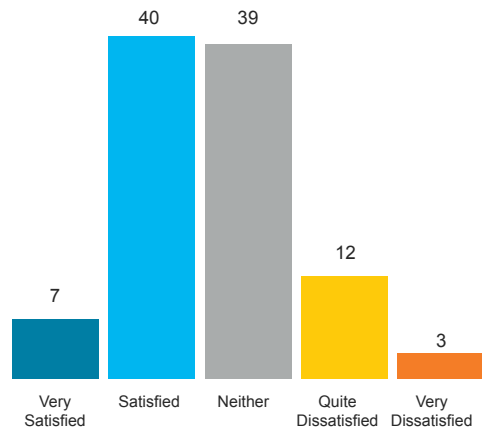


Figure 10: Q15. Generally, how satisfied are you with the overall standard of living of your household? Base: European Total (8808); CZ (843); HU (3069); PO (1272); RO (1863); SL (725); BG (523); LT (513)

Almost half of respondents are more cautious in their spending this year, which is in line with increasing concerns over their financial position. Romania is the most positive of all the countries in this area, with a relatively high proportion spending more freely, although this figure has declined slightly since last year.

Whilst spending increases over the last year have been predominantly on 'food' and 'consumer/household goods', luxury items such as 'holidays' and 'socialising' have seen the greatest level of spend reduction. There are some differences in spending habits across the European markets. Compared to the European total, amongst those spending more freely, Polish respondents have spent more money on 'holidays', Romanians on 'heating', and Lithuanians on 'socialising'.

Slovakians have increased spending on their housing, more so than the European total.

The majority would find it difficult to raise money for unexpected bills and expenses (55%), although this is lower than the 60% seen last year.

Polish respondents in particular believe it would be difficult to raise money to cover these expenses (62%).

Generally, caution amongst European customers is especially noticeable for luxury items such as 'holidays' and 'socialising'. On a positive note, decreases in spending still do not extend to 'education' or 'healthcare' in any market.

Aspirations Summary

The majority of European and Mexican customers plan to spend their holiday staying at home, potentially due to spending cautiously, and to reduce spend on holidays. 47% of Europeans are unsure about how much they can afford to spend on a holiday in 2016.

A high proportion of people have nothing to spend on their hobbies. Across all markets, women are significantly less likely to spend money on hobbies. There is generally a higher propensity to spend amongst younger age groups, with the exception of Slovakia.

For the majority of European markets (with the exception of Hungary), a higher proportion of respondents feel they are in the same financial situation as their friends and neighbours.



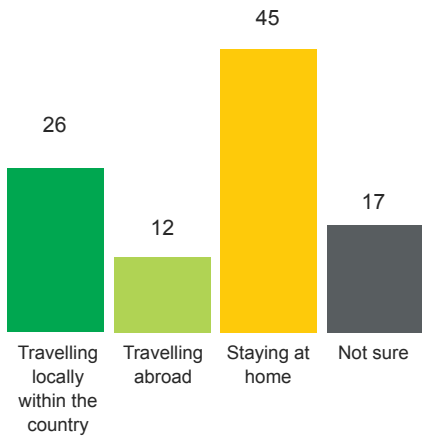
Detailed look at Aspirations



Almost half of customers (45%) are planning to spend their holiday at home.

Respondents in Romania are more likely to travel locally or abroad, than stay at home for their holiday. A third of Bulgarians will travel locally within the country, though 56% are not sure how much they will be able to spend.

How do you plan on spending your main annual vacation this year? EU total



Q19. How do you plan on spending your main annual vacation this year?
 Base: European Total (8808); CZ (843), HU (3069); PO (1272); RO (1863); SL (725); BG (523); LT (513)

A high proportion of respondents across all European markets are not sure of their holiday spend yet, with only one tenth in Europe on average intending to spend more than last year.



What do you intend to spend on a vacation this year? (compared to last year)

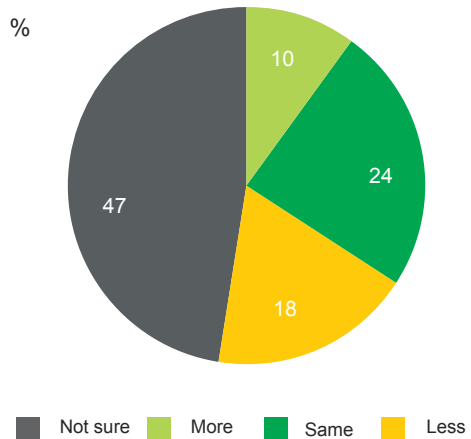


Figure 11: Q20. What do you intend to spend on a vacation this year?
 Base: European Total (8808); CZ (843), HU (3069); MX (412); PO (1272); RO (1863); SL (725); BG (523); LT (513)

Across Europe, a high proportion of customers are unsure how they will finance their holidays

The majority of customers think carefully before they borrow money, and a very small number of respondents would consider taking out a loan from a financial provider to finance their holidays. Across Europe, for those that are spending more cautiously, 56% have reduced spend on holidays, and a slightly higher proportion in Slovakia.

Having said this, more European respondents can afford a holiday this year; with fewer saying they have no money and nearly a quarter having savings to spend on a holiday (23%).

For those spending more freely this year, 21% have increased spending on holidays.

Bulgarian respondents are more likely to feel that they have enough money for a holiday than other countries, with Hungary the least confident, although substantially more confident than last year. When compared to European respondents as a whole, Czech Republic respondents are more likely to draw from 'savings' with Romanians and Bulgarians more likely to consider taking a loan than other countries.

Half of respondents believe that they are in the same or a better financial situation than their friends and neighbours. Nearly a quarter of Europeans are unsure, with the highest levels of uncertainty seen in Poland.

In line with their generally negative financial outlook, 36% of Hungarians believe that they are in a worse financial situation than friends and neighbours. Bulgaria, Romania and Czech are the most positive countries in terms of their comparative view. Mexicans

are more positive than the European markets, with a third believing they are in a better financial position.

How will you finance your vacation?

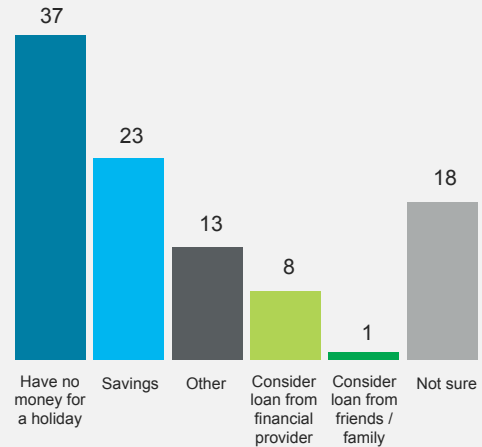
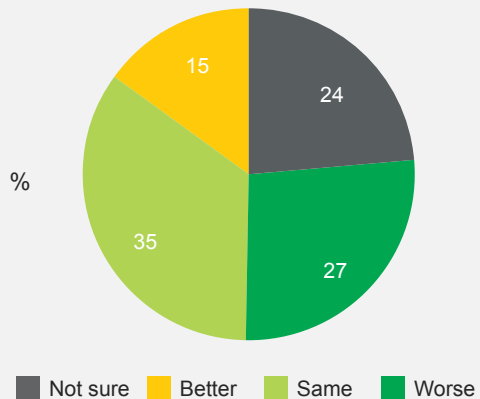


Figure 12: Q20c. How will you finance your vacation?
Base: European Total (7779); CZ (1063), HU (1842); PO (1737); RO (1034); SL (1306); BG (397); LT (400)

How would you compare your financial situation to your friends and neighbours in the place where you live?



Q22. Finally, how would you compare your financial situation to your friends and neighbours in the place where you live?
European Total (8808); CZ (843), HU (3069); MX (412); (PO (1272); RO (1863); SL (725); BG (523); LT (513)

International Personal Finance plc is a leading international provider of consumer credit

International Personal Finance plc is a leading international provider of consumer credit.

We provide credit responsibly to people who want to borrow small sums and repay in manageable, affordable amounts. We have two distinct offerings – home credit and digital.

Our home credit and digital business models together with our portfolio of brands helps us serve customers with products they value. The relationship between our two business models is being managed to maximise referrals so that we are better placed than competitors to offer credit to those customers we know best.

Typically, our home credit loans are repaid weekly over 60 weeks, though monthly repayments and shorter and longer terms are available. Our customers have lower, often fluctuating incomes or little or no previous credit history. Our agents visit customers in their home to arrange loans, to collect repayments and to plan for any future loans. Customers value the convenience and discipline of the agent visit and the fact that currently there are usually no extra charges for missed or late repayments.

Our digital instalment loans and revolving credit line facility with manageable credit limits are accessed online and repaid monthly over terms of up to three years. Our digital customers have low to middle incomes and, compared to home credit customers, they often have a deeper credit history and higher smartphone adoption. It often takes less than 15 minutes from successful application to customers receiving their loan in their bank account.

In 2015, IPF reported revenues of £735.4M, issued £1,043.0M credit and delivered pre-tax profits of £116.1M. Internationally, IPF has more than 8,500 employees and 28,000 agents and is one of the biggest British employers in Central and Eastern Europe.

A FTSE listed business, IPF was listed on the London Stock Exchange in July 2007 and took a secondary listing on the Warsaw Stock Exchange in March 2013. Its head office is in Leeds, United Kingdom.

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