Research reveals growing gulf between those financially included and excluded

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Credit: University of Birmingham

The gulf between the 'haves' and 'have-nots' in British society is widening. On one side, more people are having to exist without bank accounts, resorting to food banks and being evicted from their homes.

On the other, more people are benefitting from workplace pensions, paying low interest rates on their mortgages and increasing their savings.

The latest Financial Inclusion report from the University of Birmingham, released today, finds that there is an increasing gap between people who are financially excluded and those benefitting from continuing (if slow) economic recovery since the economic crisis of 2008.

Among the findings in this year's report, which is based on the most up-to-date data available, are:

- For the first time since the 2008 crash, the numbers of people without access to a bank account has increased, with 1.7 million adults locked out of the banking system in 2013-14 – an increase of 14% on the previous year.
- In 2015, there were over 41,000 landlord evictions in England and Wales – up from 27,000 in 2010 – as more people ran into difficulties paying their rent.
- In 2015-16, 1.1 million emergency food parcels were given out by food banks - an increase from just over 61,000 in 2010–11, or an 1800% increase.

The data also reveal:

- Active membership of occupational pension schemes increased – up from 2.7 million to 4.9 million in the private sector from 2014 to 2015.
- Some families also increased their savings with one in ten households amassing £100,000 or more of net financial wealth.

Report author Karen Rowlingson, Professor of Social Policy at the University of Birmingham, said: "There is an increasing gap between financially excluded people struggling with day-to-day finances and those with mortgages and secure jobs who have benefited from economic recovery following the crash in 2008.

"Financial inclusion has improved for some people who are now able to meet the expenses that life throws at them, whilst avoiding problem debt and even strengthening their financial position. Meanwhile, others suffer financial exclusion – they don't have a bank account, rely on food banks to feed their families and face losing the roof over their heads."

Co-author Stephen McKay, Distinguished Professor of Social Research at the University of Lincoln, added:

"Government must take a stronger lead in pursuing a more rounded and joined-up approach to financial inclusion. We hope that the newly established House of Lords Select Committee on financial exclusion will also help to achieve this."

The fourth in a series of five annual reports on financial inclusion, the study highlights some positive signs compared to last year. Unemployment has fallen, employment has increased, wage levels are rising slowly and inflation is low. Some population groups have increased their savings and their financial cushion to draw on in times of need.

Other signs are less positive, however. Basic benefits have been cut further for those of working age. Incomes in 2013–14 were eight per cent lower than they had been in 2009–10 (in real terms).

Some 10 million people were living in poverty in 2013–14, with 1.2 million destitute – including 312,000 children. For those who borrow money, the amount is increasing and it is difficult to afford even the basics.

More information: The Financial Inclusion Annual Monitoring Report 2015: birmingham.ac.uk/Documents/col … ring-report-2016.pdf

Provided by University of Birmingham