

Seeking Sound Advice

Financial Inclusion and Ethnicity



A Runnymede Report by
Phil Mawhinney

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Runnymede Financial Inclusion Programme

Seeking Sound Advice Financial Inclusion and Ethnicity

Phil Mawhinney

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Executive Summary

This report contributes research evidence to the financial inclusion agenda in relation to Black and minority ethnic (BME) people's ability to access money advice. Findings from our interviews with Bangladeshi, Black Caribbean and Chinese people are intended to inform the government's Money Guidance service, which offers free and impartial information and support around a range of money issues and is due to be rolled out nationally in 2010.

We set out to discover where people go for advice, the factors that encourage or discourage them from doing so, and other money and background issues. This summary gives a concise account of our findings, as well as assembling a set of Key Considerations – points of particular importance to policymakers – raised one by one throughout the full report.

Seeking Financial Advice

Before looking at people's experiences of a range of existing advice services, it is important to examine the issues for which people seek advice, as well as the underlying factors that affect these. Taking a broadly qualitative approach, our report considers four questions:

1. What are the significant money issues for which people may need advice?
2. What factors influence people's money issues?
3. Where do people go for advice?
4. What factors influence where people go (or don't go) for advice?

1. What are the significant money issues for which people may need advice?

Debt is a problem for which many people seek advice and support. Advice around welfare benefits and tax credits helps people work out their entitlement and how to claim. Participants with moderate incomes discussed advice on savings, mortgages, investment and pensions.

2. What factors influence people's money issues?

Employment status and, by extension, income are the most significant factors influencing people's

advice needs. Many unemployed people, as well as those in low-wage employment and insecure self-employment, are trapped by low income, debt and reliance on often complex welfare benefits. The volatility or informality of their employment status limits many people's ability to create financial security for themselves. Our report shows how some BME groups experience disadvantage in these terms.

A lack of English language skills inhibits both recent migrants and longer-established BME people from fully communicating with, understanding and taking up those elements of financial advice and other services that are currently on offer – this can lead to people taking on credit without fully understanding it, for example. Newly arrived migrants from culturally different backgrounds may not understand how financial, tax and utilities systems work and this can lead to debt. Disparities in housing tenure and health by ethnic group also affect money issues, such as a person's ability to work and the relevance of mortgages.

3. Where do people go for advice?

Broadly speaking the sources of money advice fall into three groups. Financial institutions, such as banks, and independent financial advisers form the 'mainstream financial sector'. The 'community sector' includes all-purpose centres serving particular ethnic communities, as well as advice organizations such as Citizens' Advice Bureaux (CABs). These two 'sectors' are seen as different but sharing a level of formality. In contrast, many people seek advice informally, from friends, family and others in the community. Interviews showed that trust is a large reason for this and the report goes on to discuss the reliability of the advice given in this way. Other important sources of advice include law centres, solicitors and online sources.

4. What factors influence where people go (or don't go) for advice?

Perhaps the most valuable research findings are the accounts of people's experiences of different sources

of advice and the reasons they give for choosing or avoiding them. These have direct relevance for Money Guidance, which aims to provide support for many BME people who encounter barriers to participation, have issues of distrust or are difficult to reach.

We have conceptualized people's experiences of financial exclusion in terms of both *involuntary* and *voluntary* exclusion. Those who want to but are *unable* to access banks and other institutions due to unemployment, insufficient income or a lack of appropriate identification or other documentation can be said to be involuntarily excluded.

Negative experiences in banks, such as finding communication difficult or facing hostility from staff, were a deterrent, as were the high levels of distrust expressed towards banks and institutions that are seen as putting their own interests ahead of those of their customers. Some Muslim participants discussed how their desire to deal with their finances according to their beliefs influences their choice of banks and level of interactions with them. People who exclude themselves from banks for these reasons, in turn, miss out on the potential to build financial capability through general interactions with banks as well as using the advice services offered.

Demographic factors, such as age and how long a person has lived in the UK, affect how familiar and confident people are with financial issues and institutions and their ability to seek out and understand advice.

Factors that lead people to avoid banks can also cause them to avoid advice organizations and other supportive institutions. Although some might trust a government-backed impartial service, such as Money Guidance, participants suggested that people in various BME communities would continue to be wary or distrustful. It takes time to build connections and develop trust.

Policy Relevance

This summary gathers the Key Considerations from our research, which are highlighted

throughout the full report. The majority of these relate to the Money Guidance service.

We found both a need and a desire for the kind of support that Money Guidance offers. However, many BME people are unable or unwilling to use existing sources of advice, and Money Guidance needs to fully absorb the reasons behind this in order to engage more extensively with BME communities.

To that end, the most important point to highlight is the need for *BME Money Guidance advisers*, who could:

- increase the effectiveness of attempts to target and engage local BME communities;
- improve trust and communication with individual BME clients, particularly those who are marginalized or isolated.

We also highlight the need to:

- maintain and emphasize the *face-to-face element* of Money Guidance delivery. Given the issues of trust, communication and sensitivity (both cultural and financial), this mode of delivery will best meet the often multi-faceted needs of people dealing with the financial – and thereby domestic and personal - effects of the recession;
- engage with *centres that serve particular ethnic communities* and seize the opportunity to increase the financial capability of their members by recognizing how well-placed these centres are to partner the government in the delivery of financial education.

This report provides a valuable insight into people's lived experiences of money, and acknowledges the support and guidance they look for but often lack. Many of the experiences described will be shared by people of all ethnic backgrounds; where appropriate, however, we have emphasized issues relating to a person's ethnic, cultural or migration background. For that reason, our research is a useful addition to work that explores wider BME exclusion and disadvantage.

A Summary of Key Considerations

1. Money Guidance - Reaching BME Communities in the Recession and Beyond

- Many BME people are excluded from sources of advice, including mainstream financial institutions and advice organizations.

Recommend: Many disadvantaged people would benefit most from face-to-face support and so we strongly recommend that the face-to-face service should remain a central mode of delivery

Recommend: By recruiting multi-lingual BME advisers and targeting BME communities, Money Guidance will encourage and enable more disadvantaged BME people to access its services through increased trust and improved communication

Recommend: Money Guidance should advertise its services in BME areas/community centres and hubs, community-centred media and student spaces, always highlighting the confidential nature of the support offered and the presence of multi-lingual staff and literature

Recommend: The consumer financial education body (detailed in the Financial Services Bill 2009-2010) should include BME community centres in the partnerships that the Bill suggests could deliver financial education

- Dealing with the recession

Recommend: Money Guidance should adjust its aims at this time to reflect the need for crisis (rather than purely preventative) support in this tougher financial climate

2. Debt

- Debt is a major issue for many BME people. Those in debt turn to a variety of sources for help. Some of these are reputable but they also include illegal moneylenders, which can lead to a situation where debts spiral out of control and people are unsafe, and online debt support agencies, which have been known to offer advice of variable quality.

Recommend: Money Guidance should support people facing extreme debt and bankruptcy as well as provide a supportive referral link to services and agencies that help people who are involved with illegal moneylenders or in need of the services of Legal Aid-funded solicitors

Recommend: Money Guidance should emphasize its debt advice element and the fact that it is confidential and non-profit-making and provides face-to-face support (as well online and by telephone)

3. Benefits, Taxes and Utilities

- Many migrants do not immediately understand systems such as the welfare benefits, tax and utilities systems, which can result in debt, in the form of unpaid taxes and utilities arrears, and a lack of take-up of welfare benefits and tax credits.

Recommend: Money Guidance should provide support in helping people to get to grips with and navigate these systems, and continue to promote awareness and take-up of welfare benefits and tax credits

- The language of benefits, tax and finance can of itself be a barrier to understanding, and for those whose first language is not English that barrier can be insurmountable.

Recommend: By recruiting multi-lingual BME advisers and targeting BME communities, Money Guidance will enable more disadvantaged BME people to access its services and thereby improve their understanding of all aspects of finance

4. Self-employment

- Many people in the Bangladeshi and Chinese communities strongly want to become self-employed, and self-employment is prevalent among BME groups in general as a response to difficulties interacting with the mainstream jobs market.

Recommend: Money Guidance should cultivate strong referral links with organizations that support people into self-employment, such as *Business Link*

Recommend: Where foreign-born and other BME people go into self-employment and experience tax debt problems, Money Guidance should recognize this link and offer *preventative* advice to build people's understanding of their tax obligations

5. Mainstream Financial Institutions

- Many BME people are unable or unwilling to utilize advice services offered by mainstream financial institutions. This results from distrust of such institutions, as well as language barriers and staff hostility, particularly when literature and staff are monolingual.
- Understanding of how the mortgage system works is low in some communities, with many people lacking knowledge through their inability to access, or desire to avoid, such institutions.

Recommend: Banks should increase people's understanding of finance, including how mortgages work, through outreach to community centres and wider introduction of multi-lingual staff and literature

- Some BME people, particularly older people and migrants, feel excluded from banks' day-to-day and advice services because of the absence of multi-lingual staff and literature, and/or the lack of privacy when making transactions.

Recommend: Bank branches could improve the face-to-face service they offer to BME people. By focusing their provision of multi-lingual staff and literature on the needs of the population of the local area – linguistic and cultural – they could increase these potential customers' confidence and ability to use their advice services

6. Advice Organizations

- Language is a barrier that discourages people from directly consulting advice organizations such as CABs. However, current good practice in CABs includes employing BME advisers and the use of translation services.

Recommend: Advice organizations should raise awareness of these measures in community centres, highlighting the availability of advisers from specific BME backgrounds, as well as the existence of the Money Guidance service

7. Other Key Considerations

- Some BME people seek advice from informal (family and friends) rather than formal sources (banks), which may result in them receiving advice of limited and variable quality.

Recommend: Further research could be conducted into the reasons for, and dangers associated with, seeking informal advice and loans

- **Sharia-compliant banking**

Recommend: Money Guidance could, upon request, provide information on the range of Sharia-compliant institutions and products/services in mainstream institutions

- **The Post Office**

Recommend: Because many BME people use the Post Office for basic banking functions, Post Office branches could signpost people to the Money Guidance service

- **Overseas investment**

Recommend: As some BME people wish to invest in properties in the country of their birth, Money Guidance could refer people to sources of in-depth advice in this area

1. Introduction

Financial inclusion is widely understood as the need for citizens to be able to access a range of financial products and services. Money advice is one of several key strands of financial inclusion, alongside banking, credit, insurance and saving.

Over the last two years, Runnymede has been developing its *Financial Inclusion and Ethnicity* research programme. In 2008 we published a scoping report¹ that sets out existing data in relation to Black and Minority Ethnic (BME) disadvantage and the ways in which BME people experience financial exclusion. This research report into advice is a response to one of the research actions recommended in the scoping report. It describes the institutions (formal and informal) that BME people access in order to obtain money advice, as well as their experiences of this advice. It also looks at prevalent money issues and the underlying factors that explain people's attitudes, experiences and aspirations. The report takes a qualitative approach, primarily drawing on interviews with Bangladeshi, Chinese and Black Caribbean people.

The two key components to the context of this research are BME disadvantage and financial inclusion policy. Many BME people experience significant financial exclusion, a circumstance that poses a barrier to social inclusion and reduces their life chances. The costs of financial exclusion are well-documented and include monetary aspects, such as missing out on the lower costs associated with direct debits, as well as encountering obstacles to employment, self-employment and economic well-being,² but it is important first to say something about BME disadvantage.

1.1 BME disadvantage

The fact of BME disadvantage both overlaps with and exacerbates financial exclusion. Financial exclusion is experienced by people in all ethnic groups in the UK, including White British people. However, illustrating the particular experiences of disadvantage faced by BME people shows that financial inclusion policies and practices can and should be appraised through the specific lens of ethnicity.

Many BME people experience disadvantage in a variety of areas, including employment, education, housing, health, crime, poverty and political participation. Indeed, Runnymede's scoping report goes into some detail in its descriptions of how BME people face disadvantage in education, employment and housing. There is no need to repeat these data in detail here but it is worth briefly noting some aspects of BME disadvantage in employment as an illustration.

Ethnic inequalities affect employment in a number of ways. As Runnymede put it in its pensions review:

minority ethnic groups continue to face labour market disadvantage, in the form of lower employment rates, lower earnings, early exits from the labour market and segmentation into particular sectors.³

Even when 'BME' is disaggregated into separate groups, all groups exhibit lower employment rates than the White British population, with Bangladeshi and Pakistani groups exhibiting the lowest at 45% according to 2007 figures.⁴ There is also strong evidence that BME groups are disproportionately involved in low-paid work, leading to high levels of in-work poverty. This includes evidence that lower income is prevalent among some BME groups with high rates of self-employment – such as Chinese and Pakistani. While many self-employed people have low job security, self-employed BME people are much more likely to work in the catering and taxi sectors, sectors with relatively lower income and significant income volatility.⁵

This illustrates some of the ways in which many BME people experience disadvantage. Low income and high job insecurity can lead to and compound financial exclusion as people have insufficiently high or reliable incomes to be able to access a range of mainstream financial products and services, such as mortgages, savings and pensions. The key point is that financial exclusion is particularly acute among BME people experiencing disadvantage.

It is also worth highlighting the role of preferences, both in terms of employment, education, etc, and financial products and services. Although disadvantage and direct discrimination on the basis of ethnicity are key factors within our analysis of exclusion, we also highlight active and conscious personal choices or *preferences* as a factor of significance. These preferences, like disadvantage, vary between and within different groups.

1.2 The financial inclusion and money advice policy agendas

The financial inclusion policy agenda was effectively brought into being in 2004 following the government's Spending Review, which had set out plans for the funding of financial inclusion initiatives through the Financial Inclusion Fund, and the monitoring of these initiatives through the Financial Inclusion Taskforce. Banking has received the most attention to date, perhaps because access to a Basic Bank Account is a stepping-stone towards other financial products and services. In 2004 the government announced the shared goal (between government and major UK retail banks) to halve the number of adults living in households without access to a bank account (2.8 million in 2002/03).⁶ Chair of the taskforce Brian Pomeroy announced the successful achievement of this goal at Runnymede's *Financial Inclusion and Equality* conference in October 2009. The cautious tone of this announcement underlined the fact that basic bank accounts do not provide full access to banking, and, furthermore, that access to banking is only one aspect of the wider financial inclusion agenda.

This report's focus on money advice reflects the centrality of advice in the financial inclusion agenda. Indeed, the provision of free money advice was highlighted as one of three government financial inclusion priorities as early as 2004.⁷ We employ a wide definition of advice, ranging from extremely general and informal discussions on basic financial questions to more technical and often costly guidance on mortgages or investment, to in-depth and long-term support on money and debt crises.

Since 2004 there have been two key policy developments: the financial capability agenda and the Money Guidance service.

1.2.1 The financial capability agenda

The national strategy for the development of the **financial capability agenda** is led by the Financial Services Authority (FSA). A 2006 FSA study of financial capability in the UK produced several key findings: that many people fail to plan ahead; that a small proportion experience severe debt problems; that people don't 'shop around' for a better deal as much as they would for other goods and services; and that there is substantial inexperience in the 18–30-year-old group.⁸

Box 1. Five indicators of financial capability

- **Making ends meet**
- **Keeping track**
- **Planning ahead**
- **Choosing financial products**
- **Advice on / knowledge of financial matters**

The study also identified five indicators of financial capability (Box 1) and noted that many of the financial problems people experience, such as those related to credit, result from a lack of understanding of financial principles such as interest.

In light of these findings and the attendant need to raise levels of financial capability, the government set out its long-term financial capability approach in 2007. One of the central aspirations of this approach is that:

*all adults in the UK have access to high-quality generic financial advice to help them engage with their financial affairs and make effective decisions about their money.*⁹

1.2.2 The Money Guidance service

Following this, the second key policy development in advice is the **Money Guidance** service, currently being piloted. This service offers free support and information on a range of money issues, such as budgeting, saving and planning. The Thoresen Review of money advice, published in March 2008, set out the rationale for the service and detailed plans for the pilot. It describes the principles of the service as follows:

The service needs to be impartial and on the user's side; available to all; preventative rather than just

*for those in crisis; supporting and coaching in style; and delivered in an environment not linked directly to a product sale.*¹⁰

Three points are worth emphasizing. First, the Money Guidance service must be seen to be impartial: issues of trust, whether in mainstream banks, the government, or other financial providers, are therefore significant. Second, Thoresen emphasizes the need to tailor advice to individuals' needs: for example, Money Guidance may need to respond effectively to the needs and preferences of people in different BME communities. Third, Thoresen's analysis of groups with most need of Money Guidance contains an ethnic dimension: the most vulnerable group of 7.5 million UK adults exhibits a 'slightly higher than average non-white' demographic trait,¹¹ meaning that BME people may demand and benefit greatly from Money Guidance.

The Money Guidance pathfinder (or pilot), launched in the North West and North East of England in early 2009, was still in progress at the time of writing. The pilots cover a wide range of money issues that include: budgeting, saving, borrowing, insurance, retirement planning, tax and benefits.¹² The service aims to *guide*: enabling people to build their *capability* rather than sorting out problems on their behalf.¹³ It is delivered face-to-face, over the phone and online. Referrals to a range of supportive agencies are an important element. It is due to be rolled out nationally in 2010.

The Financial Services Bill 2009–10 (going through Parliament at the time of writing) contains measures relating to financial capability, including the creation of a consumer financial education body. Such a body, in the event that it is set up, will be involved in the delivery of Money Guidance, either directly or through partnership with other organizations.¹⁴

Box 2. Policy context

The Money Guidance pathfinder is the key policy context for this piece of Runnymede research. Our aim is to contribute evidence of BME people's experiences of advice to this aspect of the financial inclusion agenda.

1.2.3 From Money Guidance to wider policy areas

It is important to emphasize that financial inclusion policy impacts on people beyond their experiences of the financial services industry. As a policy agenda, it is linked to wider social and policy issues in two ways: (1) financial inclusion policy affects policy areas such as social cohesion (extending BME participation in mainstream society); (2) other policy areas affect financial inclusion, such as foreign policy (overseas pensions indexing) and planning policy (deciding where banks are situated). Our analysis therefore touches on wider policy areas and we argue that financial inclusion needs to be seen in a cross-departmental and joined-up way for it to be successful and sustainable.

1.3 How to read this report

The research presented in this report addresses four research questions (Box 3). The findings of our research are intended to inform a range of actors, including government, Money Guidance, mainstream financial institutions and other advice providers. For example, the report highlights issues that impact on BME people's ability to access existing advice services.

Box 3. Research questions

- **What are the significant money issues for which people may need advice?**
- **What factors influence people's money issues?**
- **Where do people go for advice?**
- **What factors influence where people go (or don't go) for advice?**

Due to the qualitative nature (and relatively limited scale) of the research, we do not propose 'policy recommendations' in the traditional form. Rather, we present 'key considerations' – key points and issues arising from the data that should be taken into consideration by government policymakers and advice institutions, such as banks and charities. While the evidence addresses specific policy issues, it also contributes to wider discourses of BME disadvantage. And even where the discussion doesn't directly address itself to policy, it highlights real barriers and offers practical suggestions for delivering better money advice to everyone.

Section 2 of this report provides an overview of the four key research questions without drawing explicitly on our research interviews. Sections 3–6 present an in-depth analysis of BME people’s experience of money advice, drawing on Runnymede research evidence and including interview excerpts and supplementary statistics. Section 3 addresses the first two research questions by presenting significant money issues and contributory factors. Sections 4–6 answer the second two research questions, presenting experiences of the different sources of advice people use and the reasons for their choices. Section 7 concludes by presenting additional research into, and implications for, the Money Guidance service.

1.4 Methodology

The methodology employed for answering the research questions discussed above (Box 3) follows a broadly qualitative approach.¹⁵ During the summer of 2009, two researchers conducted 35 semi-structured interviews with people¹⁶ in three BME groups,¹⁷ as well as with 11 advice practitioners¹⁸ working in a range of voluntary sector advice organizations. We also discussed our research with policymakers and researchers in this area, formally and informally. BME participants included:

- Bangladeshi people in London
- Chinese people in the North West
- Black Caribbean people in the East of England

The term ‘community’ can mean different things. In this report it is used to refer to people we spoke to directly who share a similar ethnic background and the people that they refer to as sharing a similar background. Often, this wider group consists of people with whom participants share geographical and social spaces. Some references to community are to the wider, nation-wide collective of people of shared ethnic background, and we treat cautiously any claims made about this ‘community’. We recognize that these ‘communities’ are made up of

diverse individuals. For example, the Bangladeshi people we interviewed included those born in the UK and Bangladesh, men and women, young and old, of varying religiosity and cultural orientation, and living in various areas of central London. It is important to highlight the complexity of these groups, and therefore we use the term ‘community’ in this report only as an easy-to-read shorthand for a diverse group of people who share an ethnic background.

Research participants were recruited by contacting a number of community groups (serving particular BME communities), explaining the purposes of our research and arranging times for interviews. Some of these people were Runnymede contacts already; others were newly developed for the purpose of this research. Obviously, the fact that some community groups were more willing to be involved than others raises issues of self-selection bias. This means that we have not been able to speak to some harder-to-reach people. However, given our limited time and resources,¹⁹ and the fact that the community groups we did make contact with enabled us to talk to a diversity of people, we are confident that the resulting evidence is of real value. [See the Appendix for how we have ensured the validity and ethical propriety of our findings.]

To supplement the interviews, we set up a short online survey, referred to as the ‘Runnymede Money Survey (2009)’ throughout the report. This posed a number of closed questions on people’s desire for, and experiences of, money advice. It also included demographic questions, allowing analysis of answers by ethnic background, country of birth and gender. A request for completion of the survey was sent through Runnymede’s networks and advertised on Runnymede’s website. This method of recruitment is not completely random, as some respondents have existing links to Runnymede. In all, 110 respondents completed the survey and the resulting data supplement our interview data, as do a range of government statistics from previous Runnymede-commissioned research.

2. Findings from the Research

Before discussing the content of our research interviews, we use this section to give an overview of the four research questions posed in the Introduction. Sections 3–6 then illustrate these themes with our research data.

2.1 What are the significant money issues for which people may need advice?

Issues around debt and credit continually surfaced throughout our research. People experience a range of debts, including those associated with credit cards, catalogues and other high-price purchases, mortgages and rent, utilities, council tax, tax credit overpayments and business ownership, as well as informal debts (borrowing from people in the community) and debts to illegal moneylenders. Some people get into debt through gambling.

Mortgages, savings, investments, loans and pensions were also commonly discussed topics. People display a range of distinctive attitudes towards what they are willing to invest in, such as property and gold, as well as towards retirement planning. Tax and insurance issues were important for a small number of participants. People commonly seek advice around welfare benefits and tax credits, such as finding out what benefits they are entitled to, how to claim them and seeking support in the case of overpayments. Benefits are a particularly complex area for recent migrants, especially if they are joined by a partner or other family from overseas. Remitting money to family in other countries is also common in some BME communities, especially among migrants.

2.2 What factors influence people's money issues?

Income and employment are the most significant (and interlinked) factors impacting on BME people's money concerns. All BME groups exhibit higher unemployment and economic inactivity than the White British group. As a result, many BME people experience low incomes, leading to reliance on benefits and a need for advice in this

area. Many BME groups exhibit higher rates of self-employment than the population as a whole. Self-employment is by its nature more complex and less stable than full-time paid employment, requiring business loans and sometimes leading to financial insecurity and debt. As we explained above, BME people are more likely to be self-employed in the catering and taxi sectors, areas that tend to have lower rates of income.

Whether they are self-employed or in full-time employment, people from some BME groups are generally more likely to work in particular employment sectors. One example is Bangladeshi and Chinese men in the catering industry, which is marked by high levels of informality. As a result, employees in this sector often have money concerns associated with poor working conditions, poor pay and a lack of national insurance contributions, tax payments and prospects for pensions. Changes in employment circumstances are a common route to debt. Similarly, people get into debt when expected positive changes, such as promotion and increased income, do not materialize.

Lack of understanding of how credit works is an important concern for many BME people, and at least partly explains the frequency of debt problems we encountered in our interviews. Confusion around credit is an issue that cuts across all ethnic groups. However, poor English language skills exacerbate some BME people's low level of understanding of the credit they get. It is now more difficult for people to obtain credit from mainstream banks than it was before the recession. This wider economic change has forced some people to use a range of expensive and threatening (but legal) credit sources, such as doorstep and payday lenders, as well as illegal lenders.

Migration status and cultural understandings influence money issues too. People originating from culturally different countries may have a weak understanding of a range of UK systems, including the banking, utilities and tax and benefit systems, and experience complex money difficulties as a result. For example, migrants who set up businesses

experience difficulties negotiating the tax system. Cultural understanding also influences people's attitudes. Some recent migrants, for example, see water as a free good, while for others the receipt of welfare benefits is seen as stigmatizing. Also, complexities around savings, pensions, tax and benefits arise where families are split between countries, where partners and families come to join migrants in the UK and where people plan to retire abroad, having worked in the UK for many years. Age is therefore an important consideration, with some older BME people facing particularly complex financial scenarios.

Ill health (particularly mental health) both affects people's money issues, through limiting one's ability to work, and *results from* financial stress.

Among BME groups different patterns of housing tenure impact on their financial situation, as those with low housing ownership are unable or unwilling to access mortgage finance.

2.3 Where do people go for advice?

Our research has identified a range of sources of money advice. For the purposes of this report, these are classified as *formal* and *informal* sources. Formal sources are categorized into two 'sectors': the mainstream financial sector and the community sector.

The **mainstream financial sector** includes private, profit-making bodies with financial expertise, such as banks, building societies, independent financial advisers and accountants. Advice tends to focus on mortgages, loans, savings, investments and pensions.

The **community sector** includes community centres that service particular ethnic communities or geographical areas and provide a wide range of advice on money and non-money issues. It also includes voluntary sector advice organizations, such as Citizens Advice Bureaux (CABs). These organizations mostly advise on debt and welfare benefits / tax credits. Local councils usually provide advice services, covering similar issues to those handled by CABs and often referring people to CABs. There are also voluntary organizations that give advice in specific areas such as debt, pensions and tax.

People often seek **informal money advice** from family members, friends and others in their social network. BME people often seek this from people

within their particular community. We conceptualize informal advice as consisting of direct advice and suggestions on particular money issues, as well as signposting, which we understand as offering recommendations about where someone should go for further advice or support. Informal advice is often only a first port of call or is sought in conjunction with advice from other sources.

Additional sources of money advice include law centres and solicitors. Through these, people access crisis advice and support in relation to debt issues, funded by legal aid. Also, people consult online sources, such as those provided by government, financial institutions and individuals (money advice blogs). People also access a wide range of debt agencies on the internet. Issues of quality and legitimacy are significant with online sources of advice, as was recognized by a number of our interviewees.

2.4 What factors influence where people go (or don't go) for advice?

Despite recent progress, many people still do not have access to basic bank services and are therefore unable to access advice from banks. This is a form of *involuntary exclusion*. In contrast, many people *voluntarily* exclude themselves from banks for a number of reasons. Some are very distrustful of banks, having experienced (or heard tales of) hostility or discrimination. Many people see banks as self-interested, giving biased advice that doesn't serve the needs of customers. In contrast, some people will trust a government-backed advice service (such as Money Guidance), seeing it as non-profit-making and therefore more supportive of customers.

Some people do not trust banks in terms of competence, particularly in the context of the recession, where bankers' behaviour and actions are widely understood to be at fault. Some who have recently migrated to the UK, and others who have limited knowledge of the banking system, have a general distrust of, and aversion to, banks. Conversely, people often trust well-known high street banks. Among those who do use banks, some do not make use of the available advice services either because they aren't aware of them or because they feel that, given their low income, there would be no point receiving advice.

Language is a key factor, with people who have poor or no English skills being unable to access some sources of advice and more likely to access

others. Those with poor English skills are more likely to use banks with staff who speak particular languages. This may include high street branches or culturally oriented banks, such as the Bank of China. People with poor English are often unable to make use of bank literature, including even basic information. Financial jargon makes it doubly difficult. Language constrains the choices available to people, forcing some to use accountants who speak their language but who may offer less diverse advice and charge higher rates – these services are often located in neighbourhoods where a particular community predominates. Language constraints can also drive people to seek advice at community centres or from informal contacts, while some are uncomfortable going to CABs or other advice organizations. Some CABs make provision for this, employing BME and multi-lingual staff or using language translation

services, such as Language Line.²⁰

Religious and ethical considerations influence people's choice of bank, as well as their attitude towards banks. Some Muslims prefer to use Sharia-compliant banks and may be unwilling to take up or trust advice from high street banks. Concerns in this area relate to the avoidance of usury (interest) and investment in things such as alcohol or pork.

Migration status and age affect where people go for advice. Recent migrants and older people are generally less able to navigate banks and other institutions. Younger people and those born in the UK are more likely to be familiar with such systems and therefore to take up a wider range of advice options. They are also more likely to be in decent employment and to aspire to lead lives independent of their ethnic community, owning homes and working outside community centred neighbourhoods.

3. Background Factors and Money Issues

As noted above, this report employs a wide definition of advice, ranging from extremely general and informal discussions on basic financial matters, to more technical, and sometimes costly, guidance on mortgages, business start-up or investment, to in-depth and long-term legal support for debt crises. This section of our analysis draws on our interview research evidence, our money survey, and government and other statistics to discuss significant money issues and the factors contributing to and influencing them. Money issues and contributing factors – our first two research questions – are inherently linked and so are addressed jointly.

3.1 Employment and income

Employment and income strongly determine the sources of advice that people can access, as well as the kind of money issues they need advice on. Your employment status is therefore crucial, and is most significantly affected by:

- unemployment,
- low-quality or poorly paid employment, and
- self-employment

And each of these conditions has consequences for the level and stability of people's income.

Table 1. Male employment, inactivity and unemployment by ethnicity

<i>Ethnic group</i>	<i>Employed (%)</i>	<i>Inactive (%)</i>	<i>Unemployed (%)</i>
White	80	16	5
Bangladeshi	60	28	17
Black Caribbean	69	19	15
Chinese	63	32	*
Great Britain	79	16	6

Source: Khan (2008a: 16). *Unemployment figures for Chinese group not shown due to small number.

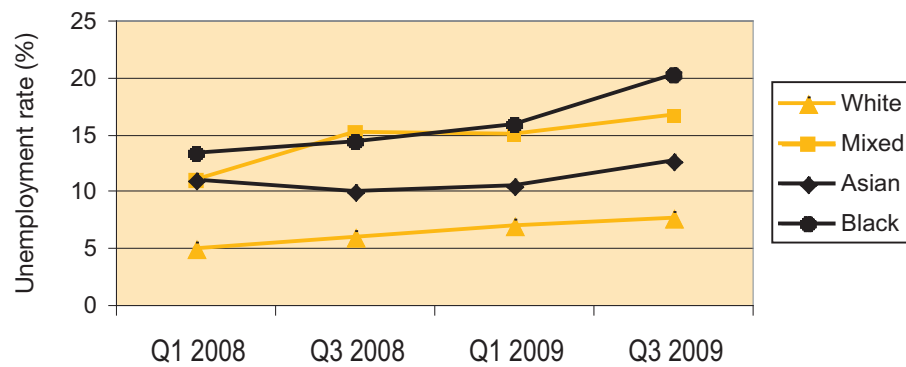
Runnymede's (2008) scoping report shows that before the recession unemployment rates for all BME groups were higher than for White British people, across gender.²¹ Table 1 uses 2007 figures to show that unemployment is significantly higher among Bangladeshi (17%) and Black Caribbean (15%) people than among White people (5%). According to recent research by Waqaar Berthoud and also by the Equality and Human Rights Commission, the recession is disproportionately affecting many BME groups, and is therefore likely to result in worse short-term and long-term employment outcomes for some ethnic groups.²² Figure 1 shows that prior to the recession the Mixed, Asian and Black groups had higher rates of unemployment than the White group. It further indicates that some groups have done worse during the recession: most notably, Black unemployment has seen an increase of 6.9% in comparison to a 2.8% increase in White unemployment.

Given that BME people are more likely to be unemployed, welfare benefits and tax credits are of great importance to provide a minimum income level. The complexity of the benefits and tax systems, coupled with issues such as difficulties around language and understanding, cultural aversion to dependence and low levels of awareness and take-up of benefits in some communities, means that many BME people seek advice in this area. Zahir,²³ who was born in Bangladesh and brought up in the UK, works in a community advice centre and discussed the prevalence of enquiries around welfare benefits and the importance of people in the Bangladeshi community being able to negotiate the system and claim what they are entitled to.

Interviewer: So obviously [this centre] provides advice for people in relation to mainly benefits and things like that?

Zahir: Yes.

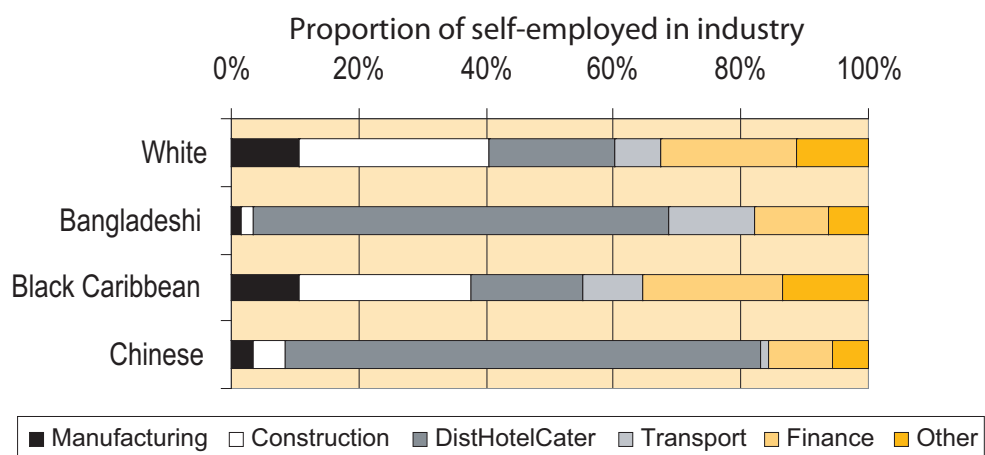
Interviewer: Okay. And do you feel like people in the Bangladeshi community have a large need for that kind of advice?

Figure 1. Unemployment rate by ethnic group, 2008–9

Source: EHRC (2009: 18).

Figure 2. Self-employment rate by ethnic group (males), 2001

Source: Clark and Drinkwater (2006: 28).

Figure 3. Industry of self-employment by ethnic group (males), 2001

Source: Clark and Drinkwater (2006: 26).

Zahir: Yes, typically the language problem is the main sticking point. They don't understand what's been communicated to them and being on top of their benefits situation is very important to them, because people are on the margin and everything matters, every pound matters, so people will need to know where they stand in terms of their benefits.

Benefits are also relevant to people in employment. Many BME people who are in employment are in low-quality and lower-paid employment, due to educational disadvantage, language difficulties and real or perceived labour market discrimination. Eric, a young Black Caribbean participant, discussed how the low wages of some people in that community have led to debt.

Eric: I think it's an issue, that people have low wages and so have to rely on stuff like credit cards and that can be a problem.

Interviewer: You mentioned low wages there so what kinds of jobs do people in the community do?

Eric: Sort of retail, a lot of retail work. Some office-based but mostly retail... Call centre stuff, that kind of thing as well.

So, for people facing unemployment and low-paid and insecure employment, detailed information about benefits and debt can be invaluable, and advice is often sought accordingly.

Figure 2 shows that rates of self-employment are higher among Indian, Pakistani, Bangladeshi and Chinese people than for White people. Experiences of self-employment are also affected by the industry in which people work and the failure rates of different industries. The Chinese and Bangladeshi communities are known to have high rates of business ownership in the catering industry

Table 2. Failure rates of different industries

Industry	Failure rate (%)
Hospitality and catering	15.5
Manufacturing	11
Private hire transport	7.5
Building and construction	5
The economy as a whole	5.2

Source: <http://www.smallbusiness.co.uk/> (2007).

(Figure 3), which exhibits high rates of business failure (Table 2).

This tendency towards self-employment is partly the result of lack of opportunity and perceived and real discrimination in the labour market. Self-employment is often less stable and secure than regular paid employment, especially in the sectors in which BME people tend to work. This gives people lower and less secure incomes, leaving people and families at risk of debt and other forms of financial vulnerability. Welfare benefits and tax credits are again important to these families. The desire to start a business is noticeably strong in the Bangladeshi community, as related by Kamal, a Bangladeshi participant who works in a community advice centre.

Interviewer: What kind of things would [Bangladeshi people] save for? What would the reasons for their savings be?

Kamal: It's a historical or a cultural appreciation for Bangladeshis, they all want to do business. All of them, money or not (laughs!), they will try for it so that's why maybe you find lots of people in debt. When they're thinking 'if I can [borrow] a few bob maybe I can start a business'. But time is not right now, or last few years ...

Interviewer: So, a lot of people who borrow money and get into debt, they've done that to try and start a business?

Kamal: Yes, yeah.

Key consideration – self-employment

Many people in the Bangladeshi and Chinese communities strongly want to become self-employed.

- **Money Guidance should cultivate strong referral links with organizations that support people into self-employment, such as *Business Link***

Another aspect of self-employment is that people who own businesses are less likely to have the disposable income to save for the future. This is not only because of the income volatility of many self-employed people, but also because they may have to use their savings to reinvest in their business. Often they will count on the future sale of business assets, as well as family support, to

provide for them in older age.²⁴ They also rely on the business to cover loan repayments and debts. Such reliance on businesses for a range of personal money issues makes business volatility an even bigger concern, as Masud, who works in a Bangladeshi community centre, explains.

Masud: People may think they can repay because [of] their businesses or restaurant – some Bengalis are restaurant owners – so they believe they will cover it up or overcome it, and then things go wrong. So, this recession, restaurants are closing, high competition and food prices are high, so they cannot increase their menu because other restaurants have the same menu.

Many foreign-born people come to the UK and support themselves through self-employment. A combination of low English skills and a poor understanding of the tax system can result in tax debt for many foreign-born self-employed people. While a minority consciously flout tax rules, it is more likely that the fragile nature of much self-employment means that people don't feel they are in a financial position to pay taxes or are simply unable to navigate the system. As Sally, a tax advice practitioner, explained:

Sally: What we've found is that people often start self-employment and don't really recognize they're in it. They're earning so little money that in some senses they make a judgement, 'oh, I can't afford to pay tax' or 'it's not appropriate yet that I sign on to become registered', and so they're making moral judgements for themselves.

There is a need for accessible and translated information on how self-employed people should negotiate the tax system.

One participant described the high demand in the Chinese community for information on HMRC issues, including tax issues. Sally also drew attention to the fact that people only seek help for tax issues when they are already in trouble. As one of the aims of Money Guidance is to provide preventative advice, the issue of tax and self-employment should therefore explicitly be

Table 3. Tax as a priority for advice

% of respondents citing 'Tax' as the issue / one of the issues that they most needed advice for	Born in UK	Born abroad
	20	44
	White British	Not White British
	9	38

Source: Runnymede Money Survey (2009).

addressed, alongside recognition that it is an issue affecting many BME people.

Table 3 shows that a higher proportion of Runnymede's Money Survey respondents born abroad cited tax as the issue that they most need advice for, compared to respondents born in the UK. A much smaller proportion of White British respondents cited tax as a priority issue than those from other ethnic backgrounds. Sally observed that half of all clients seen by her organization in face-to-face sessions in cities are foreign-born. Tax is a priority issue for those migrating to the UK and those of a non-White British ethnic background.

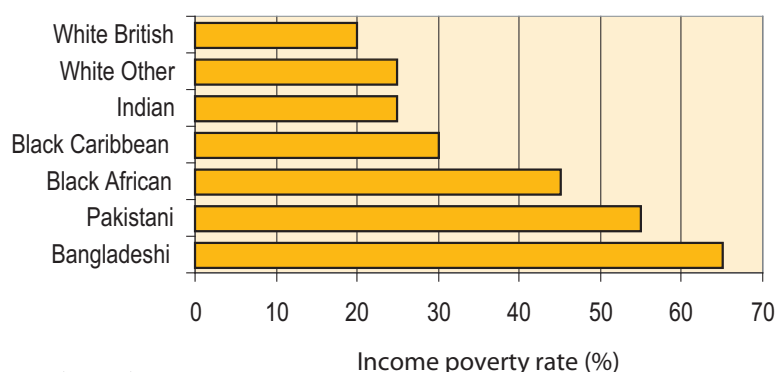
Key consideration – tax problems

Many foreign-born and other BME people go into self-employment and experience tax debt problems.

- **Money Guidance should recognize this link and provide preventative advice to build people's understanding of their tax obligations**

Low income is a consequence of unemployment, low-quality employment and, sometimes, self-employment. Figure 4 shows that Bangladeshis have by far the highest rate of income poverty at 65%; this

Figure 4. Income poverty rate by ethnic group, 2002–5



Source: Palmer and Kenway (2007: 11).

compares to 20% for White British people. Perhaps unsurprisingly then, a number of Bangladeshi participants voiced the opinion that their lack of disposable income means that any kind of money advice seemed irrelevant to them, particularly given that saving and investment are not possible. So, the position of BME people in the labour market affects the level and security of their income as well as their ability to invest, save and plan. In light of this, advice on money issues such as debt, welfare benefits, tax and financial planning is particularly relevant.

3.2 Debt

We asked participants about the money issues that were of particular concern to them and to people they knew from a similar ethnic background. Bangladeshi and Chinese participants frequently discussed welfare benefits and tax credits, which are mentioned throughout Section 3. However, debt was much more commonly discussed. Five of the 16 Bangladeshi participants highlighted the issue, citing unemployment, loss of employment and subsequent low income as contributing factors. Three of these people worked in various community centres – this skews their responses (in terms of their being more likely to meet people experiencing debt) but also gives their responses legitimacy, as they are speaking from a perspective of insight into the wider community. Debt was a priority issue (in terms of advice) for a smaller proportion of White British Money Survey respondents than for Not White British and Black Caribbean respondents (Table 4). Advice practitioner Holly identified different kinds of debt including that associated with credit cards, catalogues and other high-price purchases, mortgages and rent, utilities, council tax, tax credit overpayments and business ownership, as well as informal debts (borrowed from people in the community) and debts to illegal moneylenders.

Our discussions with a number of people working in debt advice organizations brought to light some of the ways in which people get into debt. Primarily, debt

is caused by changes in circumstances, such as reduced working hours or pay, job loss, family breakdown, health problems or an unexpected increase in family size. These changes mean that people are no longer able to service the debts they are committed to, leading to a spiral of debt as people borrow more to cover the debts they are unable to pay off.

Second, debt is caused when people’s circumstances do *not* change in a way that is expected. John, a debt advice practitioner, discussed the relative ease with which some people on low incomes have been able to obtain credit over the last 3 or 4 years. Many have taken up this credit in the expectation of improving circumstances, such as pay rises, which don’t then materialize. Groups that exhibit poor performance in the labour market, such as Bangladeshis, are thereby more susceptible to the conditions that lead to debt.

Shema drew attention to credit card debt in the Bangladeshi community, suggesting that younger people are more likely to be affected.

Shema: It’s probably more the younger, you know, people who are, I suppose, under 50 rather than over, who are in a lot of debt like that from several credit cards, debts and loans. And this is an issue with everybody in the community at the moment. People who are not in well-paid jobs but are having to repay a huge amount are not being able to repay. Like they’re paying back and it’s not going down because the interest rate is much higher and this, I would say, is a big thing in the community.

Those in extreme debt sometimes turn to illegal money-lenders, known to operate in east London, where a large proportion of the population is Bangladeshi. This results in people getting into further debt and being threatened and abused. While Money Guidance will not have the capacity to fully support people involved with illegal moneylenders, it should provide a supportive referral service to the agencies that exist to help people in such circumstances.²⁵

Table 4. Debt as a priority for advice

% of respondents citing ‘Debt’ as the issue / one of the issues that they most needed advice for	White British	Not White British	Black Caribbean*
	18	27	45
	Male	Female	
	34	17	

Source: Runnymede Money Survey (2009). The survey sample was insufficiently large to allow disaggregating into individual ethnic backgrounds other than ‘White British’, ‘Black Caribbean’ and ‘Not White British’.

Key consideration – debt

Some people in debt turn to illegal money-lenders, which can cause debts to spiral out of control and undermine people's safety.

- **Money Guidance should provide a supportive referral link to services that advise and help people in debt to illegal moneylenders**

Debt also came up frequently in our interviews with Chinese people. Credit card debts were common, with some participants criticizing the ease with which people can obtain a credit card through blanket advertising by banks. Maggie, who works in a Chinese community centre, highlighted language as a contributing factor to credit card debt.

Maggie: I think it's about the debt. They have no idea, they sign something in English, they have no idea about if you pay late it will [increase the debt], they face a lot of debt problems in the Chinese community.

The combination of aggressive credit card marketing and poor English skills makes debt a key issue. Maggie went on to say that, on the whole, Chinese people

are very different from other ethnic groups because most people from Pakistan or India they speak English very well, even the elderly, but the Chinese, even when they've been here 40 years, they still can't say 'hello'.

The lack of English skills is also attributed to long and unsociable working hours, such as those in the catering industry. Box 4 (below) describes issues around gambling and debt in the Chinese community. One reason for people taking loans on credit cards is to buy furniture and renovate the home – a circumstance commonly mentioned by Bangladeshi and Chinese participants. This may reflect low incomes, and give rise to the troubling situation where credit is taken to subsidize income.

Although the most commonly discussed kind of debt was credit card debt, it is important to highlight utilities debts and informal debt. Practitioners discussed the prevalence of utilities debts, including arrears related to rent, gas, electricity and water. Cultural understandings often play a role in this, as explained in Section 3.4 below. Jenny, an advice practitioner, drew attention to the amount of informal borrowing between people within a community. She

gave the example of borrowing between Muslims as a consequence of people avoiding credit debts, which are seen as incompatible with Sharia compliance.

Jenny: A lot of people from the Muslim community tend to borrow from community elders, so it could actually maybe affect their standing in the community if they then came to us for advice about how to deal with it.

So, there are particular reasons for informal debt as well as particular social dynamics that affect people's decisions to seek advice.

3.3 Pensions

Our interviews revealed a concern that people in the Bangladeshi and Chinese communities are not sufficiently informed about planning for financial provision in retirement. Maggie, reflecting on her work in a Chinese community centre, discussed her concern over this community's lack of pension provision.

Maggie: We've got a lot of people who had no [pension] entitlement. They didn't know they had to pay for entitlement to a pension, so we work with the pension people [who] come here every Thursday. We have a translator.

Similarly, Kamal said that he, through his work in a Bangladeshi community centre, was prioritizing the need to inform people to pay national insurance at an early age. Our research included correspondence with an organization providing free pension advice. This organization received over 75,000 calls in 2008, with more than 800,000 visits to their website, and yet their '*direct experience with BME communities is limited*'. When a volunteer from this organization joined a local Asian group she was inundated with queries, reflecting a high level of unmet demand for pension advice. People attending this group were reluctant to go to the advice organizations directly for a number of reasons, including:

language difficulties, reading difficulties, trust, a reluctance to engage outside their community, particularly by women, and a desire to address these issues through a face-to-face service.

This list resonates with the explanations given by other participants as to why many BME people avoid a range of advice providers (discussed in 3.4 below).

Box 4. Gambling in the Chinese community

- When asked what money issues were prominent in the Chinese community, nearly half the participants discussed gambling.
- In this context, gambling usually occurs among Chinese people and is a particular problem for those working in the catering industry, who tend to have poor English language skills.

There are a number of related reasons for the particular prevalence of gambling. Maggie suggested that Chinese people have a particularly strong work ethic, which is reflective of a desire to avoid dependence on the state.

Maggie: They work in the take-away 24 hours, they have no time [for] going out ... they don't want to depend on the government, they're a working hard nation, Chinese people, they hate going to the dole, I can tell you.

She also said that 'because of working hours they have no opportunity to go and study English as a second language'. Unsociable working hours mean that people are less able to build social networks beyond the community. People are forced to socialize late at night, after restaurants close and therefore go to casinos run by other Chinese people.

James, whose work for a public equality body has given him a useful perspective, cited an example of extreme gambling debts.

James: My former landlord, he lost, you know, [his] whole restaurant. You're talking about £100,000, they just play those Chinese dominoes! So quickly, so within a few hours they [have lost everything].

He went on to say that people with these debts would be unlikely to use the Money Guidance service. Instead, they would be more likely to use 'loansharks' because 'they don't want the people to know, or they try to use their own way to sort it out'.

Nina, who was brought up in the UK and works in a Chinese community centre, highlighted the way in which gambling debts are sometimes built up on multiple credit cards and hidden from other family members. She discussed working with a Chinese client who ran up massive gambling debts on his partner's credit cards.

Nina: Yeah, all under her name and she found herself - obviously he ran away - and she's left with all this credit card debt mounting into like sixty, seventy grand. And in the end she had to go bankrupt because there's no way, on this earth, no matter how much you're going to earn you're never going to cover everything.

She also discussed the need to make people aware of the support services available for people in debt.

Key considerations - extreme debt

- Money Guidance should provide information on extreme debt and bankruptcy, or refer people to agencies who can assist people in situations of extreme debt
- Money Guidance should be advertised in Chinese areas / community centres, highlighting the confidential nature of their advice and drawing attention to advice for debt problems

3.4 Migration status and culture

Migration status and culture play a part in the kinds of money worries people experience and the advice they receive. Migration status, which includes the length of time a person has lived in the UK as well as the permanence of their stay, is often reflected in a person's language abilities. Those who are newly arrived from other countries will often lack understanding of the welfare benefits, tax and utilities systems. As Jenny explains, this can result in difficult financial scenarios, such as utilities debts.

Jenny: One of the main issues that we have identified is that many people come here from Somalia and don't really understand the utilities system. For example, many people didn't have water in their own homes in Somalia so they don't understand that you have to pay for it, and ... that not everybody pays the same, that it's based on how much your house is worth.

Migrants who have come to the UK to work but whose family is based in another country face additional complexities. Such people lack the immediate support of a family network and so may be more risk-averse than permanent residents and may need the extra support of Money Guidance to explain how financial institutions and products work.

Key consideration – benefits systems and arrears

Many migrants do not immediately understand systems such as the welfare benefits, tax and utilities systems. This often results in debt, in the form of unpaid taxes and utilities arrears.

- **Money Guidance should provide support in helping people to understand and navigate these systems**

Many people, across all ethnic groups, are not aware of or do not take up benefits that they are entitled to. Government figures for 2007–8 show that £10.5 billion in income-related benefits went unclaimed.²⁶ From her work in the community centre, Nina told us that many Chinese people are unaware of tax credits for example. Lack of awareness and understanding of the benefits

system, being unable to speak or read English and not having access to information mean that many newly arrived migrants are missing out on income. Money Guidance should enable people to understand and claim their full entitlements. It is worth mentioning that, as a number of participants suggested, some BME people have distinctive attitudes towards the receipt of benefits, such as an aversion to means-tested benefits and to 'dependency' on the state (see Box 3).

Government needs to continue to promote awareness and take-up of benefits and tax credits – this may require more multilingual literature and community outreach. Benefits are important to people of all backgrounds. However, given that all BME groups are at greater risk of income poverty than White British people (Figure 4), benefits are of particular significance to BME people.

Key consideration – benefits and tax credits

There is a continuing need to raise awareness and encourage take-up of welfare benefits and tax credits among BME people.

- **Government needs to continue to promote awareness and take-up of welfare benefits and tax credits**

3.5 Housing, health and family

In this sub-section we consider the role that housing, health and family plays in accessing money advice. Housing tenure, which varies significantly by ethnic group, affects how and why people seek advice. Table 5 shows the differences in housing tenure between White people and the three groups that participated in our research. It demonstrates that Bangladeshis have a very low rate of home ownership – 9% compared to 16% for all BME groups and 33% for White people. They are also most likely to rent from the social sector (47%). This is a reflection of the disadvantages faced by that group in education and employment.

As such, issues like mortgages and investment in property are not as relevant to this group as to others, highlighting the related question of how people who are not likely to own their homes are planning to provide for themselves in retirement. Housing tenure also impacts on welfare benefits,

Table 5. Housing tenure by ethnicity in England, 2008

Ethnic group	Owned outright (%)	Buying with a mortgage (%)	Social renters (%)	Private renters (%)
White	33	37	17	13
Bangladeshi	9	29	47	15
Black Caribbean	14	35	41	11
Chinese	15	37	13	35
All ethnic minority	16	34	26	24

Source: DCLG (2009: 33).

with Bangladeshi and Black Caribbean people being much more likely than other groups to claim Housing Benefit and experience the difficulties associated with navigating the benefits system.

Our discussions with Chinese participants frequently touched upon investment in property and stocks and shares. It is difficult to say, based on our interviews, whether Chinese people are more or less likely to invest in property than other groups. However, Table 5 shows that the Chinese group exhibits a high rate of buying with a mortgage (37%), and the frequency of discussion on these themes suggests that property and investment are priority money issues among Chinese people, reflecting their desire to avoid dependence and seek long-term security. For example, James, having worked with the Chinese community for many years, drew attention to the fact that many people invest in rental properties.

James: You see, traditionally the Chinese, you know, we more [often] invest in the property market, because no matter what value, the property will maintain or sustain ... growth so that's why they might buy houses and rent them.

People in BME groups may also wish to invest in property in their country of birth. This is a complex issue and Money Guidance could refer them to sources of specialist information.

Key consideration – overseas investment

Some BME people wish to invest in properties in the country of their birth.

- **Money Guidance should refer people to sources of in-depth advice in this area**

Turning to health considerations, participants suggested that the relationship between health and money is two-way, i.e. that ill-health both *leads to* and *results from* money problems. BME people tend to have poorer health outcomes than the rest of society. Data from the 2001 Census shows that Pakistani and Bangladeshi people are much more likely than White British people to suffer a long-term illness or disability that restricts daily activities,²⁷ further damaging people's employment and income prospects. Sally, an advice practitioner, discussed how stressful experiences of the tax system can affect the mental health of owners of small businesses.

Sally: There's a high incidence of people with mental health problems who come to us in crisis and sometimes that's driven by their other problems and sometimes it is that the [Inland] Revenue has driven them to it.

Another consideration is family structures and traditions impacting on how money is dealt with and therefore on how advice is given and received. Families in BME communities are often larger and 'stronger' than in wider society, with children living at home for longer.²⁸ One advice practitioner observed that gender roles in African families often change when they come to the UK, with women taking more responsibility for family finances. The payment of Child Benefit to women perhaps explains this development. Holly, another practitioner, suggested that efforts to raise financial capability were to be welcomed. She referred to the dependency of Somali and Bengali women on their male partners, to the extent that they are often unable to cope financially if and when they separate. In addition, many families span two countries, which can affect savings and the remittance of money to overseas relatives.

4. Experiences of Money Advice – the Mainstream Financial Sector

Having addressed various aspects of the background to people's money issues, in sections 4–6 we move the analysis on to examine people's experience of different advice providers. Together these sections address the second two research questions:

- where do people go for advice?
- what factors influence where people go (or don't go) for advice?

In the specific circumstances of this report – i.e. without our having interviewed White British people on these questions and our somewhat limited numbers of interviewees – it is difficult to compare experiences of advice across or between ethnic groups. However, White British respondents to the Runnymede Money Survey were the *least* likely to have ever needed advice. Black Caribbean respondents showed a strikingly high need for advice (Table 6). This variance between ethnic groups is amplified for male respondents. The similar level of need for advice exhibited by respondents born in the UK and born abroad suggests that it is more important to study ethnicity as a determining factor than migration status. The following analysis considers both.

4.1. Exclusion and under-use

HM Treasury figures show that the 'shared goal' (between government and the banking industry) to halve the number of adults living in house-

holds without access to a bank account has been successfully achieved. Between 2002/3 and 2007/8, this number reduced from 2 million to 0.89 million.²⁹ However, a significant minority of people continue to lack access to a bank account, and account under-use and dormancy are now key challenges. Furthermore, basic bank accounts have limited features and do not result in people being fully 'banked', much less financially included. Unemployment, language difficulties and insufficient documentation, such as identification and addressed documents, continue to prevent many BME people from accessing bank services.

Box 5. The shared goal

Agreed between the government and major UK retail banks in 2004, the goal is to halve the number of adults living in households without access to a bank account, based on 2002/3 levels.

Nonetheless, given that bank coverage of the population is even more extensive now than in the past, banks are a significant source of money advice for many people and a potential source for many more. Indeed, people are most likely to have some interaction with banks as opposed to other advice providers, such as accountants and charities. It is therefore important to highlight those factors encouraging and preventing people from using this source of advice that have emerged from our research.

Table 6. Respondents who have ever needed money advice

% of respondents who have ever needed money advice	White British	Not White British	Black Caribbean
	59	69	85
	Male and White British		Male and other
	53		73
	Born in the UK		Born abroad
	67		64

Source: Runnymede Money Survey (2009).

The most striking finding from our interviews was that many didn't use bank³⁰ advice services at all. Those that do mainly seek advice on mortgages, savings, loans and investment. Fewer Bangladeshi participants than Chinese participants utilize bank advice services. As our samples are not statistically comparable (the Chinese participants were, on average, better employed) we cannot over-generalize but the frequency with which savings and investments were discussed suggests that Chinese people may be more keen and able to save and invest than Bangladeshis.

Interviewer: Do you think there are any other different attitudes among Chinese people in [the North West] versus, say, white groups or black groups or other groups?

Sam: I think generally Chinese communities they tend to invest more or want to invest more and I think – they might take more risks, even.

Consequently, some of the Chinese participants make full use of bank advice services to discuss savings and investment.

Advice on mortgages is what most people, in all groups, seek from banks. A number of Chinese participants, such as James, discussed the importance in this community of property as an investment. Maggie, a community organization leader, highlighted a lack of understanding of the mortgage system as a reason for paying unusually large deposits.

Interviewer: Why do people aspire to own property, what is the primary purpose for it?

Maggie: Because they want security and also they don't understand the mortgage system so they will have saved the lump sum, to pay off the mortgage.

Banks should be proactive towards building up knowledge in the Chinese community of how the mortgage system works. This would require staff with particular language abilities, as discussed throughout this report.

Key consideration – mortgages

Understanding of how the mortgage system works is low in some communities.

- **Banks should increase understanding of how mortgages work through proactive engagement with communities**

Minimal use of bank advice services can reflect the narrow scope of advice actually offered. However, our conversations also identified how a number of key factors prevent or limit people's interaction with bank advice services. These include:

- Language barriers
- Negative experiences of banks, such as facing hostility or discrimination
- A sense of distrust
- Religious and ethical considerations

and can be interpreted as:

- *involuntary exclusion*, where barriers *deter* people who want to access bank services more fully, and
- *voluntary exclusion*, where people *choose* to avoid or make minimal use of bank services, because of previous negative experience or other preferences.

Some people simply aren't aware of the availability of advice services in banks. This is because many people use banks only for basic transactional purposes, such as depositing and withdrawing cash. Some of those who do use advice services would not have done so had they not been proactively approached by bank staff. Chinese and Black Caribbean participants, such as Jade, gave examples:

Jade: The only times I've looked for financial advice, I suppose, were [when] getting mortgages and after that, because the building society has offered. So, advice on pensions and ISAs but I don't think it was because I thought 'I need that advice, I'm going to get it', it was because it was offered.

For many participants, language concerns result in a lack of familiarity with existing advice services and an unwillingness to take up the services they are aware of. Language is discussed below with particular reference to how it affects people's use of mainstream institutions. It is also a major theme that permeates the discussion of other advice providers.

4.2 Language

Many people with limited English language skills (spoken and written) have a bank account, using it for simple functions such as

withdrawing cash. However, many are unable to make use of the advice and information provided by banks. Language difficulties limit people's ability to communicate, understand, explain themselves and be confident in their interactions with banks. The use of financial jargon makes it doubly difficult for people to understand financial information.

Language was a strong theme in interviews with Bangladeshi and Chinese participants.

Salman: High street banks they do offer all this advice and stuff but if you don't have the language skills then it's very difficult for the first generation to access that information.

Salman, who works in a small Bangladeshi community centre, also draws attention to the fact that first-generation migrants are less likely to have English skills. As we have previously emphasized, these people are often disproportionately represented in particular sections of the labour market. James pointed out that people in the less professional employment sectors tend to have poorer English skills and so are less able or willing to use formal services such as advice.

James: For those Chinese, particularly in England, you know you have third, fourth generation, most of them they're professional, so you have two very distinct groups. Those working in the catering business they will not use anything (services, including advice), but for those who have no language barrier, they have their own [services].

Interviewer: And those professionals with no language issues, they'll use banks and solicitors and all that kind of stuff?

James: Yeah.

Those who have little engagement with wider society, such as economically inactive female migrants and older people, are also more likely to have poor English skills, in some cases despite having lived in the UK for many years. A conversation with two Bangladeshi men in their 60s (through a translator) revealed that language prevents them and many of their contemporaries from explaining their needs to those who could give advice.

Interviewer: So with you and your friends who are older, would they also experience a lot of very similar issues, in terms of language and things like that?

Translator: His friends also have a similar problem, like the language barrier is the main barrier, so because of the English language they cannot explain their needs to someone. That is the big problem.

Through her work, Shema has observed older Bangladeshi women who are 'daunted' by banks because of language barriers and who depend on family or friends to do their banking on their behalf. This results in financial abuse, which Shema claims is 'on the rise in the Bengali community'. It is worth repeating Maggie's observation (from the vantage-point of a senior position in a large community organization) that people in the Chinese community have particularly poor English skills. Language is generally not a problem for those brought up in the UK.

The inability to fully understand everyday banking means that people don't understand why they are being penalized or charged by banks. Given that there is significant anger over penalty charges among the wider population,³¹ language difficulties can exacerbate the situation. This may prevent people from building a positive relationship with banks on the basis of which they could seek advice. A discussion (through a translator) with Nazim, a Bangladeshi man on a low income, demonstrates this.

Translator: What he is trying to say, you know, is like sometimes with language issues [Bangladeshis do] not always understand things very well. So, when they don't understand it ... then, you know, something happens, like penalties and things. There's no leniency there and it's really to do with the language, so that's what he feels unhappy about.

The lack of multi-lingual staff and of translated written materials were regular complaints. Time and again participants discussed the positive effect of the presence of bank staff who speak their language. Tamima, a young Bangladeshi woman, described the impact this has had on older Bangladeshi women.

Tamima: So, I guess if [my mum] was to seek advice she would actually go to the bank if she had any problem, because there are interpreters now in banks so they'd help her, they'd give advice to her.

Interviewer: Ok. Is that quite a recent development ... having interpreters in banks?

Tamima: Yeah, about a few years now. So, it actually helps for those who don't actually speak English, especially around here there's a lot of elderly women who'd want to bank ... They'd probably ... stay at home and just not bank or something. But now because there's people around to help, it opens the door to things.

Chinese participants also discussed the positive effect of bank staff who speak their language, as well as the encouraging effect of 'seeing a familiar face'.

The previous quote highlights several things. First, the presence of multi-lingual staff has a particularly positive effect on the confidence of older people. Second, some communities tend to be clustered in specific localities. This may make the idea of introducing bank policies to recruit staff who can speak locally significant languages more feasible. Indeed, one Chinese participant called for all banks to have recruitment policies that reflect the make-up of the surrounding area. She drew attention to existing practice, such as HSBC having Chinese staff in certain areas of London and Manchester where there is a greater proportion of Chinese people. Third, giving people the confidence to carry out banking functions in this way may 'open the door' to a fuller use of bank services such as advice.

Many Chinese participants discussed similar issues, including the need for literature and information in their language. A further point is that people with the weakest English skills require face-to-face support for even simple tasks, such as completing forms. This is because some people can't read English letters or numerals. It is also worth reiterating the barriers to learning English that many Chinese people face, such as long working hours. Chinese participants told us about the high level of demand for the English classes provided by the community centre where they work.

Key consideration – language issues

The lack of multi-lingual staff and literature at banks excludes many older people and migrants.

- **More comprehensive introduction of multi-lingual staff and literature, partly based on the population of the local area, will improve people's use of banks, and potentially enable them to use advice services**

Language constraints also reduce the choice of institutions available to people. This was most directly discussed by Chinese participants, who highlighted how many people are forced to use the Bank of China, which is staffed by Chinese-speaking people, even though they would prefer to use more trusted high street banks that may, in addition, offer a wider range of products and services. A conversation with an elderly Chinese couple through a translator illustrates this.

Translator: Elderly couples use Bank of China. They want to use mainstream banks but they don't know how to speak English. Language is why they picked the Chinese bank.

Language and translation should inform banks' policies in the areas of recruitment, literature and outreach. This would enable and encourage many currently excluded BME people to access a range of institutions.

4.3 Hostility and discrimination in banks

People continue to have negative experiences when using banks, such as facing hostility or perceiving discrimination, which then leads to self-exclusion and minimal use of bank services. Discrimination is illegal, and mainstream financial institutions are highly unlikely to exhibit direct discrimination at an institutional level. However, individual bank staff may continue to exhibit hostility or aggressive attitudes that can be interpreted as racism. One example concerns the hostility and impatience of staff serving people who speak English with strong accents, such as a Caribbean accent. This has been experienced by Black Caribbean people in the East of England, as Nasir explained.

Nasir: People, you know, speak English and make an effort but just because the strong accent, whatever it's coming from, you know, people are ... not very patient and they will be quite dismissive. I know people get very bad experiences from that. So that's a turn-off for a lot of people too.

Nasir also highlighted the regional effect, i.e. that such experiences may be more common outside multicultural urban areas, such as London. Other participants from this community discussed their experiences, expressing the view that some members of staff seem to perceive them with a heightened sense of suspicion, as high risk, because of their ethnic background.

Hafa: I have heard a couple of things, like, you go into a bank and try and withdraw money and they'd ... do all these double checks on you and make you wait, you know, and it's like your money you put into your bank account but because they're black they just feel that they're looking at them as if, you know, 'what are you doing getting this money out?'

Interviewer: And how about in the banks, do you feel the staff in the banks are the same here as elsewhere ... ?

Waqaar: I've heard from other people that they do have their funny, some of them a little touch of racist, ways and stuff like that ... I think that's just wider in Britain and you're in the British society so you have to manoeuvre through that.. But as a black person if I'm gonna go to the bank I'm gonna make sure ... whatever I'm going for is correct, so at least I know that if they're gonna discount me that it's not gonna be [because] of the content.

Waqaar is a native English speaker with good financial understanding, having worked in marketing and sales. Given this, the fact that he feels he has to pre-empt suspicion and exclusion on the part of banks suggests that significant suspicion and exclusion may continue to exist for people in this community.

Chinese participants gave similar examples of Chinese students and older people facing impatience, rudeness and hostility from bank staff.

Claire: I did see some discrimination happening to other people because I found out some elderly [people], they had to, I mean sometimes they use their really limited language to explain something to the cashier, to the counter. And then they, I have seen people, their facial expression, I mean the staff, their expression start to change, you know they [are] very ...

Interviewer: Disrespectful?

Claire: ... impatient and annoyed kind of facial expression but I don't think this should be like that, you know, they are customers.

Sami, a young Black Caribbean participant, discussed how the very public and exposed nature of bank counter services makes him (and others) uncomfortable.

Sami: But I even find, the fact that you have to go to cashiers ... and you're all so close together and yet you're doing these transactions about your money and they're reading out your balance and someone could be right next to you. You know, I mean, I just think to me it should be very much ...

Interviewer: More private?

Sami: Yeah, a bit more private. You know, the people in the queue can probably hear what you're doing.

This lack of privacy is a further deterrent to using bank services, particularly for people who do not communicate confidently, such as migrants and older people. Increased customer privacy, even if only in terms of audibility, would improve the bank counter consultation experience for many people.

Through such negative experiences – which are unsurprisingly often shared with family and friends – banks get a reputation as being somewhere to avoid. People may then feel that banks are not for 'people like us', a sentiment that may extend to low-income people as well. Nasir discussed how this means that some people in the Caribbean community will voluntarily avoid certain institutions *whatever changes and advances they make*. Negative experiences can create a longstanding resistance to bank advice services.

Participants frequently reported positive experiences of bank advice services, although this was more common among higher-income people with

better language abilities. We do not wish to portray banks in a consistently negative light, but it is important to highlight continuing barriers for BME people, especially as these were explicitly expressed by many of our interviewees.

Banks could (and sometimes do) support organizations that respond to financial exclusion among BME and other disadvantaged groups. In Section 6.1 we explain how community centres that support particular BME communities can increase financial inclusion. We found one example of a bank staff member volunteering in a particular community centre, helping to build up people's financial knowledge. The extension of such outreach could increase the financial capability of people who are unable or unwilling to use bank advice services. Another example is provided by community development finance institutions (CDFIs), which some banks seem willing to support. Such funding could be targeted at disadvantaged areas, many of which have large BME populations.

Key consideration – advice services

Many BME people are unable or unwilling to utilize advice services offered by mainstream financial institutions.

- **Such institutions could develop or fund outreach work through community centres to raise people's financial capability**

4.4 Dis/trust and anger

Many participants related positive experiences of banks generally, and their advice services specifically. Many Chinese and Bangladeshi people in particular were keen to do their banking with high street names, which they viewed as reputable and trustworthy. As discussed above, however, language constrains a person's choice of banks, but people are nevertheless likely to use high street banks as and when they are able to do so.

Interviewer: And are there any particular banks that people use or is it general?

Sam: Well, in the Chinese community I would say Bank of China, HSBC traditionally.

Interviewer: And that's still the case, do you think?

Sam: Eh, kind of moving away but most of them have that kind of mentality.

The fact that a significant number of the Chinese people we spoke to bank with HSBC (and suggested that others in the community do likewise) is linked to the historical position of HSBC as a China-based bank, with many people knowing, using and trusting it for generations. Also, the continuing strong links between China and the UK through HSBC make transfers to China easier.

Rachel: It's because Hong Kong people trust HSBC, maybe because many, many years ago it's a Hong Kong, Shanghai-owned company. It's very famous in Hong Kong and it's very famous in UK now as well because the owner is British. And at the same time because it's linked together it's easy to transfer the money from HSBC bank to here so that's why I choose HSBC.

However, participants also described strong feelings of distrust. Distrust of banks is a significant aspect of voluntary exclusion, leading some people to reject advice services. Several types of distrust or unease with banks and their advice services emerged. A small number of people said that they didn't trust banks for reasons of competence. More participants said they could not trust the advice given because it is biased in the banks' own favour. Sami, a Black Caribbean participant, said he felt as if the bank sees people as their 'assets' rather than customers, pressuring them to take on further products instead of giving genuine advice.

Sami: That's why I would never go to them for advice ... I can imagine you ask them for advice and then they try and sell you some new kind of account, you know what I mean?

Similarly, Claire felt strongly that banks did not give independent advice. She was critical of people in the Chinese community for seeking advice from that source.

Interviewer: So I was just wondering where people, where would people sort of go for mortgage advice or pensions advice?

Claire: I think they would go to the bank, yeah – they would go to the bank. Nowhere else. And I think it is wrong, I'm sorry I [feel] really really strongly in this area, I think it is totally wrong.

Interviewer: You want something more independent I think.

Claire: Exactly.

Table 7. Distrust of banks

% answering 'strongly disagree' or 'disagree' to the following statement - 'In general, I have a lot of trust and confidence in high street financial institutions'.	White British	Not White British	Black Caribbean
	76	58	62
	Born in UK		Born abroad
	73		50

Source: Runnymede Money Survey (2009).

Seeing bank advice as biased is unlikely to be specific to any ethnic group. Indeed, Table 7 suggests that White British respondents to the Runnymede Money Survey exhibited even higher distrust of banks than other groups. A recent BBC Money Box programme critically considered a high street bank's claim to provide impartial money advice, reporting that it often turned into a 'slick sales pitch'.³² This shows how widespread such feelings are.

Some participants felt angry or negative towards banks based on a feeling that they had let them get into debt through easy access to credit cards. Shema explained that this feeling is widespread in the Bangladeshi community.

Shema: Because they've got into a lot of difficulties their attitudes are quite negative and I think a lot of people, a lot of them feel angry that they, they felt like they've kind of taken these things on without really understanding what it is and kind of like why were you given a loan or a credit card.

Interviewer: So some people [feel] a bit taken advantage [of] by banks?

Shema: Yeah, definitely.

Shema also talked about people feeling angry towards banks over charges and penalties. For some, this anger overlaps with a feeling that banks are ruthless, prioritizing profit over customer needs. This theme was discussed by most of the Black Caribbean participants, such as Sami.

Sami: It's a service but I still think it's all about, they just want to get money out of their customers, that's what I find. So, you know, things like bouncing cheques and all these different [charges], I think they love all of that stuff.

Another participant said that banks were just waiting to 'pounce on you'. Participants of all three backgrounds expressed feelings of distrust and

anger towards banks. Such sentiments were most frequently expressed during interviews with Black Caribbean participants. This group of people, who were mainly Muslim, formed a relatively coherent body of negative opinion of banks, frequently referring to the mainstream banking system as an inescapable necessity.

Such negative feelings appear to be common throughout society – the recent legal case over charges brought by the Office of Fair Trading against eight mainstream financial institutions reflects the widespread anger and sense of injustice in this area.³³ Although the Runnymede Money Survey shows that distrust of banks is not specific to any ethnic group, many BME people face additional barriers, such as language and bank staff hostility. When added to a lack of trust in the independence of bank advice and anger over charges, BME people's relationships with their bank deteriorate even further.

Such negative opinions do not fall neatly along lines of ethnicity, age or migration. Participants did, however, suggest that older people and those who have used banks for many years tend to be more trusting of banks and the advice they give. Connections with banks through business ownership mean that people in self-employment may have decent relationships with banks. Rupa suggested this in the context of the Bangladeshi community.

Interviewer: And do you feel that most people in the community are quite trustful of banks and have a lot of confidence in them?

Rupa: I think they do ... when the older generation, I think where they've kind of used the facilities for a long time, i.e. if it's for business or it's for home purposes or just anything really and I think they do trust the banks.

Also, some older people who have moved to the UK from other countries view British institutions, such as mainstream banks, as worthy of

praise and trust. Table 7 bears this out, with respondents born abroad exhibiting much less distrust than those born in the UK (50% vs. 73%). This may be informed by the relatively low quality of similar institutions in their home country.

Some participants discussed the impact of the recession on how much they trust banks. While no-one reported a dramatic change from being very trustful to completely distrustful, some people – especially Black Caribbean participants – did feel that the recession had confirmed or amplified their existing feelings that banks were greedy and not to be trusted.

Waqar: [People] just don't trust the banks.

Interviewer: And do you think that's got worse since the recession and all this credit crunch?

Waqar: Oh, most definitely, because it's [confirmed] a lot of people's suspicions. For some people it's like, 'whoa, now the cards are on the table!'

Such feelings represent a further deterioration of people's relationships with banks, making it even less likely that they will use bank advice services.

4.5 Religious and ethical considerations

Runnymede's analysis of financial exclusion includes the role of preferences. These include choosing to use or avoid particular institutions and/or products for religious, cultural or other ethical reasons. These preferences may determine the institutions and organizations that people go to for advice. An example is the growth of the Islamic (or Sharia-compliant) banking sector in the UK – in 2008 there were 'five stand-alone Islamic retail and wholesale banks, [and] over 20 conventional banks with Islamic windows'.³⁴ This is a response to the preference among many Muslims for an alternative to a financial mainstream being based on interest (*riba*). Islamic law (Sharia) is typically interpreted as forbidding the use of such a system.

Most of the Black Caribbean participants we spoke to were heavily critical of mainstream financial systems, due to the central role of interest. Hakim suggested that this has a direct impact on how much Muslims are willing to trust banks.

Hakim: I think the great majority, not just in the Caribbean community but the great majority of Muslims in general, don't trust banks because in our religion, you know, we don't believe in taking interest or paying interest and the whole banking system is set up on that.

Despite such objections, people continue to use mainstream banks, albeit in a limited and reluctant way, seeing it as unavoidable for people living and working in the UK.

Hafa: At the end of the day I don't live in Saudi Arabia, I live in England. You know, we don't have Sharia law here, there's not a system. Obviously I did the best that I can but ...

Nasir: I see the whole banking system as being usury, so therefore as much as one can do to be away from the banking system as much as possible, yes very much so.

The vast majority of people we spoke to use mainstream, well-established high street banks for everyday banking, as opposed to Islamic or other banks. The only exceptions were a small number of Chinese people who used the Bank of China for language reasons. This finding is quite surprising, given that Muslims made up more than half of our sample, from both the Bangladeshi and Black Caribbean communities.³⁵ One might have expected to find some (particularly the more explicitly religious) using Islamic banks, but we found that participants were ignorant of, or ambivalent towards, such banks. Even those who were aware of them were critical of Islamic banks. Waqar, a Black Caribbean man, felt strongly that Islamic banks were not genuinely Sharia-compliant.

Waqar: Islamic banking is crap. I don't believe it. It's absolute nonsense. The research has proved it's no different from the current banking system and there is no such thing.

He added that truly Islamic banking is possible but would take a long period of development and piloting before it could be made available to customers.

Most participants use mainstream banks by default, for example following their parents or by

using the most conveniently located bank. The infancy of Islamic banking means that there are very few actual branches, particularly outside of urban localities with large Muslim populations. Even those who were aware of Islamic banks didn't see them as a practical alternative. This relates to the trust and confidence people have in well-known brands. When asked if the bank he used was a mainstream British one, Omar, an older Bangladeshi man, said, '*Yeah, British bank. Not any other way!*' Islamic banks are a recent development. Given that people in the UK are reluctant to change bank providers it may take time for Islamic banks to build bigger client bases.

Interviewer: And in terms of the different bank services that people in the Bangladeshi community use, do most people use mainstream banks or do people use Islamic banks or things like that?

Kamal: No, no, Islamic bank is a concept of the last three years, I think. They use mainstream banks and mainly they used to use ... Post Office and building society.

Another reason for not using Islamic banking is that it is seen as irrelevant to everyday banking, only becoming relevant as major financial events occur, such as getting a mortgage. This was said by a number of explicitly religious Bangladeshi people, including Rupa, a young woman.

Interviewer: So is [Sharia banking] important to you and how do you negotiate those things?

Rupa: It is important to me but at the moment where I feel like I'm still the young kind of range in the twenties and I haven't actually thought ... I think along the lines of if I was to buy a house then I would worry about the interest rates, you know, how I would deal with the whole interest thing but other than that I haven't thought about it just yet, to be honest. I think I would if I was going to buy a house where it's more important to think about it.

This corresponds to what other participants from other backgrounds said about seeking advice from banks only at times of major financial decision-making, such as when seeking a mortgage.

Key consideration – Sharia-compliance

Some Muslims have a preference for Sharia-compliant banking.

- **Money Guidance could, upon request, provide information about the range of Sharia-compliant institutions and products/services available in mainstream institutions**

Having drawn attention to the lack of use of Islamic banks, it is important to show that the desire to use Sharia-compliant institutions or products directly impacts on the way some people bank. Waqaar referred to people in the wider Muslim community using Islamic banks, but was critical of their motivations.

Interviewer: How much do people go for [Islamic banking]?

Waqaar: A lot of people go for it because it makes them feel good.

Other participants voiced ethical considerations that had nothing to do with religion. Jade, a Black Caribbean woman, discussed her avoidance of Barclays bank due to its association in her mind with apartheid in South Africa.

Jade: I still have this thing about Barclays bank.

You know, after all the apartheid years it's very difficult for me to go into Barclays banks.

There was no religious framework to affect financial decision-making among the Chinese people we spoke with as there was for the Muslims we interviewed in the Bangladeshi and Black Caribbean communities. Lacking a religious proscription against interest, and given their greater tendency towards saving and investing, it is perhaps unsurprising that Chinese respondents seemed to judge ethical considerations as less important than financial returns.

Sean: I'm sure that some people they do have [ethical concerns] but I would say the majority of people are looking at the returns rather than, you know, what really goes on behind it.

Participants from different communities noted that a lack of information about how investments and savings accrued meant that it could be difficult to make ethical decisions about how to save and invest.

4.6 The Post Office

The discussion has so far focused on banks and building societies. The Post Office, independent financial advisers, accountants and solicitors and can also be considered ‘mainstream’ financial institutions, as opposed to the informal or community sectors.

Some people use the Post Office, rather than banks or building societies, for basic banking services. Post Offices provide many of the same functions as banks, including mortgage, savings, insurance and credit products, and offer advice in the form of extensive information services.³⁶ In the context of the Bangladeshi community, Kamal says that the popularity of the Post Office is due to people not having enough money to open bank accounts and the barriers presented by the level of formality in banks.

Kamal: Post Office is easy. The building society is also easy, not so much for money, but bank. [Bangladeshis] do not have enough money to go to the bank!

Interviewer: Right, so the Post Office is easier to go to, requires less money and is less threatening?

Kamal: Not threatening but less money and it's easier for them too. Bank has far too many formalities.

Simplicity was cited as a key reason for the popularity of Post Offices. Two other Bangladeshi participants suggested that the move away from cash payments to direct credit payments, requiring people to open bank or post office accounts, has resulted in some people moving to banks. It is important to highlight the role of the Post Office because its position as a geographically widespread and widely trusted institution means it is well placed to signpost people to other sources of advice, such as Money Guidance.

Key consideration – Post Office services

Many BME people use the Post Office for banking functions.

- **Post Offices could signpost people to the Money Guidance service**

4.7 Independent financial advisers, accountants and solicitors

Independent financial advisers, accountants and solicitors are an important source of money advice. They usually charge for their services and deal with complex issues around mortgages, savings, investments and pensions. These providers are generally used by people with decent incomes, for two reasons: first, the advanced nature of the advice is mainly relevant to people with money to spare; and, second, there is a cost to receiving such advice. Very few Bangladeshi and Chinese people we spoke to used this kind of advice service. Those who did were in better-paid employment and had good English-language skills. Masud, for example, has sufficient income to afford a mortgage and good enough English to use an English broker.

Interviewer: Have you ever needed, since you've lived in the UK, advice for issues relating to money, any money-related issue?

Masud: Only mortgage, otherwise no.

Interviewer: And where did you go for that mortgage advice?

Masud: Some of my friends introduce me to some ... broker and he does for me this advice.

Interviewer: Oh right ok and is he Bengali?

Masud: No he's an English guy.

Bangladeshi and Chinese accountants and solicitors operate in those communities, making themselves more accessible by speaking other languages and locating in areas such as Brick Lane and Chinatown. They are used principally by business owners, who need such services, have sufficient income and some of whom have poor English language skills.

Salman: There are lots of Bengali accountants in the community who act both as an accountant, also as an adviser to financial issues.

Interviewer: And that would happen for a lot of people?

Salman: Well definitely with the businesses. I don't know if it's the same for people, ordinary members of the public, so I would say business people would definitely probably go to an accountant where they would be able to use the same language. I think it's mainly to do with language.

The key point is that some BME financial advisers essentially have a captive market, as many people gaining advice from them are unable to choose from a wider range of accountants due to language constraints. This came out strongly from our conversations with Chinese participants. Maggie expressed concerns that such advisers are not monitored and may therefore give poor quality advice.

Maggie: People who can speak English can go to an independent financial adviser, but if 99% people can't understand English how can [they]? But in the Chinese community they have financial advisers that speak Cantonese but sometimes it's a bit dodgy because nobody monitors them so I think that will be very dangerous for the Chinese community. But when you're desperate and somebody can speak your language, you think that person is generous and helping you but you can't guarantee. When nobody monitors, there's a danger, they sign something about pensions, they have no idea, right?

Sue was more critical of the Chinese solicitors she sees operating in her city, explicitly saying that they charge more because they can.

Sue: But [my solicitor's] price compared to what my mum used to use in Chinatown, they are £200 cheaper, so they're not bad.

Interviewer: So does that suggest that, kind of, Chinese solicitors are more expensive?

Sue: Yeah they try and rip you off because they know your language. They think that because we can't speak English that's why you go to them and that's why they charge more.

It is again important to link this issue to the fact that many Chinese people working in the catering industry are unable to access English-language classes. This is due to the long hours many people work, which reflects the hard-working and independent streak that one participant suggested was common among Chinese people (see Box 4).

Solicitors are sometimes used by people on very low incomes, with the backing of legal aid. Shema, a Bangladeshi woman, described a situation in which her sister was charged over

£3000 by the council for unpaid rent (which had, in fact, been paid). After a year-long dispute with the council, Shema and her sister enlisted the help of a local solicitor, who eventually resolved the dispute. The fact that her sister was in receipt of benefits made her eligible to receive legal aid and thereby able to pay for the solicitor's services. Such legal support covers problems to do with debt, welfare benefits and tax credits.³⁷ A number of Bangladeshi and Chinese participants reflected on the prevalence of people with debt problems in their respective communities. Consequently, it may be important to make people in these communities aware of the availability of such assistance through the Legal Services Commission. Such interventions can take a long time and language may continue to be a barrier, preventing people from accessing this free service, as Shema explained.

Interviewer: So would other people in the Bangladeshi community go to solicitors in that scenario?

Shema: Yeah, I mean if you get to that point, some people [will] if they have somebody to support them (with communication), because again it's a language issue because if they're able to take someone with them who will be with them through the whole time, because it does really [take] long, it drags on for over a year or so. So if somebody can help [with] that support then they will probably pursue it.

Key consideration – debt advice and legal aid

BME people who are in debt and in need of debt advice and support may not be aware of government-funded legal aid, with which people can enlist the services of solicitors to deal with such issues.

- **Legal aid should be advertised in BME community centres and hubs. Also, Money Guidance should make people aware of legal aid services and signpost them accordingly**

The discussion in this Section summarizes people's experiences of, and attitudes towards, advice-providing mainstream financial institutions. While some participants related positive experiences

of these places, for others language difficulties, negative attitudes and low income were:

- significant barriers to people making the most of the advice services available
- factors constraining the extent of options available to people

This second point is worth expanding on. Native English-speakers and those with decent incomes have a greater range of advice services available to choose from. Obviously, many BME people, particularly recent migrants, have problems with language. In terms of income, Figure 4 has shown that many BME groups have lower incomes than the rest of society. The idea that people can be financially included through *expansion of the choice of products and services*, rather than *incorporation into the existing mainstream*, is an important aspect of current financial inclusion thinking.

This issue featured prominently at Runnymede's *Financial Inclusion and Equality* conference in October 2009, where Dr Mark Hannam, Chair of Fair Finance (a social business that has advised and lent at affordable rates to over 5000 financially excluded people in east London), argued that many people *voluntarily* exclude themselves from the financial mainstream because they prioritize different aspects of financial products or services. Faisal Rahman, Managing Director of Fair Finance, further pointed out that mainstream customers prioritize price and brand, whereas many Fair Finance clients, the majority of whom are BME people on low incomes, prioritize accessibility, respect and simplicity. These are preferences, held by many BME people, and that may be perfectly rational or justifiable given their circumstances. However, such *preferences* are perhaps at odds with institutions in the financial mainstream, and result in people avoiding such places and the advice services those institutions offer.

5. Experiences of Money Advice – Informal Sources

Discussions with participants turned more often to experiences of informal advice than of mainstream financial sources. Family members, friends and others in one's wider social network, often of a similar ethnic background, are the most common informal sources of advice. We understand 'informal advice' to include direct advice on specific money issues as well as advising someone where to go for in-depth advice (signposting).

5.1 An alternative to banks

Some people seek advice informally because they are averse to getting it from banks, either because of language barriers, distrust, negative experiences or religious and ethical considerations. While these issues are discussed in detail above, it is worth highlighting how language informs the decision to seek advice informally. Salman, a Bangladeshi participant, noted how language limitations force people to seek help from informal contacts who speak English (and Bengali) and are therefore familiar with how UK financial systems work.

Salman: High street banks they do offer all this advice and stuff but if you don't have the language skills then it's very difficult for the first generation to access that information. So they will probably tend to ask someone who knows the language [English] within their own network or friends or maybe even seek help from their own sons and daughters, second-generation, born and brought up here.

Distrust of banks often contrasts with the high levels of trust people place in the advice of friends and family. For one Bangladeshi participant, Nazim, friends are the only people he trusts to give him the 'right kind of advice'. Cathy related how a distrust of advice providers has led her and her Chinese friends to seek advice as a group, so that they can test the advice among themselves. Also Sami, a young Black Caribbean man, pointed out that those who need advice will, in reaction to their negative experiences of banks, ask each other instead.

BME communities are often perceived to exhibit higher levels of trust and mutual activity within the community and to be more closed and insular than wider society. This may be particularly true where a community is clustered in a specific geographical area, such as Bangladeshi people in east London and Chinese people in or near various Chinatowns. Tamima, Eric and Sue suggested that there is a tendency in the Bangladeshi, Black Caribbean and Chinese communities to look to friends and family before seeking advice from other sources.

Tamima: I think they'll approach their family and friends first and if they can't help then I think they go to banks or charitable events, if they see that they're not getting help with what they're asking for.

Eric: I reckon because there is a sense of community people ask each other, at least as a first port-of-call.

Sue: I don't think they want to talk to people outside [the community], no.

Asking family and friends for money advice is not exclusive to BME people – it is also common practice among White British people (see Table 8). For many of our BME interviewees who described limited interactions with banks, informal advice is the main or only source of advice. Such advice may be of limited and variable quality. The degree to which a community looks inward for advice is therefore an important factor. Rachel pointed out that Chinese people's willingness to trust the advice of friends and family can be problematic, in terms of the quality of that advice.

Rachel: I think the relationships between Chinese are more tight than western people. Yeah, Chinese do really rely on their friends, family ... Yeah they really, really 100% trust what people say, even if it's not true, even if it's gossip, they really think 'oh that's true!' So actually that's a problem as well.

Table 8. Informal advice

% of respondents citing 'family or friends' as one (of multiple) places they have gone for advice	White British	Not White British	Black Caribbean
	43	45	27
	Born in UK		Born abroad
	40		52
	Male		Female
	29		55

Source: Runnymede Money Survey (2009).

Zahir makes a similar assertion, saying that 'the family network within Asian communities is stronger' than in wider British society. Table 8 indicates that among the respondents to the Runnymede Money Survey, those born abroad were more likely to have received informal advice than those born in the UK. Females were significantly more likely to have received informal advice, perhaps suggesting a hitherto unexplored gender dimension.

Word-of-mouth is an important factor within communities exhibiting strong ties and internal connections, including awareness of various advice providers. Sally, an advice practitioner, noted that word-of-mouth is a significant way for people in BME communities to make each other aware of her organization's presence.

Interviewer: How do you advertise, how have people come to hear of you?

Sally: It varies. It depends how long we've been in the town. In London, for instance, we're relatively well-known and word-of-mouth particularly works in ethnic communities. That is one difference (from wider society).

Awareness of money issues, such as particular benefits that people may not be claiming, is also transferred via word-of-mouth. Nina gave the example of awareness of tax credits 'circulating' through the Chinese community.

5.2 Informal loans

Our discussions with Bangladeshi participants suggested that as well as seeking advice, people often take loans from family and friends. Hasan said it is common practice to borrow in this way for weddings, rather than seeking advice or borrowing from banks.

Hasan: But also the other big expense in the Muslim community is weddings, it's a huge expense in the Muslim community or the Bangladeshi community. You know a wedding will cost twenty thousand, anything between fifteen to twenty thousand minimum.

Interviewer: And how do people find that then?

Hasan: And that again will come from family members. So my sister's wedding it was five thousand from each of the brothers ... That kind of thing happens all the time.

There are other reasons for informal loans. Salman suggested that people who have been refused a loan from a bank may seek financial assistance from family and friends in order to set up business. Nazim said that he obtained emergency loans from friends when he wanted to visit Bangladesh. While the focus of this report is on advice, our research has revealed that informal borrowing is a common occurrence. The reasons for this, and the dangers associated with it, could be explored further.

Further research – informal borrowing

Borrowing informally from family, friends and others in the community seems prevalent among Bangladeshis.

- **Further research could be conducted into the reasons for this and dangers associated with it**

5.3 Generational and migration aspects

The quote from Salman in 5.1 alludes to the generational and migration aspects of informal advice. Table 9 displays the results from an Ipsos-MORI survey in which all BME groups

Table 9. Financial awareness

Ethnic group	Financial awareness 100 scaled to White GB/Ireland
White GB/Ireland	100
Chinese	56
Bangladeshi	56
Caribbean	69
Indian	64
Pakistani	61
African	55

Source: Khan (2008a: 43), based on analysis of Ipsos-MORI Financial Services dataset.

display lower levels of financial awareness than the White GB/Ireland group. People who have lived in the UK for longer or who have been born and brought up here are more likely to have a good understanding of UK financial systems and money issues generally. Furthermore, those working in the middle-class professions are arguably able to give higher-quality advice, due to experience of financial systems and money generally. Cathy, a migrant from Hong Kong who speaks limited English, talked about how she and other Chinese people go to her accountant daughter for advice.

Interviewer: And do you think because she's an accountant lots of other Chinese people come to her for advice?

Translator: Oh yeah, Chinese people will find her daughter to get help, 'cause her daughter is now working in Newcastle and there Chinese people are getting her daughter to account for [them] – she will give much advice for [those] people.

Conversely, people who fare poorly in the labour market may not be in a position to offer high-quality informal advice. There is a danger that well-intentioned people give inaccurate advice from a position of a lack of experience or knowledge.

As well as advice being transmitted between generations, advice is transmitted between those who have lived in the UK for a long time or have been brought up here and those who are

new to the UK. Recent migrants may be particularly likely to seek informal advice in this way. One Chinese participant suggested that reasons for this include language barriers and feeling less comfortable with British institutions. Rachel, who works at a Chinese community centre, asks her colleagues for advice on credit issues due to their familiarity with how things work in the UK.

Interviewer: So, who else is there that you could ask about this?

Rachel: Who? I've got some colleagues here so of course I can ask my colleagues and because they're born here they should know more and I even ask.

5.4 Signposting

Informal advice includes signposting people to formal sources of advice, such as banks, advice organizations and community centres. Masud, who works with older Bangladeshi men, explained the role of the younger generation, who have more knowledge of the services available in the UK, in advising and signposting his older clients towards the community centre where he works.

Masud: Also, some of their children, they are grown up now and go to college and school and things, they also help them.

Interviewer: Ok, they can provide advice as well, having been to college?

Masud: Although they are not giving a lot of advice but they normally signpost centres like us. Children ask them, 'go there, go here', so they come and ask, seek help.

Positive experiences of a bank or advice organization are often circulated through word-of-mouth. In this way, some advice providers build a trustworthy reputation in a community.

Key consideration – informal advice

Some BME people are more likely to seek money advice from informal sources, such as family and friends, than formal sources.

- **Informal advice may be limited and of variable quality and people may lose out as a result**

5.5 Social barriers to advice

The nature of people's money problems affects their willingness to ask for advice. John, a debt advice practitioner, suggested that in certain communities it is '*not acceptable to be in debt*'. By contrast, investment was an important issue among Chinese participants and one that is discussed between family and friends within this community.

Interviewer: Who would you ask for advice (for investing in shares), like who specifically do you think you would ... ?

Sue: I would probably ask friends first ..., [be] cause I do know, like some of my mum's mates do buy shares and I know some of my friends they do buy shares as well so I would just ask their opinion and see what they say and things like that.

Interviewer: Ok, and are they friends within the Chinese community ... ?

Sue: Yeah.

There can be, however, a difference between what is discussed inside and outside the family. So, whereas participants generally seemed open to discussing issues such as mortgages and investment among friends, issues of debt may be more likely to stay within the family.

Jade: When you talk about debt, I suspect that's the exception. That children get into debt and go to their parents. And similarly parents now might go to their children for help rather than go outside and talk to advice agencies.

Our interviews suggest that the three represented communities may exhibit stronger informal networks than wider society and that people often use informal contacts for money advice and support. However, there is also evidence of a *lack* of discussion of money issues. This can be because people are embarrassed by their relative lack of money, and Tisha suggested that this was the case in the Black Caribbean community.

Tisha: I think people don't have very much and so then they feel maybe sort of embarrassed and then that makes them not want to talk about it.

There is also evidence that money issues and information are not shared within families. Jade drew attention to a generation gap, describing older people as less open about money issues.

Jade: I mean, I think it is a Caribbean thing that money just isn't discussed ... You wouldn't necessarily talk within the family. I mean, I suspect that the older generation in Caribbean families, you know, there may be wives who don't even know how much their husbands earn, they're just given a certain amount of money. So, it's something that's very much not discussed and certainly not discussed outside the family.

Also, Kamal pointed out that in the Bangladeshi community '*most of the women are in debt as well [and] they don't tell their husbands*'. So, despite family and friends being important sources of advice, money issues are often hidden from family and friends or not discussed at all in each of the BME communities we interviewed.

6. Experiences of Money Advice – the Community Sector and the Internet

Many participants discussed their experiences of advice providers outside the profit-making financial mainstream, including community centres, CABs and other voluntary-sector advice organizations. We asked people why they chose to go to (or avoid) such places for money advice and what kinds of money issues they brought there.

6.1 Community centres

Many community centres exist to serve a particular ethnic community. Those who are marginalized and have poor English-language skills are particularly reliant on these centres, which provide advice in their language and are seen as safe spaces. For this reason, recent migrants and people in communities that may be unfamiliar with wider social institutions (such as Chinese people who tend to speak less English) are more dependent on such centres, which may thereby prove to be a stepping-stone or vehicle for wider social integration.³⁸

Indeed, Sally noted that younger-generation Chinese clients are increasingly seeking advice from the organization she works for, reflecting how BME people who are educated and brought up in the UK are looking beyond community-centred advice.

Community centres are often small in scale, under-resourced and situated in areas with a high proportion of people from a particular ethnic background, although larger, well-funded centres also exist. These centres provide advice across a wide spectrum of areas, from money issues to accessing local schools and health services. Their scope means that they are generally not able to give in-depth or tailored money advice. From speaking to people who work in such centres it is clear that debt and welfare benefits / tax credits are the most commonly discussed money issues. Kamal works in a small organization that gives advice mainly to Bangladeshi people.

Kamal: We try to help people on various issues like housing benefit, welfare benefits, debt, debt problems, all money issues.

When asked what money issues people bring to a Chinese community centre, staff member Nina noted that people come for advice on debt, benefits and tax credits, often being made aware of their eligibility for certain entitlements.

Nina: [We] gave a lot of advice and benefits to a lot of Chinese community people. So, if a lot of Chinese people did not know this benefit, that they can access this benefit, our colleagues will help them apply for it. A lot of them surprisingly did not know about the tax credits.

Community centres often provide a safe space for marginalized members of a community who cannot speak English. These centres, which can act as an intermediary, and facilitate advice-giving and information delivery by people from other organizations and banks, are thereby a contributor rather than a barrier to greater social cohesion. Chinese participants gave us a number of examples of this, based on their experience of working in a particular Chinese community centre. Cathy talked about a Chinese person working at a local bank who was planning to voluntarily give investment advice at the centre. She felt that there was scope for banks to give advice in this way in the future.

Translator: Just one suggestion, if the English bank can, I mean the local bank can offer some Chinese versions and give some talks about finances it would be wise ...

Interviewer: Okay and talks, you mean they come to somewhere like here and give talks?

Translator: Yeah.

Similarly, Maggie described how one member of staff delivers information on business tax issues to Chinese people who own businesses. There is a large demand for such information and the fact that it is delivered in the relevant language means that such community centres have a unique ability to inform and advise groups who cannot obtain this advice elsewhere. Indeed, Maggie

expressed her opinion that community centres (of a minimum required quality) are well placed to share knowledge and give advice, arguing for government to fund advisory services in this way. We recommend that the consumer financial education body (detailed in the Financial Services Bill 2009–10) should include BME community centres in the partnerships that the Bill suggests could deliver financial education.

Community centres also provide support to people when referring them to other places, such as CABs, that are more able to give in-depth money advice. Kamal described how staff in the Bangladeshi community centre where he works refer people to a CAB and often explain a client's situation to CAB staff.

Kamal: We say 'go there' (to a CAB) if they need ... any help ... Or we speak direct to [the CAB], explain the whole situation and then they deal with that.

Interviewer: Okay, so you often act as an intermediary for people.

Kamal: Yeah.

Nina described how staff at the Chinese community centre not only refer people to CABs but accompany them, providing translation support.

Interviewer: And whenever you signpost people to the CAB, if people don't speak English, the Chinese people, is that an issue? Are there people in the CABs who speak Cantonese or Mandarin?

Nina: I don't think they, I've never known a CAB to provide an interpreter but most of the time, if we can, we will try and accompany them ...

Interviewer: Right, and act as interpreters for them?

Nina: Yeah.

Community centres refer clients to a range of other advice providers, including solicitors and law centres, which may advise people on more complex money issues, such as extreme debt. An interview with two older Bangladeshi men, conducted through a translator, highlights the role of the community centre they attend in facilitating access to these services.

Translator: Nowadays they are saying that, because we (the centre) are here, other agencies

are already developed, so they now have got lots of access to lawyer, solicitors ...

This contrasts with how, in the past, they would rely on professional friends, and reflects the expansion and diversification of the voluntary sector in recent years, with such centres being widespread and providing support to many marginal BME people. This also enables them to participate more fully in British society generally.

6.2 Advice organizations

Citizens Advice Bureaux (CABs) were most frequently discussed as the voluntary-sector advice organization that people access. Other similar organizations exist, which can be mistaken for CABs due to their focus on similar issues of welfare benefits, tax credits and debt. These organizations provide free advice mainly to people on low incomes, many of whom are disadvantaged or marginalized, including BME people. However, a CAB adviser described how the recession has resulted in an increase in higher-income clients who have been made redundant. Clients generally seek advice when they are in difficult financial situations – they do not bring non-crisis issues such as financial management or planning. Advisers within these organizations refer people with serious debt problems to other specialist debt and insolvency organizations. There are also issue-specific organizations, giving advice on tax, pensions and suchlike.

From our research, it seems typical for someone to come to a community centre for advice and to be referred on from there to an advice organization, such as a CAB. A number of barriers prevent people accessing such organizations directly, or make them reluctant to do so. Marginalized and disadvantaged people may lack awareness of the services available and language barriers certainly mean that some are insufficiently confident to walk into a CAB, for example. Kamal drew attention to language as a barrier. He also mentioned the timing system of CABs, going on to discuss how the lack of an 'open door' system means that people find it difficult to negotiate opening hours.

Interviewer: And why do you think people don't go straight to the CAB? Is it ...

Kamal: It's the language barrier. And also other problem is, those who are restricted to the

language don't know the timing or how it works, you know, the system. CAB in east London, I think they've got a Bengali-speaker.

Interviewer: Right – and that would make a big difference.

Kamal: Yeah, definitely.

The recent government announcement of £5 million to fund extended opening hours at Citizens Advice Bureaux in 2010–11³⁹ may improve this situation.

Language is a barrier to many Chinese people in this context as well those discussed in earlier sections. The previous quote shows that employing even one Bengali-speaking staff member makes a CAB well-known – a circumstance that will encourage people to use the service. Similarly, where a bank hires one member of staff from a particular community or speaking other languages, this can have a significant effect in encouraging people to use their service. Some CABs now use Language Line, a live translation service, which supports communication with a variety of clients.

Key consideration – language barriers

Language competence can be a barrier to people going directly to advice organizations such as CABs for advice. Current good practice in CABs includes employing BME advisers and the use of translation services.

- **Advice organizations such as CABs should raise awareness of these measures in community centres, highlighting the availability of advisers from specific BME backgrounds**

Another factor making some BME people reluctant to use CABs and similar organizations is a lack of trust and confidence that they will be treated well and understood. Louise, a CAB adviser, explained this.

Louise: I would say among BME communities there's a bit of, not distrust per se, but maybe not enough confidence. They might feel that people are out to get them, they might feel that they wouldn't be understood or they wouldn't be treated the same way.

Clearly, the nature of people's money problems means that many are reluctant to get advice for fear that they will be reported or get into trouble. This is particularly true for CABs, which receive government funding and are associated with local councils, making some feel that they are explicitly linked to institutional authorities. The above quote also hints that some BME people fear they will be treated worse than white people. Louise went on to explain that *'a lot of people feel the CAB is a sort of white, middle-class organization and so might not be the best place for you to go'*. She said that this perception results from the public face of the CAB being very white, such as in television advertisements. She also mentioned that the deliberate strategy of increasing the number of advice staff from different backgrounds (in this particular branch) has increased the number of BME clients. People feel more confident seeing staff of a similar background.

We probably have more BME people accessing our services now because in the last few years we've made a big difference in the make-up of our actual service, and so we actually have more volunteers and staff who are from those [groups] which I think has made a bit of a difference.

Similarly, Jenny told us that the advice organization she works for employs a Somali-speaking receptionist as a strategy of fostering trust with the local Somali community. David's work in an advice organization led him to suggest that people in Asian community centres in particular respond positively to advisers from their own community and to advisers *'coming towards their community'* to build relationships and trust, particularly through a trusted link or contact. People and communities who have lived in the UK for a shorter time may be less aware of advice organizations than people in longer-established white communities. So, as knowledge and trust of advice services spread through communities via word-of-mouth, more BME people will presumably access these services over time.

Social dynamics such as shame and embarrassment prevent people from seeking advice. Where people are indebted to others in the community, they may be reluctant to be seen seeking advice and help. Jenny, an adviser, brought this up in the context of Muslim communities.

Jenny: A lot of people from the Muslim community tend to borrow from Muslim community elders, so it could actually affect their standing in the community if they then came to us for advice on how to deal with it.

Mary, also an advice practitioner, noted that even if an advice service employs strict confidentiality measures, people may be reluctant to go if they will have to queue outside, for fear of being seen by others in the community. Furthermore, there appears to be a significant gender dynamic, in response to which many advice centres hold women-only sessions, particularly in Muslim communities. Mary noted the potential barriers to Muslim women attending advice sessions that men also attend.

Mary: Perhaps some women might not want to come if they know that men are going to be there. And that could be because, you know, just being uncomfortable having the men there or it could be that if they see a man that knows their husband perhaps they will feel uncomfortable.

A number of CAB staff participants noted how the majority of their clients are women, across ethnicities. This was attributed to women being ‘more able to ask for help.’ They also pointed out that ‘you get women coming for their husband’s problems but you never get a husband coming for his wife’s problems’. In correspondence with a pension advice organization, our contact reflected on the reasons why people in an Asian community group were reluctant to engage with their services. He found that women were particularly reluctant to ‘engage outside their ethnic community.’ So, gender impacts on people’s decisions to seek advice, with some women less willing to engage, and other women shouldering the responsibility to seek help.

There is also a cultural dynamic to the kind of advice that people need. Mary, who has worked in advice for years, pointed out that some other countries do not have a free advice sector akin to that in Britain. Many recent migrants from such countries to the UK may think that they need to seek advice from a solicitor, when the help of an advice

organization would be sufficient. Also, different communities may be more or less willing to seek help. For example, Louise suggested, based on her work as an adviser, that Black Africans are more self-sufficient and more eager to solve money problems themselves, although they also seek advice when it is needed.

6.3 Online advice

All of the different types of advice providers are able to deliver information online, from banks to various central and local government agencies to a range of other advice organizations. Online advice does not constitute a separate *sector* of advice but an important *mode* of advice that merits a brief discussion.

Participants who use the internet often do so to seek debt advice. A large number of debt support agencies are accessed primarily through the internet – many do not have an office building where one can go for support. That so many debt agencies are relatively unknown often results in a lack of trust and confidence, as Shema explained.

Shema: When I was looking at different kinds of agencies on the internet, like one thing I kept questioning was ‘how do I know which one is genuine and which one’s supportive because they’re all, a lot of them are private companies and you don’t know if, you’re not sure if they’re mugging you.’

Other uses of the internet include accessing money tips, blogs and forums, running credit and pension models and researching and comparing financial products.

Digital exclusion constrains access to online sources of advice, with 10 million people never having gone online in 2009. Digital exclusion overlaps with social exclusion, with 4 million of the digitally excluded being socially disadvantaged in employment, education and housing.⁴⁰ Many of these people will be from BME communities. Those BME people who have been brought up in the UK and speak fluent English, such as Sue, a young Chinese woman, are more likely to be confident about using the internet for money information and advice.

Key consideration – reliable debt advice

Many people use online debt support agencies, which can be of variable quality.

- **Money Guidance should emphasize its debt advice element and the fact that it is confidential and non-profit-making and provides face-to-face support**

Interviewer: Where did you find out about [pensions]?

Sue: I just go on the internet and search because I [do] a lot of internet banking and things like that. They let you have a quote, so I just check how much I want to have when I'm 65 and see what – the quote's always about £200.

Interviewer: So, you're kind of quite comfortable using the internet to find out more about these kinds of things.

Sue: Yes.

Sam, whose background is similar to Sue's, related how he does his own online research into mortgages, exploring the available products before going to banks or similar institutions. Foreign students, who tend to be from well-off families, may be more confident using the internet than other migrants. Grace discussed how she, like other Chinese students, does research on the internet as well as meeting bank advisers.

Grace: I think in this country, like my friends, I mean Chinese, I think that probably we all do the same thing, [be]cause we are students we are all used to doing research on the internet.

It was largely Chinese participants, mainly those with adequate incomes and good English-language skills, who discussed using the internet for research into financial products.

7. Conclusions

This concluding section makes further points of relevance to Money Guidance, drawing on interviews with a number of practitioners involved in managing and delivering a Money Guidance pilot, as well as our other interviews. The government recently announced its continuing support for Money Guidance, based on the success of the pilot ('pathfinder').

In the light of the pathfinder's success to date, the Government and the FSA will provide £20 million in 2010–11 to fund the national rollout of the Money Guidance service from spring 2010. This will enable the service to help one million people by March 2011.⁴¹

To fulfil its aim of giving information and guidance to people who currently have no access to money advice, and based on our interviews with BME people and advice practitioners, we strongly recommend that the face-to-face service remain a central mode of delivery of Money Guidance as it is rolled out nationally.

7.1 BME advisers

One Money Guidance practitioner, Alec, emphasized the need for Money Guidance advisers to build relationships and trust with people in BME communities – in his experience attempts to 'parachute' into areas to deliver Money Guidance have been unsuccessful. As he put it, '*there is no quick fix*'. A key way of building this trust is to recruit advisers from BME groups. He noted that the presence of one BME advisor has strengthened outreach towards local BME communities and has had a real effect in encouraging BME people to take-up the service. One potential counter-argument is that it may not be feasible to recruit a wide range of BME advisers around the country. It is worth emphasizing the knock-on effects of even one BME adviser – participants revealed that people frequently travel long distances to receive advice from centres serving particular communities, such is their need for this advice. According to Maggie, who works in a centre for the Chinese community in the North West, people come to

them for advice from all over the UK, including the south coast and Scotland.

Key consideration – developing trust

- **Recruiting multi-lingual BME advisers and targeting BME communities will enable more disadvantaged BME people to access Money Guidance through increased trust and communication**

7.2 The recession

One of the central aspirations of the UK's national financial capability approach is that

*all adults in the UK have access to high-quality generic financial advice to help them engage with their financial affairs and make effective decisions about their money.*⁴²

The preventative aims of Money Guidance are laudable. However, the recession and its ongoing impact is a significant factor affecting the kind of advice people need and will continue to need in the years ahead. Alec discussed how, in his experience, the majority of clients accessing the Money Guidance pilot come with crises around unemployment, poverty and debt. This tallies with our research into the kinds of money problems faced by BME people in different communities. Therefore, the aims of Money Guidance should be adjusted to reflect the severity of money problems that many people face in the context of recession. We note the FSA's recognition that

*the National Strategy for Financial Capability was designed in kinder, gentler economic times than those we are presently living through, and the strategy must adapt to the new reality of more anxious times ...*⁴³

and expect Money Guidance to continue to reflect this new reality.

Key consideration – face-to-face crisis support

- **The aims of Money Guidance should be adjusted to reflect the need for crisis (rather than solely preventative) support, especially in the context of the recession and its longer-term effects**
- **Money Guidance should emphasize its debt advice element and the fact that it is confidential, non-profit-making and provides support in face-to-face settings as well as online and by telephone**

The trauma experienced by people in the wake of the recession is often more than financial, affecting other aspects of domestic life. Whether and how Money Guidance can support clients in a more holistic way is unclear. One advice practitioner suggested that Money Guidance should refer clients to a range of other services, for example those that provide domestic and/or emotional support.

7.3 Targeting BME communities

Our interviews highlighted a number of ways in which Money Guidance could be successfully advertised to different BME communities. Community-centred media, such as radio stations, newspapers and television channels, provide a direct way to raise local awareness of Money Guidance. Community centres serving particular communities also provide an avenue for Money Guidance to advertise itself and address money problems and concerns that may be of particular importance in that community, as well as drawing attention to advisers who speak other languages. Student spaces provide a good way of targeting overseas and other BME students.

Key consideration – advertising MG services

- **Money Guidance could target BME communities through advertising through community centres, community-centred media and student spaces**

7.4 Conclusion

This report makes a number of recommendations, presented as individual key considerations throughout the report. Brought together as a Summary of Key Considerations in the Executive Summary, these include:

1. **practical points** to be considered by a range of organizations, including the Money Guidance service and banks; and
2. **qualitative points** that may have no obvious policy application but reflect important social realities.

Having researched the aims and principles of Money Guidance, as well as having spoken to people involved in pilots, it appears to be successfully meeting some people's needs and appealing to people in a way that other advice providers don't. From talking to BME people of different backgrounds, a number of aspects of Money Guidance are worth highlighting.

- The presence of BME advisers encourages BME clients to use the service. Multi-lingual advisers are also a significant encouragement.
- People want a private, confidential, face-to-face advice service. For many BME people this is one of the most attractive features of Money Guidance.
- The fact that Money Guidance is a government rather than private enterprise means that some people will be more trustful of it, in terms of the quality and impartiality of advice. Conversely, some people will avoid it due to a fear of authority and of being investigated.
- The fact that it is a free service enables people on low incomes, who cannot afford expensive consultations, to access much-needed support.

Runnymede commends the Money Guidance service and offers its observations in a spirit of constructive engagement. We acknowledge that those involved in Money Guidance may already be thinking about some of the issues raised in our Key Considerations, and we look forward to a future expansion of the service in some of the ways highlighted in this report.

Appendix - Research Methodology

Runnymede strives to conduct research in a rigorous and ethical way. This appendix contains material relating to the methodology employed in this research.

1. This is a qualitative study in several respects:

- The study is an exploration of people's experiences of money advice and related issues *in depth*, as opposed to describing large-scale patterns of service use.
- This involved asking people to describe their personal circumstances, feelings and experiences, including background factors, such as family, community, employment and migration history.
- An inductive approach has allowed key points and arguments to emerge from the data (albeit through the interpretation of the researchers).

2. Research validity and ethics:

- **Saturation** - despite the small sample sizes, many points raised by participants were repeated by others, implying a degree of consistency and validity.
- **Triangulation** – findings from interviews were subject to some triangulation through comparison between the two researchers, the discussion of key findings with advice practitioners and comparison with statistical data.
- **Community insight** – some of the participants from BME communities were employed in positions of leadership within community organizations. These people, as well as advice practitioners, were able to confirm or challenge our initial thoughts, due to the wider perspective given by the nature of their work.
- **Generalizability** – this report highlights key issues that emerged from discussions with a range of BME people in various locations. Some of these issues will be shared by people across all ethnicities but, where appropriate, we emphasize specific ethnicity-related factors. It is not a fully representative or exhaustive study but the key issues raised, and their ethnic specificity, have relevance beyond the specific research context.
- **Ethics** – due to the sensitive nature of the subject matter (money) all interviews were confidential and anonymous.

Endnotes

1. Khan (2008a).
2. HMT (2004: 2–3).
3. Runnymede Trust (2007: 2).
4. Khan (2008a: 16).
5. Khan (2008a: 17).
6. http://www.hm-treasury.gov.uk/financial_inclusion_bankaccounts.htm
7. HM Treasury (2004: 1).
8. Khan (2008a: 41).
9. http://www.hm-treasury.gov.uk/fin_cap_longtermapproach.htm
10. Thoresen Review (2008: 1).
11. Thoresen Review (2008: 26).
12. http://www.fsa.gov.uk/financial_capability/pdfs/money_pathfinder.pdf
13. We recognize that Money Guidance does not see itself as giving ‘advice’. Nonetheless, in the context of discussions of a range of providers of advice, we sometimes refer to the support given as ‘advice’ for ease of discussion.
14. <http://services.parliament.uk/bills/2009-10/financialservices.html>
15. See the research methodology appendix.
16. The people of three different ethnic backgrounds whom we interviewed are referred to throughout the report as ‘participants’.
17. ‘Group’ is used here to denote broad ethnic categories, such as those used in the UK census.
18. In contrast to ‘participants’, the advice practitioners we interviewed are referred to as ‘practitioners’.
19. See the research methodology appendix.
20. <http://www.languageine.co.uk/page/welcome/>
21. Khan (2008a: 16).
22. Berthoud (2009); EHRC (2009).
23. All participant and practitioner names have been changed to ensure confidentiality.
24. Runnymede Trust (2007).
25. The UK government provides confidential support to people involved with illegal moneylenders: <http://stoploansharks.direct.gov.uk/index.html>
26. <http://news.bbc.co.uk/1/hi/business/8118478.stm>
27. <http://www.statistics.gov.uk/cci/nugget.asp?id=464>
28. Labour market disadvantage is also an important reason why children in BME families live at home for longer. There has been a recent trend in which more middle-class young people in their 20s, including White British people, are also living at home for longer, due to rising unemployment.
29. http://www.hm-treasury.gov.uk/d/financial_inclusion_statisticalbriefing_oct09.pdf
30. The term ‘bank’ is used throughout section 4 as shorthand for high street banks, building societies and insurance companies.
31. For an indication of the anger towards banks felt in the wider population, see the Guardian’s article about bank charges: <http://www.guardian.co.uk/money/2009/nov/25/bank-charges-ruling-expected>
32. <http://news.bbc.co.uk/1/hi/programmes/moneybox/8041694.stm>
33. <http://www.independent.co.uk/news/uk/home-news/bank-charges-a-setback-but-the-fight-goes-on-1827619.html>
34. HM Treasury (2008: 8).
35. The categorization of people as ‘Muslim’ is approximate. The majority of the Black Caribbean participants explicitly discussed their active religious practice. Our characterization of the majority of the Bangladeshi participants as ‘Muslim’ is based on how they described themselves, and given that this community is notably religious.
36. <http://www.postoffice.co.uk/portal/po>
37. http://www.legalservices.gov.uk/civil/civil_legal_aid_eligibility.asp#who
38. For an elaboration of this argument, see Khan (2008b) and Sveinsson (2010).
39. HMT (2009: 56–57).
40. <http://raceonline2012.org/>
41. HMT (2009: 55).
42. http://www.hm-treasury.gov.uk/fin_cap_longtermapproach.htm
43. FSA (2009: 1).

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