

# Stigma in payday borrowing: a service ecosystems approach

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## Abstract

**Purpose:** This study aims to explore stigma in payday borrowing by investigating how the stigma associated with using such a service may spill over and affect other people, entities and relationships beyond the user within a service ecosystem.

**Design/methodology/approach:** In-depth interviews exploring consumers' lived experiences and stigma were combined with publicly available reports from key stakeholders within the payday loan (PDL) industry to create a qualitative, text-based data set. The transcripts and reports were then analysed following thematic protocols.

**Findings:** Analysis reveals that the stigma associated with using a stigmatised service spills over, affecting not only the borrower but other actors within the service ecosystem. The analysis uncovers three important interactions that spilled over between the actors within the stigmatised service ecosystem (SSE), which can be damaging, enabling or concealed.

**Research limitations/implications:** This study introduces and explores the concept of "SSEs" and investigates the impact of stigma beyond the dyadic relationships between service providers and users to consider the actors within the wider ecosystem. The findings reframe existing understandings about stigma, as this study finds that stigmatised services can play both a positive (enabling) and a negative (damaging) role within an ecosystem, and this study uncovers the role of stigma concealments and how they can affect relationships and value co-creation among different actors.

**Practical implications:** This study provides evidence for more robust policies for addressing stigma in different SSEs by mapping the effects of stigma spillover and its effects on the borrower and other actors.

**Originality/value:** This study contributes to reframing marketing priorities by extending existing work on consumer stigma by showing how the stigma of a PDL may spill over and affect other actors within a service ecosystem. Significantly, the interactions between the actors may have positive as well as negative outcomes.

**Keywords:** Stigma, Spillover, Stigmatised service ecosystem (SSE), Payday borrowing Paper type Research paper

## 1. Introduction

Over three-quarters of the UK adult population has some form of personal debt, with current data suggesting that, on average, the unsecured debt per adult is £3,991 (The Money Charity, 2023). As not everyone is able to access funds from established banks, building societies and other lenders, many borrowers are obliged to turn to high-interest, short-term credit options. An example of these are payday loans (PDLs), named for being repayable on the borrower's next payday. This type of loan has gained a malodorous reputation owing to its high interest rates (Stone, 2019). In 2019, the Financial Ombudsman Service reported a five-year high in PDL disputes, with 40,000 new complaints about payday lenders, up by 130% in 12 months (Jones, 2020). Generally, adults in the UK with characteristics of vulnerability, such as being young, in poor health, having disabilities or having low financial resilience, such as those on low incomes or in insecure employment, are perceived as most at risk of falling into debt from this type of lending (Eabrasu, 2012; FCA, 2021; Inman and Treanor, 2017). As such, payday lenders have been stigmatised for targeting vulnerable consumers through sophisticated, predatory practices (Rowlingson *et al.*, 2016). While there is evidence of consumers experiencing stigma in various contexts, including access to health-care services (Klein *et al.*, 2021) and racial discrimination (Pittman, 2020), there is limited research into stigma and debt (Sparkes, 2020).

Definitions of stigma indicate that people who are stigmatised appear to have an attribute that marks them as somehow different, leading them to be devalued in the eyes of others (Major and O'Brien, 2005). Stigma may result when elements such as labelling, stereotyping, separation, status loss and discrimination all come together (Link and Phelan, 2001). These elements may be further fostered in situations where there is an imbalance in power (Richman and Lattanner, 2014) that may determine someone's susceptibility and response to stigma (Crocker *et al.*, 1998). In such situations, both the stigmatised and the stigmatisers find themselves grappling with the uncertainties of social life. Stigma, however, might extend beyond the dyadic relationship of stigmatised and stigmatisers, extending such influence with attendant limitations or prohibitions on relationships and engagement with other people, groups or communities (Yang *et al.*, 2007). The negative effects of stigma are so profound that marketers and policymakers need a holistic overview of stigma, which charts its effects not only on the stigmatised but also how stigma might affect their interactions with other stakeholders, such as family, friends, financial institutions or society in general (Apostolidis *et al.*, 2021; Link and Phelan, 2001).

As a means of providing this important overview of how stigmatised services might affect others, this study draws on research into service ecosystems. A service ecosystem consists of a set of entities or actors, mutually interconnected according to preferences or similarity of interests (Dass and Kumar, 2014). Within this system, the actors integrate and optimise their resources so that they can co-create value (Vargo and Lusch, 2016; Vargo, Wieland and Akaka, 2015). However, as Echeverri (2021) has shown, efforts at optimising resources within a service ecosystem may fail because of actor vulnerability. Other studies have suggested that factors such as actor opportunism, social stigma or goal misalignment may negatively affect the value co-creation process and even lead to value co-destruction (Apostolidis *et al.*, 2021; Čaić *et al.*, 2018; Pathak *et al.*, 2020). While value co-destruction resonates strongly with PDLs, there may be occasions where value is actually co-created.

By locating this study of stigma within service ecosystems and adopting a value co-creation/co-destruction lens, the aim is to offer holistic insights into the nature of interactions that occur

between users of a stigmatised service and other actors within the ecosystem. As such, this study contributes to stigma research; in particular, it extends the focus beyond the impact of stigma on the borrower/lender dyad to consider how stigma spills over within the service ecosystem. Based on the above, the research question we aim to address is:

*Q1.* How does the stigma associated with a service spill over and affect the interactions with other actors within a service ecosystem?

To address this question, primary and secondary data were gathered on payday borrowing. Interviews with payday borrowers and other actors within the service ecosystem were combined with online documentation pertaining to payday lending. We contend, on the basis of our findings, that this study contributes to reframing marketing priorities by demonstrating that the effects of using a stigmatised service extend beyond the individual concerned, here a payday borrower, to other actors, such as family members, charities, financial services and society as a whole. Furthermore, while the interactions between the actors in stigmatised service ecosystems (SSEs) may be damaging and lead to value co-destruction, the findings also indicate that interactions may be concealed and, in some instances, even act as enablers of value co-creation, thus revealing complexity in the ecosystem, further highlighting the contribution of this study.

The structure of the paper is as follows: the concepts of stigma, service ecosystems and value co-creation/co-destruction are introduced as the theoretical foundation for the research and through which the use of payday lending will be explored; the methodology section explains and justifies the methodology adopted and the use of primary and secondary data to answer the research questions; the findings of the analysis are then set out and discussed; and the conclusions section summarises the theoretical and practical contributions of the research.

## **2. Literature review**

In this section of the paper, we provide an overview of the literature relating to the purpose of the paper, beginning with stigma and stigmatised services, followed by service ecosystems.

### **2.1 Stigma and stigmatised services**

According to Goffman (1963, p. 3), the term stigma refers to “an attribute that is deeply discrediting”, where these stigmatising attributes are known or visible. People with these attributes feel that their social identity may be devalued, which can pose a threat to their emotional, social or physical well-being (Goffman, 1963; Major and O’Brien, 2005). Stigma may also include a component of structural discrimination or institutionalised disadvantage (Kleinman and Hall-Clifford, 2009), contributing to an imbalance of power where the stigmatised are considered “different” and subsequently devalued (Stutterheim and Ratcliffe, 2021). Therefore, stigmatised individuals may seek to conceal their stigma to escape the immediate damage of negative social behaviour and evaluation (Smart and Wegner, 1999). They may attempt to conceal what they consider the source of stigma, as it may lead to shame, poor self-esteem, high levels of stress and negative emotions (Anderson, 2020). In concealing stigma, these individuals may exhibit less assertive behaviours, compromising relationships and interactions with others (Henry and Caldwell, 2006; Richens, 1983).

It is important to note, however, that stigma does not always translate to negative outcomes and reactions. Studies explain how stigma, if managed properly, can lead to empowerment, reshaping of lifestyles and overcoming social barriers (Henry and Caldwell, 2006; Larsen, Patterson and Markham, 2014). Shih (2004) identifies two types of stigma management, namely, coping and empowerment. Coping strategies focus on avoiding any negative consequences of stigma, whereas empowerment strategies attempt not only to avoid the negative outcomes but also to create positive outcomes (Shih, 2004). Stigma may be considered accordingly as a social construct that is context-specific and that can be experienced on different levels, such as societal, business, product/service and individual (Bos *et al.*, 2013).

Several consumer studies explore the impact that stigma may have on consumer attitudes and behaviour. Stigma may act as a barrier to the consumption of specific products or services, such as certain types of health care, leading to the development of stigmatised identities or coping strategies to deal with stigma (Hamilton, 2012; Henry and Caldwell, 2006). Other studies have explained how stigma may influence people's attitudes and perceptions and affect the uptake of certain stigmatised services and/or behaviours (Brown, Apostolidis and Farquhar, 2021; Burke *et al.*, 2014). Apostolidis *et al.* (2021), for instance, explain how social stigma may create barriers to the adoption and use of mobile applications, offering access to leftover restaurant food. Other scholars have explored how individuals need to manage the stigma associated with specific activities, behaviours or practices such as volunteering (Ho and O'Donohoe, 2014) or tattoo art (Larsen, Patterson and Markham, 2014). In Table 1, we present a summary of studies on stigma published in marketing and consumer research journals during the past two decades. As can be seen from the focus and implications of the studies, the majority of marketing studies on stigma so far have focused on exploring individual consumer responses to stigmatisation and mechanisms to deal with stigma. Bettany *et al.* (2022), however, highlight the importance of investigating how stigma emerges and develops within networks, thus underlining the importance of an ecosystem or network approach.

The notion of stigma being transferred between actors is not new. Goffman (1963) recognised that stigma may be transferred by association to people who do not personally possess the stigmatising attribute. Similarly, the characteristics of a stigmatised individual may negatively affect the perceptions of and reactions to an associated person (Kulik *et al.*, 2008; Kvåle and Murdoch, 2022). This is an important observation, suggesting that stigma does, indeed, affect other people, extending beyond the stigmatised individual or consumer. While research has demonstrated that there is a stigma transfer process, the extent and scope of such effects merit further enquiry (Kvåle and Murdoch, 2022). According to existing studies, external reactions to stigma, that is, reactions from other actors within the ecosystem, may also vary as they can be subtle, hidden or, conversely, overt. Individuals may react to stigma through subtle expressions of discomfort or tense interactions or more overtly through avoidance, aversion to interactions and even social exclusion (Bos *et al.*, 2013).

In addition to stigmatising individuals, it is acknowledged that businesses also experience stigma. A business may be socially stigmatised as a result of being controversial or even potentially harmful to individuals, communities, or society as a whole (Austin and Gaither, 2019; Choi and Seo, 2019). Taking a product/service perspective, Ellen and Bone (2008) explain how perceived deviance, undesirability and high levels of risk associated with the use of a product or service may lead to a business being stigmatised. Businesses that offer PDLs are examples of financial services that have been heavily criticised over the past decade and have gained significant notoriety (Stone, 2019). Their practices have been regarded as especially damaging to vulnerable consumers, who are perceived as most at risk of falling into

**Table 1.** Summary table of stigma in marketing (date order)

<b>Author(s)</b>	<b>Focus</b>	<b>Method</b>	<b>Implications</b>
Henry and Caldwell (2006)	Individual consumers' self-empowerment and responses to powerlessness originating from engaging in "mildly" stigmatised behaviour	8 primary informant interviews and (online and physical) participant observation	Develops a taxonomy of consumer remedies for disadvantaged consumers
Argo and Main (2008)	Coupon users' stigma by association	Experiment and survey	Factors identified that protect non-coupon-redeeming shoppers from stigma by association
Potts and Nelson (2008)	Individual reactions to stigmatisation and its relationship to food risk management	Two-phase study consisting of baseline and follow-up surveys	Consumer recollection, behaviour and approach to dealing with a potentially stigmatising situation are affected by a number of common themes, not by social or demographic factors
Hamilton (2009)	Low-income families' response to deprivation, stigmatisation and exclusion	In-depth interviews with 30 families who encounter consumption constraints	Consumerism provides a useful additional perspective to understand social exclusion
Sandikci and Ger (2010)	Individuals reactions to stigma and the process of destigmatisation as stigmatised practices become fashionable	Ethnographic study of Turkish women	Destigmatisation of veiling through choice and free will and the formative role of fashion
Hamilton (2012)	Low-income families' response to stigmatisation and exclusion	In-depth interviews with 30 families	Coping strategies designed to gain approval fuel further stigmatisation
Mather <i>et al.</i> (2012)	Individual decision-making and trade-offs between price and social desirability in GM food purchasing	Stated/revealed preference experiment	Owing to social desirability, stated preferences for GM foods may be unduly negative
Ho and O'Donohoe (2014)	Individuals' response to the stigma associated with volunteering	Mixed qualitative methods: focus groups, interviews and a projective drawing task	The paper identifies five volunteering-related stereotypes and the associated stigma and provides a better understanding of how young people develop strategies to counter them
Chaney <i>et al.</i> (2019)	Individuals' response to stigmatised identity cues from organisations	Commentary	Stigmatised-identity safety cues signal a company's egalitarianism and inclusivity and can lead to positive consumer responses, while stigmatised-identity threat cues can result in anti-consumption
Lamberton (2019)	Individuals' response to anti-stigmatisation cues used by marketers	MTurk survey	Offers a framework of dignity architecture
Wooten and Rank-Christman (2019)	Impact of stigmatised identity cues on consumer behaviour	Commentary	Stigmatised-identity cues and their effects on consumer behaviour can be enhanced by examining cues pertaining to other social identities in addition to historically marginalised consumers

Fan <i>et al.</i> (2021)	Impact of perceived stigma and anticipated consumer guilt on individual consumer attitudes towards overspending in Chinese culture	Surveys on two labels associated with stigma	One construct disassociated from consumer guilt and stigmatic connotations
Achar, Dunn and Agrawal (2021)	Impact of stigma associated with particular behaviours on individuals' moral identity and the effectiveness of countermeasures	Experimental design focusing on the stigma of different "unhealthy" behaviours (five studies)	Tactics such as activating moral identity, self-affirming messages and highlighting low-stigma risk factors can bolster countermeasure effectiveness
Valor, Lloveras and Papaoikonomou (2021)	Impact of emotions and stigma on the legitimacy of consumer practices	Emotional discourse analysis of digital participatory media around Spanish bullfighting	Pathic stigmatisation as a cultural mechanism mediating the relationship between emotion discourse and the subsequent delegitimation of consumer practices
Bettany, Coffin, Eichert and Rowe (2022)	Diffracting stigma theoretics to explain how stigma emerges and develops within networks with various effects	Mixed methods, including material-semiotic ethnographic engagements, document and artefact analysis, observations and interviews	Develops stigma theoretics towards the concept of stigma diffraction, exploring the multiple stigma effects that can be identified and conceptualised through a diffractive lens

**Source:** Authors' own work

debt from this type of lending (Citizens Advice, 2016; Eabrasu, 2012; Inman and Treanor, 2017). Payday lenders have been accused of targeting consumers through sophisticated, predatory practices that, in many cases, have rendered consumers captive and disempowered (Brookes and Harvey, 2017; Rowlingson *et al.*, 2016; Stavros *et al.*, 2021; Slade Shantz *et al.*, 2019). As such, PDLs can be considered an example of a stigmatised industry.

In addition to payday lending being considered a stigmatised industry, consumers of this service may feel stigmatised for using it and, in turn, be stigmatised by others for precisely that reason. The stigma arises in no small part owing to the stereotypical connections of high-cost credit with poverty, unemployment, lower social class, poor financial management and financial vulnerability (Brown *et al.*, 2021; Slade Shantz *et al.*, 2019). Furthermore, based on research into how stigma may affect others (Kulik *et al.*, 2008), we argue that the consequences of using a stigmatised service may not just be restricted to the borrower alone but may affect other individuals, groups or organisations with whom borrowers interact. We build on the proposition that stigma may be better understood by exploring its impact within a wider network (Bettany *et al.*, 2022), so for this study, we adopt a service ecosystem perspective to explore stigma in payday borrowing.

## 2.2 Service ecosystems

Looking beyond the stigmatised individual, we turn to the literature on service ecosystems, as it offers a focus on interactions between different actors that take place within a system (Vargo *et al.*, 2015). According to this literature, a service ecosystem consists of a set of entities or actors that are mutually interconnected according to preferences or similarity of interests (Dass and Kumar, 2014). Service ecosystem thinking draws on fundamental principles in service-dominant logic, where actors integrate their resources so that they can optimise them within an ecosystem (Vargo and Lusch, 2016). An important aspect of service ecosystems is the proposition that value is co-created by actors within the ecosystem as they interact with each other, integrating their resources to improve their well-being (Chen *et al.*, 2021; Vargo and Akaka, 2012). Most importantly, this perspective shifts the focus away from value creation being the sole responsibility of the suppliers, but rather to a phenomenon brought about by multiple actors (Vargo and Lusch, 2016), co-creating value within a self-adjusting, self-contained dynamic ecosystem (Bruce *et al.*, 2019; Meynhardt *et al.*, 2016; Taillard *et al.*, 2016). With their focus on resource integration, service ecosystems offer a means of investigating a range of phenomena, such as digital transformation (Payne *et al.*, 2021), sustainability (Babu *et al.*, 2020; Singh *et al.*, 2022) and industrial crises (Robson and Farquhar, 2021).

Significantly, it has been recognised that interactions between actors within a service ecosystem do not always lead to the co-creation of value (Echevarri, 2021). There may also be a “dark side” that can result in reduced well-being or value for the actors, which, according to Laud *et al.* (2019), forms an integral component of value co-destruction. Running counter to value co-creation, value co-destruction refers to an interactional process between actors within a service system that results in a decline in at least one of the actors’ well-being (Echeverri and Skålén, 2021; Plé and Chumpitaz Cáceres, 2010). This dark side can arise from a power imbalance, leading to hegemonic interactions or inequitable benefits (Apostolidis *et al.*, 2021; Bruce *et al.*, 2019; Johnsen *et al.*, 2020; Story *et al.*, 2020). Value co-destruction can also arise from conflict or opportunistic behaviours, that is, one actor’s deliberate attempt to gain self-interested benefits from their interactions, bringing about detriment to other actors within the service ecosystem (Apostolidis and Brown, 2021; Mele *et al.*, 2018).

As argued, the contribution of service ecosystems research is to draw attention to interactions between multiple actors within an ecosystem; therefore, it is the contention of this study that the impact of stigma may not be confined to dyadic interactions, for example, those between the payday lender and borrower, but may spill over into interactions with other actors, such as family, friends and other individuals and/or organisations. In the context of financial services, studies have explored the factors that influence interactions and value co-creation within service ecosystems (Babu *et al.*, 2020; Payne *et al.*, 2021); however, there is scope for investigating stigmatised services similarly, or, as we argue, a SSE. Prior and Marcos-Cuevas (2016) comment that a key claim in service-dominant logic is that actor-to-actor collaboration involves normalising processes. Such processes involve establishing and reinforcing a series of social norms and rules governing actor activities and, consequently, they form the basis for evaluations of their behaviours and value co-creation. The use of a stigmatised financial service that undermines or erodes social norms, therefore, may not only limit the number of actors in the ecosystem, such as alternative sources of credit for users of stigmatised financial services, but also negatively affect interactions with others, leading to value co-destruction and the diminution of actors' emotional, social, physical and financial well-being (Brown *et al.*, 2021).

Within financial services such as money lending, other actors or entities may include community members, credit bureaus and regulatory authorities (Bachmann *et al.*, 2011) where fintech organisations and digital artefacts, such as AI bots, facilitate interactions between lenders and borrowers (Pena and Breidbach, 2021). For payday lending, Morgan *et al.* (2012) identify five main stakeholders or actors who offer interaction opportunities: consumers, consumer advocates, the government, payday lenders and competitors. Family members, friends as well as other alternative sources of short-term credit such as pawn shops are also actors as they can facilitate or participate in the value co-creation process, such as offering money to bail consumers out of high-interest credit. Additionally, the role of media in the acceptance of payday lending services, as well as the role of social assistance providers in the use and acceptance of payday borrowing, have been acknowledged by recent studies (Budd *et al.*, 2019; Caplan *et al.*, 2017).

This timely study explores how the stigma associated with payday borrowing may spill over and affect interactions among the various actors within, what we propose, is an SSE. Spillover research has attracted interest in other domains, for example, engagement spillover (Han *et al.*, 2022), knowledge spillover (Ratten, 2021) and technology spillover (Huang and Lv, 2021). This study builds on such work by investigating stigma spillover within a service ecosystem using the context of payday borrowing. In the next section, we set out the method used in this study.

### **3. Method**

The design of the research is shaped around the research question, with the aim of uncovering the interactions that occur with the SSE. Collecting primary data about stigmatised services and the dark side of service ecosystems presents several challenges, primarily because few actors are willing to share information related to controversial actions that may have adverse effects on other actors (Brown *et al.*, 2017; Mele *et al.*, 2018). Nevertheless, the availability of substantial, publicly available data from various stakeholders in the PDL industry not only highlights its importance for practitioners and policymakers but also provides a rich pool of information (see Tables 2 and 3). Using the three identified levels of embeddedness of interactions in SE (Akaka *et al.*, 2013), typical actors within the SSE of payday borrowing include some of the following micro-, meso- and macro-level actors: the individual consumer



**Table 2.** Informant details

	Name	Gender (M/F)	Age	Married/partner/single (M/P/S)	Homeowner/renter (H/R)	Children (Y/N)	Currently in debt (Y/N)	Used PDL (Y/N)	Comments
<i>Payday loan users</i>									
1	Andrea	F	26	S	R	N	Y	Y	Previously bankrupt, she was regularly using PDLs; now she only uses them occasionally. Works in a full-time customer care role (Rents a house share with friends)
2	Ivan	M	27	S	R	N	N	Y	used PDLs to cover living costs while in London at university, which spiralled (Renting with a friend, self-employed, part-time Disc Jockey)
3	Dave	M	29	S	R	N	Y	Y	Uses doorstep loans the most and dips into PDLs when needed (Hourly paid builder)
4	Marcus	M	31	M	R	N	N	Y	Used multiple payday loans in the past (Hourly paid bricklayer)
5	Franklin	M	32	P	R	Y:1	N	Y	Used PDLs to patch over job/location changes as pay was delayed and spiralled. Child with a previous partner (Full-time chef)
6	Laurence	M	33	M	H	N	Y	Y	Previously, a regular user of PDLs to cover for personal/living expenses. Currently, relying more on credit cards (Self-employed plumber)
7	Gamba	M	36	S	R	N	N	Y	Used PDLs to pay for living expenses. Rents with friends (Part-time research assistant)
8	Betty	F	37	M	R	Y:3	Y	Y	Recently bankrupt, uses pawning first and PDLs as a last resort (Full-time HR specialist)
9	Kurtis	M	38	S	R	N	Y	Y	Used PDLs and credit cards frequently to cover living expenses at the end of the month, has recently managed to shift debt onto credit cards only (Full-time math teacher)
10	Helena	F	41	S	H	Y:1	Y	Y	Used multiple PDLs to patch over non-payment by a tenant who stopped paying rent to cover second mortgage on second house (Full-time nurse)
11	Cheryl	F	47	S	R	Y	Y	Y	Previously bankrupt, uses PDLs whenever short at the end of the month or for buying her grandchildren's birthday or Christmas gifts (Part-time cleaner. Adult children, young grandchildren)

12	Evelyn	F	51	M	H	Y	Y	Y	Has used PDLs extensively in the past, but only rarely now. Divorced, remarried, mortgage on house. Adult Children (Full-time academic)
<i>Non-payday loan users</i>									
13	Ed	M	22	M	H	N	Y	N	Student loan debt, uses part-time work and support from parents to pay for living expenses. Recently nearly took PDL, but worried about it escalating so asked parents for extra support. Rents flat with friends (Full time student, part time bar worker)
14	Heather	F	28	P	R	N	Y	N	Uses credit cards regularly. Older sister had serious debt in recent years, lent money to a friend at university to stop her taking a PDL (Full-time specialist nurse)
15	Dean	M	34	S	R	N	Y	N	Previous job as a Customer Experience Manager (money collector) for a doorstep loan company. Has friends who regularly use PDLs (Full-time personal trainer)
16	Mike	M	35	M	H	Y:1	N	N	Has a credit card, and uses direct debt, pays off everything on time. Has had friends with serious credit card debt. Full-time civil service customer service rep (Part-time personal trainer)
17	Faye	F	36	M	H	Y:2	Y	N	Has credit card debt which is controlled (Part-time teaching assistant with flexi hours)
18	Maxwell	M	37	S	R	N	Y	N	Regular used of overdrafts in the past. Currently paying back family loan to open own business. Knows about PDLs but never considered them (Full-time employee in a manufacturing company)
19	Brenda	F	38	S	H	N	N	N	Uses credit cards but pays off in full every month. She is aware of a few periphery friends who use PDLs (Full-time online tutor)
20	Steve	M	38	M	H	N	N	N	Regular user of credit cards, pays off monthly so no interest. In the past used overdrafts, asked friends for a loan, or a salary in advance from employer. Considered PDLs but never applied for one (Full-time employed in a tech company)

Source: Authors' own work

**Table 3.** Secondary data sources, examples of coding and themes

Sources	No. of documents analysed	Coding (theme combined with primary data)
Payday lender, high-cost lender and industry websites – Consumer Credit Trade Association, Money Boat, e.g. <a href="http://www.wagedayadvance.co.uk/about/about-us/">www.wagedayadvance.co.uk/about/about-us/</a>	7	<ul style="list-style-type: none"> <li>• Enabling: filling a credit drought, open and transparent services</li> <li>• Concealment: discrete service, money recognised as a sensitive topic</li> </ul>
Financial services press relating to high-cost lending and payday loans, e.g. <a href="http://ft.com/content/1a04d4b2-a0a1-11e9-a282-2df48f366f7d">Financial Times ft.com/content/1a04d4b2-a0a1-11e9-a282-2df48f366f7d</a>	19	<ul style="list-style-type: none"> <li>• Damaging: payday loans as debt traps, need for tighter regulation</li> <li>• Enabling: fills a gap</li> </ul>
Reports from Financial Conduct Authority, UK Parliament, Competition and Markets Authority, Financial Ombudsman, Centre for Social Justice, e.g. <a href="http://www.financial-ombudsman.org.uk/businesses/complaints-deal/consumer-credit/payday-loans">www.financial-ombudsman.org.uk/businesses/complaints-deal/consumer-credit/payday-loans</a>	17	<ul style="list-style-type: none"> <li>• Enabling/damaging: setting of caps and fees to lower costs of short-term loans</li> <li>• Concealment: money issues a sensitive topic</li> </ul>
ASA, <a href="http://www.asa.org.uk/news/christmas-advertising-insight-comes-early.html">www.asa.org.uk/news/christmas-advertising-insight-comes-early.html</a> , county councils, university publications, Gambling Commission, e.g. <a href="http://www.gamblingcommission.gov.uk/statistics-and-research/publication/behaviours-and-attitudes-towards-gambling-with-credit-cards-2019-research">www.gamblingcommission.gov.uk/statistics-and-research/publication/behaviours-and-attitudes-towards-gambling-with-credit-cards-2019-research</a>	5	<ul style="list-style-type: none"> <li>• Damaging: irresponsible promotion, issues with credit use (e.g. gambling with borrowed money)</li> </ul>
Charities and support group reports, e.g. <a href="http://www.citizensadvice.org.uk/debt-and-money/borrowing-money/types-of-borrowing/loans/payday-loans/taking-out-a-paydayloan">www.citizensadvice.org.uk/debt-and-money/borrowing-money/types-of-borrowing/loans/payday-loans/taking-out-a-paydayloan</a> ; <a href="http://stepchange.org/MediaCentre/Pressreleases/Paydayloanactionneeded.aspx">stepchange.org/MediaCentre/Pressreleases/Paydayloanactionneeded.aspx</a>	9	Damaging: high cost, to be avoided
Blogs, commentaries and legal commentaries, e.g. <a href="http://moneysavingexpert.com/news/2014/07/stigma-stops-payday-loan-complaints-ombudsman-saysnortonfinance.co.uk/know-how/a-to-z-of-finances/the-pros-and-cons-of-payday-loans">moneysavingexpert.com/news/2014/07/stigma-stops-payday-loan-complaints-ombudsman-saysnortonfinance.co.uk/know-how/a-to-z-of-finances/the-pros-and-cons-of-payday-loans</a>	11	Enabling: necessary evil for unexpected bills

**Source:** Authors' own work

and the payday lender; peers (friends, family, neighbours and work colleagues); debt counsellors; debt collectors; and other credit sources (e.g. banks, credit unions, loan sharks); the macro-level includes stakeholders such as regulators, trade associations, policy developers and the government, such as the Financial Conduct Authority; and the media. Within our research, we have used primary data collection methods to speak to individuals operating on the micro and meso levels and secondary data to explore the meso- and macro-level aspects. The full details of the method are set out below, beginning with the selection of sources.

### 3.1 Data collection

The study took place in the north-east of England, where income and saving levels are reportedly lower than in the rest of the country (Aldermore, 2019; Dowson, 2019), providing fertile ground for financial services such as payday lending. Given the challenges for informant recruitment created by the sensitive and, in many cases, emotional nature of this research topic, a stepwise, dynamic process was adopted to secure appropriate informants for our study (Peticca-Harris *et al.*, 2016). Initially, PDL users were recruited through advertisements in local community spaces, such as halls and libraries, as well as local credit unions, charity shops and pawn shops. Informants were also recruited through word-of-mouth referral from existing participants, resulting, finally, in a group of 12 informants who were either current borrowers or had used a PDL in the past few years. Furthermore, eight informants who had not used PDLs but were family or friends of PDL users or were involved in the PDL or industry in different ways, such as debt collectors, were recruited through social media or word of mouth.

The primary data were obtained via in-depth interviews, conducted face-to-face or online. The tone of the interviews was conversational to allow questions to emerge from the conversation rather than from a predetermined list. A friendly, discursive approach also helped create a natural narrative and elicit first-person, subjective descriptions of specific (positive and negative) experiences, which was essential to evaluate the impact of the adoption and use of a stigmatised service (Finlay, 2009; Fossey *et al.*, 2002; Thompson, *et al.*, 1989). The topics covered in the interviews include lived experiences with and/or perceptions of payday borrowers and lenders, the causes and consequences of engagement with this service (for users), or the impact of borrowing on the relationships and interactions of borrowers and other actors.

Interviews lasted one hour on average, with the longest being just under two-and-a-half hours. Following qualitative data analysis practice (Patton, 2015), preliminary analysis took place at the same time as collection, prompting further avenues of enquiry amongst the data. As part of this process, several informants were interviewed two to three times to revisit ongoing situations, to explore further topics previously uncovered and to clarify their understanding from previous interviews. This process culminated in a stage of meaning saturation that broadly supported emerging themes (Hennink *et al.*, 2017). Primary data collection adhered to the ethical policies of the supporting institutions. It was noted that in spite of perceptions of vulnerability, payday borrowers seemed *not* to fall under the accepted categories of vulnerability, as all declared being in full- or part-time employment and having access to accommodation. All had a minimum of a high school education, with most having an undergraduate degree or above. Informants were not offered financial compensation for their input but were willing to participate to potentially help others in similar situations.

Researchers were sensitive to the subject matter, asking open-ended questions to encourage the participants to discuss their experiences on their own terms. Informants were asked to discuss

their credit histories, experiences with indebtedness and use of various financial products such as credit cards, catalogue lending and payday lenders. In line with existential phenomenological interview techniques (Thompson *et al.*, 1989), and to help avoid the notion of judgement and assist with the power balance, the question “why?” was avoided. All data were anonymised. Informants were able to terminate interviews at any time and were made aware that their information could be retracted afterwards. Informants were also offered the opportunity to read and discuss their transcripts afterwards, to clarify any ambiguous discussion and omit any discussion that caused discomfort. At the time of publication, none of the informants had requested to retract any of their data.

To gain a holistic view of the micro-, meso- and macro-level interactions within the SSE, secondary data sources were accessed. The team accessed a range of secondary data from online sources, including official government websites, charity websites and media (see Table 3). Sources such as Financial Conduct Authority and Financial Ombudsman reports, as well as financial services press releases and support group and loan industry reports, provided valuable insight into the interests and concerns of regulators, opinion leaders, payday lenders and alternative credit providers. The search parameters used in the secondary data sourcing aimed to identify sources that were published by relevant and reliable stakeholders of the UK payday lending industry, e.g. government publications; reports by consumer rights groups and lenders themselves; and financial support groups, within the past five years. The use of these terms yielded a substantial trove of information. We combined the primary and secondary data into a database (Yin, 2018). Table 3 also includes information on coding and themes.

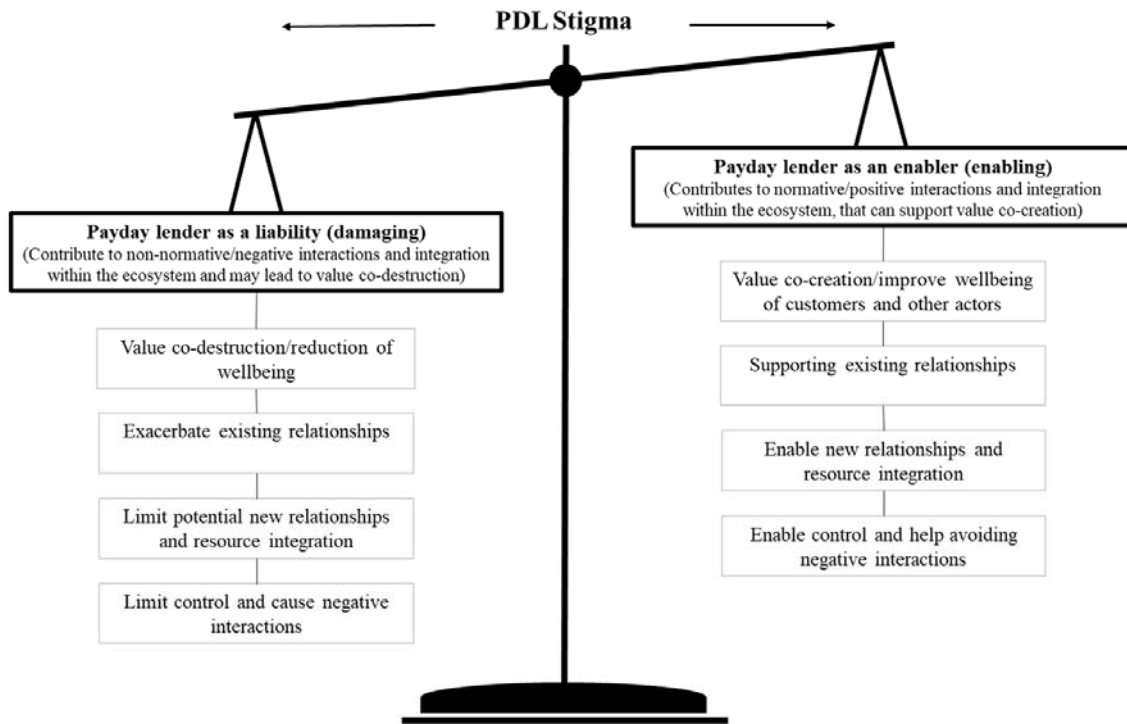
### **3.2 Analysis**

The analysis followed structured thematic protocols (Braun and Clarke, 2006; 2013), aiming to find meanings and patterns within the combined data set or database (Yin, 2018). Data familiarisation began with the researchers conducting the interviews and then transcribing verbatim the recorded audio. The team read and re-read the transcripts, starting to take notes on key aspects and story points. Concurrently, notes and summaries were prepared for the secondary sources, noting any initial ideas. Next, the team combed the database, coding salient features of the data across the data set (Braun and Clarke, 2006), looking for details on the use of PDLs, the interactions within the SE, references to other actors, as well as information relating to the impact of stigma. As the team read and reread the material in the database, they gained heightened alertness to new interpretations (Pratt, 2009; Preece, Kerrigan and O’Reilly, 2019), collating emergent codes into potential themes and creating a thematic map (Braun and Clarke, 2006, p. 2013), for example, negative emotions associated with stigma (such as shame and embarrassment about borrowing) and their impact (e.g. secrecy and concealment of stigmatised interactions). The team worked together to compare and refine the coding scheme, referring to the data, research notes and literature to identify emerging patterns within the phenomenon (Patton, 2015), for example, the emergence of “enabling” as a theme, following researcher triangulation practice (Farquhar *et al.*, 2020). In the following section, the themes of the analysis are presented and discussed with reference to the literature, including extracts from the database for transparency (Pratt, 2009).

## **4. Findings and discussion**

From the analysis, three overarching themes appeared to capture the interactions within the SSE, which are as follows: damaging, enabling and concealing. Damaging and enabling interactions refer to the impact that stigmatised service providers, such as payday lenders, have

on interactions within the SSE and can be related to familiar concepts in service ecosystem literature (i.e. value co-destruction and value co-creation). In Figure 1, the first two themes from the analysis (damaging and enabling) are portrayed within an SSE and will be discussed in the sections that follow. They are represented here as in balance, and in our discussion later, we posit that stigma may affect the direction in which the balance shifts, towards value co-creation or co-destruction in the interactions.



Source: Authors own work

Figure 1. Payday loans in stigmatised service ecosystems

In both enabling and more so damaging scenarios, there is a noticeable spillover of stigma, which has an impact on the interactions with various actors within the SSE. Therefore, the resulting third theme is the role of concealing, which relates to how borrowers actively manage and try to contain the impact of stigma in value co-creative interactions. Our findings indicate that concealing appears to be uniquely specific to SSEs.

#### 4.1 Damaging

Corroborating findings of earlier studies, the analysis shows that interaction with a stigmatised service provider can negatively affect user well-being (Brown *et al.*, 2021; Citizens Advice, 2016; Eabrasu, 2012; Inman and Treanor, 2017). One informant explains how payday lenders prey on consumers, taking advantage of their financial struggles:

They [payday lenders] are unscrupulous like, they don't care who they lend to, as long as they're making some sort of money. And they are, hard out on their advertising, when you look at their advertising campaigns [...] We [in the Northeast] have high rates of unemployment, so you think it would go hand in hand that we've got high rates of people hard up and using payday lenders (Dave, payday borrower).

Supporting the view of PDLs as a stigmatised service, this informant paints a wholly negative picture of payday lenders and draws attention to the “hard sell” advertising used to promote payday lending in the region. Indeed, although research on advertising and payday lending is scant, studies suggest an emphasis on emotional appeals in PDL advertising (Mogaji and Farinloye, 2019). Details about repayments appear to be overlooked by advertising recipients, with potentially detrimental effects on their well-being (Department for Business Innovation and Skills, 2013).

The stigma of PDLs is also supported by data that show that such negative views are shared by other actors within the SSE who have no personal experience with PDLs, for example:

I’ve seen people in the news who’ve gotten into major problems using [payday loans]. I’m sure one guy committed suicide when they spiralled (Brenda, non-borrower).

Similarly, the following extract from a secondary source offers a professional view:

Consumers are getting wiser to how much misery these loans cause, and more and more lenders are fleeing the market every month as they realise how toxic the industry is (Peter Briffett, CEO Wagestream).

In spite of the stigma and well-reported challenges associated with the use of PDLs, informants report that they still decided to use these stigmatised services. Corroborating the arguments by Rowlingson *et al.* (2016), informants describe PDLs as a “necessary evil”, with the lack of alternative sources of funding appearing to be one of the main challenges driving their use:

Because I had bad credit, I was forced to use payday loans. And then you’re kind of stuck (Kurtis, payday borrower).

This view is also supported by several secondary sources that highlight how urgency and vulnerability might force people to use PDLs, resulting, however, in further diminishment of their well-being:

Payday lending should be considered a contemporary public health concern. Key factors include the vulnerability of the populations involved and the urgency, scale and growth of the issue, coupled with the corrosive effect that personal debt and financial vulnerability can have on mental and physical health (GCPH, 2016).

The reported depletion in actors’ well-being (financial, emotional or social) because of their interactions with payday lenders is in line with the concept of value co-destruction (Plé and Chumpitaz Cáceres, 2010). This value co-destruction is even more evident in cases where the user of the stigmatised service cannot “escape” the SSE. For instance, there are cases where PDL users may become “hooked”, as this informant states:

The best thing was to just get the payday loans [to plug a deficit]. But then of course, the same thing happened. So, you end up getting a bigger payday loan the following month. And then a bigger one, and then a bigger one, and then a bigger one (Evelyn, payday borrower).

Evelyn’s quote illustrates the path of a PDL from a short-term means of plugging a deficit to much greater debt. Being in a vulnerable financial situation means that consumers have little choice other than to use a stigmatised service such as PDLs (Brown *et al.*, 2021; Eabrasu, 2012; Inman and Treanor, 2017). From a state of relative empowerment, they then migrate to an

altered state of power asymmetry with the lender. This power asymmetry within SSEs is characteristic of damaging interactions, defined by the dependence of one actor upon another, conflict between actors or even opportunistic behaviours (Apostolidis *et al.*, 2021; Bruce *et al.*, 2019; Johnsen *et al.*, 2020), which can result in a further diminishment of the actors' well-being and affect relationships with other actors within the ecosystem:

Unless action is taken, existing power imbalances between industry and the public will be reinforced – albeit with the power likely shifting from banks to tech giants. Life for those in vulnerable circumstances will become more difficult (Barrow Cadbury Trust, 2021).

Notably, Kurtis confirms how this is the case with PDLs and highlights how easy it is to lose control and how difficult it is to escape:

That's the problem because it almost feels like you're on a downward spiral. And first of all, you've got to stop going down. Then you've got to stay still. Then you've got to try and improve back up. And it's [...] I mean, it's hard, to do that (Kurtis, payday borrower).

Informants describe how using stigmatised services can affect the well-being of other actors, such as family, friends and members of their community. This stigma spillover from using a stigmatised service further exacerbates their feelings of stigma, leading to further rounds of reduction in well-being, damaged relationships and conflict (Apostolidis and Brown, 2021). Heather describes the situation in her family:

My Dad bailed my sister out of her debt when it got out of control. He sold his motorbike to get the money for her. It was his pride and joy. He told me he was getting too old for bikes, which is why he sold it. I only found out recently that that's not what really happened (Heather, non-borrower).

As the information presented above suggests, other actors within the SSE, such as family members, may need to offer resources to try and rectify the imbalance or damage, in turn affecting their own well-being and relationships. This finding is consistent with the literature on resource integration by multiple actors (Gummesson, 2008; Polese *et al.*, 2017). It is critical that this process be managed carefully in order not to lead to further relationship damage and value co-destruction over time (Kuppelwieser and Finsterwalder, 2016).

## 4.2 Enabling

In addition to the damaging interactions arising from PDLs, the analysis revealed the theme of enabling interactions within the SSE. This is a particularly unexpected finding, which rather flies in the face of the overwhelming criticism of payday lenders (Brookes and Harvey, 2017; Rowlingson *et al.*, 2016; Slade Shantz *et al.*, 2019; Stavros *et al.*, 2021). Nevertheless, interview informants commented on how PDLs enabled them to co-create value with other actors in a way that otherwise would have been restricted. The payday lenders recognise this aspect of their services, as this lender outlines:

Ensuring customers who have negative changes in their circumstances, which make current financial commitments untenable, are dealt with in a fair and responsible way that minimises any long term mental or financial strain (Fast Loan UK, 2022).

Access to money means that borrowers can fund repairs, pay off bills or support family activities, all of which can facilitate interactions with other actors in the SSE, supporting actor



well-being and value co-creation. Following a cautionary note about how important it is to be careful and pay the loan back, Andrea reports having a good experience with the payday lenders she has used:

They're a good option if you're careful, and you pay them back. And, I found the whole process really easy, probably a bit too easy [laughs]. The company I was dealing with were friendly enough, and, I never had any problems with them, as such. I would say it was quite a good experience with them (Andrea, payday borrower).

Informants also discussed being able to maintain or even improve their lifestyle by using a PDL, a finding also supported by previous studies (Fitzpatrick and Coleman-Jensen, 2014; Lim *et al.*, 2014). Evelyn discusses how taking a PDL enabled her to cover finances for one of the most important days of her life, her wedding:

[We] got out a [payday] loan when we were getting married. Which I think is okay. It's not something you should be doing regularly for everyday things. But, for that particular reason, you know [...] I mean, Graham's mum's credit card was maxed out from our wedding as well [...] So, the two, the three months after the wedding we had to pay all of that back (Evelyn, payday borrower).

Similarly, Andrea discussed how taking short-term credit enabled her to maintain her lifestyle and cover existing debt through payday borrowing, which she would not have been able to afford otherwise because of a poor credit history (Brown *et al.*, 2017). She talked about how this has helped her financially but also emotionally and socially, as she felt more aligned with her friends and co-workers, which improved her financial, mental and emotional well-being:

I obviously couldn't get any kind of normal loan, with being bankrupt. [...] But this payday loan company would give me the money. It started off, a hundred pounds, I think? Originally. And then, obviously, you pay back twenty-five pounds for every hundred pounds that you borrow. Which I didn't actually think was too bad in the grand scheme of things (Andrea, payday borrower).

These data suggest that loans were used to fund casual purchases or pay off existing debt; however, they may also be enabling in quite different circumstances. Evelyn reflects on how a loan helped her regain control in a domestic abuse situation:

For me, that's why I don't have a negative view about [payday loans]. And it's funny because I'm still paying off one of them now [...] Just because it helped me to get round a bullying, nasty partner who had me under his control. So, for me, it helped me. I suppose it's like, child benefit. That's why I'm a bit like, all in favour of child benefit. Because it's often the benefit that women go and pick up. And it's their money. So, it helped me (Evelyn, payday borrower).

As the above extracts and discussion demonstrate, using a PDL enables borrowers to interact with other actors to regain control of a difficult situation and helps them minimise problematic interactions within the SSE. By using a stigmatised service, borrowers are able to retain a degree of power and control and improve their emotional, social and financial well-being. This is a significant finding, as it runs counter to much of the stigma literature (Stutterheim and Ratcliffe, 2021). Existing research reports that the use of stigmatised services or even practising stigmatised behaviours results in negative outcomes (Hamilton and Hassan, 2010; Link and Phelan, 2014; Sweet *et al.*, 2018). This study therefore contributes to stigmatised service research by providing evidence that, although interactions within an SSE can be damaging, there are instances where they are value co-creating.

Stigma appears to play an important role in how the balance shifts from value co-creation to value co-destruction or vice versa. Our study, through an SSE approach, reveals that stigma not only affects borrower/lender interactions but also spills over to other actors within the SSE. This finding signifies that even in cases where PDLs could facilitate value co-creation, the stigma associated with their services could spill over and negatively affect interaction with other actors and result in the diminishment of actors' well-being, as Dave explains:

You don't wanna disappoint your parents, well, my mother. She's a sweet little thing, so I don't wanna upset her. So that's why I think sometimes I'm a bit torn like [...] Awh, I shouldn't be doing this. And I think that's where maybe part of the guilt comes from? When I say I feel 'torn' I think that's, part of like, why I feel torn: Awh, she'd be disappointed if she knew that I was getting [name of payday lender] loans (Dave, payday borrower).

This extract illustrates that even when informants view interactions with PDLs as enabling, stigma may spill over and shift the balance towards value co-destruction. On the other hand, interacting with a stigmatised service could mean that users could avoid affecting their interactions with other actors in the SE, for example, by having to ask other people, such as friends or family, for money, which has improved their well-being and enabled value co-creation:

For instance, half term in February last year, I was going on holiday, the week before I got paid. Not my choice - my dad booked it. And I was only going for a few days, I was only going over to Berlin, so I didn't need thousands for that [...] [I] haven't gone to my parents and said: "Help I'm stuck, I'm in trouble, I need your money". They were none the wiser, and I had a nice holiday with them, without relying on them (Kurtis, payday borrower).

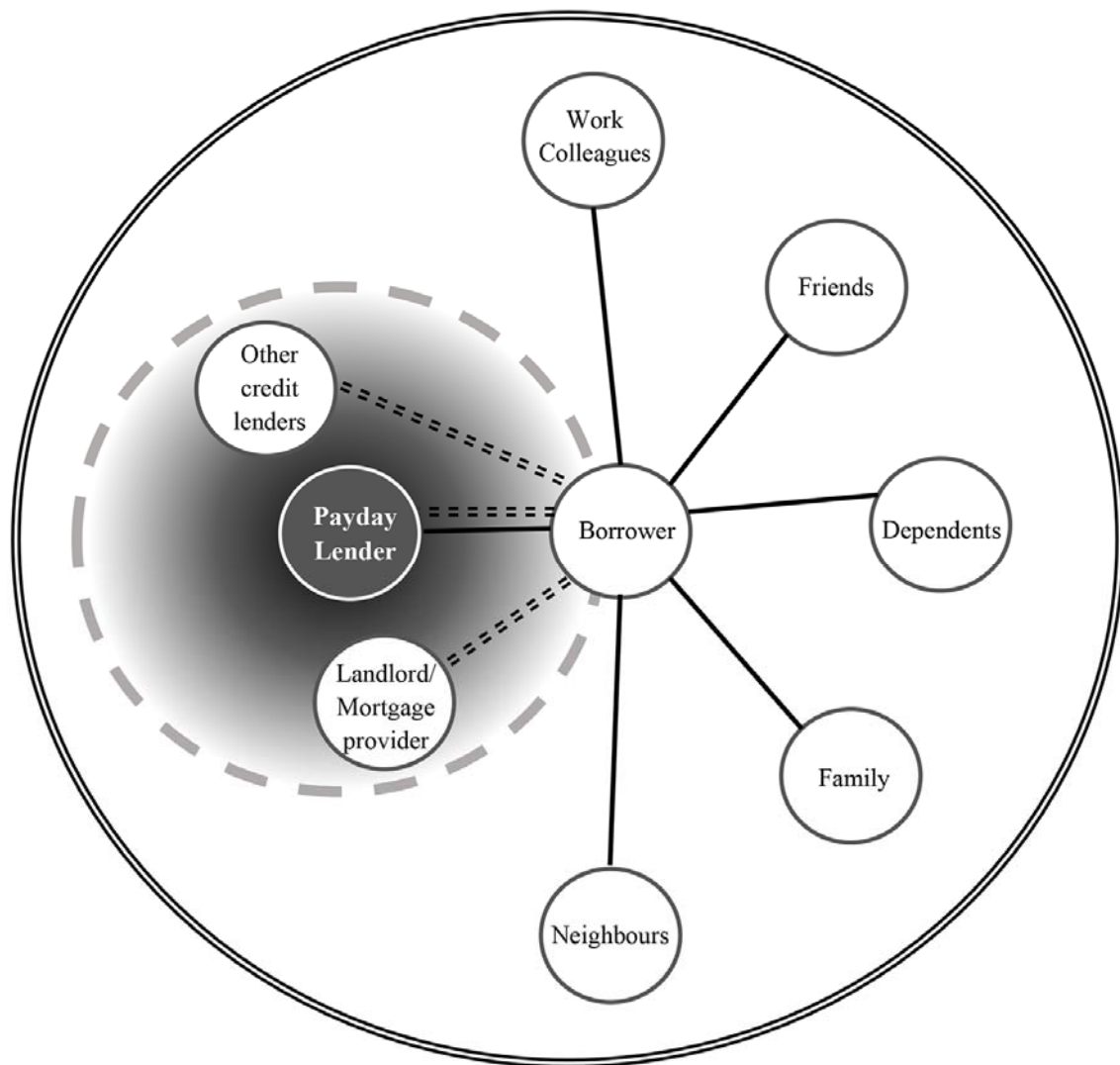
Kurtis, through taking out a PDL, was able to extract himself from a potentially embarrassing situation that had been inadvertently brought about by family members. PDLs are a "patch" or replacement that enables the borrower to remain in control of a situation and to avoid embarrassment and/or conflict caused by non-users' socially constructed understanding of the PDL stigma. This finding suggests a tipping point where revealing payday borrowing could cause stigma spillover and thus change the interaction from being co-created and enabling to being co-destructive and damaging owing to differing perspectives on the use of a stigmatised service.

### 4.3 Concealing

The above discussion highlights the importance of another important finding that relates to concealment as an interaction within the SSE. Concealing here emerges as a means of "managing" the stigma arising from payday borrowing. Stigma is closely associated with feelings of vulnerability, embarrassment and sadness (Purdam *et al.*, 2016). For instance, in the following extract, Cheryl describes a visit from the bailiffs and how this interaction led to potential stigma spilling over and affecting her relationships with other actors, such as neighbours and shop owners:

And plus, I live on a main street. A busy main road, with shops and everything. So, whenever anybody's knocking at your door, everybody's seeing [...] [...] its embarrassment isn't it really? [...] 'I'm frightened in case people pick up bad opinions about 'iz. Take 'iz the wrong way. [...] there'll be people in worse situations than what I am, and they'll probably not give a ((nod)) what people think. But I do. I do (Cheryl, payday borrower).

As such, many payday lenders opt to conceal their interactions with stigmatised service providers. In Figure 2, we illustrate how stigma can be managed with the minimum disruption to stakeholders.



**Source:** Authors own work

**Figure 2.** Example of a stigmatised service ecosystem where stigma is concealed

Although concealing interactions with stigmatised services is a common strategy to avoid stigma and maintain well-being, our findings suggest that concealment may have adverse effects on the relationships in the SSE. For instance, concealing can result in negative emotions, stress and conflict as the concealer becomes increasingly focused and preoccupied with covering up (Smart and Wegner, 1999), affecting their well-being and relationships with others. Furthermore, attempts to conceal borrowing may restrict interactions with other SSE actors, such as neighbours and family, who, ironically, may have been able to support them and help them avoid value co-destruction. Interestingly, the impact of concealing may even be more adverse in cases of the “damaging” impact of PDLs on SSE interactions. For instance, Ivan conceals his PDL debt as he believes it would overburden his family, who are themselves experiencing difficult times.

In concealing his borrowing, he further adds to his vulnerability as he is obliged to extend interactions with the stigmatised services, which results in the deterioration of his financial and emotional well-being:

I cannot tell me Dad that, I've got loads of debt. 'Coz he's got to deal with like [...] me Mam, she had like a rough time, with my sister in hospital, and she had like, she had a breakdown, she left work and stuff like that. So, I think that just like, I think that was one of the reasons why I thought: "Owh, I'm just going to have to ride it out a bit longer". Because, I can't, I can't throw that on my family just yet (Ivan, payday borrower).

On the other hand, in cases where the impact of PDLs enables value co-creation, concealment seems to be more effective in maintaining interactions and value co-creation in the SSE, as actors' relationships are not affected by the stigma spillover. As Kurtis recounts:

And it's just the relationship that I have with my parents. It's just, it's not where I want to take things [to tell them about being in debt and using payday loans] and I'm a year away from being debt free, so I'm quite happy just to leave it like that (Kurtis, payday borrower).

He achieves some resolution by concealing his borrowing from his family as he effectively manages his finances to escape further debt.

The discussion above underlines the argument of this study by providing further evidence that interactions within an SSE, such as payday borrowing, are not fully captured as a dyad between lender and user. The findings demonstrate how the stigma of interacting with a stigmatised service spills over to other actors within the SSE. Our findings suggest that managing the stigma of payday borrowing through concealment may leave other actors within the SSE unscathed but affect the borrower themselves. In the case of damaging impact, although concealment may initially appear beneficial for the emotional and social well-being of the borrower, it can significantly reduce well-being in the longer term and weaken relationships with other actors and entities within the SSE. Our findings corroborate the results of earlier studies, as we find that concealing stigma decreases the sense of belonging, amplifies negative emotions and impairs personal relationships (Newheiser and Barreto, 2014). The dangers of concealing debt have been recognised by professionals in the field:

69% of people who are in debt don't talk about it with anyone. The reasons for this vary, but the majority (53% of people surveyed) said it was because they were embarrassed. – an enormous 82% of people felt better after speaking about debt (Lowell, 2021).

The analysis of the data suggests that concealment is a significant and complex aspect of stigma management that affects both enabling and damaging aspects within SSEs. Attempts to conceal the stigma can be damaging for the user, as these efforts may limit interactions and resource integration that could benefit value co-creation in the SSE. In enabling circumstances, however, concealing stigma allows the borrower to avoid the stigma spilling over and affecting interactions with other actors, supporting value and actor well-being within the SSE. This finding highlights the importance of alternative stigma management strategies (Henry and Caldwell, 2006; Larsen *et al.*, 2014). If borrowers can find different ways of managing stigma within the SSE other than concealment, they may avoid some of its negative outcomes and so avoid value co-destruction/enable value co-creation. The use of specialised debt charities could be one recourse.

In summary, three main themes capturing interactions within the SSE, which can lead to value co-creation or value co-destruction, are identified: enabling, damaging and concealing. The preceding discussion has also revealed the conflicts, tensions and, somewhat surprisingly, benefits that can exist within an SSE. While damaging and enabling echo value co-destruction and value co-creation in service ecosystem literature (Akaka *et al.*, 2013; Echevarri, 2021), the emergence of concealing and its impact on value co-creation/co-destruction within a service system, we contend, is a novel finding. The significance of this study's findings is considered in the following section, with particular reference to how they reframe marketing.

## **5. Conclusion**

The aim of this study was to explore stigma in payday borrowing by investigating how using a stigmatised service may result in stigma spillover, affecting other actors and interactions within a service ecosystem. The contributions of the investigations are set out under theoretical and practical/social implications in the following sections.

### **5.1 Theoretical implications**

By adopting a service ecosystem approach, the study reframes current thinking on stigma in a marketing/consumption context. While stigma spillover has been the subject of investigation within an organisational context (Kulik *et al.*, 2008), this study reveals how stigma spills over to other actors within what we call an SSE. The analysis uncovers interactions between actors within the SSE that are damaging, but most importantly, it also reveals interactions that are enabling. Furthermore, the study uncovers and explains the role of stigma concealment within the SSE, which in turn exacerbates or diminishes those damaging and enabling interactions. It thus provides illumination of the extent of stigma spillover (Kvåle and Murdoch, 2022).

Contributing to the reframing of marketing priorities, the study reveals that actors may experience interactions with stigmatised services, some of which they can choose to conceal; however, these interactions can (knowingly or unknowingly) affect the SE, both negatively and positively. Using a stigmatised service such as a PDL does, as the professional financial services literature states unequivocally, bring about ill-being and value co-destruction within an SSE; however, our study also uncovers the presence of value co-creation and well-being. Whilst the secondary data show considerable levels of hostility to PDL, data from informants indicate that there are circumstances where enabling interactions occur, principally when the PDL user retains a degree of power or control (Henry and Caldwell, 2006) within the SSE.

Concealing the stigma of using PDLs emerges as an ambivalent concept, either heightening damaging interactions or enabling them by maintaining resource integration and co-creation within the SE. This is a novel finding, indicative of the complexity of stigmatised services and their users. The analysis indicates that PDLs may be used as a temporary "quick fix" when faced with unexpected situations, so concealing them may not necessarily lead to damage. On the other hand, the SSE approach adopted in this study proposes that concealment may have adverse effects on the well-being of the user and limit or damage the interactions within the SE, negatively affecting the value created.

### **5.2 Practical and social implications**

There are important implications for practice and policy. Primarily, it is valuable to view PDLs as a stigmatised service, as they share characteristics with more widely understood stigmatised

services, such as gambling and smoking, such as diminishment of well-being. Far from these stigmatised services disappearing from the lending landscape, with the demise of several well-known brands, economic conditions are likely to heighten dependence, not only in the UK but in many other countries where debt is likely to increase. The value of this study from the perspective of an SSE of payday lending is therefore highly topical, with potential for real-life impact. In particular, the study's findings underline the power imbalance and the effects of stigma within an SSE. This finding is important for practitioners and regulators in the financial services industry, as they need to consider this imbalance and develop appropriate stigma management strategies, policies and regulations, considering the notions of concealment, stigma spillover and SSEs.

The findings also indicate that users of PDL are not always vulnerable; indeed, informants demonstrate a knowledgeable and controlled use of such services, calling for a more informed understanding of PDL borrowers and their behaviours for policymakers. These borrowers would, in all likelihood, prefer other sources of funding if there was more information about them and they were more readily available. Alternatives such as credit unions should be better supported and promoted as viable sources of funds for a wider range of consumers. Policymakers in financial services need to be aware of the significance of other actors in this SSE and how the use of stigmatised services spills over to affect them.

### **5.3 Limitations and further research**

The data for this study combine primary and secondary information. While secondary data have enabled us to provide a rounded picture of the SSE, interviewing other actors within the SSE, such as payday lenders, front-line charity workers and regulators, would add important insight to further research. On a micro level, the experiences of women or minorities in the SSE are underrepresented in the literature. We also feel that more consideration of the impact of stigma concealment on the actors in the macroenvironment could reveal important insights. Longitudinal case studies would also provide a fuller picture of SSEs, as the users in this study often refer to repeated usage. The study uncovers three themes that merit further in-depth investigation, in particular how the lenders themselves manage the damaging interactions attached to stigma in their business. Concealment, as a theme of SSE, also presents a worthwhile avenue for research owing to its ambivalence; that is, it can exacerbate damaging interactions or support enabling ones.

Our findings also touch upon the idea of a “tipping point” of debt, i.e. when debt becomes unmanageable. We suggest that further exploration around the notion of where this tipping point is can benefit consumers and help financial service providers and debt management charities recognise problems before the debt spiral becomes unmanageable.

This study has used data from the payday lending industry, and as it has been argued, it is important that this be viewed as a stigmatised service. However, there are, of course, many other stigmatised services that can be considered in a similar light, such as gambling, alcohol, smoking/vaping or the mental health industries. Further research can identify other services in which users experience stigma, and the findings of this study, namely, the SSE and the three themes of damaging, enabling and concealing interactions, can be further explored.

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