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clúid housing



Financial Inclusion Among Social Housing Tenants

Olive McCarthy, Mary Faherty,
Noreen Byrne & Fergal Carton

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Acronyms

AHB	Approved Housing Body
AISP	Account Information Service Provider
APR	Annual Percentage Rate
ASPSP	Account Servicing Payment Service Provider
ATM	Automatic Teller Machine
B2B	Business to Business
CALF	Capital Advance Leasing Facility
CCR	Central Credit Register
CDFI	Community Development Finance Institution
CPI	Consumer Price Index
CSO	Central Statistics Office
EFT	Electronic Funds Transfer
EIT	Electronic Information Transfer
EU	European Union
FCA	Financial Conduct Authority
FSA	Financial Services Authority
GDPR	General Data Protection Regulation
G20	Group of 20
HAP	Housing Assistance Payment
HBS	Household Budget Scheme
HFA	Housing Finance Agency
IFR	Interchange Fee Regulation
MABS	Money Advice and Budgeting Service
NGO	Non Governmental Organisation
NTMA	National Treasury Management Agency
OECD	Organisation for Economic Co-operation and Development
PISP	Payment Initiation Service Provider
PMC	Personal Micro Credit
POS	Point of Sale
PSD2	Payment Services Directive 2
PSP	Payment Service Provider
RAS	Rental Accommodation Scheme
RtP	Request to Pay
SAFE	Services Against Financial Exclusion
SHCIP	Social Housing Capital Investment Programme
UCC	University College Cork
UK	United Kingdom

Definitions

Financial capability

The behaviours and approaches to financial decision making that influence someone's financial well-being. *(CCPC report, 2018)*

or

a broad concept, encompassing people's knowledge and skills to understand their own financial circumstances, along with the motivation to take action. Financially capable consumers plan ahead, find and use information, know when to seek advice and can understand and act on this advice, leading to greater participation in the financial services market. *(HM Treasury, 2007)*

or

the internal capacity to act in one's best financial interest, given socioeconomic and environmental conditions. It encompasses the knowledge (literacy), attitudes, skills, and behavior of consumers with respect to understanding, selecting and using financial services, and the ability to access financial services that fit their needs. *(World Bank, 2013)*

Financial exclusion

A process whereby a person...lacks or is denied access to affordable, appropriate and fair financial products and services...Addressing financial exclusion is not merely about service provision; it also includes capacity building and structural change. *(Burkett and Sheehan, 2009)*

or

A process whereby people encounter difficulties accessing and/or using financial services or products in the mainstream market that are appropriate to their needs and enable them to lead a normal social life in the society in which they belong. *(European Commission, 2008)*

Financial inclusion

Access to useful and affordable financial products and services that meet (peoples') needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way. *(World Bank, 2020)*

Financial literacy

A combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being. *(OECD/INFE High-level Principles on National Strategies for Financial Education, 2012)*

Financial resilience

The ability to access and draw on internal capabilities and appropriate, acceptable and accessible external resources and supports in times of financial adversity. *(Muir et al, 2016)*

Financial well-being

The extent to which someone is able to meet all their current commitments and needs comfortably and has the financial resilience to maintain this in the future. *(CCPC report, 2018)*

or

A state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow them to enjoy life. *(US Consumer Financial Protection Bureau, CFPB)*

Social housing

Homes that are directly built or bought by Local Authorities (LA) and Approved Housing Bodies (AHB), old vacant social housing that has been brought back into active use, regeneration projects, social housing provided by private developers and long-term lease homes (10-25 years) where the LA or AHB is the landlord. *(Department of Housing, Planning and Local Government, 2019)*

or

A range of housing provided on a non-market basis, with different models of tenure, management, beneficiary targeting and financing.

Executive Summary

This research report examines access to and use of mainstream and alternative financial services by social housing residents in Ireland, with a focus on savings and credit.

Aim

The main aim of this research was to explore how access and use impact on the financial capability and resilience of Clúid social housing residents. The influence of contextual factors such as the type of financial provider, demographics and the social context of the estates in which the residents live was also explored.

Context

Financial inclusion means having access to useful, appropriate and affordable financial products and services. Being excluded from financial services can trap people in poverty *(Corr, 2006)*.

People on lower incomes are at higher risk of being financially excluded, limiting their full participation in economic and social life *(TASC, 2010)*.

Across Europe, people living in rented accommodation, including local authority and social housing, have emerged in many studies as being financially vulnerable and suffering from financial exclusion (European Commission, 2008).

Objectives

The objectives of this research were to establish:

- The key challenges related to financial inclusion faced by Clúid Housing residents.
- Potential strategies to address these challenges and build capability.

Method

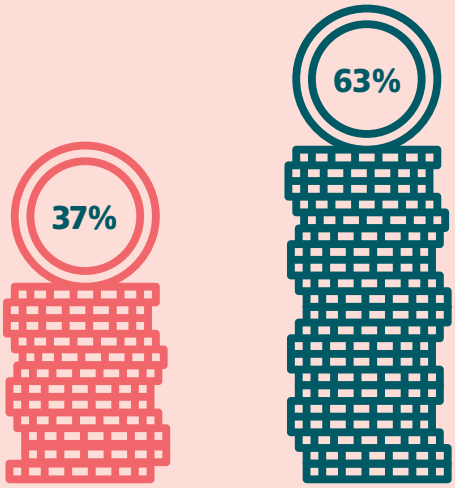
A mixed method approach was taken for data collection. Primary data was collected in three ways: firstly, from interviews with key stakeholders in the provision of social housing in both Ireland and the UK; secondly, by way of an in-depth survey of 154 Clúid Housing residents; and thirdly, using focus group discussions with residents.

The research was jointly funded by Clúid Housing and the Housing Finance Agency and was carried out by researchers at University College Cork (UCC) between March and December 2020.

Key challenges

Financial Inclusion

The findings showed mixed levels of financial inclusion among residents, with **over one third (37%) showing signs of weak inclusion or of exclusion.**

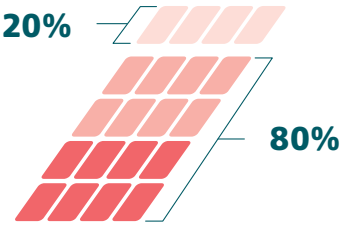


Women were statistically more likely to suffer from lower levels of inclusion or from exclusion than men.

One in 8 (12%) residents stated that they did not have a bank, credit union or post office account.

Savings

Despite these low levels of inclusion, **80% of respondents said they engaged in some form of saving.** However, of these, only about half saved regularly.



There was a strong desire among residents to save and the findings point clearly towards the need to support regular, formalised and secure savings mechanisms for residents.

Credit Sources

50%

About **half of all residents are currently borrowing** and have access to a range of different credit sources.

Credit unions were the most common source of credit, followed by high cost credit (moneylenders and catalogues), family and friends, and banks.

Emergency borrowing was less evident although problem debt was an issue for at least 20% of residents, suggesting scope for targeted supports for those who find themselves struggling to access more affordable or more serviceable debt.

Insurance

90%

Levels of insurance were extremely low overall, with 90% living without home contents insurance and 84% without life assurance.

There is wide scope to support residents in accessing appropriate insurance policies to support households in the event of unexpected loss, thereby building resilience and reducing dependence on higher cost credit.

Financial Capability

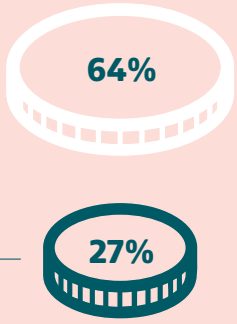
Financial capability, measured by the ability to consistently make ends meet, to keep track of finances and to plan ahead, showed considerable room for improvement.



Good Financial Capability — 9%

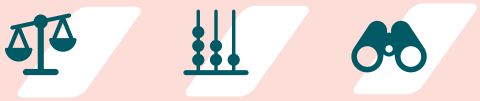
Some Financial Capability — 64%

Poor Financial Capability — 27%



Only 9% of residents were deemed to have good financial capability. 64% had some financial capability and 27% had poor financial capability.

Crucially, residents were stronger in terms of making ends meet (45%) than they were in keeping track of finances (25%) and planning ahead (9%).



45%	25%	9%
Make ends meet	**Keep track of finances**	**Plan ahead**

The ability of residents to cope week to week through careful household budgeting and limiting consumption masks the underlying problem that many do not have sufficient income to live comfortably.

At a broad policy level, the root causes of financial exclusion need to be addressed. Further work on prompting behaviours that encourage saving, lower dependence on credit, and curb advertising and marketing of inappropriate products to vulnerable households is required. The delivery mechanisms for local financial capability education should be explored. Innovation around the provision of financial autonomy, such as the universal basic income, are worthy of deeper examination if persistent and recurring poverty cycles are to be avoided for the most vulnerable members of the community.

Apart from individual and household level factors, community and societal factors are extremely important influencers of financial well-being. This research suggests that measures to improve the local supportive context of residents would help encourage engagement and exchange of experiences in financial capabilities, while at the same time building a sense of community and social connectedness for those who are reluctant to reach out.



Potential strategies

Action I

Increasing the income base/reducing the cost base

Explore and promote measures to enhance the income and reduce the cost base of residents on lower income thresholds.

Action 2

Promoting financial inclusion with appropriately designed financial services

Appropriate financial services must be designed according to the needs of those on lower incomes to ensure better engagement. In other words, the services need to match, and be designed out of, the lived experiences of low-income consumers.

This will require a radical rethink of the design of existing offerings by financial service providers, factoring in the cost, utility, relevance, flexibility and accessibility of those services. It may also require specific services for those on low income. This is essential, as access to financial services which do not match the reality of living on a low income are of little value, and on the contrary, exacerbate financial problems.

Action 3

Building financial capability

A range of financial tools and other supports should be provided to residents to build financial capability, enabling better money management and longer-term resilience. Data driven methods and skills should be promoted to allow both residents and their support groups to better understand spending, saving and borrowing behaviours.

These capabilities will, in turn, promote improved decision making around appropriate solutions. However, caution needs to be exercised that such services are not acting as a gateway towards more incursive for-profit credit platforms.

Action 4

Supportive social context

The important role of local context needs far greater attention both at a research and policy level. Enabling a supportive context within housing estates would make a significant and sustainable contribution to both financial inclusion and financial capability. A starting point could be the development of active and participative tenant committees, which as our research indicates, is likely to have an impact on reducing the prevalence of moneylending and improving social connectedness.

A targeted local approach, rather than a blanket approach, is central to the development of a supportive social context. Part of this could involve identification of leaders within the community to develop community initiatives that particular estates are interested in such as childcare, peer-to-peer sharing groups, bulk buying groups and so on. Furthermore, greater attention needs to be given to capacity training amongst residents.



Section I

Introduction

1.1

Background

This research report sets out to explore the current status of low-income residents of social housing in Ireland in terms of their access to and use of financial services, with a particular focus on savings and credit.

Financial exclusion is "a process whereby a person... lacks or is denied access to affordable, appropriate and fair financial products and services...Addressing financial exclusion is not merely about service provision; it also includes capacity building and structural change" (Burkett and Sheehan, 2009, p.V). It is recognised that financial exclusion is caused by a range of factors (Kempson et al, 2000), and that those on low incomes are at greatest risk (Corr, 2006; Russell et al, 2011). In Ireland, research into various aspects of financial exclusion has been published over the years and those living in rented accommodation, including local authority housing and social housing, have emerged as being financially vulnerable and suffering from exclusion (European Commission, 2008).

Research conducted in 2011 found that 50% of local authority tenants in Ireland did not have a bank current account, 38% were credit excluded and 89% lacked insurance (Russell et al, 2011). Local authority tenants were also at high risk of over-indebtedness and twice as likely to be excluded from savings as private homeowners. They conclude that this group may be usefully targeted for interventions to improve financial inclusion.

Access to financial services is one part of achieving financial inclusion: building capacity to use financial services effectively and changing policy and banking structures are also essential. In the UK and elsewhere, housing bodies have partnered with community-based financial service providers, such as credit unions, to support the financial inclusion of their tenants. The use of digital banking can also be leveraged to facilitate unbanked individuals to receive online payments to ring fenced wallets and to make disbursements to creditors (including rent), addressing the requirements of the financially vulnerable to micro-manage their resources and using notifications and real-time access to help reduce the incidence of arrears and interest accruals.

This study, funded by Clúid Housing and the Housing Finance Agency, and carried out by University College Cork (UCC), is both needed and timely. Improved understanding of the level of financial exclusion being experienced and the contextual factors that impact on the financial inclusion and capability of those who experience it, will enable tailored strategies and solutions to be identified that protect individuals while enabling access to suitable, understandable, affordable and convenient financial services. The study focuses on residents living in Clúid Housing, but it is anticipated that the findings and subsequent conclusions and recommendations will also be of interest and value to other housing associations and support bodies.

Financial exclusion is "a process whereby a person...lacks or is denied access to affordable, appropriate and fair financial products and services... Addressing financial exclusion is not merely about service provision; it also includes capacity building and structural change".

Burkett and Sheehan, 2009

1.2

Aims and objectives

The main aim of this research was to examine financial exclusion among Clúid Housing residents, with a view to identifying potential improvements to their financial inclusion and well-being. Financial inclusion means having access to useful, appropriate and affordable financial products and services that meet people's needs.

The objectives of this study are to establish:



The key challenges related to financial inclusion faced by Clúid Housing residents.



Potential strategies to address these challenges and build capability.

1.3

Research methodology

A mixed method approach was adopted for this report, involving both qualitative and quantitative data collection. The research commenced with a comprehensive review of the existing literature on financial exclusion and inclusion and closely related issues, including an examination of how social housing bodies in the UK engage with their tenants in supporting access to and use of tailored financial services. It also examined existing secondary data and statistics that helped to give further background and context. This review was used to guide and inform the primary data collection.

Many studies of financial exclusion have drawn only on macroeconomic census data and other secondary data/literature (e.g. Kempson et al, 2000; European Commission, 2008; Russell et al, 2011; Deane, 2018). A limited number of financial exclusion studies have collected primary data from individuals on low incomes (e.g., Kempson and Whyley, 1999; Byrne et al, 2005, 2007; Corr, 2006). Studies of financial capability, literacy and well-being are more likely to use primary data as many of the measures are less easily determined from macroeconomic data (e.g., Keeney and O'Donnell, 2009; Byrne et al, 2010; Kempson and Poppe, 2018). Given the clearly defined population in this proposed study, and access to potential participants, it was possible to collect detailed primary data.

In the interests of good research practice and given the potentially sensitive nature of aspects of the research topic, ethical approval to collect primary data was sought and gained from the Social Research Ethics Committee at UCC, prior to engaging in data collection.

This helped to ensure that strict procedures were in place to protect the autonomy and privacy of the individuals being asked to participate in sharing their views and experiences with the research team, as follows:

- **Informed consent**
  Research participants were provided with sufficient information to make an informed decision on whether or not they wished to participate;
- **Independence**
  Participants were not made to feel obliged to take part and were assured that their choice to participate or not to participate would have no impact on their relationship with Clúid Housing;
- **Freedom to withdraw**
  Participants were made aware that they were free to withdraw from the research within a reasonable time without having to give a reason;
- **Confidentiality**
  All anonymised survey data that was collected was stored securely.

The approach to primary data collection was impacted by the arrival of Covid-19, which meant that all data was collected by telephone or by various online means, as will be identified below. The primary data collection was conducted in 3 main stages:

1. Key informant interviews

A total of 33 key informants were interviewed across 22 different stakeholder groups as shown in Table 1. These stakeholders included housing associations and organisations providing various supports to housing associations in both Ireland and the UK. The credit union sector was also included as were academics and others who could inform the research. A number of additional stakeholder groups were contacted but were unavailable for an interview within the timescale for the project. All interviews took place by phone or by video conference. The findings are integrated throughout the report as various aspects of social housing and financial exclusion/inclusion are discussed.

Housing associations and support agencies Ireland
Clúid Housing Association
Circle Voluntary Housing Association
Focus Ireland
Irish Council for Social Housing
Respond Housing Association
The Housing Agency
The Housing Finance Agency
Tuath Housing Association
Housing associations and support agencies UK
Clarion Housing Group
London Housing Financial Inclusion Group
Orbit Homes
Southway Housing
Credit unions and credit union representative bodies
Credit Union Development Association
Irish League of Credit Unions
Leeds Credit Union
Lewisham Plus Credit Union
Academic and research organisations
Centre for Community Finance Europe
Liverpool John Moores University
University College Cork
Others
Cork City Council
Financial Services and Pensions Ombudsman
Money Advice and Budgeting Service

Table I: Key informant interviews.

2. Household survey of Clúid Housing social housing residents

A selection of Clúid Housing estates in Dublin (7) and Cork (6) were included in the household survey. These were selected primarily on the basis of size, to maximise the response rate to the survey, but also on the basis of having a mix of different estate characteristics, such as housing type and age as well as elements of both urban and more rural communities. No responses were received from one of the Cork housing estates, so the final number of estates included in the study was 12. The survey questions covered a range of issues designed to collect information on participants' experiences of accessing and using financial services, general money management in their household and their wider community context. Given the nature of the research, every question contained an option not to answer so that participants did not feel pressure to answer questions they did not feel comfortable about.

The survey was conducted using the Qualtrics survey software. The survey was notified to residents via the Clúid Housing newsletter in June 2020, following which residents in the selected housing estates were contacted by text message and/or by email by Clúid Housing, explaining the purpose and nature of the research and asking for participation. Residents were invited to make contact with a member of the research team or with Clúid Housing for further information or support where needed. Those who wished to participate but were unable to complete the survey online were offered additional supports. Reminder texts and emails were sent as needed. As stated above, all responses were completely anonymous although all respondents were asked to identify the housing estate in which they live to enable geographically clustered analysis of the data, where appropriate. A total of 154 usable responses to the survey were received. The survey findings and analysis are presented in Section 5.

3. Focus groups

All social housing residents in the selected housing estates were invited to participate in a focus group discussion. The objective of the focus groups was to explore the requirements of financially excluded households to save, to budget, to receive payments, and to plan for regular payments to both creditors (including utilities and rent) and savings schemes. Two focus group discussions with a total of 9 participants took place in September and October 2020 respectively. For health and safety reasons, these were facilitated using online conferencing software. Conversations with two additional participants who were unable to attend at the appointed time also took place. The focus group findings and analysis are presented in Section 6.

The survey questions covered a range of issues designed to collect information on participants' experiences of accessing and using financial services, general money management in their household and their wider community context.

1.4

Report outline

This research report is set out in 7 main sections with accompanying appendices. This first section has introduced the report and explained the methodology used to conduct the research.

Section 2 conducts a theoretical overview of financial exclusion and the evolution of theoretical concepts—from financial exclusion / inclusion to financial literacy, through to a focus on financial capability and financial well-being. It highlights the need for solutions to financial exclusion that consider systemic and structural issues.

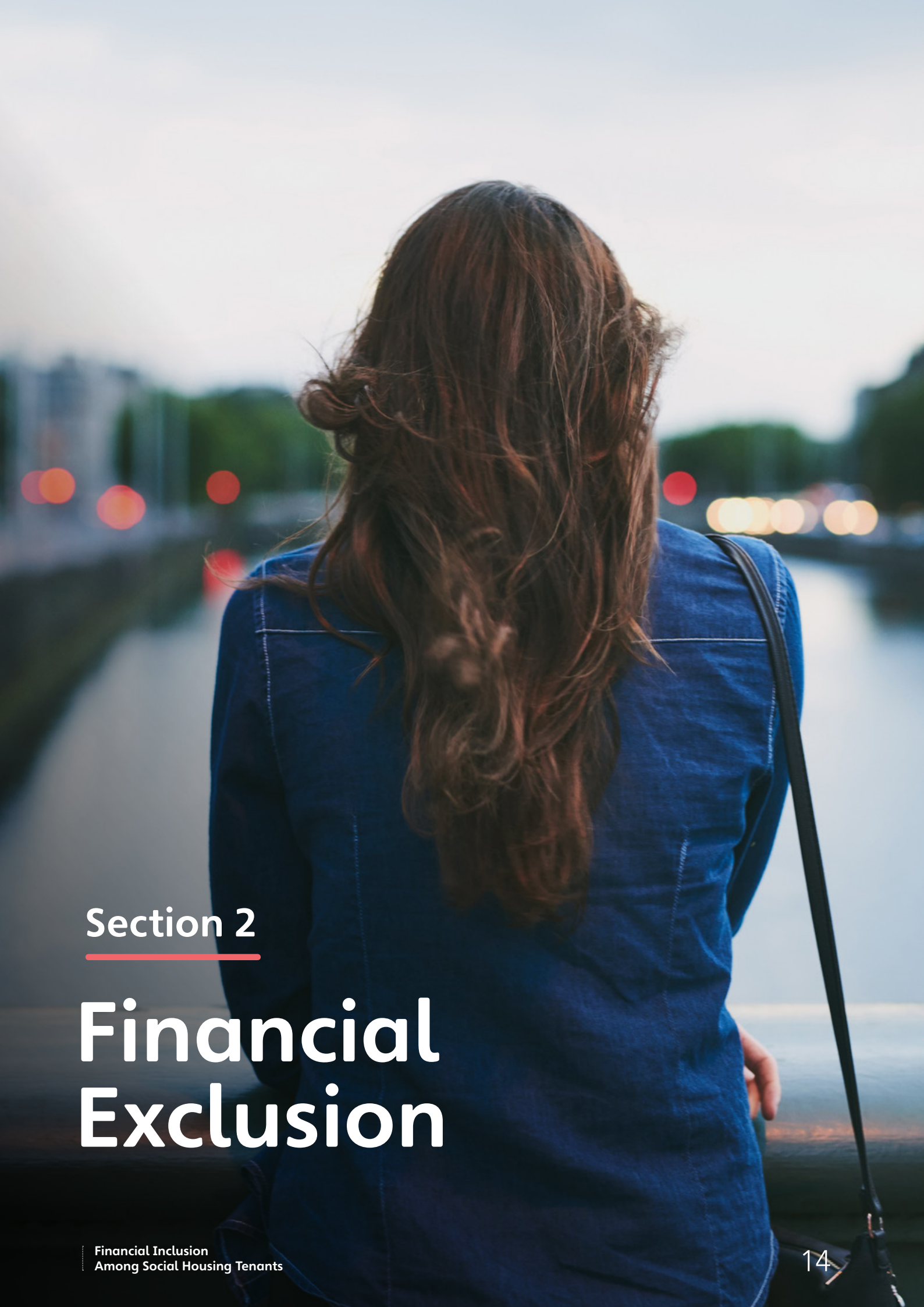
Section 3 highlights the consequences of financial exclusion for low-income households in Ireland. In recognition of the shift away from a narrow focus on financial exclusion discussed in Section 2, Section 3 concludes with a review of recent studies on financial capability, financial well-being, and financial technology in Ireland.

Section 4 explores financial inclusion initiatives for social housing tenants with an emphasis on the UK, to examine what lessons can be learned and applied to an Irish context.

Section 5 presents the detailed findings and analysis of the survey conducted with Clúid Housing residents and presents measures of financial exclusion/ inclusion and financial capability, and given the social housing context of the study, delves into aspects of community connectedness and social capital.

Section 6 presents the findings from the focus group discussions.

Section 7 presents the conclusions and recommendations arising from the research.



Section 2

Financial Exclusion

2.1

Introduction

Financial exclusion can trap people in poverty and result in people falling into poverty (Corr, 2006). People on lower incomes are at high risk of being financially excluded, limiting their full participation in economic and social life (TASC, 2010). Across Europe, people living in rented accommodation, including local authority and social housing[1], have emerged in many studies as being financially vulnerable and suffering from financial exclusion (European Commission, 2008).

> People on lower incomes are at high risk of being financially excluded, limiting their full participation in economic and social life.
>
> *TASC, 2010*

This section explores the causes of financial exclusion. It shows how the discourse has shifted over the last two decades, from a narrow focus on access to, and use of, financial services, to a broader approach focused on a person's financial well-being. While financial inclusion plays an important role in improving a person's well-being, there are broader issues at play, including behaviour, culture and socioeconomic factors. A more holistic approach to addressing financial exclusion is logical, since financial exclusion is recognised as part of a wider social exclusion experienced by certain groups in society (European Commission, 2008).

This section reviews the common definitions for financial exclusion and associated terms, highlighting the lack of a universally agreed definition. The main causes of financial exclusion are examined, and the benefits of financial inclusion are briefly outlined. The evolution of theoretical concepts—from financial exclusion/inclusion to financial literacy, through to a focus on financial capability and financial well-being—is explained. Several conceptual models and frameworks for financial well-being are discussed, with a graphical summary provided to facilitate a comparison of the different models. An examination of cultural and socioeconomic factors highlights the need for solutions to financial exclusion to consider systemic and structural issues.

1 A detailed discussion of social housing is contained in Appendix One.

2.2

From Financial Exclusion to Financial Well-being

What is Financial Exclusion?

The term financial exclusion first appeared in the UK in 1995 (TASC, 2010). It was defined as *"processes that prevent poor and disadvantaged social groups from gaining access to the financial system"* (Leyshon & Thrift, 1995, p. 312). More than a decade later, another definition proposed by Burkett & Sheehan (2009, p.V) was *"a process whereby a person...lacks or is denied access to affordable, appropriate and fair financial products and services"*.

An access-point definition omits *"the situated socio-economic position of social groups and brings to the fore instead the central problem as being one of individual accessibility"* (Salignac et al, 2015, p. 270). A broader definition of financial exclusion emerged to expand the focus beyond mere 'access' to also consider 'use' of financial services (Deane, 2018; Gloukoviezoff, 2011; Byrne, McCarthy & Ward, 2005). The European Commission's definition of financial exclusion encompasses both access and usage elements:

> "a process whereby people encounter difficulties accessing and/or using financial services or products in the mainstream market that are appropriate to their needs and enable them to lead a normal social life in the society in which they belong" *(European Commission, 2008)*.

All these definitions recognise financial exclusion as a process, acknowledging the existence of a series of actions or steps that lead to a person lacking, or being denied, financial products and services. The European Commission definition recognises financial exclusion as part of a wider social exclusion experienced by groups who often lack access to other services such as employment, housing, education or healthcare (European Commission, 2008). Parodi & Sciulli (2012, p.1) cite the European Commission's definition of social exclusion for individuals as *"a progressive process of marginalization leading to economic deprivation and various forms of social and cultural disadvantage"*. Social exclusion is dynamic, multi-dimensional (encompassing income poverty, unemployment, access to education, information, childcare and health facilities, living conditions and social participation) and multi-layered, in the sense that the causes of exclusion can be at the national, community, household or individual level (European Commission, 2010). This suggests a more holistic approach to financial exclusion is required, giving due consideration to the broader contextual setting.

What are the causes of Financial Exclusion?

The causes of financial exclusion are multi-faceted. People can be financially excluded in a number of ways, summarised as follows:

- **Geographical exclusion**
  occurs when the physical geography of financial services provision changes due to financial provider branch closures, thereby creating a reliance on transport to reach financial service locations.
- **Access exclusion**
  arises when financial service providers' risk assessment procedures result in the exclusion of certain individuals.
- **Condition exclusion**
  occurs when stipulations attached to financial products make them inappropriate for certain people, which can be the result of barriers introduced through legislation or regulation.
- **Price exclusion**
  occurs when products and services are unaffordable.
- **Marketing exclusion**
  occurs when people are effectively excluded because they are not the target audience of marketing and sales teams (Kempson et al, 2000).
- **Resource exclusion**
  occurs when people lack the discretionary income to save for the future.
- **Electronic exclusion**
  arises due to restricted access to the electronic economy, including internet banking, telephone banking and digital banks (Corr, 2006).

Self-exclusion is another dimension to financial exclusion and can occur for a number of reasons: people believing they will be refused a product or service because they or a peer were refused in the past; people believing they are not viewed as an acceptable client; psychological barriers; mistrust of financial institutions; language barriers; cultural factors; and poor levels of knowledge (Kempson et al, 2000). Self-exclusion can also occur because some people prefer to operate on a cash budget, or they believe it is unnecessary to have a bank account to manage a small budget; they may lack the confidence to engage with financial institutions, believing banks are not interested in people on low incomes (TASC, 2010).

Confusion exclusion is *"a preference to disengage rather than be intimidated by the process of purchasing financial products"* (Salignac et al, 2015, p. 274). People may voluntarily exclude themselves from financial products and services for a number of reasons: a poor understanding of the benefits of financial products; a lack of awareness of the existence of financial products; a belief that personal circumstances preclude them from inclusion; and limited financial capability. Financial exclusion is influenced by an individual's perceptions, beliefs, capabilities and decisions. Low levels of financial capability can prevent people from understanding and accessing products and services. For people who 'choose' to be excluded, a deeper examination is required to determine if they are exercising full agency and choice, or if their self-exclusion is a result of their financial capability or their worldview (Salignac et al, 2015).

The OECD acknowledges financial exclusion as a sign of market failure, and views this in terms of supply-side factors and demand-side factors. Supply-side factors include regulatory constraints; availability of competing financial services with no, or limited, financial consumer protection requirements; prohibitive market factors; geographical/physical barriers; and infrastructure and connectivity barriers. Demand-side factors include financial vulnerability caused by personal circumstances; reduced social and technological inclusion; cultural and psychological barriers; linguistic or educational barriers; and low levels of financial literacy (Atkinson & Messy, 2013).

A 2007-2008 study across 14 EU countries (Austria, Belgium, Bulgaria, France, Germany, Ireland, Italy, Lithuania, The Netherlands, Poland, Slovakia, Spain, United Kingdom and Norway) grouped the main causes of financial exclusion into societal, supply and demand factors. Although this study is more than a decade old, it is useful to note the most frequent causes of financial exclusion. The societal factors most frequently cited as causing financial exclusion were the demographic technological gap (i.e. the challenges of an ageing population staying up-to-date), labour market changes (more flexible and irregular incomes translating to less stable incomes), and income inequalities. The most common supply factors contributing to financial exclusion (identified by half of the countries) were risk assessment procedures, marketing methods, geographical access, product design, service delivery (e.g. internet access and older people) and complexity of choice. Demand side factors most at play were concerns about cost, a belief that bank accounts are not for poor people / low self-esteem, fear of loss of financial control, and mistrust of providers. Table 2 provides a full list of all the causal factors (European Commission, 2008).

Type of factors causing financial exclusion	Number of countries where these factors have been identified
Societal factors	
Demographic changes technological gap	10/14
Labour market changes	8/14
Income inequalities	8/14
Supply factors	
Risk assessment	8/14
Marketing	8/14
Geographical access	7/14
Product design	7/14
Service delivery	7/14
Complexity of choice	7/14
Demand factors	
Concern about costs	8/14
Low self esteem	8/14
Fear of loss of finance control	7/14
Mistrust of providers	7/14

Table 2: Some of the main causes of financial exclusion in 14 European countries. Source: European Commission, 2008.

What is Financial Inclusion?

Both financial exclusion and financial inclusion focus on access to financial products and services, with different adjectives describing the necessary attributes of such products and services. The World Bank defines financial inclusion as:

> "access to useful and affordable financial products and services that meet (peoples') needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way" *(World Bank, 2020).*

While this definition of financial inclusion focuses on access, the G20 Financial Inclusion Indicators agreed in 2011 consider three components: access to financial services, usage of financial services, and quality of products and service delivery. Access indicators include points of service (ATMs, agents, POS terminals etc.) and debit card ownership. Usage indicators include adults with accounts, credit, insurance and saving propensity. Quality indicators include financial literacy (financial knowledge) and financial capability (financial behaviour), market conduct, consumer protection and barriers to use (Global Partnership for Financial Inclusion, 2013). In 2016, new indicators were added to measure the availability, use and quality of digital financial services (Global Partnership for Financial Inclusion, 2016).

There are numerous benefits to financial inclusion for low-income households. For example, convenient payment services can reduce or eliminate the need to travel long distances, which can be time-consuming and costly. Management of day-to-day resources is easier when low-income families can take advantage of opportunities to smooth consumption. Quality of life is improved when financial services are used to gain access to education, health care and other necessities. Protection against vulnerability is enhanced through savings, credit, insurance and remittances. Financial inclusion also builds economic citizenship when financial services foster independence and give people the ability to actively participate in their communities (International Finance Corporation, 2011).

Financial Literacy

There is a strong link between financial inclusion and financial literacy. Evidence shows low levels of financial inclusion are associated with lower levels of financial literacy. Therefore, financial education to increase financial literacy has been viewed as a means of enabling individuals to access and use financial products and services (Atkinson & Messy, 2013).

Early approaches to financial literacy focused primarily on knowledge (Kempson, 2019). Knowledge was assessed on the three economic concepts deemed important for selecting optimal financial products and services: interest compounding, inflation, and risk diversification (Lusardi & Mitchell, 2011). Financial literacy studies later evolved to consider a combination of knowledge and skills. However, a subsequent critique of this approach determined that a focus on knowledge and skills was insufficient, as it neglected to consider people's behaviour. The concept of financial literacy was therefore extended to include the interaction between knowledge, skills, attitudes, and personality traits with behaviour, while also taking into account the impact of the socio-economic environment (Kempson et al, 2013; Kempson, 2019). (See Figure 1.)

The OECD defines financial literacy as:

> "a combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being" *(OECD, 2013, p.13).*

The OECD toolkit for measuring financial literacy and financial inclusion includes a questionnaire that captures information on the following financial inclusion indicators: holds payment product; holds savings, investment or retirement product; holds insurance; holds credit product; aware of at least 5 products; recent financial product choice; and reliance on family and friends (OECD, 2018). This broader definition of financial literacy—which considers peoples' behaviour—aligns closely with the definition of financial capability.

Figure I: Evolution of Financial Literacy, using OECD definition as endpoint.

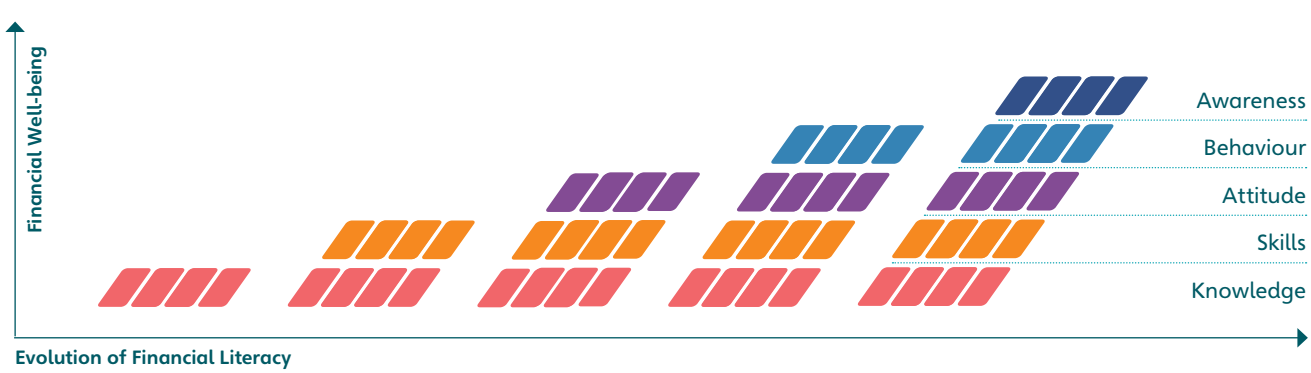
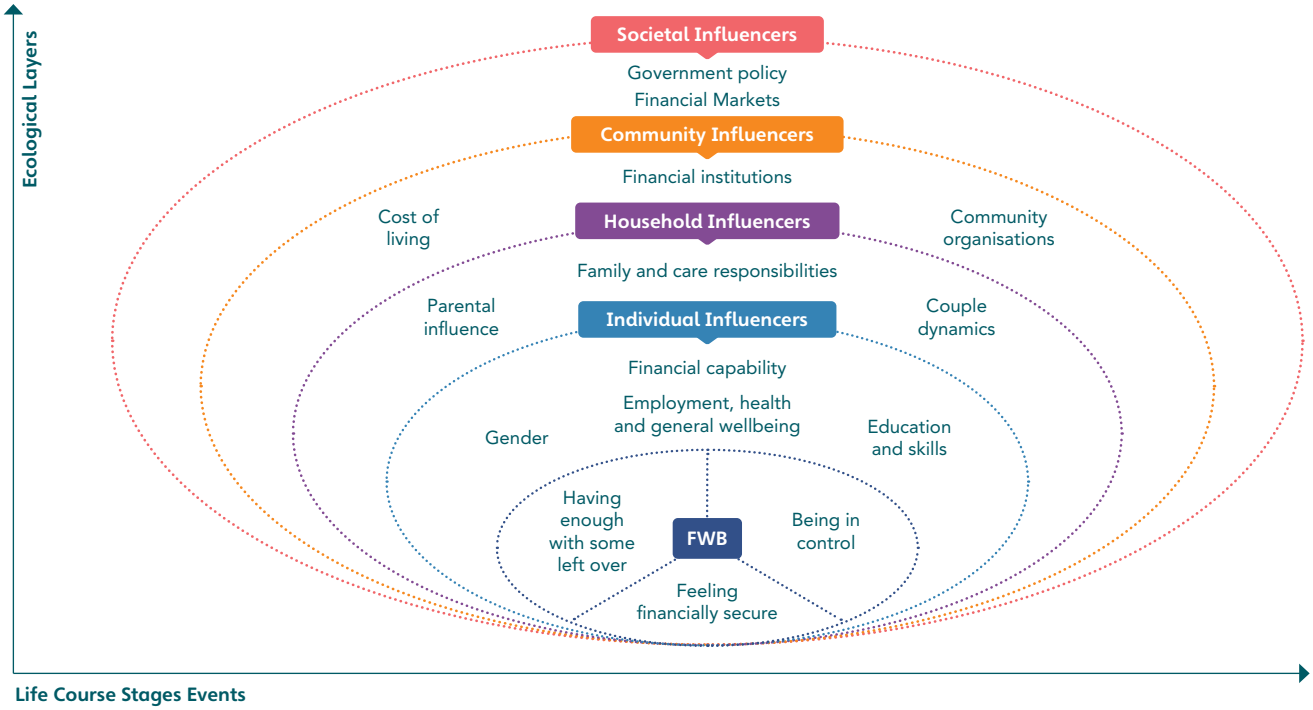


Figure 2: Conceptual model of financial well-being. Source: Salignac et al, 2020.



Broadening Financial Literacy to Financial Capability

The concept of financial capability emerged through research conducted for the UK's Financial Services Authority (FSA) in 2005. A study identified three key elements that determine financial capability: knowledge and understanding; skills; and confidence and attitude. Experience and circumstances influence all three key elements. It was also shown that an individual's personality influenced both confidence and attitude (University of Bristol, 2005). Financial capability focuses on behaviour and the factors that influence behaviour (Kempson, 2019). It changes over people's lifetime and it is interlinked with people's environmental and personal circumstances (Accion, 2013).

Financial capability aims to capture the idea that the effective use of increased financial service options (i.e. financial inclusion) will lead to improved well-being but increasing the availability of financial services is only valuable if it enables people to pursue their well-being goals. A focus on financial literacy alone will not lead to improved financial decisions, as it is just one input into people's financial capability. Three factors contributing to financial capability are the supply of financial services, social norms and cultural values (which define what is appropriate), and personal characteristics (Storchi & Johnson, 2016).

Financial Well-being

Improving a person's financial capability can lead to increased financial well-being. Financial well-being is defined as:

> "The extent to which someone is able to meet all their current commitments and needs comfortably and has the financial resilience to maintain this in the future" *(Kempson & Poppe, 2018, p.14).*

Several conceptual frameworks and models have been developed to highlight the factors influencing financial well-being. Kempson & Poppe (2018) developed a conceptual model showing the interplay between an individual's socio-economic environment, personality traits, knowledge and experience, and financial attitudes and confidence, to show how these elements drive financially capable behaviour that impact on the goal of financial well-being. In this model, knowledge and experience are shown to be secondary to attitudes and personality (they have an effect but it can be overridden by attitudes and personality). This denotes the reality that people may know what to do but may still do the 'wrong' thing (Kempson, 2019).

Financial well-being can also be conceptualized using an ecological life-course approach which views financial well-being as *"intrinsically situated in broader relational, social, structural and temporal dynamics"* (Salignac et al, 2020, p. 1596). This approach—shown in Figure 2— highlights how an individual's financial well-being is structurally, socially and temporally situated. It is particularly important to note that financial well-being develops in interaction with a person's environment and it changes over time depending on a person's life stage and life events. Factors that influence financial well-being operate at three levels: the individual; the household/ family/peer level; and the community and societal level (Salignac et al, 2020).

Another recent framework distinguishes the five key elements of financial well-being as interventions; financial behaviours; consequences; contextual factors; and personal factors. Financial well-being is seen as subjective, i.e. it is based on an individual's perception of *"being able to sustain current and anticipated desired living standard and financial freedom"* (Brüggen et al, 2017, p. 7). Contextual factors comprise economic factors (including levels of employment, interest rates); legal factors (such as consumer protection) political factors (including tax policies); socio-cultural factors (including culture, demographic distribution and population growths) technological factors (such as the level of digitalization and the state of fintech) and market factors (availability and access to financial solutions, support and advice, marketing/communication/sales efforts) (Brüggen et al, 2017).

Financial well-being interventions comprise financial education, financial counselling, financial advice, framing/nudging and structural interventions. Personal factors comprise socio-demographics; skills, attitudes and motivations; traits; financial practices; and life events. Financial behaviour is at the heart of this model because it is recognised as having a direct impact on financial well-being. Financial behaviour can involve breaking financially destructive behaviours and habits such as overspending, generating debt, paying bills late, or consuming an emergency fund; stimulating financially sound behaviours; and stabilising critical/vulnerable life situations. The consequences of financial well-being are realised at the individual or collective/family level (quality of life / success and happiness; general well-being and mental health; interpersonal relationship quality); organisational level and societal level (Brüggen et al, 2017).

Financial resilience is a concept that is closely related to financial well-being. Muir et al (2016, p.5) define financial resilience as the ability to *"access and draw on internal capabilities and appropriate, acceptable and accessible external resources and supports in times of financial adversity."*

Financial resilience can be assessed by measuring: economic resources; financial products and services; financial knowledge and behaviour; and social capital. This demonstrates a clear link between financial inclusion and financial resilience (and thus financial well-being), given that access to financial products and services is a key resource contributing to financial resilience (Muir et al, 2016). A focus on financial resilience recognises that situations and an individual's ability to cope can shift and change over time and is dependent on the context, structures and supports available to people. Viewing financial resilience through a broad lens acknowledges the contributions of all stakeholders (including families, community organisations, NGOs, enterprises, industry, regulators, and governments) in shaping an individual's ability to recover from adverse financial events. Financial products and services are just one part of the solution (Salignac et al, 2015).

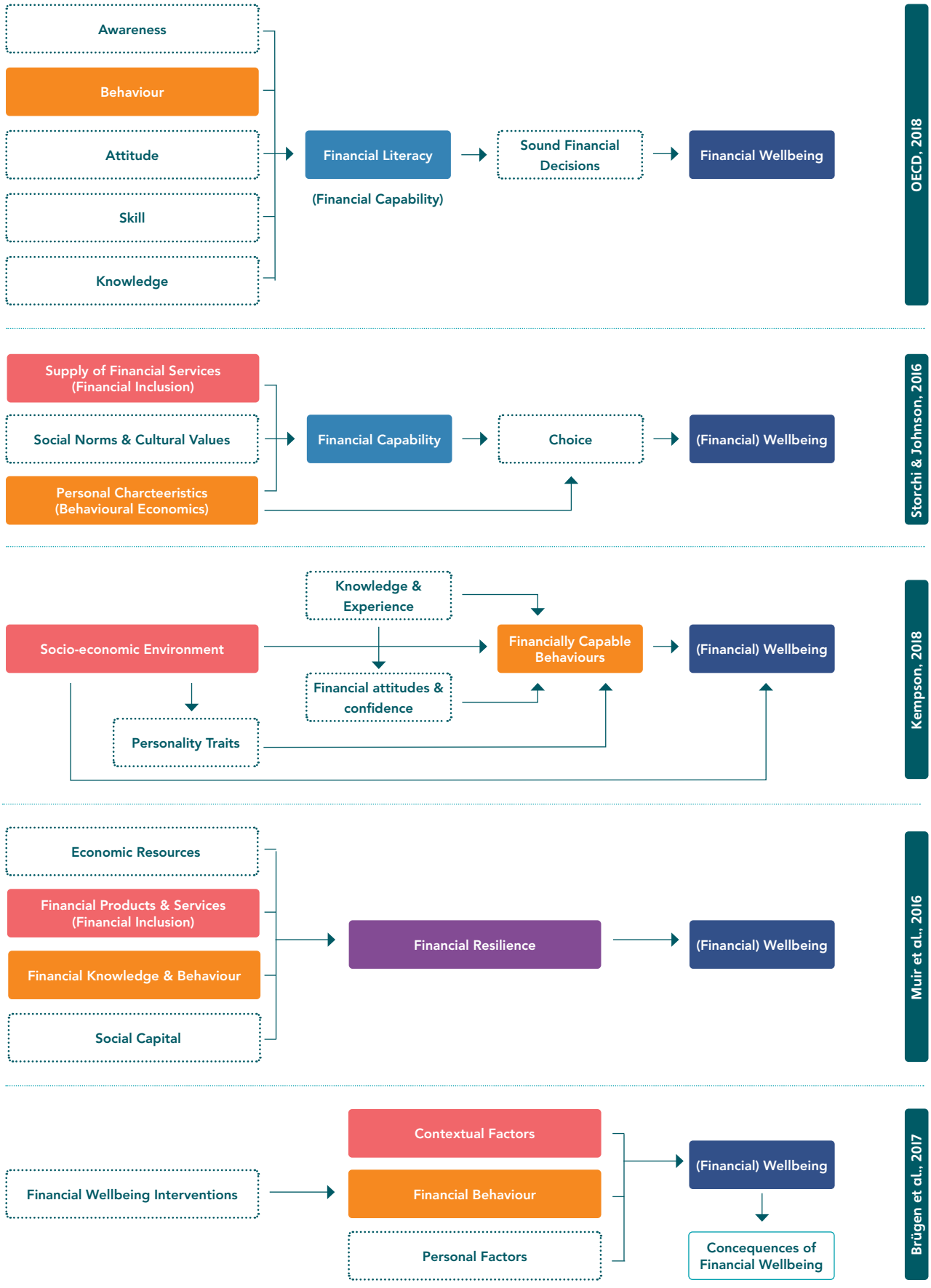
Conceptual models and frameworks for Financial Well-being

Figure 2 has already shown how societal influencers and community influencers influence financial well-being (Salignac et al, 2020). Figure 3 summarises other conceptual models and frameworks for financial well-being (with the layout of the conceptual models altered to facilitate comparison). The OECD framework shows how improved financial literacy (financial capability) leads to sound financial decisions which leads to improved financial well-being. Storchi & Johnson (2016) show how financial capability is driven by the supply of financial services (financial inclusion), social norms and cultural values, and personal characteristics. Financial capability and personal characteristics directly influence choices, which impact well-being. Kempson (2018) shows how financial well-being is directly influenced by financially capable behaviours and the socioeconomic environment. The complex interplay between personality traits, financial attitudes and confidence, knowledge and experience, and the socioeconomic environment is also mapped out. Muir et al (2016) shows how financial resilience leads to financial well-being. Financial resilience is determined by a person's economic resources, social capital, financial products and services, and financial knowledge and behaviour. Brüggen et al (2017) shows how contextual factors, financial behaviour and personal factors directly impact financial well-being.

All these models recognise the role of behaviour as either directly or indirectly influencing financial well-being (see green text boxes in Figure 3). Almost all models recognise the role of financial inclusion, as well as the role of social and cultural factors in influencing financial well-being. *"Social norms and cultural values"* (Storchi & Johnson, 2016), *"socio-economic environment"* (Kempson, 2018), *"social capital"* (Muir et al, 2016) and *"contextual factors"* (Brüggen et al, 2017) show a direct link between the broader environment and a person's financial well-being.

> Financial resilience: the ability to "access and draw on internal capabilities and appropriate, acceptable and accessible external resources and supports in times of financial adversity."
>
> ***Muir et al, 2016***

Figure 3: some of the different conceptual models and frameworks for financial well-being (the layout of the conceptual models has been altered to facilitate a comparison of the different models).



2.3

The influence of geography, socioeconomic environment and culture

Financial exclusion 'does not happen in a vacuum' (Salignac et al, 2015, p. 278).

> Financial capability can be affected by structural settings outside of a person's control which can affect the use, appropriateness and acceptability of available financial products and services *(Salignac et al, 2015)*.

Bowman et al (2017) warn that a narrow understanding of financial well-being focused solely on individuals could divert attention from systemic and structural issues. However, as can be seen from Figure 3, most of the recent conceptual models and frameworks acknowledge the sociocultural and socioeconomic environment as important factors that influence financial capability, financial well-being and financial resilience.

The potential of financial exclusion to deepen inequality by amplifying geographical differences in levels of income and economic development was first noted more than two decades ago, when the term financial exclusion was first coined by geographers concerned about limited physical access to banking services due to bank branch closures. Financial exclusion had *"important implications for uneven development because it amplifies geographical differences in levels of income and economic development"* (Leyshon & Thrift, 1995, p.312).

Geographical exclusion—as a contributing factor to financial exclusion—is highlighted in several publications (Kempson et al, 2000; Corr, 2006; OECD, 2005, European Commission, 2008, Atkinson & Messy, 2013). Studies in the UK have shown the likelihood of being on the margins of personal financial services is concentrated geographically and among certain groups of people. Financial exclusion due to geographical access is driven by three factors: a reduction in financial retail outlets in poorer communities; bank and building society branch closures; and low levels of car ownership in poorer communities resulting in a reliance on expensive and often unreliable public transport (Kempson et al, 2000).

Storchi & Johnson (2016) note that social norms and cultural values are a contributory factor to financial capability and well-being. Structural barriers such as geographical distance, cultural norms, and gender norms may prevent people from accessing certain services. Therefore, the appropriateness of financial and economic practices need to consider people's lived reality, as well as the social norms and cultural values.

Kempson (2018) highlights how a person's socioeconomic environment directly influences financial well-being, as well as influencing financially capable behaviours and the factors that drive it. Financial capability and financial well-being are determined by considering a range of socio-demographic and economic variables including age, gender, family circumstances, income, income and expenditure changes, economic activity status, educational level, housing tenure, and geographical area. These factors can affect people's attitudes, motivations, biases and behaviours, which in turn impact their financial well-being.

In the United States, the Consumer Financial Protection Bureau recognises that financial well-being is influenced by the social and economic environment. In Australia, studies have found that financial well-being is influenced by external conditions, including social and cultural norms. A recent review of financial well-being and financial capabilities concluded that further research on social and cultural norms would be beneficial, both in terms of measuring the impact on financial behaviour, as well as assessing the role individuals can play in changing norms within peer groups (Russell et al, 2020).

Social capital directly influences a person's financial resilience. Social capital includes social connections, access to support in times of crisis, and access to community and government support when needed. An individual's network can provide access to information, advice and assistance. Research in Australia found that while women had lower levels of economic resources, they had higher levels of social capital than men. Economic status, minority status, age and disability were identified as vulnerabilities to consider when designing interventions to enhance financial resilience (Muir et al, 2016).

2.4

What problem are we trying to solve?

Financial exclusion is a multifaceted issue. While a narrow definition focuses on access to, and use of, financial services, developments over the last two decades show that solutions that benefit the financially excluded must take a broader approach to affect real change, considering factors such as behaviour, culture and the socioeconomic environment, which aligns with financial well-being—rather than financial exclusion—as the end goal.

Appropriate solutions to financial exclusion depend in part on what problem we are trying to solve. If the focus is on a narrow definition of financial exclusion, the solution is to increase access (or access and use, depending on the definition used) to financial products and services including bank accounts, savings, credit and insurance. This can be done by reviewing the supply, demand and societal factors causing financial exclusion. However, automatic access to and use of financial products and services may not improve the living conditions for those currently defined as being financially excluded. Access to credit could result in an individual's inclusion in use of financial products and services, but if this leads to financial stress due to over-indebtedness, it does not necessarily improve that individual's well-being.

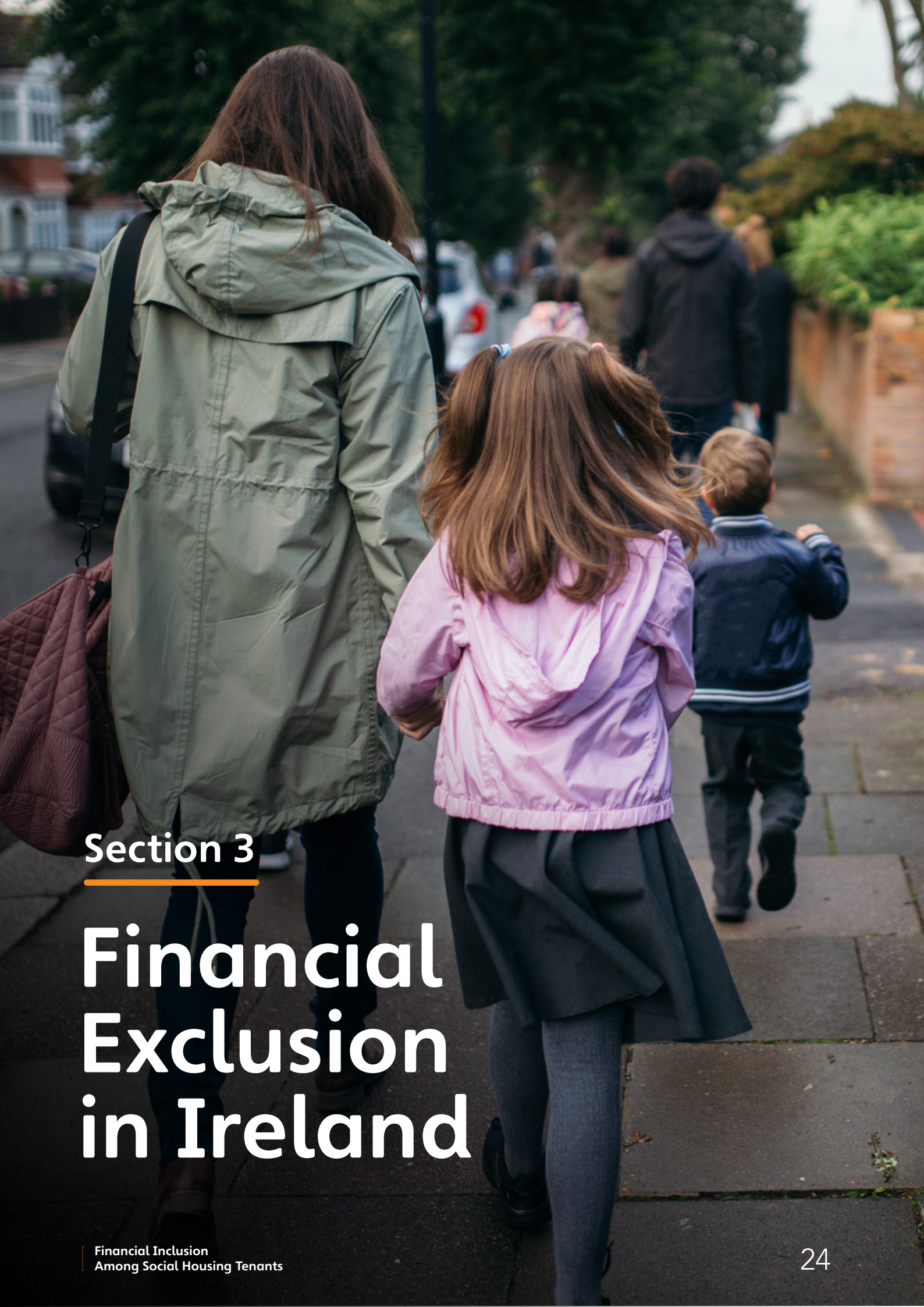
If the focus is on changing behaviour amongst those who are currently financially excluded, designing behaviour change interventions may be an appropriate starting point for considering how to solve the problem. If the problem to be solved is improving a person's financial capability or financial well-being, a broader, more holistic approach is required, which considers not just behaviour and access and use of financial products and services, but also socioeconomic and cultural factors, as outlined in the conceptual models which have emerged in recent years.

2.5

Section Summary

This section has presented a definition of financial exclusion and outlined some of the reasons why people might find themselves financially excluded. It has traced the discourse on financial exclusion from a narrow focus on access to, and use of, financial services, to a broader approach focused on a person's financial well-being. It shows that while financial inclusion plays an important role in improving a person's well-being, there are also broader issues at play. A holistic approach to meeting the challenge of financial exclusion is needed.

A holistic approach to meeting the challenge of financial exclusion is needed.



Section 3

Financial Exclusion in Ireland

3.1

Introduction

While financial exclusion continues to affect a proportion of the Irish population, many of the studies on this issue are now more than a decade old (Corr, 2006; European Commission, 2008; TASC, 2010; CSO, 2010; Russell et al, 2011). The last EU wide study in 2010 on financial exclusion reported that 16.8% of people in Ireland did not have a bank account. However, that was before the EU Payment Accounts Directive was transposed into Irish law in 2016.

This section highlights the consequences of financial exclusion for low-income households in Ireland and confirms the Irish Government's definition of poverty. Using the World Bank definition of financial inclusion which refers specifically to transactions, payments, savings, credit and insurance as the financial products and services that should be delivered to meet people's needs in a responsible and sustainable way, it examines each of these products. In recognition of the shift away from a narrow focus on financial exclusion discussed in Section 2, the section concludes with a review of recent studies on financial capability, financial well-being, and financial technology in Ireland.

16.8%

The last EU wide study in 2010 on financial exclusion reported that 16.8% of people in Ireland did not have a bank account.

3.2

Consequences of Financial Exclusion

Financial exclusion impacts negatively on low-income households in several ways:

- It is more **time-consuming and expensive** to manage limited household resources outside the banking system
- People without bank accounts **lack a secure place** to store their money
- Bill payment can be **more difficult and more costly**
- Charges for basic financial transactions can be **higher**
- **Access to affordable credit can be limited**, which can result in use of high cost credit from moneylenders
- It is more **difficult to accumulate savings** to increase resilience to future shocks and stresses
- There are **increased risks due to being uninsured** for health, house contents or life insurance, limiting people's ability to cope with shocks and stresses such as illness, separation, divorce, or loss of employment (Corr, 2006; TASC, 2010).

At a European level, financial exclusion disproportionately affects people who are unemployed, lone parents caring for children full-time, and those unable to work due to sickness or disability. There is evidence that financial exclusion is concentrated in certain communities, with people living in deprived areas most likely to be financially excluded. Migrants and people who are over-indebted are also more likely to be excluded.

> Those living in rented accommodation, including local authority housing and social housing, have emerged in many studies as being financially vulnerable and suffering from exclusion *(European Commission, 2008)*.

Russell et al (2011) cites several studies that show being on a low income was the most common contributing factor to financial exclusion across a wide range of European countries.

In economies where only a small percentage of adults are unbanked, the unbanked are much more likely to be poor. Unbanked adults are more likely to have low educational attainment (Demirgüç-Kunt et al, 2017).

Financial exclusion can leave people feeling disempowered and negatively impact on their mental health. A 2017 survey of 21 local and national organisations working with vulnerable groups in Ireland showed that, for the people they support, the primary impact of financial exclusion was poor mental health due to increased stress and anxiety. Specific housing-related impacts included difficulty securing and keeping rented housing, securing a deposit for housing, unfit housing and administrative delays with social housing support payments, and unsustainable rent top-ups (Deane, 2018).

Financial exclusion can lead to over-indebtedness when people are refused access to financial products due to poor credit history, when they are unable to settle debts and make a fresh start (e.g. caught in a cycle of moneylending loans), or when they take up financial products inappropriate to their needs (TASC, 2010). Substituting unsecured debt (such as credit cards) for insufficient income (Majamaa et al, 2019; Allon, 2015) can lead to lower income households being trapped in a cycle of debt and poverty and paying a higher price for access to finance than their fellow citizens who earn higher incomes (Faherty et al, 2017; Davies et al, 2016; Gabler, 2016; Poppe et al, 2016; Garcia & Draut, 2009).

A 2011 ESRI report on financial exclusion and over-indebtedness in Irish households found that households most at risk of banking exclusion were:

- headed by a person who was unemployed, ill or disabled, with lower levels of education;
- comprised of single adults with children;
- local authority tenants; and
- households 'at risk of poverty'.

The report also showed that 50% of local authority tenants in Ireland did not have a bank current account (compared to 6% of homeowners with a mortgage), 38% were credit excluded and 89% lacked insurance. Local authority tenants were four times more likely to be credit excluded, twice as likely to be excluded from savings as private homeowners and were at high risk of over-indebtedness. For these reasons, local authority tenants were highlighted as a possible focus for interventions to improve financial inclusion (Russell et al, 2011).

The risk of financial exclusion is increased by lack of internet access. In Ireland, over a quarter of households in rural counties do not have internet access, which impacts on the ability to access online financial services; this affects many vulnerable groups including low-income groups, the elderly and people suffering from social exclusion. Social inclusion and community participation in financial services is also an issue for people with disabilities, where travel to other locations may not be a feasible option. (Indecon, 2019).

Local authority tenants were four times more likely to be credit excluded, twice as likely to be excluded from savings as private homeowners and were at high risk of over-indebtedness.

3.3

Irish Government Policy

The Irish Government uses 'consistent poverty' as the official measure of poverty in Ireland. Consistent poverty has two components. The first component is 'at-risk-of-poverty', which identifies individuals with incomes below 60% of the median equivalised disposable income. The second component, deprivation rate, captures individuals lacking two or more of 11 identified necessities[2] (Central Statistics Office, 2019).

The Irish Government has a target to reduce the national consistent poverty rate to 2% or less, and to make Ireland one of the most socially inclusive states in the EU. The Roadmap for Social Inclusion 2020 – 2025 lists seven high-level goals, 66 commitments and 22 targets, including targets on poverty and housing that align with the Government's Rebuilding Ireland policy (Government of Ireland, 2020).

In 2019, the consistent poverty rate in Ireland was 5.5% (Central Statistics Office, 2020). This rate was highest among unemployed individuals and households where there was one adult and one or more children under 18 years of age (Central Statistics Office, 2019). Deane (2018) highlighted how the income of social welfare dependent households is inadequate, as it falls below the at-risk-of-poverty definition of less than 60% of median equivalised disposable income.

5.5%

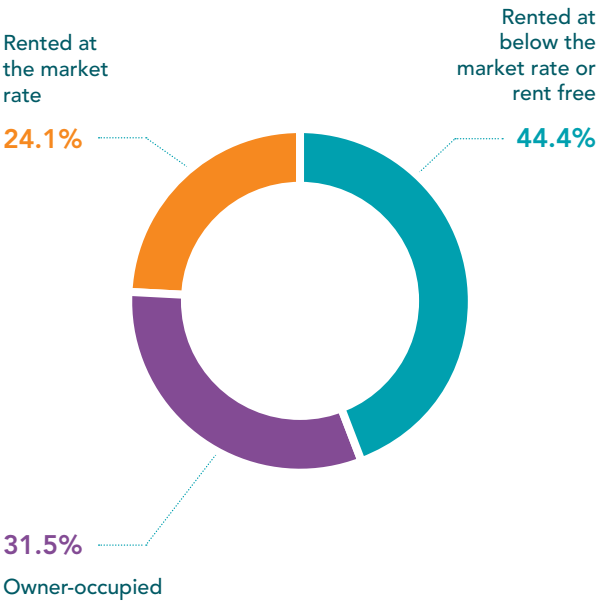
In 2019, the consistent poverty rate in Ireland was 5.5% *(Central Statistics Office, 2020).*

2 These necessities are: two pairs of strong shoes, a warm waterproof overcoat, new (not second-hand) clothes, a meal with meat, chicken, fish (or vegetarian equivalent) every second day, a roast joint or its equivalent once a week, home heating during the last year, fuel to keep the home adequately warm, presents for family or friends at least once a year, replacement for worn out furniture, drinks or a meal for family or friends once a month, a morning, afternoon or evening of entertainment once a fortnight.

Housing tenure and poverty in Ireland

Households renting at below the market rate or rent free have the highest levels of poverty and deprivation. For people living in consistent poverty, 44.4% are renting at below the market rate or rent free, 31.5% are owner-occupied households, and 24.1% are rented at the market rate (Central Statistics Office, 2019) as shown in Figure 4. Kempson & Poppe (2018) found that renters in Ireland had much lower financial well-being than homeowners.

Figure 4: Tenure status of people in consistent poverty. *Source: SILC 2018, Table 3.6.*



As shown by the green line in Figure 5, households experiencing consistent poverty have almost always been highest among those renting at below the market rate or rent free.

Single-headed households with children under 18 years continue to far exceed other household compositions experiencing consistent poverty, as shown in Figure 6.

Figure 5: Households in Consistent Poverty (%) by tenure status. *Source: Household Finance & Consumption Survey Database.*

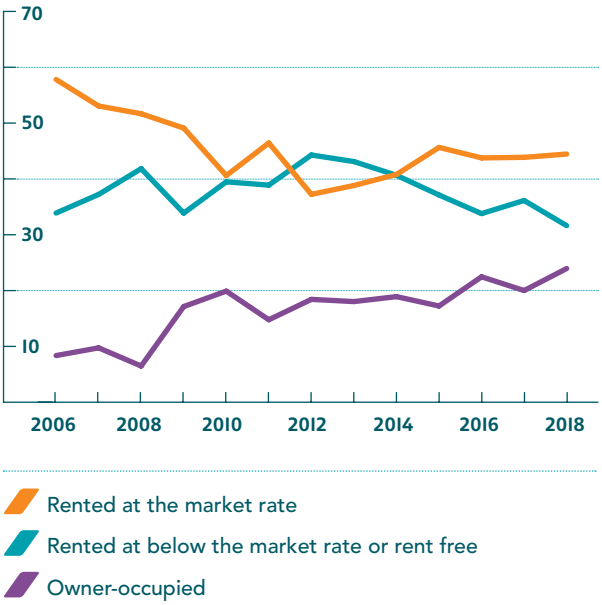
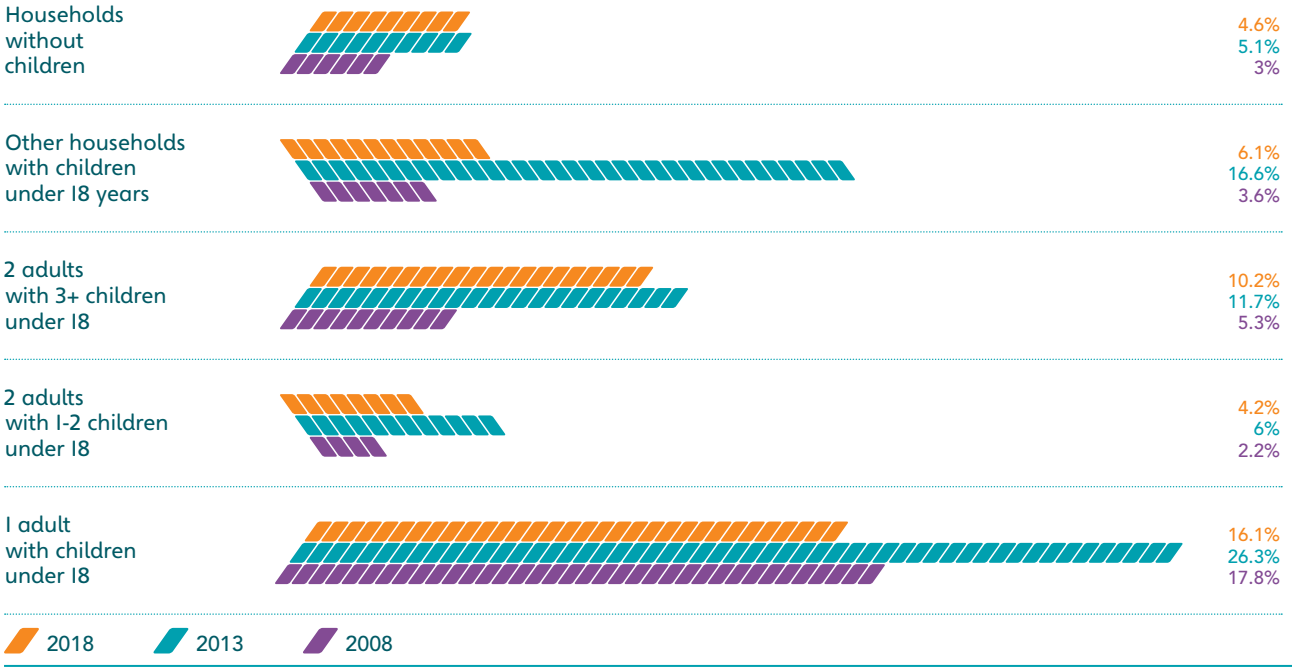


Figure 6: Consistent Poverty Rate (%) by Household Composition. *Source: SILC.*



3.4

Transactions

Bank accounts

The last EU wide report on financial exclusion in 2010 stated 16.8% of people in Ireland did not have a bank account; this figure jumped to 32% for those with income below 60% of the median. Three quarters of people who did not have a bank account cited 'no need – prefer dealing in cash' as the reason. Other reasons given were 'charges too high', 'banks refuse accounts to people like us', 'account application turned down', and 'no bank branch close to home/work'. 30.7% of households had no credit card, overdraft facility or outstanding loan excluding mortgages, and this figure jumped to 55.3% for people living with income below 60% of the median (European Commission, 2010).

A pilot scheme on basic bank accounts was implemented by three banks in Ireland in 2012 and 2013. Over the nine-month pilot scheme, only 205 accounts were opened, the main reason being the absence of a 'trigger event' to necessitate having a bank account, such as electronic payment of wages, salaries, or other entitlements. The pilot scheme was not rolled out nationally, as a European Directive addressing basic bank accounts was in development (Department of Finance, 2020).

The EU Payment Accounts Directive 2014/92/EU introduced access to basic payment accounts (along with rules on the comparability of fees related to payment accounts and payment account switching). Article 17 of this Directive states a payment account with basic features shall include: services enabling all operations required for opening, operating and closing a payment account; services enabling funds to be placed on a payment (current) account; services enabling withdrawals (within the EU) at a bank counter or cash machine; and the execution of various payment transactions within the EU, such as direct debits and credit transfers, as well as payments with a payment card (Official Journal of the European Union, 2014).

In the period from September 2016 to June 2018, 69,182 accounts that met the criteria of a payment account with basic features were opened across all six Irish banking institutions. This data was collected by the Central Bank for a European Commission evaluation of the Payment Accounts Directive. The next evaluation of the Directive, which will provide updated figures, was due to take place in late 2020 (Department of Finance, 2020).

In Ireland, basic bank accounts are available to any individual who is at least 18 years old (or 16 years old for AIB), is legally resident in the EU, does not hold another payment/current account with a bank in the Republic of Ireland, and will not lodge more than a set maximum amount over a 12-month period, equivalent to the national minimum hourly rate of pay for the year (Citizens Information, 2018; MABS, 2017). If the lodgement limit is exceeded or the basic account has been held for five years, the account is converted to a normal current account and standard fees and charges apply (CCPC, n.d.).

A basic bank account comes with a debit card, which may or may not have a contactless payment feature. The debit card can be used at ATMs, in-store or online. Customers can set up direct debits and standing orders and register for online banking. Depending on the bank, money can be lodged into the account by direct transfer or cash lodgement. To open a basic bank account, an individual must show proof of identity and proof of address (MABS, 2017).

A basic bank account is free of charge for everyday banking for at least the first 12 months. After that, the bank will review the account but an individual will not be charged maintenance or day-to-day transaction fees for the first five years, providing the total amount of money paid into the account each year does not exceed the national minimum wage (Citizens Information, 2018). Normal day-to-day services are free.

This includes taking out money at an ATM; using a debit card online or in a shop to pay for something and also for getting cash-back in a shop; transferring money to another bank account, or to pay a bill; setting up and changing a standing order or direct debit; putting money into the account; getting a regular statement and using phone banking and internet banking (outside phone call or data charges). However, some charges still apply if a customer enters an unauthorized overdraft, misses a direct debit / standing order, lodges a cheque that does not clear, or uses the card overseas (international charges apply). Basic bank accounts are also subject to Government duties. Government Stamp Duty is charged at a rate of €0.12 per ATM transaction carried out within Ireland (excluding Northern Ireland). This charge is capped at €2.50 if a customer only uses their debit card for ATM transactions and capped at €5 if the debit card is used for both purchases and ATM transactions (MABS, 2017; Citizens Information, 2018).

A suite of documentation is given to a customer to read and sign before completing an application. This includes the banks' terms of business, information on the Government's Deposit Guarantee Scheme, terms and conditions for the basic bank account, and a schedule of fees and charges. Table 3 shows the fees for basic bank accounts charged by some of Ireland's main banks.

	AIB[3]	Bank of Ireland[4]	Permanent TSB[5]
Name	Basic Bank Account	Basic Bank Account	Basic Payment Account
Contact less	No	Yes	Yes
Unauthorised Overdraft fee	n/a	n/a	n/a
Unpaid Direct Debit	€10	€12.70	€10
Unpaid Standing Order	€10	€12.70	€10
Unpaid Lodged Chaque	n/a	€3.30	€10
No. of docs	6	4	2
Total pages	108	69	25

Table 3: Basic Bank Accounts in Ireland (data correct as of 20 April 2020).

When basic bank accounts were piloted in Ireland in 2012 and 2013, MABS' clients provided feedback on the scheme which included: a lack of perceived need for bank accounts, with people satisfied with using An Post bill payment services or credit union services; people viewing their income as too small to be worth lodging in a bank account; no perceived benefit for people who are over-indebted; a negative attitude and mistrust towards banks; negative experience in the past; and dissatisfaction with the level of bank charges (Deane, 2018).

Table 4 shows that, according to the 2017 World Bank Global Findex Report, 98% of people in Ireland over the age of 25 have an account with a financial institution.[6] This has increased from 95% in 2011 and 2014 surveys. For the 15+ age category, the 2017 figure is 95%. Account ownership differs between income groups, with coverage dropping to 93% for adults in the poorest 40% bracket compared to 97% in the richest 60% category of the population. This shows that more people in the poorest 40% bracket do not have a financial account. However, the biggest gap is exposed when financial education status is considered. Only 84% of people with a primary education or less have an account with a financial institution (Demirgüç-Kunt et al, 2017). This highlights the important role of financial literacy in addressing financial exclusion.

Account Information	2017
Financial account, older adults (% ages 25+)	98%
Financial account (% age 15+)	95%
Financial account, income, poorest 40% (% ages 15+)	93%
Financial account, income, richest 60% (% ages 15+)	97%
Financial account, primary education or less (% ages 15+)	84%

Table 4: Financial account ownership in Ireland. *Source: World Bank Global Findex, 2017.*

3 https://aib.ie/our-products/current-accounts/basic-bank-account; https://aib.ie/content/dam/aib/personal/docs/our-products/current-accounts/basic-bank-account-fee-information-document.pdf https://aib.ie/content/dam/aib/personal/docs/fees-and-charges/a-guide-to-fees-and-charges-for-personal-accounts.pdf

4 https://personalbanking.bankofireland.com/bank/current-accounts/basic-bank-account/features-benefits/

5 https://www.permanenttsb.ie/everyday-banking/current-accounts/basic-payment-account/

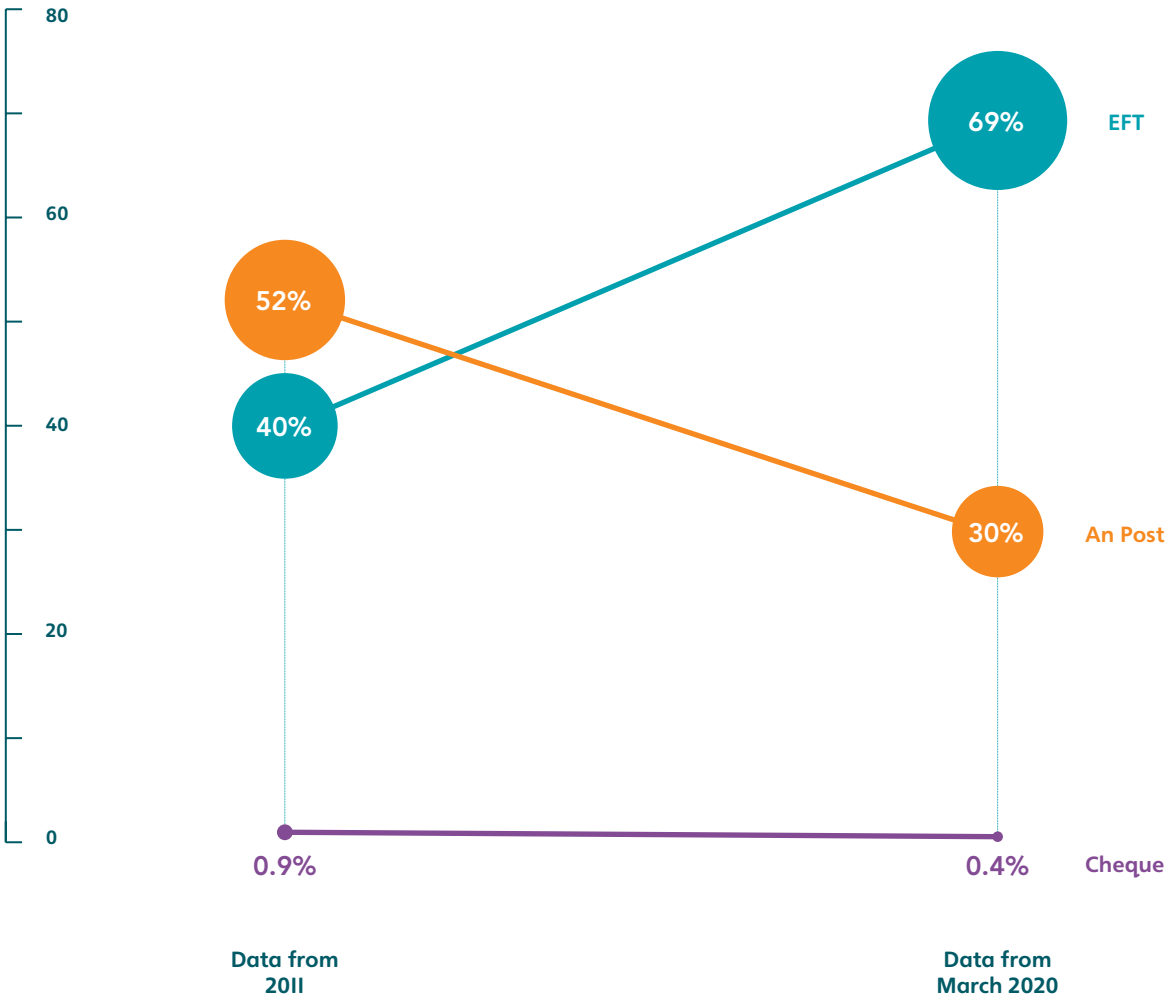
6 The percentage of respondents who report having an account (by themselves or together with someone else) at a bank or another type of financial institution (includes accounts at a bank or another type of formal, regulated financial institution, such as a credit union, a cooperative, or a microfinance institution).

Social Welfare Scheme Payments

The 2011 Strategy for Financial Inclusion in Ireland notes there is a "high correlation between low income and financial exclusion, and it is likely that the majority of those financially excluded are in receipt of welfare benefits" (Steering Group on Financial Inclusion, 2011, p.4). In 2010, the Department of Social Protection established a Payments Strategy Project to modernize the payment of social welfare benefits. Social welfare scheme payments are made in three ways: by electronic funds transfer (EFT), through An Post's electronic information transfer (EIT, which allows people to avail of the Household Budget Scheme) or by cheque.

In 2011, 40% of social welfare payments were made through bank accounts in Ireland, with 52% paid through the Post Office EIT and 8% paid by cheque (Steering Group on Financial Inclusion, 2011). In March 2020, 69.35% of all social welfare payments were made by electronic funds transfer, with 30.25% made by EIT and 0.4% by cheque (Department of Social Protection, 2020). (See Figure 7.)

Figure 7: Percentage of social welfare payments made through An Post (cash payments), EFT and cheque. *Source: Deane et. al. (2018) and Department of Social Protection (2020).*



Social Welfare Scheme Methods of Payment	Cheque (%)		Bank Transfer EFT (%)		An Post EIT (%)	
	Year 2010	Year 2020	Year 2010	Year 2020	Year 2010	Year 2020
State Pension (Non-Contributory)	0	0.01	24.70	44.87	75.20	55.12
State Pension (Contributory)	0.30	0.04	55.30	73.15	44.40	26.82
Widow/er's or Surviving Civil Partner's Contributory Pension	0.50	0.03	40.40	60.64	59.10	39.33
Jobseeker's Allowance	8.50	1.58	14.80	24.49	76.80	73.93
One Parent Family Payment	0.10	0.01	48.80	46.66	51.10	53.33
Jobseeker's Benefit	40.40	1.77	2.30	43.60	57.30	54.63
Disability Allowance	0	0	39.80	56.98	60.20	43.02
Invalidity Pension	0	0.04	46.30	80.38	53.70	19.59
Child Benefit	0	0	61.90	81.55	38.10	18.45

Table 5: Comparison of percentages on 2010 v. March 2020 data for methods of payment on some social welfare schemes. ***Source: Russell et al (2011) and Department of Social Protection (2020).***

Social welfare payments made in March 2020 were—by volume—child related payments (35%), pensions (33%), disability payments (18%), and income and employment support (15%). Table 5 shows that, over the last decade, there has been no significant change in the percentage of payments made by EIT for Jobseeker's Allowance (76.8% v. 73.93%) and Jobseeker's Benefit (57.3% v. 54.63%). This is not surprising, as both schemes require a person to physically present themselves at their local post office to collect their payment. However, there has been a decrease in EIT payments for all categories of pensions, Disability Allowance (60.2% v. 43.02%), Invalidity Pension (53.7% v. 19.59%), and Child Benefit (38.1% v. 18.45%). For most schemes, the percentage payment by cheque has decreased, with the most significant shift occurring for Jobseeker's Benefit (40.4% v. 1.77%). EFT payments have increased for pension schemes, Jobseeker's Allowance, Jobseeker's Benefit, Disability Allowance, Invalidity Allowance and Child Benefit (Department of Social Protection, 2020). (See Table 5.)

Bill Payment

The 2017 World Bank Global Findex reported that, in Ireland, for people over 15 years of age, 52% report using the internet to pay bills. For people in the poorest 40% category, this figure dropped to 44%. Once again, education also plays a role, with only 33% of those with a primary education or less using the internet to pay bills in the last year, compared to 54% for those with at least a secondary education. 42% reported using a mobile phone or the internet to access a financial institution in the past year. This figure dropped to 37% for people in the poorest 40% category and to 14% for those with a primary education or less. Table 6 provides a summary of this data (Demirgüç-Kunt et al, 2017).

Internet and mobile phone usage (age 15+ category)	2017 data
Used the internet to pay bills in the past year	52%
Used the internet to pay bills in the past year, primary education or less	33%
Used the internet to pay bills in the past year, secondary education or more	54%
Used the internet to pay bills in the past year, income, poorest 40%	44%
Used a mobile phone or the internet to access a financial institution account in the past year	42%
Used a mobile phone or the internet to access an account, income, poorest 40%	37%
Used a mobile phone or the internet to access an account, primary education or less	14%

Table 6: Internet and mobile phone usage in Ireland. ***Source: World Bank Global Findex Report, 2017.***

3.5

Savings

Savings are an important buffer to reduce the impact of financial shocks and stresses, but more detailed data on who saves sheds light on how savings vary based on socioeconomic factors. Of interest to this study is the fact that owner-occupied households tend to have higher levels of savings than those in rented accommodation. A decade ago, 82% of local authority tenants reported being unable to save, compared to 49% of owner occupiers with a mortgage (Russell et al, 2011). According to recent CSO data, the situation has improved, with 97.3% of owner-occupied households having savings, compared to 88.6% of rented households. Owner occupied households with savings had a median savings value of €6,200, whereas rented households with savings had a median savings value of €2,000. Households in the top one fifth of the household income brackets had median savings of €10,000, double the national median of €5,000. On the other hand, households in the bottom fifth of the household income brackets had median savings of €2,000. Households composed of one adult with children only had median savings of €900, while 94.6% of households in Ireland had some form of savings.[7] Household savings rates dropped to 83.2% for households headed by an unemployed person, compared to 98.1% for people at work. 99.1% of those with a third level degree or above had savings, compared to only 79.1% with primary education or below (Central Statistics Office, 2018).[8]

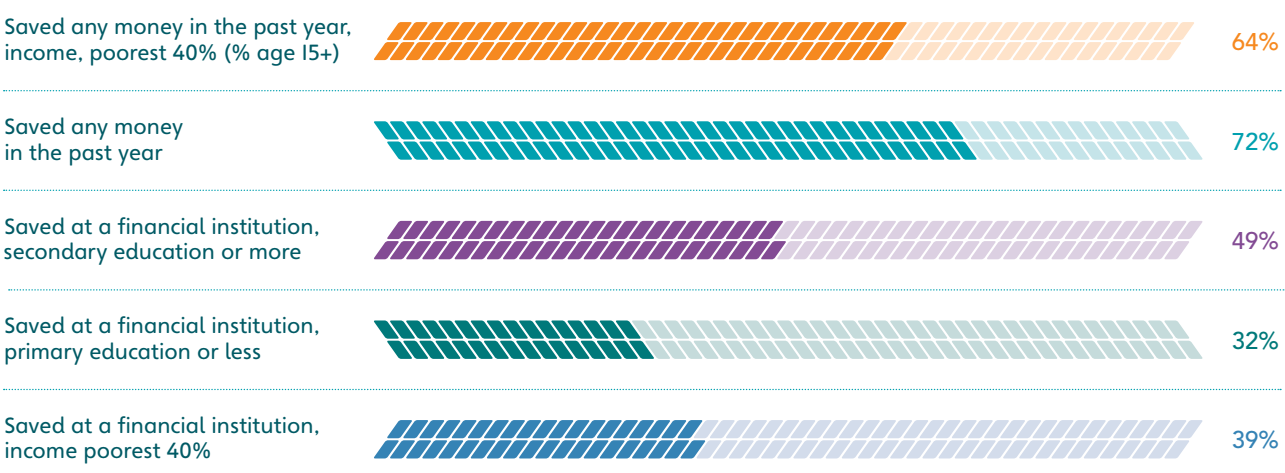
The World Bank 2017 Global Findex Report states that 48% of people over 15 years of age report saving at a financial institution. For the poorest 40%, this figure dropped to 39%. Once again, education levels play a key role, with 32% of those with a primary education or less reported as saving, compared to figures for those with a secondary education or more 49%. 72% of respondents reported personally saving or setting aside money for any reason and using any mode of saving in the past 12 months. For the poorest 40%, this figure was 64% (Demirgüç-Kunt et al, 2017).[9] (See Figure 8.)

7 Savings defined as deposit or savings accounts, or a positive balance on current accounts.

8 Household Finance and Consumption Survey (HFCS) 2018 data published on 30th January 2020 was revised on 4th June 2020.

9 The World Bank Findex figures differ from the CSO figures due to different definitions of savings (CSO defines savings at a household level as deposit or savings accounts, or a positive balance on current accounts; the World Bank Global Findex uses the classification of saving at a financial institution focused on an individual level) and differing age demographic settings.

Figure 8: Financial institution saving levels in Ireland. ***Source: World Bank Global Findex, 2017.***



Savings are an important buffer to reduce the impact of financial shocks and stresses.

Almost 40% of Irish households report that their regular expenses over a one-year period were less than the household's income. The most common reasons given by these households for saving were: provision for unexpected events (52.9%); old-age provision (42.3%); travel/holidays (40.9%); education/ support of children or grandchildren or other relatives (34.4%); other major purchases such as residences, vehicles, furniture etc. (18.6%); purchase of own home (16.7%) and paying off debts (13%) (Central Statistics Office, 2018).

Research on active saving in Ireland showed it is linked to levels of income and is more common for people living outside the Dublin/Leinster area. The mean income for those with the lowest scores for active saving was around €25,000 whereas it was nearly €46,600 among the most capable savers. Active saving is associated with higher levels of education and the unemployed are significantly over-represented among people with low saving capability. People who managed both personal and household money scored higher on active saving than those who managed only their personal finances, and more women than men were active savers. Tenants had slightly lower scores than outright homeowners, and people who were single and never married or divorced, separated or widowed persons had lower scores than couples. This research concluded that raising the levels of financial capability in Ireland would best be achieved by focusing on active saving (Kempson & Poppe, 2018).

Savings are an important factor to boost people's financial resilience. The ability to access emergency funds is crucial when people experience financial shocks and stresses. Data from the 2017 World Bank Global Findex summarised in Table 7 shows that 69% of people reported being able to come up with emergency funds.[10] This figure drops to 58% for the poorest 40% of people, and 29% of people reported that finding emergency funds was not possible. The main sources of emergency funds amongst the poorest 40% were savings (44%), family or friends (26%), money from working (9%), loan from a bank, employer or private lender (14%), and sale of assets (4%), with 3% stating other source (Demirgüç-Kunt et al, 2017).

Ability to come up with emergency funds (age 15+)	**2017**
Coming up with emergency funds: possible (% age 15+)	69%
Coming up with emergency funds: possible, income, poorest 40%	58%
Coming up with emergency funds: not possible	29%

Table 7: Ability to come up with emergency funds. ***Source: World Bank Global Findex, 2017.***

A 2017 survey by the European Anti-Poverty Network collected data from organisations working with disadvantaged groups in Ireland. This showed that, when faced with financial pressures, the most common solution adapted by disadvantaged groups was to borrow from family or friends, followed by going to a moneylender, or a specific community group, or asking MABS for help. Some organisations reported people pursuing multiple strategies at once. This is consistent with findings from another study fifteen years ago, which examined the credit needs of low-income groups in Ireland (Deane, 2018; Byrne et al, 2005).

10 Emergency funds defined as the possibility of coming up with 1/20 of gross national GNI per capita in local currency within the next month. In 2018, GNI per capita in Ireland was $68,060. 1/20 of $68,060 is $3,403.

3.6

Credit

Household Debt

Ireland has the fifth highest Debt-to-Income ratio in the EU. Household debt per capita is €28,186. The value of consumer credit represents a small fraction of the outstanding debt for Irish households. In August 2019, consumer credit was €13,685m (15.3% of outstanding debt) and house purchase loans accounted for €75,646m (84.7% of outstanding debt). Car finance represented 44% of consumer credit and almost two-thirds of consumer credit had a term of 1 to 5 years (Central Bank of Ireland, 2019).

Data from the Household Finance and Consumption Survey 2018 shows that 12.2% of all households have credit card debt. This figure increases to 20.5% for households with two adults and one to three children under 18 years of age. Of the 30.6% of people who applied for credit in the previous three years, 9.6% were refused or received reduced credit; 6.5% did not apply for credit due to a perceived credit constraint; 8% were credit constrained households, just over four in ten (40.7%) applied for credit in the 3-year period preceding their interview date and over a quarter (25.9%) of these households were either refused or didn't get the full amount requested. Almost one out of every five (19.6%) single adult households with children considered applying for a loan at some time in the 3-year period but then decided not to, thinking that their application would be rejected (Central Statistics Office, 2018).

Ireland has the fifth highest Debt-to-Income ratio in the EU.

Households with children have the highest rates of debt. Only 13.9% of one-adult households aged 65 or over have debt in contrast to 72.1% of households with two adults and one to three children under 18 (Central Statistics Office, 2018).

For people over 15 years of age, 17% reported borrowing from a financial institution. 51% borrowed from a financial institution or used a credit card; this figure was 41% for the poorest 40%. 15% borrowed from family or friends (17% for the poorest 40%). This data is shown in Table 8 (Demirgüç-Kunt et al, 2017).

Borrowing (age 15+)	2017
Borrowed from a financial institution	17%
Borrowed from a financial institution or used a credit card	51%
Borrowed from a financial institution or used a credit card, income, poorest 40%	41%
Borrowed from a financial institution, income, poorest 40%	14%
Borrowed from family or friends	15%
Borrowed from family or friends, income, poorest 40%	17%

Table 8: Borrowing from financial institutions. ***Source: World Bank Global Findex, 2017.***

A 2018 survey by Kempson & Poppe (2018) found that, while 60% of the Irish population had no outstanding credit card or consumer loan commitments, 24% had one, 10% had two and 6% had three commitments or more. The average amount owed by borrowers was €8,796. Both tenants and homeowners with mortgages had a stronger tendency towards consumption borrowing, compared to outright homeowners. 6% of people were borrowing for daily expenses, predominant amongst people living in the Dublin area (Kempson & Poppe, 2018). TASC (2020) highlights the fact that Dublin is not only the most expensive region in Ireland to live in, it is also the most expensive Eurozone City.

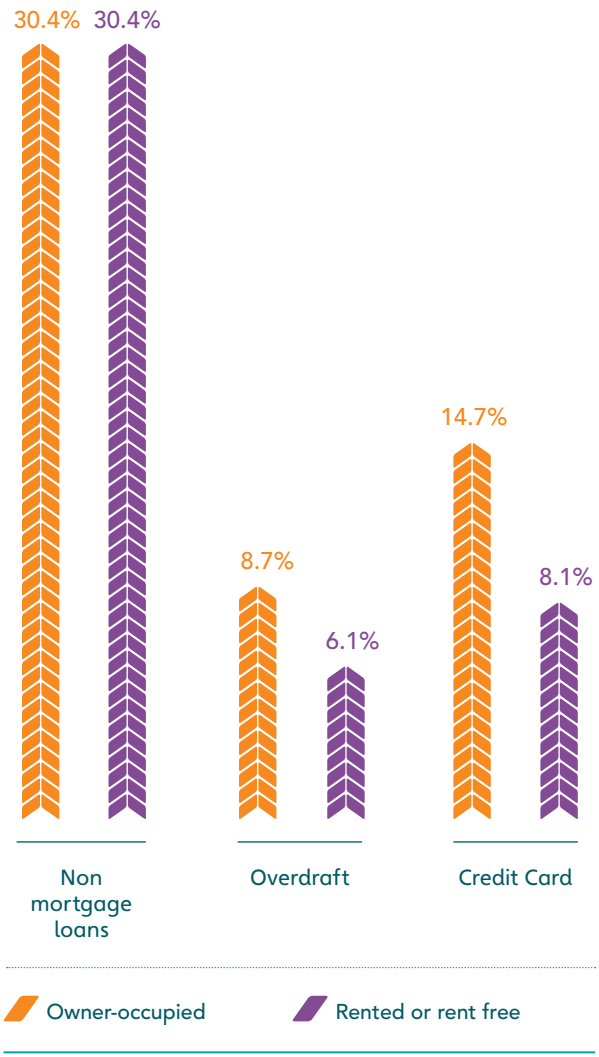
Household Debt and Tenure

A decade ago, 69% of local authority tenants reported not having credit or loans, compared to 57% of owner occupiers with a mortgage; 82% of local authority tenants reported being unable to save, compared to 49% of owner occupiers with a mortgage. 89% of local authority tenants reported that they did not have insurance (Russell et al, 2011).

The 2018 Household Finance and Consumption Survey shows that, when examining credit constraint by tenure status, the main difference is in the percentage of people who were refused or only received reduced credit in the last 3 years, which was 5.8% for owner occupied households compared to 18.4% for rented or rent-free households. 4.3% of owner-occupied households did not apply for credit due to perceived credit constraint, compared to 11.4% of rented or rent-free households. Only 5.5% of owner-occupied households were credit constrained, compared to 13.7% of rented or rent-free households. In all cases, the situation has improved when compared to 2013 figures, as shown in Table 9 (Central Statistics Office, 2018). The drop in household credit refusals from 2013 to 2018 for both tenure types correlates to improvements in Ireland's economy over that period.

Figure 9 provides a graphical representation of household debt by tenure status. The main difference occurs with credit card use, which is 14.7% amongst owner-occupied households compared to 8.1% for rented or rent-free households. The percentage of households using overdrafts is slightly greater for owner-occupied households (8.7%) compared to rented or rent-free households (6.1%). Participation in household debt by tenure status does not differ for non-mortgage loans (Central Statistics Office, 2018).

Figure 9: Participation in Household Debt by Tenure Status (%). *Source: Household Finance & Consumption Survey, 2018.*



Tenure status	Household Credit Constraint	2013	2018
Owner-occupied	Applied for credit in the last 3 years	28%	30.9%
	Refused or only received reduced credit (among those applying in the last 3 years)	15.8%	5.8%
	Did not apply for credit due to perceived credit constraint	9.6%	4.3%
	Credit constrained household	11.3%	5.5%
Rented or rent free	Applied for credit in the last 3 years	28.2%	30%
	Refused or only received reduced credit (among those applying in the last 3 years)	34.4%	18.4%
	Did not apply for credit due to perceived credit constraint	19.3%	11.4%
	Credit constrained household	22.7%	13.7%

Table 9: Household Credit Constraint by Tenure status. *Source: Household Finance and Consumption Survey, 2018.*

Debt Burden and Fragility

The household debt burden and fragility medians by tenure status are shown in Table 10. Debt burden and financial fragility are measured using a range of indicators including debt to asset ratio, debt to income ratio, debt service to income ratio and net liquid assets to income ratio.[11,12] The rented or rent-free households debt to asset ratio (35.5%) is almost double that of owner-occupied households (20.1%). The debt to income ratio is the ratio between total liabilities and total gross assets for indebted households, expressed as the median (once again, households with zero income are excluded). The debt to income ratio for owner occupied households is 116.6%, compared to just 9.2% for rented or rent-free households, likely explained by secured mortgage debt in the case of owner-occupied households. The debt service to income ratio is the ratio between total monthly debt payments and household gross monthly income for indebted households (excluding households with zero income). This figure is 13.3% for owner occupied households and 7.1% for rented or rent-free households. Net liquid assets are calculated as the sum of value of deposits, mutual funds, bonds, non-self-employment business wealth, (publicly traded) shares and managed accounts net of overdraft debt, credit card debt and other non-mortgage debt. This is calculated for all households excluding those with zero income and stands at 13.8% for owner occupied households, compared to 1.4% for rented or rent-free households (Central Statistics Office, 2015).

The rented or rent-free households debt to asset ratio (35.5%) is almost double that of owner-occupied households (20.1%).

Household Debt Burden and Fragility Medians by Tenure Status		2013	2018
Owner-occupied	Debt to asset ratio (%)	37.1	20.1
	Debt to income ratio (%)	163.5	116.6
	Debt service to income ratio (%)	16.2	13.3
	Net liquid assets to income ratio (%)	14	13.8
Rented or rent free	Debt to asset ratio (%)	39.9	35.5
	Debt to income ratio (%)	6.9	9.2
	Debt service to income ratio (%)	6.8	7.1
	Net liquid assets to income ratio (%)	1	1.4

Table I0: Household Debt Burden and Fragility Medians by Tenure Status.

I1 Other debt burden and fragility indicators not included here are mortgage debt service to income ratio and loan to value of Household Main Residence ratio

I2 The debt to asset ratio is the ratio between total liabilities and total gross assets for indebted households, expressed as the median (households with zero income are excluded from the calculation). A low debt to asset ratio means a low debt burden.

Personal Microcredit Scheme

In 2015, the Personal Microcredit Scheme (PMC) was launched in Ireland. Branded the 'It Makes Sense' Loan, it targets social welfare recipients and is designed to provide an alternative to moneylenders. Participating credit unions provide loan amounts of between €100 and €2,000 for a maximum loan period of two years. Potential borrowers must be able to demonstrate a capacity to repay. The loan can be for any purpose including to repay an outstanding debt (ILCU, 2020). As of April 2019, the scheme was operational across 110 credit unions at 264 locations representing almost 50% of credit unions (Indecon, 2019). To encourage more credit unions to participate in the scheme, the cost to credit unions per transaction was more recently removed (The Irish Times, 2019).

Loan repayments can be made via standing order/ direct debit or the Household Budget Scheme (HBS). The HBS is a bill payment scheme that allows people who collect their social welfare in cash from An Post to spread the cost of some household bills over the year. Under the scheme, which is provided free of charge to social welfare recipients, a fixed amount is deducted from a person's social welfare payment each week (Citizens Information, 2019). Social welfare recipients can use the HBS to repay their 'It Makes Sense' loans. Once a person has used the HBS repayment method, they can—subject to terms and conditions— retain this repayment method once they graduate to accessing a standard loan from the credit union. Approximately 7,000 loans are repaid each week from the household budget scheme, and cash social welfare recipients account for about 90% of loans. Loans are typically for 7-9 months' duration and for amounts around €550. Over 40% of borrowers are on Jobseekers' Allowance. Recent changes now permit savings as part of the scheme, using the HBS as the means of collecting savings (PMC Project, 2020).

Central Credit Register

Managed by the Central Bank of Ireland, the Central Credit Register (CCR) collects information on loans of €500 or more, including credit cards, overdrafts, personal loans, mortgages, business loans, moneylender loans, loans from local authorities, hire purchase agreements, and personal contract plans and similar types of finance. Pawnbrokers and utility bills are not included. Lenders (including banks, credit unions, licensed moneylenders and local authorities) can access an individual's credit report when they apply for a new loan, apply to restructure an existing loan, have arrears on an existing loan, or breach the terms of a credit card or overdraft. An individual can request a copy of their credit report free of charge, subject to fair usage (Central Bank of Ireland, 2020). It has been argued that extending the CCR to loans under €500 would support those who borrow small amounts, particularly from moneylenders, to establish a credit record that could enable them to access more affordable sources of credit over time. As we will see in Section 4 of this report, credit reference agency Experian in the UK is working with over 200 social housing providers to incorporate a tenant's payment history in their credit file to help support their credit record.

The Central Credit Register (CCR) collects information on loans of €500 or more, including credit cards, overdrafts, personal loans, mortgages, business loans, moneylender loans, loans from local authorities, hire purchase agreements, and personal contract plans and similar types of finance

3.7

Insurance

There is an undisputed link between a lack of insurance and persistent poverty. A 2011 report by the ESRI found the percentage of those without house insurance was high for a number of vulnerable groups including lone parent households (68%), households headed by a person who is ill or disabled (53%), households headed by an unemployed person (55%), households at risk of poverty (46%) and consistently poor households (75%). 89% of local authority tenants did not have buildings or contents house insurance (Russell et al, 2011). However, many housing associations, including Clúid Housing, currently provide buildings insurance as part of the tenancy agreement. As we will see in Section 4, some housing associations in the UK support access to contents insurance for their tenants. One such model is an addition to the rent payment to cover the cost of the insurance premium.

The Consumer Price Index (CPI) for August 2020 shows that the cost of 'insurance connected with the dwelling' had risen in the previous 12 months by 4.3%, health insurance had increased by 3% and transport insurance (motor and travel) had decreased by 9.4% (CSO, 2020). For many individuals and households, possessing a savings account is viewed as a form of insurance in the event of an unexpected expense or household shock. There have been some interesting and imaginative initiatives within micro-finance institutions serving low income communities in developing countries to support those on very low incomes to gain access to insurance. Using interest earned on a minimum balance of savings to cover the insurance premium cost is one such approach.

There is an undisputed link between a lack of insurance and persistent poverty.

3.8

Financial Capability and Financial Well-being

Two important studies of financial capability have been conducted in Ireland. The first of these was a baseline study conducted in 2008, measuring financial capability on 5 key dimensions:

- making ends meet
- keeping track of money
- planning ahead
- choosing products, and
- staying informed (O'Donnell & Keeney, 2009).

The results showed that people were able to make ends meet but were not as good at keeping track of their finances. Significant numbers of respondents were weak at planning ahead and were not well-prepared for an unexpected event. People also did not shop around or seek information or independent advice when choosing financial products but were generally seen to score well in terms of staying informed.

In 2018, another assessment of the levels of financial capability in Ireland was carried out by Kempson & Poppe, 2018, this time with a focus on financial well-being.[13] The findings—based on 1,401 survey responses— reported an average score for general financial well-being of 64 out of 100.[14] Financial well-being was measured by combining 14 measures of financial well-being into four components: meeting commitments; being financially comfortable; resilience for the future; and financial resilience for retirement. Based on the scores for overall financial well-being, the population was categorised into four groups: 'secure', 'doing fine now, but with little put by', 'just about coping', and 'struggling' (Kempson & Poppe, 2018).

The 2018 study reported 7% of the Irish population were categorised as 'struggling' financially. People in the 'struggling' group had an average annual income of €23,878, which is less than half that of those who were financially secure (€52,899). Those who were struggling financially were eight times more likely to have experienced a substantial income drop in the past year and four times as likely to have had a substantial expenditure rise. A third of people in this group were unemployed and a further 8% were unable to work through illness or disability. This group had the lowest levels of education, with 50% having been educated to Junior Certificate level or below (Kempson & Poppe, 2018).

Half of the people in the 'struggling' category were tenants. 75% of people in this group said it was a constant struggle to pay bills and other commitments on time and most of the rest admitted to struggling from time to time. 89% said that their finances did not allow them to do the things they wanted and enjoy life. They had no protection against future financial shocks. 94% had less than a month's income in savings and most of the rest had less than three months. 55% said that all their retirement income would come from the state pension. The 'struggling' group had fairly low levels of confidence in their abilities to manage money and tended to feel responsibility for their financial decisions and outcomes lay with fate or others. Financial education in childhood was rare (Kempson & Poppe, 2018).

The report concluded that there is a clear link between financial inclusion and financial well-being, and policies that promote greater engagement with financial services will have a beneficial effect on all measures of financial well-being. However, there is a limit to what can be achieved through financial inclusion alone; tackling income inequality and improving levels of income protection are also important for improved financial well-being (Kempson & Poppe, 2018).

13 The Irish survey questionnaire closely followed a questionnaire used in Norway in 2017, to allow for comparisons between the two surveys. Surveys in Australia, New Zealand and Canada adapted the questionnaire (Kempson & Poppe, 2018). As the survey hasn't been implemented in the UK, a comparison is not possible.

14 This compares to other national scores of 77 in Norway, 59 in Australia and 59 in New Zealand.

3.9

Financial Technology

The potential benefits of financial technology (FinTech) for vulnerable groups in developed countries have not been properly analysed. While there is lots of scrutiny on the reasons for exclusion, there is a dearth of research studying why certain inclusion strategies are successful. Some studies have focused on how to reach excluded groups rather than on the integration process, and on giving due consideration on how to guarantee finance to lower income sectors without increasing their risk of over-indebtedness (Fernández-Olit et al, 2019).

FinTech business models focus on disrupting traditional business models by using new technology and data to create customised products and services, for example in the area of car insurance (connected cars gathering data about driving habits) and health insurance (wearable devices profiling health and well-being). This results in the collection of huge volumes of profiling data at relatively little cost. However, there is little evidence that the industry is willing to use existing and available financial data (such as current account, savings account, deposit accounts, payment transaction history, credit card usage and debt servicing behaviour) to question the underlying sustainability of current products and services for the financial well-being of consumers. Evidence shows that monthly direct debits, for example, are not fit for purpose for consumers managing budgets on a weekly basis, which corresponds to the timeframe of many social welfare state payments (Corr 2006; Daly & Leonard, 2002).

Despite this inertia, research is emerging to suggest that emergency disbursements that were put in place for those impacted by the Covid-19 health crisis have been implemented at a speed (within one month) and scale (133 countries) that is unheralded, reaching more than 1 billion beneficiaries globally (Kazazz, 2020).

This section of the report explores the disruption to the Financial Services industry caused by FinTech newcomers, and the extent to which digital financial services may be a driver of financial inclusion.

FinTech innovation, banking and payments

FinTech activity has been difficult to classify (Milian et al, 2019) because of the blurring of boundaries between the financial products and services (e.g. accounts, loans, insurance, payments, monetary resources, capital), the evolving roles of intermediaries (e.g. banks, e-money institutions, technology firms, payments processors, mobile telecommunications providers) and the underlying technology that facilitates their delivery (e.g. credit transfers, direct debits, credit and debit card schemes, contactless payments, online banking and wallets).

The classification of today's range of FinTech solutions hinges on two key pieces of legislation, which have opened up payment services to online consumer access. The Payments Service Directive (2007) defined two notions of service provider: the Account Servicing Payment Service Provider (ASPSP) and the Payment Service Provider (PSP). The ASPSP is the traditional bank with which a consumer holds one or more accounts from which payments are made or received. This relationship between the consumer and payment institution is anchored around the current account, implying local residency of the consumer and includes access to all the traditional payment instruments such as credit transfers, standing orders, bank drafts, cheques and direct debits.

The Payments Service Directive 2 (2015), added two new categories of service provider, critically introducing the notion of 'push' transactions. Payment Initiation Service Providers (PISPs) are authorised by consumers to initiate payments on their behalf, bridging the merchant's website to the online banking platform of the customer to initiate payment. Account Information Service Providers (AISPs) are aggregators of data related to consumer accounts, even if those accounts are held across many different ASPSPs.

Table 11 shows a range of FinTech services in on-line banking, payments and personal finance management. Payment gateway integrators are B2B (business to business) services; the others are consumer services.

Type	Service	Provider	Website
ASPSP	Payment gateway integrator	Currence (NL)	www.currence.nl
		Stripe (IE)	https://icepay.com/
		WorldPay (UK)	www.worldpay.com
	Payments via online banking	Sofort (DE)	www.sofort.com
		Pay-Facile (FR)	www.en.payfacile.com
		BancoContact (BE)	www.bancontact.com
PSP/PISP	Online banking	N26 (DE)	www.n26.com
		Revolut (UK)	www.revolut.com
		Monzo (UK)	www.monzo.com
	Online wallet	Paypal (UK)	www.paypal.com
		HelloBank (BE)	www.hellobank.be
		Klarna (DE)	www.klama.com
	Online savings	Savedo (DE)	www.savedo.de
		Leetchi (FR)	www.leetchi.com
		Le Pot Commun (FR)	www.lepotcommun.fr
	Mobile payment	Mobile Pay (DK)	www.mobilepay.dk
		Paym (UK)	www.paym.co.uk
		Venmo (US)	www.venmo.com/
	Phone wallets	Google Pay	www.pay.google.com
		ApplePay	www.apple.com/ie/apple-pay/
		Samsung Pay	www.samsung.com/us/samsung-pay/
	Bitcoin wallets	BitCoin Wallet	www.wallet.bitcoin.com
		Bither	www.bither.net
		Coinbase	www.coinbase.com
	Social payment	WeChatPay (CN)	https://pay.weixin.gg.com/wechatpay
		Facebook Messenger (US)	www.messenger.com
		Zellepay	www.zellepay.com
AISP	Personal finance management	Bankin' (FR)	www.bankin.com
		Intuit (US)	www.intuit.com
		Home Budget with Sync	www.anishu.com
	International money transfer	Transferwise (IE)	www.transferwise.com
		MoneyTIS (FR)	www.moneytis.com
		Skrill (UK)	www.skrill.com
	Pre-paid debit with rewards	ViaBuy (DE)	www.viabuy.com/
		SmartAccount (IE)	www.anpost.com/Money/Current-Account
		Money2Go (NL)	www.money2gocard.nl
	Offline cash to online payment	Pay Zone (IRL)	www.payzone.ie
		Cashway (FR)	www.cashway.fr
		BarZahlen (DE)	www.barzahlen.de

Table II: PSD2 types of FinTech services.

These offerings provide access to offline accounts held in traditional banks or payment cards, using the phone or online wallets access, fund, execute and analyse payments. Banks have the core advantage over FinTech competitors in their relationship as trusted advisors for consumers.

Proprietary credit and debit payment card schemes have dominated consumer payments since the 1960s and were instrumental in the growth of e-commerce. Electronic money and online wallets have flourished in the last decade, initially mimicking the value proposition for cards (transaction fees based on an ad valorem percentage of the value of the payment, plus a fixed fee, plus annual scheme membership fees). Interestingly, to date, neither Visa nor MasterCard have replaced their cards with apps, preferring to integrate with native wallets on phones (Apple, Samsung and Google).

Pan-European digital banking and payment services (e.g. Revolut, Number26, and Sofort) interact directly with existing bank accounts and associated payment cards to facilitate funding. Such innovations have been boosted by an EU policy commitment to Open Banking (2nd Directive on Payment Services, PSD2), and are evidence of the latent consumer appetite for convenience, app based banking and instant payments.

Taking effect in the period from 2016-2018, the transposition of the EU Payments package (in the form of IFR[15] and PSD2[16] regulation) increased card acceptance and lowered the average transaction value. Major German discounters such as Aldi and Lidl declined card payments before IFR but accept cards since. Consequently, cards are used more frequently and for smaller value transactions, for example in line with the adoption of "tap and go" payments across the EU (Indecon, 2018). Research is lacking, however, on the impact of these changes on lower socioeconomic groups. The experience in the US suggests some counterintuitive findings regarding the passing on of card costs to all customers via prices, and a disproportionate penalty for low value items (Shapiro, 2013).

Crucially for this study, as the number of "less regulated" digital platforms offering app based financial services grows, so too do the costs associated with such convenience. Whereas card payment interchange fees (the premium charged by Visa or MasterCard to the merchant, the issuing bank and the consumer) have been successfully capped at 0.3% (credit cards) and 0.2% (debit cards), average platform payment costs are at 2.3% of transaction value, plus a fixed fee of €0.17 per transaction (authors' calculations based on published platform costs).

The virtualisation of financial resources, along with the heightened accessibility of consumer digital platforms, has therefore created new benefits but also new risks (Indecon, 2018). The next section explores how FinTech inspired innovation represents an alternative to incumbent banking culture.

The real FinTech revolution is cultural, not technological

When consumers use smartphones to communicate, to purchase a service, or to stream content, there is an inherent assumption that the combination of technologies (device, network and applications) will allow access to services anytime and anyplace. The cost of such ubiquitous connectivity is distributed ownership of "operational" responsibilities such as maintaining software updates for devices, keeping data contracts in credit, and accessing optimal network coverage. Consumers are mostly willing stakeholders in a distributed computing model, as long as it maintains the state of being connected.

However, not all consumers are willing or able to take ownership of such responsibility. Software designers talk of "real estate" when referring to the screen size (e.g. 6x12 cm) into which they choreograph the different feeds of dynamic content and functionality. Apart from difficulty of reading the consequently crowded screens, there is evidence that replacing real people with small screens is an access barrier for many older consumers (McLoughlin & Stern, 2017).

Secondly, the opening up of the financial services industry to stakeholders other than the traditional banking actors[17] and the parallel legislative strengthening of the protection of citizen privacy,[18] reflect a growing awareness of the ethical responsibilities of emerging stakeholders in matters of confidentiality of customer information.

Finally, the culture of digital transformation arises from the instant gratification of Silicon Valley "solutionism" (Morozov 2013), where a digital fix can be found for every social and political problem, without necessarily taking into account the impact of the solutions on existing sectoral ecosystems. Rather than studying the consumer as the unit of analysis, yielding consumer solutions, open innovation approaches take a more systemic view on why resource constraints arise, and what broader solutions might be conceived of in order to address the root cause of the problem in more sustainable ways.

The convergence of these three factors provide a unique opportunity to address the requirements of the financially vulnerable through platform services to make past, present and future financial resources visible, to derive behavioural insights from patterns of resource utilisation, and to plan for and execute the regularisation of debtor payments. Emerging platforms such as Cleo, Tully and Plum demonstrate this capability, and are explored in further detail in Section 5.7.

15 https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R0751&from=EN

16 http://data.europa.eu/eli/dir/2015/2366/oj

17 Epitomised by the implementation of PSD2 (2nd Payment Services Directive) in January 2018.

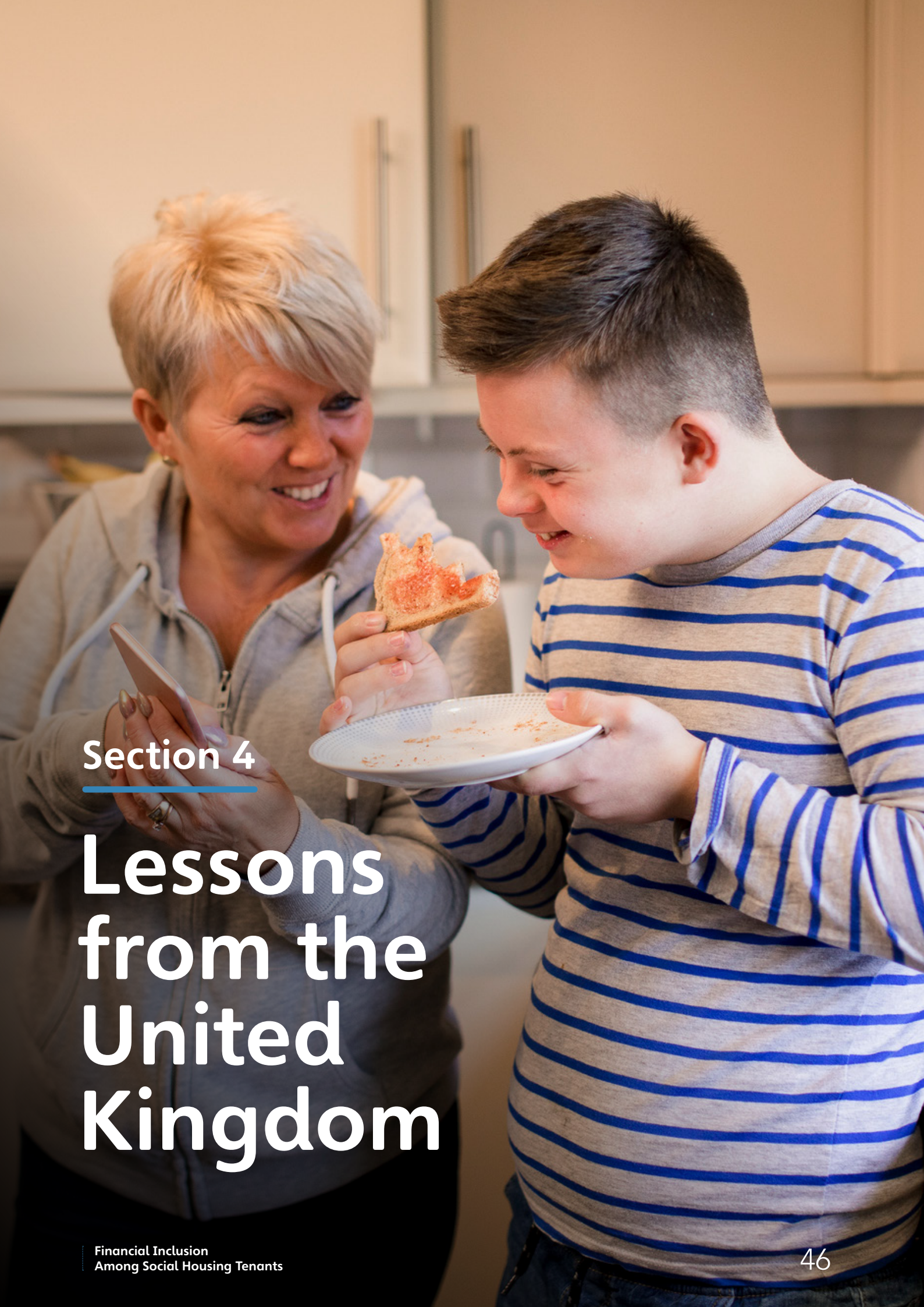
18 For example, in the EU, the launch and implementation of GDPR, May 2018.

3.10

Section Summary

This section has reviewed some of the existing evidence on financial exclusion in Ireland. Financial exclusion impacts negatively on low-income households, disproportionately affecting people who are unemployed, lone parents caring for children full-time, and those unable to work due to sickness or disability. There is evidence that financial exclusion is concentrated in certain communities, with people living in deprived areas most likely to be financially excluded. People living in local authority housing or in rented accommodation, who are often in the lower income categories, usually fare worst in terms of savings, levels of debt and insurance.

There have been some positive initiatives to promote better engagement with financial services and to support and protect those who face financial exclusion, including the introduction of basic bank accounts, the modernisation of the payment of social welfare benefits and the availability of the Personal Micro Credit (PMC) scheme. The introduction of the Central Credit Register has also been a positive development. This section also characterised the FinTech-inspired changes in financial services, with a specific focus on the strong market position of card payments. Despite the digital veneer of existing products and services, a dearth of research on appropriate products and services for the financially excluded has been highlighted.



Section 4

Lessons from the United Kingdom

4.1

Introduction

This section explores financial inclusion initiatives for social housing tenants in the UK, where there has been a wide range of activities aimed at supporting access to and use of financial services, with a view to examining what lessons can be learned and applied to an Irish context. In the UK, a large number of housing associations have taken a direct role in helping to address financial exclusion among social housing tenants. Much of the information in this section, relating to these kinds of initiatives, was gathered during the interviews with key informants working with housing associations and credit unions in the UK.

We start by reviewing the context of financial exclusion amongst social housing tenants in the UK, along with the specific role played by housing associations. The various national, regional and local initiatives that have been implemented are then reviewed, specifically in terms of transactions, savings, credit and insurance. Credit unions emerge as playing a crucial role in the provision of fair and affordable financial services for social housing tenants. In recognition of the shift in focus from financial exclusion/inclusion to broader frameworks, initiatives on financial confidence, financial capability, financial well-being and financial technology are also reviewed. Since many of the financial inclusion schemes in the UK are run through credit unions, the section finishes with a brief comparison of the scale of credit unions and social housing in Ireland and the UK.

In the UK, a large number of housing associations have taken a direct role in helping to address financial exclusion among social housing tenants.

4.2

United Kingdom: context

Financial exclusion among social housing tenants

In the UK, four million households live in social housing units, with a strong link between social housing tenure and financial exclusion (CIH, 2011). The English Housing Survey 2018-2019 reports a tenure split of housing stock as owner occupied (63.3%), private rented (19.9%), local authority (6.6%) and housing association stock (10.2%). The social rented sector comprises local authority and housing association stock. In recent years, there has been an increase in housing association tenants and a decrease in local authority numbers, with 2.4 million households renting from housing associations and 1.6 million households renting from local authorities. In 2018-19, 8% of social renters lived in overcrowded accommodation (Ministry of Housing, Communities & Local Government, 2020).

Reports from just over a decade ago stated that about seven in ten social housing tenants in the UK were financially excluded, and UK Treasury reports showed that the underlying reason for such financial exclusion was poverty (Conaty et al, 2008). 62% of social housing tenants claim housing benefit, which is paid to working people on a low-income; 15% of unemployed households do not have a transactional bank account compared to 2% of those in full-time work. 72% of unemployed households have no savings account, compared to 31% of those in full-time work (CIH, 2011).

The poverty premium is the extra cost that low-income households pay for essential goods and services. It arises due to demand-side and supply-side factors, as well as compounding factors such as financial and digital exclusion and geography. Research conducted by the University of Bristol (2016) found that, in the UK, the average annual poverty premium per low-income household is £490. People on low incomes pay more for household fuel, telecommunications, insurance, food/grocery shopping, access to money and use of higher-cost credit.[19] The average poverty premium comprises premium costs for use of prepayment meters (£38), non-standard billing methods (£33), not switching to best fuel tariffs (£233), area-based premiums (£84), higher-cost credit (£55), insurance (£27), paper billing (£12), and access to money (£9) (Davies et al, 2016).

4m

In the UK, four million households live in social housing units, with a strong link between social housing tenure and financial exclusion *(CIH, 2011)*.

19 Low-income households were defined as having a household income of 70% of median or below.

In England, social housing tenants comprise about 60% of those who are financially excluded. A 2012 study by Policis found that 14% of social housing tenants did not have a bank account with the banking functionality to make direct debits, having only a Post Office Card Account, while 5% had no account of any kind.[20] Most social housing tenants are in debt with mainstream credit providers due to overdrafts and credit card use. 50% of people in social housing did no research ahead of taking out a short-term loan and 2% reported using high-cost payday lenders (National Housing Federation, 2014; Policis, 2012).

Categories of people vulnerable to financial exclusion are households with no or only marginal banking services, households in need of face-to-face money advice, and financially excluded households using high cost lenders. High levels of debt are often concentrated at a neighbourhood level, with housing estates serving as fertile ground for predatory lenders (Conaty et al, 2008). High-cost credit is most likely to be used by those on the lowest incomes, such as social housing tenants (Hartfree et al, 2016).

Housing associations can directly support financial inclusion of their tenants.

There is a direct correlation between living in an area of high deprivation or in social rented housing and a reduced level of engagement with financial services. An increase in home ownership over the last few decades resulted in increased concentrations of people on low incomes living in social rented housing. Individuals most likely to be financially excluded and living in social housing are those that are unemployed, unable to work through sickness or disability, single pensioners and lone parents. Geographical pockets of high financial exclusion exist, both through the lack of a financial services infrastructure and through a concentration of people least likely to be using financial services (Kempson et al, 2000).

While the introduction of basic bank accounts has reduced the number of unbanked people, the UK government has acknowledged that access to bank accounts is just one component of financial inclusion, and that it is important to also consider credit, insurance, pensions, savings, transactions and payment systems, and the use of financial technology (HM Treasury, 2019).

Housing associations and financial inclusion

It is reported that half of the housing associations in the UK have a financial inclusion strategy. A decade ago, debt prevention and early intervention were the highest priority issues for housing associations. Some housing providers formed partnerships with local advice agencies who delivered free training to tenants. Money Advice Service and Barclays Money Skills worked alongside housing providers to help their tenants to manage money and make informed choices. 24% of housing associations were assisting tenants with access to banking services (CIH, 2011).

Housing association financial inclusion plans that are well-designed, managed carefully and implemented effectively can reduce rent arrears and lost income due to evictions and empty social housing units (Conaty et al, 2008). Social housing landlords are well positioned to tackle financial exclusion, as they work at a neighbourhood level and can act as an intermediary, providing information, advice and suitable financial products to tenants. Housing associations can directly support financial inclusion of their tenants by: acting in a referral capacity, linking tenants to other organisations; seconding staff to finance providers (such as credit unions) to broaden their capacity; acting as an underwriter for financial inclusion initiatives; promoting and jointly funding services such as the provision of supplementary lines of credit; co-developing services such as money advice budgeting schemes; and developing a stand-alone financial inclusion intervention (Conaty et al, 2008).

20 A Post Office Card Account is used to receive benefits.

4.3

United Kingdom: national, regional and local financial inclusion initiatives

Transactions

Bank Accounts

Having a bank account is often used as a key indicator of financial inclusion. While basic bank accounts existed in the UK since the mid-1990s, the introduction of EU Directive 2014/92/EU (Payment Accounts Directive) played a key role in increasing their uptake. 7.5 million basic bank accounts opened with the nine largest banks resulted in the number of unbanked falling to 1.23 million people in 2017 (HM Treasury, 2019; UK Parliament, 2017).

Toynbee Hall set up Services Against Financial Exclusion (SAFE) in 2002 to help individuals open bank accounts, as well as assisting with accessing affordable credit and debt management advice. In 2008, it was helping households open over 2,500 bank accounts a year. Amicus Housing Association (which merged with Viridian in 2017 to become Optivo) and Barclays Bank ran a two-year pilot project, whereby two housing officers provided advice and support to promote the take-up of basic bank accounts. Impact Housing Association built up effective links with local bank branches, which resulted in referrals from the housing association leading to instant appointments with bank staff (Conaty et al, 2008). As part of its financial inclusion programme, LINK, the largest cash machine network in the UK, has committed to maintaining the coverage of free-to-use ATMs in the most deprived areas, as well as remote and rural locations. It also provides an online mapping tool that shows deprivation and ATM coverage (LINK, 2020).

Bill Payment

The first choice of payment for many people in the UK is digital. However, recent data shows that around 17% of the UK population would struggle to cope in a cashless society. Technological developments could shift people away from cash dependency, but this would require a concerted effort to focus on vulnerable groups, who are rarely early adopters of technology (Ceeney, 2019). In addition, some in low income households prefer to pay their bills via methods other than direct debit because it offers them greater control of their limited budgets (Corfe & Keohane, 2018).

The energy poverty premium is defined as "the extra cost that households on low incomes incur when purchasing the same energy services as households on higher incomes." In Ireland, SVP (2018) states that energy poverty impacts 28% of the population and those on low incomes are disproportionately affected by the introduction of measures such as carbon taxes. Research in the UK shows that tenants in social housing are much more likely to be paying more for their energy than homeowners. The average additional costs for individuals that experience the relevant energy cost premiums are significant. Not paying by direct debit can, on average, cost an additional £76 per annum. Other yearly average additional costs for low income households include: paper billing £10; pre-payment metres £80; and not being on the best energy tariff £308. Low income consumers are less likely to switch to a better energy deal for several reasons, including more limited access to banking and internet products, lower levels of digital literacy, greater risk aversion and concerns about a spike in costs in the case of a bill overlap during transition from old to new provider (Corfe & Keohane, 2018).

The Welfare Reform Act 2012—which brought into law several proposals set out in the 2010 White Paper on Universal Credit, 'Universal Credit: Welfare that works' — resulted in significant changes to the payment of benefits in the UK. It transferred responsibility for receiving and making rent payments onto the social housing tenants. All work-related benefits (including support for housing costs) switched to a single payment made monthly in arrears. Prior to the change, most tenants in social housing entitled to Housing Benefit opted to have it paid directly to their landlord. For tenants whose rent was covered entirely by Housing Benefit, this removed the need for the tenant to manage their rent in any way. For tenants whose rent was only partially covered, they were only required to manage a small part of their rent. The shift to Universal Credit prompted some credit unions to trial new products and services, with different fee levels and methods, from charging the landlord, charging the customer, or splitting the charge between the landlord and customer (Williams, 2012).

Walsave Credit Union offers a '1apay' budget account. Customers make one fixed weekly or monthly payment, from which the credit union pays all the customers' regular bills including rent, gas, electricity, water, telephone, mobile, TV licence, broadband, insurance, loans, credit card and any subscriptions. The customer pays £1 per week for the service (Walsave Credit Union, 2020). Jam-jar accounts are offered by some credit unions. They allow people to divide money into different 'jars' within a single account. An agreed amount is set aside for essential bills, which are paid by direct debit or standing order. The money left over is available for use, either on a prepaid card or through withdrawal at an ATM. These accounts sometimes come with budgeting advice. There is an administration fee of between £5 and £15 a month. Some social housing landlords work with credit unions to offer tenants current accounts with lower fees or may agree to pay the administration fee for jam-jar accounts (Money Advice Service, 2020).

Request to Pay (RtP) is an app designed to allow flexibility in settling bills between people, organisations and businesses. The service gives customers the ability to pay in full, pay in part, ask for more time, communicate with the biller, or decline to pay. It does not change the legal obligations that exist between the biller and payer, but it does provide a means of discussing the bill or invoice after a debt has been incurred. RtP aims to address the reality that in the UK, nearly a million people are on zero-hour contracts, while 32% of British workers have less than £500 in savings. RtP could support proactive help for vulnerable consumers, but early stakeholder research highlighted concerns that the service is most likely to be used by traditional early adopters rather than more vulnerable consumers. The risk of encouraging vulnerable consumers into debt also needs to be addressed (Brown et al, 2019; pay.uk, 2020).

Three housing associations are currently piloting a programme of 'supported rent flexibility' for 2020/21. Optivo, One Manchester and Metropolitan Thames Valley housing associations are trialing the initiative with up to 1,000 social housing tenants. The goal is to assess if allowing tenants to smooth out fluctuations in income and expenditure (flexing to allow underpaying or overpaying of rent over the course of a year) can help to reduce rent arrears and improve financial well-being (CfRC, 2020).

Savings

In the UK, 11.5 million people have less than £100 in savings. Currently, 57% (14.7 million people) of working-age 'struggling' and 'squeezed' adults save every month or most months. A recently launched UK-wide strategy aims to increase this figure to 16.7 million adults by 2030 (Money & Pensions Service, 2020).

Help to Save, an initiative of the UK government, was launched in 2018. It incentivises those on low incomes to save, by providing 50p for every £1 saved over four years. Those who are eligible for the savings account can save between £1 and £50 each month. The account can be closed and the money withdrawn at any time. The 50% bonus is applied after two years and four years, but early closure of the account will mean the next bonus is missed. After four years, it is not possible to open another Help to Save account (UK Government, 2020).

Several housing associations have funded incentives to encourage tenants to save. One example is Newton Housing Trust's partnership with two credit unions, which gave incentives to encourage residents to open a savings account (CIH, 2011). Clarion Housing partnered with Leeds Credit Union to help its residents access savings, credit and bill payment services. All Clarion residents and employees based in the UK can avail of a Leeds Credit Union savings account. Having a savings account will go towards improving a person's credit rating. It also provides the option of joining a Christmas Club. There is no requirement to have savings to apply for a loan. The interest rate on loans is capped at 42.6% APR, but each loan application is assessed on individual merit. If a tenant is refused a loan, they can give their details to the housing association's Futures Money Guidance Team and a Money Guidance Officer will contact them to provide financial support. If a tenant wants independent support, they are directed to Step Change or the Citizens Advice Bureau (Clarion Housing, 2020).

Credit

Government initiatives
In the UK, 9 million people borrow to buy food or pay bills because money has run out. Of this group, 1.8 million people are classified as 'financially struggling' (they struggle to keep up with bills and payments and to build any form of savings buffer; they are the least financially resilient and the most likely to be over-indebted). Many of the remaining 7.2 million people fall into the category of 'financially squeezed', defined as often working-age, and digitally savvy with significant financial commitments but relatively little provision for coping with income shocks (Money & Pensions Service, 2020).

In 2019, the UK government introduced legislation making it easier for social housing landlords to direct tenants to social and community lenders such as credit unions and CDFIs. Before the change to legislation, referring an individual to a social or community lender could have been considered a type of credit broking requiring FCA authorisation, and a credit agreement made, following a referral from a registered social landlord without the appropriate FCA authorisation, could have been unenforceable. Now, social housing landlords are free to effect fee-free referrals to social and community lenders without FCA authorisation. It is hoped this will help raise awareness of alternatives to high-cost credit (HM Treasury, 2019).

In February 2019, the UK government launched Fair4All Finance to support the financial well-being of people living in vulnerable circumstances "by increasing access to fair, affordable and appropriate financial products and services". Its first area of focus is access to affordable credit. It views partnerships with housing associations as excellent routes to market for affordable credit providers. Future programmes will expand into insurance and savings initiatives (Fair4All, 2020).

Housing Federation Initiative
The National Housing Federation is the representative body for almost 800 housing association members in England (National Housing Federation, 2020). In 2010, it launched the My Home Finance scheme. The objective of the scheme was to promote financial inclusion by providing social housing tenants with affordable credit and related services, thereby offering a cheaper alternative to payday lending and high cost credit. The pilot scheme began in the West Midlands and was part funded by the UK Department of Work and Pensions. Its offering included basic bank accounts and savings, as well as small sum loans. However, in 2013 and 2014, it reported operating losses of more than £2.1m. In 2016, Street UK, a social enterprise organisation, took over the loan portfolio of existing customers and the programme was subsequently closed to new applicants (The Guardian, 2016; BBP Media, 2016; Gibbons et al, 2016).

Housing Association Initiatives
Some housing associations have established affordable credit schemes for their tenants, usually implemented in partnership with credit unions. In some cases, housing associations have guaranteed the loans or provided loan capital, while in other cases the credit union carried the loan default risk. These are detailed by Hartfree et al (2016). Most credit schemes were open to all tenants, subject to affordability checks. Some schemes specifically targeted tenants that were excluded due to poor credit histories and rent arrears, whereas other schemes restricted entry to less risky tenants. Southway Housing Trust, which has over 6,000 properties in South Manchester, has partnered with South Manchester Credit Union on a loan scheme called 'Southways Solution Loan'. Southway Housing first carries out an eligibility check to establish that a tenant is not about to be evicted, does not have arrears in excess of £2,000 and has had a gas safety check done on their home. Once deemed eligible, tenants can borrow up to £300 from the credit union at an interest rate of 42.6% APR over 6 months to 3 years. Loan approval issues within 24 hours to compete with the speed of loan approval from payday lenders. Southway Housing guarantees the loan and pays £30 to the credit union for each loan to cover the administration costs. Bad debts run at about 5-6%. Loan interest is paid into a development fund.

More than 15 housing associations in Wales partnered with five credit unions and one Community Development Finance Institution to promote affordable credit to social housing tenants. This partnership was driven by data that revealed many financially excluded social housing tenants with limited credit options were canvassed frequently by home collected credit agents, with more than 150,000 people in Wales borrowing from home collected credit companies. In 2010, North Wales Housing Association provided tenants with access to a credit union collection point from their offices one day a week. The service developed due to concerns about limited access to the services of the credit union. Money Mentors— a partnership between Melin Homes, Gateway Credit Union and other organisations— recruited community-based 'financial friends' to help increase financial capability. The Money Smart Partnership— a joint venture between Dragonsavers Credit Union, Rhondda Housing Association and the local Citizens Advice Bureau— offered a one-stop shop approach, providing access to expertise and services in the same venue (Community Housing Cymru, n.d.).

Incentivised saving initiatives are also in evidence. Clanmil Housing Association incentivised saving by paying the credit union membership fee and a £20 bonus was offered after 12 weeks of saving. Grampian was a partnership between four housing associations and one credit union, with the loan guarantee provided by the housing association. (Hartfree et al, 2016)

In London, a local authority partnered with Lewisham Plus Credit Union to provide homeless prevention loans and saving facilities for tenants in rent arrears with housing associations and the private sector. In 2010, the local authority provided £85,000 to the credit union to administer a homeless prevention loan scheme. Over the course of nine years, 109 households were given interest free loans to clear rent arrears, thereby preventing eviction and homelessness. While the rate of bad debts for these loans was more than double the credit union average (14% v. credit union average of 5.8%), the £85,000 grant from the local authority reduced the credit union's financial exposure. The initial grant was used as a revolving fund, so that over almost ten years, £236,670 was lent out due to repayments and relending of the initial grant. In 2019, the credit union was granted a further £125,000 to ensure that the service can continue for 5 more years. The scheme provided benefits to the household, housing associations, Lewisham Plus Credit Union and the local authority. It helped households avoid eviction and extend their financial inclusion (by establishing a credit record and availing of a 'save as you borrow' loan account); the credit union increased its membership and its reputation in the community; the housing associations avoided the costs associated with evictions; and the local authority saved over £1 million by not having to provide temporary accommodation to evicted families (Lee & Carlisle, 2020).

Social housing units in the UK are usually let unfurnished. Fair for You is a not-for-profit alternative to high cost credit that allows people to buy essential household items, much like the Exceptional Need Payment in Ireland. Flexible credit and repayments (weekly, monthly or fortnightly) are tailored to a person's income. Essential household items include appliances and furniture. The maximum interest rate charge is 3.5% per month on the outstanding loan balance, corresponding to an Annual Percentage Rate (APR) of 51.1%. Loans may be repaid in full at any time with no early repayment penalties. The Fair for You card can be used at any participating retailer. It is not a credit card and is not connected to a person's bank account. The maximum balance is £1,500 (Fair for You, 2020).

Credit reference agencies

Credit reference agencies compile information (credit reports) on how well individuals manage credit and make repayments on loans. There are three credit reference agencies in the UK: Equifax, Experian and TransUnion. Information in a credit report includes details on whether repayments were made on time and in full; missed or late payments or defaults remain on a credit report for at least six years. Applying for credit usually involves giving permission to a credit provider to check a person's credit report (Money Advice Service, 2020).

In 2017, the UK government launched the Rent Recognition Challenge, a £2 million competition challenging UK fintech firms to develop innovative apps to enable rental tenants to record and share their rent payment data with lenders and credit reference agencies. Utilising rent payment data in this way allows credit reference agencies to reflect the history of consumers successfully paying their rent in credit scores (HM Treasury, 2019). Credit reference agency Experian has created The Rental Exchange to help tackle the financial, digital and social exclusion challenges faced by rental tenants. They are working with over 200 social housing providers to incorporate a tenant's payment history in their credit file with no cost to either the housing provider or tenant. This initiative is designed to help housing associations to support financial inclusion and to help tenants access affordable credit and services (Experian, 2020).

Insurance

In the UK, 50% of households in the bottom half of income distribution lack home contents insurance, compared with one in five households on average incomes. Households with no home contents insurance are three times more likely to be burgled than those with insurance (Edmonds, 2017).

Some housing associations have a direct relationship with home contents insurance providers. Hillcrest Homes tenants are eligible for a Diamond Insurance Scheme administered by Royal and Sun Alliance. There is no excess and tenants can choose to pay weekly, fortnightly, monthly or annually using a range of payment options (Hillcrest Homes, 2020). Wrekin Housing Trust promoted access to low-cost home contents insurance, by recruiting an officer to promote the benefits of home contents insurance and act as a link between insurer and tenants (CIH, 2011). They now offer home contents insurance underwritten by Aviva Insurance, with no excess and premiums that can be paid fortnightly by card or monthly by direct debit (The Wrekin Housing Group, 2020).

In England, My Home Contents Insurance is a home contents insurance scheme provided by the NHF and the insurance provider, Thistle Insurance (Federation, 2020). All social housing tenants and residents are eligible to apply, and there is no excess. Payments can be fortnightly or monthly by cash at any post office, monthly by direct debit, annually by cheque, postal order, debit or credit card. Cover is offered in bands of 1,000 starting at £6,000 for tenants aged 60 and over, and at £9,000 for all other tenants. Premiums are based on postcode, age, level of cover required and preferred payment method (Thistle Insurance Ltd., 2020).

However, even when low-cost insurance products are available, take-up can be low. Similarly, income protection and pension products also suffer from low uptake, which suggests they may need to be redesigned to reflect the realities of low-income living (Gibbons et al, 2016).

4.4

Financial Confidence

A lot of work has been done to improve financial confidence amongst social housing tenants in the UK. This is in large part due to the Big Lottery Fund awarding £31.7m to a programme in 2012 aimed at 'Improving Financial Confidence'. The programme was developed in consultation with several stakeholders including the Money Advice Service, National Housing Federation and the FCA. Its aim was to enable social housing tenants to become financially confident and feel included due to support from their social landlords. Funding was awarded to 37 projects across England, with projects implemented over a 3 to 5-year period. Each project involved partnerships between housing associations, local authorities and community-based organisations (Williams et al, 2017).

The programme found that many beneficiaries had well-developed financial capabilities but struggled to make ends meet due to welfare reforms and changes to benefits. Therefore, interventions evolved into a mix of crisis intervention work and support to beneficiaries in developing new budgeting skills. The programme was originally intended to reach 150,000 beneficiaries, but most projects reported a lower level of reach than originally planned. Key success factors that ensured engagement with social tenants were: the establishment of effective and diverse referral routes; allowing time to build the project brand locally; conducting outreach support and home visits; and building and maintaining a trusted relationship between project workers and tenants. Projects used different delivery models including tailored one-to-one support, group activities, financial capability advice combined with everyday activities such as cooking on a budget and DIY/ decorating around the home, connecting money management approaches with health and well-being, encouraging beneficiaries to develop online money management skills, and integrating financial capability into tenancy support (Williams et al, 2017).

An evaluation of the overall programme found the impact on rent arrears was mixed. The median level of cash rent arrears carried by landlords was 33% lower than the baseline level; however, the proportion of tenants more than eight weeks behind in their rent had steadily increased from the baseline figure of 6.8% to 8%. There was no change in the number of beneficiaries with a current account (about 85% at baseline and follow-up). The level of credit union membership increased from 6% to 7%. Tenants with home contents insurance increased from 8% to 14%. Tenants behind with payments on at least one loan fell from 13% to 9%. Projects that originally intended to develop apps or use smart cards in their delivery mainly decided not to progress these services. An exception was Haringey's Moneywise, which developed an app that had over 7,000 users in two months. Digital inclusion featured in some projects that facilitated online benefit claims, job searches, and help using apps and online tools such as price comparison sites (Williams et al, 2017).

Boston Mayflower, a social housing landlord in rural Lincolnshire, used a mix of home visits and one-to-one sessions to provide support with budgeting from its own staff, help with complex debt and wider welfare issues from Citizens Advice, and support with basic skills, IT and employability from Taylor ITEX. The project co-located in a premises with a Citizens Advice office and credit union services two days a week. Rent arrears amongst those receiving the full service fell in 86% of cases, and in 43% of cases, people moved out of being in arrears. Hyde Housing Plus, in partnership with other organisations, created The Money House. It replicated a real-life flat to deliver a five-day training course set as mandatory for young people moving from care and on to independent living. A full cost benefit analysis is in progress, but initial findings indicated that people attending the Money House were three times less likely to get into problem rent arrears. The Making Money Count project provided laptops on loan and a three-month pay-as-you go dongle to give social housing tenants in rural areas access to the internet. Up to 10 hours of IT support was provided in people's homes. It focused on helping people with job search activities and online shopping (Gibbons, 2016). This project closed in 2018 when project funding ceased.

Community Money Mentors is a money management learning programme run by Toynbee Hall. It provides people in London with the financial skills and knowledge to improve their financial health. People receive 60 hours of training to become mentors, passing their knowledge onto others in their communities. The programme impacts participants by increasing knowledge, improving money management skills, enhancing their savings habit, and increasing confidence (Toynbee Hall, 2020).

4.5

Financial Capability

Section 2 of this report shows how improving a person's financial capability can lead to increased financial well-being. In the UK, financial capability has been defined as:

> "a broad concept, encompassing people's knowledge and skills to understand their own financial circumstances, along with the motivation to take action. Financially capable consumers plan ahead, find and use information, know when to seek advice and can understand and act on this advice, leading to greater participation in the financial services market" *(HM Treasury, 2007)*.

In 2011 and 2012, a project was set up to identify the benefits of financial capability training by comparing attitude and behaviour changes between two groups of tenants at the same housing association in England. One group received financial capability training whilst the control group did not. Participation was geographically targeted. The original target was 300 people, but only 150 people participated in the voluntary training, provided over a 9-month period (70% of participants were women). The results demonstrated significant behaviour changes for the intervention group, with 78% changing how they managed money compared to 36% of the control group. Tenant learners had six times higher odds of achieving financial benefits than the control group and on average were £10 a week better off. 20% of tenant learners had changed their saving behaviour, compared to 11% of the control group (Citizens Advice, 2012).

There are other interesting examples of where financial institutions have provided funding to or have partnered with, housing bodies to promote financial inclusion. In 2010, The Community Foundation for Northern Ireland and Ulster Bank launched a financial capability and affordable credit pilot project in Ballymena and Derry. The pilot scheme focused on supporting consumers to become financially capable and improving access to affordable credit for people on low incomes. In Derry, the steering group included Apex Housing Association and Derry Credit Union (The Consumer Council, 2014). Springboard Housing Association received funding from Barclays for a financial inclusion officer to complete financial health checks for tenants (Conaty et al, 2008). Rhonnda Housing Association provided financial support and advice to social housing tenants in the first week of tenancy, by working in partnership with Dragonsavers Credit Union and the local Citizens Advice Bureau to deliver a financial inclusion workshop. Knowsley Housing Trust worked in partnership with the Illegal Money Lending Team, credit unions, the Citizens Advice Bureau, schools and the local authorities to combat loan sharks operating in their area (CIH, 2011).

4.6

Financial Well-being

Section 2 of this report discusses financial well-being, which means being able to meet current financial commitments and needs comfortably, while also having the necessary resources to maintain this status in the future. A focus on financial well-being requires a holistic approach that moves beyond access and use of financial products and services, by addressing the important role of behaviour, as well as socioeconomic and cultural factors.

The UK Money and Pensions Service (MaPS) has launched a UK-wide strategy to improve financial well-being. The strategy runs from 2020 to 2030 and focuses on five goals: financial education (2 million more children and young people getting a meaningful financial education); saving (2 million more people saving regularly); credit (2 million fewer people using credit for food and bills); debt advice (2 million more people accessing debt advice) and future planning (5 million more people planning for later life). The strategy aims to address the fact that, in the UK, 5.3 million children do not get a meaningful financial education, 11.5 million people have less than £100 in savings to fall back on, 9 million people often borrow to buy food or pay for bills, and 22 million people say they don't know enough to plan for their retirement (Money & Pensions Service, 2020).

in the UK, 5.3 million children do not get a meaningful financial education, 11.5 million people have less than £100 in savings to fall back on, 9 million people often borrow to buy food or pay for bills, and 22 million people say they don't know enough to plan for their retirement (Money & Pensions Service, 2020).

4.7

Financial Technology

As referenced earlier in the report, financial technology (FinTech) opens opportunities for budgeting tools that can draw on shared data, analyse spending patterns, make financial capability more fun and engaging, and track changes in actual financial behaviours. However, as commercial FinTech firms often experience problems in reaching target markets, there is a need to proactively support greater collaboration between the commercial FinTech sector, nonprofits, and community finance organisations (Gibbons et al, 2016).

Cleo is a money management app that connects to a person's bank account in a read-only mode to analyse spending patterns. Regulated by the FCA in the UK and targeted at millennials, the basic app allows users to track spending, play games to build financial awareness and set up financial goals (Cleo, 2020). Tully launched in March 2018 as the first completely digital debt adviser in the UK licensed by the FCA, and, over the course of a year, helped over 13,000 people build a budget online to understand their financial circumstances and, where needed, provided and set-up debt advice. Due to Covid-19, they have paused their debt advice service (Tully, 2020). The Plum app uses an algorithm to analyse spending and then sets aside money automatically for saving. It also monitors bills to calculate how much can be saved by switching to another provider (Plum, 2020).

In Northern Ireland, four smartphone apps were provided to working-age members of Derry Credit Union to assess if the apps could improve financially capable behaviours. The four apps provided were a loan interest comparison app, an expenditure comparison app, a cash calendar app, and a debt management app. A Randomised Control Trial showed that those receiving the apps demonstrated statistically significant improvements: members using the apps were more likely to keep track of their income and expenditure and proved to be more resilient when faced with a financial shock (French et al, 2020).

Clarion Housing is the largest housing association in the UK. The Clarion Futures Digital programme has been working specifically with working age residents who were not online and this appears to have paid dividends, with the largest increases in digital inclusion among those aged 45-64. A recent survey found that, in 2019, more Clarion residents than ever were able to access the internet, enabling them to connect with family and friends, access good deals and apply for new jobs (Clarion Housing Group, 2020). Clarion Housing Group was a founding member of the One Digital programme, launched in 2016. In partnership with Age UK, Citizens Online, Digital Unite and the Scottish Council for Voluntary Organisations, the programme was designed to help 40,000 people improve their digital skills (Clarion Housing Group, 2017).

4.8

Ireland v. Great Britain and UK: Credit Unions and Social Housing

The credit union sector in Ireland is considered to be more developed and widespread than that in the UK. In Ireland, although the number of credit unions has decreased significantly over the last decade, there are 326 credit unions (including Northern Ireland; 240 in the Republic of Ireland), a membership of 3.6 million. In Great Britain in 2018, there were 429 credit unions and 1.82 million members (WOCCU, 2018; ILCU, 2020).

In contrast, the social housing sector in the UK is much larger than in Ireland. Table 12 shows that social housing in the UK accounts for 18% of the total housing stock, compared to 13%[21] in Ireland. About 4 million households in the UK are social housing tenants, compared to about 200,000 in Ireland. The UK has 1,629 housing associations, compared to 552 AHBs in Ireland (Scanlon et. al., 2015; CSO, 2016; Hickman, 2019; UK Government, 2020).

Description	Republic of Ireland	UK
No. social housing tenant households	200,000	4 million
% social housing	13%	18%
No. housing associations	552	1,629

Table 12: Social Housing in Republic of Ireland and UK. Sources: Hickman, 2019; CSO, 2016, Scanlon et al, 2015.

Despite the much smaller scale of credit unions, there are a number of formal and established relationships between credit unions and housing associations in the UK. Furthermore, housing associations in the UK are 'eager to promote financial inclusion among their residents' (FSA, 2010). The UK has adopted what could be deemed to be an enabling approach for housing associations to work with credit unions, community benefit societies and some others. In 2010, the Financial Services Authority issued guidance to housing associations to enable them to understand what services they could offer or promote without the need for additional regulation. This has been regularly updated, and, as we have seen earlier in this section, recognises and supports the role of credit unions, especially in terms of helping new tenants to avoid high cost moneylenders when they first move into a property, when their borrowing requirements may be higher. Insurance-with-rent and savings-with-rent schemes are also permitted where the housing association acts as the intermediary. In Ireland, the focus of discussions to build a relationship between AHBs and credit unions has been on the potential for credit unions to provide loan financing through approved investment vehicles to AHBs at preferential rates. At the time of writing, a number of initiatives to facilitate this kind of investment are in development by the Irish League of Credit Unions, the Credit Union Development Association and other groups of credit unions. The potential for AHBs and credit unions to work closely together in delivering financial services specifically for social housing residents, however, does not appear to have been closely considered. From the interviews with key informants, a willingness by the credit union sector in Ireland to engage at this level appeared to emerge.

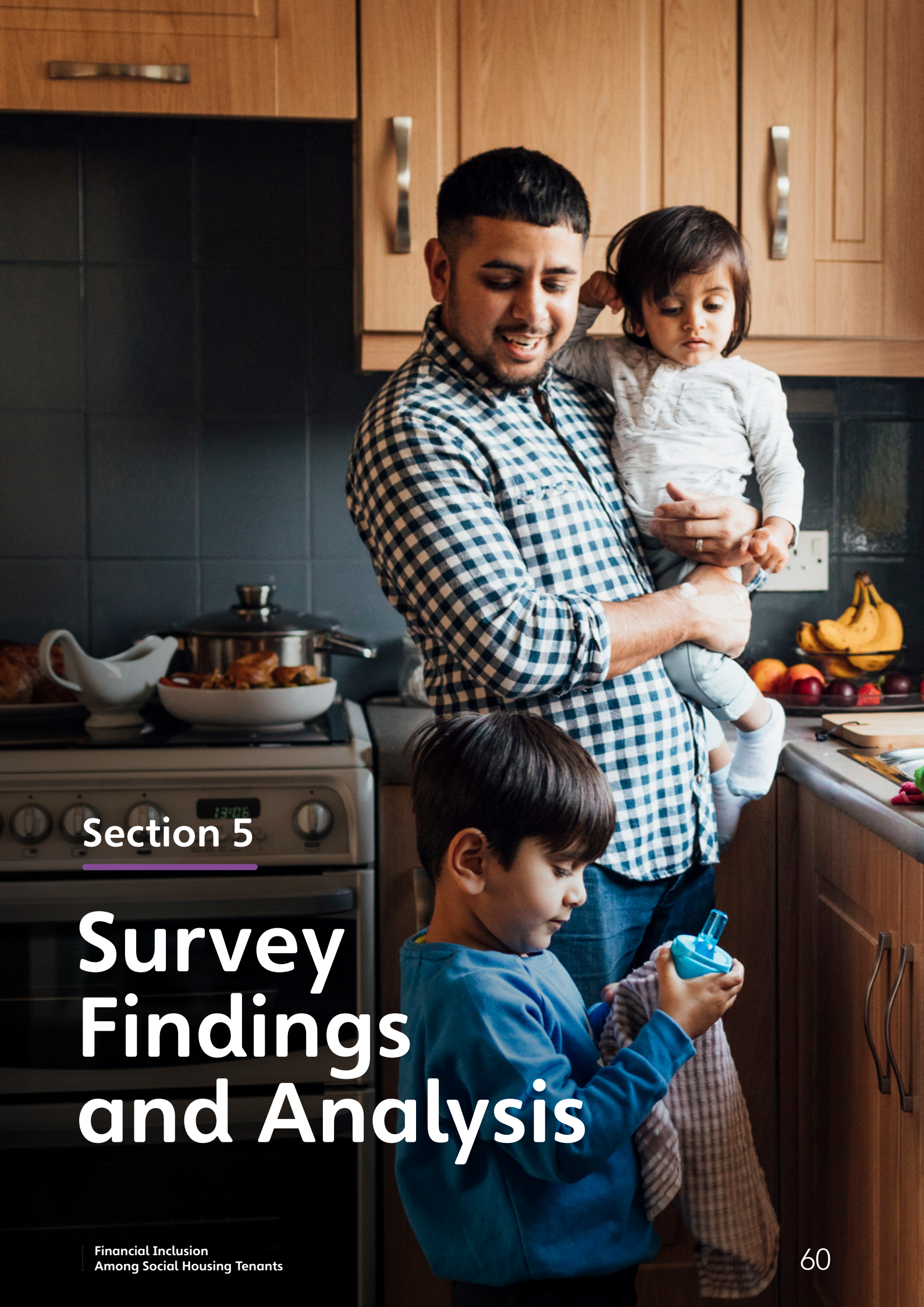
21 9% local authority, 2% AHB and 2% HAP

4.9

Section Summary

This section has examined a range of financial inclusion initiatives for social housing tenants in the UK where there has been a wide range of activities aimed at supporting access to and use of financial services. Credit unions emerge clearly as playing a crucial role in the provision of fair and affordable financial services for social housing tenants, in partnership with social housing associations. Clear policy, legislation and regulatory guidance exists in the UK to enable credit unions to provide a range of tailored savings and loans services, in particular. There is appetite among Irish credit unions to explore how they might engage in this way with AHBs.

In the UK, credit unions emerge clearly as playing a crucial role in the provision of fair and affordable financial services for social housing tenants, in partnership with social housing associations.



Section 5

Survey Findings and Analysis

5.1

Introduction

This section presents the findings from the survey of Clúid Housing residents across 12 housing estates in Cork and Dublin. As discussed in Section 1.3, an anonymous online survey was administered across chosen Clúid Housing estates, resulting in responses from 7 housing estates in Dublin and 5 housing estates in Cork. The survey examined participants' experiences of accessing and using financial services. general money management in their household and the wider community context. Responses were received from 154 residents. The survey results are supplemented with findings from the key informant interviews where appropriate.

This section is set out in 4 main parts. The first presents a profile of the survey respondents. The financial exclusion/inclusion of respondents is then measured according to access to a bank, credit union or post office account and use of savings and loans services. Aspects of financial capability – making ends meet, keeping track of finances and planning ahead are then measured and a composite score for financial capability is formulated. Finally, the supportive social context of the housing estates which were surveyed is described and analysed.

The survey examined participants' experiences of accessing and using financial services.

5.2

Respondent profile

Table 13 sets out the details of the profile of the respondents to the survey. Of the 154 respondents, 70% were female while 29% were male. Overall, 55% of Clúid Housing residents are female and 45% male, so the survey responses are somewhat over-representative of females. However, the greater percentage of female respondents over male was expected, given that, in many households, more females traditionally manage the household budget than males and 85% (n=131) of respondents were those with the main responsibility for household financial management - that is, making sure that household and other bills get paid.

Table 13 also shows the breakdown of respondents' occupations. 29% (n=45) were working full-time (more than 30 hours per week, including temporarily off work) and 12% (n=19) were working part-time (up to 29 hours, including temporarily off work). 18% (n=27) were looking after the home and family. 13% (n=20) were unemployed at the time of the survey. The remaining 34% (n=53) were either in full-time education, retired, on a government training scheme, permanently sick or disabled or opted not to reveal their occupation. The composition of the respondents' households reflects some overlap in categories as more than one response could be given. 23% (n=44) of respondents lived alone while 22% (n=43) lived with a husband or wife or partner. 35% (n=54) of respondent households contained children under the age of 18 who were still in education and 15% (n=30) contained adult children over the age of 16 who were no longer in education. Only 2% (n=4) contained other adults.

7% (n=11) of respondents had attained primary school level only while an additional 26% (n=40) had reached intermediate certificate or junior certificate only. 24% (n=16) had completed the leaving certificate while a further 38% (n=58) had completed a third level qualification.

Other key characteristics worth noting at this point include that all respondents had access to the internet with 92% (n=141) using it every day. The remainder (8%, n=13) said they used the internet about once a week. 73% (n=112) used it to check their bank balance, 68% (n=104) used it to make online purchases and 64% (n=99) used it to pay bills online.

Demographic	Response	Response Percentage
Age	18-34	10%
	35-44	39%
	45-59	36%
	60-74	13%
	Prefer not to say	2%
Gender	Male	29%
	Female	70%
	Prefer not to say	1%
Education	Primary level	7%
	Secondary level (Inter/ Junior Certificate)	26%
	Secondary level (Leaving Certificate)	16%
	Third Level	38%
	Other	5%
	Prefer not to say	8%
Occupation	In full-time education	3%
	Working full time	29%
	Working part-time	12%
	Looking after the home or family	18%
	Retired	8%
	Unemployed	13%
	Other	17%
Household Composition	Living alone	23%
	Wife, husband, partner	22%
	Children <18 still in education	35%
	Adult children >16 not in education	15%
	Parents or other adult family	2%
	Other	3%

Table 13: Demographic profile of respondents (n=154).

5.3

Financial exclusion and financial inclusion

In the discussion in Section 3, it was seen that financial exclusion occurs when people lack access to affordable, appropriate and fair financial products and services to meet their needs and lead a normal life. On the other hand, financial inclusion was defined by access to and use of financial services to meet their needs. In this section, we report on the survey findings with regard to access and use of financial services. The main measure of financial exclusion/inclusion is determining whether an individual has an account with a financial institution. The extent to which an individual uses financial services furthers our understanding of the extent to which an individual is included or excluded. We begin by examining the financial institutions used by respondents and the types of services they use and how they are used, with a focus on savings and credit. To add additional context, we also present some information on the extent to which respondents hold insurance. Using the information on holding an account with a financial institution, and use of savings and loans, we then demonstrate the extent to which the survey respondents are experiencing financial exclusion/inclusion.

Use of financial institutions

Respondents were firstly asked which financial institutions they use to access financial services, to which they could give more than one response. The results revealed an emphasis on banks and credit unions with almost 73% (n=112) of respondents reporting that they used banks and 46% (n=70) reporting that they used credit unions. A smaller number of respondents reported using the services of An Post, moneylenders and online/mobile banking (see Table 14.)

The results also showed that the majority used more than one institution to conduct their financial transactions, suggesting a high degree of access to and use of financial services overall. However, and most importantly for this report, the data showed that 12% (n=18) of respondents did not have a bank account, a credit union account or a post office account, which would severely impact their ability to use the services of conventional financial institutions.

Financial institution	n	%
Credit union	70	45.5
Bank	112	72.7
An Post	13	8.4
Online and mobile banking	35	22.7
Moneylending	16	9.1

Table 14: Financial institutions being used.

This suggests they either don't have access to financial services or they choose not to use them and therefore these respondents are experiencing financial exclusion. We analyse this issue in further detail in sub-section 5.3.5. This figure of 12% - or 1 in 8 respondents - is noteworthy in the context of our earlier discussion on the roll out of basic bank accounts in Ireland from 2016. In Section 3, we saw that the European Commission (2010) reported that 16.8% had no bank account in Ireland, rising to 32% for those with income below 60% of the median. In 2017, after the introduction of the basic bank account, Demirgüç-Kunt et al (2017) reported that 2% of the population overall lacked a bank account but this rose to 7% for those in the poorest 40% of the population. According to our findings, social housing residents report higher levels of lack of access to a bank, credit union or post office account, suggesting they are more excluded than others.

In terms of current account use, 76% (n=117) of respondents said they used one or more current accounts, while 24% (n=37) said that they did not use a current account. Respondents were asked if they had been refused a product or service from a financial provider in the past 12 months. Only 6% (n=9) said they had, of which 5 (out of 9) respondents reported having been turned down for a loan.

There was a high degree of usage of online banking to check bank accounts, transfer money and pay bills online, possibly driven by the presence of the pandemic at the time the survey was being conducted and reflecting the high internet usage rates emerging in the respondent profiles. Figure 10 shows that a little over 21% (n=33) said they didn't use online banking, while 75% (n=116) said they did.

Considerable use was also made of mobile phones to engage in online banking, as seen in Figure 11. Most respondents who said they used their mobile phone for online banking stated it was to access their account or check their balance. Smaller numbers used their mobile phone to engage in financial transactions involving payments.

In summary, the results would suggest that respondents had access to a wide range of financial institutions and most, though not all, were comfortable and experienced in using the internet and their mobile phones to engage in online banking. However, 12% (n=18) of respondents emerged as experiencing financial exclusion, an issue to which we return later to analyse and discuss in more detail.

Respondents were then asked about the financial services they use with respect to saving, borrowing and taking out insurance. The findings are set out in the next sub-sections.

A high degree of usage of online banking to check bank accounts, transfer money and pay bills online.

Figure I0: Use of online banking.

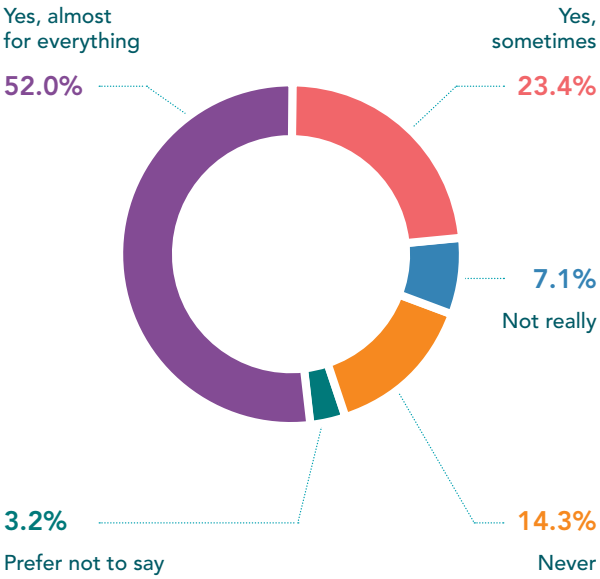
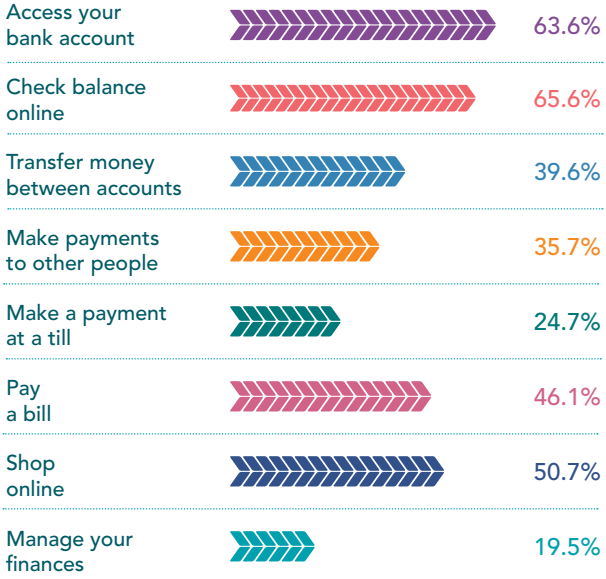


Figure II: Mobile phone usage.



Saving

Figure 12 shows the frequency with which respondents save. 38% (n=59) of respondents reported having a regular saving habit, setting money aside every week/month. The remaining 60% (n=92) who responded reported irregular saving or little to no saving. These low levels of regular saving point to potentially low levels of resilience to financial shock, which emerge later in the discussion on respondent behavior in planning ahead. We saw in Section 3 that Demirgüç-Kunt et al's (2017) research found that 72% of respondents in Ireland reported personally saving or setting aside money for any reason and using any mode of saving in the past 12 months. For the poorest 40%, this figure was 64%.

However, almost 80% (n=124) of respondents stated that saving was either important or very important to them, which would suggest that even those who cannot save regularly, would wish to do so (see Figure 13).

Of those for whom saving was either important or very important, almost 60% (n=91) said they saved for emergencies or 'rainy-days', 28% (n=43) for education/school costs and 22% (n=34) for holidays, showing that there is some recognition of the need to save for future shocks. In terms of saving methods, as shown in Figure 14, 42.8% used formal savings methods, which included lodging money into their account in person (25.3%, n=39) and saving electronically (17.5%, n=27). However, it was evident that there was also a reliance on more informal methods by 40.2% (n=62), including savings jars (29.2%, n=45) and savings clubs (7.8%, n=12), which could be more risky, open to loss or theft, and more available for easy spending. Furthermore, those who used direct debits were more likely to have a regular savings pattern than those who used more informal methods, where 'every now and then' saving was more common.

Social housing residents often deliberately 'overpay' their rent as a means of informal saving.

Figure I2: Frequency of saving (n=154).

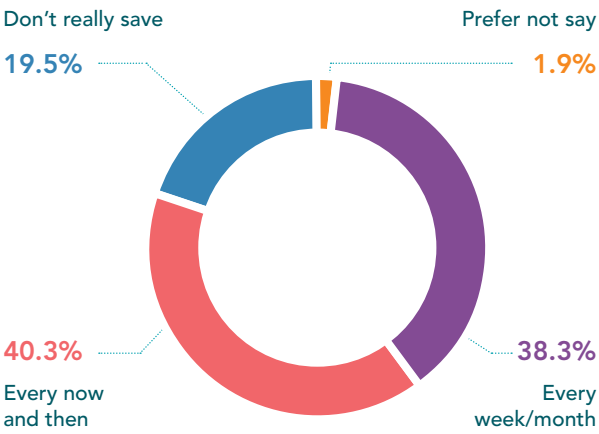


Figure I3: Level of importance of saving (n=154).

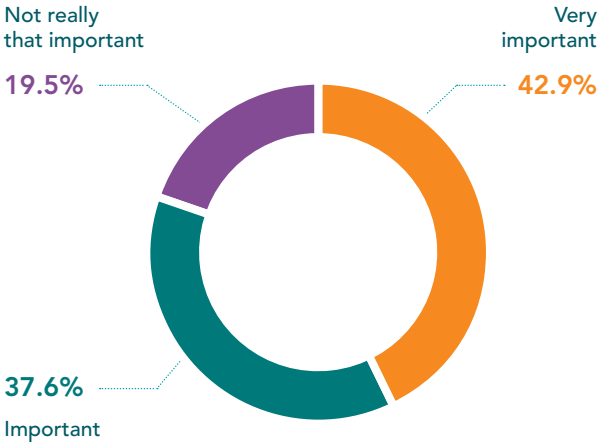


Figure I4: Method of saving.

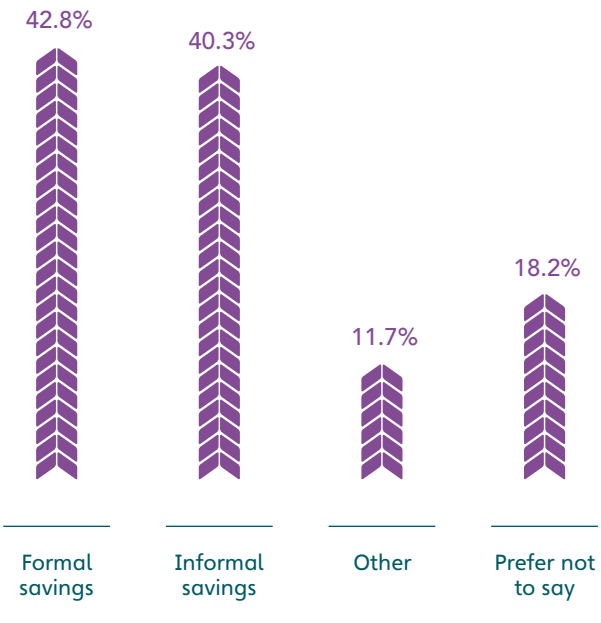
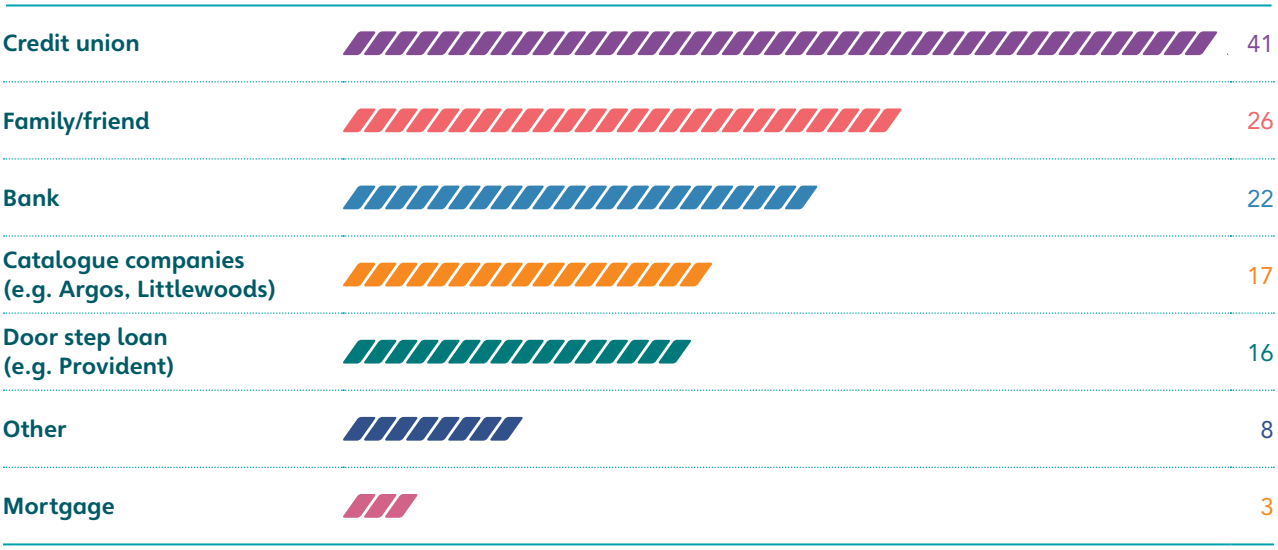


Figure I5: Sources of current loans.



Some of the key stakeholder interviewees from social housing organisations mentioned that social housing residents often deliberately 'overpay' their rent as a means of informal saving or 'round it up' and then seek a refund at Christmas time, suggesting that this might be an approach that could be formalised as a form of support. This approach to saving by residents has been seen to increase since the start of the pandemic in Ireland.

In summary, the findings relating to saving showed that considerably less than half (38%, n=59) of respondents saved regularly. 43% (n=66) had formal savings with financial institutions, while 40% (n=62) used informal methods. These findings have implications for the ability of respondents to withstand financial shocks or a reduction in income.

Borrowing, overdrafts and credit cards

Respondents were also asked a number of questions relating to borrowing, overdrafts and credit cards, to establish where they borrow, how much their repayment commitments are and what influences their borrowing behaviour.

Figure 15 shows current sources of lending and Figure 16 shows the number of loans held by each respondent. The figures demonstrate that respondents who borrow – currently about half of respondents - have access to a range of sources of credit. Credit unions are the primary source of lending currently (41 loans), followed by high cost credit (33 loans)[22], friends/family (26 loans) and banks (22 loans). Of those currently borrowing (52%, n=81), 64% (n=52) had 1 loan, 27% (n=22) had 2 loans and the remaining respondents had 3 or more loans.

Figure I6: Number of loans.



22 Doorstep loans and catalogue loans are both considered to be high cost loans as interest rates exceed 23% APR, and both loan types are regulated as such.

Figure I7: Most important factors in taking out a loan (n=154).

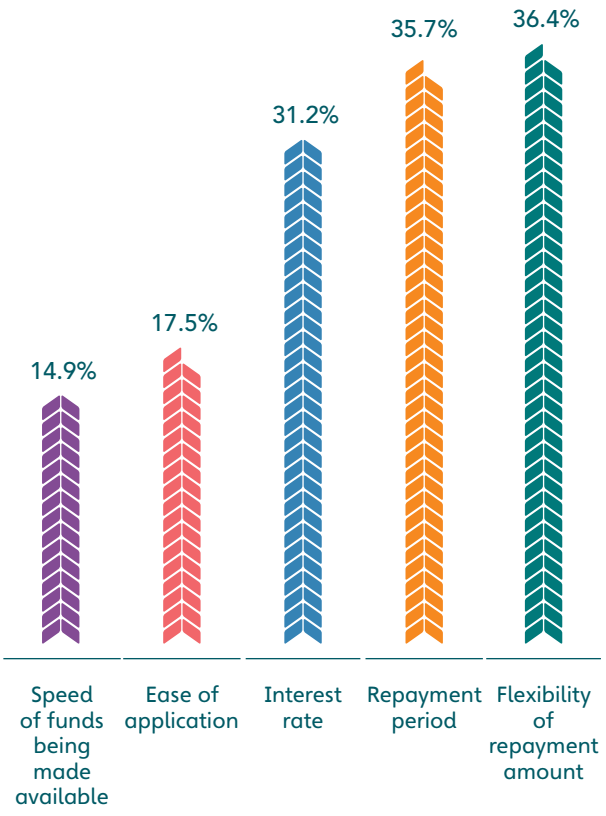


Figure I8: Monthly household loan repayments (average household debt) (n=154).

1-50	9.8%
51-100	5.2%
101-200	11%
201-400	11%
401-700	7.1%
701-1,000	5.8%
1,000 or more	2.7%
Prefer not to say	10.4%
None	37%

About half of all households that borrow carry a significant debt burden.

Respondents were then asked what the most important factors were to them in deciding what type of loan to obtain, to which they could give more than one answer (see Figure 17). The flexibility in the repayment amount, the repayment period and the interest rate were the top answers given. The speed of application and release of funds were less important, suggesting that the cost and repayments were more important than ease of access to the funds. This, in turn, suggests that emergency borrowing is less dominant than non-emergency borrowing.

29.4% (n=44) of respondents said they had a credit card, with just one having 2 credit cards. Of these, a little under half (45%, n=20) always or usually pay off the whole amount outstanding each month. Of the remainder, 41% (n=18) pay off as much as they can afford and 14% (n=6) make the minimum payment only. Those who do not clear the balance every month will pay interest on the full amount outstanding for that month. The typical interest rate chargeable on credit cards in Ireland ranges between about 13% APR and 23% APR[23], which is considerably higher than typical personal loans which both banks and credit unions offer.

Overdrafts on a current account also offer access to a form of short-term credit and can be important to some households in smoothing consumption from time to time. However, there are dangers in being constantly overdrawn and coming to rely on an overdraft over time. It is also a costly form of credit, attracting interest charges of between 9% and 15% APR on top of surcharges and referral fees for each additional transaction over the overdraft limit.[24] 20% (n=31) of respondents reported having an overdraft arrangement on their current account. Of these, 32% (n=10) said they were constantly overdrawn.

Finally, respondents were asked what level of debt was carried by their household in a typical month, outside normal household living expenditure and rent - that is, repayments on loans that are outstanding at the end of each month. Figure 18 shows that 53% (n=81) of households reported having loan repayments to make each month. Of these 50% (n=40) of households had to make repayments of €200 or less, suggesting reasonably low amounts of borrowing. 21% of households borrowing (n=17) made repayments of. between €201 and €400 while the remainder (30%, n=24) made monthly repayments in excess of €400 per month, suggesting higher levels of debt.

In summary, about half of all respondents reported some level of debt from a variety of sources. Although levels of indebtedness cannot be accurately assessed, it is clear that about half of all households that borrow carry a significant debt burden (€201 in repayments or more) from month to month.

23 Bonkers.ie offers useful comparisons across a range of banking services.

24 https://www.ccpc.ie/consumers/money/loans/overdrafts/

Type of insurance held	n	%
Motor insurance	93	60.4%
Home insurance (buildings only)	8	5.2%
Home insurance (buildings and contents)	16	10.4%
Motor breakdown insurance	24	15.6%
Travel, pet, accident/illness, mobile phone or funeral insurance	47	30.4%
Life assurance (in case of debt)	25	16.2%
Health insurance	14	9.1%
None of these	35	22.7%

Table 15: Type of insurance held.

Insurance

To add some further context, respondents were asked what type of insurance policies they held, although this information was not used in the measure of financial exclusion/inclusion. It is important to note here that all Clúid Housing residents are provided with buildings insurance for their homes as part of their tenancy agreement and are strongly advised in the tenancy agreement to take out contents insurance to cover accidental damage, fire and theft. One of the interviewees stated that home contents insurance is expensive and 'down the list of priorities for a lot of people'. Table 15 shows low levels of non-compulsory insurance (motor insurance being the only legally compulsory insurance). Only 10% (n=16) reported having buildings and contents insurance, 9% (n=14) hold health insurance and 16% (n=25) hold life assurance. It is possible that many of the respondents may qualify for a medical card, thereby diminishing substantially the need for private health insurance. 23% had none of the insurance types listed. The findings hint at low levels of financial resilience overall to unexpected events through appropriate insurance, unless savings levels and other supports (such as family and friends, medical cards) are well established. However, we have already seen that only 40% (n=62) of respondents engage in regular saving and only 14.5% (n=22) would be able to draw on these savings if they experienced a financial shock.

The findings hint at low levels of financial resilience overall to unexpected events through appropriate insurance.

Levels of financial exclusion/inclusion

The key measures of financial exclusion/inclusion used in this research are access to a bank, credit union or post office account and the use of financial services. We have already seen in 5.3.1 that 12% (n=18) of the survey respondents reported that they did not have a bank account, credit union account or post office account. The precise reasons for this are not clear, as the causes of financial exclusion are varied and complex. It is possible that at least some of these respondents may have self-excluded. The remaining respondents reported that they had an account.

In order to determine the extent to which respondents used financial services, an analysis of the use of saving and borrowing services was undertaken and aggregated with the access measure. First, a composite access/savings score was created for access to financial institutions and frequency of saving. Respondents who fit the category of 'very well included' achieved the highest score while those who were deemed to be excluded achieved the lowest score. Loan activity was then aggregated with the access/saving score to create a financial exclusion/inclusion variable. Loan activity involved three dimensions: not borrowing, borrowing from conventional sources (bank, credit union, post office) or borrowing from alternative sources (moneylending, catalogue companies or from family or friends). This loan activity was aggregated with the access/saving score to create a financial inclusion variable. Six categories of exclusion/inclusion emerged, as shown in Figure 19 below:

1 **Very well included**
Those who have access to at least 2 financial institutions, are saving regularly and are either borrowing from conventional sources or not borrowing.

2 **Well included**
Those who have access to at least 1 financial institution, varying levels of saving activity, may be borrowing from conventional sources, but are not borrowing from alternative sources.

3 **Included**
Those who have access to at least 1 financial institution, varying levels of saving activity but are borrowing from conventional sources and alternative sources.

4 **Weakly included**
Those who have access to only 1 financial institution, limited or no saving and are borrowing from conventional sources.

5 **Partly excluded**
Those who have access to only 1 financial institution, limited or no saving and are borrowing from alternative sources.

6 **Excluded**
Those who do not have an account with any financial institutions (bank, credit union or post office), have no saving activity and are either not borrowing or borrowing from alternative sources only.

Figure 19: Levels of financial exclusion/inclusion (n=154).

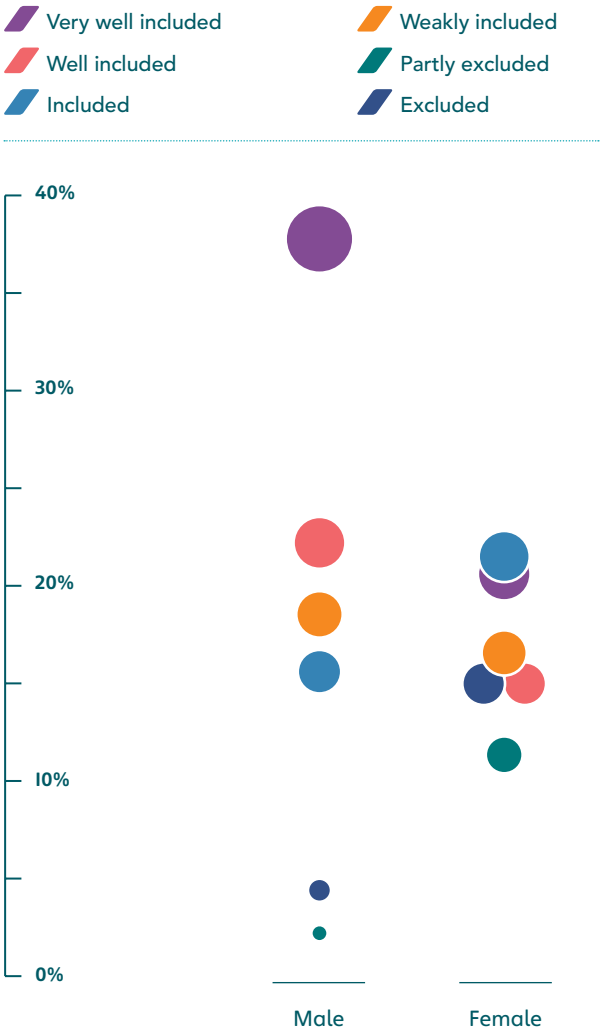


As can be seen in Figure 19, 26% (n=40) of respondents are very well included, i.e., they have access to at least 2 financial institutions and are regularly saving. They are either not borrowing or are borrowing from conventional sources. 17% (n=26) are well included, having access to at least one financial institution, varying levels of saving activity and are borrowing from conventional sources. 20% (n=31) are included, in that they have access to at least one financial institution and have varying levels of saving activity but are also borrowing from conventional and alternative sources. This category suggests that having access to financial services does not guarantee financial inclusion when it comes to saving and conventional borrowing. 17% (n=26) are weakly included, having access to 1 financial institution with limited or no saving and are borrowing from conventional sources. 8% (n=13) are partly excluded, having limited or no saving and borrowing from alternative sources. And finally, 12% (n=18) of our sample are excluded in that they do not have an account or savings and some (n=9) are currently borrowing from alternative sources.

Having determined the levels of financial exclusion/inclusion, the data was then analysed for any association between financial exclusion/inclusion and other variables such as various demographics (age, gender, employment status, education and household composition). No significant correlations between financial inclusion and age, education level, household composition or employment status emerged. However, a statistically significant correlation between financial inclusion and gender at the $p < .05$ level emerged, as presented in Table 16. This shows that women are more likely to experience weaker financial inclusion, or to be financially excluded, than men, while men are more likely to have higher levels of inclusion.

Weaker levels of inclusion, or exclusion, are more commonly found among female respondents.

Table 16: Correlation between levels of financial exclusion/inclusion and gender.



	Male	Female
Very well included	17 (37.8%)	22 (20.6%)
Well included	10 (22.2%)	16 (15%)
Included	7 (15.6%)	23 (21.5%)
Weakly included	8 (17.8%)	18 (16.8%)
Partly excluded	1 (2.2%)	12 (11.1%)
Excluded	2 (4.4%)	16 (15%)
Chi Square	11.171	
P Value (P <.05)	*p=.048*	

Average household debt per month	€200 or less	€200-400	Greater than €400	None	Total
Very well included	11 (31.4%)	4 (11.4%)	3 (8.6%)	17 (48.6%)	35 (100%)
Well included	3 (13.6%)	1 (4.6%)	2 (9%)	16 (72.8%)	22 (100%)
Included	11 (36.6%)	5 (16.7%)	9 (30%)	5 (16.7%)	30 (100%)
Weakly included	5 (21.8%)	3 (13%)	6 (26%)	9 (39.2%)	23 (100%)
Partly excluded	3 (25%)	4 (33.3%)	3 (25%)	2 (16.7%)	12 (100%)
Excluded	7 (43.7%)	0 (0%)	1 (6.3%)	8 (50%)	16 (100%)
Chi Square ***P Value (P <.05)***			31.920 $p = .007$		

Table 17: Crosstab of average household debt repayments with levels of financial exclusion/inclusion.

The association between average household debt and levels of financial exclusion/inclusion was also found to be significant, at the p <.05 level. Table 17 shows that those who have weaker levels of financial inclusion, are making higher loan repayments than those with higher levels of financial inclusion. However, the same does not apply for those who are financially excluded, most of whom are making loan repayments of less than €200 per month.

Summary

This sub-section of the report has shown that there are varying levels of financial exclusion/inclusion being experienced by the respondents to the survey, as measured by access to formal financial institutions, saving activity and borrowing sources. Based on these indicators, 43% (n=66) of respondents could be said to be very well financially included while 12% (n=18) of respondents are currently experiencing financial exclusion. The remaining 45% (n=69) of respondents experience varying degrees of exclusion/inclusion. Weaker levels of inclusion, or exclusion, are more commonly found among female respondents. Those with weaker levels of inclusion tend to have higher loan repayments although those who are excluded have lower loan repayments.

There are varying levels of financial exclusion/inclusion being experienced by the respondents to the survey, as measured by access to formal financial institutions, saving activity and borrowing sources.

5.4

Financial Capability

A number of interviewees highlighted the difficulties faced by social housing residents on issues related to financial capability. Household budgeting emerged as a particular issue for those on low incomes, albeit incomes were not always adequate to cover all necessary household expenditure. The change from weekly to fortnightly payments during the Covid-19 pandemic was seen to have caused particular difficulties for households more accustomed to managing their finances weekly. For some lone parents, inconsistency in child maintenance payments made budgeting difficult. Issues of capacity, understanding, anxiety and suspicion in engaging with financial institutions were also seen to prevent people from managing their finances. Some AHBs in Ireland, particularly those supporting the homeless, run budgeting courses for their residents or offer supporting financial information. In order to further our understanding of the experiences and behaviours of the respondents in terms of household money management, we examined the ability of respondents to make ends meet, keep track of their finances and to plan ahead. Using Atkinson's (2011) scoring methodology, we assigned a score to each of these dimensions. The scores were then aggregated to create one financial capability score. Before we discuss the overall financial capability measure, we first explore each of the three dimensions of financial capability.

The following sub-sections detail each set of findings in turn.

66%

66% of respondents experienced varying degrees of difficulty in making ends meet.

Making ends meet

This section examines the extent to which respondents were able to make ends meet: if they ran out of money before the end of the week or month, what they did when they ran out of money, how well they were able to keep up with bills and other financial commitments and what their thoughts about managing money were.

Table 18 shows the extent to which respondents ran out of money before the end of the week or month. 34% (n=52) of respondents never or hardly ever ran out of money, suggesting that these respondents did not experience difficulties in making ends meet. The remaining 66% (n=102) of respondents experienced varying degrees of difficulty making ends meet. 25% (n=38) of respondents found it difficult to make ends meet always or most of the time.

Do you run out of money?	n
Always	17
Most of the time	21
Sometimes	64
Hardly ever	25
Never	27
Total	154

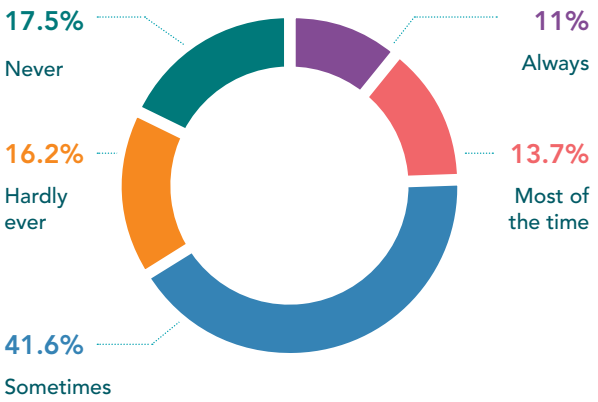


Table 18: Do you run out of money?

Respondents were then asked what they did when they ran out of money (See Table 19.) For most, borrowing from family or friends or cutting back were the main options. There did not appear to be a heavy reliance on credit cards or overdrafts to bridge the gap.

Response to running out of money	n	%
Borrow from family/friends	48	31.3
Cut back spending/do without	43	27.9
Use authorised/arranged overdraft	4	2.6
Use credit or store card(s)	4	2.6
Depends on amount needed/ varies too much to say	15	9.7
Don't know	15	9.7
Not relevant to me	25	16.2
Total	154	100.0

Table 19: What do you do when you run out of money?

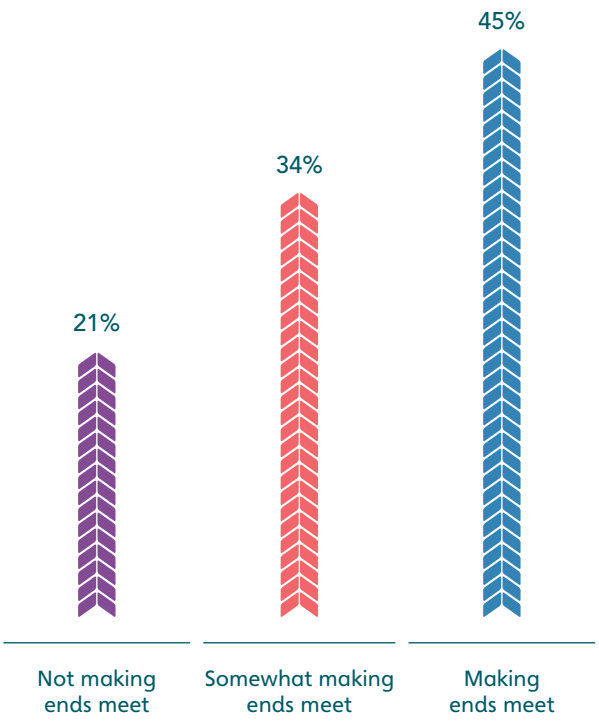
As another measure of making ends meet, respondents were asked how well they felt they were keeping up with bills and credit commitments at present. Table 20 shows the results. 29% (n=44) experienced no difficulties meeting their commitments. The remainder were struggling, including 9% (n=14) who felt they were falling behind.

Keeping up with bills and credit commitments	n	%
Keeping up with all bills and commitments without any difficulties	44	28.6
Keeping up with all bills and commitments, but it is a struggle from time to time	69	44.8
Keeping up with all bills and commitments, but it is a constant struggle	27	17.5
Falling behind with some bills or credit commitments	14	9.1
Total	154	100.0

Table 20: Are you able to keep up with bills and credit commitments?

Finally, respondents were asked the extent to which they felt organised when it comes to managing money day-to-day. 70% (n=108) strongly agreed or agreed while 11% (n=17) disagreed or strongly disagreed.

Figure 20: Overall measure for making ends meet.



Three measures were grouped to show the extent to which respondents were able to make ends meet – what respondents do when they run out of money, how well respondents keep up with bills and commitments, and how organised respondents felt they were when it comes to managing their money. Figure 20 shows that 21% (n=33) of respondents are currently unable to make ends meet and 34% (n=52) are somewhat making ends meet. A little under half of respondents (45%, n=69) are currently making ends meet.

45%

A little under half of respondents (45%, n=69) are currently making ends meet.

The relationship between the making ends meet variable and various demographic variables (age, gender, education, employment status and household composition) was explored. One significant correlation emerged between making ends meet and age, shown in Table 21, which was significant at the $p < .05$ level. The 35-44 and 60-64 age group seem to perform best in terms of making ends meet.

	Not making ends meet	Somewhat making ends meet	Making ends meet
25-34	4 (26.7%)	4 (26.7%)	7 (46.6%)
35-44	7 (11.7%)	23 (38.3%)	30 (50%)
45-54	9 (23.7%)	15 (39.5%)	14 (36.8%)
55-59	8 (44.4%)	4 (22.2%)	6 (33.4%)
60-64	0 (0%)	4 (40%)	6 (60%)
Chi Square ***P Value*** ***(P < .05)***		18.915 *p = .048*	

Table 21: Crosstab between age and making ends meet.

Finally, making ends meet was cross tabulated with the measures for financial exclusion/inclusion and is shown in Table 22 below. The table shows that there is a statistically significant relationship between the two at the $p < .005$ level, meaning that the more financially included respondents were more likely to be making ends meet. This would suggest that, having access to and using financial services, supports respondents in making ends meet.

	Not making ends meet	Somewhat making ends meet	Making ends meet
Very well included	2 (6.1%)	10 (19.2%)	28 (40.6%)
Well included	4 (12.1%)	10 (19.2%)	12 (17.4%)
Included	10 (30.3%)	14 (26.9%)	7 (10.1%)
Weakly included	4 (12.1%)	6 (11.5%)	16 (23.2%)
Partly excluded	5 (15.2%)	7 (13.5%)	1 (1.4%)
Excluded	8 (24.2%)	5 (9.7%)	5 (7.3%)
Total	33 (100%)	52 (100%)	69 (100%)
Chi Square ***P Value*** ***(P < .005)***		34.607 *p = .000*	

Table 22: Crosstab between making ends meet and level of financial inclusion/exclusion.

Keeping track of finances

To measure the extent to which respondents kept track of their finances, they were asked if they normally keep a record of the amounts they spend on food and other day-to-day spending. As shown in Table 23, 58% (n=89) of respondents were not keeping track of their spending, while the remainder were keeping track or somewhat keeping track.

Keeping track	n
Not keeping track of spending	89
Somewhat keeping track of spending	27
Keeping track of spending	38
Total	154

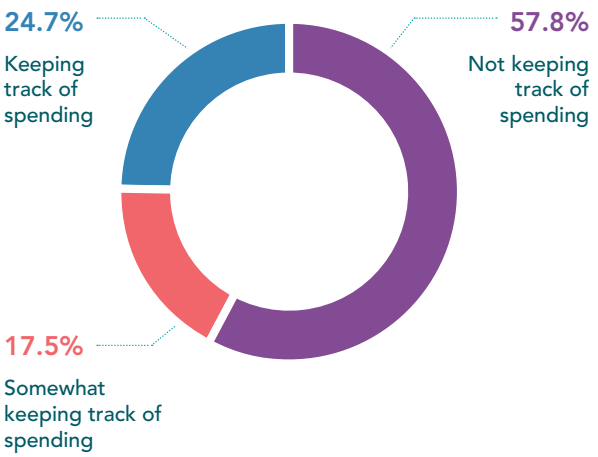


Table 23: Keeping track of spending.

Finally, keeping track of spending was cross tabulated with financial inclusion, but a statistically significant relationship was not found. Therefore, based on the data collected from respondents, there does not seem to be a relationship between financial exclusion/ inclusion and ability to keep track of spending.

Having access to and using financial services, supports respondents in making ends meet.

Planning ahead

Planning ahead measures the extent to which people are prepared for unexpected financial shocks. This includes the extent to which people have saved for such an event.

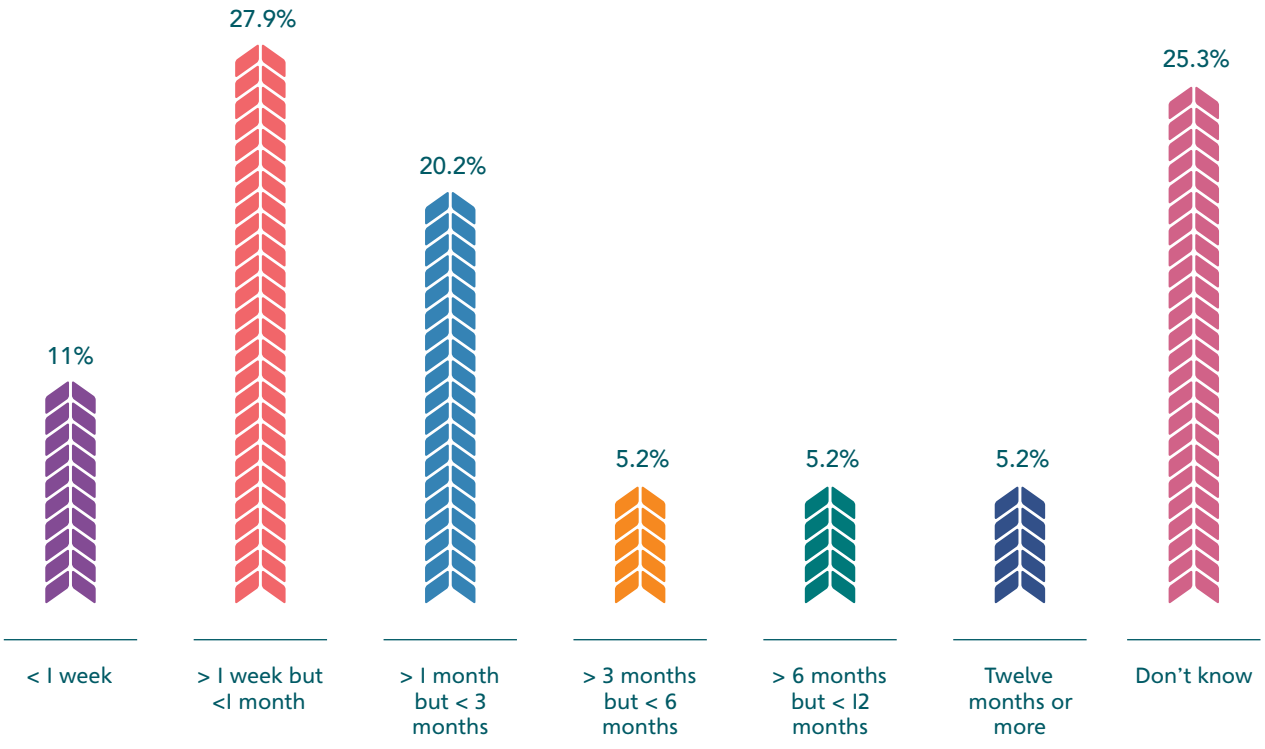
Respondents were asked what they would do to make ends meet if they, or their partner, had an unexpected financial shock arising from ill-health, sudden job loss or an accident. More than one answer could be given, as seen in Table 24, as a range of strategies were considered appropriate. The most common answers included cutting back on spending or claiming social welfare benefits. Drawing on savings and taking on additional debt did not appear to be preferred options or perhaps, were not options available to respondents. Other choices in terms of insurance or other assets were also not options that were, or perhaps, could be considered. It was worrying to note that 23% (n=35) said they had never really thought about it. This may be because their incomes are low and they live more week to week.

To shed further light on the capacity of respondents to cope in the event of an unexpected financial shock, they were asked how long they think they (and their partner) would be able to make ends meet. The findings were quite stark in showing that well over half (58%, n=91) could not last more than 3 months, with almost half of these being able to manage for less than one month. A further 25% (n=39) didn't know how long they could last (see Figure 21).

Action in the event of a shock	n	%
Draw money from current account (excluding any overdraft facility)	21	13.6%
Draw money from savings account	22	14.3%
Sell investments/valuables	6	3.9%
Claim on insurance policy	6	3.9%
Cut back on spending	64	41.6%
Use credit card or overdraft	6	3.9%
Take out loan with credit union/ bank	17	11.0%
Take out a loan with moneylender	13	8.4%
Borrow money from family/friends	27	17.5%
Ask family/friends to give money to help out	24	15.6%
Claim social welfare benefits	52	33.8%
Go to St. Vincent de Paul	21	13.6%
Go to MABS for advice	20	13.0%
Make arrangement with creditors to pay less/suspend payments	17	11.0%
Have never really thought about it	35	22.7%

Table 24: What would you do in the event of an unexpected financial shock?

Figure 21: How long can you last when faced with an unexpected financial shock? (n=154)



The final measure of planning ahead examined the main reasons respondents save. As was shown in section 5.2.2.2 on savings, almost 60% of those who said savings was important or very important said they saved for emergencies or 'rainy-days', 28% (n=43) for education/school costs and 22% (n=34) for holidays.

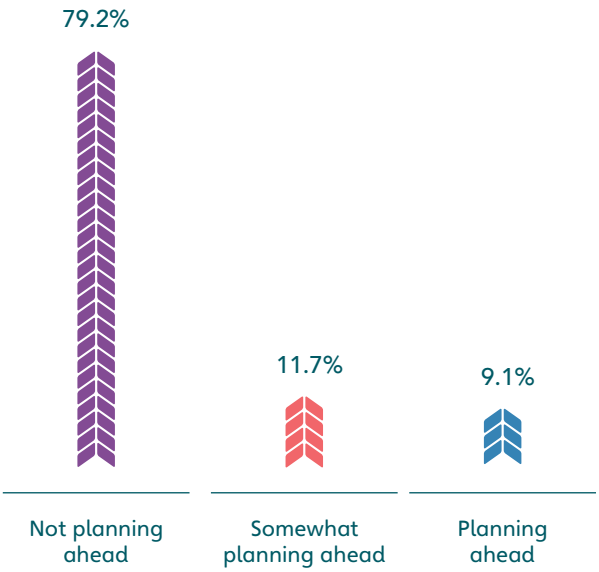
Each of the above factors – how respondents would cope with a financial shock, how long they can last financially in a shock, and the reasons people save - were grouped and scored to give an overall measure for the extent to which respondents plan ahead, as shown in Figure 22. The figure shows that planning ahead is considerably weak among those who responded, with 79% (n=122) not planning ahead at all, 12% (n=18) doing some planning and only 9% (n=14) showing that they do plan ahead.

Finally, planning ahead was cross tabulated with levels of financial exclusion/inclusion and a statistically significant relationship was found at the p <.005 level. As can be seen in Table 25 below, this means that those who are in the category of very well included were more likely to be planning ahead than those who had weak inclusion or who were excluded.

	Not making planning ahead	Somewhat planning ahead	Planning ahead
Very well included	22 (18%)	9 (50%)	9 (64.3%)
Well included	22 (18%)	2 (11.10%)	2 (14.30%)
Included	23 (18.90%)	6 (33.3%)	2 (14.30%)
Weakly included	25 (20.5%)	1 (5.60%)	0 (0%)
Partly excluded	13 (10.70%)	0 (0%)	0 (0%)
Excluded	17 (13.90%)	0 (0%)	1 (7.10%)
Total	122 (100%)	18 (100%)	14 (100%)
Chi Square *P Value* *(P < .005)*	28.236 *p = .002*		

Table 25: Crosstab between planning ahead and level of financial inclusion/exclusion.

Figure 22: Planning ahead (n=154).



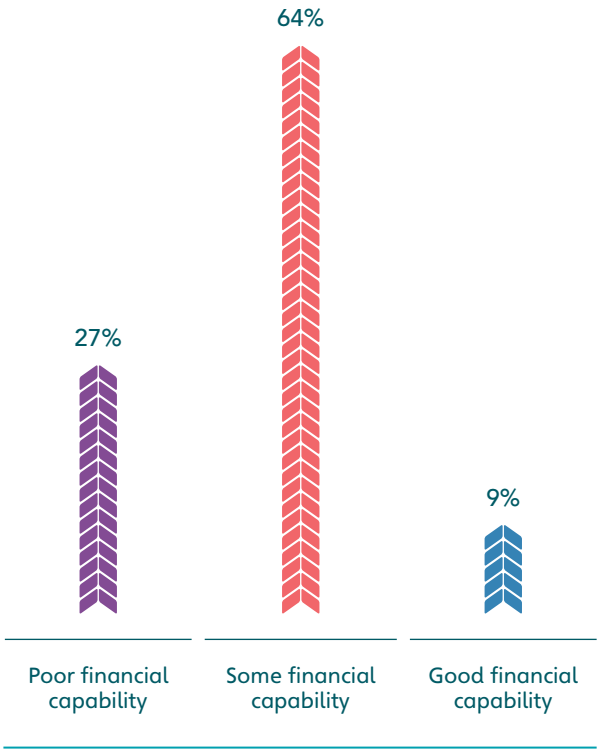
Those who are in the category of very well included were more likely to be planning ahead than those who had weak inclusion or who were excluded.

Levels of financial capability

The scores for the three variables making ends meet, planning ahead and keeping track were computed into one financial capability score. The frequencies for this variable are presented in Figure 23 below and show that only 9% (n=14) of respondents could be deemed to have good financial capability overall. 64% (n=99) had some financial capability and 27% (n=41) had poor financial capability.

We then explored if there was any correlation between financial capability and the various demographic variables (age, education, household composition, gender and employment status). No significant correlation was found.

Figure 23: Levels of financial capability (n=154).



9%

Only 9% (n=14) of respondents could be deemed to have good financial capability overall.

Financial capability measured against financial exclusion/inclusion

As a final step in this part of the analysis, financial inclusion was cross tabulated with financial capability. While it might be assumed that those with greater financial inclusion might also have higher levels of financial capability, we wished to explore if a relationship did, in fact, exist and if it had statistical significance. Table 26 shows the result of the crosstab, which was significant at the $p < .005$ level.

	Poor financial capability	Some financial capability	Good financial capability
Very well included	2 (4.9%)	29 (29.3%)	9 (64.3%)
Well included	8 (19.5%)	16 (16.2%)	2 (14.3%)
Included	15 (36.6%)	14 (14.1%)	2 (14.3%)
Weakly included	6 (14.6%)	20 (20.2%)	0 (0%)
Partly excluded	4 (9.80%)	9 (9.10%)	0 (0%)
Excluded	6 (14.6%)	11 (11.1%)	1 (7.10%)
Total	41 (100%)	99 (100%)	14 (100%)
Chi Square *P Value* *(P < .005)*	28.155 *p = .002*		

Table 26: Crosstab between levels of financial exclusion/ inclusion and levels of financial capability.

Financial inclusion seems to have a positive impact on financial capability in that those who are well included are more likely to have good financial capability. The well included group have access to a wide variety of financial institutions and are regularly saving. Sixty four percent of those who have good financial capability come from this grouping and 95% of those who are well included have either good or some financial capability, with only 5% falling into the poor financial capability category. Hence, active use of financial institutions and saving are important contributors to financial capability.

We also explored if the use of alternative sources of credit was a factor that impacts on financial capability. To do this, we further grouped the financial exclusion/ inclusion categories into two distinct groups:

1. those who are included and either not borrowing or borrowing only from conventional financial institutions, which we labelled as "conventional borrowers/non-borrowers" and
2. those who only borrow from alternative sources and those who are financially excluded (some of whom are borrowing from alternative sources), which we labelled as "alternative borrowers/financially excluded".

We then cross tabulated these 2 new categories with financial capability and the results were significant at the p<.005 level. The results are presented in Table 27.

	Conventional borrowers/ Non-borrowers	Alternative borrowers/ Financial excluded
Poor financial capability	16 (17.4%)	25 (40.4%)
Some financial capability	65 (70.6%)	34 (54.8%)
Good financial capability	11 (12.0%)	3 (4.8%)
Total	92 (100%)	62 (100%)
Chi Square *P Value* *(P < .005)*	10.821 *p = .004*	

Table 27: Crosstab of type of borrowers/non-borrowers and levels of financial capability.

As can be seen from the table above, the alternative borrowers/financially excluded category demonstrate poorer financial capability when compared to the conventional borrowers/non-borrowers category. 40% of those in the 'alternative borrowers/non-borrowers' category demonstrate poor financial capability. Only 5% of those demonstrating good financial capability were alternative borrowers/non-borrowers. This shows a clear link between using conventional financial services to borrow and having good financial capability.

When we explored each of the three dimensions of financial capability - making ends meet, keeping track of finances and planning ahead - we found that there was a significant relationship between this financial inclusion/alternative borrowing variable (p = .000) and making ends meet.

A clear link between using conventional financial services to borrow and having good financial capability.

Insights into financial resilience

In order to measure aspects of the financial resilience of respondents, actions in the event of a shock were grouped into 3 levels – those who had limited or no provision, those with some provision and those who had provision for shocks. Figure 24 shows that only 9% (n=14) had provided for shocks. 69% (n=107) had limited or no provision while the remainder gave no answer.

Figure 24: Levels of provision in the event of a shock (n=154).



	Very well included	Well included	Included	Weak included	Partly excluded	Excluded
Limited or no provision	12 (35.3%)	14 (73.7%)	15 (57.7%)	14 (82.4%)	9 (81.8%)	14 (100%)
Some provision	16 (47.1%)	2 (10.5%)	7 (26.9%)	3 (17.6%)	1 (9.1%)	0 (0.0%)
Provided for in shocks	6 (17.6%)	3 (15.8%)	4 (15.4%)	0 (0.0%)	1 (9.1%)	0 (0.0%)
Total	40 (100%)	19 (100%)	26 (100%)	17 (100%)	11 (100%)	14 (100%)
Chi Square *P Value* *(P < .005)*			28.119 *p = .002*			

Table 28: Crosstab of levels of financial exclusion/inclusion with levels of provision for household shocks.

To shed further light on the difficulties being faced by respondent households, levels of provision to withstand a household shock were also cross tabulated with levels of financial exclusion/inclusion and a correlation between both factors was found at the p < .005 level. Table 28 shows that nearly all of those who are excluded or partly excluded' have limited or no provision for household shock, which leaves these households in a very vulnerable position over the longer term.

We saw in Section 2 of this report how having a social network or people to turn to, such as family and community, were important for financial resilience. This was explored here by asking respondents who they could call on locally to help them if needed. Figure 25 shows that family members and relatives were most cited, followed by close friends. Neighbours did not feature as highly.

Figure 25: Who can you call on if you need help?

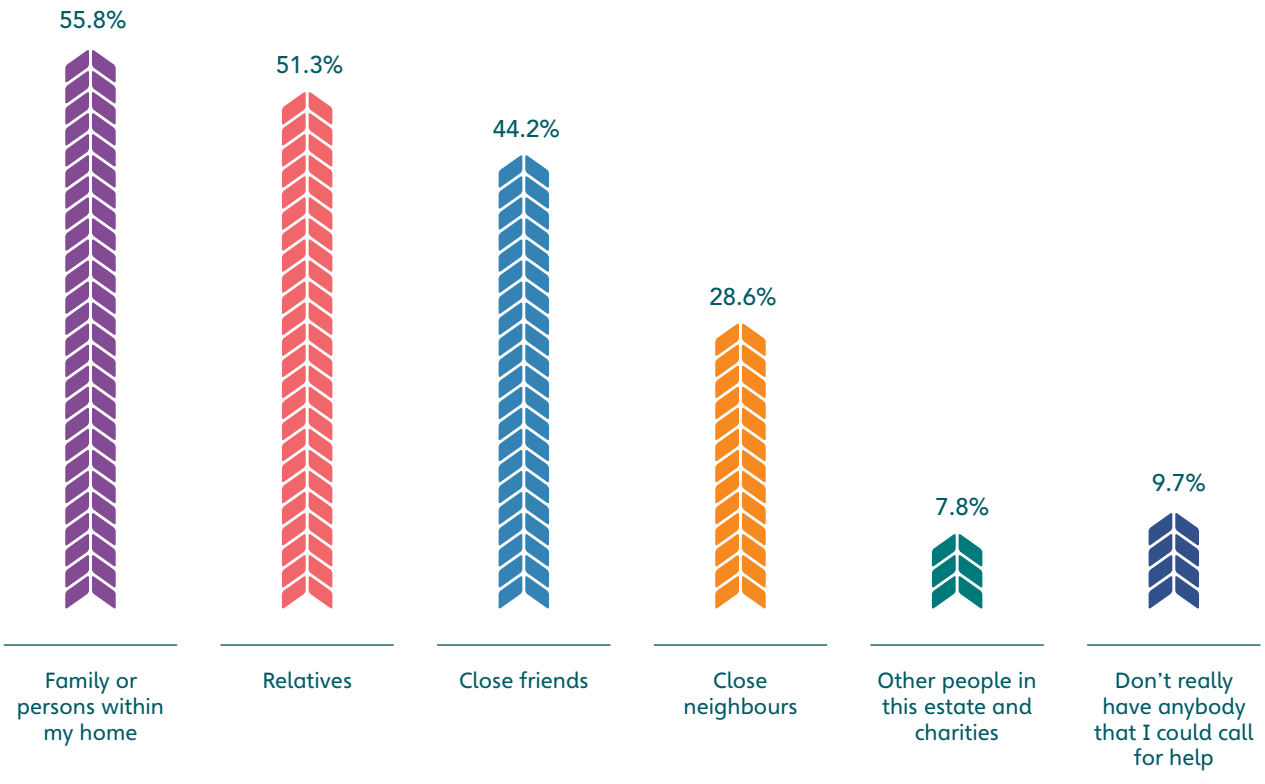
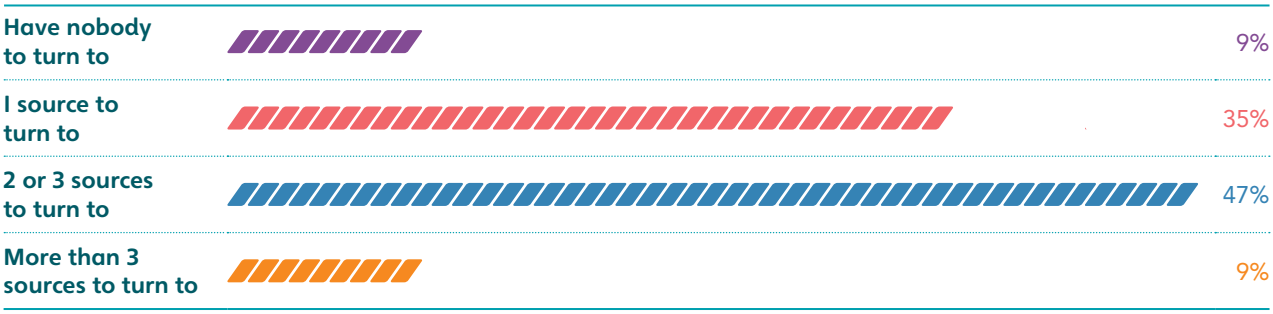


Figure 26: Number of sources that can be called on for help.



Respondents were also asked who they would talk to if they needed financial advice. It was found that 73% would turn to family/friends for financial advice, while 24% would turn to the bank or credit union and 8% to MABS.

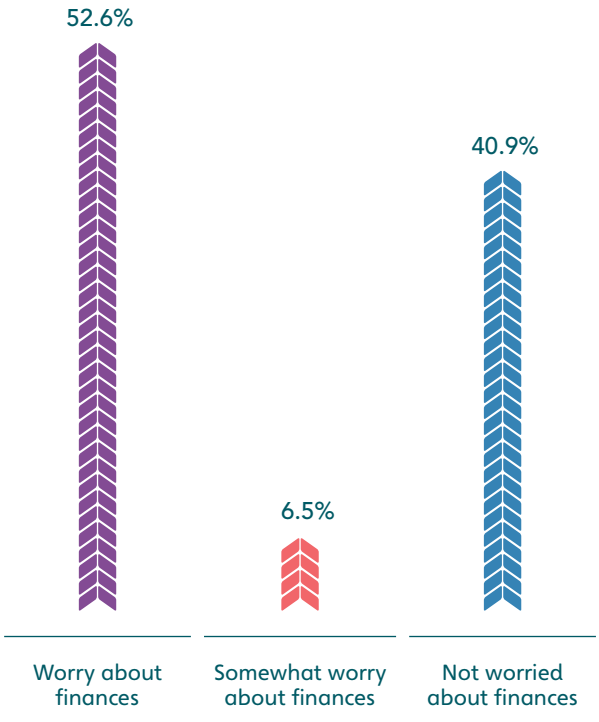
Drawing on the variable of who to call on if you need help, we created another variable for the number of sources open to a respondent to call on for help. This is presented in Figure 26.

We will see later in the presentation of the focus group findings that those who participated, none of whom had met before, began to support one another in offering informal financial advice and support through the natural conversations that emerged. This would suggest that there is a considerable untapped resource in the respondents themselves and their neighbours in offering supports to one another.

To measure perceptions of financial behaviour, respondents were asked to state their level of agreement with ten statements about their attitude to money such as 'My finances control my life' and 'I tend to worry about paying my normal living expenses'. (For the full list of statements, see Appendix Two). An Exploratory Factor Analysis (EFA) was carried out with the ten items using a Principal Component Analysis extraction method and a varimax rotation. The items clearly loaded on two factors, which were labelled worry and impulsiveness. The KMO was .800, indicating that factor analysis was appropriate for the data. Items were also measured for internal consistency and had a Cronbach's alpha of .764 which is above the recommended 0.7 (Nunnally, 1978). These items and loadings are presented in Appendix Two. Two factors were extracted, that is 'worry' and 'impulsive'.

For crosstabulation purposes, categorical variables were created. For financial worry, those respondents who scored a mean of 1 to 2.33 were labelled as 'worried about finances', those with a mean of 2.83 were labelled as 'somewhat worried about finances' and those with a mean of 3 were labelled as 'not worried about finances'. The categorical financial worry variable is presented in Figure 27. Well over half of respondents (59%, n=91) reported being somewhat worried or worried about their finances.

Figure 27: Levels of worry about finances (n=154).



59%

Well over half of respondents (59%, n=91) reported being somewhat worried or worried about their finances.

The impulsive variable indicated that 88% viewed themselves as not impulsive with 12% indicating that they had financially impulsiveness tendencies. This variable was cross tabulated with financial inclusion and financial capability, but no significant relationship was found.

The worry variable was then cross tabulated against the various levels of financial exclusion/inclusion. A significant correlation at the $p < .005$ level was found between financial exclusion/inclusion and the extent to which people worry about their finances as can be seen in Table 29. This means that those who were experiencing better inclusion were less likely to be worried about their finances than those who were less included or who were excluded.

	Worried about finances	Somewhat worried about finances	Not worried about finances
Very well included	11 (13.7%)	2 (20.0%)	27 (42.8%)
Well included	13 (16.0%)	1 (10.0%)	12 (19.0%)
Included	20 (24.7%)	0 (0%)	11 (17.5%)
Weakly included	13 (16.0%)	5 (50.0%)	8 (12.7%)
Partly excluded	10 (12.3%)	0 (0%)	3 (4.8%)
Excluded	14 (17.3%)	2 (20.0%)	2 (3.2%)
Total	81 (100%)	10 (100%)	63 (100%)
Chi Square *P Value* *(P < .005)*	32.571 *p = .000*		

Table 29: Crosstab between degree of worry about finances and levels of financial exclusion/inclusion.

A significant correlation between levels of worry and financial capability was also found at the $p < .005$ level. As Table 30 shows, those with some financial capability or poor financial capability were significantly more likely to be worried about their finances than those with good financial capability, indicating that they are already aware that they may have financial difficulties.

The results therefore show that those with lower levels of inclusion and those who are excluded are less likely to be able to cope in a shock. Furthermore, those with lower levels of inclusion and who are excluded, and those with poorer financial capability, have much higher levels of worry about their finances. While not being definitive, this would suggest a tendency towards lower levels of financial resilience among those who are less included and who have weaker financial capability. Measures to support these households to develop coping strategies are needed.

	Worried about finances	Somewhat worried about finances	Not worried about finances	Total
Poor financial capability	30 (73.2%)	2 (4.8%)	9 (22.0%)	41 (100%)
Some financial capability	49 (49.5%)	8 (8.1%)	42 (42.4%)	99 (100%)
Good financial capability	2 (14.3%)	0 (0%)	12 (85.7%)	14 (100%)
Chi Square *P Value* *(P < .005)*	19.373 *p = .001*			

Table 30: Crosstab of levels of financial capability with the levels of worry about finances.

Summary

This sub-section of the report examined 3 aspects of the financial capability of the respondents – making ends meet, keeping track of finances and planning ahead. The results showed that, overall, respondents were stronger at making ends meet than keeping track of finances or planning ahead. The composite score for financial capability, which combined all 3 measures, showed that only 9% (n=14) of respondents could be deemed to have good levels of financial capability. In fact, 27% (n=41) had poor levels of financial capability. Those with poorer levels of financial capability were more likely to be worried about their finances. There was a statistically significant relationship between levels of financial exclusion/inclusion and financial capability, showing that those with better levels of financial inclusion had higher levels of financial capability while those with weaker financial inclusion, or who were excluded, had lower levels of financial capability. In addition, those with weaker financial inclusion or who were excluded also had little by way of provisions for household shocks, showing these households as being financially vulnerable.

Those with poorer levels of financial capability were more likely to be worried about their finances.

5.5

Supportive Social Context

We have seen in Section 2 that broader contextual factors, such as social connectedness and access to support in times of crisis – dimensions of social capital - help to build financial resilience and well-being. We have also seen that housing estates often serve as fertile ground for predatory lenders and that high-cost credit is most likely to be used by those on the lowest incomes, such as social housing residents. Some of these points also emerged in the key informant interviews. Some of the interviewees from the AHBs felt that moneylenders were prevalent in social housing estates, particularly in the newer estates where borrowing needs for household items might be higher. They also stated that they felt that older residents might be more vulnerable and excluded. Given the social housing focus of this research, it was decided to explore some of these contextual factors within the housing estates that were surveyed to assess aspects of social capital and community connectedness - what we have named as a 'supportive social context'. Our variable for supportive social context comprises four dimensions: community connectedness, awareness of a tenant (residents) committee, lack of prevalence of moneylending in the estates, and level of service provision in proximity to the estates. We measure each of these dimensions in turn, before combining into one variable for supportive social context. We then explore the relationship between supportive social context and levels of financial exclusion/inclusion. We conclude by presenting a profile and brief analysis of the housing estates included in the survey.

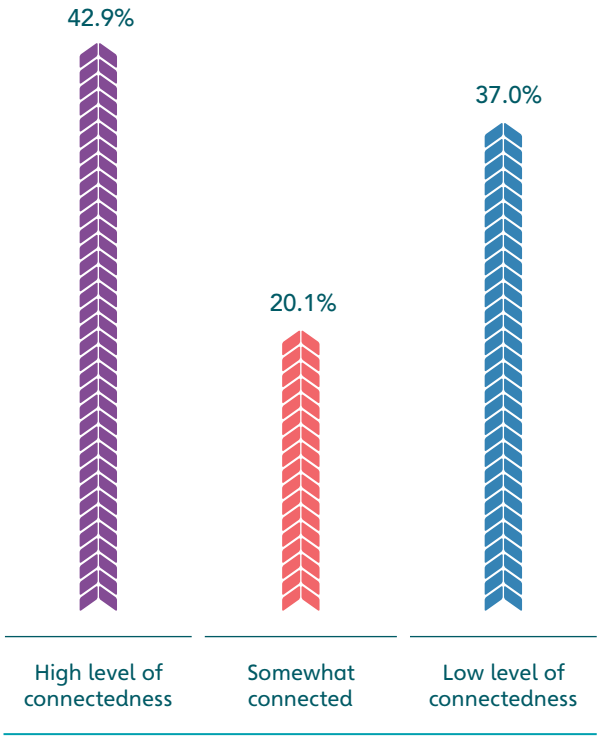
Social connectedness and access to support in times of crisis – dimensions of social capital - help to build financial resilience and well-being. We have also seen that housing estates often serve as fertile ground for predatory lenders.

Community connectedness

To measure community connectedness, respondents were asked to state their level of agreement with ten statements about their housing estate, designed to measure the extent to which they felt a sense of connectedness to the estate such as 'people support each other here', 'this is a friendly estate' (for the full list of statements see Appendix Two). An Exploratory Factor Analysis (EFA) was carried out with the ten items using a Principal Component Analysis extraction method and a varimax rotation.

The items clearly loaded on two factors, which were labelled connectedness and healthy competition in our estate. The KMO was .813, indicating that factor analysis was appropriate for the data. Items were also measured for internal consistency and had a Cronbach's alpha of .806 which is above the recommended 0.7 (Nunnally, 1978). The connectedness factor was converted into a categorical variable. All means ranging from 1 to 2.33 were categorised as having a 'high level of connectedness', those with means of 2.50 to 2.83 were categorised as 'somewhat connected' and those with means of 3 to 5 were categorised as having a 'low level of connectedness'. The frequencies for each level of connectedness are shown in Figure 28, where it can be seen that 43% (n=66) felt a high level of connectedness and a further 20% (n=31) felt somewhat connected. This suggests the potentially strong presence of elements of social capital in the housing estates studied and a positive foundation on which to build. Reaching out to those feeling a low level of connection to their housing estates will also be important in building inclusion and supports.

Figure 28: Levels of connectedness of respondents in their housing estate (n=154).



There is a potentially strong presence of elements of social capital in the housing estates studied and a positive foundation on which to build.

Awareness of a tenant (residents) committee

Our second dimension of supportive social context was awareness of a tenant (residents) committee. This variable was measured using the question - are you a member of the tenant (residents) committee. 10% (n=15) of respondents were members of a residents committee, while 21% (n=33) said there was no residents committee. The majority of respondents (59%, n=91) said they were not members, with only 6% (n=9) expressing a wish to be a member in the future.

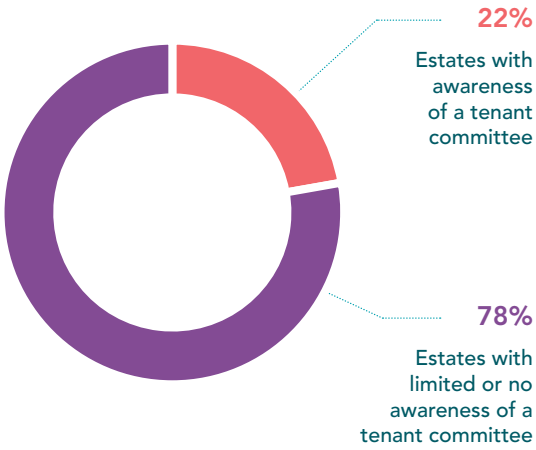
This variable was then cross tabulated against the estate name. We found that in many of the estates that, even though some respondents said there was no tenant (residents) committee, other residents in the same estate indicated that they were members of the tenant (residents) committee. Taking these two measures, we created one variable of awareness of a tenant (residents) committee as shown in Figure 29.

When this was cross tabulated with the levels of financial exclusion/inclusion, it was found to be significant, meaning that respondents who were better included were more likely to be resident in an estate with a tenant (residents) committee. This can be seen in Table 31.

Financial Exclusion/ Inclusion	Estates with limited or no awareness of tenant committee	Estates with awareness of tenant committee
Very well included	29 (26%)	8 (25%)
Well included	14 (12%)	10 (32%)
Included	18 (16%)	11 (34%)
Weakly included	24 (21%)	1 (3%)
Partly excluded	11 (10%)	2 (6%)
Excluded	17 (15%)	0 (0%)
Chi Square *P Value* *(P < .005)*	19.504 $p = .002$	

Table 31: Crosstab between awareness of a tenant (residents) committee and levels of financial exclusion/inclusion.

Figure 29: Awareness of a tenant (residents) committee.



Respondents who were better included were more likely to be resident in an estate with a tenant (residents) committee.

Lack of prevalence of moneylending

The third dimension of the supportive social context concerned prevalence of moneylending in the estate, with those estates having a lack of prevalence of moneylending being assumed to have a more supportive social context. Prevalence of moneylending was measured in two ways. Respondents were asked if they currently borrow from a moneylender. This was cross tabulated with the name of the estate, allowing us to identify if there was moneylending activity in each estate. Secondly, each respondent was also asked if they agreed or disagreed with the following statement, "It is common for people to borrow from a moneylender in this estate".

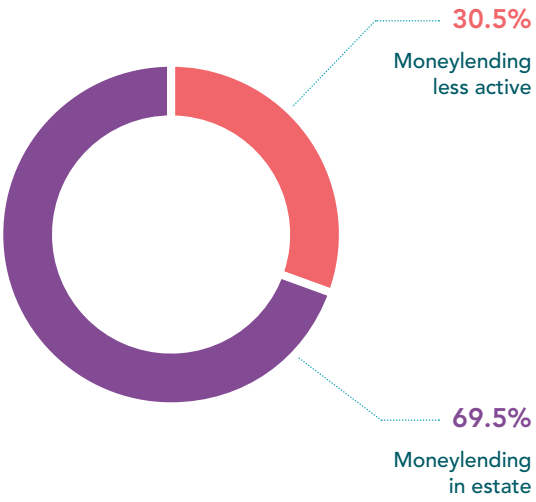
As can be seen from Figure 30, 69.5% of people reside in estates with a prevalence of moneylending while 30.5% reside in estates with less prevalence. We explored the relationship between prevalence of moneylending and awareness of a tenant (residents) committee, the results of which were significant at the p = .000 level.

	Residing in estate with moneylending	Residing in an estate with less moneylending
Estates with limited or no awareness of tenant committee	95 (89%)	18 (47%)
Estates with awareness of tenant committee	12 (11%)	20 (53%)
Chi Square *P Value* *(P < .005)*	*p = .000*	

Table 32: Cross tabulation between prevalence of moneylending and awareness of a tenant (residents) committee.

As can be seen from Table 32, those estates with an awareness of the tenant (residents) committee are less likely to have a prevalence of moneylending. Hence, if there is an active tenant (residents) committee, this may limit the extent of moneylending in the estate. While further research is required, this is certainly worth further exploration. We also explored the relationship between the prevalence of moneylending variable and financial inclusion and financial capability. There was no significant relationship with prevalence of moneylending in either case.

Figure 30: Prevalence of moneylending in the estates.



If there is an active tenant (residents) committee, this may limit the extent of moneylending in the estate.

Figure 31: Service provision in the estates.



Service provision in proximity to the estate

The final measure of supportive social context was the extent of proximate services to the estate. This was measured by presenting respondents with a list of various financial and community services and asking them to indicate if the services were within walking distance or easily accessible by public transport. This was then categorised into one variable for level of service provision in the estates, shown in Figure 31.

As can be seen in Figure 31, 37% of residents live in estates which are well serviced by both financial and community services and 30% are living in estates which are poorly serviced. We explored the relationship between the level of services in the estate with the degree of prevalence of moneylending. While not significant (at p = .059), those estates that are poorly serviced by both financial and community services are more likely to have a greater prevalence of moneylending. We also explored if there was a relationship between services provision in the estates and financial inclusion and financial capability. No significant relationship emerged in either case.

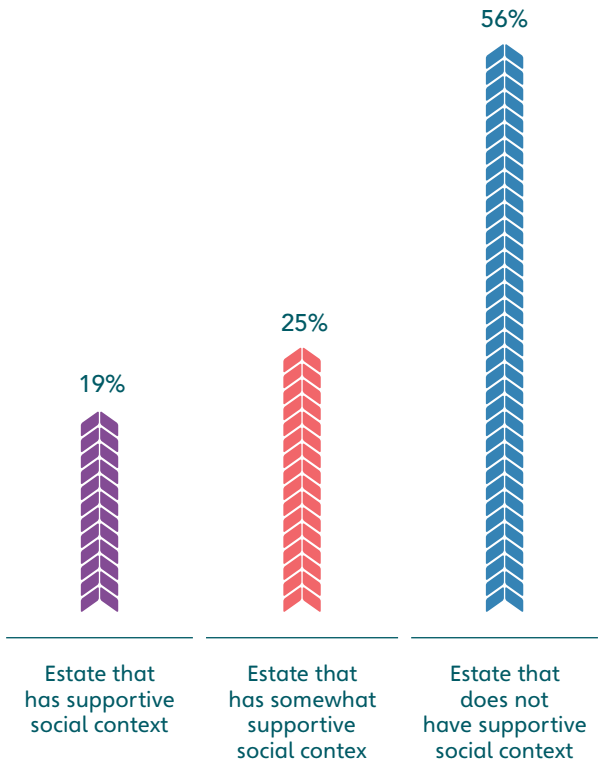
Estates that are poorly serviced by both financial and community services are more likely to have a greater prevalence of moneylending.

Measure of supportive social context

To create the overall measure for supportive social context, we scored the housing estate of each respondent on each of the 4 variables: community connectedness, awareness of a tenant (residents) committee, lack of prevalence of moneylending, and service provision in proximity to the estate. A higher score for supportive social context meant that residents felt a stronger sense of connectedness, were aware of a tenant (residents) committee, perceived a lower prevalence of moneylending in the estate and perceived there to be a higher level of services available locally. Figure 32 presents the results for estates with a supportive social context, a somewhat supportive social context and without a supportive social context.

As can be seen, 19% (n=28) of respondents live in estates which would seem to have a supportive social context and 25% (n=36) in estates with a somewhat supportive social context. Over half (56%, n=81) live in estates which were seen not to have a supportive social context. We then explored the relationship between supportive social context and financial exclusion/inclusion and financial capability. It was found that there was no significant relationship in either case. As shown above, the only dimension of supportive social context which has a significant relationship with financial exclusion/inclusion is awareness of a tenant (residents) committee. This is worth further research and is clearly something where further action could be taken on the ground.

Figure 32: Supportive social context (n=145).



56%

Over half (56%, n=81) live in estates which were seen not to have a supportive social context.

Characteristics	Anonymised estate identification	Number (percentage) Estates
Awareness of Tenant Committee		
Yes	C4, D2, D6	3 (25%)
No	D1, D3, D4, D5, D7, C1, C2, C5, C6	9 (75%)
View on level of financial and other services (public and community)		
Well serviced	D2, C1, C2	3 (25%)
Well serviced by other services but not financial		
Well serviced by other but not financial services	D1	1 (8%)
Well serviced by all services	D3, D5, C5	3 (25%)
Mixed view	D4, D6, D7, C4, C6	5 (42%)
Perception of prevalence of moneylending in estates (perception of prevalence and moneylending borrowing activity among respondents)		
Moneylending activity in estate	C2, C6, D1, D3, D5, D6, D7	7 (58%)
Less moneylending activity in estate	D2, D4, C1, C4, C5	5 (42%)
Estates where residents feel connected		
High feeling of connection	D2, C1	2 (17%)
Somewhat connected	D3, D6	2 (17%)
Poor level of connection	D1	1 (8%)
Mixed	D7, D5, D4, C6, C4, C2, C5	7 (58%)

Table 33: Characteristics of overall profile of estates.

Overall profile of estates and financial exclusion/inclusion

Using information from Clúid housing officers and the data in the survey, we sketched out an overall profile of the estates according to geographic region (Cork and Dublin). We included feeling of community connection, proximity of services (how well serviced the estate was), awareness of the tenant (residents) committee and presence or lack of moneylending in the estate, as for our supportive social context variable above, but this time we broke the information down by (anonymized) estate. Each estate was given a letter (C for Cork and D for Dublin) and a number to give an anonymized estate identification. Table 33 below shows the results. This was designed to give further information on each housing estate included in the survey and to show where targeted supports could be used. In general, awareness of the tenant (residents) committees was low and, as we have seen already, is an area where further work could be beneficial. There were mixed reports on the level of services available but generally nearly all estates reported being well serviced by financial institutions. Moneylending was seen to be prevalent in 7 of the 12 estates and there were mixed levels of connection.

Supportive Social Context	Estates falling into each Category	Initiatives with the most interest
Supportive	C1, C4, D2	Women's Circle, Community Gardens, Men' Shed
Less Supportive	C2, C5, D4, D6	Savings Club, Swap Shop, Bulk Buying, Community Gardens, Men's Shed
Vulnerable	C6, D1, D3, D5, D7	Savings Club, Swap Shop, Time Bank, Bulk Buying Club, Babysitting club, Women's Circle, Men's Sheds, Community Gardens, Men's Shed

Table 34: Levels of support or vulnerability in the estates.

I can think of a few people in the estate who are like leaders that and I and others can trust	Supportive Social Context	Less Supportive Social Context	Unsupportive Social Context
Strongly agree/agree	14 (50%)	8 (22%)	15 (19%)
Don't Know	11 (39%)	18 (50%)	43 (53%)
Strongly Disagree/Disagree	3 (11%)	10 (28%)	23 (28%)
Chi Square *P Value (P < .05)*		11.872 $p = .018$	

Table 35: Cross Tabulation of leadership statement and supportive social context.

This is summarised in Table 34, showing the aggregate variable 'supportive social context' with the various estates that fall into each category and the initiatives which registered the most interest. This offers more in-depth information about each estate in order to identify where actions are most needed and what kinds of actions would be appropriate.

It may well be that different actions are needed in different contexts. For example, an interesting correlation at the $p < 0.05$ level emerged between housing estates showing as having a supportive social context and the ability of people in the estate to identify people who were obvious leaders or people they could trust in that estate (see Table 35). This is a positive result, showing potential for those estates to build on their supportive social context, perhaps drawing on people in the estates themselves to act as a local mentor. It is also interesting to note that all the estates, whether supportive or not, have identifiable leaders. Identifying and working closely with those estates to develop initiatives that drive financial inclusion and financial capability would be a positive step to improving outcomes for all. More vulnerable housing estates might need a different approach, where more external supports are introduced which build services and a greater sense of community and social connectedness. Capacity building training would be beneficial here also.

Summary

This part of the report has examined some of these contextual factors within the housing estates that were surveyed to assess aspects of social capital and community connectedness - what we have named as a 'supportive social context'. Our variable for supportive social context comprises four dimensions: community connectedness, awareness of a tenant (residents) committee, lack of prevalence of moneylending in the estates, and level of service provision in proximity to the estates. We show that there is value in building the supportive social context of the housing estates as a considerable number of housing estates are vulnerable or less supportive than others.

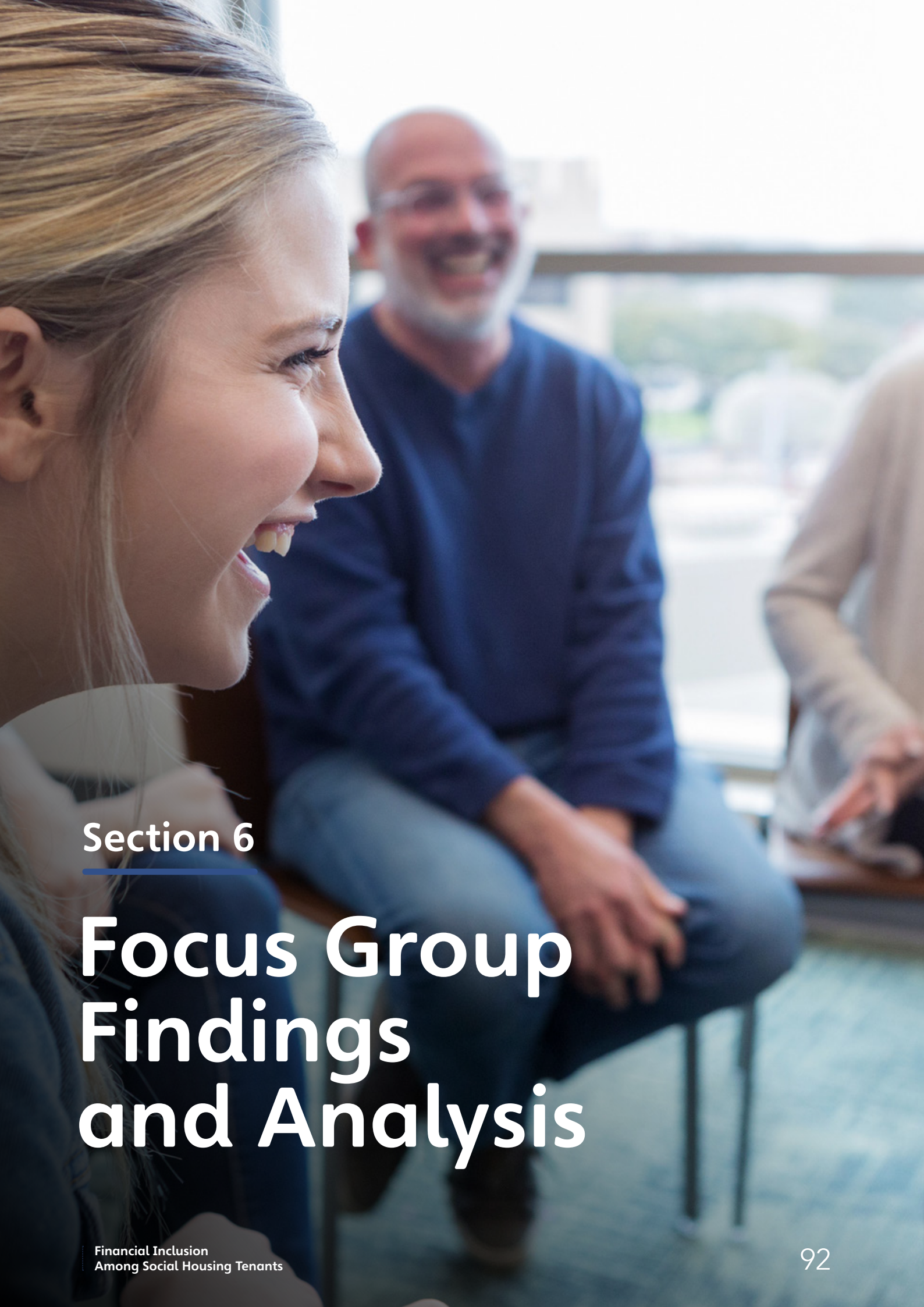
5.6

Section Summary

This section has presented the detailed findings from the survey with 154 Clúid Housing residents across 12 housing estates in Cork and Dublin along with some of the findings from the key informant interviews, as appropriate.
The section was laid out in 4 distinct parts. The profile of the respondents was presented first, showing a good cross-section of residents responded to the survey. There was an obvious over-representation of women, but this was likely caused by the fact that women tend to manage household finances. The next section measured the extent of financial exclusion/inclusion of the respondents. On the basis of access to financial institutions, i.e., holding a bank, credit union or post office account, 12% (n=18) were found to be excluded. However, when we added in use of savings and loans to the measure, a wide variety in the levels of exclusion and inclusion emerged, such that we used 6 levels to describe respondents' exclusion/ inclusion. In addition to the 12% who were excluded, we found that a further 8% were partly excluded and 17% were weakly included. 63% of respondents were either included, well included or very well included.

Having measured the financial exclusion/ inclusion of the respondents, we then measured aspects of their financial capability in terms of making ends meet, keeping track of finances and planning ahead. We found that 45% of respondents were able to make ends meet, 25% could keep track of their finances and just 9% were planning ahead. Combining these measures, we found that just 9% of respondents could be said to have good financial capability and 27% had poor financial capability. Finally, given the context of the study in social housing, and the importance of social capital to building financial resilience, we examined some elements of the supportive social context of the estates studied. Three of the housing estates were found to have a supportive social context while 5 of the housing estates were found to be vulnerable. Consideration of the overall profile of the estates can be used in thinking about what kinds of measures or initiatives might support the housing estates included in the study.

The next section of this report moves on to reporting the findings of the focus group discussions with residents across Cork and Dublin on the accessibility and appropriateness of financial services, debt, savings and credit behaviours and potential strategies and solutions that would support participants in building financial inclusion and capability.



Section 6

Focus Group Findings and Analysis

6.1

Introduction

Two focus groups with Clúid Housing residents were held to explore the context and behavioural factors that impact the ability of households to plan, budget and save. Participants for focus groups were solicited at the survey stage, supplemented by text reminders sent out by Clúid. A total of nine residents self-selected to take part in the two focus groups, each of which took place online and two more agreed to interviews over the telephone. Feedback from focus group discussions (FG1 and FG2) is presented below according to the three main topics discussed:

- Current accessibility and appropriateness of financial services
- Debt, savings and credit behaviours
- Potential strategies and solutions

Most participants in focus groups require bank accounts to receive income and welfare payments, and to manage bill payments to creditors. However, distrust of banks was high, owing to a perceived loss of control of available resources, and penalty policies that exacerbate the problem. On a tight budget, participants showed resilience and self-control in spending. In general, participants plan to pay all bills (rent, utilities, loans) immediately on receipt of income at the start of each period, and then apportion what's left over to shopping for food and essentials. There were mixed opinions about using automated banking services such as direct debit payments for bills, with particular resistance to penalty fees when direct debit payments were missed. Advice was shared among participants to regain control of finances by switching payment methods from direct debits to standing orders, the latter not carrying penalty fees. Participants were unhappy with the shift to a fortnightly rhythm of welfare payments with the Covid-19 health crisis, as this made it harder to manage the budget. We learned that the ability to manage on a tight budget is acquired with experience, with little or no appetite for getting into debt. Credit unions were by far the preferred option for loans. Participants were critical of the consumption mindset, which is promoted by both financial institutions and other economic actors alike. The importance of education, communication and mental health were stressed as levers of household budget control. These findings are discussed below in more detail.

Distrust of banks was high, owing to a perceived loss of control of available resources, and penalty policies that exacerbate the problem.

6.2

Current accessibility and appropriateness of financial services

The appropriateness of financial services for this audience was discussed in terms of control, referring both to the necessary micro-management of available resources with available payment instruments, but also in terms of the empowering aspect of taking control of the allocation of available resources to outstanding commitments.

In a context of limited income to cover monthly expenditure, there were mixed opinions on using banking services for automated bill payments. On the one hand, there was evidence that participants benefit from the batching of monthly commitments to one account and scheduled payments processes:

> … what I've changed is, I opened a new credit union account, and basically, I put 200 quid in there a month, to cover my direct debits, and that's … simple as. And then I don't have to worry about it.

These participants appreciate the peace of mind of knowing that essential bills are taken care of by direct debits from their bank accounts:

> I get my money through the bank and pay bills by Direct Debit. It's easier to spend it if you pay bills manually, and you're in arrears before you know it. This way, I don't have to worry about it.

Control of outgoing payments was considered important, so some participants use the online capability to push payments to creditors in preference to automated transfers:

> I like to keep control. Like to think I'm organised enough to forward the money when it comes in. I don't like the idea of people taking money out of my account.

On the other hand, there was evidence that unpaid item fees charged automatically by banks to customer accounts[25] were a strong factor of dissuasion in continuing to use banking services:

> I was relying at one stage on direct debits. But I've actually cancelled all my direct debits now and I do everything myself. Because my big fear was a direct debit going out of my account, and there not being enough funds.

This was felt particularly strongly in situations where customers had little control of the timing of incoming payments to fund their accounts to cover automated outgoings such as rent or utilities:

> And several times I've been stung, and particularly since Covid, I'm on disability payments, and the payments went from weekly to fortnightly, and on a couple of occasions, in the last month or so, they've been late, and, through no fault of my own, a direct debit has not been paid.

The accumulation of such unavoidable bank charges can have a significant impact on participant finances:

> Now €24 may not seem big in the great scale of things, but if you're on a really tight budget like I am, it's huge.

There was evidence of the inappropriateness of such services for vulnerable customers requiring support:

> I phoned up and explained what happened, that my payment hadn't gone in, they could see it hadn't gone in, it's a regular social welfare payment, and they still said, well, that makes no difference to us, we are still going to charge €24. And I was actually almost in tears on the phone, it was a dreadful experience.

Indeed, this lack of control of the rhythm of payments in and out of current accounts was one of the chief concerns for participants:

> Yeah, I just can't manage with the two-weekly payments, like, by week two I literally have nothing left.

25 One bank was reported to charge €12.70 for each unpaid direct debit or Standing Order.

And the longer the duration between payments coming in the stronger the "urge to splurge" when the money finally does come in:

> Yeah, you get it every second week and you think, wow I'm rich, it's not that much, anyway, but you know, when you've had nothing, you think, oh my God, I need to do this that and the other, the list goes on.

Such automated penalty practice and poor customer service results in a swing back to more manual means of managing monthly commitments:

> So in fact the way I started to manage my money is now completely different ... now that has its own stress, because I was always a direct debit girl, and you know, just leave everything, so I just have to now, sit down now, literally every week or every fortnight, and pay my bills.

The empowering aspect of taking responsibility for personal finances emerged as important to participants in their conception of appropriateness:

> The very term 'financial services' for people on low income is just a bit of a joke, to be honest, there isn't ... your financial service is your own brain, and your own ability to actually do things.

In some cases, the desired level of control of resources is considered only possible with cash:

> I don't deal with card much other than to withdraw money once every fortnight. I don't trust the system to be honest. You hear so much scamming going on, I feel that the less I deal with the banks the better. I like to keep things simple, plus I wouldn't know how to organise things online. I like to deal with things myself.

Some participants don't appreciate the level of scrutiny required by banks to open an account and prefer less onerous options for saving accounts:

> That's why a lot of people have opened a Post Office account because banks are pretty nosy. Personal information goes into it, but they're like investigators.

In parallel, pre-paid cards are a popular form of control for utility bills, give good visibility and offer an immediate access to "emergency credit":

> I put 20 on it every week and don't go into emergency credit if I can help it, 'cos then you have to pay for it. Pay the same all the time. Could be a surplus. Could get down to about 2.50 and then I will top it up immediately. Tells you on the meter how much is left and how many days are remaining

In summary, the findings showed how participants manage week to week on limited budgets, using financial services to a greater or lesser extent. Where services are used, they are important in ensuring that important bills (rent, utilities, loans) are paid at the beginning of the period. These tenants showed strong financial capabilities in terms of making ends meet, as one of the components of financial capability (see Section 5). They also show a high degree of expenditure monitoring, the second component of financial capability. However, the planning ahead perspective is limited to surviving until the next income is received. The next section looks at how participants have recourse to credit, how they save, and the drivers behind both behaviours.

Tenants showed strong financial capabilities in terms of making ends meet.

6.3

Debt, savings and credit behaviours

The focus group discussion included how to deal with unanticipated expenditure, and participants were mixed in their appreciation of existing financial services. There was evidence of a strong desire to plan ahead as far as possible, although the survey findings had shown generally weak levels of planning ahead among respondents.

Some of those in the focus groups were strongly in favour of the flexibility of having an overdraft:

> I have it for the last couple of years, and it's actually very handy, it's after getting me out of a lot of situations.

Others were wary of the charges associated with an overdraft:

> In terms of the overdraft, I had an overdraft a long time ago, as well. And there are charges associated with that. So the first 3 times you use it, it's €5 and then goes up to €10 and it can even go up to €15.

Responsible attitudes to money, and behaviours such as using credit unions and avoiding debt, were handed down through social settings, mainly through the family.

Credit unions were very popular as a source of credit or saving when required:

> And I also have my credit union account, I think the credit union is a wondrous organisation, I don't know how we'd all manage without them.

The ability to empathise with people under financial pressure was stressed as a reason that the credit unions are trusted:

> You know if you're with your credit union you can always go in and restructure your loan repayments to an affordable rate. And my advice would be never, ever take a loan from a bank, or any other credit institution. I would say the credit unions are the most approachable, and they are more willing to work with you.

Participants also try to save regularly for unexpected expenditure:

> So, every week when money goes into the credit union, obviously I'm paying back my loan, but I'm also paying €25 over that, so €20 goes into what's called a "super account" and €5 goes to my shares. My super account is €20 a week, I don't touch it. It's for the likes of when your washing machine breaks down, if you need a new tyre, etc.

But many were not in a position to save, something that was very evident from the survey findings:

> I would be lucky to have €35 left over at the end of the week after bills. Due to Covid, the children moved in over the summer, I had 3 times the amount of usage on gas, electricity, hot water, and now I'm having to ask for assistance with bills, which I never had to do. The situation of a washing machine breaking down would be a nightmare for me as I have no savings. If it has to be fixed, I won't be eating this week. No money there to pay back a debt.

It was acknowledged that responsible attitudes to money, and behaviours such as using credit unions and avoiding debt, were handed down through social settings, mainly through the family, echoing what was found in the review of literature (section 2.2.2), where financial inclusion is influenced by individual beliefs and perceptions:

> … her parents teaching them about credit unions, that would have been the same in my house, my parents, my grandmother or whatever, teaching them that about money and that loans have to be paid back.

Participants also suggested that within families, partners can be nudged into saving behaviours:

> I always had the credit union, my kids have credit union, and I've always saved, whereas my partner, his family didn't have credit unions. He didn't have credit union, his siblings didn't have credit union, I'd been telling him for years to 'get the credit union'. Now he does.

How banks deal with vulnerable customers could be informed by how credit unions manage their member relationships:

> The banks need to restructure how they deal with people who run into difficulty and they can learn from the credit unions on how to do that.

On the other hand, the business model of credit unions promotes lending to members, and some participants found this too dangerous, opting for solutions where savings were harder to access:

> With the credit union it's too easy to say I will get a loan out. With the Post Office they don't lend you money so it's not tempting to borrow.

The importance of timing was talked about with respect to prudent spending, with household circumstances, peer pressure, mood, and guilt sometimes combining to make it difficult to curb the impulse to spend beyond means:

> But with the lockdown down now, as well, 'cos you've nothing to do, you're just like, oh look at that now, I'm on the phone, oh sure look at that now … and I done all my Christmas shopping on the credit card, everything's done, but I have all the bills to pay …

Participants were unanimously averse to using credit cards:

> I never owned a credit card, for the simple reason that I always felt that, if I did, I would be the best dressed woman in town, but I would be up to my eyeballs in debt.

But some had only gained this insight through bitter experience:

> Credit cards are just evil. I know that. But again, I had credit cards coming out my ears when I was in my 30s and 40s. I was always in debt. Basically, my wages came in and everything went straight back out again. […] It gets out of control very, very quickly, and I think the word we keep using is control, and you do feel completely overwhelmed.

Moneylending was seen by some as an extremely convenient and timely form of access to help with emergencies:

> My sister uses [moneylenders] at Christmas or when something goes wrong. Her washing machine died there a few weeks ago, and she was like, I have to get straight on and ring him, she rang him and the next day the machine was there.

But it was acknowledged that it was almost too easy to keep borrowing more:

> I just broke away from them. I found the man was very nice, you know, if I finished a loan, he would text me then and ask me if I needed another loan. Eventually I just said no.

Others were more forthright on the pernicious sales methods adopted:

> They're like heroin dealers at a school gate. I heard of a case where they were waiting in the carpark at someone's workplace.

Participants demonstrated resilience in resisting the temptation to seek help from moneylenders:

> It's not for me. I will struggle along. No one knocking on my door except the postman.

This section has presented how social housing residents deal with unplanned expenditure, their (typically inherited) attitude to saving and the various forms of credit available. Interestingly, there was strong aversion to using credit cards, and overdrafts. The ability to put money aside in case of an emergency is limited, and where it is observed, it is one of the essential payments at the beginning of the period. Overall, it was felt that financial services are more inclined to tempt participants into debt, rather than equip them with the means to control expenditure. In the next section, we look at strategies and solutions adopted by participants in expenditure planning, in seeking advice and support when necessary, and in consumerism resistance tactics.

6.4

Potential strategies and solutions

Participants discussed expenditure planning and tracking to improve control of finances, and self-discipline was quoted as the key to making ends meet. The factors influencing the maintenance of self-discipline were also explored, and, in particular, those that were externally generated, for example pressure to relieve boredom for confined children during the Covid-19 pandemic, Christmas presents and "retail therapy" for moments of low self-esteem.

Participants demonstrated financial resilience in the face of limited resources, and planning was key to making ends meet:

> In terms of the unexpected costs, we heard from the lady earlier who has a book, and she writes everything down, a plan is the way to go, I believe, a weekly plan. I have a weekly spreadsheet and I plan for everything to be spent and saved.

Planning ahead also means adopting behaviours that ensure that essentials (food, rent, utilities) are catered for early on in any given period:

> I would try and shop two-weekly, like we're a family of six, I shop every week but I try to do a bigger shop every two weeks, to last me.

This also means adopting a longer-term view in terms of meal planning:

> Top tip is cook in big portions and freeze it.

Participants mentioned the shame of talking about debt, and the benefit in reaching out for help:

> It empowers people as well when you speak about things in the open, it takes the pressure off that someone else is going through this, here is their solution which you could apply. I lived in England for a long time, and there's a lot of guilt and shame in the Irish which is not healthy

But overcoming feelings of inadequacy to take a positive stance to debt and seek solutions is hard:

> … it's about looking at the financial services that are out there, and if it's the thing that it's not your bag, or you're not financially savvy when it comes to those kind of things, none of us are to be honest … the more you research the more you find out.

MABS was highlighted as key in resolving indebtedness issues. However, it was evident that not all participants have the confidence to go and research solutions and work with service providers to implement appropriate solutions:

> There are always places like MABS, and other places, d'you know, that will help you to find you more suitable financial institutions, to suit yourself, you know.

The theme of taking control of financial resources emerged, with participants sharing advice regarding switching of payment methods to reduce potential unpaid item penalties:

> I had a lot of direct debits going through the bank, now I only have two. One is life assurance, every month, and the other one is another fee that I have to pay. Everything else I took off direct debit. Credit union is a standing order, so you're not charged if it's missed.[26]

26 Some banks charge for an unpaid Standing Order (see footnote 25).

Participants in both focus groups began to advise each other, share life experiences, and open up about their issues with money management, credit cards and moneylenders in a frank and constructive way.

Taking control also means having the confidence to change payment method after initial registration:

> I know all the phone companies, TV companies, broadband, all of that, when you sign up initially, they make you, you have no choice but to sign up on a direct debit. But you can go into the website, once you have your login details and everything else, and take yourself off the direct debit.

Some participants were more confident than others, and, during the conversations, as the example above demonstrates, participants in both focus groups began to advise each other, share life experiences, and open up about their issues with money management, credit cards and moneylenders in a frank and constructive way. This is interesting in the light of survey findings, where a supportive social context (section 5.5.5) was not shown to be positively correlated to financial inclusion or financial capability. However, feedback from focus group participants regarding the opportunity to share experiences around financial inclusion was extremely positive. Although sharing experiences won't resolve the liquidity issues or increase inclusion, the opportunity to talk about the pressures of managing on a tight budget, and the consequent positive impact on mental wellbeing, represents a strong contribution of this research. The ability to turn to people for help (Section 5.4.3), and awareness of tenant (resident) committees (Section 5.5.5), compounded by the observation of a self-help capability among focus group participants, suggest that further research could focus on investigating the relationship between social capital and an overall sense of mental and financial wellbeing. The theme of financial stress was closely linked to parenthood, as the survey results also suggested.

In particular, participants were critical of the pressure on parents to buy presents for children, facilitated by easy access to credit, and fueled by peer pressure and powerful marketing campaigns:

> Everything in society is geared up to make us feel that we're not a great mother and we're not doing this, and we're not buying that.

But experience and age allow participants to build resistance to such feelings of guilt:

> They had to have the latest football boots, and the latest this and the latest that, and the latest football kit, and if they didn't have it … I felt guilty, now I look back, and I think, was it necessary? Would they have suffered terribly?

This unfairness of connecting parenting with consumption was acknowledged as a self-imposed pressure, to which everyone is subject:

> I think half the time it's about making yourself feel better as a parent, we haven't done this, we haven't done that, and we're not good enough, blah de blah. And we're all struggling, and sometimes we use money and buying stuff to actually assuage that guilt. I counsel against it, but I do completely understand it because I did it, and most mums and dads do it.

But with time and experience, it transpires that such expenditure isn't necessarily valuable in the long term:

> And I talk to the lads now, and we talk about childhood, they never talk about the Christmas present they got, or the thing I actually put myself into debt to get them. They talk about stupid things we used to do, like messing, and going for days out, things that didn't cost money.

The importance of education, communication and mental health were stressed as levers of household budget control. Breaking the perceived relationship between money and happiness was pinpointed as a question of self-discipline:

> I think you have to retrain your brain not to make money the thing that makes you happy.

This fraught relationship between the societal drivers of consumerism, and the confidence and mental resilience to take control of expenditure was acknowledged:

> I definitely think the two are connected. How we are feeling ourselves, and the feeling that money can buy you something that makes you feel better.

Crucially, breaking this behaviour was seen as a shared responsibility, not just a matter of self-discipline:

> but changing people's mindset, and how things are marketed to us, so we don't feel like less of a parent because we haven't got whatever it is, a lot of that is on us, to change the way we think, definitely, but maybe marketing companies, big corporations, have a part to play in that too.

Participants also engage in simple resistance tactics to prevent themselves from overspending:

> So what I started to do was, bringing a certain amount of cash with me to the shop, now that's more difficult in this day and age, but if you bring a certain amount of money, you say I have this amount, I only had the cash with me so I couldn't spend any more.

There was good feedback on how participants have managed through difficult times, and the importance of discount supermarkets:

> We're all thankful for Aldi and Lidl. If they'd been there in the 50s and 60s it would have made a big difference.

Other valued resources have been charity shops, merchant loyalty points (e.g. Dunnes and Tesco), community exchange platforms (e.g. Clondalkin Free) and deals by local butchers doing "value for money" offers at €10.

One participant suggested asking for help at the local welfare office in the event of unplanned expenditure:

> Just tell them, and they will send out a fella to fix it, or if they can't, they will send you a cheque for DID to buy a new one. Only for essentials, for example, washing machine, cookers, beds.

It was agreed that education and financial awareness should begin at an early age, carrying on the common sense of our parents' generation.

It was agreed that education and financial awareness should begin at an early age, carrying on the common sense of our parents' generation. This is not just about banks:

> Years ago, I'm a single parent now, the HSE brought out a recipe book for people on a budget. You were getting very nutritious meals for 3 or 4 euro.

Banks are frequently permitted to promote their products to children in schools. Given some of the attitudes to banks expressed in this research, clearly the assumptions about who is allowed access to children in schools need revisiting.

There is an openness and desire to have a better understanding of digital banking platforms, such as Revolut, particularly those that help small and frequent saving:

> My friend was doing this with the Revolut card for so long – her son put her on to it. She wasn't paying attention and she checked it one day and had 437 euro on it. It was basically, if she spent a fiver on something the round up went in without her knowing.

6.5

Section Summary

This section has leveraged the contribution of focus group participants to understand how social housing residents are using financial services to meet their household budget needs, their behaviours with respect to credit, debt and savings, and finally, to gather recommendations on strategies for financial resilience. This complements the findings presented in Section 5 on financial capability.

The focus groups added depth to the survey findings around the nature and meaning of financial exclusion as experienced by social housing residents. Participants showed strong abilities to manage on a tight budget, eschewing high interest sources of credit and carrying little or no debt. Control of available funds was a strong theme, with negative perceptions of banks because of the lack of transparency, particularly around unpaid item fees.

In general, any planning was extremely short term, based on how to use income to pay for essentials and survive on the remainder till the next income date. The notion of saving was considered desirable by all, but impossible for some. Some simply couldn't save because when all the bills were paid, the amount left to live on was already extremely low (for example, €35 a week for a single mother with two dependent adolescent children). Experience and perceptions of credit unions were mixed, some associating them with current or past debt, and therefore no longer used. Others felt the credit unions were indispensable, for both savings and loan support when unexpected costs arose.

Many focus group participants saw traditional financial services as inappropriate to their requirements.

There was an openness to using digital platforms, particularly where frequent small savings instalments could be made conveniently. Discussion in the groups resulted in an informal knowledge sharing activity, with participants keen to promote ideas and trusted resources such as charity shops, discount supermarkets, loyalty points, exchange platforms and so on.

Some participants were more confident than others, and during these conversations, participants in both focus groups began to advise each other, share life experiences, and open up about their issues with money management, credit cards and moneylenders in a frank and constructive way.

Participants were also highly critical of the consumption mindset, which puts particular pressure on parents, and which is promoted by both financial institutions and other economic actors. Factors that prompt over-spending may be related to education and mental health, for example, and the role of education in building resilience was stressed.

Participants showed strong abilities to manage on a tight budget, eschewing high interest sources of credit and carrying little or no debt.



Section 7

Discussion, Conclusions and Recommendations

7.1

Introduction

This research report set out to explore the current status of low-income residents of social housing in Ireland in terms of their access to and use of mainstream and alternative financial services, with a particular focus on savings and credit.

The main aim of this research was to examine financial exclusion among Clúid Housing residents, with a view to identifying potential improvements to their financial inclusion. Financial inclusion means having access to useful, appropriate and affordable financial products and services that meet people's needs. The objectives of this study were to establish:

1 The key challenges related to financial inclusion faced by Clúid Housing residents.

2 Potential strategies to address these challenges and build capability.

This final section of our report summarises the key challenges as uncovered in the analysis of the primary data and recommends a number of potential strategies to address these challenges. While these conclusions and recommendations are based on research with Clúid Housing residents, it is anticipated that this discussion has relevance for Irish social housing residents more generally and may also support activity by other AHBs to promote greater financial inclusion of their residents, should they wish to do so.

This final section of our report summarises the key challenges as uncovered in the analysis of the primary data and recommends a number of potential strategies to address these challenges.

7.2

Discussion of key challenges

Financial exclusion/inclusion

The findings showed mixed levels of financial exclusion/inclusion among Clúid residents, with over one third (37%) showing signs of weak inclusion or of exclusion. Women are statistically more likely to suffer from lower levels of inclusion or from exclusion than men. One in 8 (12%) of residents stated that they did not have a bank, credit union or post office account. This appears to be considerably higher than for the population as a whole, and even for the poorest 40% overall. The reasons for this are unclear. Some key informants suggested a level of suspicion or anxiety among social housing residents in dealing with financial institutions. Clear evidence that many standard financial services, for example, direct debits, were often costly and not appropriate to the particular needs of those on low income emerged. Self-exclusion is, therefore, a strong possibility. However, it is likely that multiple factors are at play. High levels of mobile phone usage and online banking, though not universal, offer potential to find new ways to include people in financial services.

80% of respondents said they engaged in some form of saving, but, of these, only about half saved regularly. 40% used informal savings methods which tended to be riskier, including savings jars and savings clubs. It was reported that some residents over-pay their rent as a form of saving, while others save their 'spare change', sometimes unwittingly. It was very positive to note that 80% said that saving was important to them and there was strong recognition of the need to save in preparation for future household expense. However, it emerged in the discussions with residents that, while there was a strong desire to save, the weekly budget did not always allow it. The findings point clearly towards the need to support regular, formalised and secure savings mechanisms for residents.

About half of all residents are currently borrowing and have access to a range of different credit sources. Credit unions were the most common source of credit, followed by high cost credit (moneylenders and catalogues), family and friends, and banks. Emergency borrowing was less evident. 30% have credit cards, and 15% of residents with only half being able to pay off the full amount each month. 20% had an overdraft, of which one third were constantly overdrawn. The findings indicate the presence of problem debt, that is, high cost or difficult to clear debt, for at least 20% of residents, suggesting scope for targeted supports for those who find themselves struggling to access more affordable or more serviceable debt.

Levels of insurance held by residents were extremely low overall, with 90% living without home contents insurance and 84% without life assurance. There is wide scope to support residents in accessing appropriate insurance policies to support households in the event of unexpected loss, thereby building resilience and reducing the need to access high cost or emergency credit.

Financial capability

Financial capability, measured by the ability to consistently make end meets, to keep track of finances and to plan ahead, showed considerable room for improvement. Only 9% of residents were deemed to have good financial capability. 64% had some financial capability and 27% had poor financial capability. Financial inclusion seems to have a positive impact on financial capability, in that those who use existing financial services are more likely to be financially capable. On the other hand, some residents self-exclude, as the financial services on offer tend to penalise those who don't have a regular and ample income. A clear link exists between capability and the type of lending accessed, with those using conventional financial services to borrow having better financial capability than those who borrow from unconventional sources.

According to the survey results, residents were stronger in terms of making ends meet (45%) than they were in keeping track of finances (25%) and planning ahead (9%). This also emerged in the discussions with residents who often showed considerable ability in managing week to week, but who struggled to plan ahead due to very low levels of resources to begin with and a focus on surviving week to week. In fact, in some ways, the ability of residents to cope week to week through careful household budgeting and highly limited consumption serves to mask the underlying problem that some do not have sufficient income to live comfortably and deal with unexpected expenditure.

Residents often showed considerable ability in managing week to week, but who struggled to plan ahead due to very low levels of resources to begin with and a focus on surviving week to week.

60% of residents felt they 'couldn't last' more than 3 months in the event of a household shock. 25% regularly ran out of money. There wasn't much evidence to suggest that people took out loans when they ran out of money but, instead, they turned to family or friends, or simply did without. A wide variety of resources were used in the event of a household shock, with less than 20% in a position to use savings or insurance as support. A statistically significant relationship between levels of provision in the event of a shock and the levels of financial exclusion/inclusion emerged. Those with lower levels of inclusion, or who are excluded, also had lower levels of provisions, leaving them in a precarious position. An accumulation of such household shocks, as well as life events, appeared to cause a drop-off in the use of existing financial services. Furthermore, those with lower levels of inclusion and those who are excluded, and those with poorer financial capability, have much higher levels of worry about their finances. While not being definitive, this would suggest a tendency towards lower levels of financial resilience among those who are less included and who have weaker financial capability. Measures to support these households to develop coping strategies are needed.

At a broad policy level, the root causes of financial exclusion need to be addressed. A House of Lords report (2017:16) summarises the underlying issues as follows:

> The fundamental problem is often poverty. We wrap that up in all kinds of other things: unemployment, underemployment or digital exclusion, all of which are absolutely challenges, but the fundamental underlying issue is one of poverty—the fact that people do not have enough money to get from one end of the week to the other . . . We have to be a bit more honest about some of the underlying challenges.

Further income supports and creditor mediation for those on low incomes regularly struggling to make ends meet should be explored. Calls for a universal basic income for all are worthy of deeper examination.

While additional support with managing expenses and budgeting household finances will benefit many residents, those with insufficient income will need a different range of supports. One possibility is a greater degree of rent supplements for those in social housing. Other supports to enable people to plan ahead and make provisions for future expenses will help to build resilience over the longer term. While current credit-oriented business models in financial services incentivise borrowers, policy to support the financially excluded should specifically consider the design of incentivised savings schemes, allowing the constitution of an economic buffer against household shocks.

Supportive social context

Apart from individual and household level factors, community and societal factors are also important influencers of financial well-being. Our variable for supportive social context - comprising community connectedness, awareness of a tenant (residents) committee, limited prevalence of moneylending in the estates, and level of service provision in proximity to the estates – shows that a little under half of all housing estates included in the survey had a supportive social context. Awareness of tenant (residents) committees was generally low, and 7 of 12 estates were seen to have a prevalence of moneylending. However, nearly all estates were well served by financial services more generally. Measures to improve the supportive social context of the estates would help build local services and a greater sense of community and social connectedness.

The focus group discussions resulted in residents informally sharing information with one another about their experiences of financial services and the conversations naturally evolved to sharing tips and advice on financial services and financial supports. The willingness of residents to engage with one another suggests a significant untapped resource amongst the residents themselves. The survey showed that residents in all the estates could identify people they would deem to be local leaders. Identifying and working closely with those estates to develop informal and formal initiatives to drive financial inclusion and financial capability would be a positive step to improving outcomes for all. More vulnerable housing estates might need a different approach, where more external supports are introduced to build services and a greater sense of community and social connectedness.

7.3

Recommendations for potential strategies

Our findings suggest that an important role can be played by Clúid Housing (and other AHBs) in supporting the financial inclusion and capability of residents. We have seen numerous examples of initiatives in the UK where housing bodies have partnered with community-based financial service providers, such as credit unions, to support the financial inclusion of their residents. Some of the key informants in our research raised the question of the potential for mission creep if AHBs were to get involved in designing or offering such supports to residents. Clúid Housing has already taken steps to provide a broader range of services to its residents. That said, some key informants highlighted the opportunity they saw for AHBs to leverage their scale to improve their offering to residents in social housing. A significant opportunity was also seen for AHBs to work with credit unions in the design and delivery of services to improve financial inclusion and financial capability. The surge in use of online and mobile services as a result of the Covid-19 pandemic was also viewed as a chance to introduce a wider variety of financial services and tools.

On this basis, we make the following recommendations across 4 key action areas, each of which we see as being inter-related:

Our findings suggest that an important role can be played by Clúid Housing (and other AHBs) in supporting the financial inclusion and capability of residents.

Action I

Increasing the income base/reducing the cost base

> Explore and promote measures to enhance the income and reduce the cost base of residents on lower income thresholds.

The struggle to make ends meet is often a symptom of having insufficient income to begin with. Clúid Housing (and other AHBs) can make evidence-based submissions to policymakers in support of measures to enhance the basic income of their residents. Reducing the living costs of residents, for example, through reduced rental payments, is also worthy of exploration, as are initiatives which encourage the circulation of wealth within the community and help people to reduce expenditure. Perhaps, AHBs should also consider exploring if a universal basic income would improve the overall income and agency of residents. There is also scope to support the provision of advice on education, employment and social welfare payments.

Apart from rent, utilities were cited in the focus group discussions as a significant category of household expenditure. Clúid might therefore consider, perhaps in conjunction with other AHBs, measures to provide better value rent deals for residents, with more flexible payment options. Utility customers are, for example, offered discounts and benefits for regular online payments. Measures to extend those benefits to financially excluded residents should be considered.

Action 2

Promoting financial inclusion with appropriately designed financial services

Appropriate financial services must be designed according to the needs of those on lower incomes to ensure better engagement. In other words, the services need to match, and be designed out of, the lived experiences of low-income consumers. This will require a radical rethink of the design of existing offerings by financial service providers, factoring in the cost, utility, relevance, flexibility and accessibility of those services. It may also require specific services for those on low income. This is essential, as access to financial services which do not match the reality of living on a low income are of little value, and on the contrary, exacerbate financial problems.

Clúid can further support residents in working with financial services providers, such as credit unions, to enable and encourage active and regular savings by residents, where income allows. This might include jam jar accounts, using a portion of rent payments to contribute to savings, and introducing incentives and supports for 'help to save' initiatives (e.g. rounding up of payments to the nearest € and moving the rounded-up amount to a savings account). Access to merchant cash back, store loyalty points and special offers provide micro-savings that can encourage financially prudent behaviours among residents. Supports are also needed to enable residents to access affordable loans that can be granted quickly when needed. Tailored loans to clear current problem debt may help some to get back on track. Lobbying to add rent payments as a form of repayment for the CCR to help build a good credit record for residents can be undertaken. Novel ways to enable residents to access insurance services can be explored, including allocating a portion of rent payments to house contents insurance.

As mentioned in section 3.9.2 earlier, many banking apps provide automated notifications based on real time access to customers' banking transactions. The reality for many social housing residents is that they are not engaging with banking products and services because they are inappropriate for their household budgeting needs - there simply is not enough money to cover expenditure. Therefore, the utility of data driven apps in boosting financial capability is not being explored in terms of predicting, planning for, and notification of, upcoming expenditure.

Action 3

Building financial capability

A range of financial tools and other supports should be provided to residents to build financial capability, enabling better money management and longer-term resilience. Data driven methods and skills should be promoted to allow both residents and their support groups to better understand spending, saving and borrowing behaviours. These capabilities will, in turn, promote improved decision making around appropriate solutions. However, caution needs to be exercised that such services are not acting as a gateway towards more incursive for-profit credit platforms.

FInancial tools can include digital banking capabilities to support budgeting, keeping track of income and expenditure and encouraging prudent financial management habits. While FinTech tools may have a role, consideration needs to be given to the business model of the provider. FinTech budgeting tools, which act as a pre-cursor to the development of a for-profit credit business model, based on a rich source of personal data, not unlike moneylending, may well create serious financial problems for these communities. These tools will not have the same social stigma as moneylending and hence will have the potential to become more widespread and embedded. Therefore, if FinTech tools are to offer a long-term solution to building financial capability and resilience of low-income consumers, they are possibly best delivered by non-profit providers[27].

Clúid could also seek to work more closely with MABS to offer oversight and budgeting services or to employ an independent advisor to carry out financial health checks with individual residents. Clúid can also help to build awareness and resilience amongst residents, by providing a platform for sharing coping strategies and a sounding board for the challenges of changing behaviour (e.g., online debt forums[28], peer-to-peer exchange platforms[29], planning for cooking in bulk and shopping accordingly, leveraging loyalty and moneyback schemes[30], using local exchange platforms[31] instead of buying new, and so on, in which some residents expressed an interest). Financial capability can also be built among residents through education around the optimal tools for budgeting, such as budget calculators, moving away from expensive credit (credit cards, overdrafts, moneylenders) to planning ahead: encouraging and rewarding residents to put provisions in place for the medium to longer term. Additional staffing by AHBs, such as the financial exclusion teams present in UK housing associations, could support this work.

27 For example, individual credit unions, An Post Money, Metamo, Solution Centre, Nationwide Open Banking for Good.

28 FinTech platforms such as Monzo (https://community.monzo.com/t/sorting-the-committed-spending-pot/95376) prompt community members to share ideas on financial management with platform developers. Debt advice agencies (such as https://www.askaboutmoney.com or https://debtcamel.co.uk) also promote the sharing of tips and advice to boost financial capability.

29 Timebanking or service exchange platforms (such as https://www.hour-timebank.ie, https://mytroc.fr, or service ads on https://www.donedeal.ie/), promote saving and avoid unnecessary consumption.

30 https://www.anpost.com/Money/Current-Account/Earn-Moneyback

31 https://www.newsgroup.ie/clondalkin-news/

Action 4

Supportive social context

The important role of local context needs far greater attention both at a research and policy level. Enabling a supportive context within housing estates would make a significant and sustainable contribution to both financial inclusion and financial capability. A starting point could be the development of active and participative tenant committees, which as our research indicates, is likely to have an impact on reducing the prevalence of moneylending and improving social connectedness. A targeted local approach, rather than a blanket approach, is central to the development of a supportive social context. Part of this could involve identification of leaders within the community to develop community initiatives that particular estates are interested in such as childcare, peer-to-peer sharing groups, bulk buying groups and so on. Furthermore, greater attention needs to be given to capacity training amongst residents.

Clúid is well-positioned to help build a supportive community within its housing estates, through both formal and less formal groups of residents. Active tenant (residents) committees can provide a formal mechanism to channel information and create awareness. There is also a considerable opportunity for residents, organised by local leaders, to support one another by sharing experiences and advice. The particular context of each housing estate can then be leveraged, drawing on the assets, people and interests that already exist.

Achieving engagement in initiatives promoting financial inclusion and capability was cited by several UK sources as being the greatest challenge of programmes that had been introduced there. We have seen that financial well-being develops in interaction with a person's environment and often changes over time, depending on a person's life stage and life events. We have also seen that the housing estates included in the survey had varying degrees of vulnerability. Any programmes, initiatives or tools that might be developed to support residents will need to be mindful of the ages and life stages of the residents and their communities. Any such initiatives must empower and build the capability of residents.

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Appendices

Appendix One

Social Housing

Social housing in Europe

Emergence of social housing in Europe

Social housing became an established part of the welfare state in most western European countries after the Second World War. Although the scale and nature of social housing differed between European countries, publicly subsidised rented housing became a key component of overall housing provision (Combat Poverty, 1999). Social housing models were broadly similar across Northern and Eastern Europe in the early post-war period, with an emphasis on state-supported housing construction to overcome physical damage, accommodate growing populations, increase investment in economies and generate employment. In Eastern Europe, social housing was very much based on state provision of the social wage, provided to households at low or no cost. In most of Northern Europe, housing was viewed as an important part of the welfare-state contract, enabling households to afford adequate housing. In Southern Europe, the policy emphasis was often on owner-occupation. In most countries, local authorities were heavily involved in the provision of social housing (Scanlon et al, 2015).

Definition and classification

The right to housing is cited in Article IV-34 of the Charter of Fundamental Rights of the European Union:

> "In order to combat social exclusion and poverty, the Union recognises and respects the right to social and housing assistance so as to ensure a decent existence for all those who lack sufficient resources, in accordance with the rules laid down by Community law and national laws and practices" *(European Union, 2000)*.

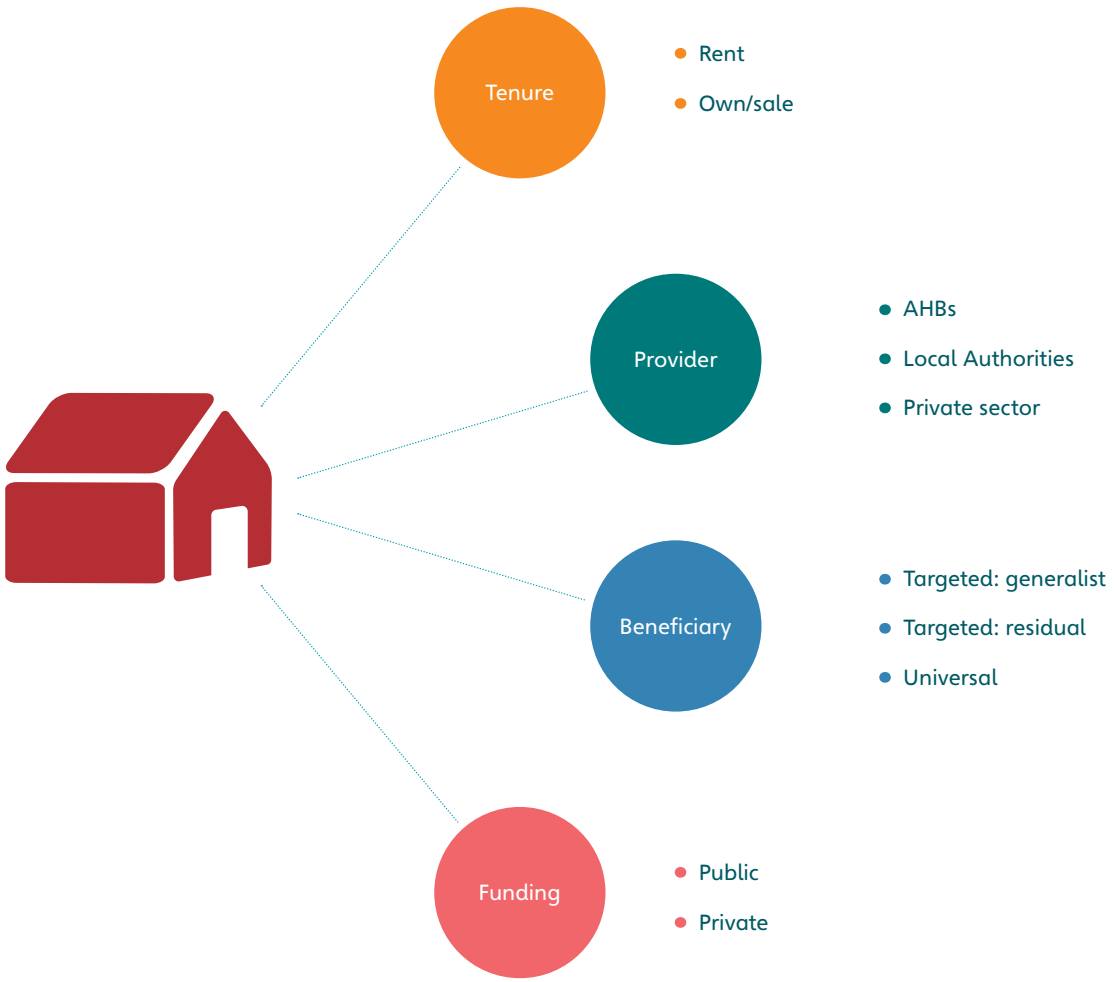
While the Charter acknowledges the right to housing, there is no common definition of social housing across member states in the European Union. Different member states adopt different definitions and terminology. Austria uses the terms 'Limited-Profit Housing' or 'People's Housing'. Denmark refers to 'Common Housing' or 'Not-for-Profit Housing'. In France, 'Housing at Moderate Rent' is the term used, while in Germany it is 'Housing Promotion'. Spain refers to 'Protected Housing' while Sweden uses the descriptor 'Public Utility Housing'. Despite the differences in terminology, three common elements to European social housing are: a mission of general interest, a commitment to increasing affordable housing, and specific socio-economic targets (IZA - Institute for the Study of Labor, 2013).

European social housing models and policies can be classified across four dimensions: tenure, provider of service, funding arrangements, and end user beneficiary. In most European countries, social housing is rented accommodation, but some countries provide an option to buy. In the UK, shared ownership solutions have been increasingly adopted, whereby tenants buy a share and pay down the remainder with rent. In 1980, the Right to Buy scheme was introduced in the UK to help council and housing association tenants in England buy their home at a discount, an initiative that has existed in Ireland since the 1930s. In other countries, social housing is available for sale at a low cost. Providers of social housing can be local authorities, housing bodies (non-profit, cooperative or limited profit), private sector developers or investors. Funding models vary, from 100% public funding in some countries to a reliance on private funding raised on the financial markets in other countries (IZA - Institute for the Study of Labor, 2013).

There are three different models for characterizing end user beneficiary: the universal model, the generalist model and the residual model. The universal model includes a country's entire population as its target group and responds to the mission of access to decent housing for all. This model is in evidence in Denmark and Sweden, as well as the Netherlands and Greece in specific contexts. The generalist model is directed at individuals and households whose demand is not satisfied by the market. It represents the evolution of traditional social housing in western Europe, which was generally directed at low and middle-income groups. Housing is allocated to households with income below a certain level and rents have a fixed ceiling. This model is in evidence in Austria, Belgium, Spain, Finland, France, Italy, Luxembourg, Poland, Portugal and the Czech Republic. The residual model of social housing is directed at disadvantaged households and vulnerable groups. This model is in evidence in Ireland as well as other EU member states including Bulgaria, Cyprus, Spain (social rental), Estonia, Hungary, Lithuania, Latvia, Malta, Portugal (social rental), Romania, UK, Slovakia and Slovenia (Ghekiere, 2008).

Kemeny (1995) categorises rental housing as either dual systems or unitary rental markets. In dual rental systems, strict means testing is applied and the providers of social housing are closely controlled by the state, so that non-profit renting is segregated from the for-profit market. In unitary rental markets, barriers to non-profit providers competing on the rental market are removed; non-profit housing organisations compete with for-profit landlords for tenants (Kemeny, 1995).

Figure AI: Social housing classifications Source: IZA - Institute for the Study of Labor, 2013.

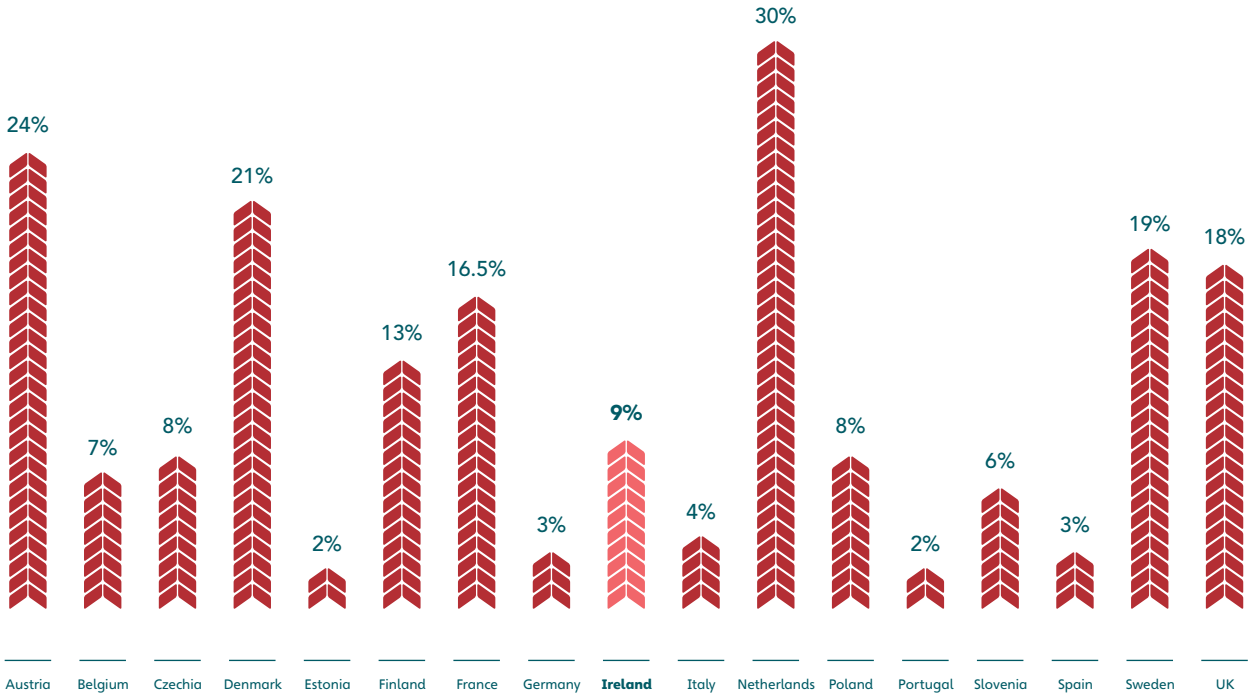


Scale of Social Housing in Europe
The scale of social housing as a percentage of the total housing stock varies considerably across European countries, from 3% in Spain to 30% in the Netherlands. For Ireland, the figure is shown as 9% (Housing Europe, 2019). (There may be some data variation due to differing definitions of social housing used in the summation of figures.)

European countries can be grouped (high, medium or low) according to the size of the social housing sector relative to the country's total housing stock.

In the 'high' housing tenure stock are countries where social housing forms more than 20% of the overall housing stock: Netherlands (32%), Scotland (24%) and Austria (24%). In the 'medium' category are countries where social housing comprises just under 20% of the overall housing stock: Denmark (19%), Sweden (18%), England (18%) and France (16%). Ireland falls into the 'low' category with a figure of 9%, along with the Czech Republic (8%), Germany (5%), Hungary (3%) and Spain (2%). In all twelve countries, there is an increasing demand for social rented housing (Scanlon et al, 2015).

Figure A2: Percentage of Social Housing in European Countries. Source: Housing Europe, 2019.



In 2017, 69.3% of the EU-28 population lived in an owner-occupied home, while 20% were tenants with a market price rent, and 10.7 % were tenants in reduced-rent or free accommodation. In Ireland, the figures for owner-occupied homes aligns with the EU average (69.6%) but the tenants with a market price rent is lower than average (12.5%) and 18% of tenants are in the reduced-rent or free accommodation category. Across the EU-28 population, 10.4 % live in households that spend 40% or more of their equivalised disposable income on housing. In Ireland, 4.5% of the population spend 40% or more of their equivalised disposable income on housing (Eurostat, 2019).

Demographics of social housing in Europe

While the scale, providers and funding models for social housing differ widely across European countries, the demographics of social housing tenants are similar. In almost all European countries, social housing tenants have lower than average incomes, and a greater number of tenants are pensioners, single-parent families, ethnic minorities and immigrants, compared to the representation of these demographic groups in other tenure arrangements (Scanlon et al, 2015). Russell et al (2011) cites studies on housing tenure in Belgium, France and the UK which found that living in rented accommodation was associated with an increased likelihood of being in financial difficulties, while home ownership has been linked to a lower risk of over-indebtedness in the UK and Norway.

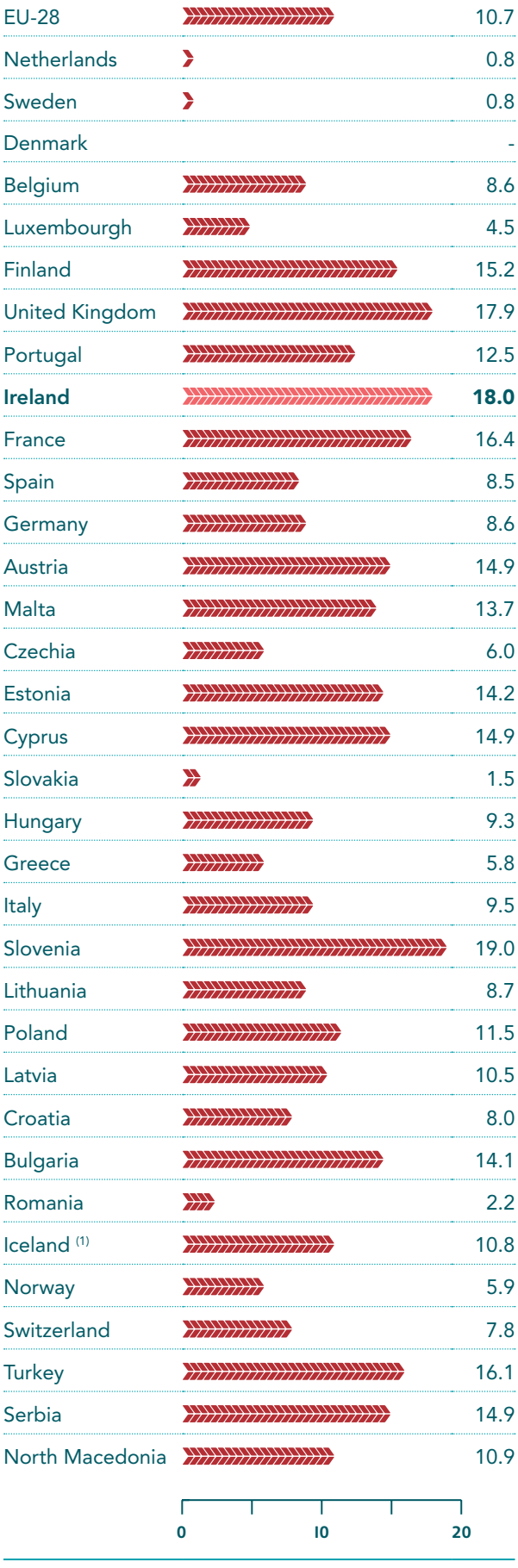
Social housing in Ireland

History of social housing in Ireland

Social housing in Ireland began in the late 19th century. In 1883, the Labourers (Ireland) Act shifted responsibility for providing cottages to agricultural labourers from landlords to local sanitary authorities (Kenna, 2011). The late 19th century also saw the formation of several housing philanthropic trusts set up with large donations from wealthy businesses. The Iveagh Trust, founded in 1890, established a large-scale housing project in Dublin at a time when the city had the worst housing conditions in the British Isles (The Iveagh Trust, 2020).

Local authorities began to take a proactive role in housing provision in Ireland in the early 1900s. The Housing (Ireland) Act 1919 set out arrangements for high levels of subsidies to local authorities. Legislation introduced in 1936 allowed tenants of labourers' cottages to purchase their homes; this resulted in the widespread sale of the local authority housing stock in rural areas. The Housing (Amendment) Act 1950 empowered local authorities to provide houses with State aid for all classes of the community. Legislation passed in 1962 provided grants to bodies providing separate dwelling for elderly persons, grants for small farmers living in remote areas and persons with low incomes in urban areas. At its peak in the 1960s, Irish local authority housing accounted for less than 20% of the total housing stock. It did not target a broad range of social classes like the social housing models in Britain and the Netherlands; it was consistently targeted at low-income families. (Kenna, 2011; Combat Poverty, 1999). At the end of the 20th century, approximately 330,000 dwellings had been constructed by the local authorities in Ireland, of which approximately 230,000 were sold to tenants. This meant that almost one-third of the dwellings occupied in Ireland at that time originated as local authority rental housing (Combat Poverty, 1999).

Figure A3: 2017 figures for tenure category 'tenant, rent at reduced price or free' across the EU-28 population (Source: Eurostat, 2019).



In 2019, almost 69,000 households were on the social housing waiting list.[32] Four Dublin Authorities account for 43.2% of the national total social housing need. 54.4% of those qualified for social housing support are unemployed and in receipt of social welfare benefits. The predominant grouping in need of social housing support are one-adult households (Housing Agency, 2019).

Government policy on social housing

The Irish Government's Social Housing Strategy 2020 was published in 2014. It committed to producing 35,000 new social housing units between 2015 and 2020, along with support to up to 75,000 households through an enhanced private rental sector and reform of social housing supports (Dept. of Environment, Community & Local Government, 2014). Two years later, the new build targets on social housing were increased with the launch of Rebuilding Ireland: An Action Plan for Housing and Homelessness. This plan comprises five pillars: address homelessness, accelerate social housing, build more homes, improve the rental sector and utilise existing housing. The plan for social housing includes a target of 50,000 homes delivered by 2021 and an expansion of the HAP scheme. Social housing targets are delivered through collaboration with local authorities, AHBs, the NTMA, the Housing Finance Agency, the Housing Agency and the private sector. Of the 50,000 social housing units, 33,500 will be exclusively built as social housing, 10,000 will be leased by local authorities and AHBs, and 6,500 will be acquired by local authorities and AHBs (Government of Ireland, 2020).

Key actors in social housing

Department of Housing, Local Government and Heritage

The Department of Housing, Local Government and Heritage is the government body responsible for social housing in Ireland. Social housing falls under one of 5 pillars under Rebuilding Ireland, the action plan for housing and homelessness in Ireland. The Department is also responsible for the oversight and management of several schemes including the Social Housing Capital Investment Programme (SHCIP) and the Capital Advance Leasing Facility (CALF) and for the rollout of the Housing Assistance Payment (HAP) and the Rental Accommodation Scheme (RAS).

Housing Agency

The Housing Agency was set up in 2012. It is a government body responsible for promoting the supply of housing to meet current and future needs and demand. Their primary function is to provide services for the Minister of Housing, Local Government and Heritage. The Housing Agency's 2019-2021 Strategic Plan includes key actions to accelerate social housing delivery as part of the Rebuilding Ireland plan. Its responsibilities include a specific target to deliver 1,600 homes per annum; engaging directly with LAs and AHBs to deliver social housing; and a focus on delivery by AHBs through Payment and Availability Agreements and the Capital Advance Leasing Facility (CALF). It is also responsible for completing an annual assessment of social housing needs (Housing Agency, 2018)

Housing Finance Agency

The Housing Finance Agency (HFA) is a semi-State body established in 1982. The main objective of the HFA is to raise and lend funds for housing and housing-related purposes to local authorities and AHBs, and more recently to higher education institutions for the development of new student accommodation. In 2019, the HFA recorded net loan advances of €745 million, a threefold increase on 2018 lending figures, resulting in an outstanding loan book of €4.64 billion. Direct lending to AHBs commenced in 2012 and the HFA now has a working relationship with 25 AHBs in Ireland. In 2019, AHB loan advances were €639m (up from €283m in 2018). These loans directly supported the delivery of more than 2,500 new homes (Housing Finance Agency, 2020).

Tier 3 AHBs (large organisations) undergo a general financial assessment to achieve Certified Body status. To date, 18 AHBs have Certified Body status. A further 7 AHBs have qualified for 'Category 2', which allows them to apply for loan finance up to €1.5m. The recent introduction of a 25-year fixed rate funding at a current rate of 2.25% has significantly de-risked the interest rate environment for AHBs borrowing from the HFA. (Housing Finance Agency, 2020).

Local Authorities

Local authorities are the main providers of social housing in Ireland. The 2016 Census Housing Profile shows there are more than 140,000 local authority housing units in Ireland. They also provide thousands of housing units via private landlords through the HAP and RAS schemes.

AHBs

Housing associations first appeared in Ireland in the form of philanthropic housing trusts in the late 19th and early 20th century. Now known as Approved Housing Bodies (AHBs), they are independent, not-for-profit organisations that provide affordable rented housing. In 1984, the first specific funding scheme for housing associations was introduced. This resulted in a significant expansion of the sector and a corresponding increase in the number of voluntary housing organisations. In 2001, the number of housing associations grew to 300. Many of these were small in scale, with more than 50% managing 10 or fewer housing units. The most recently published Government's Register of Housing Bodies shows there are 552 AHBs registered in Ireland (ICSH, 2012; Brooke, 2001; Department of Housing, Planning & Local Government, 2016).

32 Households who are already living in local authority or AHB accommodation, or accommodation provided via HAP, RAS, or accommodation provided under the Social Housing Capital Investment Programme are excluded from this figure.

AHBs are central to the Rebuilding Ireland programme, with a target to deliver one third of the additional 50,000 social homes delivered from 2016 to 2021. They are classified according to size. Tier 1 AHBs have 0-50 units with no development plans or development plans that keep the total under 50 units. Tier 2 AHBs have 50-300 units or development plans that keep the total under 300 units, or the use of loan finance for development. Tier 3 AHBs have more than 300 units or sizeable development plans, including the use of loan finance for development (Housing Agency, 2020; Housing Alliance, 2019).

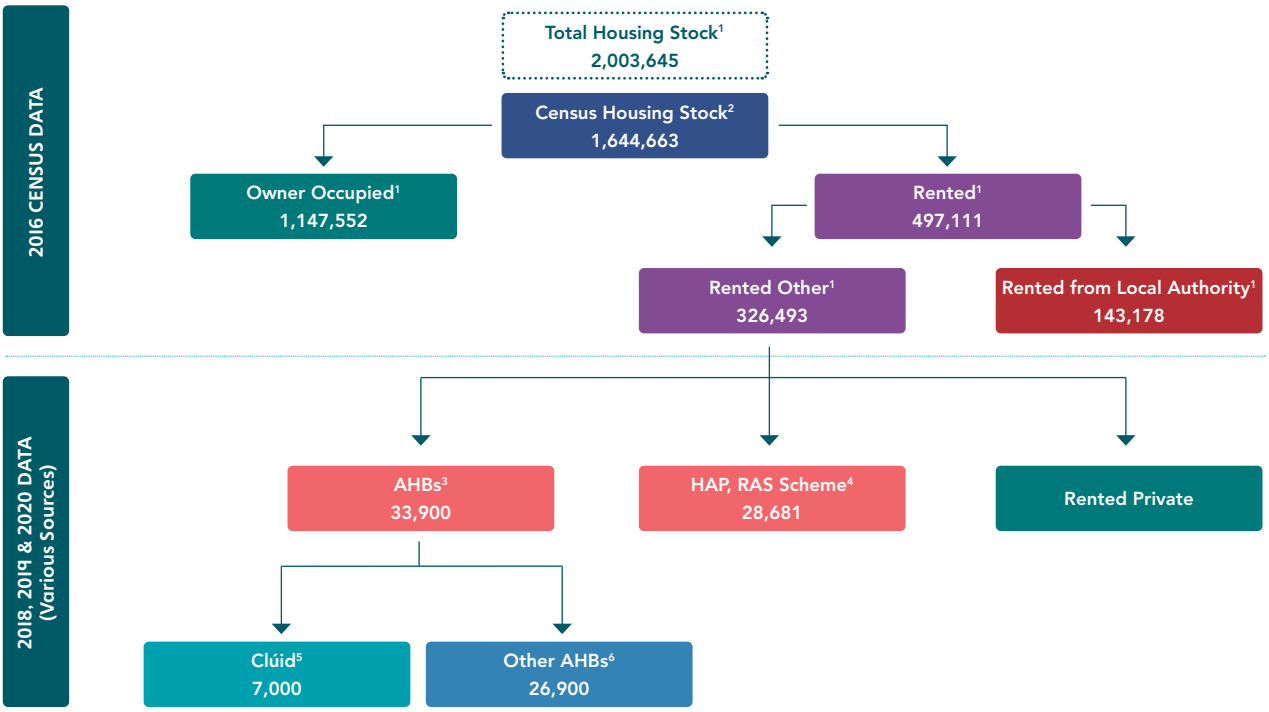
Housing Alliance

The Housing Alliance is a collaboration of six of Ireland's largest AHBs: Clúid Housing Association, Circle Voluntary Housing Association, Co-operative Housing Ireland, Oaklee Housing, Respond Housing Association and Tuath Housing Association. Housing Alliance members are responsible for two thirds of AHB housing stock in Ireland (Housing Alliance, 2019).

Social housing stock in Ireland

It is difficult to calculate precise figures on social housing in Ireland, as the figure is dynamic and involves comparing data available at different time reference points. However, Figure A4 below attempts to provide an estimate on the social housing stock using data from various sources including the 2016 Census data, the Housing Agency and the Residential Tenancies Board.

Figure A4: Social Housing Stock in Ireland (Sources: see below).



Sources:

1. Census 2016 Housing Profile https://www.cso.ie/en/releasesandpublications/ep/p-cplhii/cplhii/

2. The Census Housing Stock figure of 1,644, 663 excludes households that were temporarily absent, vacant houses and apartments, and vacant holiday homes. These households are included in the Total Housing Stock figure of 2,003,645.

3. Residential Tenancies Board RTB Tenancy Registration Data for Q1 2020 https://www.rtb.ie/images/uploads/Comms%20and%20Research/RTB_Tenancy_Registration_Statistics_Summary_2020_Q1.pdf

4. The Housing Agency Social Housing Delivery, 2005 – 2018 https://www.housingagency.ie/data-hub/social-housing-supply.

5. Clúid Annual Report 2019 https://www.cluid.ie/wp-content/uploads/2020/06/Cluid_AR19_web.pdf

6. Figure based on subtraction of Clúid figures from Residential Tenancies Board Q1 2020 statistics.

Figure A5: Ireland's housing stock: 71% owner occupied, 16% rented private and 13% social housing (9% local authority, 2% AHBs and 2% HAP scheme). Source: Data in Figure A4.

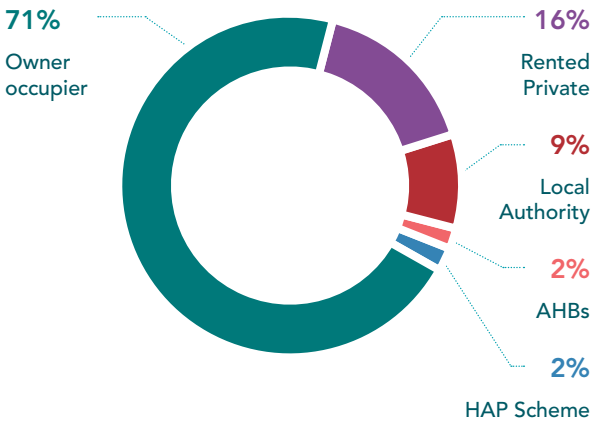


Figure A6: Growth in tenure category in Ireland 'tenant: rent at reduced price' (Source: Eurostat, 2019).



The data shows that, based on the Total Census Housing Stock, approximately 13% of Ireland's total housing stock is social housing, compared to 16% private rented housing and 71% owner occupied.[33]

In Ireland, there has been a steady growth in the tenure category of 'tenant: rent at reduced price' over the last decade, with the figure increasing from 14.8% in 2010 to 17.7% in 2018 (Eurostat, 2019).

Conclusion

The right to housing is cited in the Charter of Fundamental Rights of the European Union. The scale of social housing as a percentage of the total housing stock varies considerably across European countries, from 3% in Spain, between 9% and 13% in Ireland and 30% in the Netherlands. The Irish government's Social Housing Strategy is committed to increasing the stock of social housing in Ireland. A number of key players are working towards delivering on safeguarding and increasing the social housing stock.

33 Pie chart percentages are based on the Total Housing Stock figure of 1,644,663. Owner occupied 1,147,552; Local authority 143,178; AHBs 31, 996; HAP scheme 28, 681 and Rented private 293,256 (i.e. 497,111 - 143,178 - 31,996 - 28,681).

Appendix Two

Exploratory Factor Analysis

Exploratory factor analysis: impulsiveness and worry

	Worry	Impulsive
I am concerned that my money won't last.	.826	
I tend to worry about paying my normal living expenses.	.821	
My finances control my life.	.797	
My financial situation limits my ability to do the things that are important to me.	.739	
I have too much debt right now.	.652	
I am just getting by financially.	.519	
I am impulsive and tend to buy things even when I can't really afford them.		.774
I prefer to buy things on credit rather than wait and save up.		.769
I tend to live for today and let tomorrow take care of itself.		.740

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

Exploratory factor analysis: Community connectedness

	Friendly Estate	Healthy Competition
People support each other here.	.890	
This is a friendly estate.	.862	
In the estate: People here stop and talk to each other.	.845	
I feel safe and comfortable in this estate.	.792	
There are always people talking to each other on the street here.	.782	
I can think of a few people in this estate who are like leaders that I and others can trust.	.609	
People here would try to keep up with their neighbours in terms of the things they buy or own.		.824
There is a certain level of healthy competition between people here in terms of how you keep your house.		.797

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

Design: reddog.ie

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