



OFFICE OF FAIR TRADING

Qualitative Research into Ethnic Minorities and Financial Services

**Appendix 5 of
Vulnerable Consumers and Financial Services**

**A report of focus group studies prepared by Ethnic Response
for the Consumer Affairs Division of the Office of Fair
Trading**

January 1999

This research was commissioned as part of the Vulnerable Consumers and Financial Services investigation. The views expressed are those of the author and do not necessarily reflect the views of the Office of Fair Trading

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Background

In December 1997 the Director General of Fair Trading announced the launch of an Office of Fair Trading (OFT) enquiry into vulnerable consumers of financial services.

This enquiry embraces the full range of financial services and is designed to investigate how well the industry meets the needs of those on low and volatile incomes, the elderly, people with disabilities, the unemployed and other vulnerable groups.

As part of the enquiry the OFT has commissioned a representative consumer survey to quantify the extent of access to basic financial services amongst certain sub-groups of the population. The sample size for this survey is too small to give accurately detailed results about ethnic minority groups.

Earlier work has suggested that ethnic minority group members may be vulnerable consumers, particularly if their English is poor, and are over-represented in other vulnerable groups such as the unemployed and those in low income households. The OFT has therefore decided to conduct a qualitative survey amongst ethnic minority group members, and, in particular, those for whom English is not the first language.

Objectives

The principal objectives of this qualitative research amongst ethnic minority group members are to:

- ◆ evaluate any difficulties experienced with financial services, or exclusions from them, which are particular to such people
- ◆ establish whether current accounts serve as a gateway to other financial services such as credit and insurance
- ◆ evaluate the ownership of bank and building society accounts
- ◆ establish whether they have experienced difficulties with certain life and general insurance products which are less likely to have been experienced by other members of the population. (With reference to the second part of this objective, as no non-ethnic groups were included in this research with which to make objective comparisons, any findings can only be the subjective perceptions of respondents)
- ◆ determine reasons for any discontinuation of long term investment products involving regular payments and poor surrender values.

Additional objectives are to:

- ◆ understand how ethnic minorities perceive the relevance to themselves of financial products

- ◆ to establish whether current insurance and banking products are suitable for the needs of the ethnic population
- ◆ to determine to what extent older people use younger relatives or community members to help them deal with financial products
- ◆ establish whether ethnic minorities feel confident or comfortable in buying financial products where the point of access is very often a member of the 'white' community.

Method and Sample

The research method employed for this survey was pre-recruited focus groups, using dual moderation.

Groups were conducted either in English or an ethnic language, according to the respondents' preference.

Eight groups were conducted as follows:

- G1 Gujarati speaking women, aged 50-60, C2DE. At least two to be employed full or part-time.
- G2 Punjabi or Hindi speaking men, aged 30-40, C2DE, heads of household.
- G3 Pakistani men, aged 45-60, C2DE, heads of household.
- G4 Pakistani women, aged 30-40, C2DE. At least two to be employed full or part-time.
- G5 Bangladeshi men, aged 45-60, C2DE, heads of household.
- G6 Bangladeshi men, aged 30-40, C2DE, heads of household.
- G7 Afro-Caribbean or African men, aged 45-60, C2DE, heads of household.
- G8 Afro-Caribbean or African women, aged 45-60, C1C2DE, at least half to be head of household. At least two to be employed full or part-time.

Amongst all groups, at least two-three respondents were unemployed or had experienced a period of unemployment or extended sickness in the last three years.

Groups took place in recruiters' homes or the home of a respondent in the group. Research was conducted in March and early April 1998.

Members of ethnic minorities involved in this research were deliberately recruited from low socio-economic categories. Some of the findings contained in the research do not necessarily apply to people from higher socio-economic categories.

Summary

Factors affecting take-up and continuation of financial services and relationship with providers are:

ECONOMIC

high unemployment

low incomes

high rate of insecure employment

CULTURAL

low proficiency in written and spoken English

experience/perceptions of financial world

lack of confidence

gender tradition role of family/community

INSTITUTIONAL

racial prejudice

gender prejudice

lack of trust

lack of cultural understanding

inflexible products

The lives of many ethnic minority members are characterised by low incomes and repeated periods of unemployment. These two factors are the most influential in determining take-up and continuation of financial products.

It is not because I cannot decide which pension to choose: it is not because I do not know who to trust: it is because I have no money.

Current Accounts

Current accounts are seen to serve as a gateway to other financial products via:

- ◆ direct debit
- ◆ banking history
- ◆ communication

Absence of a current account acts as a barrier to:

- ◆ discounts on payments of bills

- ◆ access to some insurance policies
- ◆ access to personal pensions
- ◆ access to some mortgages
- ◆ credit in various forms e.g. credit cards, hire purchase
- ◆ loans
- ◆ information about available financial products.

Current accounts are refused or closed because of:

- ◆ unemployment or inadequate income
- ◆ bad credit references.

Many ethnic minority members see themselves as especially vulnerable to these factors because of their economic status within the community.

Current accounts are seen to be so essential a pathway to other financial products that they are often kept open even when dormant.

Loans

Ethnic minority members believe themselves to be disadvantaged, in comparison with the white community, when seeking loans.

Disadvantage is seen to arise from:

- ◆ racial prejudice
- ◆ low income and insecure employment
- ◆ inadequate banking history or bad credit references.

This is seen to lead to:

- ◆ a high risk of refusal
- ◆ higher interest rates
- ◆ greater security required.

Savings Accounts

Saving has a high priority for many ethnic people, but is often limited because of the lack of spare money.

Money is saved for:

- ◆ a hedge against future problems
- ◆ future of children
- ◆ specific events e.g. weddings, visits to country of origin.

Most savings accounts are straightforward savings accounts.

More complex schemes such as Bonds, Tessa's and PEPs are less popular because they are **seen** to require:

- ◆ steady flow of spare money
- ◆ high initial investment
- ◆ understanding in order to make choices
- ◆ tying up money for a long time.

Insurance

House contents

Ethnic minority members believe that they pay high premium for house contents insurance because they:

- ◆ live in high-risk inner city areas
- ◆ are perceived by insurance companies as dishonest.

The reasons for not having house contents insurance are:

- ◆ insufficient income
- ◆ no possessions of value
- ◆ house usually occupied

Life insurance

Except amongst Gujarati's in the survey, ownership of life insurance was low. The principle reasons for not having life insurance are:

- ◆ insufficient income
- ◆ fear of discontinuation and loss of money
- ◆ mistrust of insurance companies and their agents
- ◆ insufficiently flexible products to cater for periods of unemployment.

The principal reason for stopping insurance policies is inability to meet the premium payments.

The main problems encountered with life insurance are:

- ◆ poor surrender values
- ◆ choosing the wrong policy
- ◆ not understanding the small print
- ◆ inadequate command of English allowing exploitation or misdirection by insurance agents.

Members of ethnic minorities see buying life insurance as a risky business. They have low incomes, insecure employment and do not know who to trust for help.

Mortgages

Owning a house is of high priority to Asians and mortgages take precedence over other financial products. There are seen to be few problems with obtaining mortgages as the house is security for the mortgage holder.

Barriers to obtaining a mortgage are:

- ◆ unemployment
- ◆ insufficient money for deposit
- ◆ being a single mother

Pensions

Purchase of private pensions is very low amongst members of ethnic minorities. The principal reasons for low take-up are:

- ◆ insufficient income
- ◆ reluctance/inability to plan far ahead
- ◆ not knowing how to choose the right product
- ◆ fear of bad returns
- ◆ lack of flexibility of products given typical economic lifestyle
- ◆ bad publicity.

Credit

Obtaining credit, particularly by credit cards, is seen as dangerous and unwise to those members of ethnic minorities on low or insecure incomes.

Where credit cards are used there is a tendency to use them as charge cards and pay them off each month.

The reasons for not obtaining credit are:

- ◆ high interest
- ◆ temptation to overspend
- ◆ against Asian tradition
- ◆ risk of a getting a bad credit reference.

Refusal of credit or stopping of credit cards is not seen to be linked to racial prejudice.

RESULTS - GENERAL FINDINGS

A number of general factors are seen by ethnic minority members to influence their relationships with providers of financial services: and to affect their likelihood of take-up and continuation of existing financial products.

Institution based factors

◆ lack of trust.

Members of all the ethnic minority groups felt that they were not trusted as much by financial institutions as were their white counterparts. Financial service providers regularly asked them for more identification, including a passport, and more security than white people. In their opinion there was a general belief that ethnic minority members would 'go home' if they had financial problems. The financial institutions did not seem to understand the permanency of the ethnic minorities in the UK. All respondents objected strongly to 'ethnic origin' question on application forms.

They will ask you more questions. They trust you less. You tell them what you've got and they trust you less. They think you will go home with it.

I'm living here, I'm paying National Insurance stamps, I'm paying everything. I have got the same rights as everybody else. Why do they put in this question?

They make it very difficult when you go in to open an account. When you go in they ask so much. They want to see your passport and four pieces of ID.

I run a sports and social club and I am putting cheques in every day. I go to the counter and they say 'Have you got this, have you got that.' When a white person comes I don't hear it. I went in once and saw the guy who sees me every day. I wrote a cheque to cash and he said 'Are you the signatory to this cheque.' I said 'Excuse me, you see me every day.' He said 'I see so many people I don't remember.' So I said 'Give me a withdrawal slip, I'll take all the money out.' I had about seventeen grand in there. He said 'Oh, Mr Hunt, sorry.' I said 'Don't you ever do that to me again.'

When I see that question I just put down there white. I don't see what difference it makes. Nobody is questioning my money. The money is the same colour.

For us this is our country now. We are here for whole life. Why should we show our passports every time.

◆ lack of cultural understanding.

Asian groups felt that financial service providers had little or no understanding of ethnic cultures and did not realise that some ethnic minorities represented a safer 'bet' than white customers. Strong

family ties, a sense of family shame, good community support, a real belief in saving for the future, experience of past hardships and a fear of experiencing problems in a host country were, they believed, more likely to make them reliable customers. In addition Afro-Caribbeans saw themselves as victims of mis-identification and perceived that they were being made to suffer for the past experiences of financial institutions with Nigerians.

I'm not too sure now but there was a lot of bad publicity about Nigerians.. ...He said 'We have got to be careful because we have got a lot of people setting up businesses and running off. He didn't say black but I knew exactly what he was talking about.

The Africans have affected the straight likes of us. I had a mate who was a bank manager. He said to me a few years back, 'Lloyd's are going to start asking for passports.' When I asked why, he said, 'Because the Africans are taking us to the cleaners.

We do not want credit. Our generation do not believe in that. I say to my wife, 'We must wait, we must save.'

With our culture, I feel if I can avoid getting into debt or having to get credit, I do. If it means waiting to buy something then I will do it.

Generally Pakistanis are very cautious. As a whole they would be rather reluctant to borrow just for consumption. They would be quite happy to borrow for a business.

We cut our coat according to our cloth.....I find people are even very careful buying things on hire purchase. Save that money and buy it and then it is your own. They have also experienced that if they can't pay there is a bad credit record. You say 'Come on, forget about it. I am not going to die without a hi-fi; just wait another six months.

If we can we will pay it all off. We do not want to be in the trap. We want control over the bank manager, not the bank manager controlling us.

◆ racial prejudice.

All respondents were convinced that there was racial prejudice in financial institutions to varying degrees. It was most commonly experienced at bank manager or counter clerk level and commonly expressed in rudeness, indifference to problems or the need for advice and general obstruction.

Respondents were extremely upset by the fact that many application forms for financial products asked for disclosure of ethnic origin. They could not see the relevance of this except where it applied to variable death risk for life insurance.

Colour makes a lot of difference. Out of ten people a lot won't be prejudiced but two will be.

I think quite a few people find you are still a foreigner. You stay a foreigner to them even if you are born here.

It depends who you get. Some people are very nice and some are horrible. They are very rude.

Sometimes I feel they are being racist because they want to know what ethnic group I am. It is not a question for the bank to have to ask.

When you go to the bank, the DSS, the Local Authority, behind the desks there are always black and Asian faces. But they do not make the decision. These people, they are here for race relations, to make us feel better. It is the white man who stands behind them who decides.

It is small when somebody white tells you they know how you feel (about racism). They don't. It's like you're being attacked twenty four hours a day, being raped, but you ain't done nothing. These Ministers come on the telly and say, 'I don't see any racism here.' He's never had it in his life. He's got everything.

With a previous account I felt that maybe my file had 'black' stamped on it.

◆ gender.

Women, particularly Afro-Caribbean women, believed that financial institutions were biased against women, seeing them as a greater risk than men and adjusting premiums, demands for security etc, accordingly. Where a woman was also a single parent the bias was perceived to be greater.

You have to have a partner working, or it is difficult to get a mortgage.

I had to get my father to buy the house because I cannot get a mortgage.

Black, female and a single parent - I ain't got no chance.

◆ failure to design sufficiently flexible products.

Products are seen to be 'middle-class' and biased towards those with higher incomes and secure employment. There are not seen to be products flexible enough to be suitable for the financial status of many ethnic minority members.

For instance whilst you are unemployed you should be able to pay less; not what you are paying when you can afford it.

I opened a savings account at the Post Office....because someone gave me some money. I thought after maybe I could put in £5 this week and £5 the next week. Now I have found out the minimum I can put in is £20.

Because of the share business, some building societies said you need £500 to open an account. How are you supposed to save £500 to open a savings account? Our people can't pay that in one go.

It is not exactly that you have got to have a job. You have got to have a proper job with proper money.

Economic factors

- ◆ type of employment and income.

Respondents recognised that many ethnic minority members worked in jobs that were low-paid and insecure. *Lack of available money was the single biggest barrier to taking up financial products such as insurance, pensions and credit.* Even where money was currently available, insecurity of work and the fear of future unemployment was a considerable deterrent. (See Appendix V)

It happens a lot with black people. You start these things, then you go through a bad patch and it takes on a lesser priority and so you lose the money.

It depends on how much money you earn.....being black and poor is different to being white and poor.

It worries me, but if you can't afford it, you can't afford it.

We are earning less money than anyone else. Because of money we cannot do anything extra.

You must have clothes, you must have food. There is no way you could have that sort of cash (for house contents insurance.

It is just money really. If I did get burgled it would hit me hard. But I'm thinking that 330 a month could be going to something else.

A lot of financial institutions play on the situation when you hit bad times.

Language is not a problem - money is a problem.

These things are for people with jobs. I cannot afford these things.

At the moment I am not working but even when I am working I am worrying about starting insurances or pensions. I would like to have them but I know work is not always there. If you cannot pay you lose your money.

It is not because I cannot to decide which pension to choose: it is not because I do not know who to trust: it is because I have no money.

When you are unemployed you have no interest in a savings account or a current account. It is all right having the ideas but reality is the money.

Cultural factors

◆ spoken language.

Inadequate spoken English is a barrier to understanding and communication. It presents its greatest problems when trying to establish accurate details about financial products or when dealing face-to-face with provider problems. A majority of Asian people feel that the language they have acquired is too colloquial and not formal enough to deal with banks and insurance companies.

They know you don't understand much English. They speak to you in English you might understand or not and then they say 'Sign the paper.'..... There are so many words in these things that are very hard to understand. As we are speaking now is just normal English, but if you look at these things they are in a higher English.

Sometimes a lady will go into a bank and she won't understand. If she is asked something she is confused. If there is someone who can explain she might know but otherwise she can't say anything.

He can speak perfect English so he has no problem. Somebody who cannot speak English has a problem about finding out where to go and who to ask.

◆ written language.

Even where spoken English may be good, the reading of English can be poor or non-existent. This creates problems in understanding the 'small print' of financial products. Many respondents felt that only when something went wrong did they fully understand what they had agreed to.

Some of them can understand from speaking but not from reading.

Many of our people can speak English - they have had to learn. But they cannot read it. You have to trust what someone says if he reads to you.

My English is OK to talk to people but it is not proper language, not diplomatic language. I cannot understand these things they write on the insurance forms.

◆ limited previous experience of the financial world.

Because of their background and education older respondents had little previous experience of sophisticated or complicated financial matters. Younger respondents, particularly if educated in England, were much more confident in entering the world of personal finance:

Looking at my group of families - they are not well educated to go through the minute details in the paperwork.

◆ lack of confidence in understanding consumer rights.

Those whose English was poor, or who had not been in the UK very long did not feel confident to pursue problems with financial providers. They had limited knowledge of their rights and were

wary of the courts or of getting a 'bad name'. This led to people backing away from problems when banks or insurance companies made difficulties, even if the institution was clearly at fault.

In the bank when they make a mistake they hope you cannot understand. White people make more fuss, they are more confident. We do not always know what to say.

We took out a policy for my daughter. My wife got a Barclays account and (paid by) direct debit. We paid three months then after one year the policy people wrote us a letter, saying they had not got any more money. They said the bank was not sending any money and the bank account was closed. Same account that she was drawing money and had always money in. Bank had stopped direct debit because her brother closed his account and has the same address. So they closed his account but her direct debit as well. We lost the policy and the three months premiums (unless we paid all the year at once.) The bank said they would give us a loan (to pay the year's premiums). What can you do. You have to get the loan to pay the insurance people and then pay the loan back to the bank. But it was their (the bank's) fault The respondent refused the loan and lost his premiums. The bank did not offer to reimburse him.

◆ Marital status.

Afro-Caribbean women who were single mothers saw themselves as especially disadvantaged. They found it hard to maintain regular employment as children's needs had to be put first e.g. sickness and found social security payments insufficient to allow for take-up of financial services such as insurance. They also believed that financial institutions were particularly biased against female single parents. This was not seen to be racially biased but may be linked to ethnicity, as census data suggest that there a greater percentage of single parent families among Afro-Caribbeans and Africans than amongst Asian and white communities in Britain. (See Appendix V)

Single parent - it's just a category they put you in.

You have to stop work if a kid's ill - you can't avoid that - or if a baby's very small.

◆ Gender tradition.

Amongst older members of the Asian communities money matters are traditionally handled by men and women are not very involved. Decision-making is left to the husband or close male relative, and many women have little or no knowledge of financial products. This is seen to be changing and the younger generation, educated here, are seen as identical to their white counterparts in their involvement in financial matters.

I like cash I am a housewife, I am not going too much outside.

I don't know because my husband does it all. I don't understand anything.

When I want cash I ask my husband if he will give me some. He has got an account, I just use cash.

We trust our husband. It is traditional that always the husband looks after the finance and the woman looks after the house.

Not many ladies are aware of these things, like what sort of insurances and what sort of pensions are available.

- ◆ positive perception of financial institutions.

Amongst some older and less sophisticated Asian respondents there was an implicit faith in big banks and, to a lesser extent, insurance companies. Such institutions were seen almost to be extensions of national government, incapable of failure, and unlikely to be deliberately dishonest. This perception led such people to tend to go direct to one big company for financial products, rather than seeking independent advice or shopping around.

Usually you go with a bigger company because it is a reputable company

I would just go to a bank - nothing can happen to a bank.

You don't have a problem if you approach the bank.

- ◆ negative perceptions of financial institutions

- ◆ perception of building societies.

The majority of respondents in all groups saw building societies as more approachable than banks. They were perceived to be warmer, more friendly, more human and less racially biased. Many respondents simply sought financial products from the building society they knew best.

The interest is good and the advice is better.

They treat you very nicely when you go in - if you've got a problem or anything.

I've been for advice and he gave me about forty minutes of his time. He was very friendly, he printed everything out and explained it to me. He took the time out to see me - they were more expensive but I got the benefit from them.

When we came to this country we bought the house. Starting we borrowed the money from Abbey National and we've been happy with them so I'd trust them.

- ◆ importance of owning housing.

Amongst the Asian respondents owning a house was seen to be essential, representing stability and a measure of financial security. The buying of a house had extremely high priority and the take-up of other financial products was secondary to a mortgage.

- ◆ role of the family or community.

Amongst ethnic minorities other members of the family or community were the first source of information and advice. People found it easier to trust their own kind to give initial help and advice

than institutions and financial advisers. In addition, amongst Asians, small loans were usually obtained from family members: the process was quicker and simpler and interest was not charged. To some extent community trust extended to choosing a financial adviser and many respondents preferred, if consulting such a person, to go to one within the community: there were no language problems and it kept business within the community. Those respondents with better English and a greater degree of financial sophistication were less likely to adopt such a route.

We can borrow from friends. And we can lend - if somebody doesn't give back then you don't lend again. Your friends don't charge interest.

I had a friend who explained these things to me. And he said it is this and that and it is OK, so I took out the life insurance.

My English is not fine but I can go in my community and find someone to help.

Automatically you look at word of mouth. Who do you know who is in that field? Who do you know who has a relative in that field? That is the first person.

I would rather go to an Indian person. It is better for us who don't understand English. If they explain to us in our language we might trust them more.

An insurance broker is an insurance broker. It does not matter whoever it is .

I would go to special financial people. They can talk in our languages. We can explain to them everything - we can ask what we want to know. Our people we can trust.

My husband would always go to an Asian person for advice only because of the language. I argue and go to an English person and we compare.

CURRENT ACCOUNTS

The principal advantages of current accounts were seen to be

- ◆ access to direct debit

And the direct debit is a big advantage. Sometimes you get so engrossed in work and then you find they are suddenly threatening to cut off the electricity because you have forgotten. I do everything by direct debit.

You can't get direct debit without a current account.

- ◆ postal payments

There's a variety of things like writing cheques to companies that you would otherwise not have access to.

- ◆ a banking 'history'

They want to know if you have a current account and how long it is. They can look at it and see your history.

- ◆ switch cards

I've got one but I don't use a cheque book. I just pay everything on the switch card. It is easier.

- ◆ not having to use cash.

The principal **disadvantages** of current accounts were seen to be

- ◆ bank charges

They try and get their money back in charges so they are making up all sorts of different reasons to charge people.

They put charges on that you don't even know about.

The charges you are not aware of how they work them out.

When they are dealing with you they are profiting from you. They forget that. Why when I have money in my account that they profit from do they charge me service charges. I am not asking for credit or anything but I am still paying for it. They are taking our blood.

- ◆ need to maintain vigilance to avoid overdrafts

I have a building society account because you can't be overdrawn.

You don't get the interest and it is difficult to follow how much money you have got. You can go overdrawn if you are not careful.

◆ 'penalty' charges

If you are careful there is no disadvantage, but if you are overdrawn by one penny they write a letter and charge £27. That is a disadvantage.

◆ banking mistakes

They tried to charge me for cheques I hadn't written. My handbag got stolen...I had money in the account, though I told them to cancel the cheques. They were charging me for the cheques and withdrawing the money. When it went to court they actually had to pay me back the money.

◆ non-visible money leading to overspending

Writing cheques out or paying bills I wasn't so in control of the money as if I had cash.....The easy access to money means you just spend, spend, spend.

The majority of ethnic respondents believed a current account was a necessity nowadays, even if it was little used.

They're making it so you can't move without a current account. Everything is geared towards a current account, standing orders, bank transfers. If you have a savings account they say, 'That's no good, sir'

The absence of a current account was definitely seen as a barrier to some other financial services and advantages:

◆ direct debit

◆ discounts on payment of bills such as gas and electricity

The gas company give you a discount of £7.50 if you pay by direct debit. But if you have no current account you cannot do that.

◆ access to life insurance and endowment policies

There are certain companies that will not entertain you if you haven't got a bank account.

I have a current account but I have never written a cheque. The building societies don't give you a choice.

If you do not have an account you must pay everything in cash. Some things you cannot pay like that - some insurance you see - so you cannot have it.

- ◆ access to private pensions

These things are like insurance. You must pay every month by direct debit, or once a year by cheque in advance. But who can afford to pay all at once.

- ◆ access to certain cheaper insurance policies for house and car where payment was only accepted by direct debit

- ◆ access to mortgages.

I think you have got to have something. Either you have a current account or you could have the money in the building society you have the mortgage from.

- ◆ having a banking 'history'

- credit in various forms e.g. credit cards, hire purchase

I went to hire a van. I gave him £150 in cash and he said 'I don't want cash, I want a cheque and a credit card. ' Immediately my cash isn't saying anything. I said, 'Why?' He said, 'I know from that you are credit worthy.'

I don't know about now but before you couldn't get a credit card without a current account..... They offer you the cards when they know you are a good customer.

- ◆ loans

It is to keep track of you. They always say if you go for a loan or anything, have you got a credit history. They go to your bank and they say he's good for ten grand or he's good for nothing. You ain't no-one without a current account.

I got a loan from Barclays, but I had a job so I got it easily. They saw the money coming in each month.

- ◆ some mortgages

- ◆ communication - information about available financial services, special offers etc.

I got something through the post the other day saying get a gold card. It happens all the time.

When the banks see you putting money in your account regularly the first thing they say is, 'Would you like a loan, Sir.'

Current accounts were often **started**

- ◆ in response to a request from an employer for salary payments

When you start work they say, 'Have you got a bank account?' They want to pay it in there.

- ◆ as a necessary prerequisite of taking out a mortgage or insurance

You get an insurance broker coming to you, the first thing he will talk you into is opening a current account. If he is going to insure you he will need a current account.

Current accounts were usually **refused** because

- ◆ an applicant was unemployed

I had a friend who was on income support, and they were not very keen. She needed a current account because she needed it to get her grant and giro paid in. She had to get a letter from the DSS.

You should still be able to get an account even if you haven't got a job. Why should I not get one just because I haven't a job. I still need one, but I can't have one without a job.

Once you are unemployed you can do nothing - you cannot have a loan, or open a current account. First question - do you have a job.

- ◆ an applicant had a bad credit reference

Nowadays problem is if you want to open an account you can't just do it. You need a credit reference. If you are a defaulter then you will not get it.

Current accounts were usually **closed** because

- ◆ the holder got into financial difficulties

On occasion accounts were closed for seemingly trivial or easily solved problems. Where this happened, respondents felt that it was related to their ethnic origin, and that white people would have been treated better.

I had an account and it went overdrawn by £54. They wrote to me and said they were closing the account. They didn't write and say I was overdrawn. And I had actually just sent them a cheque to pay it off.

Current accounts were seen to be so essential that they were often kept open even though they were currently dormant.

Some older respondents, whilst recognising the need for current accounts, did not like to write cheques or use a debit card. They used the accounts for direct debits and the occasional postal payment but preferred to handle their day-to-day financial matters on a cash basis.

Afro-Caribbean respondents were more relaxed about the concept of having a current account than Asians, even though they had experienced just as many problems. On the whole their level of sophistication and familiarity with bank accounts was greater than the other respondents. Amongst the Asian groups, a determining factor in acceptance of, and familiarity with, bank accounts was length of time in the UK and experience of the English education system.

The need to keep a careful watch on a current account was a constant worry to many respondents who felt they lacked the sophistication, education or time to do this. Penalty charges were seen as very high and not negotiable and only served to compound the original debt problem. Cash was much simpler.

Sometimes you go a bit over, and you've gone over by a pound and they charge you £9 a day.

When you are in debt they send you a letter. And it costs you more to be in debt. You get another debt before you get the first debt out of the way. It's pretty senseless.

Loans

The great majority of respondents strongly believed that members of ethnic minority groups were at a disadvantage when applying for a loan, in comparison with the indigenous 'white' population. Disadvantage was based on:

◆ prejudice

I think so (they are prejudiced). They ask you questions that are not related, like can you work out VAT. What has that got to do with anything.

Borrowing money for non-whites is very difficult... They want your house as security, even though I have to put in 50% myself. Some people only have to put in 10% or 15% and they get their loan and everything.

They asked so many personal details then they said, 'We are sorry we can't give you the loan.' I said 'I have been banking with them for so many years - can you give the reason.' They said, 'Sorry, we can't give the reason.' I was very irritated.....We were getting no answers, we had no bad records from any banks. I can't tell if it was discrimination.

◆ the tendency for ethnic minorities to have low or insecure incomes

If they know you've got a paycheque coming in every time they are quite happy.

It is difficult though if you haven't got a job. They want to see a good income to get a loan.

If you have been unemployed they do not ask the reason why - like you are going back to education. It is like you have got black marks against your name. It is very difficult to get a loan. I am trying to improve my home and it is very difficult.

- ◆ inadequate banking history or poor credit references

I was blacklisted once for not paying a credit card bill on time. I went for a loan and they stopped it straight away.

If you miss only one payment you are in trouble. Once I failed and now I won't get another one (loan).

Once you have a bad credit reference your life is finished in this country. Whenever you apply for a bank loan or something 'I will look at your credit reference.'

- ◆ lack of financial knowledge on the part on ethnic individuals

I tried to get a loan. It should have been reducing method, but he gave me a fixed amount. At that time the rate was 15-16% - he gave me at 14%. It was over five years and the rate fell, so fixed I paid a lot of money. He didn't give me the best advice.

The outcomes of this disadvantage were seen to be:

- ◆ higher risk of refusal

- ◆ higher interest charged

I went to Lloyds. He thought I was too young.....He said, 'You can have a loan but at 17.5% and no lower, because I looked too young. That is not an excuse is it.

I know for a fact that they charge us higher interest when we go for a loan. They take the same security but they charge maybe 1-2% more. This I do know because it has happened to me.

- ◆ greater security required

And they want a lot of security - too much. You go to take out a small loan and they want your house as security. You'd have to be crazy.

They ask for loads - your house, your policies. It is not necessary to give them all that....because if you are borrowing £50,000 and your house is worth £250,000, they don't need to have your policy to get that money back.

As a result of their perceptions and the experiences of themselves and others, many Asians preferred to try and borrow money from within the community. Bangladeshi reported that this was difficult for them, particularly since the recession, as the whole community was poor.

If I need money quickly I would go to my friends and relatives. We like to help each other and we do not charge interest. But now, since the recession, we are all poor.

Within the Afro-Caribbean community there was little tradition of borrowing from one another. This may be due to the fact that the strength of loyalty to family and community is not as strong as within the various Asian groups.

A minority of respondents did not believe that the refusal of loans was based on prejudice. They argued that the banks were in business to lend money, and relied for decision-making on an individual's banking history regardless of his ethnic origin. However they tended to agree that there was prejudice in the employment field, which led to ethnic minority members having low-paid jobs or more periods of unemployment, which in turn led to an inadequate banking history.

There was a time when the discretion of the bank manager used to apply. Over the last five years that has changed - they are told what to do and the rules are not always clear. If I keep my account fairly good all the time then he might offer a loan for so much. That is not a favour, they are in the business.

Most of them are just doing business, business for white people or black people or whatever. Business in business.

Those respondents who had successfully acquired loans believed that it was then easier to get more and bigger loans, even if they did not want them.

Why, when you already have loan, do they send you letters every day, 'Borrow this money.' 'Have this credit card.' They want you to be in debt, they exploit you.

I've always found them easy to get. You could get carried away. Once you've successfully paid off a loan it seems that the amount you can borrow is virtually limitless.....You get lots of better sorts of offers coming through.

You get more information about types of loans, credit cards, all of those things. I am getting more of this information now than when I did not have a loan.

SAVINGS ACCOUNTS

All respondents demonstrated a genuine desire to save money when they could, even though it was often difficult.

The principal reasons for saving were:

- ◆ a hedge against future needs or problems such as unemployment
My husband has one. It is for the future, the children's weddings and when we are old.
- ◆ past experiences of difficulties e.g. expulsion from Uganda

- ◆ future of children

For the future, for our children, for their education.

Might be for the kids - when they grow up. If they want to study.

One for my daughter in the Abbey National. I put the child benefit in there.

- ◆ specific events e.g. weddings, visits to place of origin

The principal reason for not saving was:

- ◆ lack of spare money

We do not have one because I am not earning and there is not enough spare.

If you have spare money you might put it in a savings account, but I am unemployed so there is no spare money.

Most respondents had very simple savings, usually with building societies, where money was deposited on an occasional basis when it was available.

Only a very small minority had started schemes such as Fixed Rate Bonds, Tessa's and PEPs (3 in total) Such schemes were seen to be unsuitable for many members of ethnic minorities.

The principal problems were:

- ◆ lack of understanding
- ◆ a high initial investment in some schemes

It is very difficult to open an account. They wanted a minimum deposit of £500.

- ◆ no steady flow of spare available income

I had one (Tessa) but when I lost my job I stopped it.

- ◆ insufficient income to experience a tax benefit.

The broker tempts you to take it because you are saving on the tax. If you are in a high bracket, then you are saving the tax. If you are putting only a small sum away there is not so much point.

- ◆ fear of tying up money for a fixed period

You can't take it out, and that's the minimum - 5 years.

Most of the time I don't save that much money. If I want something to buy I get the money and buy it.

- ◆ lack of personal control - the investment basis of schemes such as PEPs was too risky and out of their control

I would rather save it myself. I have always been more interested in keeping an eye on my money myself. You have more options...if it in one place then I can't do anything with it.

Because they did not look for complex savings schemes, respondents did not require much information about saving. The most usual sources of information were the building societies or friends.

I went to the building society and asked to speak to someone. They answered my questions. My friends. I would ask what account they have got and what interest rate they get.

Most respondents found it impossible to calculate the interest due and had to trust the figures produced on their account.

But if you are putting your money in and taking some out in a month's time you don't know how to calculate the interest. Whatever it comes to we accept it.

- ◆ Interest and Islam

Muslim respondents (Pakistani and Bangladeshi) believed that, according to strict Islamic law, the taking of interest was 'haram' or unlawful. Amongst the 28 Muslim men and women interviewed none would refuse to accept interest, but they demonstrated varying degrees of comfort with the concept, according to how observant to the religion they were. It was generally agreed that nowadays only someone who was very devout would refuse interest.

Some people who are very religious, as soon as they hear 'interest' say it is haram. Finish - without thinking what it is.

If you got £600 for that year, can you really see anyone, no matter how good a Muslim, is going to hand it over. They might hand part of it. I might give part of it to charity, but I wouldn't give all of it.

The main arguments for accepting interest were:

- ◆ the world has changed since the Koran was written 1400 years ago

It should not be named interest, it should be something else. Interest was formulated 1400 years ago. There were no banks, no financial system and the name has been carried on to today.

If you say interest is haram, then the jobs in the banks are haram, building societies are haram, and all the associated professions, legal profession, they are haram. And they must all give up. You are going to stop the world.

If you go according to the Koran it is a different way of living that unfortunately cannot happen now. If you want to run towards what the Koran says, it is a hundred per cent what he says, but the time is different now. That time there were no bombs, only swords and fists.....You look after your religion but change with the time.

- ◆ 'interest' in the Koran can be seen to refer to making a profit from lending money for necessities such as food, not lending to business

Interest used to be when you gave somebody money to eat or for essentials, and you are forcing them to pay whatever interest. Live or die he pays you interest, and he is putting himself in more trouble.

- ◆ the interest is paid by a big company who have made a profit, not an individual.

We are putting the money in banks, who are advancing the people who are in business, and will make a profit.

- ◆ the interest need not be used for luxuries that you do not need

First I come in this country and I had an account, and I did not want to be eating from interest money.....I paid that money into the mortgage

- ◆ it is possible to belong to the religion without being strictly religious

Everyone is in the religion but not everyone is religious.

INSURANCE

House contents insurance

House contents insurance was accepted as an excellent idea, in principal, by the majority of respondents in all the ethnic groups.

The main reasons for no house contents insurance were:

◆ **lack of available money**

I don't, I can't afford it. It worries me, but if you can't afford it you can't afford it.

These things are necessities now but the first thing is to feed your family.

Where I live in N15 for me to insure is high risk, and I don't know how much I would have to pay, so if it goes it goes.

◆ **nothing worth paying the premiums for**

What I have they can steal - it is worth nothing.

I do not have contents insurance. I cannot afford it. Also if I had anything worth stealing I would have sold it.

◆ **someone always in the house - Asian groups**

At the moment I'm at home all the time so I didn't bother. Now I'm doing a part-time job so maybe in the future I will take it out. You're not secure if you go out.

There was a widespread belief that members of ethnic minority groups paid higher premiums for house contents insurance because they:

◆ **tended to live in high risk inner city areas - all groups**

They do charge you more depending on the postcode and the area.

There is a lot of difference in where you live. The premiums are high because there are a lot of break-ins.

◆ **were perceived by insurance companies to be dishonest - Afro-Caribbeans**

If they ask you what is your ethnic origin and you put black they're going to charge you more. What is it - they think we're all thieves or something.

Life Insurance

With the exception of Gujarati women only a minority of respondents in each group had any form of life insurance.

The main reasons for not taking out life insurance policies were:

◆ **lack of available money**

I don't want insurance because I can't afford it. I've got three children that I have to look after.

- ◆ fear of having to discontinue policies and losing money - because of their pattern of employment many respondents saw themselves as particularly vulnerable to this

Once you stop working you lose quite a bit. That is a reason not to do it.

Everything is fine if you are working. But if you stop then all these things, pension, insurance, you cannot pay them. And you lose so much, just when you need it.

- ◆ distrust of insurance companies and brokers/agents

Over the country more than 3 million people have been mis-sold.

If you go to brokers they rob you.

- ◆ lack of policies flexible enough to fit lifestyle

They should develop a policy that if you have to take two months leave then it would not affect the end result. It would just be frozen for that period then it would start accumulating again.

If they could have frozen mine for a period of time then I would have been OK.

Where life insurance had been started it tended to be term or whole-of-life, because these were cheaper, shorter term and easier to understand.

Many respondents were wary of endowment policies, partly because they did not understand them and therefore found it difficult to choose the right one, and partly because they had received a 'bad press'.

If they haven't managed the fund properly then you are a loser.

The main reasons for stopping policies were

- ◆ insufficient income, often linked to a period of unemployment

I have stopped my endowment policy when I lost my job..... Unfortunately I didn't get a good deal. Quite a lot less than what I paid.

I did get a bit of money back, but not very much. It just became too expensive though.

I stopped one because I couldn't afford to keep up with the payment. I had just started work and it was over 25 years. I said, 'Blimey, I can't see 25 years coming up so I stopped it.

- ◆ a belief that the policy was a waste of money, perhaps because it was the 'wrong one'.

You don't see anything coming back from it. One of the things that we like to see is an end product to what we have paid out for.

I had insurance that was supposed to last for ten years, but I couldn't last that long. Anyway if I die what is the money for. I needed it at the time.

Certainly some respondents had experienced difficulties with keeping up policies and had been dissatisfied with the surrender value, but it is not possible to say whether this is to a greater extent than in the white population of similar economic status.

There was a widespread distrust of insurance in general and insurance brokers in particular.

The principal complaints were:

- ◆ poor return when a policy was stopped - much less than expected

I had paid £700 but then I could not afford it. I got back £300. They had my £700 and they must have made some interest on it, so why did I lose £400?

Well I got nothing and when I thought about it I should have kept it going.

- ◆ clauses in the small print which were always in the company's favour

Sometimes you don't get the money anyway. They are too clever.....there is always the small print on the bottom.

They play on you, don't they, because they know you don't read the policy.

- ◆ not being sold the best policy - agents sold what gave them the greatest commission.

The more independent they are the more I am likely to take on board what they offer.

- ◆ lack of understanding because of inadequate English - the situation was ripe for exploitation

I had a ten year endowment policy. When it came to the end of ten years they said the money now has got to go into a twenty year pension policy. Then you will get that money. I told them that when I opened it the person says to will be ready in ten years. They just said, 'No, sorry, that was wrong, you should read the paper. I couldn't afford to carry on.

- ◆ too many products to choose from

- ◆ where to go for good, honest advice.

There was not seen to be any element of negative racial prejudice in the selling of insurance. Companies had nothing to lose and were seen to be keen to sell their products to anybody. Respondents sometimes felt they were besieged by people trying to sell them policies they did not want and could not afford. It was pointed out that many ethnic minority members were the perfect customers - they had a high risk of becoming unemployed and surrendering their policies, thus making money for the insurance companies.

The companies work on the principle that there are going to be huge numbers of people who pay in all that money and then fall by the wayside..... They don't communicate and it suits them not to.

MORTGAGES

Owning a house was of high priority to Asian respondents and available money was used to obtain a mortgage in preference to other financial products.

Respondents, with the exception of Afro-Caribbean women, reported few problems with obtaining mortgages, or maintaining them. Two Bangladeshi men had lost their homes in the recession, because they were held as security for small businesses that had failed.

Mortgages were seen to be relatively easy to obtain because the mortgage holder always had the house as security.

With mortgage there is usually no problem. They have the value of the house and they lend you what you can afford.

They can repossess it and sell it. They make a profit on it still.

The main barriers to obtaining a mortgage were:

- ◆ lack of employment - those who had mortgages had started them when they were in work

Without a job who will give you a mortgage?

- ◆ saving sufficient money for a deposit
- ◆ being a single, female parent - Afro-Caribbean women believed it was much more difficult for a single mother to obtain a mortgage than for other categories.

We can't get one even if we tried. If you are unemployed or students you don't qualify. They have categories.

They do not want to give mortgages to single mothers - they see you as a risk. The men can get them. But you are the one left with the children - you need a house.

The majority of respondents preferred a repayment mortgage because:

- ◆ they were seen as safer - problems with endowments had been reported in the press

In the long run repayment will be better.

For them they make more commission this way - but they do not tell you that with endowment there is a risk.

- ◆ they were easier to understand
- ◆ seeing the amount reduce gave a greater feeling of security

You have to think, because after your fifteen year period, your repayments finish. (With endowment)..your interest is god knows how much. You never finish.

Although repayment mortgages were generally preferred, they were not widely promoted. People felt they were pushed towards endowment linked mortgages.

He just told me about endowment, he never told me about repayment he tried so much to get endowment ... because he made more commission

PENSIONS

Only four respondents currently had private pensions. A further two were in company pension schemes.

The main reasons given for lack of private pensions were :

- ◆ no available spare money

I don't have one. It would be nice but there is no extra money....especially the Asian people. I don't think they could afford to pay another extra £50 on top. We're just surviving and sometimes we have really bad times.

Yes, a pension is a good idea, but I cannot afford it, I cannot even afford life insurance.

- ◆ reluctance to plan so far ahead

You don't think you are going to get old. It's only when you have kids and then you start to realise ... when you are young you can't see the need for it. Some of these things they say 15-20 years. When you're young that's a lifetime.

A pension is too long. You have to pay the contribution for such a long time. You can't take the money out.

If you start when you are twenty and you get long term ill or disabled you should not have to wait until you are fifty-five. Fifty-five is too long.

◆ difficulties of understanding/choosing the right product

Once you make a decision it is hard to judge what is the right one.

It's mind-boggling - you can't remember. It's too much.

If someone could explain to me in my own language then I would be happier. Someone to help me choose.

◆ nothing immediate to show for the payments

If you could actually see where your money was going. Once you're giving it away you can't see it.

◆ recent bad publicity

It was a shock, especially as there were people leaving the state pension scheme.

My sister took out a personal pension - now she is trying to get back to that (the state pension). It is so confusing she can't rectify it.

I would not buy a pension from an insurance company. There are so schemes who have already gone bust.

◆ fear of poor returns

I know someone who had a pension and they didn't get very much out of it. It is not worth it.

These people shelling out all these years, and that amount (at the end) is a pittance. That is a big factor. Your return isn't fantastic unless you're investing a lot on money.

◆ lack of flexibility to suit lifestyle/problems

I am unemployed now and I've got a private pension scheme and they've put it on hold for me. In the long run I don't know how that is going to affect it. I may have to top up my pension.

It is just like pensions. I had one when I was working and I paid for eight years. I couldn't afford it when I lost my job. Now it is finished but I won't get that money until I'm 65. I personally think there should be something if you lose your job - protection.

A minority of respondents, who tried to keep in touch with financial matters in the political sphere, had doubts about the state pension scheme, and felt that private pensions were advisable if they could be afforded.

The way things are going now I would advise any youngsters to take out a private pension scheme.

It is a good idea for the future if you can afford it.

CREDIT

For people on low or insecure incomes credit cards were seen as dangerous and best avoided. Any advantages were easily outweighed by the disadvantages.

The principal disadvantages of credit cards were:

◆ high interest

Even if you are late by one day they charge you a substantial amount. For one day they will charge you a whole month's interest.

Yes, the interest is too much for me to pay.

When I checked up how much interest I was paying I was paying an astronomical amount.

◆ temptation to overspend

If you've only got cash you can say, 'I've only got this much so I won't buy anything. Credit card is too easy - you spend too much.

If you have cash in your hand you know how much is going out.

I don't ask for credit. I don't trust myself. I don't want to be tempted.

I had a Barclaycard which I destroyed, mainly because I never seemed to be able to pay the sodding thing off. I admit I was a bit extravagant. At work you get paid at the end of July for two months - July and August - so I just took that money and cleared the card and I've never had one since.

I used to have one when my hormones were running loose. I had that uncontrollable factor. I would just go mad.

- ◆ against tradition for Asians to buy what they cannot pay for immediately

I would rather save up and buy it with cash than pay with a card.

It is very bad. You don't buy the thing if you can't afford it. You have to look after yourself first. Don't buy it - control yourself.

- ◆ risk of incurring a bad credit reference

Say I have three cards from Barclays and I can't pay the whole amount together. Then I am in trouble.

Those respondents who currently had credit cards preferred to pay them off each month to avoid incurring interest.

My husband has one but he pays it off before the interest.

You have not to let it go up. When they send me a bill I pay straight away.

A small minority of respondents had credit cards withdrawn in the past because of non-payment. Such behaviour on the part of credit card companies was accepted as reasonable and was not linked to any perception of racial prejudice.

Although a small minority of respondents had applications for credit cards refused, the majority felt that it was all too easy to get credit. Once an individual had a credit card, he was constantly being approached to take out a bigger credit limit or more cards.

Once you have a credit card they're all sending you letters asking you to get more cards.

Credit references

All respondents were extremely worried about the possibility of acquiring a bad credit reference or a County Court judgement against them.

Their main source of anxiety was that a bad reference, once acquired, could never be removed. They did not trust the system and believed that even if a debt was subsequently paid they would

never lose their bad reference. Recent television advertising had done little to reassure them. Dealing effectively with credit reference agencies required a degree of confidence and a mastery of English that many of them lacked.

Once you have a bad credit reference you are a dead man - you are finished.

APPENDIX I

GROUP	No. not working	Own current ac.	Joint current ac.	No current ac.	Saving ac.	Tessa, PEP etc	Private pension	House contents ins.	Life ins. etc
Guj. women	6	1	7	0	7	1	1	6	
P'jabi men	1	5	0	2	7	1	1+2 co. pension	4	3
A/C women	6 inc. 3 studying	3	0	5	6	1	0	2	
A/C men	3	6	0	2	7	0	1	2	
Pak. men	5	5	0	2	5	0	0	0	
Pak. women	3	1	1	4	5	0	0	0	
B'deshi men 45-60	7	5	0	2	6	0	0	0	
B'deshi men 30-40	6	2	0	6	5	0	1	0	

APPENDIX II

Occupations of respondents

Gujerati women - shop asst., clerk, 6 unemployed/housewife.

Punjabi men - 2 factory workers, labourer, painter, carpenter, shop asst, 1 unemployed.

A/C women - hairdresser, 6 unemployed including 3 studying part-time. All heads of household.

A/C men - welder, clerk, mechanic, domestic appliance engineer, s/e selling CDS, 3 unemployed.

Pakistani men - factory worker, restaurant worker, 5 unemployed.

Pakistani women - nursery nurse, care attendant, shop asst., 3 unemployed/housewife

Bangladeshi men (45-60) - all unemployed

Bangladeshi men (30-40) - 2 sewing machine engineers, 6 unemployed

APPENDIX III

Notes on moderation and recruitment and brief group summary

Gujerati women

No problems with recruiting. Group conducted principally in Gujerati. One respondent had owned a Post Office for some years, and took a keen interest in money matters. The others left managing money to their husbands and knew few details of what insurances/pensions their spouse had. They were happy to talk but could give little detailed information about savings, insurance etc. The majority were rather vague about how certain insurance policies worked.

The most affluent of the groups, with all but one with a husband in secure employment, and one widow. Their concerns about financial matters were minimal as they left all decision making to their husbands. They were kept informed and approved the general principles but did not help choose products. They were concerned for the future of their children. They were somewhat reluctant to attribute problems to prejudice, preferring to ascribe them to problems of language.

Punjabi men

No problems with recruiting. A very lively and noisy group, conducted partly in English and partly in Punjabi. All except one spoke reasonable English, but some had problems with reading. Happy to talk about all subjects, although saw themselves as ill-informed and fairly unsophisticated about complicated financial matters. One respondent was very quiet at first, but the others encouraged him to join in. They understood all the questions.

Members of the group took their responsibilities as family men seriously and as most were working they had explored various financial products. They were very concerned about their inability to choose the right products, partly because of inadequate English but more generally through their own perceived naivety.

Afro-Caribbean women

No problems with recruiting. Very grateful to receive the incentives. Quiet at first, but then very noisy and interactive. Seemed to have good understanding of financial services. One, an ex-teacher, took a great interest in money matters and read financial pages in the papers. The others were not so involved, but as they had no language problems had acquired a good knowledge of what was around. Saw themselves as confident and sophisticated enough to tackle problems with banks etc. Not timid.

Members of the group were extremely concerned about racial prejudice towards Afro-Caribbeans, which they saw as widespread in the financial and employment world. They were all single mothers with little disposable income who found it hard to manage their day-to-day financial matters and had no spare income for such things as insurance or pensions. One of their main concerns was the need for a mortgage, which they found difficult to obtain. As single, black mothers they thought they were strongly discriminated against in many financial aspects.

Afro-Caribbean men

Cheerful, noisy group. All joined in and contributed. Two or three with little or no education said that they did not understand finances or insurance etc., but the others had no problems with any of the questions. Very willing to discuss all the details of their financial ups and downs.

Their principal concern, like the Afro-Caribbean women was the racial prejudice they felt around them in the financial and employment world. They had a great mistrust of financial institutions and their agents.

Pakistani men

Somewhat difficult to recruit. Suspicious when told they were to talk about money matters. One very aggressive at first, demanding to know who the client was and whether the research would ever be used. Insisted on reassurance that everything was anonymous. Respondents debated a lot with each other, with no feeling of needing to agree, but respected each others views. Group conducted mostly in English, at their wish, with occasional incursions into Urdu for extra explanation. Reluctant at first to discuss religious stance on interest, but then became very involved with much heated argument. Knew very little about private pensions. Two were very articulate and intelligent, despite never having been to school, and had sophisticated views of the financial world. Others were much more naive.

The men were concerned about their own poverty and their inability to provide for their families as they would wish. They recognised the value of such things as insurance and pensions but could not afford them. They were deeply distrustful of financial institutions

Pakistani women

Difficult to recruit. Did not want to come and took a lot of persuading. Shy and rather reticent apart from one, a nursery nurse, who was very articulate. Enjoyed the group once they settled down, but were fairly naive and uninformed about money matters - left such things to their husbands. Knew very little about pensions or insurance policies. Some had problems understanding the difference between Switch and credit cards. Group conducted in English, with occasional Urdu

Like the Gujerati women they left the concerns about money matters to their husbands. They did not believe in credit. They trusted building societies more than banks, and preferred to look inside their own community for help.

Bangladeshi men (45-60)

Very difficult to recruit. Group fell through twice when people did not turn up. Very wary that the whole thing was some kind of Govt. check-up - perhaps DSS or Inland Revenue. Group conducted in mixture of English and Bengali. Some seemed to have a standard of intelligence/understanding well above the kinds of jobs they had done, and there was a lot of bitterness about racism in employment. Two had lost businesses and homes in the recession. All were very keen to work and

ashamed of their current unemployed status. They felt very let down. Understanding of money matters was mixed, varying from the competent to the naive.

All of these men were unemployed and it was this and poverty that was their greatest concern. The world of insurance and pensions seemed very far away when their biggest problem was feeding their family and hanging on to their house.

Bangladeshi men (30-40)

Group conducted in English. Again initially very suspicious about why they were there. Some had needed persuading to attend by an older community member. As in the previous group their levels of education and understanding did not match the jobs they had done. Once started very keen to talk. Some clearly did not understand the mechanics of private pensions, and endowment insurance. Six of the eight men were unemployed and could see no solution to their present problems. Like the older men their main concerns were of how to manage day-to-day. They worried about their informal English. They did not see financial institutions as helpful to them, and wished that they would take more trouble with honest explanation.

APPENDIX IV - GROUPS AND FINANCIAL PRODUCTS

Gujerati women

Taking into account joint accounts, this group had the highest incidence of current accounts. All the current accounts were active and were used for direct debit payments and paying by cheque and Switch. This group also had the highest incidence of insurances and savings plans. Although the women did not themselves get very involved in financial matters, the picture they drew of their husbands' activities was one of reasonable financial sophistication and familiarity with financial products. They believed that nowadays only the elderly members of their community had real problems with language. They had experienced some difficulties with loans and mortgages in the past, but believed that, for their community, the situation had improved, because they were known to be businesslike, hardworking, and more affluent than other ethnic groups.

Punjabi men

These men, although relatively unsophisticated financially, took an interest in the financial world, and were keen to acquire certain products when they could afford them. They had experienced some problems with obtaining loans and credit, and their relatively poor written/read English had led to problems with understanding and choosing insurance products. They viewed most financial institutions, especially insurance companies, with great mistrust. Like the Gujerati women they believed that their community was now better accepted by the financial world, making it easier to get mortgages and loans nowadays. They did perceive prejudice against themselves on a personal level from individual counter clerks and bank managers.

Afro-Caribbean women

These women believed themselves, and other Afro-Caribbeans, to be the victims of a great deal of racial prejudice, both in financial matters and in the employment field. They reported many instances of problems with obtaining loans, credit and mortgages, and a high degree of personal prejudice by bank employees - each instance fairly trivial, but upsetting and degrading when on a regular basis.

Because they saw themselves as most like the white population in culture and religion and language, they found the prejudice they experienced as insulting and hard to understand. They did not see this prejudice as getting any less.

Afro-Caribbean men

Like the Afro-Caribbean women their principal concern was day-to-day prejudice on a personal and an institutional level.

The men were reasonably sophisticated in financial matters, probably similar to white men in the same socio-economic groups, and were keen to acquire financial products when they could afford them. They were particularly concerned about the State pension, but were very mistrustful of private pensions because of all the bad publicity.

They reported many instances of refusal of loans, credit and current accounts. Although they recognised that their own economic status was a factor in this, they attributed much of it to prejudice.

Pakistani men and women

The majority of these people were relatively unsophisticated financially. Although they recognised the value of having certain financial products they simply could not afford them. They were also very mistrustful of financial institutions and believed that they would be exploited by them.

Their poor level of literacy in English led to many problems of understanding or choosing financial products, and to problems with banks when mistakes were made.

These respondents did not like the idea of credit. They felt that most financial institutions knew little of their culture and the degree to which, because of the strength of their community and families, they were a 'safe bet' financially. They reported problems of opening current accounts and being sold the wrong insurance policies.

Bangladeshi men

Unlike the Afro-Caribbeans these respondents did not perceive much personal prejudice, but a great deal of prejudice against their community, particularly in the field of employment, which they did not understand. Without the chance to work they did not see how they could ever afford the financial products that they considered important ie insurance and mortgages. These groups had the highest rate of unemployment with only two of the 15 men currently working.

The majority were very unsophisticated in financial matters. They had experienced many problems in their dealings with financial institutions largely because of their poor spoken and written English. They were not interested in credit but were keen to obtain loans to start small businesses. They reported very little success in this area with instances of higher interest rates and greater security demanded. They had little current interest in pensions as their financial problems were more immediate. They were fearful of starting any scheme which might have to cease with attendant loss of investment, because of the problems of obtaining work.