From Access to Inclusion:
An evaluation of the role of Basic Bank Accounts in promoting financial inclusion

A Toynbee Hall report

By James F Devlin and Milla Gregor

July 2008
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1. Foreword

I am very pleased to be able to introduce this new research by Toynbee Hall. Their previous report from 2005, 'Banking the Unbanked' provided some helpful insights and recommendations to support a key Government aim for financial inclusion, putting everyone in a position where they can manage their finances effectively day-to-day.

This new research contains useful further evidence to demonstrate the benefits of financial inclusion and the way that having access to a bank account for the first time can improve people's lives, particularly people from vulnerable groups.

In recent years we have seen encouraging progress in reducing the numbers of adults living without access to a bank account, thanks mainly to work by organisations like Toynbee Hall and by the retail banks to promote basic bank accounts. Nonetheless, we have to continue our efforts to enable everyone in the UK to use a bank account to make the most of their money. I hope that this report will be used to support and inform all the organisations who are working with us to achieve this goal.

Kitty Ussher MP
Economic Secretary to the Treasury

Toynbee Hall has a long tradition of directly helping people to improve their lives, and communicating the results of this work to the wider society, so that others can learn from and build on our work. I am pleased to say that this report fits squarely in that tradition; that it serves to both show the difference that our work has made to people experiencing financial exclusion and to provide evidence to policymakers, the financial services industry and others to inform their thinking and policy.

Toynbee Hall's involvement in financial inclusion work reflects the diversity of the issue, comprising financial capability work, debt advice and the one-to-one work from which this report is derived. However it does not sit in a vacuum, as those experiencing financial exclusion often experience other areas of social exclusion. We should remember that, fundamentally, financial exclusion exacerbates deprivation and poverty for those experiencing it. It is therefore gratifying to see that many of the people that we have supported to open bank accounts are showing clear signs of improving their lives, through employment, improved confidence and opening savings accounts. Our aspiration is that the journey that they have taken is one that can be replicated by others, and that this report can inform the context in which they do so.

Russell Le Page
Interim Chief Executive
Toynbee Hall
2. Executive summary

2.1. This report provides an assessment of the degree to which the Basic Bank Account (BBA) initiative is helping to tackle the problem of financial exclusion.

2.2. Financial exclusion occurs when people lack access to appropriate financial services that they need or want. It has a range of causes, effects and costs. Being banked is a fundamental aspect of financial inclusion and requires appropriate products, effective access and usage. BBAs were launched in 2003 and the products and attendant processes have evolved in response to policy and market pressures. BBAs are a major strand of shared efforts by key stakeholders to provide a response to financial exclusion. This report assesses how effective they have been in meeting this need and meeting the needs of account holders.

2.3. The report is based on both a review of the available evidence and new primary research. The primary research consisted of in-depth interviews in 2007 with individuals who were originally supported by Toynbee Hall to open a Basic Bank Account between October 2004 and August 2005. The interviews were then subjected to qualitative and quantitative analysis.

2.4. The literature broadly shows that BBAs have been well-received, but that there are frustrations with limited features, which in turn limit opportunities for further financial and social inclusion. There are still barriers to assessing the impact of the BBA on financial inclusion owing to a lack of clear criteria for defining and data for measuring success. This report provides evidence of the experience of those who have opened and used BBAs as well as suggestions for further assessment.

2.5. Summary of key findings

The key findings of the primary research are as follows:

- The majority of customers use and appreciate the benefits of their BBA.

- 60% of accounts initially opened are still used frequently and 75% of accounts are used either frequently or occasionally.

- The account holders make light use of their bank branch; the majority (50%) visit once or twice a month, with only 3% visiting weekly or more.

- 23% of accounts have been closed.

- 75% of closed accounts (15% of all accounts) have been closed at the bank’s request. The holders of these differ from the main sample. All but one do not have English as a first language (83% as opposed to 60% of the main sample), and more are not British citizens (67% rather than 40%). A higher proportion are unemployed, more are black and a higher proportion are female.

- Where reasons for closure were given, they largely concerned ID and AV issues

- The most common frustration amongst interviewees was the lack of opportunity to have a mainstream debit card as part of their BBA.

- There was a perception that direct debits were not available for some BBAs, although they are desired.
• Limited product features cause frustration and limit the potential for BBAs to enable meaningful financial inclusion.

• 25% of participants reported that they had used other financial services since acquiring their BBA. A significant proportion of these (40% of these or 10% of all account holders) are accounted for by those who have traded up to a current account, but other products included debit cards, savings accounts and ISAs.

• Of the 25% who went on to access a further financial product (including upgrading), a higher proportion than average were in employment (60%, as opposed to 40% of the sample).

• Both self-assessed knowledge and confidence improve significantly with BBA holding. Those who use their account most frequently have greater improvements in their confidence around financial matters.

• Low financial capability, particularly concerning knowledge or understanding of BBA features, prevents customers from making the most of their BBA’s financial inclusion benefits.

• The vast majority of the sample had either a neutral or positive view of the customer service they received from the banks, although there are examples of bad experiences around account closure and refusal.

• More participants (40%) are now employed two years after opening their account than before doing so (10%).

The existing available evidence broadly concurs with these findings, although the new research indicates a more positive effect on holders’ confidence than previous evidence suggests.

2.6. Summary of recommendations

2.6.1 Based on the report we make the following recommendations for various key stakeholders.

2.6.2 We recommend that all stakeholders:

• Collaborate on constructing and disseminating the generally positive story about how the BBA meets users’ needs, facilitates financial inclusion and acts as a gateway to further financial access and capability
• Maintain a dialogue about the role of BBA features in enabling financial access and inclusion, and work in partnership to maximise the BBA’s effectiveness as a tool for meaningful financial inclusion.
• Target financial capability support through multiple channels to increase understanding and effective usage of accounts, particularly for the newly banked
• Collect and share data to facilitate future research (see below)

2.6.3 We recommend that all BBA providers ensure that their BBA products genuinely enable meaningful financial inclusion by ensuring that they:

• Are not closed down without adequate notice and means of redress. This should include clear communication of the reason for closure and how to avoid it, a
day appeal period to resolve the issue and a full 30 day notice period if closure is to take place
• Provide inclusive functionality (including the option for mainstream debit cards such as Switch/Maestro which also check that there are sufficient funds to meet the payment, akin to Solo/Electron)
• Have clear criteria for progression pathways to additional features, upgrading and other financial products, including BBA ownership as a means of identification

2.6.4 And ensure frontline staff:

• Are equipped to communicate effectively with those for whom BBAs are intended
• Understand and explain key features of BBA products to new and existing customers

2.6.5 We recommend that the Banking Code sets minimum standards in the following areas:

• Account closure; reasonable grounds for closure should be specified, including a requirement to inform customers of the reason for closure and how to resolve the issue, opportunity to address the issue within a 30 day period, and a 30 day notice period if closure is to take place
• Account upgrade; guidelines for appropriate and inappropriate account migration strategies and how the criteria for upgrading are communicated to BBA holders and applied

2.6.6 And that the Banking Code Standards Board consider continuing and extending the remit of compliance monitoring efforts, including the mystery shopping exercises to take account of more than just the first set of enquiries made by BBA applicants, for instance:

• Ensuring internal consistency about acceptance of alternative ID documents (such as between frontline staff, processing units and call centres)
• Giving 30 days’ notice of account closure
• Ensuring that key features of products are clearly communicated to new and existing clients as per the Banking Code guidelines

2.6.7 We recommend that the Government, including the Financial Inclusion Taskforce, ensures that ‘Access to Banking’ remains a fundamental element of financial inclusion policy through:

• Amending the shared goal so that it focuses on transactional accounts, rather than simply ‘being unbanked’, and takes account of the importance of usage
• Developing a clear framework for evaluating the success of financial inclusion policy and practice, including robust indicators
• Working with the third sector and banks to encourage demand for banking whilst addressing obstacles to fulfilment of demand

2.6.8 We recommend that the Third Sector, particularly those working day-to-day with those experiencing financial exclusion, collaborates with banks at both local and strategic levels (as well as with other stakeholders) to:

• Raise awareness amongst clients of relevance of banking service
• Increase ability of clients to access and manage accounts effectively
• Develop skills of staff to support clients
• Work in partnership with banks to offer support to specific client groups that place undue demands on branch staff

2.6.9 We also make a series of recommendations for further research. Research should be undertaken to:

• Establish the extent and causes of the lack of understanding concerning BBA holders’ access to direct debits
• Gather and analyze more data on those who have had their applications refused or accounts closed at the request of the bank
• Gain a deeper understanding of patterns of account usage and their causal factors including different types and levels of financial capability and financial access
• Devise an appropriate measurement tool for financial inclusion at the individual level (adapting and extending the FSA’s Financial Capability Index)
• Explore the implications for financial inclusion of banks’ migration policies (explicit or otherwise)
• Explore the effect of becoming banked on a sense of inclusion in society, ‘normality’ and associated affective issues
3. Introduction

3.1. This report provides an evaluation of the success of the Basic Bank Account (BBA) as a tool to promote financial inclusion. It does this through both a review of the available literature and new primary research, building on issues raised in our report, ‘Banking the Unbanked’ (Toynbee Hall, 2005).

3.2. The participants are those supported to open a BBA with the support of Toynbee Hall’s Services Against Financial Inclusion (SAFE1), October 2004 - August 2005. In-depth interviews were held with 40 individuals, September – December 2007, exploring their experience of using their new BBA.

3.3. The participants were typical of SAFE’s clients, being ‘hard to reach’, therefore representing the most vulnerable group of newly banked people. While the findings are therefore specific to this group, we believe that the issues are of wider relevance, as they concern issues potentially encountered by all target BBA consumers.

3.4. We draw conclusions based on our findings and make recommendations for key stakeholders. We offer this report to all stakeholders including the Banking industry and the Government, to promote dialogue and debate, in order to improve financial inclusion, particularly for our target group. They have the most to lose through their experience of exclusion but also, of course, the most to gain.

4. Financial exclusion

4.1 What is financial exclusion?

4.1.1 Financial exclusion occurs when people lack access to appropriate financial services that they need or want (Kempson & Whyley, 1999). It is a broad, generic term, covering issues of both supply and demand.

4.1.2. To be addressed, financial exclusion requires two ingredients:

- Financial access: access to appropriate financial products and services, and
- Financial capability: the knowledge skills and confidence to choose and use these products appropriately and effectively (Toynbee Hall, 2007).

4.1.3. Financial exclusion can be experienced in many ways. Typical examples include a lack of access to an appropriate bank account, insurance or affordable credit, or a lack of ability to choose and use the most appropriate product features. A lack of access to financial advice, whether for crisis debt or for simple financial planning, is also part of the pattern of financial exclusion.

4.1.4. As financial exclusion can take many different forms, with many different potential combinations of access and capability issues for different groups and individuals, it can be challenging to identify and address through simple interventions. This is further complicated by the fact that people can move in and out of aspects of financial exclusion over time as their circumstances change (Kempson & Whyley, 1999).

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1 SAFE’s work continues today, for more information please see Appendix A. Up to date information on all of Toynbee Hall’s financial inclusion and other activities can be found at http://www.toynbeehall.org.uk.
4.1.5. There is a lack of commonly agreed priorities, targets and associated indicators for financial inclusion as a meaningful whole, which makes measurement challenging. Nevertheless, there is consensus that access to a bank account is a fundamental component of financial inclusion (TSC, 2006b; Resolution Foundation, 2007).

4.2. What are the causes of financial exclusion?

4.2.1. Social and income inequality are the root causes of financial exclusion. It is best predicted by poverty and low income (Resolution Foundation, 2007). This can be demonstrated most clearly by international comparison; across Europe, the higher the income inequality\(^2\), the higher proportion of unbanked adults in the population (Kempson, 2006).

4.2.2. This main force causes a whole range of other factors to come into play at the national level, and then for the individual. These mutually reinforcing barriers operate from both the demand and supply side (HM Treasury, 2004). They include a lack of appropriate access or product provision and a lack of confidence or capability on the part of the individual (Toynbee Hall, 2007).

4.2.3. Changes in the banking market over the last few decades, including vastly increased competition with its associated pressure on profitability and margins (Devlin, 2005), increase costs to those identified as higher-risk. While access has improved for the majority, rationalisation in both firms and markets has also promoted withdrawal from high risk areas (Leyshon & Thrift, 1997).

4.2.4. The structure of the personal banking market in the UK can exacerbate exclusion, particularly increasing competition (British Bankers’ Association, 2000). Even current accounts do not make a profit unless the average annual balance is at least £1,175 (Cruickshank, 2000). Some analysis has shown that just to break even, a BBA would require an average daily balance of almost £1,300 (British Bankers’ Association, 2000).

4.2.5. Bank profits derive ultimately from the ‘time value of money’ (British Bankers’ Association, 2002), while the main short-term opportunities for profit are cross-selling and penalty charges (The Economist, 2006). If viewed in the short-term, low income customers such as BBA holders are not perceived as attractive profit opportunities for banks (Kempson & Whyley 1999; HM Treasury, 2004a), with their low average balances and demand for other products. In fact, short-term raw-cost estimates show that BBAs are actually loss-making (British Bankers’ Association, 2002).

4.2.6. However in the long-term, even a small average balance has ‘time value’. Therefore tackling supply side barriers to access and demand, coupled with greater understanding of this market segment, could generate new opportunities for cross-selling. Sophisticated risk-profiling software could be the key, as long as the understanding and perception of the information generated is also sophisticated.

4.2.7. It should be noted that commenting upon the role of financial services organisations in increasing the chances of exclusion for some customers is not the same as laying the blame for financial exclusion at the door of financial services firms. Firms’ activities can have undesirable social consequences, while still being commercially legitimate (Devlin, 2006).

\(^2\) Measured using the Gini coefficient.
4.2.8. The root causes – societal inequality and poverty within a short-term profit-oriented market economy – are laid out above. These causes result in a number of pressures on the operation of individual actors, such as banks. These broad pressures drive bank behaviour, prioritisation and product design (although Government and other societal pressures also play their role).

4.2.9. What are the effects at the individual level, for someone on a low income opening and using a BBA? A number of barriers have been recognised, including:

- **Self-exclusion through negative experience** can arise indirectly through word of mouth or a lack of trust or directly through past exclusion, debt, misunderstanding or denial of access. It can result in disengagement or a feeling that financial products are not for ‘people like me’ (FIT, 2006a).

- **Self-exclusion through informed choice** will always be a feature of any market; not all consumers will need or want an account, particularly if they are managing well in cash already (Financial Inclusion Taskforce, 2006a; NCC, 2006).

- **Capability exclusion** covers low literacy and numeracy, poor financial capability and having English as a second language. Individuals may find marketing or application materials difficult to engage with, and consequently interactions with providers can become stressful, difficult or impossible.

- **Product exclusion** occurs when product features are a barrier. For instance, home contents insurance may only be available above a certain level of contents value. Closely related, **price exclusion** occurs when the product is too expensive for the consumer to bear.

- **Condition exclusion** occurs when eligibility requirements are not met, concerning an individual’s credit record (status or existence), debt status, income or identification documents, among others. Identification or address verification (‘ID & AV’) issues are significant for those without a secure address, or easy or affordable access to photographic ID (Toynbee Hall, 2005). This has become a greater issue given the fresh attention given to the threat from terrorism and its financing. Conditions attached to income or asset level are termed **resource exclusion** (Devlin, 2006).

- **Geographical or physical exclusion** occurs when bank branches are not accessible for those with disabilities, or when a branch is not within acceptable or affordable distance. This can particularly affect those in low income or rural areas.

- **Marketing exclusion** results from banks’ withdrawal from market segments (geographical or income). A lack of marketing information naturally results in a lack of consumer awareness and demand – for instance, half of unbanked individuals are unaware of the BBA’s existence and half of those aware are unaware that they can be accessed via Post Office counters (FIT, 2006a).

- **Values exclusion** occurs if products contravene religious or other values. An account that bears interest (credit or debit) would be forbidden under some interpretations of Islamic law. Similarly, many individuals choose to avoid providers considered ‘unethical’, for instance those who invest in arms dealing. The market for socially responsible investment in the UK is valued at approximately £560 bn (UKSIF, 2008).
**Ad hoc or prejudicial exclusion** occurs when consumers are refused access by bank branch staff through prejudice or ignorance of central office policies. As providers are not obliged to provide their reasons this practice is difficult to measure, but has been identified (FSA, 2000a).

4.2.10. An individual’s experience of financial exclusion can be the result of any combination of these barriers, which are often complex and overlapping (Mitton, 2008). Financial exclusion is therefore best addressed through interventions that take into account both demand- and supply-side issues, and that acknowledge that different individuals and groups will have different experiences of financial exclusion, and therefore different needs.

### 4.3. What are the costs of financial exclusion?

4.3.1 The costs of financial exclusion are a part of the ‘poverty premium’ (NCC, 2004; Save the Children UK & Family Welfare Association, 2007) – they add higher direct and indirect living costs to the burden of coping on a low income. They are particularly pertinent to being unbanked.

4.3.2. Direct costs include higher transaction and money-management costs such as cashing cheques, with total charges up to 10% (Citizens’ Advice 2006). Costs can also be attached to cash bill payments at Post Office or bank counters, made through a lack of access to electronic payment channels such as direct debits. Some research suggests that those in marginally banked households tend not to be aware of these higher charges (FIT, 2006a).

4.3.3. Indirect costs include the time, effort and transport taken to pay bills, access cash and arrange other transactions, or to buy goods in person, rather than online or by telephone (FIT, 2006a).

4.3.4. Bank accounts act as a gateway to other mainstream financial products (Hogarth & O’Donnell, 2000) such as credit, both to enable the transaction and because a banking history can be as important as a credit history in the application process (HM Treasury, 2005). Mainstream products tend to have lower rates and can offer special deals such as interest-free periods.

4.3.5. The main loan alternative for those on low incomes is the home credit market, made up ‘catalogue’ companies and doorstep lenders. Home credit companies’ interest rates and charges are usually significantly higher than the mainstream lenders averaging 177% APR, with documented examples of APRs of 1,000% (NCC, 2006). Some borrow from illegal lenders, whose practice is more abusive and is associated with fear, intimidation, control and a wider criminal lifestyle (PFRC & Policis, 2006).

4.3.6. Without mainstream savings products, people can save informally through savings clubs, or schemes such as (the now collapsed) Farepak which are not FSA-regulated. They may also save in cash at home, which is relatively insecure, loses value with inflation and attracts no interest.

4.3.7. A bank account is a gateway to essential social transactions and therefore full participation in society. In this sense it has become not only a market but also a social good. The majority of benefits payments and salaries are paid directly into accounts. In fact, as employment legislation dissuades employers from paying in cash, most employers prefer to pay electronically, and consequently a bank account
is an integral part of employability (Mitton, 2008; Toynbee Hall, 2005; APACS 2006; Citizens' Advice, 2006; HM Treasury, 2007a; Toynbee Hall, 2008a). It can be difficult to start a business or engage in entrepreneurial activity without a bank account (TSC, 2006b).

4.3.8. Certain mobile phone or insurance deals will not be offered or marketed to those paying by cash. In one survey, 33% of unbanked individuals reported being denied payment services through internet and telephone channels when they were trying to access satellite or cable television, contract mobile phones and bill payment facilities (FIT, 2006a). Only 1% of respondents from marginally banked households had made purchases either over the internet or by telephone (FIT, 2006a).

4.3.9. Utilities paid for by cash are significantly more expensive with an average of £195 extra per annum paid by those on prepayment meters (Energywatch, 2007), and a 20 – 40% increase in utility bills overall (NPI, 2007). Cheaper deals on fuel are available to those with a bank account (Citizens’ Advice, 2006). Financial exclusion means that the poor tend to pay more for utilities.

4.3.10. Financial exclusion contributes to a sense of exclusion and poor mental health. Financial problems are the most frequently cited cause of depression. Exclusion from bank or building society accounts is associated with depression - with the banked having better mental health (SEU, 2004).

4.3.11. Financial exclusion affects both income and its vulnerability and exacerbates and entrenches other forms of social exclusion (Bryson & Buttle, 2005). It can be considered a form of market failure (HM Treasury, 2007a), in which a potential consumer group is underserved through a lack of information or other factors. It is also possible to view financial exclusion as a natural outcome of an unequal society in the context of a market economy, with some groups simply remaining underserved (New Philanthropy Capital, 2008). In either view there is social justice case, and potentially a market-based case, for Government intervention.

4.3.12. As financial services become more mainstream, banking sector competitiveness continues and pressure on people to take personal responsibility for their finances increases. Those who remain excluded will continue to face ever higher costs, inconvenience, and barriers (Kempson, 2006) not only to the market, but also to necessary social interactions and transactions. Tackling financial exclusion is key to poverty reduction and social inclusion (Devlin, 2005).

4.4. Who experiences financial exclusion?

4.4.1. The patterns of financial exclusion follow those of social exclusion and poverty, concentrated among people on low incomes who claim state benefits. The strongest predictors of financial exclusion are low income and having a history of bad debt (Kempson, 2006), with employment status and housing tenure also being significant (Devlin, 2005).

4.4.2. Some groups are more likely to experience financial exclusion, for instance the very old, very young, lone parents and those in rural communities (Kempson & Whley, 2001; TSC, 2006), as well as households of African-Caribbean, Pakistani or Bangladeshi origins (FSA, 2000).
4.4.3. The unbanked are also strongly represented in socially excluded or low-income groups (HM Treasury, 2007). They are 'overwhelmingly the most vulnerable in society' (NCC, 2005). For instance, one in nine low-income households lack access, in comparison with one in twenty households overall (NPI, 2007).

4.4.4. 2m adults in 1.3m households lack access to any form of account. A further 0.9m in 0.6m households may have a savings account, but still lack access to a transactional account (defined as a current or basic bank account) (FIT, 2007a; FIT, 200d).

4.4.5. Access to other financial services such as insurance, credit and savings is also vital. 8m people in the UK are unable to access mainstream credit and an estimated 2.3m use home credit (National Consumer Council, 2006; HM Treasury 2007a). Alternative credit providers such as credit unions offer an affordable alternative to the mainstream, although coverage is by no means universal (HM Treasury, 2005; FITF, 2005).

4.4.6. 24% of households have no savings or assets. This figure rises as income drops; 43% of those with under £100 weekly household income, and 36% of those with a weekly household income of £100 – £200, have no savings at all (Family Resources Survey, 2008). Lower-income groups are less likely to save and when they do they save less (Collard et al., 2003; NCC, 2006).

4.4.7. 35% of people in households with an annual income under £10,000 have no insurance of any kind whereas only 5% of those with an average household income (£15 – 30,000) lack insurance. Of those without insurance and on a low income, a third borrow funds to replace stolen or damaged household items (ABI, 2007). Home contents insurance is least accessed type of insurance amongst low and very low income households, although they are three times as likely to be burgled (NPI, 2007). Barriers to taking out home contents insurance include affordability, lack of a bank account, and lack of trust (Ipsos Mori, 2007).

4.4.8. Financial capability has different areas, reflecting the different skills and knowledge needed to manage money effectively3. A large-scale survey in 2005 found that 34% of people across the UK were weak in three or more of these areas. 82% of this group were on low or very low incomes (FSA, 2006).

4.4.9. Financial access and capability have a complex and reciprocal relationship. This can operate as a vicious cycle (no access meaning that no confidence, skills or knowledge can be built and vice-versa), but also as a benevolent cycle (for instance, having a new account leading through familiarity and experience to greater skills, knowledge and confidence).

4.4.10. Financial exclusion is a state through which people can pass rather than a quality they inherently have. For instance typically 50% of unbanked people have had an account at some point in their lives (Whyley & Kempson, 2003). As it is a dynamic process rather than an inherent state it is usually more appropriate to discuss people experiencing financial exclusion than the financially excluded.

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3 These domains include ‘managing money’, ‘keeping track of finances’, ‘planning ahead’, ‘choosing products’ and ‘staying informed’. For more information see ‘Levels of Financial Capability in the UK: Results of a baseline survey’ (FSA, 2006).
5. The development of financial inclusion policy and the Basic Bank Account (BBA)

5.1 Overview

5.1.1. The UK Government recognises that financial exclusion is an important issue with knock-on effects for social exclusion, both causing and entrenching socio-economic problems. The government aims to address these wider social issues, therefore financial inclusion is a valid area for its attention.

5.1.2. Financial inclusion is also of interest to the government for long-term cost-saving reasons. Those who are empowered to take personal financial responsibility are likely to be less costly on the state in the long term, because they may have savings to buffer them through periods of financial stress and also may have their own pension to supplement the government’s offering. This is the principle behind the asset-based welfare agenda and is particularly pertinent in the light of the current demographic transition to a majority elderly population.

5.1.3. In the more immediate term, transactions such as the payment of child benefit, tax credits, or the receipt of tax itself, are far cheaper through electronic means. Transferring a weekly benefits payment by electronic transfer costs £0.01, in comparison with the paper-based cost of £0.68 (Citizens’ Advice, 2006).

5.2 Main actors

5.2.1. In the UK, the main actors are the Government, the industry and the third sector. There are a huge range of interventions both possible and in place; many of which are based on partnership models (Wallace & Quiglars, 2005; New Philanthropy Capital, 2008).

5.2.2. Government policy is driven by the Treasury, which also has responsibility for coordination. The Treasury administers the £130m (for 2008 – 11) Financial Inclusion Fund (FIF). £120m was provided in the period 2005 – 8.

5.2.3. Delivery of financial inclusion work is split across agencies and departments, particularly the Treasury, the Department for Work and Pensions, the Department for Business, Enterprise and Regulatory Reform and the Financial Services Authority. Other delivery centres include the Basic Skills Agency, the Department for Innovation, Universities and Skills, the Legal Services Commission, the Ministry of Justice and the Office of Fair Trading.

5.2.4. The Government has also set up the Financial Inclusion Taskforce to advise on and monitor the progress of financial inclusion policy. This is headed up by Brian Pomeroy, with members drawn from the industry and the Third Sector. The secretariat is provided by the Treasury.

5.2.5. The industry has been an active player in UK financial inclusion policy, being by far the most significant deliverer. Often financial inclusion work comes under the remit of Corporate Social Responsibility and the tensions between this driver and those of financial competitiveness are familiar. Nevertheless, the industry has developed and delivered the BBA, funded the Post Office card account and provided funding to Third Sector initiatives.

5.2.6. Many banks also work in partnership with the Third Sector in local financial inclusion promotion (HM Treasury, 2004a), providing expertise and volunteer
capacity. The industry has also been proactive in trialling savings and loans schemes, largely with housing bodies. Some banks have allowed ‘trusted partner’ relationships to develop at branch level.

5.2.7. There is a huge variety in Third Sector approaches, from financial capability to alternative product provision, to advocacy and campaigning. The great majority of Third Sector organisations providing financial inclusion services do so as part of other provision, recognising financial inclusion’s central role within social inclusion as a whole.

5.2.8. Many organisations such as housing associations and community projects act as ‘community intermediaries’ and are effective at reaching out to low income households (Collard et al 2003). Such intermediaries promote financial capability and access, acting as bridges between consumer and industry.

5.2.9. Toynbee Hall is one such community intermediary and has a range of projects to promote financial inclusion. These include:

- Transact, the national forum for financial inclusion, promotes dialogue, partnership and information sharing across the financial inclusion ‘sector’ and currently has over 1,400 members.

- SAFE delivers local financial capability training and inclusion services directly to vulnerable people and the staff of their service providers.

- The Banking project works with the banking and voluntary sectors to improve the support offered to unbanked individuals.

- Capitalise is the Financial Inclusion Fund funded London-wide partnership delivering debt advice. Toynbee Hall coordinates the partnership and provides the east London outreach service.

- The Illegal Money Lending Project supports and advises the victims of loan sharks.

5.2.10. The Government’s approach to industry has been one of dialogue, cooperation and regulation by voluntary codes. The (voluntary) Banking Code is administered by the Banking Code Standards Board, although it is not a statutory or legally enforceable framework, being partially devolved from the Financial Services Authority’s remit. The FSA is currently in the process of reviewing regulations around banks’ ‘conduct of business’ (including consumer detriment). Please see Appendix C for a summary of the Banking Code’s provisions most relevant to Basic Bank Accounts.

5.2.11. The Government’s approach to the Third Sector has largely been contractual and delivery-focused, with further strategic engagement enabled through the Taskforce’s membership. The Government recognises that reaching out to financially excluded groups, especially the ‘hard-to-reach’, is effectively done through Third Sector intermediaries, and is investing in this source of support through initiatives such as the Financial Inclusion Champions.
5.3. Key events

5.3.1 Financial inclusion became a widely recognised policy concern from 1997, with significant activity starting in 1999. It is a relatively young concern.

5.3.2 Key events with particular relevance to the Basic Bank Account are provided in the following table (Table 1). This table does not cover all aspects of financial inclusion policy, such as financial capability, advice or alternative credit; focusing instead on banking.

Table 1.

<table>
<thead>
<tr>
<th>Event/publication</th>
<th>Implications for the BBA</th>
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<tbody>
<tr>
<td></td>
<td>• developing the ‘blueprint’ for the basic bank account</td>
</tr>
<tr>
<td></td>
<td>• developing the post office network as an alternative delivery channel for financial services</td>
</tr>
<tr>
<td></td>
<td>(HM Treasury 1999)</td>
</tr>
<tr>
<td>2000 Universal Banking Services launched</td>
<td>he bringing together of a set of policy initiatives including the BBA, the Post Office card account, direct payment of benefits and increased accessibility of both BBA and current accounts through the Post Office network, with the strategic objectives of:</td>
</tr>
<tr>
<td></td>
<td>• Modernising welfare payments</td>
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<tr>
<td></td>
<td>• Increasing financial inclusion, and</td>
</tr>
<tr>
<td></td>
<td>• Generating replacement business for the Post Office</td>
</tr>
<tr>
<td></td>
<td>(DTI, 1999)</td>
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<tr>
<td>2001 Memorandum of Understanding agreed between the Government and 11 major financial institutions</td>
<td>To:</td>
</tr>
<tr>
<td></td>
<td>• Make BBAs accessible through the Post Office</td>
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<tr>
<td></td>
<td>• Commit to simple, straightforward account opening for those without access to current accounts</td>
</tr>
<tr>
<td></td>
<td>• Contribute £182m to the development of the POCA</td>
</tr>
<tr>
<td>Year</td>
<td>Event</td>
</tr>
<tr>
<td>------</td>
<td>-------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>2002</td>
<td><strong>Savings Gateway launched alongside the Community Finance and Learning Initiatives</strong></td>
</tr>
<tr>
<td>2002</td>
<td><strong>The Basic Skills Agency launch of training for frontline branch staff</strong></td>
</tr>
<tr>
<td>2003</td>
<td><strong>Basic Bank Account launched</strong></td>
</tr>
<tr>
<td>2003</td>
<td><strong>Post Office card account launched</strong></td>
</tr>
<tr>
<td>2003-5</td>
<td><strong>Mainstream transition to direct payment programme launched</strong></td>
</tr>
<tr>
<td>2004</td>
<td><strong>‘Promoting Financial Inclusion’ published</strong></td>
</tr>
<tr>
<td></td>
<td>• Financial Inclusion Fund, for the period 2005-08, at £120m</td>
</tr>
<tr>
<td></td>
<td>• Financial Inclusion Taskforce to advise government and monitor its progress</td>
</tr>
<tr>
<td></td>
<td>• A focus of activities on increasing access to banking services</td>
</tr>
<tr>
<td></td>
<td>(HM Treasury 2004a)</td>
</tr>
<tr>
<td>2005</td>
<td><strong>Financial Inclusion Taskforce launched</strong></td>
</tr>
<tr>
<td></td>
<td>• deliver a final evaluation to HM Treasury and the banking industry on whether the shared goal of halving the number of</td>
</tr>
</tbody>
</table>
adults in households without a bank account has been achieved;
- gather further evidence on usage of basic bank accounts and make recommendations to HM Treasury on next steps for banking in light of the emerging evidence;
- monitor developments in the way banking services are delivered and distributed, and report to HM Treasury on the opportunities and threats to financial inclusion.

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>2005</td>
<td>Announcement of the 'Shared Goal'</td>
<td>A commitment, shared by the government and industry, to make 'significant progress' towards the goal of halving the number of unbanked individuals within two years (by November 2006). The Family Resources Survey data 2002-3 is the baseline and the data for 2006/7 the final indicator. This data was released by the Office of National Statistics in June 2008, but a statement is not planned for release from the Treasury until September 2008.</td>
</tr>
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</table>
| 2005-6 | Treasury Select Committee assessed the Government's financial inclusion strategy and activities | The Committee was chaired by John McFall, MP, and was 'particularly assisted' by their visit to Toynbee Hall’s SAFE project (TSC, 2006b). Its recommendations included:
- HM Treasury should publish a long-term financial inclusion strategy alongside 2007’s comprehensive spending review
- Further measures to overcome problems with BBAs, and to find a successor to the Post Office card account
- A number of specific recommendations to the Banking Code Standards Board regarding adherence to the Banking Code with regards to BBA operation |
| 2007 | ‘Financial Inclusion: The Way Forward’ published | The financial inclusion strategy for the spending period 2008 – 11. This built on the past ten years of activity and largely continued the themes of 2004’s report, announcements including:
- The continuation of the financial inclusion fund into the 2008-11 spending period, at £130m (a financial increase of 8.3%, but a
<table>
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<tr>
<th>Year</th>
<th>Event</th>
<th>Description</th>
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</table>
| 2007 | Launch of the DWP's 'Now Let's Talk Money' Campaign | An intermediary-focused initiative aiming to stimulate demand for banking and affordable credit products by raising awareness among intermediaries of:  
- The need for financial inclusion work  
- Financial inclusion services available, both locally and nationally |
| 2007 | 'Financial Inclusion Action Plan' published | Published by the ministerial working group mentioned above. Broad objectives are to ensure that everyone has access to appropriate financial services to enable them to:  
- manage their money on a day-to-day basis  
- plan for the future and cope with financial pressure and  
- deal effectively with financial distress  

The plan builds on the themes of ‘ABC’ (Advice, Banking and affordable Credit), but also considering access to insurance, savings and ‘trusted local intermediaries’ in promoting financial inclusion.  

Two areas are highlighted for special attention: illegal money lending and financial inclusion work within prisons. It is also the first government strategy partially to define financial inclusion by access to a product list (including both bank and savings accounts) (HM Treasury, 2007d). |

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4 Year on year inflation calculated using the Consumer Price Index (inflation taken as approximately 2.3%) available from http://www.ons.gov.uk, accessed June 2008.
5.4. Policy critiques made in the literature

5.4.1. The following critiques have been made in the available literature. They are presented here for information and are not necessarily the opinion of the authors of this report.

5.4.2. Firstly, despite evidence of 'joined-up' thinking at central government (e.g. in the strategies published above), there has been a lack of joined-up practice in addressing financial inclusion (Dickenson, 2007). The Financial Inclusion Fund was split between a number of different departments, without provision being made to ensure that targets were shared or that departments were aware of one another’s activities.

5.4.3. Savings, and to some extent insurance, have been treated as ‘Cinderella’ subjects within financial inclusion policy, despite their prominence in the PAT 14 report and the Treasury Select Committee’s reports in 2006. Saving was addressed again in the Financial Inclusion Action Plan, but is still the topic surrounded by the most uncertainty regarding provision (NPI, 2007).

5.4.4. Physical access (e.g. to the shrinking bank branch network) has also been omitted from the agenda. Decreasing branch access has been constructed as ‘inevitable and natural... [within] a pro-market neoliberal policy programme’ (French et al., 2008). This critique sees the main policy strands in the UK as only managing the gaps left behind by branch closure, rather than addressing it as a political issue, and tackling it through preventative measures.

5.5. The development of the Basic Bank Account

5.5.1. The BBA was launched as part of the Universal Banking Services policy set. This developed from an original (currently defunct) proposal for a UK Universal Banking Obligation (H M Treasury, 1999) to create a legal ‘right’ to financial products, as in Sweden or Canada (Kempson, 2006; TSC, 2006b).

5.5.2. At the same time, the government was interested in switching all benefits payments to direct electronic transfer payment. A cost-driven compromise emerged, in the form of the ‘Universal Banking Services Initiative’, including:

- The development of the Post Office card account
- The development of the BBA
- Post Office counter access for BBA and some current account transactions
- The mainstreaming of the direct payment of benefits (DP) (NCC 2005)

5.5.3. The Department for Work and Pensions’ mainstreaming of benefits payment by direct electronic transfer was primarily cost-driven, a putative saving of over £400m being made on full implementation (Citizens’ Advice, 2006), with additional benefits of safety, security and fraud prevention accruing. The main relevance of DP to banking policy is that it made the barriers to banking also barriers to a priority Government target. This attracted attention and increased the pressure for the BBA’s development.

5.5.4. The BBA was developed and launched by the banks and the government in 2003. It is designed to be simple to open and run for customers who cannot access a current account or do not want access to credit, and to keep banks’ running costs low.
5.5.5. The BBA is a transactional account with no access to credit (including overdraft). There are currently 17 BBA providers. All provide ATM access, direct debits and withdrawal (but not necessarily deposit) facilities at Post Office counters. None provide cheque books. Other features vary between providers.

5.5.6 The least functional BBAs offer only those facilities outlined above, with only an ATM (rather than a combined ATM and debit) card. Some providers place limits on BBA holders’ access to their branch counters.

5.5.7. The more functional BBAs offer standing orders and a ‘buffer zone’ or simple temporary overdraft of £10, to enable ATM access to small balances. Some offer a debit card, although these are usually Solo or Electron rather than Maestro/Switch cards. The Solo/Electron network has the advantage of allowing a balance to be checked before a transaction goes through, but is not available at the majority of retail outlets, particularly through online and telephone channels.

5.5.8. BBA features have varied across time for most providers, painting a picture of confused drivers and trends (Toynbee Hall, 2008c). Some inclusion-promoting features have increased, e.g. access to debit cards and the free buffer zone. Other features more challenging to inclusion have also increased however, for instance charges for unpaid direct debits (both the number of providers making them, and the average charge have increased).

5.6 Numbers of accounts opened

5.6.1. Before 2003, in fact as early as the 1980s, ‘basic functionality’ accounts were available. Since 2003, all are Post Office-accessible and more providers developed a BBA offering 2001–3. Providers continue to draw a distinction between those accounts opened before 2003 and BBAs which may be similar but have Post Office access (British Bankers’ Association, 2008).

5.6.2. This distinction can cause confusion, especially as Government announcements focus on Post Office-accessible BBAs, but inclusive ‘basic functionality’ account statistics are often used by the industry, for instance in Treasury Select Committee evidence (TSC 2006b).

5.6.3. Since April 2003 and the introduction of Universal Banking Services, millions of BBAs have been opened. 2.8m remain open and in use (British Bankers’ Association, 2008). If the other ‘basic functionality’ accounts are included, 7.3m are currently in operation (British Bankers’ Association, 2008).

5.6.4. In the mid-1970s ‘about half’ the population had an account (British Bankers’ Association, 2000). The total number of unbanked adults has been dropping since the mid-90s, with a particularly sharp drop since 2002-3 (NPI, 2007). Since the agreement of the ‘Shared Goal’ in 2003, 800,000 adults living in 500,000 households have been brought into banking (60% progress towards the shared goal). The progress is more marked for those gaining access to a transactional account (1.6m people in 1.1 households) (FIT, 2006b).

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5 The FSA provide a regularly updated comparison table which covers all providers and many features. This can be accessed at [http://www.moneymadeclear.fsa.gov.uk/pdfs/bank_accounts.pdf](http://www.moneymadeclear.fsa.gov.uk/pdfs/bank_accounts.pdf).
5.6.5. This is good news. However, as set out in Section 4, access to an account is only part of the picture of financial inclusion. Simply having a BBA may not be enough to ensure financial inclusion. An individual’s financial capability and their ability to access the benefits predicted to pertain to BBA usage by the policy-makers, are essential. A BBA without crucial features or that lies unused will not in itself enable meaningful financial inclusion.

5.6.6. The ‘superficial’ use of accounts has been described as the ‘unforeseen layer’ of financial exclusion (NCC, 2006). It may cause exclusion within inclusion, whereby despite having access to a transactional account an individual continues to experience the effects of financial exclusion. We explore these issues in Section 6 onwards.

6. Does the BBA promote meaningful financial inclusion? Our approach to asking the question

6.1. Our approach

6.1.1. The BBA was designed to promote financial inclusion. Financial inclusion, as set out above, is a complex issue requiring not only access to a bank account, but also full use of the account’s features, access to other financial services and appropriate financial capability.

6.1.2. How successful is the BBA as a tool to promote financial inclusion? In order to answer this question we consider the following areas:

- Account features and usage
  - Payment methods
  - Direct debits
  - Credit access
  - Budgeting and managing money
  - Further benefits and challenges
- Account closure
- The BBA as a gateway to further financial access
- The BBA as an enabler of financial capability
- Customer service and perceived customer service

6.1.3. We have used evidence from both the available literature, and our new primary research findings. As the BBA was launched in 2003 the literature available is scarce and the evidence is patchy. We have attempted to synthesise the literature here in order to set our findings in the context of current understanding.

6.1.4. The process has highlighted a lack of consistent evaluative frameworks for both the BBA as a financial inclusion tool and of financial inclusion policy as a whole, as previously identified (TSC, 2006b). The absence of such a framework makes the task of those interested in or responsible for measuring Government progress (such as the Financial Inclusion Taskforce) particularly challenging. It has also unearthed the lack of data (or accessibility).
6.2 The main available sources

- **The British Bankers’ Association** regularly publish amalgamated data from providers (its subscribers) on numbers of BBAs open and still in use. The BBA have also commissioned qualitative research from Millward Brown, which used 996 telephone interviews backed up by 96 face to face interviews with people who had opened a BBA within the last 12 months (British Bankers’ Association, 2006b).

- **The Treasury Select Committee** gave its third report on financial inclusion in 2006 – 7, drawing on evidence given by the Government, the Industry and the Third Sector during 2005 – 6, including a specific report on ‘Banking the Unbanked’ (TSC, 2006b).

- **The Banks** hold rich data on account ownership and usage, as well as further product holding for their customers, although we are aware of only a few who monitor BBA customers methodically or are willing to share this information publicly. The BBA has recently shared data on account holding, usage and upgrading with the Financial Inclusion Taskforce although not all of this is yet in the public domain.

- **The Banking Code Standards Board** oversees the application of and compliance with the code via a range of methods, including annual subscriber compliance statements, monitoring visits and mystery shopping exercises. They publish amalgamated results, but consider that publishing specific results would contravene the contract between each subscriber and itself (evidence given to the Treasury Select Committee (TSC, 2006b)). More recently some providers have published some results on their websites and the BCSB shares some data with the Taskforce.

- **The Financial Inclusion Taskforce** has access to data from both the BCSB and the British Bankers’ Association. Recent research commissioned includes a piece from BMRB Research, based on 2007 telephone interviews, followed up by qualitative interviews (30) (FITF, 2006a). Low numbers of unbanked participants in the sample (8%) led to the creation of a new group, the ‘marginally banked’ (an amalgamation of the unbanked and low account users). Another piece was delivered by Opinion Leader, which focused on attitudes and behaviours around financial exclusion, using deliberative workshops with a total of approximately 70 financially excluded participants (FITF, 2006c).

- **National Social Surveys**: the Family Resources Survey is the main data source for the Shared Goal. Some other large-scale surveys are useful such as the Poverty and Social Exclusion Survey. From 2009, the new Office of National Statistics biennial ‘Wealth and Assets’ survey will become regular. A one-off module on ‘Indebtedness and Financial Exclusion’ will be published at the end of 2009 as part of the General Household Survey.

- **National Consumer Council**: published assessments of the Basic Bank Account in 2005 and 2006. The first report explored attitudes towards banking, based on a nationally representative sample of 1520 low-income consumers carried out by Policis (NCC, 2005). The 2006 report was more qualitative, using focus groups and paired interview with low income consumers, carried out by Opinion Leader (NCC, 2006).

- **Toynbee Hall**: published evidence on account opening and access drawn from experience delivering a DWP contract to assist the hardest to reach to access

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6 The marginally banked are more likely to be in one or more of the following categories: pensioners, low-income households, unemployed, in receipt of state benefits, lacking qualifications and living in deprived areas (FIT 2006a).
appropriate accounts, using 2437 client records and 83 bank branch experience surveys performed by outreach staff (Toynbee Hall, 2005).

- **‘Change’**: published evidence based on a survey of over 700 clients assisted to access bank accounts (Change, 2006)
- **Citizens’ Advice**: published evidence based on ‘evidence submitted by Bureaux’ (methodology unstated) on their experience of assisting customers to open BBAs (Citizens’ Advice, 2006).

### 6.3. Primary research methodology summary

6.3.1. 40 previous clients of SAFE, who had been assisted to open a BBA in 2004 – 5 were given in-depth interviews. Participants attended a face-to-face semi-structured interview, during which the participants were asked for demographic information, completed some survey-type questions and provided more qualitative data in response to open-ended questions. This approach allowed for relevant topics to be explored in great depth and rich detail. The data tables, further detail on methodology and data collection tools can be found in Appendices D, E and F respectively.

6.3.2 The results reported here provide an impartial insight into the success of the BBA initiative as a tool for promoting financial inclusion. This is the first study to our knowledge to explore these issues in such depth with the ‘hardest to reach’ of the newly banked, who have experienced significant financial (and other) exclusion.

### 6.4. The participants

6.4.1. The 40 participants were all SAFE clients who were given an Informed Choice Discussion on the options open to them, and were supported to choose and then (if appropriate) supported to open a BBA. All were in receipt of state benefits at the time (2004–5).

6.4.2. The participants’ demographic characteristics are given below. 40% are not British citizens and 40% have English as their first language. The majority are not working and ethnic minorities are strongly represented. They have many characteristics of both social and financial exclusion.

### Chart 1. Sample: gender

- Female 35%
- Male 65%

### Chart 2. Sample: citizenship

- British citizen 60%
- Non-British citizen 40%

**Main SAFE client group 2004 - 5:** British citizen 79%; non-British citizen 21%.
Main SAFE client group 2004 - 5: Black 35%; Asian 10%; White British 41%; White Other 12%

Main SAFE client group 2004 - 5: English 78%; other 22%

Main SAFE client group 2004 - 5: Unemployed 87%; employed 1%, retired/other 4%.

6.4.3. The sample appears to have similar financial and social exclusion characteristics to, but in higher proportion than, SAFE’s overall client group. They could be considered the ‘hardest to reach’ of SAFE’s full client group at the time, as they exhibit a slightly higher overall range of exclusion indicators than the original client group did at the time. The only feature to change significantly over time is the clients’ employment status. As Chart 5b. shows above, the numbers not working have dropped significantly; this is discussed in Section 7.6, below.

6.4.4. It is acknowledged that with a relatively small sample some caution should be exercised when interpreting the results. However, the sample is of sufficient quality to provide insights into users’ experiences of BBAs and the findings presented are of significant value in that they provide an impartial insight into the experiences of those new to banking.
7. Findings from the available literature and our research

‘He doesn’t know, he just wants a normal account.. But if they don’t give it, you can’t do nothing’. (Participant 3, via translator).

7.1. Account features and usage; the context

7.1.1. Many of the costs of financial exclusion (transaction costs, higher prices, exclusion from other financial services) cannot be addressed through account access alone. Key features such as direct debits need both to be accessible and, crucially, used, in order to prevent ‘exclusion within inclusion’.

7.1.2. The government has recognised usage as a key challenge – ‘to move beyond initial access to consider issues of usage and continuing accessibility of services’ (HM Treasury 2007d). In turn, the Financial Inclusion Taskforce has advised government to turn their attention to usage, including paying bills by direct debit, access to free ATMs to withdraw money and using accounts across the budget cycle, as a ‘store’ (FIT, 2007b).

7.1.3. There is evidence that demand for BBAs is high. On average, 50,000 have been opened per month since 2003 (British Bankers’ Association, 2008).

7.1.4. Over time, however, satisfaction with account features decreases (British Bankers’ Association, 2006b). This could be due to customers’ needs changing as they become more capable and knowledgeable, or their income increases. It could also be due to frustration with limited product features, such as payment methods or direct debit availability. 11% of respondents who have stopped using their BBA state that it is due to its restrictiveness (British Bankers’ Association, 2006b).

Payment Methods

7.1.5. All BBAs provide an ATM card, however only 9 (out of 17) currently provide combined ATM and debit cards (Toynbee Hall, 2008c). This means that many BBA holders are excluded from making card payments in shops, on the phone or online (FIT, 2006a).

7.1.6. Seven of these nine providers’ debit cards are Solo or Electron. This network has the advantage of checking the account balance before allowing a transaction (helpful for avoiding unauthorised overdrafts). Solo or Electron also place users at a disadvantage as they are accepted at only a limited range of retail outlets and often not at all for online or telephone payments.

7.1.7. This restriction on access to mainstream debit cards means that the BBA does not enable financial inclusion benefits such as being able to pay for goods online and access cheap deals. It is a clear example of ‘exclusion within inclusion’ (see Section 5.5, above). Research for the Taskforce found that less than 1% of the marginally banked (unbanked and low users) had ever paid using a debit card online or over the telephone and that the lower the income, the lower the debit card use. We suggest that having no debit card, or one with limited usability is a significant factor.

Direct Debits

7.1.8. Direct debit usage is lower for BBA than for current account holders (FITF 2007a). 34% of BBA holders have at least one direct debit and furthermore these users are found in the higher end of the BBA income distribution (FITF 2007b).
7.1.9. Some research suggests that this is partly due to preference (British Bankers’ Association, 2000; NCC, 2006; FITF 2006a). The preference may concern security, or control. Research by BACS (who operate the electronic transfer in the UK) confirms that a combination of mistrust and the fear of a loss of control prevents many people from using direct debits (FITF, 2006e).

7.1.10. Some may find that their budget cycle (often weekly or fortnightly for those on lower incomes) is at odds with originators’ monthly claims. Some have called on the payment originators (often utility companies) to alter their practice (NCC, 2006; TSC, 2006b). BACS are initiating discussions with originators to explore weekly cycle options (FITF, 2006e).

7.1.11. However it may also be due to the common perception that direct debits are not available on their account, despite its being a common feature of all BBAs (British Bankers’ Association, 2006b; Change, 2006; FITF, 2006a). This is at odds with the high awareness of direct debits (FITF, 2006e) and their benefits. 74% BBA holders are aware that using direct debits can lead to cheaper bills (British Bankers’ Association, 2006).

7.1.12. Furthermore, many are fearful of charges on unpaid direct debits, especially given the ‘invisibility’ and for some, the unfamiliarity of the process (NCC, 2006; Change, 2006). Many avoid the use of direct debits entirely as a consequence (FITF, 2006a; BBA, 2006a).

7.1.13. Such charges can be incurred due to factors outside customers’ control, for instance slow cheque clearing or benefits transfer times. They can quickly push someone on a low income into an unauthorised overdraft, setting off a spiral of debt. A third of BBA direct debit users have experienced a bounced payment at least once (BBA, 2006b).

7.1.14. Charges can be considered disproportionate (NCC 2006), for instance up to £39 (Citizens’ Advice, 2006), which for someone with a low fixed weekly income (e.g. a pension of £84.75) can quickly tip a delicate balance into a set of spiralling charges, resulting in financial catastrophe. Recommendations to address this issue include frequent, immediate (e.g. text message) updates on balances and payments leaving the account (NCC, 2006), or such payments being triggered by money entering the account (Collard & Kempson, 2005).

7.1.15. In April 2007 the Office of Fair Trading (OFT) launched a market study into competition and value for money of consumer banking, which included such charges. A concurrent test case has ruled that the charges are subject to an unfairness test; the case to carry this test out begins this month (July, 2008).

**Credit access**

7.1.16. BBA holders value their product’s lack of credit access for the added sense of control. In research done for the British Bankers’ Association, 97% of respondents agreed or strongly agreed with the statement, ‘it’s good that there’s no risk of getting into debt’ (British Bankers’ Association, 2006b).

7.1.17. This may suggest a lack of awareness that unauthorised overdrafts are technically feasible. This misunderstanding may contribute to problems with bank charges, resulting in unexpected debt and increased mistrust.
Budgeting and managing money

7.1.18. Successful money management habits and financial capabilities which work well on a low-income, may be less appropriate in the banked context. It is an ongoing debate whether the ‘challenge’ lies with consumers (who ‘should’ change their habits), or with providers (who ‘should’ make their product more appropriate). For more on this topic please see Sections 7.7 to 7.8, below.

7.1.19. Nonetheless there is evidence that consumers can change their habits and appreciate the benefits of banking to money management. Most Change clients felt that their BBA had helped them to manage their money better and that it had been a ‘good thing’ (Change, 2006).

7.1.20. While most low-income areas are relatively well-served by free cash machines, around 16% have neither a free cash machine within the area, nor a free cash machine within 1 kilometre of the centre of the area (HM Treasury, 2006). Furthermore, between 2000 and 2006, the proportion of fee-paying machines increased from 2% to over 40% (Citizens’ Advice, 2006b). Nonetheless, BBA holders’ ATM usage is similar to that of current account holders, with 40% making at least three ATM withdrawals per month (FIT 2006a).

7.1.21. BBA holders avoid fee-charging ATMs where possible (FITF, 2007b; British Bankers’ Association, 2006b). In fact, in one survey the marginally banked were more likely than the main sample (who were largely banked) to be aware of the locations of fee-charging ATMs (FIT, 2006a).

7.1.22. Many BBAs do not offer the facility to deposit money or cheques at Post Office counters (NCC, 2006), and some providers prevent their own BBA customers from accessing branch counters (Toynbee Hall, 2005). This can be done either directly (refusing access), or indirectly (enforcing a lower limit on withdrawals of £200 – £300).

7.1.23. For those new to banking, a personal relationship in the early stages is vital to overcome barriers of low confidence, knowledge and skills (NCC, 2006). Positive face to face interactions provide ongoing opportunities for building financial capability (Toynbee Hall, 2005).

7.1.24. BBAs are subject to long delays in processing times, due to centralised processing and possibly fraud prevention. For instance, at least five providers apply longer cheque clearing times (Citizens’ Advice, 2006; TSC, 2006b). While there is no intrinsic reason why BBA holders should not be included in the new ‘Faster Payments Scheme’, it is not yet clear whether individual providers will include them in their BBA products.

7.1.25. Some of the features are not listed in the product comparison table published by the FSA, despite their relevance to the product’s competitiveness. Limited counter or mainstream debit card access are crucial both to the customer experience and to their potential to increase their financial inclusion.

Further benefits and challenges

7.1.26. The normative and theoretical benefits associated with being banked, and financial inclusion in general, are set out in Section 4.3, above. The specific literature reviewed in this section tends not to deal with these positive aspects.
7.2. Account features and usage; our findings

7.2.1. 60% of accounts initially opened are still used frequently and 75% of accounts are used either frequently or occasionally. This suggests that most BBA holders are making good day-to-day use of their accounts.

7.2.2. In interviews, many participants were happy to endorse their use of a BBA and highlight the positive aspects of accounts usage. The weight of evidence from the data suggested that many were content with the access to banking afforded by a BBA.

“I’m quite happy with the services that they are offering. It’s almost two years now since I had the account and, so it’s working properly, perfectly….it enables the council to send the money to my account, and it basically helps my daughter to put in the remaining amount..” (Participant 36)

7.2.3. However, the limited functionality associated with some BBAs, particularly the lack of a mainstream debit card or the opportunity to use direct debits, is a source of frustration for many users. This is consistent with the existing evidence and suggests that limited BBA features limit inclusion.

Payment methods

7.2.4. The most common frustration amongst interviewees was the lack of opportunity to have a debit card.

“I would like to use a debit card.” (Participant 34)

“I have a contract and a regular wage and they wouldn’t give me a debit card.” (Participant 8)

7.2.5. Some commented that their BBA debit card did not allow them to pay for things in some places, particularly online.

“I cannot do any internet shopping….I would love to but cannot” (Participant 17)

7.2.6. This is evidence of ‘exclusion within inclusion’.

Direct debits

7.2.7 The literature identified both preference and a lack of access as possible causes for the low take-up of direct debit among BBA holders. Our findings show high levels of awareness and demand, challenges with access and high levels of frustration where access appears to be denied.

7.2.8. Participants appreciated the benefits of using direct debits.

“… I’ve got like bills to pay and I want to pay them by direct debit. With cash you can’t do it.” (Participant 17)

“… I pay my bills by direct debit and that’s made things a bit easier for me. Sometimes I pay, you know, lower bills by direct debit” (Participant 33).
7.2.9. A lack of access caused significant frustration.

“The worst thing about mine bank account I tell you because I cannot pay direct debit” (Participant 25)

7.2.9. There was the perception that direct debits were not available.

“Well (regarding features that are not available) everything from….direct debits to a cheque book” (Participant 21)

7.2.10. Some participants reported a request to set up direct debits triggering a kind of application process.

“yes I tried (to arrange to pay by direct debit) but they said no.” (Participant 25)

“No yea I had a problem, because I don’t want to be like you know every day, every day take out money from my account, because I have to pay my rent, which is basically about £400 and plus with tax, its about £500, so basically I have to take it out in instalments, it takes me three days to take out that money, so basically I asked, ok give me a direct debit so I can pay out my rent directly to the housing association, so then they said no, come back in six months’ time” (Participant 35)

7.2.11. It is possible that this is due to branch staff misunderstanding of BBA functionality, or a confusion between the terms ‘debit card’ and ‘direct debit’. In any case, participants reported being ‘turned down’ for direct debits despite their stated availability on all accounts, according to the FSA guides.

Credit access

7.2.12. Credit cards were the least demanded second financial product, with a large number of participants aware of the potential dangers associated with credit card use.

7.2.13. Some saw use of a BBA as a means of avoiding the temptation that other credit-worthy products may bring.

“To be perfectly frank with you I like the way (my BBA) is. If I have any other products it means costing me money in the long run and I don’t want to go into debt again.” (Participant 14)

7.2.14. These participants demonstrate a high level of capability and self-knowledge, in choosing to limit their own access to credit. This highlights the often complex relationship between financial capability and financial access (they do not necessarily rise together).

Budgeting and money management

7.2.15. 60% of accounts initially opened are still used frequently. 75% of accounts are used either frequently or occasionally. This suggests that most BBA holders are making good day-to-day use of their accounts.
7.2.16. BBA holders make light use of their bank branch. The majority (50%) visit once or twice a month, with only 3% visiting weekly or more.

7.2.17. One participant neatly summed up the benefits associated with a BBA, introducing the concept of manageability:

“Yes, it helps to see that my life is a lot different now to what it used to be, there’s a lot more manageability in my life.” (Participant 12)

7.2.18. Our evidence (see for instance 7.2.7. to 7.2.11. above) suggests that BBA holders are keen to move from low-income or cash-based to banked money-management patterns, but that access to the services they need remains the biggest barrier.

Further benefits and challenges

7.2.19. Previous research has demonstrated the link between banking and employment (Toynbee Hall, 2008a). Participants in this research (on the margins of both mainstream financial services and of employment) also acknowledge this as an important issue.

“Well, obviously it’s easier to get payment (for work) because a lot of employers do not pay cash overhand… it’s a very convenient safe system” (Participant 28)

“Well, I get paid through the bank account. I mean, that’s what a lot of companies do now. You have to have a bank account to get paid don’t you” (Participant 19)

7.2.20. A BBA is not just viewed as a gateway to employment, but also to other services such as mobile phone networks.

“Well, (my BBA) is allowing me to find jobs, um access services like phone and stuff…..maybe one day I’m going to buy a house (laughs)” (Participant 5)

7.2.21. The link between banking and self-esteem is made, supporting existing findings, with further evidence that account access can have psychological benefits linked to a feeling of normality:

“I don’t really know how to explain that, I’m sure everyone with a bank account feels….normal, I guess” (Participant 20)

7.2.22. Conversely, there is evidence that the refusal of access to services can cause significant distress:

“You know that day, on that Saturday when I went in and filled out the form for the debit card, and then she said ‘oh actually I can check it’ and then she took my form and tore it apart and she told me ‘well, sorry but we can’t give you one’ and I actually was in tears I was so upset, you know I’d spent all the time doing it for nothing” (Participant 8)
7.2.23. The support of organisations such as SAFE, in enabling financial access, can therefore have a strong positive influence on self-esteem and normality:

“Ooohh... yea... yea the first time, I went there, I tried to open, open an account yes? They didn't want, they didn't want me to open the account so that was, that was hard for me. And I got this letter from you people, your people and, yea, I think, this letter make, yea, it makes a big difference for me....” (Participant 37)

7.2.24. Overall, it is clear that usage of a BBA is perceived to bring a number of advantages. Our research provides support from primary sources for the normative and theoretical advantages described in the literature. For example; that the BBA acts as a gateway to cheaper transactions, greater manageability, and wider participation (e.g. employment). BBA holders particularly appreciate the product's lack of credit access.

7.3. Account Closure; the context

7.3.1. In SAFE’s experience, the sudden closure of an account was relatively common. This would often be done without warning, explanation or adequate support (Toynbee Hall, 2005). Such closures can be catastrophic for someone on a low income dependent on cash flow from that account (NCC, 2006).

7.3.2. Closures were often initiated by the provider rather than the customer; in fact Change found that twice as many accounts were closed at the bank’s, rather than the individual’s request (Change, 2006). Reasons were rarely cited, but when they were, they included:

- A lack of appropriate identification or address verification, despite the account having been recently opened and being in operation.
- Direct debits being refused (a feature of some accounts – closure following three failed direct debits, as stated in the FSA’s guides).
- Over-use of the £10 buffer zone (Change, 2006).

7.3.3. However the reasons were always given after the decision or even the closure itself had taken place, rather than with adequate warning, explanation or support being offered. Without any of these a customer would have no chance to modify their behaviour, or to understand the situation fully.

7.3.4. In the absence of reasons being given by service providers, it is difficult to analyse why these sudden closures have occurred. It could be due to conflicting pressures changing over time. For instance, financial inclusion policies and anti-money-laundering legislation, which could result in ID & AV being acceptable one week but not the next. Clearly from the customer’s point of view it appears unfair and possibly prejudicial.

7.3.5. There is no provision in the Banking Code specifically regarding closure of BBAs, but it does commit banks to giving thirty days notice of account closure under normal circumstances. The Treasury Select Committee recommended that the Banking Code be amended to require providers to give both explanation and a guide regarding steps forward to amend the situation (TSC, 2006b). This was not enacted in the most recent version (please see the Banking Code 2008).
7.4. Account Closure; our findings

7.4.1 23% of all accounts opened by participants have been closed. 15% of all accounts were closed at the bank’s request (60% of all those closed). Given that the initial SAFE project helped only those on benefits who were judged to need the most help in opening an account, then it is less than ideal for such individuals to find themselves in a position where they are once again searching for a banking service provider.

7.4.2 The holders of the accounts closed at banks’ requests (as opposed to by customer choice) differ from the main sample. In general, they have more characteristics of socially excluded or minority groups. All but one do not have English as a first language (83%, as opposed to 60% of the main sample) and more are not British citizens (67%, rather than 40%). A higher proportion are unemployed, more are black and a higher proportion are female.

7.4.3 Furthermore, the reasons for such closures were not made clear to the account holder. It is clearly detrimental to the consumer experience for an account to be closed without adequate explanation, warning or assistance to address the situation to mutual satisfaction.

“Yea, I still had money in the account. So I went down there, they turned round, they gave me this letter, saying that they were going to close the account. I don’t know why, they couldn’t give me a reason” (Participant 6).

7.4.4 Where reasons for closure were given, they largely concerned identification and address verification (ID & AV) challenges.

“I have my driving licence…. a letter as word from my hostel (but) my cashier wrote and they refused me, I don’t know why” (Participant 38)

“Yeah. I visited the bank. I explained to them how the problem was and I told them I hadn’t received my passport yet and I promised to take it to them as soon as I received it…and er they said we’ll see but as soon as you receive your passport you should bring it to us we need to see it. And I promised but it was less than a week that I received a letter that the company, the bank had decided to close my bank account and the reason was I hadn’t shown enough ID documents…” (Participant 33)

7.4.5 This was a particular frustration if it appeared to be a change in bank policy, for instance if documentation used for account opening was cited as the reason for closure only a few weeks later.

“I was quite angry and I didn’t even appeal but I said, I told them that I found it very strange – if I hadn’t shown enough ID documents why was my account opened in the first place? I wanted to show them their weakness because if they were careful enough, you know they would have said that at the beginning. They wouldn’t have me as a customer.” (Participant 33)

7.4.6 Another participant was diagnosed with terminal cancer shortly after opening a BBA and as a result was no longer able to claim Job Seeker’s Allowance. The client’s account was closed at the request of the bank. When asked whether this was related to finances, the following explanation was given:
7.4.7. This closure regardless of circumstance suggests a lack of interest or concern for individual BBA customers’ needs and reflects the findings in the literature that closures can be sudden, at the request of the bank and that reasons are rarely given.

7.4.8. There is no explicit evidence that such developments represent an attempt by banks to manage the most problematic of customers out of the system. However, as the data here is drawn from a sample of those receiving assistance from the SAFE project, then those who are attempting to open and maintain BBAs without any assistance may well be encountering more problems.

7.5. The BBA as a gateway to further financial access; the context

7.5.1. BBAs can be a meaningful gateway to further financial access if they enable the uptake of further financial products or ‘up-grading’ to a current account. This can happen via increased financial capability (see Section 7.7 to 7.8, below), and if the account overcomes other barriers such as eligibility or marketing exclusion.

Other products

7.5.2. With regards to further product holding, the evidence suggests that the majority (66%) of BBA holders do not have any other financial product (British Bankers’ Association, 2006b).

7.5.3. While BBA holders are less likely than current account holders to access further financial services, they are more likely than the unbanked to hold various products, including savings, credit cards and life insurance (FITF, 2006a). This suggests that the BBA acts to some extent as a ‘gateway product’.

Upgrading to a current account

7.5.4. The British Bankers’ Association has published amalgamated evidence on account migration, suggesting that more than 554,000 BBAs have been upgraded since April 2003 (British Bankers’ Association, 2008b). Taskforce analysis suggests that it is possible that just over 10% of BBAs have been upgraded since June 2003 (FITF, 2007a).

7.5.5. It is worth noting that upgrading may not be desired or appropriate for all BBA holders (Citizens’ Advice, 2006). In SAFE’s recent experience, individuals have ‘been’ upgraded without their consultation, resulting in anxiety, for instance regarding the greater (and undesired) access to credit. Upgrading without consultation is possibly in breach of the Banking Code provision for suitability (please see section 3.1 of The Banking Code 2008).

7.5.6. Where proactive marketing or product upgrading practices are in place, they should be carried out with respect to an individual’s financial capability type, and product preferences. Some banks appear to have a clear account ‘migration’ policy.
7.6. The BBA as a gateway to further financial access; our findings

7.6.1. One of the main arguments given in favour of BBAs is that they are likely to act as a gateway service, leading users to use other financial services. 25% of participants reported that they had used other financial services since acquiring their BBA, including debit cards, savings accounts and ISAs.

7.6.2. Of the 25% who went on to access a further financial product (including upgrading), a higher proportion than average were in employment (60%, as opposed to 40%). Having more resources can increase both demand for, and accessibility of further services. There were no other significant differences with the main sample.

Other products

7.6.3. We find a slightly lower level of access to other products than previous research; but our findings support existing evidence that savings products are very popular second services for new BBA holders.

“I asked them and they opened (a savings account) because a I had an account with them, that one was easy for me to open.” (Participant 17)

Upgrading to a current account

7.6.4. 10% of accounts have successfully been upgraded. Participants’ experiences suggest that BBA to current account migration strategies exist within banks, at least informally.

“Uhm, well I had the basic bank account for over a year, or two years now. Uhm, now I’m getting a bit more money from my job seekers allowance, so therefore I was entitled to open a current account whereas before it was just a basic bank account because there wasn’t that much money coming in so therefore, I’ve upgraded it to a current account.” (Participant 35)

7.6.5. However, there were a number of incidences of individuals being refused an upgrade to a standard current account. The ID & AV problems that concerned our clients before (Toynbee Hall, 2005) are still an issue.

“Yes I have (tried to open a current account since opening a basic bank account) I have asked them for an upgrade….I got refused on it….I think it’s something about my credit rating I think anyway.” (Participant 19)

“At the time (I tried to upgrade to a current account), and I still don’t, didn’t have a passport, and that’s why they refused that particular bank account.” (Participant 7)

7.6.6. The balance of evidence suggests that a BBA will only act as a gateway service if the individual concerned finds that his/her circumstances have changed significantly since opening the account. However, it should be remembered that having a BBA may have helped bring about such a change in circumstances for some users.

7.6.7. The difference between employment status before and after gaining a BBA (90% of the participants were unemployed when supported by SAFE to open their accounts, as opposed to only 60% after two years) may provide further evidence of such a benevolent cycle.
7.7. The BBA as an enabler of financial capability; the context

7.7.1. Financial capability is one of the two essential ingredients for financial inclusion (alongside financial access). There is a strong link between an individual’s levels of financial capability and financial holdings (i.e. access to products) (IPPR; 2006).

7.7.2. Theoretically, account usage should bring greater familiarity and over time, greater knowledge, skills and confidence. However, the evidence suggests that simply having an account is not enough to increase confidence and capability (BBA, 2006b).

7.7.3. Financial capability has many aspects, here we discuss knowledge and confidence, as well as the FSA-defined domains ‘choosing products’ and ‘managing money’. Others are relevant but have not been focused on in the literature used here.

Knowledge

7.7.4. At present, the knowledge of BBA holders is low regarding the product itself. Many BBA account holders appear to be confused about what type of account they have, and are not aware of many features (FIT, 2006a). Half of BBA holders do not know that they can withdraw cash at Post Office counters and fewer than half have used this facility (British Bankers’ Association, 2006b; TSC, 2006b).

Confidence

7.7.5. Fewer than half of active BBA users agreed that their account had given them the confidence to go out and get other financial products (British Bankers’ Association, 2006b). This is not however evidence of low demand, as in another survey 77% of BBA holders said that they were interested in other future services (Change, 2006). It seems that there is a mismatch between accessibility, capability and demand.

Managing money

7.7.6. Low-income money-management habits include using a weekly or fortnightly budget cycle to fit in with cash-in-hand salary and benefits payments, storing cash at home, and budgeting by only carrying the cash necessary for immediate transactions. The priorities are visibility and control (FIT, 2006a; NCC, 2006).

7.7.7. Many adults are known to rarely use a bank account even if they have access to one and half of BBA holders prefer to manage their money in cash (NCC, 2006). Those from marginally banked households tend to withdraw in one or two lump sums, despite having security concerns; whereas those from banked households withdraw cash as and when they need it (FITF, 2006a; Change, 2006).

7.7.8. In contrast, banked money-management habits which include keeping track of automated payments that take place invisibly and sometimes without warning, on a monthly cycle.

7.7.9. Using low-income money management habits and skills should not be confused with having ‘low’ financial capability, rather it is a different set of financial capabilities that are more appropriate for the cash-based than the account-based context.
7.7.10 More work needs to be done to understand these different states and potential paths from unbanked to banked financial capability sets. In any case, if consumers are to be supported to change their habits, it should be done in a way that both recognises and capitalises on their existing capabilities.

Choosing products

7.7.11. Low capability may be a factor in the tendency for BBA applicants not to shop around. Fewer than 1 in 5 BBA customers browse before applying (British Bankers’ Association 2006a). Furthermore, nearly half of BBA holders found out about and made decisions concerning, their account from bank staff, or informal information sources (FITF, 2006a; British Bankers’ Association, 2006a). SAFE’s recent experience is that customers’ understanding of variance between BBA products is low.

7.7.12. This could suggest that unless there is significant dissatisfaction, BBA customers are likely to be loyal to a provider in the long-term. This is similar to the situation in the current account market, where inertia is considered common with a recent survey showing that only 16% of the population have switched their bank after being unhappy with the service (Age Concern 2008).

7.7.13. These issues underline the complexity of financial capability, as discussed in Section 7.1. Furthermore, as the FSA’s Financial Capability Baseline Survey suggests, there are several separate domains of financial capability (FSA, 2000b). Certain domains (or combinations) of capability, may suggest the need for intervention, but not all.

7.8. The BBA as an enabler of financial capability; our findings

7.8.1. In contrast to the BBA and others’ findings, our evidence shows a significant effect from BBA holding on financial capability. Both knowledge and confidence, were perceived to improve significantly with BBA usage for the whole sample.

Confidence

7.8.2. Quantitative analysis was carried out to establish the degree to which using a BBA had a positive impact on users’ confidence in financial matters. Composite measures of self-assessed knowledge of financial matters and consumer confidence were taken for all participants.

7.8.3. A score of 4 would be indicative of no change in self assessed consumer confidence as a result of having, or having had, a BBA. A score of greater than 4 would indicate an increase and less than 4 a decrease. Details are shown Appendix E.

7.8.4. Analysis indicated that the overall mean score for self-assessed consumer confidence, was 4.78. This shows that BBA holding had a positive effect on confidence, a key part of financial capability.

7.8.5. Further analysis investigated whether frequency of interaction with the BBA was an important factor in helping to engender such positive outcomes. The measure for frequency of use collected data using three categories; 1) used frequently, 2) used occasionally and 3) not used/closed.
7.8.6. The results suggest that a marginally significant positive relationship exists between frequency of use and consumer confidence. The more an account is used, the more consumer confidence grows.

“well yes I do (feel more knowledgeable and confident) , yea before, I didn’t have a clue how to pay this, how to pay that, through the bank, and now understand how to manage all those things.” (Participant 5)

“I’ve learned a great deal from (having a BBA)….there is not much more to having an account than taking responsibility for your own financial affairs and not allowing people to advise you badly…and to seek financial advice and to not be frightened of that” (Participant 28)

Knowledge

7.8.7. A similar two-part analysis was performed for BBA holders’ knowledge. We also found a significant positive score of 4.72, which shows that having, or having had a BBA, increases self assessed knowledge.

7.8.8. Frequency of use did not appear to affect the self-assessed knowledge of BBA holders. This may be because the range of functionality is limited.

7.8.9. Some participants were confused regarding their account’s features (for instance direct debits, see above). This may be due to being given incorrect information rather than not seeking the knowledge out (see Section 7.2.10 &11., above).

Choosing products

7.8.10. A key feature of financial capability is the ability to make informed choices, having shopped around (FSA, 2000b). It is rare for BBA holders to shop around, although when they do the benefits are clear:

Yes. Well the first one was, that was with (bank name), and I used that for just over a year, and then for some bizarre reason I walked into (Bank name) to see what they had, and their basic account was actually even better because you can use it as a debit card as well. So I’ve opened an account with them, and that’s the one that I use now. (Participant 16)

7.8.11. In summary, although understanding of some account features and ability to shop around is relatively low, both knowledge and confidence (self-assessed) have improved significantly since having a BBA. Those who use their account more frequently have greater improvements in their confidence around financial matters.

7.8.12. Our findings support existing findings that in general, BBA holders’ financial capability has specific weaknesses. However our findings contrasted with those of the British Bankers’ Association, as we have shown that financial capability increases both with account holding and according to frequency of account usage.
7.9. Consumer perception of customer service; the context

7.9.1. BBA holders routinely report a high level of customer service satisfaction, despite the challenges often experienced around account opening (see Toynbee Hall, 2005; Citizens’ Advice, 2006; Change, 2006; TSC 2006b). Customer service and product satisfaction are considered separate here.

7.9.2. Most view bank staff as ‘very helpful and friendly’ and are happy with the way the account has been handled. Only 4% of those who have stopped using their account did so due to dislike of the bank or their treatment (British Bankers’ Association, 2006b).

7.9.3. In ‘Banking the Unbanked’, we assessed bank staff performance in four domains; communication, knowledge, flexibility and procedures. Banks performed acceptably, although concerning patterns emerged (Toynbee Hall, 2005). For instance, we found a clear correlation between unsuccessful account opening attempts, and poor quality communication or a lack of flexibility on the part of bank staff (Toynbee Hall, 2005).

7.9.4. Consistent positive face to face interactions build confidence and provide ongoing opportunities for increasing financial capability (Toynbee Hall, 2005). On the other hand, treating BBA holders like ‘second class citizens’ can cause exclusion (TSC, 2006b).

7.10. Consumer perception of customer service; our findings

7.10.1. Although we did not ask specific questions with respect to customer service satisfaction, content analysis was performed on the interview transcripts to arrive at a measure of the overall disposition of the customer towards the service that they had received from their BBA provider.

7.10.2. As can be seen in Chart 6 (data in Appendix E) the majority of the sample had either a neutral or positive disposition. The split between these two categories was roughly even and between them they accounted for almost 80 percent of cases. Typical comments were as follows:

“They have always been really nice to me and have treated me the same as other customers” (Participant 9)

“I reckon they seem nice people (willing to) help you. I think if I had a problem then I’d go and talk to them….the advisor there, she’s a diamond” (Participant 40)

Chart 6: Participant disposition towards their BBA provider

Sample size = 30 (accounts still open only).
7.10.3. In seven cases the evaluation of service was more negative.

"Eh there’s been a few times [when I have received bad service]… when they have been uninterested. Oh we can’t do that.” (Participant 21)

“ You know that day, on that Saturday when I went in and filled out the form for the debit card, and then she said ‘oh actually I can check it’ and then she took my form and tore it apart and she told me ‘well, sorry but we can’t give you one’ and I actually was in tears I was so upset, you know I’d spent all the time doing it for nothing, and then I found out it wasn’t even possible, so yea, I’m not that happy with them.” (Participant 8)

7.10.4. BBA customers report a range of experiences when dealing with their BBA institution, from excellent service through to quite shoddy treatment. On balance, the study does not provide evidence that BBA customers perceive that they are systematically neglected or subjected to inferior service in their encounters with their BBA institution.

7.10.5 Notwithstanding the strong frustrations set out in Sections 7.2 to 7.10 above, participants offered generally favourable assessments, apparent in the qualitative as well as quantitative data. Our findings support the other available evidence that BBA holders perceive that they receive a high standard of customer service, once their account has been opened. We find that new BBA holders appreciate their product and the standard of customer service they receive.

“Equal. Just equal, I’ve never you know, sort of had any problem with people sort of looking down their nose or he’s got you know 80 grand in his account and you’ve only got 15, see what I mean. No because no I’ve never had that type of stuff” (Participant 21)

“It’s just the way they’ve just looked after me I think. I think they just look after me probably like a normal account really I suppose. I think that’s quite good in that sense, yes” (Participant 19)

8. Summary of conclusions

8.1.1. In Table 2, below, we set out our conclusions based on both our research findings and the literature we have explored. In most cases there is consensus.

8.1.2. BBAs are both desired and valued, particularly for the manageability they bring and their lack of access to credit. They enable access to other services and deals, employment and further financial products, particularly savings. 10% of accounts have been upgraded and BBA holders are generally pleased with the levels of customer service received. There are frustrations with limited accessibility to certain features on some BBAs, particularly debit cards with mainstream access and direct debits. These limitations reduce the BBAs’ ability to enable meaningful financial inclusion. Account closure, particularly without warning and at the request of the bank, causes concern.

8.1.3. In other areas there are some discrepancies. We find that there is high demand for direct debits and that BBA users are keen to pay bills electronically, rather than preferring to use cash. We also find that BBA holding and particularly frequent BBA usage, results in improved self-assessed financial capability.
### Table 2: Summary of findings and conclusions

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<thead>
<tr>
<th>Findings and conclusions from the literature</th>
<th>Findings and conclusions from our research</th>
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<tbody>
<tr>
<td><strong>Account features and usage</strong></td>
<td></td>
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<tr>
<td>There is demand for BBAs.</td>
<td>The majority of customers use and appreciate the benefits of their BBA.</td>
</tr>
<tr>
<td>The BBA’s lack of access to credit is particularly highly valued.</td>
<td>Access to cheap deals and employment through banking are valued highly.</td>
</tr>
<tr>
<td>BBA holders find that it helps them to manage their money better.</td>
<td>BBA holders find that it helps them to manage their money better. BBA holders also display sophisticated self-awareness and capability in selecting a low-risk non credit-worthy account appropriate to their needs.</td>
</tr>
<tr>
<td>Over time, product satisfaction diminishes. There is frustration with limited BBA features.</td>
<td>There is frustration with limited BBA features.</td>
</tr>
<tr>
<td>Limited access to debit cards, and limited usability of the majority of debit cards on offer, result in ‘exclusion within inclusion’.</td>
<td>BBA holders would like mainstream debit cards.</td>
</tr>
<tr>
<td>Direct debit usage is low among BBA holders.</td>
<td>Many BBA holders think that their account does not have a direct debit facility.</td>
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<tr>
<td>This may be due to preference or a belief that they cannot access direct debits.</td>
<td>This may be due to branch staff giving erroneous information.</td>
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<tr>
<td>Direct debit timings can cause problems for BBA holders used to budgeting on a weekly cycle.</td>
<td>BBA holders would like to use direct debits more.</td>
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<td>Direct debit charges are a source of anxiety.</td>
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<tr>
<td>Many providers deny, or limit, BBA holders counter access.</td>
<td>BBA holders make light use of the branch network.</td>
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<td>Some providers do not allow BBA holders to make deposits at Post Office counters.</td>
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<tr>
<td>ATM usage is on a par with that of current account holders.</td>
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<tr>
<td>Transactions such as cheque clearing can take longer than for current accounts.</td>
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## Account closure

<table>
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<tr>
<th>There is no publicly available data on the number of BBA closures.</th>
<th>23% of all accounts have been closed.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closures, especially when initiated by providers, seem common and cause concern.</td>
<td>75% of these accounts (15% of the total sample) have been closed at the bank’s request.</td>
</tr>
<tr>
<td>Reasons for closure are rarely given.</td>
<td>In some cases they were closed without explanation.</td>
</tr>
<tr>
<td>When given, they concern ID &amp; AV, refused direct debits or over-use of a buffer zone.</td>
<td>Where explanations were given they concerned ID &amp; AV issues.</td>
</tr>
<tr>
<td>30 days’ notice is not always given of account closure (as under the Banking Code).</td>
<td>Those whose accounts have been closed are more likely not to have English as a first language nor to be a British citizen and are more likely to be unemployed, black and female.</td>
</tr>
</tbody>
</table>

## The BBA as a gateway to further financial access

| BBA holders want to access further products. | BBA holders want to access further products. |
| Demand for credit products is relatively low. | Demand for credit products is relatively low. |
| 34% have accessed another financial product since opening their BBA. | 25% have accessed another financial product since opening their BBA. |
| Approximately 10% of BBAs have been upgraded to a current account. | 10% of BBAs have been upgraded to a current account. |
| ID & AV continues to be an issue for BBA holders seeking to upgrade with the same provider. | The BBA acts as a gateway to further financial services, but only if the individual concerned finds that their circumstances have changed since opening the account. |
| Those who have accessed further products are more likely to be in employment than the full sample. In addition, the sample as a whole is more likely to be in employment now, than before they opened their BBA, suggesting a benevolent cycle. | |
The most desired second product is a savings account.

<table>
<thead>
<tr>
<th>The BBA as an enabler of financial capability</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is evidence of low knowledge re own product, particularly concerning access to direct debits and awareness of the possibility of going into debt through an unauthorised overdraft.</td>
</tr>
<tr>
<td>Low financial capability, particularly concerning knowledge or understanding of BBA features, prevents customers from making the most of their BBA’s benefits.</td>
</tr>
<tr>
<td>BBA holders tend not to shop around.</td>
</tr>
<tr>
<td>BBA holders appear not to shop around.</td>
</tr>
<tr>
<td>Most BBA holders do not agree that their BBA has given them increased confidence (to access further products).</td>
</tr>
<tr>
<td>Usage of a BBA has a significant positive effect on users’ (self-assessed) knowledge and confidence.</td>
</tr>
<tr>
<td>Many BBA holders prefer to manage their money in cash.</td>
</tr>
<tr>
<td>Higher BBA usage is associated with higher confidence.</td>
</tr>
<tr>
<td>BBA holders report high levels of satisfaction with customer service, once accounts have been opened.</td>
</tr>
<tr>
<td>There are high levels of positive or neutral dispositions towards providers, once accounts have been opened.</td>
</tr>
<tr>
<td>There is a clear correlation between access refusal and poor quality communication or a lack of flexibility on the part of bank staff.</td>
</tr>
<tr>
<td>There are examples of poor customer service, particularly around access refusal.</td>
</tr>
<tr>
<td>There is no publicly available data on the customer service experience of unsuccessful applicants.</td>
</tr>
<tr>
<td>There is no evidence that BBA customers feel that they are treated as ‘2nd class citizens’.</td>
</tr>
</tbody>
</table>

Becoming banked successfully also has a positive effect on affective measures such as self-esteem and a sense of ‘normality’. 

Perception of customer service
9. Sector-specific recommendations

9.1.1 The following recommendations are developed from our primary research findings and review of existing literature.

9.2. Recommendations for all stakeholders

9.2.1. We recommend that all stakeholders:

• Collaborate on constructing and disseminating the generally positive story about how the Basic Bank Account meets users’ needs, facilitates financial inclusion and acts as a gateway to further financial access and capability
• Maintain a dialogue about the role of BBA features in enabling financial access and inclusion, and work in partnership to maximise the BBA’s effectiveness as a tool for meaningful financial inclusion
• Target financial capability support through multiple channels to increase understanding and effective usage of accounts, particularly for the newly banked
• Collect and share data to facilitate future research (see below)

9.3. Recommendations for the Banking industry (including British Bankers’ Association)

9.3.1. We recommend that all BBA providers ensure that their BBA products genuinely enable meaningful financial inclusion by ensuring that they:

• Are not closed down without adequate notice and means of redress. This should include clear communication of the reason for closure and how to avoid it, a 30 day appeal period to resolve the issue and a full 30 day notice period if closure is to take place
• Provide inclusive functionality (including the option for mainstream debit cards such as Switch/Maestro which also check that there are sufficient funds to meet the payment, akin to Solo/ Electron)
• Have clear criteria for progression pathways to additional features, upgrading and other financial products, including BBA ownership as a means of identification

9.3.2. And ensure frontline staff:

• Are equipped to communicate effectively with those for whom BBAs are intended
• Understand and explain key features of BBA products to new and existing customers

9.4. Recommendations for the Banking Code Standards Board

9.4.1. We recommend that the Banking Code sets minimum standards in the following areas:

• Account closure; reasonable grounds for closure should be specified, including a requirement to inform customers of the reason for closure and how to resolve the issue, opportunity to address the issue within a 30 day period, and a 30 day notice period if closure is to take place
• Account upgrade; guidelines for appropriate and inappropriate account migration strategies and how the criteria for upgrading are communicated to BBA holders and applied
9.4.2. Consider continuing and extending the remit of compliance monitoring efforts, including the mystery shopping exercises to take account of more than just the first set of enquiries made by BBA applicants, for instance:

- Ensuring internal consistency about acceptance of alternative ID documents (such as between frontline staff, processing units and call centres)
- Giving 30 days’ notice of account closure
- Ensuring that key features of products are clearly communicated to new and existing clients as per the Banking Code guidelines

9.5. Recommendations for Government (including the Financial Inclusion Taskforce)

9.5.1. We recommend that the Government, including the Financial Inclusion Taskforce, ensures that ‘Access to Banking’ remains a fundamental element of financial inclusion policy through:

- Amending the shared goal so that it focuses on transactional accounts, rather than simply ‘being unbanked’, and takes account of the importance of usage
- Developing a clear framework for evaluating the success of financial inclusion policy and practice, including robust indicators
- Working with the third sector and banks to encourage demand for banking whilst addressing obstacles to fulfilment of demand

9.6. Recommendations for the Third Sector

9.6.1. We recommend that the Third Sector, particularly those working day-to-day with those experiencing financial exclusion, collaborates with banks at both local and strategic levels (as well as with other stakeholders) to:

- Raise awareness amongst clients of relevance of banking service
- Increase ability of clients to access and manage accounts effectively
- Develop skills of staff to support clients
- Work in partnership with banks to offer support to specific client groups that place undue demands on branch staff

9.7. Recommendations for further research

Research should be undertaken to:

- Establish the extent and causes of the lack of understanding concerning BBA holders’ access to direct debits
- Gather and analyze more data on those who have had their applications refused or accounts closed at the request of the bank
- Gain a deeper understanding of patterns of account usage and their causal factors including different types and levels of financial capability and financial access
- Devise an appropriate measurement tool for financial inclusion at the individual level (adapting and extending the FSA’s Financial Capability Index)
- Explore the implications for financial inclusion of banks’ migration policies (explicit or otherwise)
- Explore the effect of becoming banked on a sense of inclusion in society, ‘normality’ and associated affective issues
10. Bibliography


Financial Inclusion Taskforce (2006a) ‘Access to financial services by those on the margins of banking’ BMRB for the Financial Inclusion Taskforce

Financial Inclusion Taskforce (2006b) ‘Financial Inclusion Taskforce report on progress towards the shared goal’

Financial Inclusion Taskforce (2006c) ‘Financial inclusion deliberative workshops’ Opinion Leader for the Financial Inclusion Taskforce


Financial Inclusion Taskforce (2007c) ‘Second annual report on progress towards the shared goal for banking’ Financial Inclusion Taskforce September 2007

Financial Inclusion Taskforce (2007d) ‘Financial Inclusion Taskforce Minutes 15 November 2007’


House of Commons Treasury Committee (2006b) ‘Banking the unbanked: banking services, the POca and financial inclusion’


National Consumer Council (2006a) ‘Three steps to inclusive banking: compliance, standardisation and innovation’ O’Reilly, N for NCC, London


Social Exclusion Unit (2004) ‘Mental health and social exclusion’ Social Exclusion Unit; London


Appendix A: The SAFE Project and the typical client interaction

In 2002, Services Against Financial Exclusion at Toynbee Hall (SAFE) was launched. Initial work focused on access to savings (supporting the first and second Savings Gateway pilots) and financial capability support. Access to banking emerged as a natural aspect of both these pieces of work. To this end, SAFE has worked over the last three years to help people access appropriate accounts for everyday money management and it continues to do work in this area.

SAFE’s work on the DWP contract launched in October 2004, and it saw its first client later that month. In total, 2,437 clients were seen and received an Informed Choice Discussion before the project closed nine months later. An outreach-focused team of 12 advisers worked to assist people facing financial exclusion barriers. The outreach method was based on Toynbee Hall’s ‘Intermediary Model’, whereby a specialised service is delivered to socially excluded or otherwise vulnerable people through agencies with whom trust-based relationships already exist, for instance hostels for those currently homeless. Clients might come into contact with the service through SAFE’s presence in job centres and community centres or through referrals from community, housing or other organisations. SAFE worked with a total of over 150 organisations in the course of its outreach using the Intermediary Model.

During the course of SAFE’s work it undertook Informed Choice Discussions with people on very low incomes from typically hard-to-reach groups to help them understand Direct Payment and the options for receiving their benefits (including opening a Post Office card account, a Current Account or a Basic Bank Account). This discussion would include the provision of relevant supplementary information such as comparison tables of BBA features and the location of local bank branches and ATMs.

SAFE worked primarily with particularly hard-to-reach and vulnerable groups of people, for instance, people experiencing homelessness or in temporary accommodation, refugees, offenders and ex-offenders, those with substance misuse or mental health issues and the long-term unemployed, amongst others. A high proportion had one or more of the following characteristics: low financial capability, no previous banking history, homelessness, English as a second language, and low income. All were in receipt of state benefits.
Appropriate to their decision, SAFE discussed different providers’ accounts available using comparative information, encouraging the individual to make their own informed decision. SAFE then helped its clients, where appropriate, to access an appropriate account by helping them to prepare their identification, fill out application forms and accompany clients to banks to provide advocacy as appropriate. SAFE continued to offer follow-up support to clients to ensure an account was opened and the client was happy in using the account.

The average length of time from initial consultation through to successful resolution was several weeks, although there was high variability, reflecting the intense level of support frequently required in order to facilitate account access. Some clients required little more than a brief discussion, hence in many cases adequate monitoring data collection was a challenge. As a result data on eventual account opening and switch to direct payment could only be collected for approximately 1,000 clients. Still, by the end of the project 1035 appropriate accounts had been facilitated in some way, 507 of which were basic or current accounts and 455 of which were POcas. 60% of clients did not have an account of any kind when they first met with SAFE, 17.2% already had a Post Office card account, and 0.2% had dormant accounts.

SAFE provided additional financial capability training as appropriate. Alongside the practical service SAFE provided to clients it also provided training on this particular area of work and broader financial inclusion messages to over 150 partner organisations across the South-East of England. It provided additional resources including a guide to opening accounts for people on low incomes (distributed to 200 organisations) and a guide on how to obtain sources of identification and address verification. An expanded and updated edition of this ID & AV guide will be published in July 2008.

The 'Banking the Unbanked' report was produced as an additional outcome of the DWP contract using Toynbee Hall core funding. Data for the report was collected through SAFE’s comprehensive monitoring system for client contacts, as well as bank branch observation forms filled in by project workers and focus groups.

The report was distributed to key stakeholders through Toynbee Hall’s existing networks and relationships, including the BBA, the Banking Code Standards Board, the Financial Inclusion Taskforce, the Treasury Select Committee and individual banks. Conversations with individual banks included discussion of processes and practices specific to the bank in question which could aid or hinder inclusion. This breakdown of bank-specific issues and the discussions that ensued with individual banks, as well as with key influencers such as the Treasury Select Committee, resulted in concrete changes being implemented such as Barclays’ changing the method for validating ID and address verification documentation for basic bank account applicants; where they had previously insisted on a postal-only process, the choice of presenting documentation in the branch was then presented, in line with the current account application process. This ensured that those wishing to open basic bank accounts no longer had to send potentially valuable documentation by post. An ongoing dialogue has also continued in which Barclays have continued to consult with Toynbee Hall as well as other stakeholders around issues such as their literature, customer service training and account functionality.

(Toynbee Hall, 2005)
Appendix B: FRS data on bank account holding

Table 3.

<table>
<thead>
<tr>
<th>Data years</th>
<th>Adults with no account of any kind</th>
<th>Adults with no transactional (current or basic bank) account</th>
<th>Households with no account of any kind</th>
<th>Adults with no transactional (current or basic bank) account</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002 - 03</td>
<td>2.83 million</td>
<td>4.5 million</td>
<td>1.9 million</td>
<td>3 million</td>
</tr>
<tr>
<td>2005 – 06</td>
<td>1.97 million</td>
<td>2.9 million</td>
<td>1.3 million</td>
<td>1.9 million</td>
</tr>
</tbody>
</table>

FIT, 2007a; FIT 2007b

Notes:
Year 2002 – 2003 represents the base-line for the ‘shared goal’ of banks and the government, to halve the number of unbanked adults, and to have made significant progress towards this goal in two years (looking to the 2006 – 7 data as the main outcome indicator).
Data from the FRS survey for 2003 – 4 and 2004 – 5 has not been included due to data miscounting (POcas were counted as a transactional account, therefore the figures would be falsely inflated).
The number of unbanked households in 2002 – 03 was 1.9m on original publication in 2004; this number was re-stated as 1.8m for increased comparability to 2005 – 06 data released in 2007.

The new data for the shared goal’s assessment is available from the FRS (June 2008); however the Treasury will not release their analysis and a statement until September 2008.

Appendix C: Banking code provisions of most relevance to BBA provision

The Banking Code requires that providers of these accounts should:

- assess whether an applicant’s needs are suited to a basic bank account and if they are, to offer one
- offer a basic bank account if specifically requested by someone meeting the qualifying conditions
- make reference to the availability of the subscriber’s Basic Bank Account and how to get further information where subscribers provide front of house literature for their current account range
- normally to carry out identification in branches so that there is no need to send personal documents to a centralised opening unit
- ensure that accounts are operational no more than 10 working days from completion of necessary identification and address validation checks

Further detail:

Helping you to choose products and services which meet your needs

3.1 Before you become a customer, we will:

give you clear information explaining the key features of the services and products you tell us you are interested in;

assess whether your needs are suited to a basic bank account (if we offer one) and
if they are we will offer you this product;

offer you a basic bank account if you specifically ask and meet the qualifying conditions for one;

This provision only applies to subscribers who offer a basic bank account product as a result of the agreement between the Government and the industry in the wake of PAT14. If in doubt the FSA's website carries a list of such institutions. It requires subscribers who offer a basic bank account to inform certain customers about the account and how to open one.

These are customers for whom the basic bank account would appear to be appropriate. Such customers may include those:

who express an interest in opening a money transmission (current) account which does not allow them to go overdrawn;
whose main source of income appears to be state benefit;
who are content to accept the limited money transmission functionality of a basic account (e.g., no cheque book).

There is no requirement for subscribers to keep records of any assessment. This does not preclude other products being explained where it is appropriate.

If there is a history of fraud or undischarged debts, a subscriber is not bound to open an account. If the customer already holds a suitable account with the bank, a subscriber is not bound to open a basic bank account.

give you information on a single product or service, if you have already made up your mind; and

tell you what information we need from you to prove your identity (by law, we have to check your identity).

3.2 We will tell you if we offer products and services in more than one way (for example, on the internet, over the phone, in branches and so on) and tell you how to find out more about them. Where we offer basic bank accounts, we will tell you if they can be used at post offices.

Basic bank account customers should be told if they can make cash withdrawals at post offices.

Code Guidance introduced in August 2006

Availability of literature

Subscribers who provide front of house literature for their current account range should ensure that such literature includes reference to the availability of the subscriber’s Basic Bank Account (if they have one), and how to get further information. This reference might take the form of a separate piece of literature or text within an existing leaflet.

ID + AV

Where possible, subscribers should normally verify ID in branch for Basic Bank Account applications. If a subscriber operates a central account-opening service, it
should offer the option for certified copies of ID & AV documents to be sent to the central unit rather than original documents.

**Account opening timescale**

A Basic Bank Account should take no longer than 10 working days to become operational. The 10 working days are counted from the date the customer’s application is approved, i.e. once any necessary identification and address validation checks have been completed. ‘Operational’ means the ability to pay into and make withdrawals from the account (i.e. via a branch counter or an ATM).

Source: Banking Code Standards Board (BCSB, 2008)

**Appendix D: Primary Research Methodology**

**Sample**
The methodology adopted for the study incorporated both qualitative and quantitative elements. All elements of the study used the same sample, details of which are provided in Section 6.3.

All participants were drawn from a database of those initially helped to open a BBA as part of the initial SAFE Access to Banking project.

Those who were helped were approached to take part in the current study and forty subjects agreed, having been offered a small incentive to do so. It is acknowledged that with a relatively small sample, where representativeness cannot be guaranteed, then even accounting for the fact that the study is largely qualitative in nature, some caution should be exercised when interpreting results. In addition, given the nature of those who comprised the sample, many of whom had language difficulties for instance, in some cases it was not entirely clear whether respondents still had their BBA or had upgraded. For instance, in one or two cases respondents were adamant that they were still using their BBA but described a level of functionality beyond that normally associated with such accounts. However, notwithstanding these provisos, the sample is of sufficient quality to provide insights into users’ experiences of BBAs.

**Data and Analysis**
Participants attended a face-to-face semi-structured interview. During the interview, participants were asked for demographic information, completed some survey type questions and also provided more qualitative data in response to open ended questions. Copies of the data collection tools can be found in Appendix F. The topic guide for the interviews included sections on account closure, account usage and features, relationships and service quality, personal budgeting and financial confidence and planning. All interviews were then transcribed and subject to a within case analysis, before common themes were identified in between case analysis.

Other measures taken for the study included BBA status (*used frequently, used occasionally, not used/closed*) and scale measures for self-assessed knowledge and consumer confidence. The exact wording for these questions can be seen in Appendix F. Self-assessed knowledge was measured using a four item scale taken from Chiou et al, (2002) and was similar to the measurement adopted by Park, et al (1994). Consumer confidence was measured using items based on those advocated by Bearden et al (2001). A likert scale numbered one to seven was used to collect the data, anchored strongly disagree/strongly agree, with neutral also labelled. For both scales, the wording was adapted to fit the context of the research. A form of content analysis was also applied to the transcripts. Two researchers independently
analysed each transcript and arrived at an evaluation of the subject's disposition towards the service that they had received from their BBA provider. Ratings were generally negative (coded 1), generally neutral (coded 2) and generally positive (coded 3). Subsequently, the two researchers discussed and reconciled the few apparent differences and arrived at a definitive measure for the subject's disposition towards the service received.

The data was then subject to exploratory factor analysis (EFA) (the sample was too small to allow for CFA) and reliability analysis to ensure that the data were fit for purpose. The data indicated that the measures used in the study were reliable and valid and subsequently the data were subject to appropriate quantitative analysis.

Appendix E: Primary Research Data Tables

Table 4: Status of Account

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>used frequently</td>
<td>24</td>
<td>60.0</td>
</tr>
<tr>
<td>used occasionally</td>
<td>6</td>
<td>15.0</td>
</tr>
<tr>
<td>not used</td>
<td>1</td>
<td>2.5</td>
</tr>
<tr>
<td>closed</td>
<td>9</td>
<td>22.5</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 5: Branch Use (for Accounts Still Open and Used)

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>never</td>
<td>6</td>
<td>13.3</td>
</tr>
<tr>
<td>less than once a month</td>
<td>13</td>
<td>33.3</td>
</tr>
<tr>
<td>once or twice a month</td>
<td>19</td>
<td>50.3</td>
</tr>
<tr>
<td>weekly or more</td>
<td>2</td>
<td>3.3</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 6: Other Product Use

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>no</td>
<td>30</td>
<td>75.0</td>
</tr>
<tr>
<td>yes</td>
<td>10</td>
<td>25.0</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 7: Which Other Product

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>current account</td>
<td>4</td>
<td>10.0</td>
</tr>
<tr>
<td>savings account</td>
<td>1</td>
<td>2.5</td>
</tr>
<tr>
<td>debit card</td>
<td>2</td>
<td>5.0</td>
</tr>
<tr>
<td>ISA</td>
<td>3</td>
<td>7.5</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>25.0</td>
</tr>
<tr>
<td>None</td>
<td>30</td>
<td>75.0</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Quantitative analysis was carried out to establish the degree to which using a BBA had a positive impact on users confidence in financial matters. Composite measures of self-assessed knowledge of financial matter and consumer confidence were taken for all participants.  

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7 Full details are provided in Appendix D, which gives details of the methodological approach
Analysis indicated that the overall mean score for self assessed knowledge was 4.7. For consumer confidence, the overall mean score was 4.78. Both measures were collected using a seven point scale. Considering the method in which the data had been collected, a score of 4 would be indicative of no change in self assessed knowledge or consumer confidence as a result of using a BBA. A score of greater than 4 would indicate an increase and less than 4 a decrease. This is because the lead-in phrase to each question was *Compared to before I had my BBA* and the value 4 was labelled neutral, indicative therefore of no change. Therefore, in order to establish whether the data showed that there had been a statistically significant increase in self assessed knowledge and consumer confidence, t tests were employed to establish whether the means observed were significantly different to the neutral value of 4. Results are shown in table two. The results suggest that both the increase in self assessed knowledge and the increase in consumer confidence are significant, with significance values of 0.003 and 0.001 respectively.

### Table 8: Increase in Self Assessed Knowledge and Confidence

<table>
<thead>
<tr>
<th>Test Value = 4</th>
<th>t</th>
<th>df</th>
<th>Sig. (2-tailed)</th>
<th>Mean Difference</th>
<th>95% Confidence Interval of the Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge</td>
<td>3.130</td>
<td>39</td>
<td>.003</td>
<td>.72750</td>
<td>.2573 1.1977</td>
</tr>
<tr>
<td>Confidence</td>
<td>3.433</td>
<td>39</td>
<td>.001</td>
<td>.78367</td>
<td>.3219 1.2454</td>
</tr>
</tbody>
</table>

The results above are indicative of the fact that having a BBA has a positive impact on knowledge and confidence.

Further analysis investigated whether frequency of interaction with the BBA was an important factor in helping to engender such positive outcomes. The measure for frequency of use collected data using three categories, used frequently, used occasionally and not used/closed. Thus, a one-way ANOVA test was employed to establish whether frequency of use had a significant impact on self assessed knowledge and confidence. Notwithstanding some relatively small individual cell sizes, some interesting results emerged, as shown in tables 9 a and b.

### Table 9a: Knowledge, Confidence and Frequency of Use

<table>
<thead>
<tr>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error</th>
<th>95% Confidence Interval for Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Lower Bound</td>
</tr>
<tr>
<td>Knowledge</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Used frequently</td>
<td>24</td>
<td>4.7167</td>
<td>1.2625</td>
<td>.25771</td>
</tr>
<tr>
<td>Used occasionally</td>
<td>6</td>
<td>3.9125</td>
<td>2.3576</td>
<td>.96250</td>
</tr>
<tr>
<td>Not used or closed</td>
<td>10</td>
<td>5.2425</td>
<td>1.2111</td>
<td>.38299</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>4.7275</td>
<td>1.4701</td>
<td>.23246</td>
</tr>
<tr>
<td>Confidence</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Used frequently</td>
<td>24</td>
<td>5.1483</td>
<td>1.0859</td>
<td>.22167</td>
</tr>
<tr>
<td>Used occasionally</td>
<td>6</td>
<td>3.7967</td>
<td>2.5265</td>
<td>1.03144</td>
</tr>
<tr>
<td>Not used or closed</td>
<td>10</td>
<td>4.5007</td>
<td>1.1751</td>
<td>.37163</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>4.7837</td>
<td>1.4438</td>
<td>.22830</td>
</tr>
</tbody>
</table>
Table 9b: Knowledge, Confidence and Frequency of Use

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>6.640</td>
<td>2</td>
<td>3.320</td>
<td>1.582</td>
<td>.219</td>
</tr>
<tr>
<td>Within Groups</td>
<td>77.656</td>
<td>37</td>
<td>2.099</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>84.296</td>
<td>39</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Confidence</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>9.837</td>
<td>2</td>
<td>4.919</td>
<td>2.546</td>
<td>.092</td>
</tr>
<tr>
<td>Within Groups</td>
<td>71.470</td>
<td>37</td>
<td>1.932</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>81.307</td>
<td>39</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results suggest that frequency of use is not positively related to self-assessed knowledge but that a marginally significant positive relationship exists between frequency of use and consumer confidence. Post-hoc analysis indicated that those who use their BBA frequently have the highest level of confidence and that those who do not use, or have closed their account, have higher confidence than occasional users.

Table 10: BBA and Service
(See Appendix D for full details and justification of this approach).

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Negative disposition</td>
<td>7</td>
<td>23.2</td>
</tr>
<tr>
<td>Neutral disposition</td>
<td>12</td>
<td>40.0</td>
</tr>
<tr>
<td>Positive disposition</td>
<td>11</td>
<td>36.7</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

(Data presented only for open accounts)

Table 11: BBA Closure

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Still open or upgraded</td>
<td>34</td>
<td>85.0</td>
</tr>
<tr>
<td>Closed by bank</td>
<td>6</td>
<td>15.0</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Tables 12 - 17: Characteristics of those who have accessed further products (including upgrading to a current account).

Table 12: Gender

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>3</td>
<td>50.0</td>
</tr>
<tr>
<td>Female</td>
<td>3</td>
<td>50.0</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 13: British Citizen?

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>5</td>
<td>50.0</td>
</tr>
<tr>
<td>Yes</td>
<td>5</td>
<td>50.0</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Table 14: Ethnic Origin

<table>
<thead>
<tr>
<th>Ethnic Origin</th>
<th>Frequency</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black</td>
<td>5</td>
<td>50.0</td>
</tr>
<tr>
<td>Asian</td>
<td>3</td>
<td>30.0</td>
</tr>
<tr>
<td>White British</td>
<td>1</td>
<td>10.0</td>
</tr>
<tr>
<td>White Other</td>
<td>1</td>
<td>10.0</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 15: First Language

<table>
<thead>
<tr>
<th>Language</th>
<th>Frequency</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>English</td>
<td>7</td>
<td>70.0</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>30.0</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 16: Employment Status

<table>
<thead>
<tr>
<th>Employment Status</th>
<th>Frequency</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not working</td>
<td>4</td>
<td>40.0</td>
</tr>
<tr>
<td>Part-time employed at all</td>
<td>2</td>
<td>20.0</td>
</tr>
<tr>
<td>Full-time</td>
<td>4</td>
<td>40.0</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Tables 18 - 23: Characteristics of those whose accounts have been closed at the bank’s request

Table 18: Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>3</td>
<td>50.0</td>
</tr>
<tr>
<td>Female</td>
<td>3</td>
<td>50.0</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 19: British Citizen?

<table>
<thead>
<tr>
<th>British Citizen?</th>
<th>Frequency</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>4</td>
<td>66.7</td>
</tr>
<tr>
<td>Yes</td>
<td>2</td>
<td>33.3</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 20: Ethnic Origin

<table>
<thead>
<tr>
<th>Ethnic Origin</th>
<th>Frequency</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black</td>
<td>4</td>
<td>66.7</td>
</tr>
<tr>
<td>Asian</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>White British</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>White Other</td>
<td>2</td>
<td>33.3</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 21: First Language

<table>
<thead>
<tr>
<th>Language</th>
<th>Frequency</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>English</td>
<td>5</td>
<td>83.3</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>16.7</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Table 22: Employment Status

<table>
<thead>
<tr>
<th>Employment Status</th>
<th>Frequency</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not working</td>
<td>5</td>
<td>83.3</td>
</tr>
<tr>
<td>Part-time employed</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Full-time</td>
<td>1</td>
<td>16.7</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Appendix F: Primary Research Data Collection Tools

The following data collection tools were used for the primary research.

Client Information Sheet:

---

Name (surname, first):

Numeric ID (Excel): Age: Gender:

Address and Postcode:

Home Phone: Mobile Phone:

E-mail:

Benefits Received Then:

British Citizenship (Y/N): Other Citizenship:

Ethnic Origin (self-described): First Language:

SAFE how heard: When?

Employment Status/Source of income Now:

Basic Bank Account Opened With:

Status of Account: Used Frequently/ Used occasionally/ Not Used/ Closed

If Closed: At Bank’s Request/ At User’s Request

Reason:

How many times per month on average do you visit your branch?:

Has having your basic bank account meant that you have accessed and used other financial products: If so, which?:

---
Finally, please could you indicate the extent to which you agree or disagree with the following statements:

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Neutral</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compared to before I had my BBA, my knowledge of financial services is now more extensive</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compared to before I had my BBA, I know more about how to purchase financial services</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compared to before I had my BBA, I have now accessed more information about financial services</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compared to before I had my BBA, I now understand financial services more</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compared to before I had my BBA, I have less doubts about the financial decisions I make</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compared to before I had my BBA, I agonise less about financial decisions</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compared to before I had my BBA, I seem to make the right financial decisions more often</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Survey Questions:

SECTION A – BANK ACCOUNT CLOSED

A.1 – Bank’s Decision to Close Account
- Did you ask for it to remain open?
- Were you able to appeal against the decision to close your account?
- Have you applied for a bank account elsewhere?
- If so, where?
- Were you successful in opening a new bank account?
- If yes, how easy was it to open?  Go to Section C
- If you were unsuccessful, how do you now receive your income?
- If you prefer not to use a bank account please explain why?
- What would make you change your mind?  Go to Section D2

A.2 – Client’s Decision to Close Account
- Have you applied for an account at another bank?
- If not, why not?
- If yes, where and what reasons did you have for changing your bank?
- Were you successful in obtaining another bank account?
- If yes, how easy was it to open?  Go to Section C
- If you were unsuccessful, how do you now receive your income?
- If you prefer not to use a bank account please explain why?
- What would make you change your mind?  Go to Section D2
SECTION B – ACCOUNT OPEN BUT NOT USED OR RARELY USED

- Can you tell me some of the reasons why you do not use/rarely use your bank account?
- When you opened your bank account what did you intend to use it for?
- Was there any particular event which led you to stop using your bank account regularly?
- Do you receive your income by other methods?
- Why do you prefer/use these methods?

Go to Section C

SECTION C – ACCOUNT OPEN AND USED

C.1 - Account Use and features

- What account features do you use? (Examples of ‘features’ if the client needs clarification: ATM/cash points, cash card/debit card, cheque book)
- Do you intend to use the other features of your bank account in the future?
- If no, why not?
- Are there any features not available with your bank account that would be really useful to you? (Examples of ‘features’ if the client needs clarification: overdraft, loans, credit card)
- As you may know you can pay bills/make payments through standing orders and direct debits. Have you set any up?
- If so, what has your experience been?
- If no, why not?
- Do you know who to ask if you have questions about your account?
- Have you tried to open a current account since opening your basic account; if so what happened?
- Would you consider changing to a current account in the future?
- What are the main benefits to you of having a bank account?
- And what are the main drawbacks?

C.2 – Access to Cash

- How do you normally get cash from your account?
- Are there free ATM’s in your area?
- Can you give me an idea of what sums of cash do you would typically withdraw?
- Do you use cash to budget i.e. only spend what is in your purse/wallet?

C.3. – Penalties

- What charges, if any, have you incurred on your account?
- Were you expecting the charge(s)?
- How many times were you charged?
- How did you pay the charge?
- What affect did that have on your finances at that time?
- What is your attitude towards these penalty charges, what do you think of them?
- What penalties could banks use as alternative?
- How do you feel about account closure as a penalty?
- Have you ever made a complaint?
C.4 – Relationship with Bank
- How often do you use your branch?
- Is your branch readily accessible to you?
- To what extent do you deal with your bank on the telephone/online?
- Is your bank quick to respond to your problems or questions?
- To what extent are staff knowledgeable?
- To what extent are staff courteous?
- Can you think of any instances of excellent customer service, where staff have really gone “that extra mile” to help you with financial matters?
- Can you think of an instance of very poor customer services, where staff appeared uninterested in you and your problems?
- To what extent do you feel you are treated the same as other bank customers
- If you feel you are treated differently, please elaborate and provide some examples if possible
- Has your bank ever offered you any financial advice?
- Would you like your bank to offer you financial advice in the future?
- What leaflets has your bank sent to you?
- Do you feel that you have a good relationship with your bank? Why/Why not?
- Would you recommend your bank to friends, family and others in a similar situation? Why/why not?
- Do you have children under 18? Have you /would you open account for them at this bank? Why/why not?
- Do you plan to continue banking with your bank? Why/Why not?

C.5. Other Features/Services Required but not Provided By Basic Account
- Are there any services that you have needed that your basic account does not give you access to e.g. debit card facilities, overdraft?
- Have you tried to access these services?
- If yes, were you successful?
- If no, did the staff give you a reason why you were not offered these services?
- Would you like your bank to introduce more features on your account e.g. small overdraft, capped debit card facility – up to £25?
- Does your bank know where to refer you for further money related assistance if they cannot help (such as managing the account/debt advice)?
- Have they ever referred you to another agency if they could not help you?
- Have you tried to use any other financial services and if so what was your experience?

Go to Section D

SECTION D - PERSONAL BUDGETING

D.1 – Budgeting Experience with Bank Account
- Do you find budgeting easier or harder with an account?
- How often do you get statements?
- How often would you say you look at those statements?
- To what extent are your statements clear, simple and easy to follow?
- Do your statements help your budgeting?
- Do you check your statements for accuracy?
- Does your bank account allow you to pay for goods with your card (i.e. solo/electron or visa feature)?
- Do you use this feature?
• Where do you use it (e.g. internet shopping? Don’t lead!!)
• Are you aware of any advantages of paying for things by Direct Debit?
• Do you use Direct Debits for your utility bills? Why/why not?
• To what extent, if any, are you able to save now that you have a bank account?

D.2. – Budgeting Experience Without Bank Account
• How do you manage your money without having a bank account?
• Do you only use cash?
• If yes, what do you do about the need to use electronic forms of cash such as internet shopping? Do you use these other forms?
• Do you have access to another form of electronic payment such as person’s credit/debit card, or a pre-paid card?
• If yes, who & how do you use it? For example, a friend, partner, other
• How do you save?
• Do you have any plans about your finances in the future?

Go to Section E

SECTION - E FINANCIAL FUTURE
• To what extent do you think you are more knowledgeable about financial matters since you have had your bank account? Why?
• To what extent do you feel more capable and confident in financial matters now? Why?
• How often, if ever do any of your friends come to you for advice on financial matters?
• How much of a plan do you have for your financial future?
• What other financial products do you think you may be interested in in the future?
• Are there any other thoughts on the subject that you would like to share with us today?