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Study: How Much Money Would You Lend to Family or Close Friends?



By Simon Zhen Updated: Jan 07, 2020



When a family member or close friend asks you to borrow some money, it's often a tricky situation.

According to a recent MyBankTracker survey, **more than half of Americans (53 percent) are not comfortable lending any amount of money** to a family member or close friend.

Interestingly, of those most likely to lend money, the amounts tend to be in the lower and higher ends of the spectrum. Of the respondents, 16.6% would lend up to \$100 while 11.8% would lend \$2,000 or more.

Here are the key highlights from the survey:

Key Highlights

The survey asked:

How much money are you willing to lend to a family member or close friend?

Amount	% of respondents
I am not comfortable lending any amount	53%

Amount	% of respondents
Up to \$100	16.6%
Up to \$500	9.8%
Up to \$1,000	6.1%
Up to \$2,000	2.7%
\$2,000 or more	11.8%

- Women are slightly less likely to lend to a family member or close friend in general, with 53.8% responded that they are not comfortable lending any amount of money, compared with 52.2% of men. However, if they do decide to lend money, women are more likely than men to lend an amount to a family member or close friend under \$100, 20.9%, compared with only 12% of men. But women are less likely to lend a large amount of money (\$2,000 or more) to a family member or close friend, 7.9% vs. 15.9% for men.
- Respondents of ages 35-44 (48.9%) are most willing to lend money.
- Respondents of ages 45-54 (58.7%) are least willing to lend money.

Tips for Lending to Family and Friends

To minimize or avoid straining the relationship with family members and close friends, here are some tips if they ever ask to borrow money from you.

Lend what you can afford to lose

Generally, if you're going to lend money to someone, it's best to do so without any expectations that you'll be repaid. This way, you'll only lend an amount that you can afford to lose.

From a different perspective, you should be comfortable with giving -- not lending -- this money to someone.

Create a loan agreement

Let's say you've decided that you're going to lend money to a relative or friend. It's a good idea to create a loan agreement to specify the terms of repayment.

More importantly, there's proof of the loan in case you have to take legal action (unfortunately) to get your money back.

Explore other ways to help

If you're uncomfortable lending directly to family and friends, you can still help.

For example:

- Inform them of other options that can get them out of a financial pinch. Alternatives include unsecured personal loans, balance transfer credit cards, and credit counseling.
- Offer to review their finances and budget to identify ways they could come up with the money on their own.
- Assist in finding additional sources of income, such as selling personal possessions or finding a part-time job.

Methodology

The study was conducted through Google Survey on behalf of MyBankTracker from December 12, 2019 to December 14, 2019 with 1,145 respondents in the United States of ages 18 and up with a standard deviation of +/- 2.8%.



About the author Simon Zhen



Simon Zhen is a research analyst for MyBankTracker. He is an expert on consumer banking products, bank innovations, and financial technology. Simon has contributed and/or been quoted in major publications and outlets including Consumer Reports, American Banker, Yahoo Finance, U.S. News - World Report,

The Huffington Post, Business Insider, Lifehacker, and AOL.com.