



# More than a loan

Key insights

How joined-up  
borrowing and saving  
solutions can support  
financial resilience



Supported by

**JPMorganChase**

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## About Nest Insight



Nest Insight is a public-benefit research and innovation centre. Our mission is to find ways to support people to be financially secure, both today and into retirement. We conduct rigorous, cutting-edge research, working collaboratively with industry and academic partners to understand the financial challenges facing low- and moderate-income households. We use these data-driven insights to identify and test practical, real-world solutions. Our findings are shared widely and freely so that people around the world can benefit from our work. For more information, visit: [nestinsight.org.uk](https://nestinsight.org.uk)

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## About Nest Insight's strategic partners

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JPMorganChase



Guided by BlackRock's purpose to help more and more people experience financial well-being, The BlackRock Foundation funds and partners with organizations that strengthen financial security by helping people earn, save and invest – earlier, more often and for their futures. BlackRock's Emergency Savings Initiative is made possible through philanthropic support from The BlackRock Foundation. The initiative brings together partner companies and nonprofit financial health experts to make saving easier and more accessible for people living on low and moderate incomes. For more information, visit: [blackrock.com/corporate/about-us/social-impact](https://blackrock.com/corporate/about-us/social-impact)

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For access to the  
full report, other  
resources and our  
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## Introduction

Too many UK households lack basic financial resilience: around half of low and moderate income working households couldn't cover a £250 shock from savings.

Low resilience drives arrears and persistent debt, and is linked to worse health and reduced productivity.

In our recent work we've been exploring ways of joining up borrowing and saving, recognising that many borrowers value a savings buffer for control and peace of mind. Hybrid loan-linked saving models could build resilience at scale.

### What could a hybrid approach mean in practice?

There are different possible models for joining up borrowing and saving. People could be supported to start saving at different moments in their loan journey. As part of exploring potential designs we set out some different options including:

- **Save as you repay:** people could save a small amount alongside each loan repayment from the beginning of the loan period.
- **Prompts to save:** people could be prompted to save alongside borrowing at moments during their loan journey, such as at the start, halfway through the term, or when they have paid off more than half of the loan amount.
- **Transition to saving:** at the end of the loan term people could be prompted to convert their regular loan repayment amount into a regular savings deposit.
- **Pre-commit to save:** People could commit at the point of loan origination to automatically switch to saving at the end of the loan term (unless they switch the setting off later).
- **Save before you borrow:** People could build up savings before starting to pay off their loan so that they have a buffer in place early in the loan journey.
- **Offset loan:** People could have savings and a loan within one wrapper, with their loan interest reduced if they hold savings alongside their loan.

### Our insights on the designs and potential impacts of those models draws on:



Existing national surveys



Interviews with six credit union staff and members



Our new survey of 4,500 UK households on low and moderate incomes



Three real-world trials reaching 24,000 people with new 'prompts to save' and 'transition to save' solutions working with partners Salary Finance and Stream



Analysis of 18,000 credit union members' administrative data<sup>1</sup>, with 'save as you repay' loans

<sup>1</sup> Cardiff and Vale Credit Union, Serve and Protect Credit Union, Manchester Credit Union, and Great Western Credit Union.

## Insights

### 1 Joining up borrowing and saving can support people to become savers and to save more



# 1 in 2

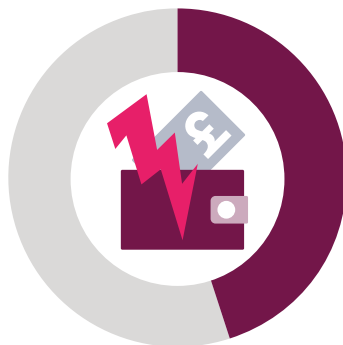
with 'save as you repay'  
loans hadn't saved before

A loan journey is a powerful financial touchpoint. Making saving easy to start and keep doing means that both first-time and more established savers can be supported to save more, and more consistently. Savings habits sometimes persist after the end of the loan, but there is an opportunity to do more to behaviourally support the initiation and durability of savings habits at the end of loans.

### 2 Saving alongside borrowing helps people progress towards greater financial resilience

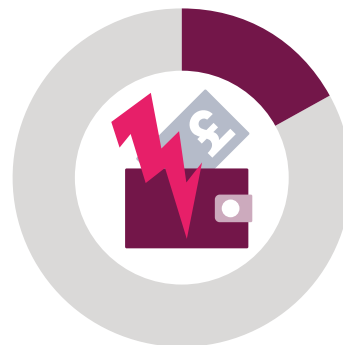
After accounting for other factors:

Households that  
borrow and save



## 45%

Households that  
borrow without saving



## 17%

would be able to cover a £250 shock from their current account or savings account

A joined up approach appears to support greater day to day resilience and creates a pathway towards building more secure financial foundations over time. For some this may mean simply being able to better budget and manage cashflow, even if they are not able to build a balance. For others, savings can build to become a safety net for emergencies, or, over time a fund towards future goals. Each type of saving is a valuable step towards greater resilience and control.

### 3 Joining up borrowing and saving can support small steps that improve broader wellbeing

Since taking out a 'save as you repay' loan:



**62%**

feel more in control of money



**57%**

feel less worried about money



**57%**

feel less stressed about money<sup>2</sup>

People who save alongside borrowing in low- and moderate-income households are:



**1/2**

as likely to experience mental health deterioration from financial shocks than those who are not saving alongside borrowing<sup>3</sup>

Even small amounts of saving alongside borrowing can ease financial stress and improve wellbeing. Savings buffers built whilst borrowing can act as a protective factor to mental health during financial shocks. These wellbeing gains may help people keep saving and build resilience over time, and could translate into wider economic benefits.

<sup>2</sup> Nest Insight (2025). Survey of 'save as you repay' Credit union members (n=460).

<sup>3</sup> Survey of Low- and Moderate-Income Households in the UK (n=4,490).

## 4 Saving alongside borrowing isn't irrational – this behaviour can be a demonstration of sophisticated financial capability within constrained contexts

After accounting for other factors, households which borrow and save are:



# 3x

less likely to be in bill arrears  
6 years later on

# 6x

more likely to be able to cover a  
£250 emergency through any means

than households that borrow without saving

Many borrowers choose to allocate money to building a cash savings buffer rather than using it to pay off debt as quickly as possible. Having some savings gives greater control and peace of mind, which is often valued above the option of saving some money on a loan by paying it back more quickly.



## Conclusion

### Solutions that integrate savings into a borrowing journey have high potential to boost financial resilience if adopted more widely

There is an opportunity to raise the standard for what high-quality, responsible lending looks like with saving journeys built in alongside borrowing.

This research points to ways that designs could more holistically and powerfully boost borrowers' financial resilience:

#### 1 Accessibility

Savings must be quickly accessible to protect households, support control and confidence, and balance friction so neither easy access nor restrictions undermine resilience.

#### 4 Responsiveness

Products could enable higher contributions during better pay periods, using nudges or income-linked proportions to capture opportunities.

#### 2 Meaningful defaults

In some designs, very low default savings limit people's ability to build usable balances, support budgeting and cashflow management or feel like savers.

#### 5 Empathy

Recognising milestones can build confidence and saver identity, helping low- and moderate-income households navigate complex trade-offs.

#### 3 Transparency

Showing people their repayments and savings contributions separately increases control, strengthens saver identity, and supports longer-term saving.

#### 6 Ease/integration

Making saving a core feature rather than a behavioural add on helps borrowers make the most of the moment they are taking out their loan.

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## Next steps

Our trials with Salary Finance and Stream continue and we will share updated results once we have collected data over a longer period of time and are better able to understand longer-term outcomes.

We are also keen to explore the other possible models of joined up borrowing and saving solutions we've identified, including:

- **Pre-commit to save:** In which people could commit at the point of loan origination to automatically switch to saving at the end of the loan term (unless they switch the setting off later).
- **Save before you borrow:** People could build up savings before starting to pay off their loan so that they have a buffer in place early in the loan journey.
- **Offset loan:** People could savings and a loan within one wrapper, with their loan interest reduced if they hold savings alongside their loan.

As part of exploring the feasibility of these models we plan to explore any relevant regulatory considerations.

We've also identified two further touchpoints at which a savings component could be integrated:

- **Saving as part of a debt management plan:** debt management plans include a provision in the budget for saving, but no mechanism for doing so. Following consultation with debt charities we are keen to explore ways in which a savings component could be effectively designed into a plan.
- **Saving embedded in the small sum loan pilots:** The UK Financial inclusion Strategy announced that Fair4All Finance will run a pilot of small sum lending products in England, partnering with mainstream lenders. There is an opportunity here to join up two inclusion goals – access to affordable credit and access to support to get started with saving.



Having even just a small pot of savings gives us that little bit of hope that we can do it... Although we're really struggling, there is still that pot, even if it is only £40, but that's potential to put four days' worth of meals on the table for the children if we absolutely need to.



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**Credit union member with a 'save as you repay' loan**

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full report, other  
resources and our  
website:





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