Essential and excluded

How women and ethnic minorities power society, while living on the fringes

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Contents

Foreword 04
Acknowledgements 05
Executive Summary 06
Shaky Foundations 08
Missing Bills 09
Missing Out 09
The Savings Gap 10
Locked Out, Or Locked In 11
Recommendations 12
Meet the UK's Frontline Workforce 13
Women are powering essential services 13
Mapping the frontline workforce 15
Work and Pay Aren't Working for Ethnic Minorities 18
Variable hours 19
Pay 20
Ethnic Minority Workers Yearn for Financial Resilience 23
Getting by 24
Financial support 27
The Savings Challenge is Greater for Ethnic Minorities 29
Essential Workers, Excluded from Financial Essentials 32
Financial inclusion of ethnic minority groups 33
Financial exclusion is a diversity, equity and inclusion challenge 34
Financial products 35
Key findings 36
Financial exclusion (including self-exclusion) 38
Credit cards and financial health 41
Voices – In Their Words 45
An Action Plan for Inclusive Employers 46
Workplace policies and benefits through the lens of diversity, equity and inclusion 48
Closing comments 50

Employer Stories 51
Case Study - The Watches of Switzerland Group 52
Case Study - Fuller's 54
Case Study - Greene King 55
Case Study - Tesco 57
Case Study - The Big Table Group 59
Case Study - PizzaExpress 60
References 61
Appendix – Research Methodology 63
How was the research set up and structured? 63
How were responses collected? 64
Author's note 64
About Us 65

Foreword

Inclusivity within the workplace can take many forms, some more visible than others. Less prominent than other strategic initiatives to create a more equitable workplace, highlighting financial inclusion has become increasingly more relevant since the cost-of-living crisis and the Covid pandemic. This report is produced in collaboration with Wagestream – a financial wellbeing platform – and is based on a survey undertaken by over 11,000 employees to establish their experiences on work and pay, financial resilience and financial inclusion. The research focussed on how experiences differ according to gender, ethnicity and age, with the aim of creating greater understanding for employers about their employees' financial health and ways in which they can help them to improve it.

Defined as having access to useful and affordable products and services as part of an overall household budgeting capability, financial inclusion allows people to find ways to better manage day-to-day transactions and expenses, and reduce the risk of debt. As a result of societal, cultural and economic constructs, employees in the low to moderate income range can sometimes fall into the reverse – financial exclusion. Organisations wanting to provide support to their workers to avoid financial exclusion can put measures into place which create a release valve, an easing of financial pressure. In turn, employees can make sustainable life changes which ultimately benefit the individual and the organisation for whom they work with improved recruitment and retention levels, employee engagement and productivity rates.

There are demographic groups which are more likely to be affected by financial exclusion, and this report shows that the key predictor is those with lower pay and variable incomes. This is more-often-than- not – women, and in particular from an intersectional level – women from ethnic minority groups. The hospitality, travel, leisure and retail sectors have high levels of irregular and variable work patterns, shift work and seasonal changes all of which can impact an employee's financial security. The results and employee feedback within this report provide the base from which organisations can look at their employees through a financial inclusion lens and take positive action to improve their wellbeing. Fuller's, Smith & Turner, The Big Table Group, Tesco, Greene King, The Watches of Switzerland Group and PizzaExpress have kindly shared case studies on their experience and insight to bring to life how they are encouraging financial inclusion for their employees so they can thrive at work.

I would like to thank Emily Trant and the Wagestream team for driving forwards this research project and highlighting the importance of financial inclusion as a key component of the wider diversity agenda.

Tea Colaianni
Founder and Chair,
WiHTL & Diversity in Retail

Acknowledgements

Many people contributed to this research and in particular we'd like to thank the following individuals and organisations for their contributions.

The idea of creating this report came about from a collaboration between Wagestream and WiHTL & DiR, and we're deeply grateful to the whole team for working with us to turn an idea into reality. In particular we'd like to express our gratitude to Joanna Aunon and Heather Edwards for tirelessly championing this research and for their input in shaping the overall report including reviewing countless early drafts and providing employer case studies that shine a light on the positive actions employers are already taking. Thanks also to Tea Colaianni for writing our report welcome and for so clearly articulating both the challenges and opportunities for employers. And thanks to Dani Dixon for taking a huge amount of content and laying it out in a way that feels digestible and easy to read.

To the employers who generously shared their inclusion stories with the WiHTL & DiR team – Fuller's, Greene King, PizzaExpress, Tesco, The Big Table Group and The Watches of Switzerland – we thank you. The work you're doing is inspiring.

Many individuals also reviewed early drafts and provided feedback and comments to go into this report. Thanks to the following: Emma Steele, Ascension and Fair By Design; Katherine Chapman, Living Wage Foundation; Manuel Peleteiro, Inbest; Roxana Prisacaru and Michael Royce, Money and Pensions Service; Sope Otulana and Jo Phillps, Nest Insight; Deven Ghelani, Policy in Practice; Dr. Luisa Cefala and Nicholas Swanson, University of California, Berkeley.

Two standout contributors at Wagestream also made sure this report would see the light of day. Thank you to Evelyn Mackinnon for reviewing the roughest of drafts and putting in the work to understand what this report was trying to say when it was in its infancy. Thank you to Callum McCaig for your gifted editing and all the finishing touches that help key insights shine through.

Finally, thank you to the more than 11,000 Wagestream members who took part in this research survey. Your voices matter.

Emily Trant
Head of Impact and Inclusion,
Wagestream

Whilst advisory input has been sought from these individuals, the research and the content of the report is Wagestream's own.

Executive Summary

At least 1 in 7 UK adults are financially excluded—around 14% of all UK adults.[1] **Wagestream research from 2023 suggests that this figure may be more than twice as high in particular sectors that employ large numbers of frontline workers, such as retail and hospitality.**[2]

So what does a better reality look like, for excluded workers?

Financial inclusion means that individuals have access to useful and affordable financial products and services that meet their needs. This is particularly important for individuals whose financial resilience is low – for example driven by low or unpredictable income, lack of savings or both. In these circumstances access to useful and affordable financial services and products can be a lifeline to help individuals maintain smooth spending and essential consumption across peaks and troughs in income.

Employers have a role to play, as income providers, and are beginning to realise this is not a niche issue. Financial exclusion is often a hidden or unknown facet of inequality that can impact the overall employee experience of work and pay – but there are opportunities for employers to take positive action. For example, variable pay is a driver of financial exclusion. Setting steady and sufficient hours for all workers could be a formidable component of an employer's equality, diversity and inclusion strategy.

In this research we explore the topic of financial exclusion, including what it means to be excluded, how this differs based on gender and ethnicity and how employers can support their colleagues' financial wellbeing.

We've analysed data from over 11,000 survey respondents, with the majority working hospitality and leisure (33.5%), retail (27.8%), healthcare (29.6%), or support services (1.9%). Our data sample reflects the general demographic makeup of hourly and shift based workers in the UK; they are predominantly women and many are in part-time work. Ethnic minorities are proportionately represented in our data.

"This report shines a light on some of the gaps that exist in financial wellbeing among women and ethnic minorities. Both groups are more likely to experience financial exclusion, volatility in their working hours and subprime credit products, so they remain at risk of lower financial wellbeing. For as long as this is the case, there will be more work for us all to do.

Evidence like this is important because it helps us add to our understanding, direct our resources and make progress towards helping everyone be more financially secure."

Roxana Prisacaru
Evaluation Manager,
Money and Pensions Service

Within our dataset of similar workers, we find that inequality still persists. Respondents from ethnic minority backgrounds are subject to more variable work hours, are more likely to be financially excluded, and are more likely to use subprime credit products. Subprime credit offerings are tailored for individuals who possess either a weak credit history or none whatsoever, and as a result, these offerings feature higher interest rates to make up for the increased risk associated with these borrowers.

We delve into 5 key findings that paint a worrying picture of inequality:

1. **Shaky Foundations:** Volatile working hours create shaky financial foundations, and ethnic minorities are more likely to experience volatile hours than their white peers.
2. **Missing Bills:** Women from ethnic minority backgrounds are more likely to struggle to pay their usual household bills compared to their white peers.
3. **Missing Out:** Individuals from ethnic minority backgrounds are missing out – they are half as likely to receive state support compared to their white peers with similar income.
4. **The Savings Gap:** Ethnic minority households are more likely to lack adequate savings, and are depleting their savings to cope with income volatility.
5. **Locked Out, Or Locked In:** Individuals from ethnic minority backgrounds are more likely to use subprime and non-traditional credit products and are more likely to be financially excluded compared to their white peers.

Across all of these findings we explore the intersectional experience of gender and ethnicity.

Shaky Foundations

Volatile working hours create shaky financial foundations, and ethnic minorities are more likely to experience volatile hours than their white peers.

Over 4 in 10 people in our dataset report that their working hours change a lot. Our research shows that people from ethnic minority backgrounds are almost a fifth more likely to experience volatile hours compared to their white peers.

The number one reason for volatile hours, by a significant margin, is the employer:
"Whether I work more or less depends on my employer's needs and availability of shifts"

Availability and/or family schedule is the only area of volatility where gender plays a significant role. Over a quarter of women (26.4%) report this is a factor compared to less than a fifth (18.2%) of men.

Over a quarter of women (26.4%) report availability and/or family schedule as a factor contributing to volatile working hours, compared to less than a fifth (18.2%) of men.

Volatile hours, and therefore volatile pay, creates shaky foundations for financial security. Research from the Aspen Institute in the US finds that income volatility disrupts important household consumption, leads to late payment of bills, increases the risk of food insecurity, and can lead to utility disruptions and housing instability.[3]

Unpredictable income also means that individuals end up paying more for certain essential services and therefore are less able to put money aside into savings.[4] This is also linked with a higher risk of falling into problem debt, and a higher need for credit products to smooth out peaks and troughs in income while keeping consumption steady.[5]

In this context, our finding that ethnic minorities are more likely to experience volatility in their working hours makes it an urgent priority for employers to consider the implications of their policies related to minimum contracted hours, shift notice periods and shift cancellation – and how those policies connect to their diversity, equity and inclusion efforts.

Missing Bills

Women from ethnic minority backgrounds are more likely to struggle to pay their usual household bills compared to their white peers.

The impact of shaky financial foundations is clear. Almost two thirds of respondents from white backgrounds can usually or always pay their bills, vs just over half of respondents from ethnic minority backgrounds. This is particularly acute for respondents from black, African, Caribbean or black British backgrounds; almost a fifth usually cannot pay their bills and less than half can do so reliably. Black women are twice as likely as white men to report they cannot pay their usual bills.

This is certainly caused in part by volatile hours. Unpredictable income makes it hard to plan for and pay even predictable bills. Access to short term financial support also plays a role. Receiving financial support is positively correlated with being able to pay bills on time. Amongst those who can regularly pay their bills, over 4 in 10 report that they have another source of income.

Missing Out

Individuals from ethnic minority backgrounds are missing out – they are half as likely to receive state support compared to their white peers with similar income.

Recent research from Policy in Practice estimates that around £19bn in state support goes unclaimed each year.[6] One of the biggest reasons why people miss out on state support is a simple lack of awareness. They don't know or don't think they're entitled to state support.

In total, 15.2% of participants from white backgrounds report that they receive some sort of state benefit such as universal credit. Only 7.6% of respondents from ethnic minority backgrounds receive this support – exactly half the proportion of white respondents. Lack of access to state support might explain why individuals from ethnic minority backgrounds are more likely to struggle to pay their regular bills.

Employers can address this gap in access through targeted communication to employees to raise awareness and by providing support to help individuals who struggle with the application process.

The Savings Gap

Ethnic minority households are more likely to lack adequate savings, and are depleting their savings to cope with income volatility.

More than 9 in 10 households in our dataset are falling short of UK government recommended savings levels, leaving them vulnerable to common financial shocks such as time off work for illness or injury, losing their job or another source of income fixing or replacing a major appliance, an increase in rent or mortgage payments, or large winter fuel bills.

Around 1 in 10 white households meet the UK government recommended minimum savings levels, but this drops to just 1 in 14 for ethnic minority households. Around a third of ethnic minority households have accumulated modest savings between £250 to £1,000 but they are depleting their savings to pay for their essentials and to cope with volatile work hours.

Nearly a third (32.4%) of individuals from ethnic minority backgrounds report that they use their savings to pay for everyday essentials, compared to less than a fifth (17.2%) of individuals from white backgrounds. Ethnic minorities are almost twice as likely as their white peers to be depleting savings to pay for the cost of living.

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Using savings to pay for everyday essentials has a major impact on financial stress; it adds an extra 50 days of money worries per year.[7] The burden of this stress is being shouldered disproportionately by ethnic minority households.

Locked Out, Or Locked In

Individuals from ethnic minority backgrounds are more likely to use subprime and non-traditional credit products and are more likely to be financially excluded compared to their white peers.

The latest research estimates that 1 in 7 UK adults are financially excluded—around 14% of all UK adults.[8] Wagestream research from 2023 suggests that this figure may be more than twice as high in particular sectors such as retail, hospitality, healthcare and support services.[9] Financial inclusion means that individuals have access to useful and affordable financial products and services that meet their needs.

Financial inclusion is particularly important for individuals whose financial resilience is low – for example driven by low or unpredictable income, lack of savings or both. In these circumstances access to useful and affordable financial services and products can be a lifeline to help individuals maintain smooth spending and essential consumption across peaks and troughs in income.

The drivers of financial exclusion disproportionately impact women from all ethnic backgrounds and men from ethnic minority backgrounds. For example, low and variable income is a predictor of financial exclusion and women from all ethnic backgrounds and men from ethnic minority backgrounds do the majority of the low paid work in the UK.[10]

We find only minimal differences in how men and women experience financial exclusion in this data set, but it's important to remember that low pay overall is an indicator of financial exclusion and dramatically more women than men are in lower paid work.

Low pay overall is an indicator of financial exclusion and dramatically more women than men are in lower paid work.

Across the board we saw high levels of discomfort with credit products overall. This points to a structural design problem, where financial products are not being created to match the needs and circumstances of the workers in our dataset. A large part of the financial exclusion we observed was driven by self-exclusion on the basis of fear, poor past experience and lack of confidence.

For example, respondents from ethnic minority backgrounds were over 8 percentage points more likely to self-exclude from overdrafts compared to their white peers. Financial exclusion can be driven by lack of access, but also lack of confidence, unsuitable product design and many other factors. The term ‘self-exclusion’ captures these latter points.

All of this creates a doubling down of financial exclusion for ethnic minority workers in the UK. Individuals from ethnic minority backgrounds are more likely to be in lower paid work than individuals from white backgrounds. And then when looking at the experience of financial exclusion for people earning low to moderate incomes, individuals from ethnic minority backgrounds are more likely to be excluded from accessing financial products.

Recommendations

In response to our findings, we make four key recommendations for employers:

1. Aim to meet the standard for living hours, as provided by the Living Wage foundation.
2. Provide support for your workforce to discover and apply for state assistance they’re entitled to receive.
3. Implement a payroll savings programme and ideally structure it on an opt-out basis so that employees build up savings by default.
4. Review your workplace policies and benefits through the lens of DE&I and prioritise providing financial security benefits that are useful and accessible for the whole workforce.

Meet the UK's Frontline Workforce

This section gives a detailed overview of the gender and ethnic breakdown of the UK's frontline workforce – of which there has been limited research to date. It's based on a proportionally representative sample of 11,117 individuals across industries who use the Wagestream app, and completed an in-app survey in summer 2023. Wagestream is a financial wellbeing toolkit designed for shift-based and deskless workers. All survey respondents work for employers who place value on employee financial wellbeing, and who have invested in providing a wide range of useful and accessible benefits to their workforce.

The typical Wagestream member works in hospitality, retail, leisure, healthcare or support services. Most (70%) are paid by the hour and over half (61%) are in part-time work.[11]

Women are powering essential services

Our respondents are representative of the demographic makeup of hourly and shift based workers in the UK.

The majority (60.6%) identified as women; 37.5% identified as men and the remainder were non-binary, gender fluid, agender, or chose not to say.

Most come from a white ethnic background (80.8%), around a fifth (18.0%) come from an ethnic minority background and the remainder chose not to say. This is representative of the UK population. Data from the most recent census (2021) shows that in the UK 81.7% of individuals identify as white and 18.3% come from an ethnic minority background.[12]

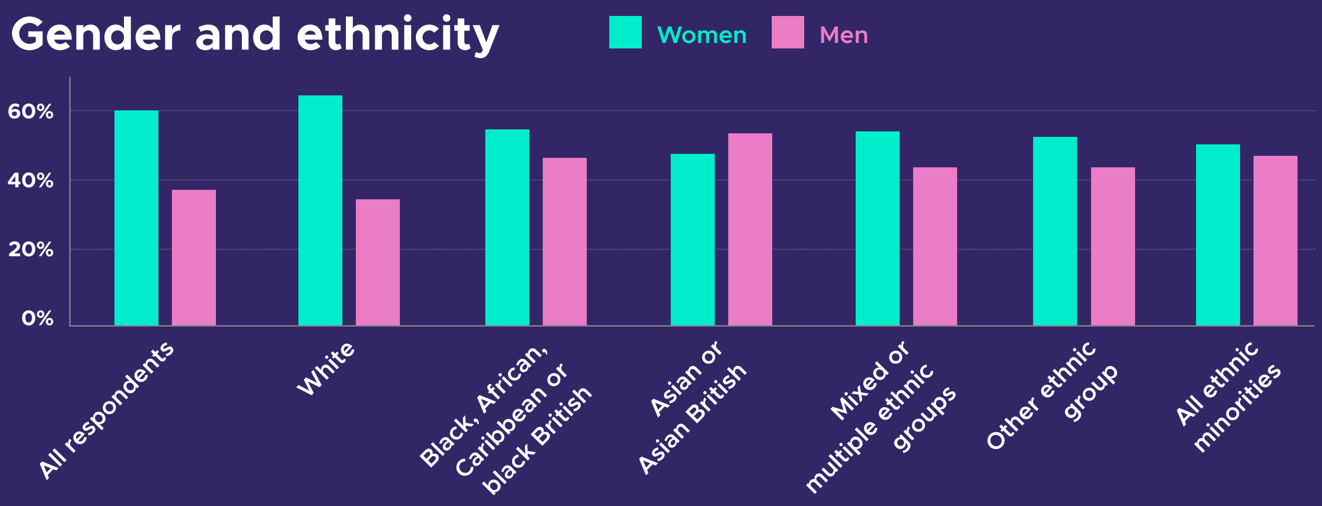
A note on gender data

Just under one percent (0.7%) of respondents chose not to provide their gender. A further 1.2% of all respondents identified as non-binary, gender fluid or agender. Whilst we've listened for their voices and specific experience within this research, the number of respondents is too low to draw any firm conclusions across most of the data. Where this is the case, we have avoided commenting on the specific experience of this group.

Layering ethnicity and gender data offers further insight. Over 63% of respondents from a white background are women, whereas we see a fairly even distribution of men and women from ethnic minority backgrounds. Research from the Work Foundation shows that our sample reflects the general demographic makeup of hourly and shift based workers in the UK.[13] Their data shows that white women and ethnic minority men and women are most likely to be in forms of insecure work, including lower pay and variable hours. Just 44.5% of respondents from an Asian or Asian British background are women, making this the only group in the dataset with more men than women.

"Research from the Work Foundation shows that our sample reflects the general demographic makeup of hourly and shift based workers in the UK."

Gender and ethnicity



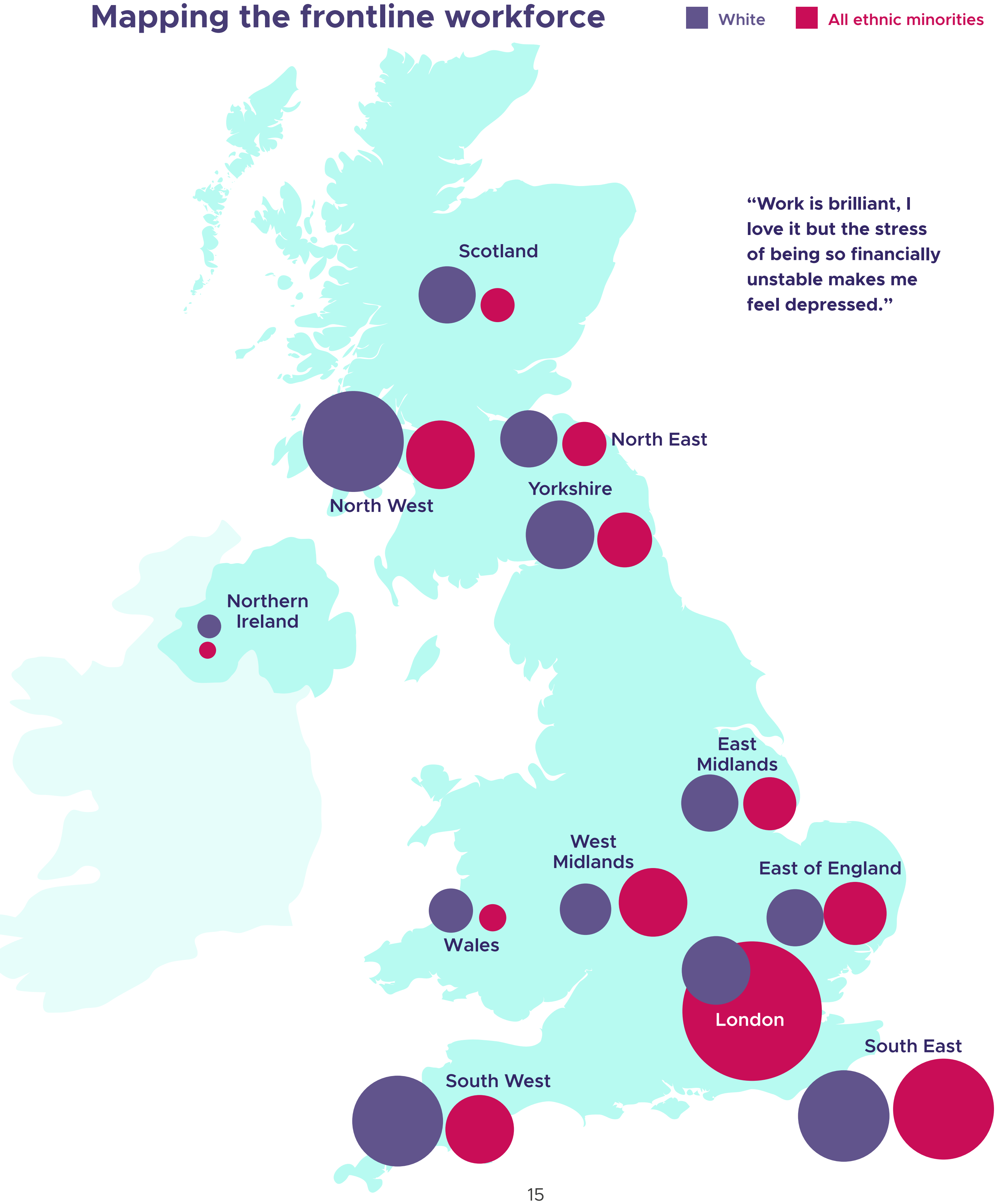
Just 44.5% of respondents from an Asian or Asian British background are women, making this the only group in the dataset with more men than women.

A note on ethnicity - data, writing and intersectionality

For our data collection we used the UK government data standard for collecting equality data.[14] In this report we use the UK government guide to writing about ethnicity, including how we describe ethnic minorities and different ethnic groups.[15] We received 1,197 responses from ethnic minorities, and so in most cases we report on the aggregate data results for this group. Where there is a particular discrepancy between different ethnic minority groups, we note it and comment if the result is statistically significant or not, based on the sample size. We calculate that we need a minimum sample size of 271 to be significant given Wagestream's base of 2 million employees, with a 90% confidence level and 5% margin of error. This means that when we look at the intersectionality of gender and ethnicity we are sometimes below this threshold and will clarify if the data is reliable or if the sample size is too small.

Respondents were evenly spread across the UK with the most popular regions being the North West and South East (each at just under 13% of respondents), followed by the South West (11%) London (10%) and Yorkshire and The Humber (9%).

Mapping the frontline workforce



"Work is brilliant, I love it but the stress of being so financially unstable makes me feel depressed."

There is a clear cluster of respondents from ethnic minority backgrounds based in London, as well as the South East and the West Midlands, and much less representation in places such as Scotland or the North West. This is reflective of the UK population as a whole.

Respondents came from a broad range of age groups:

- 36.0% were age 29 or younger (20.2% were age 18-24, the largest age group in the data set)
- 45.0% were between 30 - 49
- 18.9% were 50+ (a similar proportion to the 18-24 group)
- Just 0.13% didn't give their age range

The age profile of our respondents is a slightly different shape to ONS data on all UK workers, with more young workers and fewer older workers. Women and younger workers are the majority powering the frontline workforce in the UK.

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Our respondents were around 13 percentage points more likely to be 24 or younger, and 14 percentage points less likely to be 50 or older. The middle of the age distribution mirrors ONS data fairly closely.

A more nuanced view is created when age, gender and ethnicity data is layered. For example:

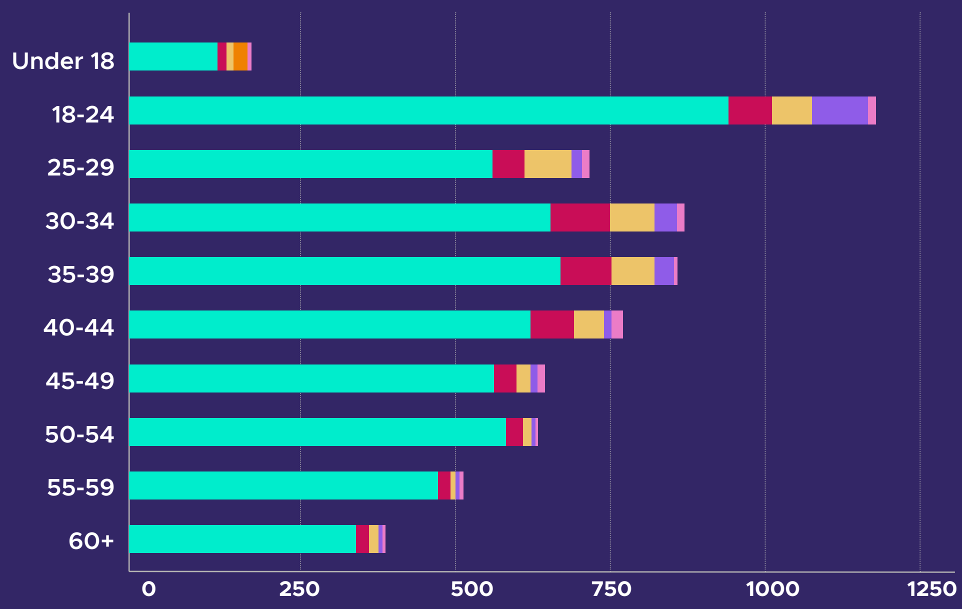
- Respondents from ethnic minority backgrounds were more likely to be younger or middle of the age range, and respondents from white backgrounds were twice as likely to be older.
- In our dataset we see proportionately more younger men and older women. Women represent just half of all respondents aged 29 or younger and three quarters of respondents aged 50 or older, despite making up 61% of the response base.
- Proportionally more women from ethnic minority backgrounds are younger or middle aged workers, and proportionately fewer are older workers compared to women from white backgrounds. This is most pronounced for workers from Asian or Asian British backgrounds.

**"Work is reducing my hours alot which is impacting my pay.
I cant afford basic needs for me and my family."**

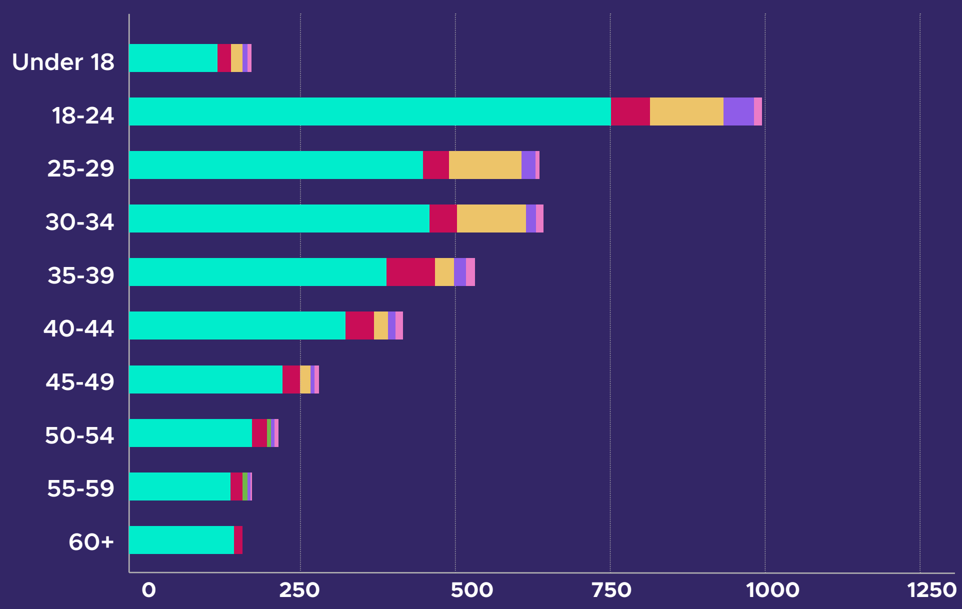
The shape of the charts, below, show how men from all backgrounds are clustered towards 39 and younger whereas women are more evenly spread, with a particular concentration of white women aged 50 and over.

White | Black, African, Caribbean or Black British | Other ethnic groups | Asian or Asian British | Mixed or multiple ethnic groups

Women, by ethnicity and age



Men, by ethnicity and age



Work and Pay Aren't Working for Ethnic Minorities

***Finding 1 - Shaky Foundations:* Volatile working hours create shaky financial foundations, and ethnic minorities are more likely to experience volatile hours than their white peers.**

The people in our dataset experience substantial volatility when it comes to their working hours, and therefore their pay. Over 4 in 10 people report that their working hours change a lot.

Our research shows that people from ethnic minority backgrounds are almost a fifth more likely to experience volatile hours compared to their white peers. This is a particularly important point. In our research we are comparing the experience of workers who have similar jobs and pay, and yet inequality is still present.

The number one reason for volatile hours, by a significant margin, is the employer:
"Whether I work more or less depends on my employer's needs and availability of shifts"

Volatile hours, and therefore volatile pay, creates shaky foundations for financial security. Research from the Aspen Institute in the US finds that income volatility disrupts important household consumption, leads to late payment of bills, increases the risk of food insecurity, and can lead to utility disruptions and housing instability.[16]

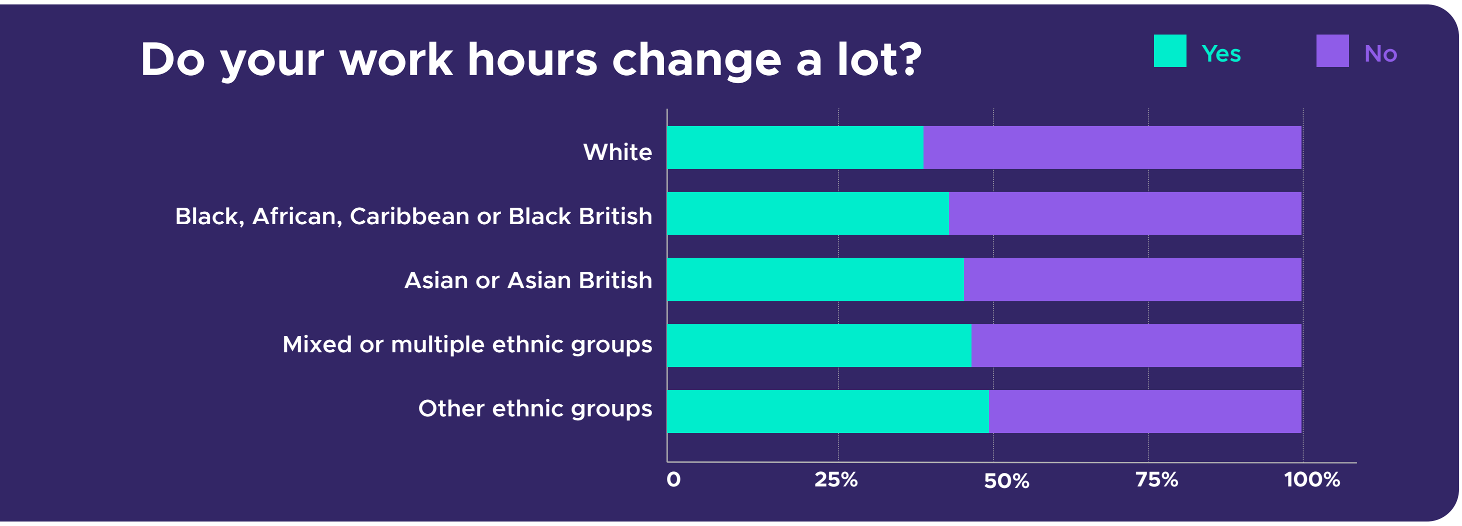
Unpredictable income also means that individuals end up paying more for certain essential services and therefore are less able to put money aside into savings.[17] This is also linked with a higher risk of falling into problem debt, and a higher need for credit products to smooth out peaks and troughs in income while keeping consumption steady.[18]

Sara Davies, Senior Research Fellow at the University of Bristol has written about this.[19]
She explains: ***"[Some] bills are cheaper if you pay by direct debit. But if a household's income fluctuates due to insecure work, then paying when you get the bill is the financially responsible, but more expensive, method."***

In this context, our finding that ethnic minorities are more likely to experience volatility in their working hours makes it an urgent priority for employers to consider the implications of their policies related to minimum contracted hours, shift notice periods and shift cancellation – and how those policies connect to their diversity, equity and inclusion efforts.

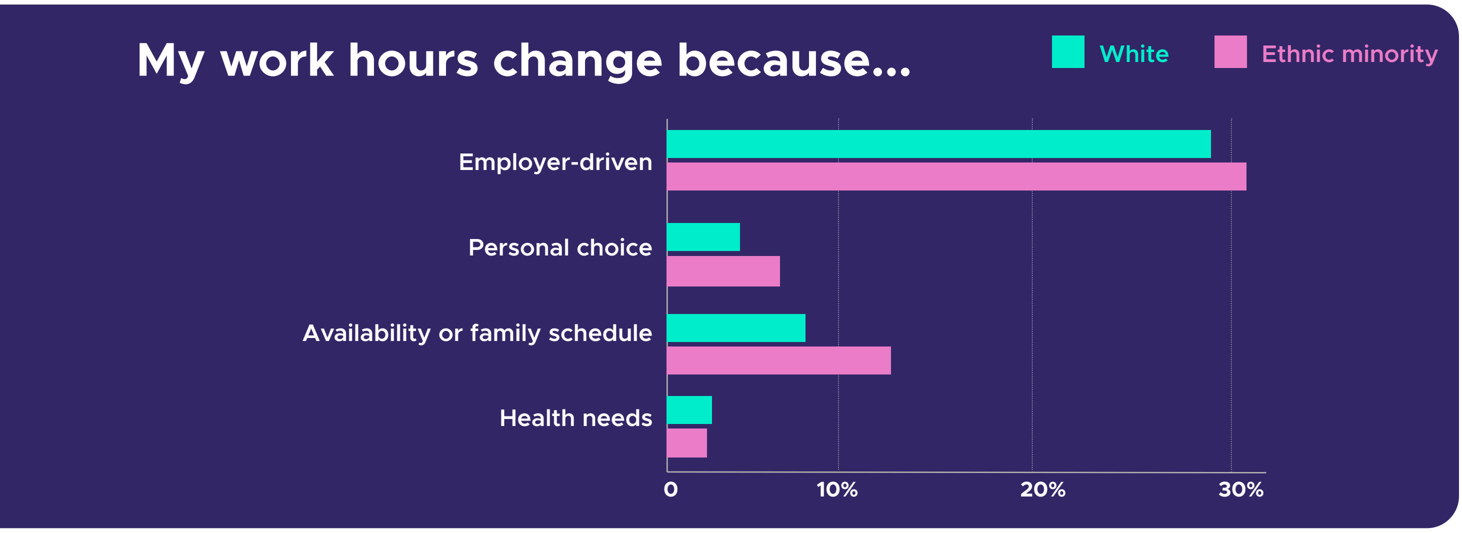
Variable hours

Over a third of individuals (39.3%) reported that their work hours change a lot. The number one reason is due to changing demand from their employer and/or availability of shifts.



We looked into whether or not gender was a factor that impacted someone's likelihood of experiencing volatility of work hours and found that it was not. Men and women from the same ethnic group experience similar levels of volatility.

Respondents from ethnic minority backgrounds are much more likely to report their work hours change a lot (44.9%) compared to their white colleagues (38.0%).



As shown here, the main reason why people experience volatility in their working hours is due to their employer's policies and practices. Individuals from ethnic minority backgrounds are slightly more likely to report that their employer is a cause of volatility compared to their colleagues from white backgrounds.

Ethnic minority workers are also more likely to report discretion in choosing to work more or less, including a willingness or need for money (5.9%) or family schedule and availability (12.3%).

Availability and/or family schedule is the only area of work variability where gender plays a significant role. Over a quarter of women (26.4%) who experience variable hours report this is a factor compared to less than fifth (18.2%) of men.

"My work keeps cutting my work hours per week to be shorter and shorter."

"I am a single parent and only work when my child is at school."

Pay

In our dataset, white men report earning the most take home pay closely followed by ethnic minority men, ethnic minority women and finally white women. For clarity, this reflects monthly take home pay rather than the hourly rate of pay, and so this is influenced by how many hours individuals in each group are able or choosing to work. This is why gaining an understanding of volatile hours is so important.

A note on pay

We asked people to tell us how much they typically earn in take home pay, and we gave them a choice of options in £500 increments ranging from "Less than £500" to "Over £3,000". We selected this pay range based on the typical range of observed net pay for individuals who are Wagestream app members.

Although we asked people to report their 'typical' take home pay, this task is made difficult because a significant proportion of survey respondents report substantial volatility in their working hours. There's also a chance that this self-reported data is subject to one of the following simple heuristics – recency bias and optimism bias.

- Recency bias is a cognitive bias that places greater importance on recent events. For example, if someone recently earned a lower than usual amount of pay they might be more inclined to report this lower number.[20]

- Optimism bias is a cognitive bias that leads people to believe a positive event is more likely to happen or a negative event is less likely to happen. For example, if someone typically earns £1,000 but rarely earns £1,500, they might be more inclined to report £1,500 due to optimism bias.[21]

For all these reasons, our insight on the topic of pay should be interpreted with caution.

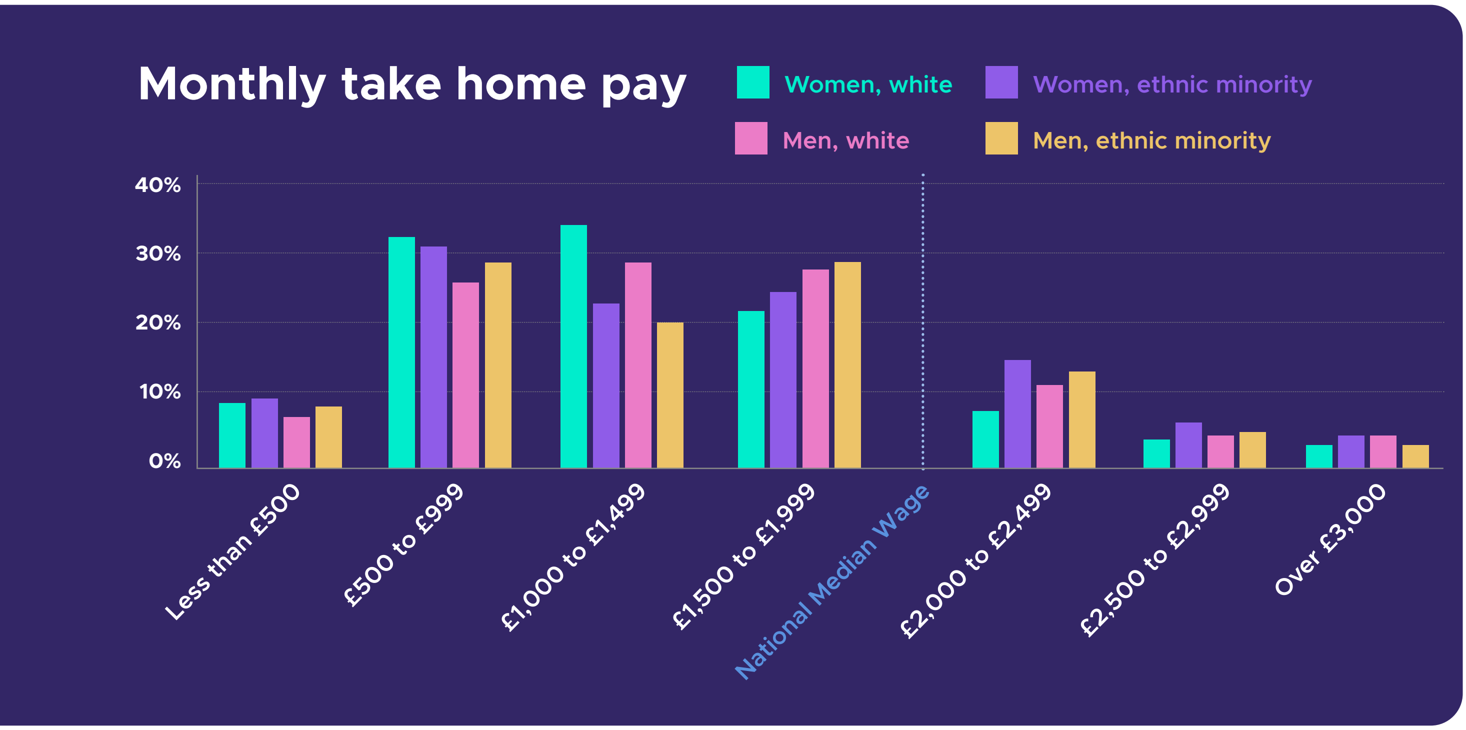
Although white men on average report the highest levels of pay, this appears to be driven by working more hours. Or, put another way, being less likely to work part-time hours. There's a higher concentration of women from all backgrounds and men from ethnic minority backgrounds in our lowest two pay bands, which would only apply to individuals in part time work.[22]

"I'm a single parent with bad health so cannot work more hours otherwise I'm hospitalised . . . bills and school fees etc keep coming no wonder everyone has bad mental health now"

Bottom two pay bands (Less than £500, £500 to £999)

- White women (31.2%)
- White men (23.1%)
- Ethnic minority women (30.2%)
- Ethnic minority men (27.8%)

This aligns with findings from the Work Foundation that women from all backgrounds and men from ethnic minority backgrounds are more likely to experience severely insecure work.[23]



When we look at the distribution of pay levels, we can see that individuals from ethnic minority backgrounds are the most likely to report earnings at or above the UK's median wage. Close to 1 in 5 (19.8%) individuals from ethnic minority backgrounds report earnings at or above the national median wage, vs around 1 in 7 (14.5%) individuals from white backgrounds. [24]

Gender differences here are particularly interesting. Over a fifth (20.7%) of women from ethnic minority backgrounds report that they earn at or above the national median wage, a higher proportion than men from ethnic minority backgrounds (18.9%), men from white backgrounds (16.8%) and women from white backgrounds (13.2%).

However, let's not forget that nearly a third (30.2%) of ethnic minority women earn less than £1,000 per month and their average reported pay is less than both white men and ethnic minority men.

"Today's report supports many of the findings in our own research, that minority ethnic workers are disproportionately employed in the UK's most precarious jobs.

It is shocking that workers from ethnic minority backgrounds are almost a fifth more likely to experience volatile hours when compared to their white peers, making planning a life and a budget almost impossible. While the cost-of-living crisis has rightly shone a spotlight on pay, today's research reinforces that having sufficient hours is also crucial to financial stability. That's why we're pleased that our Living Hours scheme is a recommendation in the report.

We are calling on employers to join those who have already stepped up and commit to providing workers with 'Living Hours' - secure, guaranteed hours and notice of shift patterns - alongside a real Living Wage. By committing to paying a real Living Wage and Living Hours, they are not only supporting their staff through the cost-of-living crisis, but they are also helping to tackle racial inequality in the labour market."

Katherine Chapman
Director,
Living Wage Foundation

Ethnic Minority Workers Yearn for Financial Resilience

***Finding 2 - Missing Bills:** Women from ethnic minority backgrounds are more likely to struggle to pay their usual household bills compared to their white peers. And not just by a little bit.*

***Finding 3 - Missing Out:** Individuals from ethnic minority backgrounds are missing out – they are half as likely to receive state support compared to their white peers with similar income.*

Almost two thirds of respondents from white backgrounds can usually or always pay their bills, vs just over half of respondents from ethnic minority backgrounds. This is particularly acute for respondents from black, African, Caribbean or black British backgrounds; almost a fifth usually cannot pay their bills and less than half can do so reliably. Black women are twice as likely as white men to report they cannot pay their usual bills.

Black women are twice as likely as white men to report they cannot pay their usual bills.

This is certainly caused in part by volatile hours, as explored in the previous section. Unpredictable income makes it hard to plan for and pay even predictable bills. Ethnic minority workers experience more volatile hours than their white colleagues, and this is primarily due to employer policies and practices.

Access to short term financial support also plays a role. Receiving financial support is positively correlated with being able to pay bills on time. Amongst those who can regularly pay their bills, over 4 in 10 report that they have another source of money. Perhaps unsurprisingly, the opposite is true when we look at the individuals who usually cannot pay their bills. Just over a quarter of this group report another source of money. Individuals from ethnic minority backgrounds are receiving far less financial support than their white peers.

Individuals from ethnic minority backgrounds are receiving far less financial support than their white peers.

They're less likely to receive family support – such as income from a partner or family member – and almost half as likely to be getting access to state support such as Universal Credit, Carer's Allowance, Healthy Start, Tax Free Childcare, Free School Meals, Warm Home Discount, Free TV licence, Social tariffs on water and broadband, Council Tax Support and more.

Recent research from Policy in Practice estimates that around £19bn in state support goes unclaimed each year[25]—this figure eclipses the estimated £7.3bn that the government loses due to benefits fraud or error.[26] One of the biggest reasons why people miss out on state support is a simple lack of awareness. They don't know or don't think they're entitled to state support.

In total, 15.2% of participants from white backgrounds report that they receive some sort of state benefit such as universal credit. Only 7.6% of respondents from ethnic minority backgrounds receive this support - exactly half the proportion of white respondents.

"Families working in flexible jobs can find it harder to budget and are more likely to struggle financially. This can affect their physical and mental health and their performance at work. Policy in Practice is working with Wagestream and others to show people how a change in their earnings will affect their take home pay, whilst helping them to access £19 billion of additional support that goes unclaimed each year."

Deven Ghelani
Director and Founder, Policy in Practice

Getting by

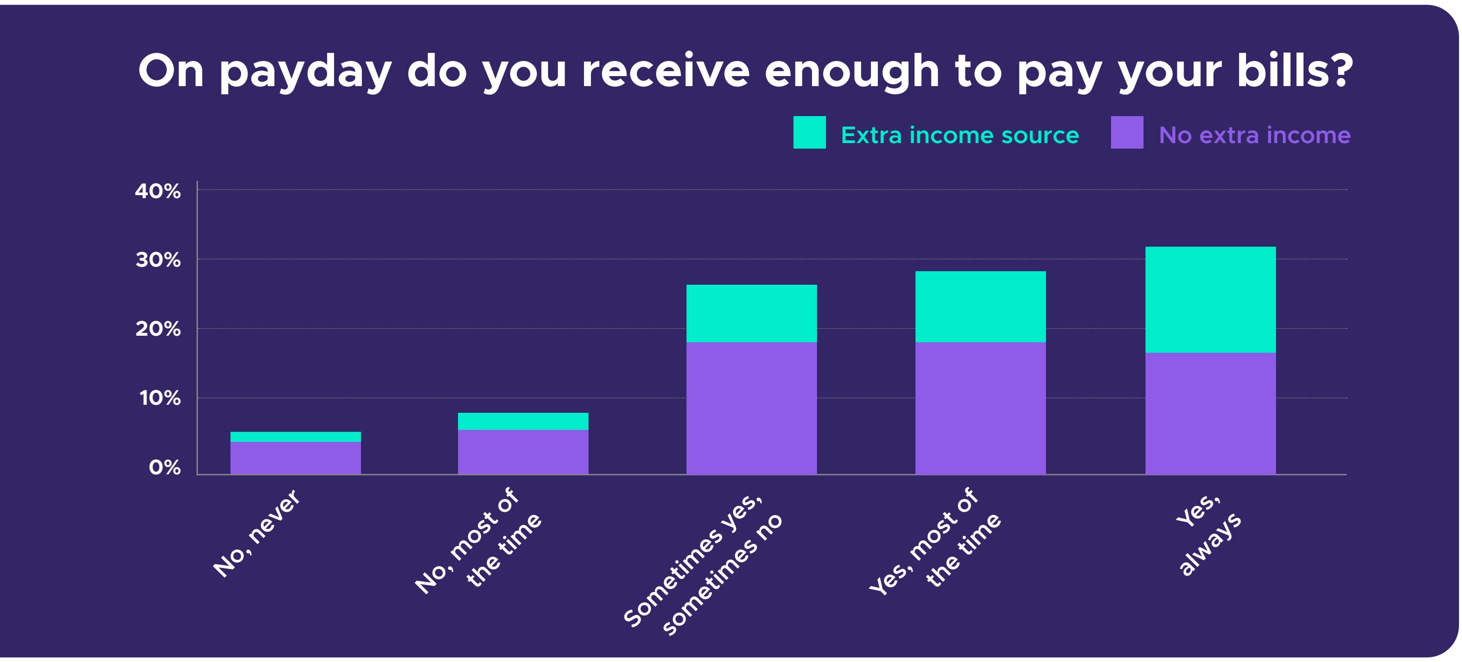
We asked people if they typically receive enough money on payday to pay all their usual bills and expenses, including any extra sources of money such as state benefits, student loans, pension, or income from a partner or family member.

"Very difficult to manage bills when hours are chopped and changed every week"

"I need a bigger contract to ensure I earn enough without relying on overtime to cover my bills and debts."

"I have less income than needed to cover majority of my bills so we have to go without food, gas, electricity and even some times water."

It's important to reflect on this in a wider context. Those who can always or often pay their bills on time may have less need for financial products such as credit cards and overdrafts. Turning this on its head, those who do have access to those products may find it easier to often or always pay their bills on time, since they have a well-designed financial tool they can use to smooth out peaks and troughs in earnings.



Most respondents stated that they usually or always receive enough money on payday (61.0%). Amongst those who usually or always have enough, over 4 in 10 (43.7%) report that they have another source of money, and this is more than twice as likely to be income from a partner (23.6%) rather than state benefits (8.4%).

"I ask for more hours and look for extra work when we are struggling financially, but get burnt out easily and can't maintain it."

Perhaps unsurprisingly, the opposite is true when we look at the 12.1% of individuals who usually or always do not have enough money to pay their bills. Just over a quarter (25.5%) of this group report another source of income and around 1 in 6 (14.9%) receive state benefits such as universal credit.

Individuals in this group are much less likely to report income from a partner (7.2%) compared to those who can always pay their bills.

Layering ethnicity data offers further insight. 11.3% of respondents from white backgrounds usually cannot or are never able to afford to pay their bills vs 15.0% of respondents from ethnic minority backgrounds. This is particularly acute for respondents from black, African, Caribbean or black British backgrounds, where 18.7% usually cannot or are never able to pay their bills and fewer than half (47.1%) can often or always pay their bills.

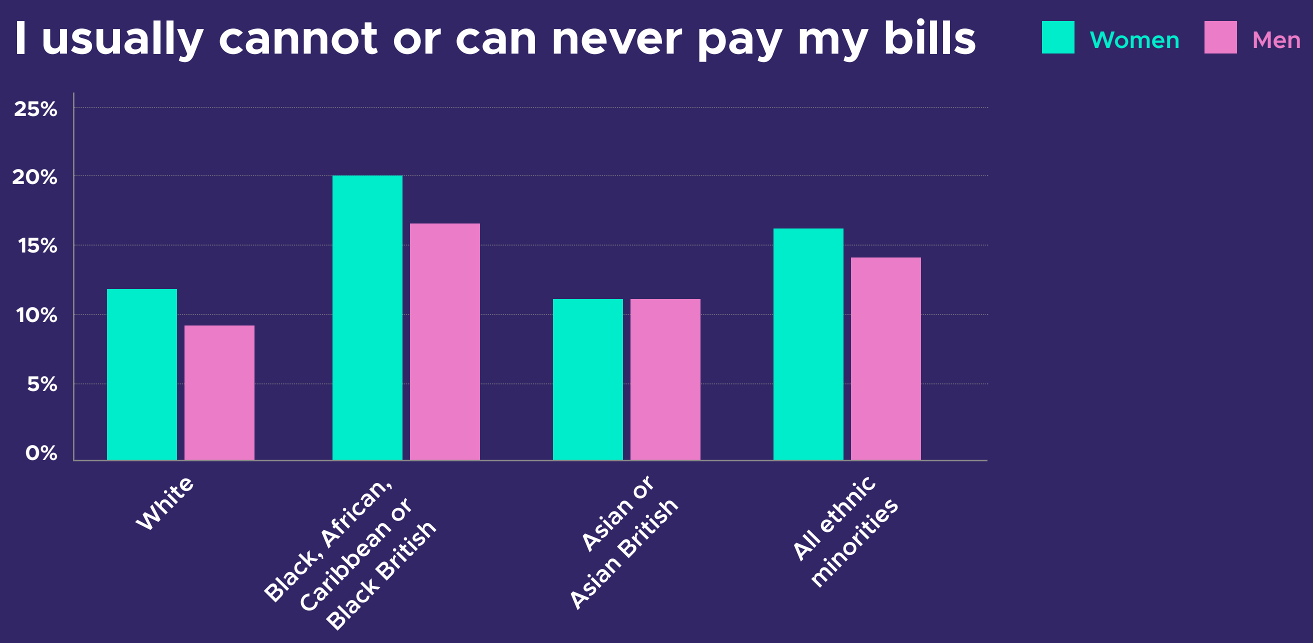
In total, almost two thirds (62.6%) of respondents from white backgrounds can usually or always pay their bills, vs just over half (54.5%) from ethnic minority backgrounds.

Going deeper and looking at the intersectional experience of gender and ethnicity reveals new insight.

Group	Proportion who usually cannot or are never able to afford their typical bills
Women, white (N = 5,672)	**12.2%**
Women, all ethnic minorities (N = 1,019)	**15.5%**
Women, black, African, Caribbean or black British (N = 441)	**20.1%**
Women, Asian or Asian British (N = 332)	**11.2%**
Men, white (N = 3,167)	**9.7%**
Men, all ethnic minorities (N = 946)	**14.3%**
Men, black, African, Caribbean or black British (N = 342)	**16.7%**
Men, Asian or Asian British background (N = 403)	**11.2%**

Both women and men from ethnic minority backgrounds are more likely to report they cannot pay their usual bills, and this is particularly notable for those from black, African, Caribbean or black British backgrounds - over a fifth (20.1%) of black women and nearly 17% of black men report this.

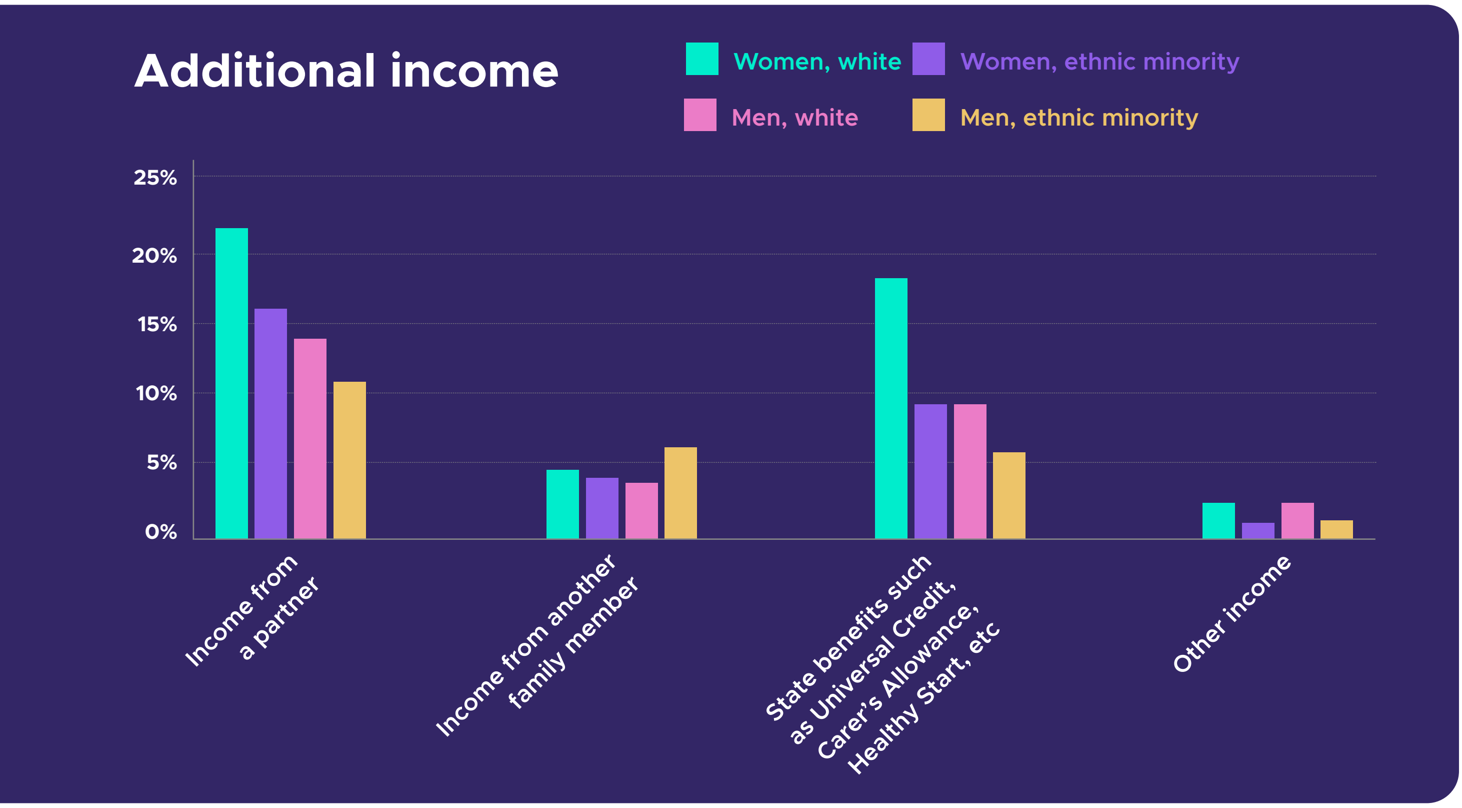
I usually cannot or can never pay my bills



Women from the black ethnic group are more than twice as likely to struggle to pay their bills as their white male counterparts.

Financial support

Over a third of survey respondents (36.1%) have an extra source of income - typically from a partner, family member, pension or state support. For those who receive extra income, the breakdown is shown in the table below.



The most commonly reported extra income is from a partner, where 17.9% reported they received this support. This is followed by state benefits (such as universal credit, carer's allowance, personal independence payment, child benefit, etc) at 13.8%, and income from a family member (not a partner) at 4.6%.

Women are more likely than men to report receiving additional income. In our dataset almost twice as many women as men receive some form of state benefit such as Universal Credit, and they are 59% more likely to say they receive income from a partner.

Access to state benefits

There is the possibility that people from ethnic minority backgrounds are missing out on state support.

In total, 15.2% of participants from white backgrounds report that they receive some sort of state benefit such as universal credit. Only 7.6% of respondents from ethnic minority backgrounds receive this support – exactly half the proportion of white respondents. And yet those from ethnic minority backgrounds are struggling more to pay their bills.

“Benefits offer powerful features to help people increase and protect their income while reducing their expenses. Yet, millions of workers in the UK miss out on thousands of pounds a year in essential support because they’re either unaware or don’t believe they qualify for state assistance.

Here’s the challenge: if people assume they’re not eligible for benefits, they’re unlikely to check. Wagestream is addressing this catch-22 by offering a straightforward benefits check within their app, encouraging all members to explore the benefits and discounts for which they may be eligible.

By integrating a benefits calculator, Wagestream leverages its scale and proactive nudging features to make a material difference in reducing unclaimed benefits across the UK. The most compelling evidence comes from the past year’s data: nearly 200,000 users have taken advantage of the benefits calculator within the Wagestream app. Of these, three out of four members found benefits and discounts, averaging an impressive £6,850 per year.”

Manuel Peleteiro
Co-founder, Inbest

The Savings Challenge is Greater for Ethnic Minorities

***Finding 4 - The Savings Gap:* Ethnic minority households are more likely to lack adequate savings, and are depleting their savings to cope with income volatility.**

Having some savings set aside is an essential building block of financial wellbeing. Without savings, any sort of financial shock can quickly turn into problem debt. Research from StepChange found that if a household has just £1,000 saved, this reduces the likelihood of getting into problem debt by nearly half.[27]

Savings can also create peace of mind and improve general wellbeing. Individuals who have savings are more likely to report higher levels of life satisfaction and overall wellbeing – which is linked to increased productivity at work.[28]

Savings in the UK – status and recommendations	Our data
Current picture: Nationally representative data from Money and Pensions Service suggests that 17% of households have £0 saved.[29]	**Our data:** In our data twice as many respondents (35.9%) report £0 savings.
The bare minimum: Research from the debt charity StepChange found that if a household has £1,000 in savings they are half as likely to experience problem debt.	**Our data:** In our data only a fifth (22.0%) of respondents had household savings of £1,000 or more.
Recommended minimum: The government recommends households should have at least three months of essential outgoings saved.[30] According to research from Nimblefins, the average household's essential spending ranges from £2,625 to £3,616 per month, equating to target savings of £5,475 to £8,448.[31]	**Our data:** In our data fewer than 1 in 10 households (9.2%) report £5,000 or more in savings.

"Both my partner and I have only just gotten back into a position where we can start saving. It is very early doors right now and I'm excited to build a future, slowly."

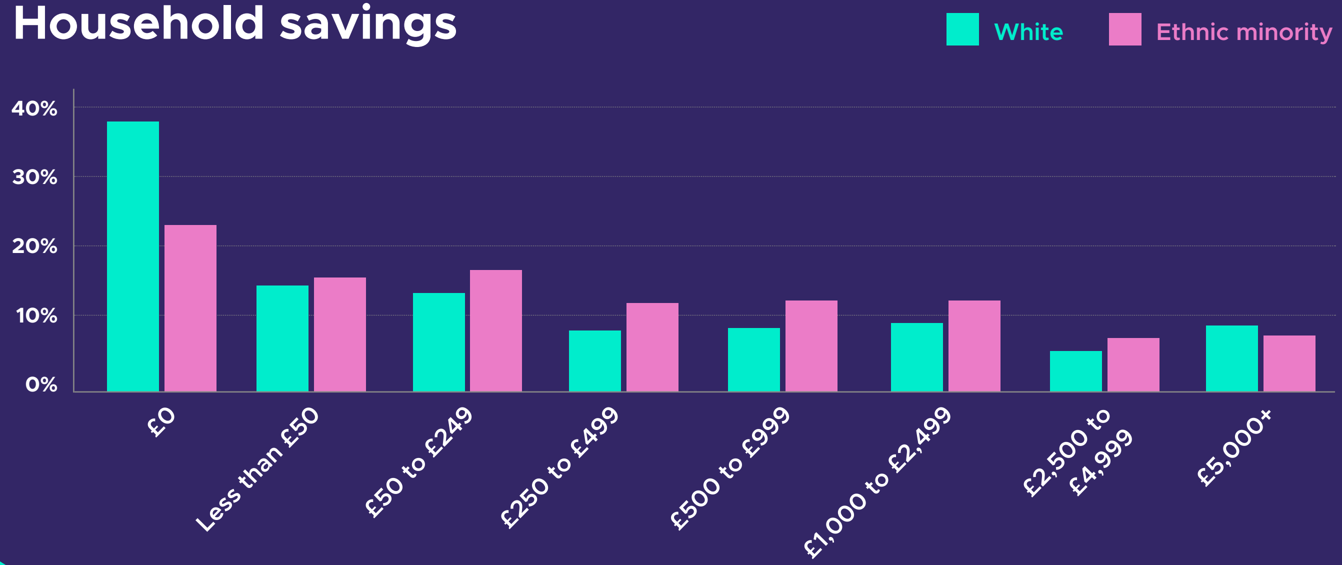
How much savings is enough will depend on individual and household circumstances, but even a little helps a lot. Research from the FINRA foundation in the USA shows that maintaining a savings balance of just $100 USD is strongly correlated with avoiding high cost credit, maintaining housing stability and keeping utilities switched on. People who could maintain this balance were 83% less likely to use high cost credit.[32]

"I try to save from my salary and try not to go overboard on spending unnecessarily."

In the UK the Money and Pensions Service report that a quarter of UK adults have £100 or less saved, including nearly a fifth (17%) who have £0. A focus on measuring the figure of £100 gives us a steer that this too is considered an essential threshold. However, the government's moneyhelper website recommends much more than £100 – they suggest that households should have at least three months of essential outgoings saved. Based on research and calculations by Nimblefins this gives a target of £5,475 to £8,448 as the minimum recommended level of household savings.[33] In our data fewer than 1 in 10 people (9.2%) report household savings of £5,000 or more.

"We are trying to buy/rent our first house but seems impossible."

Household savings



More than 9 in 10 households in our dataset are falling short of UK government recommended savings levels, leaving them vulnerable to common financial shocks such as time off work for illness or injury, losing their job or another source of money, fixing or replacing a major appliance, an increase in rent or mortgage payments, or large winter fuel bills.

Layering ethnicity data gives further insight. Around 1 in 10 white households meet the UK government recommended minimum savings levels, but this drops to just 1 in 14 for ethnic minority households. Around a third of ethnic minority households have accumulated modest savings between £250 to £1,000. In comparison, just over a fifth of white households had managed to accumulate similar savings and were much more likely to report very little or no savings.

But it's clear that ethnic minority households are depleting their savings to pay for their essentials and cope with volatile work hours that can leave them unable to pay household bills. In fact nearly a third (32.4%) of individuals from ethnic minority backgrounds report that they use their savings to pay for everyday essentials, compared to less than a fifth (17.2%) of individuals from white backgrounds. Ethnic minorities are almost twice as likely as their white peers to be depleting savings to pay for the cost of living.

"Honestly I wish more had been taught at school. I have always just lived to my income never saved never managed to get on top no matter what I tried."

"Worked hard all my life and cannot afford to retire yet."

Our research into the state of financial wellbeing in 2022 revealed that using savings to pay for everyday essentials has a major impact on financial stress; it adds an extra 50 days of money worries per year.[34] The burden of this stress is being shouldered disproportionately by ethnic minority households.

One common method for managing peaks and troughs in earnings and expenses is through access to credit. We'll explore this in the next section.

Essential Workers, Excluded from Financial Essentials

***Finding 5 - Locked Out, Or Locked In:** Individuals from ethnic minority backgrounds are more likely to use subprime and non-traditional credit products and are more likely to be financially excluded compared to their white peers.*

We find only minimal differences in how men and women experience financial exclusion in this data set, but it's important to remember that low pay overall is an indicator of financial exclusion and dramatically more women than men are in lower paid work.

When they were not accessing a product, women showed a slightly higher tendency to self-exclude based on fear of misuse whereas men showed a slightly higher tendency to state that cost was a barrier.

However, in our data we find that individuals from ethnic minority backgrounds are more likely to use subprime and non-traditional credit products and are more likely to be financially excluded compared to their white peers. This finding is important. Even within a dataset of workers whose jobs have similar characteristics we still find that ethnicity is a driving factor of financial exclusion.

Although we covered savings earlier in this report it's worth reiterating here. Around a third (32.4%) of ethnic minority respondents use savings to pay for everyday essentials, nearly twice the rate as white respondents (17.2%). It's clear in the data that ethnic minority respondents are more likely to struggle to pay their bills. A lack of access to affordable credit for income smoothing means they are more at risk of depleting their savings.

"Since work messed up sick pay once, made me get a loan, my finances have been impacted severely, I can't seem to get out of been behind on some bills."

Although we gain some insight from looking at who uses particular financial products, it's equally important to look carefully at who doesn't use them and why they don't.

Across the board we saw high levels of discomfort with credit products overall, with close to a fifth of all respondents (18.7%) choosing 'fear of getting into a debt trap' as their reason not to use a particular product. This points to a structural design problem, where financial products are not being created to match the needs and circumstances of the workers in our dataset. A large part of the financial exclusion we observed was driven by self-exclusion on the basis of fear, poor past experience and lack of confidence.

For example, respondents from ethnic minority backgrounds were over 8 percentage points more likely to self-exclude from overdrafts compared to their white peers.

Financial inclusion of ethnic minority groups

The latest research estimates that 1 in 7 UK adults are financially excluded—around 14% of all UK adults.[35] Wagestream research from 2023 suggests that this figure may be more than twice as high in particular sectors such as retail, hospitality, healthcare and support services.[36] Financial inclusion means that individuals have access to useful and affordable financial products and services that meet their needs.

Financial inclusion is particularly important for individuals whose financial resilience is low – for example driven by low or unpredictable income, lack of savings or both. In these circumstances access to useful and affordable financial services and products can be a lifeline to help individuals maintain smooth spending and essential consumption across peaks and troughs in income. Unfortunately, low and variable income can be a predictor of financial exclusion, both because individuals might struggle to meet affordability criteria and because financial products have not been designed to meet the needs and circumstances of individuals on variable incomes.[37]

"I'm tired of thinking about money and just want enough to live without ever having to think about it."

Financial exclusion is a diversity, equity and inclusion challenge

"Everything is to expensive for definitely if you have a poor credit score then you payback alot more."

The drivers of financial exclusion disproportionately impact women from all ethnic backgrounds and men from ethnic minority backgrounds.

For example, low and variable income is a predictor of financial exclusion. Women from all ethnic backgrounds and men from ethnic minority backgrounds do the majority of the low paid work in the UK.

Another predictor is having a thin or distressed credit file. In the table below we show examples of who is impacted by thin or distressed credit files and *why* it's a priority for diversity, equity and inclusion.

Thin credit file or no credit file	Distressed credit file
Impacts individuals who either have no credit footprint, or not enough data for mainstream lenders to make a credit assessment. Examples of individual circumstances include: • Recently immigrated • Recently separated from a partner, where their partner previously handled all their finances. This is statistically more likely to impact women, and particularly women from ethnic minority backgrounds • New to the workforce and lack formal financial backgrounds through difficult personal circumstances, for example prison and care leavers • Ex-armed forces personnel, particularly those posted abroad or at sea for significant periods of time	Impacts individuals with prior experience with financial difficulties; as a result they can't access fairly-priced financial services, or at all. Anyone who has filed an IVA or used a debt management service in the past six years, for instance, will not be able to take out an overdraft, loan or credit card. Examples of individual circumstances include: • Recovering from addiction • Struggled with or are currently experiencing mental health difficulties[38] • Living in impoverished areas, where their credit file is impacted by home address This final point is important for diversity, equity and inclusion because lower-income households are more likely to have one or more of the following characteristics:[39] • Women-led, single parent households • One or more individuals have a disability • Residents from an ethnic minority background

In our data we find that individuals from ethnic minority backgrounds are more likely to use subprime and non-traditional credit products and are more likely to be financially excluded compared to their white peers. This finding is important. Even within a dataset of workers whose jobs have similar characteristics we still find that ethnicity is a driving factor of financial exclusion.

Financial products

Ethnic minority respondents are more likely to use very subprime credit products such as rent-to-own, payday loans and store credit cards. They are also more likely to use informal forms of borrowing – whether from friends, family or other sources. Access to mainstream credit products is fairly similar, although white individuals are slightly more likely to have access to mainstream credit products that are typically used for short term income smoothing.

A-Z of financial products available in the open market for short term income smoothing[40]

Description[41]	Cost
Buy Now Pay Later (BNPL): "Buy now, pay later" (BNPL) is a financial service that allows consumers to make purchases and defer payment until a later date, often with the option to pay in instalments.	BNPL is free to use, but if you miss a repayment most providers charge late payment fees.
Credit Cards: A credit card is a financial instrument that allows consumers to make purchases on credit, up to a predetermined credit limit, with the understanding that they will repay the borrowed amount along with interest charges or fees at a later date, typically on a monthly basis.	Typical standard credit card rates, known as the annual percentage rate (APR), are usually around 18% to 20%.
Overdrafts: An overdraft lets you borrow money through your current account by taking out more money than you have in the account – in other words you go "overdrawn". There's usually a charge for this.	Banks and building societies charge between 15% and 40% APR (annual percentage rate) for using your overdraft.
Payday Loans: Payday loans are short-term loans originally designed to tide people over until their next payday. Nowadays many payday loans are for 3 or more months, and sometimes more than 12 months. The money is paid directly into your bank account, and you repay in full with interest and charges at the end of the month.	There's a maximum daily cost of 0.8% per day. Over a year, the average annual percentage interest rate of charge (APR) could be up to 1,500%.
Pawn shops: Pawn shops are businesses where people can bring in valuable items as collateral to obtain short-term loans, and if they repay the loan plus interest within a certain period, they can retrieve their belongings; otherwise, the pawn shop may sell the items to recover the loan.	Typical pawn shop rates could sit anywhere between 3% and 10% per month for the duration of your loan. Depending on the length of the loan this works out to an APR of over 100%.
Rent-to-own: Rent-to-own companies sell household items, such as appliances, furniture and electronics, through 'hire purchase agreements'. These agreements involve customers paying off the price of the product as well as interest, in weekly payments.	Interest rates can be as high as 99.9%, and missed payments are subject to fees of £10-12 per occasion.
Store credit cards: Store cards are a type of credit card issued by specific retail stores or brands, enabling customers to make purchases at those establishments on credit. These cards often offer rewards or discounts for in-store purchases but typically come with higher interest rates than traditional credit cards.	Typical store credit card rates, known as the annual percentage rate (APR), are usually around 22% to 30%.

Key findings

1. Savings: Although we covered savings earlier in this report it's worth reiterating once more. Around a third (32.4%) of ethnic minority respondents use savings to pay for everyday essentials, nearly twice the rate as white respondents (17.2%). It's clear in the data that ethnic minority respondents are more likely to struggle to pay their bills so this could be an early sign that savings levels are being depleted.

2. Borrowing from friends or family: Close to 4 in 10 of all respondents borrow money from friends or family, much higher than the national benchmark of around 1 in 10.[42] Usage is slightly higher for ethnic minority respondents (39.3%) compared to white respondents (37.1%). We have enough data to dig deeper, and further analysis reveals that women from all ethnic backgrounds and ethnic minority men are the most likely to use this form of informal borrowing (38% - 39%) compared to around a third of white men (35.2%). Whilst some borrowing from friends or family can be benign, this can sometimes be a euphemism for forms of illegal money lending. Borrowing from friends or family can also cause interpersonal issues, guilt, insecurity and lack of control.[43]

3. Borrowing from an individual (not friends or family): Overall usage is too low for statistically significant conclusions about ethnicity (N=500). Within the limited data set, people from ethnic minority backgrounds are more than twice as likely to report borrowing from someone who is neither friends nor family at 7.9% compared to 3.8% of people from a white background. Whilst we didn't explicitly use the term 'loan shark' in our question set, it's hard to imagine that this sort of borrowing is benign. Research from IPSOS suggests that more than 3 million people have turned to an unlicensed or unauthorised money lender in the last three years, roughly 7% of the adult population.[44] Worryingly, in our dataset this form of borrowing was more frequently reported than using payday loans, rent-to-own, or pawn shops. However, as noted we fall below our statistically significant threshold for this analysis, so findings should be interpreted with caution.

"During our journey deploying the Fair By Design fund which focuses on investing in innovations that design out the poverty premium in the U.K., it became very clear that in order to be effective you also need to understand the varied and complex drivers of poverty and vulnerability to poverty. Routes to markets for those innovations are varied but more often than not, the employers can be a very effective way to distribute social innovations at scale to employees and customers alike.

Being a champion for social innovation can also have an incredible impact on company performance and this is why as an impact investor who looks for both commercial innovation and deep social impact, we look closely at business models who scale through employers. By understanding your employees, their needs and predisposition to being financially vulnerable, you can empower them whilst improving on key commercial metrics such as hiring edge, turnover & productivity."

Emma Steele
Investment Director, Fair by Design and Partner, Ascension VC

4. Subprime credit products: Overall usage is too low for statistically significant conclusions. Within the limited dataset, people from ethnic minority backgrounds consistently reported higher usage of payday loans, rent-to-own and pawn shops compared to people from white backgrounds. The difference was just a few percentage points, but in relative terms this represents a doubling of usage. These products are also more likely to be used by men than women. However, as noted we fall below our statistically significant threshold for this analysis, so findings should be interpreted with caution.

5. Catalogues: Catalogues are somewhat of an outlier. The Financial Conduct Authority's analysis of high cost credit reveals that "consumers using catalogue credit are drawn from a wider socio-economic group and have on average higher credit scores than other high-cost credit products."[45] In our data, white respondents are twice as likely to use catalogues (16.7% vs 8.4%) compared to ethnic minority respondents. Gender is also a factor. Over one in five white women (20.3%) use catalogues compared to around one in ten white men (10.4%), and one in ten (10.0%) ethnic minority women use catalogues compared to one in fifteen ethnic minority men (6.6%).

"I'm worried I may lose my job and everything will come crashing down."

6. Prime credit products: Credit cards and overdrafts are the most commonly used prime credit products in the UK. Nationally around half of British adults use an overdraft facility,[46] and almost 70% have a credit card.[47] Within our dataset individuals were much less likely to use either of these products than UK norms; only 30.9% of our respondents use an overdraft, and just 44.3% use a credit card. In total, just under 60% of our respondents use one or both of these products. White respondents are marginally more likely to use a prime credit product (58.6%) compared to ethnic minority respondents (57.0%). Understanding the drivers of financial exclusion for these two products is important.

Diminishing subprime credit

For the majority of subprime options – payday loans, catalogues, rent to own, pawn shops – not enough respondents use these products to allow for meaningful further analysis along the lines of gender and ethnicity. This result, in itself, is a success. The Wagestream toolkit is designed to give individuals an alternative choice for how to manage their money, including the option to be paid for completed work at any point in the pay cycle. A clear outcome is that individuals are dramatically less likely to want or need to use expensive forms of credit. Between 85% to 90% of Wagestream members surveyed report that, where they previously used payday loans, they no longer do so after 3 months of using the app. [48]

Financial exclusion (including self-exclusion)

Although we gain some insight from looking at who uses particular financial products, it's equally important to ask who doesn't use them and why they don't.

There are lots of reasons not to use a particular financial product. Maybe the way it works is unsuitable for what you need. For example, you wouldn't use a payday loan to finance a long-term home renovation. Nor would it make sense to use a five year term loan to bridge the gap between a bill being due and getting your normal pay. These are perfectly logical reasons not to use a particular product.

Other reasons why you wouldn't use a product start to cross into financial exclusion. Financial exclusion can be about access and affordability, but it can also be about confidence, capability and product design.

Examples

Access and affordability
You might want to use a credit card for your everyday spending – but you can't get a credit card because of your credit profile. Or, the only credit card you qualify for comes with an APR that's unaffordable for you.

Confidence, capability and product design
A poor experience using a credit card in the past may have resulted in financial difficulty. Perhaps you've grown up being warned against credit or deliberately avoid. Perhaps you're paid every 4 weeks, which makes it difficult to manage the fixed monthly repayment date that comes as standard with a credit card.

In our survey we asked respondents if they had ever used each financial product, or if they currently or intended to use them. For those who indicated they don't and don't plan to use a product, we asked why not. Respondents could choose reasons related to price, access and experience such as:

'too expensive'

'not available to me'

'bad experience using this in the past'

'I don't want this product'

Across the board we saw high levels of discomfort with credit products overall, with close to a fifth of all respondents (18.7%) choosing 'fear of getting into a debt trap' as their reason not to use a particular product.

A note on debt traps

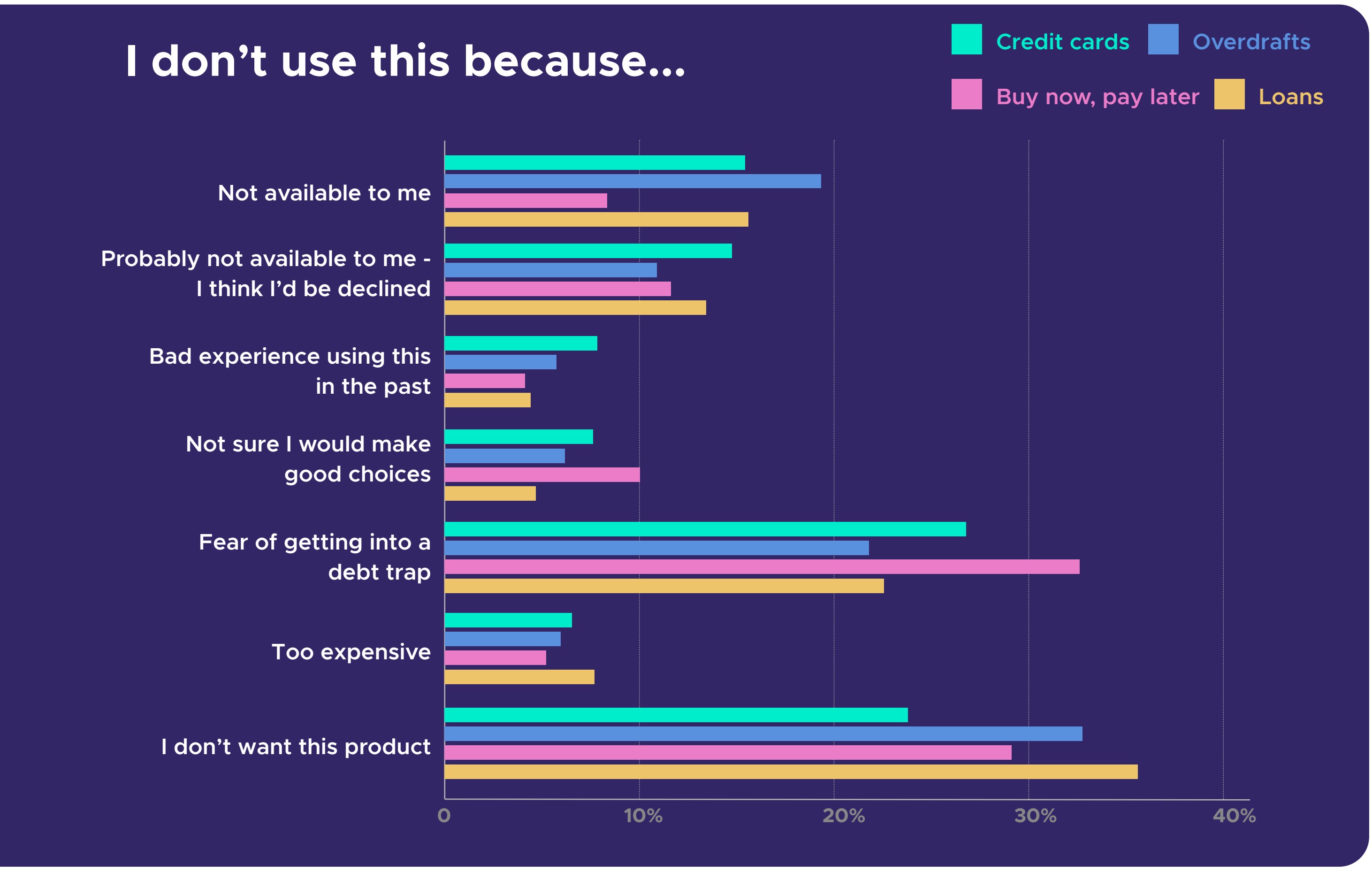
A debt trap refers to a situation in which a person takes on debt and finds it difficult to pay off that debt, and thus takes on more debt in an attempt to pay off the existing obligations. This leads to a cycle where the debtor becomes increasingly entangled in a growing amount of debt, often due to high interest rates and fees that make it difficult to break free.

Several factors or situations can contribute to a debt trap:

- **High Interest Rates:** Borrowing from sources that charge exorbitant interest rates can quickly escalate the amount owed.
- **Low Minimum Payments:** By only paying the minimum amount due on credit cards, for example, the principal amount might barely decrease, and interest continues to accumulate. Some credit cards can negatively amortise, where the minimum payment is too low to cover the amount of interest due, leading to the loan amount to increase over time rather than decrease.
- **Rollover Loans:** This is common with payday loans where borrowers take a new loan to pay off the previous one, incurring additional fees and interest in the process.
- **Unforeseen Expenses:** Unexpected expenses can push individuals to borrow more, especially if they lack savings.
- **Low Income:** If one's earnings are not sufficient to cover basic expenses and debt payments, they might find themselves continually borrowing to make ends meet.

Some products are structurally impossible to create a debt trap as defined above, so we interpret these responses as fear of repeat or recurrent usage. It's clear that the majority of respondents understood this structural point and, for example, this response was much less likely to be chosen for pawn shops and rent-to-own (7.9% and 10.2%) compared to Buy Now Pay Later where nearly a third of respondents stated this fear (32.0%) or credit cards (26.3%).[49]

Looking at more affordable forms of credit such as overdrafts, credit cards, BNPL and loans, we see a slightly different picture.



Focusing only on individuals who do not access a particular product, we drill into the reasons why.

For overdrafts, nearly a fifth of respondents (19.6%) said that this option is not available to them, and a further 1 in 10 (10.4%) felt it probably wouldn't be available if they applied. In total almost a third (30.0%) knew or believed that they would be declined if they applied.

For credit cards, close to 1 in 7 (14.9%) of respondents said this option is not available to them and a further 1 in 7 (14.1%) believed they would be declined if they applied. In total almost a third (29.0%) know or believe they would be declined if they applied. In addition, 1 in 13 (7.7%) have had a bad experience with credit cards in the past and so have self-excluded. No other product has as many people who have self-excluded due to a previous bad experience. This points to one of the components of financial exclusion, which is confidence. In this particular instance better product design could alleviate a fair amount of this concern. For example, one simple design change would be a credit card that allowed you to set your own repayment date. For individuals on 4-weekly pay cycles this would help enormously.

Credit cards and financial health

We used the FinHealth Score® methodology, created by the Financial Health Network, to assign respondents a financial health score.[50] This methodology looks at an individual's financial health across spending, saving, borrowing and planning. Based on the score, participants are then categorised as financially healthy, coping, or vulnerable.

We tested for correlations in our data and found that credit cards are also the only financial product where usage positively correlates with financial health score. Individuals who are financially healthy are the most likely to report they use a credit card. In total 54.9% of financially healthy individuals have a credit card, and this drops to 47.8% for financially coping and 39.8% for financially vulnerable. Every single other product we reviewed had higher usage amongst individuals who were coping or vulnerable.

Since financial exclusion can be driven by confidence and capability we gave respondents the chance to tell us if they'd had a bad experience using a product in the past, didn't trust that they'd make good choices, or were fearful of getting into a debt trap.

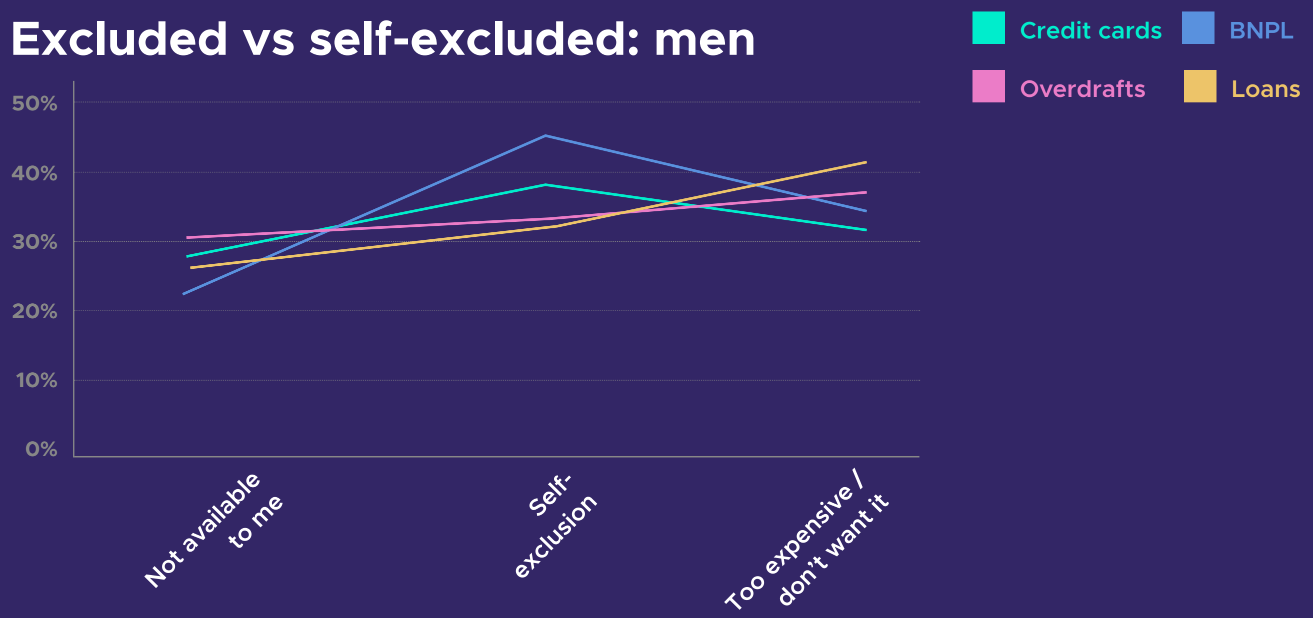
Respondents could also tell us if they simply didn't want it, or felt it was too expensive. These responses imply that respondents have better options available to them and therefore we don't characterise them as financial exclusion.

Broadly, there was no meaningful difference between how men and women responded to these questions. When they were not accessing a product, women showed a slightly higher tendency to self-exclude based on fear of misuse whereas men showed a slightly higher tendency to state that cost was a barrier.

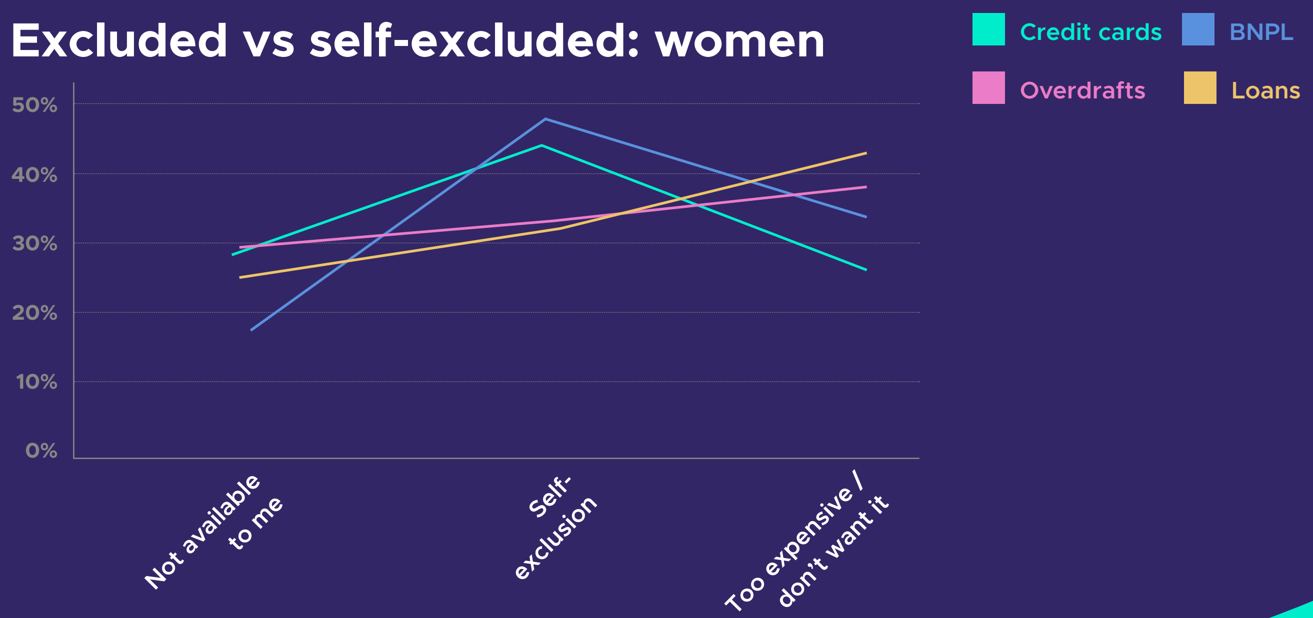
Financial exclusion by gender

	Men / Women	Men / Women	Men / Women
	Not available to me	Self-exclusion	Too expensive / don't want it
Credit cards	29.3% / 29.0%	39.5% / 42.4%	31.2% / 28.6%
BNPL	22.4% / 18.1%	43.0% / 47.9%	34.6% / 34.0%
Overdrafts	30.4% / 29.9%	32.9% / 32.5%	36.7% / 37.6%
Loans	27.9% / 27.1%	32.0% / 31.2%	40.1% / 41.7%

Excluded vs self-excluded: men



Excluded vs self-excluded: women



Despite there being minimal differences in how men and women experience financial exclusion in this data set, it's important to remember that low pay overall is an indicator of financial exclusion and **dramatically more women than men are in lower paid work.**

However, there are differences in how respondents from different ethnic backgrounds experienced financial exclusion, including self-exclusion.

When considering only individuals who do **not** use a particular financial product:

- Respondents from ethnic minority backgrounds were over 8 percentage points more likely to self-exclude from overdrafts, with the most significant reason being fear of getting into a debt trap. 39.1% had self-excluded, compared to 31.4% from white backgrounds.

- Respondents from ethnic minority backgrounds were just over 4 percentage points more likely to state that credit cards were not available to them (32.6% vs 28.4%), and the biggest gap here came from respondents who were certain they would not be able to get a credit card (20.1% vs 13.9%) rather than assuming they probably would not be able to get one.

- For products such as payday loans – which were more highly used by respondents from ethnic minority backgrounds – those who are excluded again are much more definitive about this, with 15% stating they are not available to them, vs just 8% of respondents from white backgrounds.

- Across forms of informal borrowing (friends & family, other lenders) respondents from ethnic minority backgrounds were much more likely to self-exclude based on perceived risk of getting into a debt trap or prior poor experience, whereas respondents from white backgrounds were more likely to state cost or appetite for this product as factors, rather than fear of misuse or previous poor experience.

"I earn a decent salary for my position in my industry, but it is not enough to cover bills with the rising cost of living."

However, when looking at all individuals, including those who do use a particular product, here's what we see:

- Respondents from ethnic minority backgrounds are 5 percentage points less likely to use an overdraft (26.7% use one vs 31.9% from white backgrounds). Individuals from ethnic minority backgrounds are more likely to self-exclude which explains the gap in access.

- 5.1% of respondents from ethnic minority backgrounds report using payday loans, compared to 3.1% from white backgrounds. However, 20.7% of individuals from ethnic minority backgrounds report that they are excluded from payday loans vs just 13.2% of individuals from white backgrounds.[51]

- 8.4% of respondents from ethnic minority backgrounds report using Catalogues, compared to 16.7% from white backgrounds. As above, there's a significant exclusion gap. 23.1% of respondents from ethnic minority backgrounds report that they are excluded compared to 13.7% from white backgrounds.

All of this creates a doubling down of financial exclusion for ethnic minority workers in the UK. Individuals from ethnic minority backgrounds are more likely to be in lower paid work than individuals from white backgrounds. And then when looking at the experience of financial exclusion for people earning low to moderate incomes, individuals from ethnic minority backgrounds are more likely to be financially excluded from both prime and subprime financial products.

"Even after making lifestyle sacrifices, we are digging further and further into a hole of debt each month."

Voices - In Their Words

We asked a single free text question:
Is there anything else you'd like to tell us about your experience of work and money?

"It is very hard, trying to raise a family and work full time only to be 'just getting by"

"Even though I work full-time, I struggle to manage myself financially. I find it embarrassing, overwhelming and stressful. I am determined to be debt free and to manage my finances much better as well as build a healthy amount of savings."

"I have less income than needed to cover the majority of my bills so we have to go without food, gas, electricity and even sometimes water."

"I was never taught about debt or money, but I am improving off my own back. I have managed to get out of debt and improve my financial situation."

"I ask for more hours and look for extra work when we are struggling financially but get burnt out easily and can't maintain it."

"I'm on maternity so massively struggling with finances, my partner isn't on a good income and cost of living is killing us, I only get 24 pounds a week for the baby which we keep for her food and nappies."

"It's hard to plan when your hours change every week depending on what the business needs."

"I'm a single parent with bad health so cannot work more hours otherwise I'm hospitalised . . . bills and school fees etc keep coming no wonder everyone has bad mental health now."

"I often fall into the credit card trap. Using all of my wage to pay off the card, then having no money so having to put daily expenses on the card to pay off again next month."

An Action Plan for Inclusive Employers

Throughout this research it's clear that particular groups of workers are experiencing multiple intersecting challenges. It's also clear that employers have a role to play – and have the potential to alleviate or even eliminate some of these challenges.

Challenge	Recommendation
Volatile working hours create shaky financial foundations, and ethnic minorities are more likely to experience volatile hours than their white peers.	Aim to meet the standard for living hours, as provided by the Living Wage foundation. The Living Wage foundation has created a standard for employers called Living Hours.[52] In it they outline three commitments employers should make to provide financial stability for employees. The Living Hours standard calls on employers to provide the right to: • Decent notice period for shifts: of at least 4 weeks' notice, with guaranteed payment if shifts are cancelled within this notice period • The right to a contract that reflects accurate hours worked • A guaranteed minimum of 16 hours a week (unless the worker requests otherwise) Our finding that ethnic minorities are more likely to experience volatility in their working hours makes it an urgent priority for employers to consider the implications of their policies related to minimum contracted hours, shift notice periods and shift cancellation – and how those policies connect to their diversity, equity and inclusion efforts.
Women from ethnic minority backgrounds are more likely to struggle to pay their usual household bills compared to their white peers, but are half as likely to receive state support.	Provide support for your workforce to discover and apply for state assistance they're entitled to receive. There are several high quality calculators available that help people identify the full range of benefits and discounts that are available. The Wagestream app integrates with the Inbest calculator, which provides comprehensive coverage of benefits, discounts and grants including specific support based on local area.[53] The government keeps a list of benefits calculators at www.gov.uk/benefits-calculators. Where you're already offering a financial wellbeing programme or access to any financial products, consider integrating a benefits calculator into

Challenge	Recommendation
	your existing channels and online journeys. This should be supported by regular communication about the support that's available, and case studies highlighting the impact of getting this right.
Fewer than 1 in 10 households have adequate savings, and this is more acute for ethnic minorities who are depleting their savings to cope with income volatility.	Implement a payroll savings programme and ideally structure it on an opt-out basis so employees start saving by default. Access to an appropriate savings product is an important component of financial inclusion. There's a strong evidence base that payroll autosave is a highly effective way to get individuals on low and variable income to create a savings habit and start building a savings buffer.[54] Recent research from Nest Insight shows that savings participation can reach as high as 71% of a workforce with this approach. Wagestream has been an active participant in this savings research trial, and as such can already implement opt-out payroll savings for employers. There are also many other pathways to delivering a successful payroll savings programme. Nest Insight has written a guide for employers outlining different options for making this work, and the technical and regulatory considerations for each one.[55]
Individuals from ethnic minority backgrounds are more likely to use subprime and non-traditional credit products and are more likely to be financially excluded compared to their white peers.	Review your workplace policies and benefits through the lens of DE&I and prioritise providing financial security benefits that are useful and accessible for the whole workforce. To do this well, plan to include your DE&I leaders, committees and working groups in assessing your policies and benefits. This is particularly important for any policies or benefits that connect to financial inclusion, financial resilience or financial wellbeing. This recommendation is explored in more detail in the following section.

"We now have really strong evidence that opt-out approaches to workplace savings powerfully support many more people to save, including those who may have been excluded from or struggled with saving previously."

Jo Phillips
Director of Research and Innovation,
Nest Insight

Workplace policies and benefits through the lens of diversity, equity and inclusion

In this paper we looked at how volatile hours can be a driver of financial exclusion and how they create more of a need for credit products to smooth peaks and troughs in earnings. We also showed that particular groups of people are more likely to be financially excluded than others.

We've already recommended an approach to tackle volatile hours. Now we call for employers to review their workplace policies and benefits further and to think about the potential impact of the following:

Financial wellbeing toolkit
Employers have certainly sharpened their focus on financial wellbeing in the Cost of Living crisis. But financial wellbeing programmes can be more than a knee jerk reaction to high inflation. Getting this right can create immediate pathways for financial resilience, ultimately leading to longer term wellbeing. Focus on providing a wellbeing toolkit that's tailored to the needs of your workforce and considers their circumstances including volatility of earnings. Financial education is important, but unless it's paired with actionable and accessible financial security tools it's likely it will fall short of the mark.

Be aware that the financial circumstances and needs of the HR team who assess these offerings will often be very different from the financial circumstances and needs of the workers who use them.
When considering a financial wellbeing offering, ask the following questions:

- How does this create financial inclusion for women and individuals from ethnic minority backgrounds?
- How does this work for individuals on variable pay?
- What access to financial products do individuals need to have to successfully use this?
- What proportion of the workforce will be able to use this?
- Are there any particular groups who are more or less likely to benefit from this?

Nest Insight have written a report on the potential of two potential financial wellbeing tools – earned wage access and workplace loans – to improve low- and moderate-income employees' financial footings.[56] This research maps how these two products fit into employees' financial lives, and where they are most likely to have a positive impact. Additional components of a financial wellbeing toolkit may also include the following:

Employer loans
Employers can offer zero interest payroll deducted loans of up to £10,000 with no tax implications.[57] This might be a lifeline for employees who are otherwise financially excluded and unable to access any form of credit. Employers will need to consider the process for requesting a loan, if they are for specific purposes or generally available, administering the loan, whether repayment terms will flex with earnings, and how to handle leavers.

Sick pay policies and benefits
Employers should consider how their sick pay policies and benefits might impact different groups of employees, and whether these policies and benefits are helping to create financial stability and financial inclusion.

The UK has one of the lowest rates of statutory sick pay (SSP) across all OECD countries.[58] Taking sick leave for two weeks would put 91% of front line workers under financial pressure, while 28% would have to choose between heating and eating.[59]

Insurance benefits
Lower income households pay more for their insurance, not only due to underwriting practices but also due to a need to spread the cost of annual premiums over the year. Employers are in a unique position of being able to procure group insurance benefits that eliminate some of the data and underwriting biases faced by lower income workers and particularly individuals from ethnic minority backgrounds.[60]

Closing comments

Within our dataset of similar workers, we find that inequality still persists. Respondents from ethnic minority backgrounds are subject to more variable work hours, are more likely to be financially excluded, and are more likely to use subprime credit products.

However, we've also explored the potential for employers to alleviate, or even eliminate, much of this disparity. There's a clear business case for solving this challenge for employees.

Productivity
Research from the CIPD suggests that over 1 in 4 employees say money worries impact their ability to do their job.[61]

Retention
About 20% of employee churn can be attributed to financial stress.[62]

Recruitment
Over three quarters of employees say they would likely move to another employer who cares more about their financial wellbeing.[63]

Improving productivity for more than a quarter of a workforce, reducing churn and boosting recruitment are all compelling business benefits. Tackling the inequality in workers' experience of work, pay, savings and financial inclusion is not only the right thing to do, but also the smart thing to do.

Employer Stories

THE WATCHES OF SWITZERLAND GROUP

CASE STUDY - The Watches of Switzerland Group

The Watches of Switzerland Group is an international retailer of world leading luxury watch brands with a growing complement of luxury jewellery brands. As a Group, they partner with the most prestigious luxury watch and jewellery brands to deliver the highest level of client service through well-trained, expert colleagues.

The Watches of Switzerland Group have a network of showrooms, under a portfolio of brands across the UK, Europe, and US with a presence in travel retail and online. The Group portfolio includes Watches of Switzerland, Goldsmiths, Mappin & Webb, Mayors, Betteridge and operates dedicated Mono-brand boutiques.

The Watches of Switzerland Group believe in equal opportunities for all and are fully committed to promoting an inclusive culture and diverse workforce, ensuring a culture of fairness and equity underpins their management decisions, actions and behaviours.

As a values-driven Group, one of their core values is RESPECT and this means working together to cultivate a secure and supportive workplace, with equal opportunities and respect for each other, where voices are heard, and where everyone can thrive. To deliver this, the Group has recently increased its focus on financial wellbeing and the impact of this.

Their pay principles are designed to support those who are on a lower salary. This is evidenced recently in the following ways:

- Real living wage accreditation in 2023 – one of the few luxury retailers to be awarded this by the Living Wage Foundation
- Through the cost-of-living crisis, The Watches of Switzerland Group have ensured that those on the lowest salaries get the largest increases in their annual pay review
- They have a number of learning and development programmes designed to help colleagues gain promotional opportunities. 62% of participants on the UK internal leadership programme were promoted within 12 months of completing the course

> *We are proud to be a Real Living Wage Employer. These pay rates, combined with our comprehensive benefits package, will ensure people "join, grow and stay" with our Group. It's in our DNA as a business to support and care for those on the lower salaries and this is a great example of our commitment to that purpose.*
>
> **Philippa Jackson**
> *Executive HR Director for The Watches of Switzerland Group PLC.*

In response to the Cost-of-Living Crisis, The Watches of Switzerland Group Support Fund was launched in 2022 following the suggestion from our Listening Forum. This is an interest free loan available to eligible colleagues to support them through difficult challenges with unforeseen costs such as boiler repairs or house moving costs.

As part of the application process, colleagues are also signposted to the TELUS Health which is a 24/7 Employee Assistance Programme – for confidential help from mental health to expert legal advice and money matters.

Other resources available to support colleagues' financial wellbeing include:

- The Simplyhealth everyday cash plan, which allows colleagues to claim back over £1000 for everyday health care costs including: Dental checkups and hygienist appointments , Optical – glasses and eye tests, Free 24/7 access to a GP appointment, Health Assessments and New child payment to help colleagues when their family grows

- VibE and Brilliance recognition platforms provide colleagues across the UK with a way of earning points for great performance which convert into rewards. There were over 44,000+ recognitions in the UK last year.

- Enhanced maternity pay:
    - Eight weeks at 100% pay
    - A bonus equivalent to two weeks' pay for those returning from maternity leave

- Global Sharesave Scheme:
    - Colleagues are offered the opportunity to participate in a HMRC approved savings plan that gives them the chance to buy shares in The Watches of Switzerland Group at a discounted rate. In 2022, 47% of UK colleagues took part in the scheme and the scheme runs every two years to give existing and future colleagues opportunity to become shareholders.

Implementation and launch of initiatives always start at leadership level and the Group have an internal platform which gives colleagues everything they need to know - communication, resources and tasking.

With The Watches of Switzerland Group transforming its working environment to continuing to cultivate modern, supportive and collaborative workplace, the Group has given colleagues the opportunity to create a community through its 'Workplace' platform from Meta. It combines chat, videos, groups and more.

With a strong colleague engagement score of 81% globally together with equally impressive 81% inclusion score, The Watches of Switzerland Group is proud to be a people business who are committed to investing heavily in the support and development of their colleagues.

CASE STUDY - Fuller’s

Fuller, Smith & Turner PLC is the premium pubs and hotels business that is famous for beautiful and inviting pubs with delicious fresh food, a vibrant and interesting range of drinks, and engaging service from passionate people. Fuller’s purpose in life is to create experiences that nourish the soul.

Equity, diversity and inclusion is of utmost importance at Fuller’s and it is committed to creating a working environment where everyone has a place, a voice, and an opportunity to shine. That’s why it is a member of WiHTL, the Collaboration Community devoted to increasing Diversity and Inclusion across Hospitality, Travel and Leisure, which collaborated with Wagestream to produce this report.

Financial wellbeing is one aspect of the inclusion agenda at Fuller’s as the company is aware that financial exclusion is more likely to negatively impact underrepresented groups. Fuller’s is committed to being transparent in its pay practices and ensuring that all employees are paid fairly.

During the first Coronavirus lockdown, when pubs and hotels were forced to close their doors, Fuller’s identified a need to actively support employees with their financial wellbeing, due to many of them earning less than usual. It decided to partner with Wagestream.

Implementation was quick and seamless due to Wagestream’s integration with Fourth, a workforce management system that Fuller’s already used. Fuller’s used its company intranet to engage employees with Wagestream, as well as asking senior leaders to communicate the benefit directly to their teams. Individual letters were also sent out to all employees to explain how the benefits could be accessed and utilised.

In addition to partnering with Wagestream, Fuller’s also uses its ‘Managing Wellbeing’ policy to signpost employees who are facing financial stress to the employee assistance programme (EAP). This is a benefit that provides expert support and counselling on various issues such as stress, mental health, finance and legal matters.

CASE STUDY - Greene King

Greene King is the UK's leading pub retailer and brewer with around 2,700 pubs, restaurants and hotels across the country. At Greene King, financial wellbeing isn't just about paying everyone more money, it is about helping people understand their money and helping them to make it go further. Greene King are committed to giving their teams the tools and knowledge to take ownership of their finances so they can understand how to help themselves.

Greene King offers various resources to support their team members' financial wellbeing. In June 2022 they relaunched their Team Member Benefits platform which brings together all of the benefits available to team members in one place. Greene King had identified that whilst there was a lot of educational information and support available, it was disjointed and difficult for team members to access. Relaunching the platform meant they were able to collaborate all of the financial wellbeing benefits in one place to generate greater engagement and understanding of what is available. Team members have access to discounts with everyday savings from supermarkets to skydiving, food to fashion; there is something for everyone.

Wagestream is also available to all via the Team Member Benefits platform. Over 70% of the Greene King population have signed up, benefiting not just from the ability to access their earned wages early, but also from building a savings pot or accessing financial wellbeing tools to help manage their money. Team members also have access to a loan consolidation benefit and money insights available through Salary Finance, allowing those who utilise it to consolidate existing debts to help them manage their money directly from salary.

Information about what is available through the Team Member Benefits platform is regularly communicated through internal channels to promote its use. The platform reached a peak of over 31,000 site visits in June 2023 with 7,500 people accessing two or more everyday savings offers.

In addition to the Team Member Benefits platform, Greene King launched the Workplace Savings initiative in May 2023 with Cushon. It allows team members to save direct from salary into a range of ISAs for longer term goals or create good savings habits. This is currently only available to a limited population rather than full 40,000 team members and was introduced to give those looking to save larger amounts or work towards longer term goals a vehicle to save effectively.

Greene King also have various policies and processes that support their team members' financial wellbeing. They recently introduced a new maternity policy which provides enhanced levels of pay during maternity leave to support new mothers and their families. This allows them to focus on what is really important rather than the need to return to work earlier to ease financial concerns.

Greene King work hard to give team members advance sight of their hours and publish rotas at least 3 weeks' in advance, giving team members an opportunity to plan as they understand irregular hours can cause financial difficulties if their earnings differ from one week to the next.

'We Care' is a key value at Greene King that means embracing individuality and caring for each other. That's why financial wellbeing is an essential component to Greene King's overall approach to wellbeing, alongside physical and mental wellbeing.

"Greene King work hard to give team members advance sight of their hours and publish rotas at least 3 weeks' in advance, giving team members an opportunity to plan as they understand irregular hours can cause financial difficulties if their earnings differ from one week to the next."

CASE STUDY - Tesco

Tesco is a leading multinational retailer, with more than 330,000 colleagues. Its aim is to serve customers every day with affordable, healthy and sustainable food – to help them enjoy a better quality of life and an easier way of living.

At Tesco, wellbeing comes first. As a diverse business, it is important that its strategy is inclusive, no matter the income level of a colleague. By using it's scale and strategic partnerships, Tesco has developed bespoke content and products to support colleagues that are easily accessible wherever a colleague works in the business.

Tesco's financial wellbeing strategy, a core pillar of its colleague Employee Value Proposition (EVP), began in 2018. Its framework is based on 3-pillars of Learn, Borrow, Save, with each pillar having resources and benefits available to support colleagues.

Learn: Free online financial education from Tesco Bank, Salary Finance and Legal & General to help colleagues become more financially confident.

Borrow: Access to affordable loans and Grocery Aid grants to help provide responsible alternatives to high-cost borrowing.

Save: Support for colleagues to build financial resilience, with discounts on everyday spending with Colleague Clubcard, Deals & Discounts and money saving hints and tips. There is also support for colleagues to build a savings fund via the Save As You Earn (SAYE) scheme and save for their future with retirement savings.

In 2022, Tesco introduced Pay Advance to all UK colleagues which gives colleagues early access to their pay to help with unexpected or large expenses or emergencies.

For all these resources and benefits, Tesco's colleague demographic means it needs a communication strategy that recognises there is not a one size fits all approach to consuming content and that many colleagues do not have online access at work. Every campaign included printed material for Tesco's offline population with QR codes giving easy access to on-demand online content on personal devices where available.

Tesco has continued to develop and evolve the products and resources within the Learn, Borrow, Save framework based on feedback from colleagues and to ensure colleagues have the right support available in the current economic environment.

It also has a community of Wellbeing Champions who are based on the ground in every location and are upskilled on every campaign, empowering them to deliver key messages face-to-face and support their peers.

Tesco's financial wellbeing strategy success is measured through colleague interaction. Since launch in 2018, 215,000 colleagues have visited Tesco's financial wellbeing hub, with over 2 million total page views.

In 2022 alone they saw:

- Through its affordable loans scheme, Tesco has saved its colleagues nearly £700k in the last 12 months when compared with alternative best lending options

- Over £1.1m of earned pay was accessed through Pay Advance

- Increased participation year-on-year in the Save As You Earn schemes

- A 43% increase in colleague registrations for Deals and Discounts, with £1m saved in 2022

"At Tesco, wellbeing comes first. As a diverse business, it is important that its strategy is inclusive, no matter the income level of a colleague. "

The Big Table

CASE STUDY - The Big Table Group

The Big Table Group is one of the leading independent restaurant companies in the UK, operating some of the most recognisable and loved restaurant brands such as Bella Italia, Café Rouge and Las Iguanas. They have over 150 restaurant sites across the UK in a variety of locations including leisure parks, shopping centres and high streets, employing thousands of people and serving millions of meals each year.

At The Big Table Group, employee wellbeing is a core part of the business. They believe that good physical, mental and financial wellbeing can positively impact employee engagement and in turn business performance. That is why a key part of the overall wellbeing strategy at The Big Table Group is to help their teams to feel secure and in control of their finances.

They spoke to a number of different suppliers that could support their teams with their financial wellbeing and decided on two:

1. Wagestream, which allows teams to access their wages earlier than payday, if they need to, and easy to access savings

2. Salary Finance, which gives employees access to cost effective loans (for debt consolidation or unforeseen expenses) and savings with good interest rates

Both of these benefits also provide financial education and learning opportunities.

The Big Table Group used their various internal communications channels to share information about the benefits with their teams. Employees have responded positively with both benefits being used regularly.

CASE STUDY - PizzaExpress

In 1965, Peter Boizot shipped an authentic oven from Italy to London and opened the first-ever PizzaExpress on Wardour Street, Soho. Now PizzaExpress has more than 360 restaurants across the UK and Ireland and operates in a further 12 international markets.

For all wellbeing and inclusion activity, PizzaExpress follow a Listen, Learn and Lead framework. This framework fosters a culture of really listening to what teams need and implement relevant educational tools and resources that benefit team members and upskill managers to support teams across the estate in the best way possible.

PizzaExpress has a range of initiatives and resources available to support the financial wellbeing of their 9,500 team, including an exclusive benefits portal for high street discounts, free food on shift, employee discount, life assurance policy and an employee assistance programme which provides extensive support including financial and legal advice.

In April 2022, PizzaExpress also introduced Wagestream to all teams in the UK and Ireland. Around 75% of team members have enrolled. In a recent Wagestream survey, 55% of PizzaExpress team surveyed reported they'd improved their ability to budget and manage their money, and 3,000 team members have completed a financial health assessment, helping them to set personalised goals and make sustainable changes. 51% of team members state that the function allowing them early access to wages has helped to reduce end-of-month money struggles. 1,500 individuals have generated a 'rainy day' fund, encouraging regular saving and improving financial wellbeing. Teams also have access to the financial coaching functionality which aligns well with the additional life skills modules, which include personal finance and budgeting, available on the PizzaExpress e-learning platform.

In October 2022, in direct response to the cost of living crisis, PizzaExpress introduced a new benefit to its UK & Ireland teams called 'On The House', which gives team members four free pizzas from its restaurants every month on top of their employee discount, so that their team members can take 3 other guests for dinner, at no cost. PizzaExpress recognises how important connecting with friends and family is to overall wellbeing, and believe its teams should always be able to share a slice with their nearest and dearest. Thousands of team members take advantage of this benefit every month.

At PizzaExpress, financial wellbeing means supporting its teams by providing resources that can improve their current and future financial wellbeing. It doesn't matter what income level or life stage they are at - support is in place regardless of personal circumstances.

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Appendix – Research Methodology

This paper is based on a survey sample of individuals who use the Wagestream app. By definition the survey respondents are employed, since Wagestream is exclusively available as an employee benefit.

We surveyed over 11,000 people, asking them about their experience of work, pay, saving and credit. Survey responses were completely anonymous and therefore our findings are based on self-reported data. The only data we captured automatically was the employer name and sector. In order to maintain anonymity and to ensure we weren't inadvertently processing special category personal data, we restricted the survey to app members who work for companies of 500+ employees.

Alongside our own data, we have benchmarked responses against an industry-standard framework for measuring health, and have compared with national data sets from ONS where appropriate.[64]

How was the research set up and structured?

We designed the question set to deliver quantitative results that would allow us to measure the factors that relate to financial exclusion. The survey was also structured and set up to mitigate bias and ensure high-quality responses.

- An independent expert in behavioural economics reviewed the question set to ensure it was presented in a way that would not introduce bias

- We used pre-defined survey answers that typically followed a Likert scale format

- Where it wasn't suitable to use a Likert scale we randomised the response order so as to remove any bias related to the ordering of responses

- As much as possible we included the options for individuals to respond with "don't know / prefer not to say", so that we could cut noise out of the survey data

- We included an optional free text question "Do you have anything else you'd like to tell us about your experience of work and money?"

How were responses collected?

We ran the survey over a one month period in Q3 2023, through the Wagestream app.

- We offered a prize draw incentive of 5 prizes of £50 gift vouchers
- On average, the survey took just over 21 minutes to complete
- Individuals were prompted to take the survey no more than once
- This prompt occurred while they were actively using the Wagestream app
- 11,117 individuals fully completed our survey
- 2,993 individuals provided an optional free text comment

Author's note:

The insights provided in this document are based on the quantitative and qualitative data we collected, along with my own experience of reading thousands of free text comments, spending collaborative time with 'experts by lived experience', and speaking to independent academic institutions, think tanks and charities about the work they are doing in a similar space. I've drawn my insights from combining the quantitative data with the qualitative research and these wider interactions. There's always a risk of bias when writing any report since the author's personal experience can potentially colour the interpretation of data and insight. Any mistake or bias is entirely my own and cannot be attributed to WiHTL and DiR.

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WAGESTREAM

Wagestream improves the financial wellbeing of 3 million people, with a workplace finance platform built around their pay. Employers like Asda, Next, Pizza Express, Greene King, Bupa and the NHS make work more rewarding, by offering Wagestream as an employee benefit. Workers can use Wagestream to manage their budgeting, choose their own pay cycle, build up a rainy-day fund, chat to a money coach, save money on their bills, and more – all in one app.

Wagestream is a B Corporation, was founded with a social charter and created with the Fair By Design financial inclusion campaign.

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