CONSUMER ATTITUDES TO IDENTIFYING VULNERABILITY THROUGH THE USE OF DATA

GfK UK qualitative and quantitative research findings prepared for:

BARCLAYS

September 2018

By Polly Hollings, Debra Crush, Bridget Williams and Adam Green
GfK is awarded registration to ISO 9001, ISO 20252 and is a Company Partner of the Market Research Society (MRS).
We are proud to have been the first mainstream bank to launch a feature that enables customers to control which types of retailers they are able to spend with, giving them the ability to ‘turn off’ spending with certain retail categories such as gambling or petrol. We have also led the way in delivering information on how we can help customers with mental health needs and long term illness. However, we know there is much more we can do and that this remains a critical issue for our regulators, key stakeholders and, most important of all, our customers.

In recent years we have seen a growing interest across the industry in more sophisticated uses of customer data, towards providing personalised products and improving customer journeys. Barclays welcomed the introduction of Open Banking last year, which enables our customers to aggregate all of their financial data in one place using API technology, creating the necessary conditions for new innovations to emerge that can give people more control over their finances. We realise, however, that this can also be scary for consumers, if they are not comfortable with how their personal information is being used.

New ways of using customers’ personal data presents new opportunities for helping vulnerable customers too. Barclays was keen to better understand consumer attitudes in cases where their data could be used to identify potential vulnerability - this might include struggling to meet monthly bills, health issues or risk of fraud. While great strides have been made towards helping vulnerable customers, as this report makes clear, consumer views should remain central in determining the future role that Barclays should play. We have been delighted to work with GfK who were creative and insightful in their approach to this research. Our intention is to contribute to the debate around how we as an industry address vulnerability in a way that places the consumer at its centre.

Foreword by Raymond Pettitt, Head of Retail Segments, Barclays UK

Barclays is committed to helping our customers move forwards and providing support when they need us. We have publically stated our ambition to become the most accessible and inclusive FTSE 100 company and have led the way in innovation for customers with disabilities. We have established a vulnerability policy across Barclays and we design for customers in vulnerable circumstances at the outset.

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1 Executive Summary

BACKGROUND

Consumer data is increasingly being used by banks and other organisations. Reports discussing this issue have recently been published by the Financial Conduct Authority, Which?, the Department for Digital, Culture, Media & Sport and the Department for Business, Energy & Industrial Strategy. These highlight the potential for data use, and the ethical challenges these opportunities present. Barclays commissioned this research to instigate and inform discussion across stakeholders on how and when data should be used by banks to identify vulnerability and intervene. The topics of data collection and use and helping vulnerable customers are of critical interest to many stakeholder groups; this research brings fresh consumer insight to the intersection of these two issues.

RESEARCH METHOD

QUALITATIVE

2 focus groups lasting 2 hours allowing for debate and discussion
16 depth interviews lasting 1.5 hours exploring individual views

QUANTITATIVE

1000 Nationally representative survey of 1000 UK adults
10 Fieldwork conducted via a 10 minute online panel survey

Open, exploration of the topic Quantification of attitudes and views

FINANCES AND MANAGING MONEY

Potentially vulnerable customers

Vulnerable participants talked about lack of savings, high living costs, reduced incomes and debt

“I have got credit cards, I’ve got an overdraft, and store cards and they are all pretty much…there’s not a lot of leeway. My sons are always asking me for money and I can’t give it to them.”

“I’m quite impulsive, I just buy loads of things. I’m quite scatty when it comes to shopping…my finances, they don’t stress me out.”

Non-vulnerable participants spoke in more inspirational terms about finances with financial cushions in place

* Not comparable with vulnerability characteristics identified in the FCA Financial Lives Survey

BANKS USING CUSTOMER DATA

35% By organisations generally
54% By banks/building societies

Very or fairly comfortable with use of customer data to make personalised recommendations to them
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INFORMING CUSTOMERS ABOUT USING DATA TO IDENTIFY VULNERABILITY

Some thought that banks were using data in this way already

“People will know that the bank knows everything they need to about you...it shouldn’t come as a shock.”

Banks should consider three key principles when informing customers of data use to identify vulnerability

1. Honesty
2. Transparency
3. Clarity

“...they’re going to use your data they need to inform you first.”

Preference for an opt-in to this type of data use

Take-outs

- Customer reaction to data use is driven by trust and relationship with the bank.
- People will need clear benefits, information and choice over data use.
- Greater support for banks taking action where data shows actual financial detriment.
- Views are mixed where data shows potential financial detriment or potentially vulnerable circumstances.
2 Introduction

Consumer data is increasingly being used by banks, building societies and other organisations. A number of reports and publications discussing this issue have recently been published highlighting the importance of this topic. These reports and publications have included:

FCA Mission: Our Future Approach to Consumers (Financial Conduct Authority, 2018)¹
This consultation paper discusses what the FCA consider to be their role in relation to guiding and protecting vulnerable consumers in the area of financial services. The FCA argue that banks should seek to identify consumers who are in vulnerable circumstances and put in place preventative measures or offer support.

Data Ethics Framework (Department for Digital, Culture, Media & Sport, 2018)²
This publication details a Data Ethics Framework to inform the design of data use in government and the public sector. The framework focuses on seven core principles: start with clear user need and public benefit; be aware of relevant legislation and codes of practice; use data that is proportionate to the user need; understand the limitations of the data; use robust practices and work within your skillset; make your work transparent and be accountable; embed data use responsibly.

This green paper sets a number of questions for consultation around the future for consumer markets, including the role of consumer data. This addresses the potential for consumer data portability, smart data, and open data that would aim to make better use of consumer’s own data to support consumers in getting the best deals and to ultimately, drive competition. The paper sets a number of questions around ways in which consumer data could be used and how best to implement these whilst ensuring fair use of consumer data, consumer privacy rights, data protection, and ensuring consumers can trust and be confident in data and data use.

Control, Alt or Delete? The Future of Consumer Data (Which?, 2018)⁴
This report details consumer views towards data use noting that consumers recognise that there can be benefits in data use, but many are unsure of any impact that data may have on them, or how to take steps to redress concerns. This report is supported by a consumer data segmentation⁵ identifying 12 groups and demonstrating the range of attitudes and behaviours there are around consumer data collection and use.

These reports and publications highlight the potential for data use, and the ethical challenges that these opportunities present, putting the issue of data use at a heart of public policy.

⁵ https://consumerinsight.which.co.uk/data-dozen
The aim of this research was to understand and quantify:

- Individual views on banks accessing and using customer data to identify some customers as vulnerable;
- Consumer views on their bank’s level of involvement in making decisions on their behalf, particularly focusing on vulnerability;
- The types of frameworks/ tools/ information required to enable consumers to feel confident and empowered by banks’ decision making.
3 Research approach

A combined qualitative and quantitative research approach was chosen for this study:

3.1 Qualitative Approach

The qualitative methods selected for the study were focus groups (each including 6 participants and lasting 2 hours) and individual depth interviews (each lasting 90 minutes). The research was conducted in June and July 2018.

The qualitative sample was designed collaboratively by Barclays and GfK. The key sampling criteria was experience of potential vulnerability. The sample included participants with different experiences of potential vulnerability. This was informed by the FCA research into vulnerable consumer characteristics. Potentially vulnerable consumers were identified according to the following categories:

- **Low financial resilience**: questions in this category included whether participants would struggle to keep up with bills or credit commitments, frequency of being overdrawn, whether increases of £50 per month in their rent or mortgage would be manageable;
- **Low financial capability**: questions in this category included participants perceived confidence in managing money; and perceived knowledge about financial matters;
- **Health issues**: questions in this category determined if participants had a physical or mental health condition affecting their ability to carry out day to day activities and which would be expected to last for 12 months or more;
- **A major life event**: questions included in this category determined whether participants’ had experienced in the last five years an event such as the loss of a job, death of a family member, the breakdown of a relationship, or becoming a carer for a family member

The sample also included a spread of age, gender, bank used, and location (London and Birmingham).

Overall, the qualitative sample was as follows. A more detailed sample breakdown is provided in the appendix.

| Potentially vulnerable consumers | 1 x focus group  
|----------------------------------|-----------------  
| Non-vulnerable consumers          | 1 x focus group  

3.2 Quantitative approach

The quantitative phase of the research was carried out following the completion of the qualitative work, to build upon and further test the findings. The purpose of the quantitative research was to quantify the qualitative findings both at population level, and also amongst vulnerable groups. It aimed to help identify whether the views expressed in the qualitative

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work held true amongst the wider population, which would allow firmer conclusions to be drawn on public attitudes towards actions by banks on consumer vulnerability.

The survey fieldwork took place in July 2018 and collected a nationally representative sample of 1,003 UK adults aged 18 and over with a bank account, with the sample drawn from online panels. Interlocking quotas were in place during fieldwork on both age and gender, and region and social grade, to ensure that the final sample was representative of the UK as a whole. The quotas guaranteed a minimum of 100 respondents in each of the key demographic sub-groups, enabling results to be broken down and reported on in each of these groups. Any remaining sample imbalances following fieldwork were corrected using basic demographic weighting.

Whilst the main purpose of the survey was to understand the views of the general population, the sample also contained a significant number of vulnerable participants. Given the subject matter it was important to pay close attention to the make-up of these groups within the sample. By drawing again on the FCA’s research into vulnerable consumers, we identified the prevalence of each of the key vulnerable groups within the UK. This includes those with low financial capability, low financial resilience, ongoing health conditions, and those that have recently experienced a major life shock. The FCA research identified people within each vulnerability group using a very detailed set of questions. It was not possible to replicate the same detailed approach within this survey, and as such the vulnerability groups were each defined using a simplified approach. This survey identified people with a current or potential vulnerability, and typically used a single question to identify each type. As a result the vulnerability measures within this survey include a broader group and are not comparable to those recorded by FCA, nor is it an attempt to estimate the size of these groups.

Financial capability was identified through asking the respondent to quantify their knowledge of financial matters, and their confidence in managing money. Financial resilience was identified by asking respondents about their ability to keep up with bills and financial commitments without a struggle. Health conditions were identified using ONS harmonised questions on health conditions and illnesses. Finally, major life events were identified using a question from the FCA Financial Lives Survey. More detailed descriptions of the vulnerability criteria are outlined below.

<table>
<thead>
<tr>
<th>Vulnerability type</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low financial capability</td>
<td>On a scale of 0-10, those who placed themselves between 0-3 either on knowledge of financial matters, or confidence in managing money.</td>
</tr>
<tr>
<td>Low financial resilience</td>
<td>Anyone experiencing any form of difficulty, whether small or large, to pay their bills or credit commitments.</td>
</tr>
<tr>
<td>Health</td>
<td>Anyone with a physical or mental health condition lasting or expected to last for 12 months or more, which reduces their ability to carry out day-to-day activities a lot or a little.</td>
</tr>
<tr>
<td>Life events</td>
<td>Anyone that has had to deal with a difficult life event within the past few years.</td>
</tr>
</tbody>
</table>
4 Financial circumstances and attitudes

Participants were often experiencing more than one type of potential vulnerability
A range of circumstances led to many potentially vulnerable participants describing careful budgeting and struggling to make ends meet. Around half of the public say they are potentially vulnerable due to a difficult life event in the past few years, or through difficulties in keeping up with bills and commitments. One in five are potentially vulnerable due to a health condition, whilst one in twelve are potentially vulnerable due to low financial knowledge or ability to manage money.

Mindsets and behavioural biases observed shed light on how finances are viewed and managed
Present bias: prefer to manage money in the short-term, especially where money is tight and it is difficult to think about finances for the future.
Ostrich effect: avoid engaging in financial problems because they lack the ability or confidence to make changes.
Risk aversion: avoid debt or credit often based on negative previous experiences.
Fatalistic outlook: avoid financially planning for the future because anticipate that financial needs/ emergencies are likely to prevent any savings/ longer term planning.

When it comes to managing finances, there are clear differences between potentially vulnerable customers, and non-vulnerable customers
For potentially vulnerable customers finances are a balancing act, can often be confusing, and can be stressful. For non-vulnerable customers there is greater confidence and aspiration around finances, and an appreciation that there is often freedom of choice over how their money is spent.

Gender, age and social grade are important factors in defining confidence in financial knowledge, and confidence in ability to manage money
Men, those aged over 55, and those in social grade AB have the highest levels of confidence in their financial knowledge and ability to manage money. Women, young people, and those in lower social grades all have below-average confidence levels in these areas.

Financial influencers include family, friends, the bank and advisory services
There were both positive experiences (e.g. text messages when near overdraft limits) and negative experiences (e.g. perception that banks restrict access to credit based on personal circumstances) of banks as a financial influencer.

Key facts:
- 8% of the public are potentially vulnerable when it comes to financial knowledge and managing money
- 48% are potentially vulnerable on keeping up with bills and financial commitments
- 20% are potentially vulnerable due to a health condition
- 55% are potentially vulnerable due to a difficult life event experienced in the past few years
- The public feels their knowledge about money matters is fairly good (giving it an average score of 7.1 out of 10), and levels of confidence in managing money were similar (average score of 7.8 out of 10)
46% say they are keeping up with bills and credit commitments without any difficulty, whilst 48% say they have experienced some level of difficulty, either small or large.

4.1 Personal circumstances

Participants with a range of personal circumstances were included across the qualitative research. Interestingly, many participants experienced more than one type of potential vulnerability at the same time: these findings were mirrored in the quantitative research with multiple vulnerabilities reported by survey respondents (see Chart 1).

There was clear interdependency between potential vulnerabilities, for example some participants who had experienced life shocks also experienced low financial resilience as a result. Several participants discussed having to manage on lower incomes due to job loss, loss of pension, or reduction in working hours. Some were working only part time because of ongoing health issues, requiring them to budget carefully and keep a close eye on their finances. Others had become carers for family members, or had experienced relationship breakdowns.

Participants experiencing low financial resilience/capability often struggled to make ends meet and were repaying loans or had other debt. Some were becoming financially established again after recovering from a financial shock or hardship such as taking over the role of head of household finances because of a death in the family. Some parents were supporting their children financially or helping other family members with financial problems.

The following participant stories provide some detail on some of the different circumstances included in the qualitative research.

**Bert**

*Low financial resilience and life shock*

Bert is 65 and was recently divorced. He is now living on his own in a rented flat in South London and only received a financial pay-out from his wife on divorce as their home was owned by her.

Bert was a self-employed counsellor but his income is irregular as he has Chronic Pulmonary Obstructive Disease (COPD). He has found it difficult to manage his finances as his monthly outgoings are high. He is living in rented accommodation and finds that his winter fuel bills are very expensive. He tends to pay bills on demand rather than setting up direct debits as he feels this gives him more control over his finances. As he is not working he has used up quite a bit of his savings and divorce settlement and thinks he may have to start claiming disability benefits because of his condition. He recently changed bank and now has an account without an overdraft. He has a negative view of banks as his last bank used to charge him £30 each time he went overdrawn.
Anthony

Low financial capability

Anthony is aged 46, a bus driver, married with children and living in social rented housing in South London. His financial position is stable, he saves regularly, and he feels confident managing his finances. He has a bank account but only tends to pay for things with a bank card when he feels it is safer to do so. Otherwise he will pay with cash or PayPal if he can. When he needs to pay for something by card he will transfer some cash into his current account. He worries constantly about fraud and has had money taken from his account a couple of times. Although he was refunded by his bank both times, he prefers to deal in cash and talk to his bank face to face if needed.

Jaya

Lower financial capability and low financial resilience

Jaya is a 33 year old female and is in full time employment. She had to move out of the family home due to a change in circumstances and now rents a flat in East London. She struggles with her finances as her rent is high, she is always using her overdraft and so tries to work extra shifts when she can to bring in more money. She has borrowed money from her brother in the past and although she knows exactly what her income and expenses are he is now helping her with budgeting to understand where she can cut back on expenses and how to save money. This is helping her but she still feels that sometimes she is not in control because the cost of living in London is high. Her bank sends her notifications when she is close to the limit on her overdraft and have offered a service, StepChange, to her but she didn’t feel this was helpful in the long run and would have just preferred a more formal overdraft.

The quantitative survey also provided an insight into the personal circumstances of the UK population, through highlighting the prevalence of different aspects of vulnerability. This represents potentially vulnerable customers, based on the definitions outlined in section 3.3\textsuperscript{7}. As chart 1 shows, a relatively small proportion reported having low financial capability (8%), whereas around half of adults reported low financial resilience (48% - experiencing some difficulty keeping up with bills), or significant life events (55%). A fifth (20%) said they have a long-term health condition which reduces their ability to carry out day to day activities.

\textsuperscript{7}Note that these measures were collected using different methods and samples, and shorter question sets than FCA’s recent report, and therefore should not be compared.
There were some interesting sub-group differences related to potential vulnerabilities based on age:

- 18-24s were most likely to report potential vulnerabilities related to financial capability (18% v 8% on average)
- 35-54s were most likely to report potential vulnerabilities related to financial resilience (62% v 48% on average)

Social grade\(^8\) was also an important factor, particularly amongst DEs who were the most likely to report potential vulnerabilities related to financial capability (11%) and financial resilience (59%).

### 4.2 Managing money

**Behavioural biases and mindsets**

When discussing money management and attitudes towards making financial decisions, a number of behavioural biases emerged from discussions with qualitative participants. These can help us understand the ways in which people think about and manage their money. The behavioural biases and mindsets observed were:

- **Present bias**: some participants tended to focus on managing money in the short term rather than thinking about finances in the longer term. This was particularly the case for potentially vulnerable participants who were struggling financially. An example is provided in the following participant story:

\[^8\] [http://www.nrs.co.uk/nrs-print/lifestyle-and-classification-data/social-grade/]
• **Ostrich effect:** exhibited by potentially vulnerable participants who had experienced serious debts in the past, these participants often lacked financial capability and had found it difficult to live within their means or were confused by how to manage their finances efficiently. The following participant story describes one example:

**Barry**  
*Health issues, low financial resilience*

Barry is 43, married, has 3 children and lives in Birmingham. He was diagnosed with multiple sclerosis (MS) 18 years ago and had to retire two years ago because of his condition. He now has mobility issues and problems with his memory. His wife has become the sole household income and had had to work more hours since Barry retired because the household finances have become much more stretched. They find it difficult to save for unexpected bills but tend to focus on finances for today rather than think about the future, as it is difficult to anticipate what the future will look like. He and his wife feel they benefit from interacting face to face with organisations such as their bank who have offered help because of his change in circumstances and because Barry lacks the mental capacity to research options fully. Barry prefers to see things on paper and appreciates constant reminders such as text messages from his bank if he is nearing his overdraft limit.

**Yvonne**  
*Low financial capability*

Yvonne is 50 and works part time due to a health condition. When she worked full time she ended up living beyond her means and eventually the majority of her salary was going towards paying off her overdraft. She got made redundant and ignored letters from her bank as she didn’t know how to solve her problem. Eventually she was forced to repay her debts by a County Court Judgment and is still repaying the debt.

“I am rubbish with finances and I love spending money, even though the idea is to save you work hard and you think, why shouldn’t I go out and enjoy myself, you know, you’ve got a credit card to buy that dress. Other people I talk to say they are in twice as much debt as me, that frightens me”

• **Risk aversion:** this was evident for those who had experienced financial problems in the past who wanted to avoid getting into debt in the future. These participants often had a basic bank account with no access to overdrafts or credit cards as they did not trust themselves to live within their means and wanted to avoid temptation. A risk-averse mindset was also influenced by family values for some participants who had been brought up to avoid credit and did not take out loans or lived within their means.
Fatalistic outlook: whilst some who had faced major financial difficulties had made changes to the way they managed their money some had a more fatalistic outlook to their finances, noting that it was difficult to make and maintain changes because unexpected expenses were likely to arise.

Ability and motivation to manage finances
Clear differences emerged between the attitudes of potentially vulnerable and non-vulnerable participants in terms of ability/ motivation to manage finances. A key thread among potentially vulnerable participants was of having little or no savings due to high living costs, reduced income, repaying debts, struggling to avoid debt, or having to adapt to new situations such as ill-health retirement.

Potentially vulnerable participants typically spoke about the following feelings and attitudes towards managing money:
- **Finances are a balancing act**: finances need to be carefully managed. Some participants felt a lack of control over their finances or having to pay careful attention to their finances to avoid going into debt.
- **Finances can be confusing**: participants noted that it could often be confusing to know how to manage finances or make decisions related to finances. Some also mentioned not knowing where to access money when needed. The following participant story demonstrates this point of view.

"Managing finances since I had to give up work has been a learning curve, I felt scared initially because it took ages to get my benefits sorted out but I'm now getting Universal Credit and PIP. I earned a lot before I retired, and if I can't afford it I don't buy it, I've always been like that. Sometimes you have to tighten the belt. If I hadn't had family to support me I probably would have gone into debt though"

Depth 5, London, health issues
Finances are stressful: some participants spoke about stress and anxiety arising from a lack of money and how to make decisions around how to access money and expressing concerns that they had run out of options. Others talked about the stress of managing on a lower income.

“I am permanently skint, there is always something that needs to be bought, I now have two children so I can’t save like I used to and I need more money for food and holidays”
Group 1, London, vulnerable

“I am on that train, I have run out of track, I have got credit cards, I’ve got an overdraft, and store cards and they are all pretty much…..there’s not a lot of leeway. My sons are always asking me for money and I can’t give it to them”
Group 1, London, vulnerable

Non-vulnerable participants spoke in more positive aspirational terms about finances. These participants tended to have financial cushions in place in case of an emergency, including savings accounts and ISAs, and were more ambitious and optimistic, discussing plans to upgrade their lifestyle or pay off a mortgage. Although none of these participants mentioned being in debt or using their overdraft, they did emphasize the need to manage their finances carefully and live within their means, especially if they were retired.

Non-vulnerable participants typically spoke about the following feelings and attitudes towards managing money:
• **Often able to choose how money is spent**: non-vulnerable participants were grateful that they were often able to spend their money how they wanted to including the ability to spend on impulse.

  “I’m quite impulsive, I just buy loads of things, I’m quite scatty when it comes to shopping, I’ll just kind of grab almost everything and anything and get home and be like ‘Do I really need all this?... my finances, they don’t stress me out’

  Group 2, Birmingham, Non-vulnerable

• **Confident and aspirational**: non-vulnerable participants were also much more likely than potentially vulnerable participants to be more aspirational about the future. This included feeling confident about managing during retirement through to those who were looking to ‘upgrade’ their lifestyles e.g. new home, new car.

It is difficult to explore behavioural and attitudinal biases in quantitative research: instead the survey focused on levels of knowledge and comfort in financial matters, and outcomes such as how well they are keeping up financially.

Overall, UK adults felt fairly knowledgeable about financial matters: when asked to rate themselves on a scale of 0-10 (where 0 is ‘not at all knowledgeable’ and 10 is ‘very knowledgeable’), the average score was just over seven.

Levels of confidence were also fairly high – using a similar scale to above, the average score was just under 8.

Throughout, levels of knowledge and confidence were lower amongst women, 18-24s and those from the C2DE social grades (in particular DEs). The highest levels of perceived knowledge and confidence were amongst 65+s and ABs, though it’s notable that there were no particular differences in levels of confidence by household income.
GfK is awarded registration to ISO 9001, ISO 20252 and is a Company Partner of the Market Research Society (MRS).

Chart 2 – Financial capability

There were few differences in levels of perceived knowledge and confidence based on potential vulnerability. Those who did not report any potential vulnerabilities tended to have higher levels of perceived confidence and knowledge, but this is unsurprising given that these questions feed in to one of domains of potential vulnerability (Chart 3).

Chart 3 – Financial capability by vulnerability

Q12. How knowledgeable would you say you are about financial matters? Please answer on a scale of 0 to 10, where 0 is ‘not at all knowledgeable’ and 10 is ‘very knowledgeable’.
Q13. How confident do you feel managing your money? Please answer on a scale of 0 to 10 where 0 is ‘not at all confident’, and 10 is ‘completely confident’.
Base: All respondents (1,003)

There were few differences in levels of perceived knowledge and confidence based on potential vulnerability. Those who did not report any potential vulnerabilities tended to have higher levels of perceived confidence and knowledge, but this is unsurprising given that these questions feed in to one of domains of potential vulnerability (Chart 3).
A further domain is financial resilience: the extent to which the public feel they are keeping up with bills and commitments. Almost half (46%) said they are keeping up with bills and commitments without difficulties, but a similar proportion (48%) indicated that they were having some degree of difficulty managing, including 8% who say they are falling behind.

**Chart 4 – Keeping up with bills and commitments**

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am keeping up with all bills and commitments without any difficulties</td>
<td>46%</td>
</tr>
<tr>
<td>I am keeping up with all bills and commitments, but it is a struggle from time to time</td>
<td>27%</td>
</tr>
<tr>
<td>I am keeping up with all bills and commitments, but it is a constant struggle</td>
<td>13%</td>
</tr>
<tr>
<td>I am falling behind with some bills or credit commitments</td>
<td>5%</td>
</tr>
<tr>
<td>I have fallen behind with many bills or credit commitments</td>
<td>3%</td>
</tr>
<tr>
<td>I don’t have any bills or credit</td>
<td>3%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>1%</td>
</tr>
<tr>
<td>Prefer not to say</td>
<td>2%</td>
</tr>
</tbody>
</table>

Q16. Which one of these statements best describes how well you are keeping up with your bills and credit commitments at the moment?  
Base: All respondents (1,000)

Once again, the oldest age groups and AB social grades were the most likely to say they are keeping up with bills and commitments. There were no significant patterns in response based on other potential vulnerabilities.

### 4.3 Financial influencers

The qualitative research identified four principal groups of financial influencers (shown in no particular order):

- **Family**
- **Friends**
- **Bank**
- **Advisory service**

The most commonly mentioned type of influencer was families; partners, parents, siblings and children. Families were often a source of advice when making financial decisions, providing financial and/or emotional support, and potentially financial knowledge, through periods of insecurity. Some also shared confidences with friends if they were in a similar or worse situation. There was also mention of using online sources such as moneysavingexpert.com for information about financial products.
Another key financial influencer was the bank. Participants reported a range of both positive and negative experiences of banks as financial influencer. Several spoke positively about receiving reminder text messages from their bank, such as to inform them that they were near their overdraft limit or asking them to confirm a payment was legitimate before authorising it. Participants appreciated these actions, as they were helpful in managing finances. These were also considered examples of the bank behaving responsibly to protect customers. Several potentially vulnerable participants had also received payment breaks from their bank or had overdraft charges waived during a particularly challenging period in their lives.

However, several potentially vulnerable participants felt that their bank had been too restrictive in terms of offering them products that would ease their financial situation. In a couple of cases, potentially vulnerable participants perceived their bank to have exacerbated their financial difficulty by increasing their overdraft which had resulted in them becoming more in debt, or that their bank had not been proactive in terms of helping the customer to improve their financial situation.

Some potentially vulnerable participants were influenced by advisory services. Whilst there was some general knowledge of these organisations, specifically StepChange and Citizens Advice, only a few participants had ever used them. Those who had experienced these advisory services reported positive results, helping participants devise and negotiate a plan to deal with their debt, which the bank had not provided. A couple of participants
were also aware of the Financial Ombudsman, and only one of these had escalated a complaint to them.
5 Attitudes towards banks

There is greater trust in banks amongst those with positive personal experiences
Those with positive personal experiences are more likely to believe in the potential for banks to intervene to help potentially vulnerable customers. Those with negative personal experiences alongside general perceptions that banks are only interested in commercial gain are sceptical about how and why banks would help customers.

Opinions are divided when considering banks’ motivations
A quarter think that banks are mainly focused on their own interests, and a similar proportion think that banks are mainly focused on their customers’ interests. Men and older people tend to be more skeptical about banks’ motivations.

There are mixed views towards banks using customer data
Those positive towards banks using customer data saw it as an opportunity for banks to tailor product and service recommendations with the aim of benefiting and supporting the customer.

Negative views towards banks using customer data are driven by sceptical views regarding why and how banks would use customer data. There are also a range of concerns including: banks using data to restrict customer access to products and services; banks targeting demographic groups (e.g. low income groups); how data could be shared with third parties; accuracy of customer data; and potential data breaches.

Banks are more likely to be trusted to use customer data responsibly than other organisations
The public report higher levels of comfort with banks using customer data (e.g. to make personalized recommendations) than for other organisations.

Of commercial organisations, banks are the most likely to be trusted to keep personal data secure/private, and use personal data responsibly. Only the NHS and healthcare providers are more likely to be trusted.

Men and younger people are more likely than their counterparts to feel comfortable and trust banks with their personal data.

Key facts:
- 24% think that banks/building societies are mainly focused on their own interests, and 29% think they are mainly focused on customer interests.
- 54% feel comfortable with banks using customer data to make personalised recommendations, compared with 35% who feel comfortable with other organisations doing this.
- 61% say they trust banks to keep their personal data secure and private: similar to the proportion saying this about the NHS/healthcare providers (60%)
- 56% say they trust banks to use their personal data responsibly: only the NHS/healthcare providers scored higher (63%)
5.1 Positive attitudes towards banks

Across qualitative participants, positive attitudes were based on positive personal experiences including:

- Proactive responses from banks following suspicious activity on the customer’s account.
- Access to features that helped them feel more in control of their finances including text message alerts (regarding balance and overdrafts), online banking and banking apps.
- Signposting to appropriate sources of support.

These participants felt that they had a good relationship with their bank and were more likely to trust banks generally. They were more likely to believe in the potential for banks to intervene to help potentially vulnerable customers, using key words such as “safeguarding”, “social responsibility”, and “moral duty”.

5.2 Negative attitudes towards banks

Negative attitudes towards banks cited by qualitative participants were based on overall negative perceptions of banks as well as personal experiences. This included:

- The perception that banks are first and foremost commercial businesses concerned with making money and profits, with a priority to sell products regardless of whether this was appropriate for the individual customer.
• Perceived lack of a relationship between participants and their bank often leading to a low level of trust in banks. Mentioned by some older participants and those who preferred face-to-face interactions with their bank. These participants were nostalgic about the personalised customer service and close relationship they had with their local branch years ago.

• Experiences amongst those who were/had been in a difficult financial situation and had not received the help and support they would have liked from the bank or had felt their bank had exacerbated their situation. The participant story below shows this type of situation:
Overall, those with negative attitudes towards banks tended to be cynical of the bank’s motives in helping customers, questioning if banks can be trusted to act in the best interest of their customers and if banks target vulnerable individuals to make money out of them.

Before addressing more complex issues around the use of customer data by banks, the quantitative survey sought to identify general views of banks’ motivations. All were asked to think about banks in general say whether they thought banks worked in their own interests or in customer interests. There was no clear viewpoint here, with the middle category (4-6) most commonly selected (by 43%), but with approximately equal proportions indicating that banks focus on their own interests (24% gave a score of 0-3) or on customer interests (29% gave a score of 7-10). The average score (out of 10) is just over 5, with a higher score suggesting that banks are more motivated by customer interests.

Chart 5 – Public opinion on the priorities on banks

Men are somewhat more sceptical than women (the average score for men is 4.9, and for women it is 5.2), and older people more sceptical than their younger counterparts (the average score falls from 5.4 amongst under 25s to 4.7 amongst 75+s). Amongst potentially vulnerable consumers, the average score is very similar to the average at 5.0 (v 5.3 amongst consumers who aren’t potentially vulnerable). However within this, those who report low levels of financial capability are more sceptical than average about bank motivations (average score of 4.3).
5.3 Attitudes towards banks using customer data

In order to understand attitudes towards banks using customer data, the qualitative research first asked participants how consumers felt about other companies using their data and then compared responses with how people felt about banks using their data.

5.3.1 Companies using data

The majority had personal experience of companies using their data to make recommendations but mixed views emerged of the benefits of this approach:

<table>
<thead>
<tr>
<th>Positive views</th>
<th>Negative views</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Trust the company/brand to make the recommendation.</td>
<td>• Poor targeting of recommendations.</td>
</tr>
<tr>
<td>• Open to companies making recommendations (even where not ultimately useful).</td>
<td>• Perceived to be a ‘marketing ploy’</td>
</tr>
<tr>
<td>• Previous recommendations made resulted in improved choices or cost savings.</td>
<td>rather than true personalisation.</td>
</tr>
</tbody>
</table>

*I think with Netflix I don’t mind so much because otherwise you’re just flicking through, going ‘Oh I’ve seen that, I don’t want to watch that’, so to suggest a form of entertainment is fine, but trying to get me to buy something else, I know what I want to buy so I go out and do the research*

Group 2, Birmingham, Non-vulnerable

*“Boots do it, they say this week buy two razor blades get the shaving foam free, it’s personalized because they know my age and my gender and that I buy those things regularly”*

Group 1, London, vulnerable

*“If you’re going to be on a bank website it’s fair enough, then it’s up to you whether you look or whether you go forward and think oh I’ll have that. They are tailored but they’re also selling you a product and that’s annoying.

Group 2, Birmingham, Non-vulnerable

*“Waitrose keep sending me vouchers but keep getting half of them wrong so I can only use half of them. I used to be able to choose which products I wanted offers on and now they’ve changed it. So I phoned them up to complain and they told me they are sending me offers on things I might like. I was so annoyed. So a lot of companies think they know what you need or like but [it is] a computer system wasting your time”*

Depth 8, London, been vulnerable in the past

5.3.2 Banks using data

Participants assumed that banks must be using their data because other companies were, but were unclear about the extent of information held by banks and how and why it was used to build up a picture of the customer.

Overall, there were mixed views towards banks using customer data:
<table>
<thead>
<tr>
<th>Positive views</th>
<th>Negative views and concerns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Using customer data to:</td>
<td>Scepticism regarding:</td>
</tr>
<tr>
<td>• Tailor product and service recommendations.</td>
<td>• The benefits of banks using customer data.</td>
</tr>
<tr>
<td>• Offer deals such as cashback from spending with third parties affiliated with the bank e.g. insurance companies.</td>
<td>• Whether banks would want to use data to help customers. This scepticism was often based on personal experiences for example; benefits were paid directly into the participants' bank account but they had not been approached by their bank with any product or service recommendations.</td>
</tr>
<tr>
<td>• Make recommendations to improve the customer's financial situation.</td>
<td>Concerns regarding:</td>
</tr>
<tr>
<td>• Offer additional support or help to those who need it.</td>
<td>• How information from third parties or companies that the bank works with could be shared with the bank or how it might be used.</td>
</tr>
<tr>
<td></td>
<td>• The potential for data to be used to restrict products or services by bank or third party. Most often cited by potentially vulnerable participants.</td>
</tr>
<tr>
<td></td>
<td>• The potential for data to be used to target those from a certain demographic e.g. low income.</td>
</tr>
<tr>
<td></td>
<td>• The accuracy of customer data.</td>
</tr>
<tr>
<td></td>
<td>• Greater potential for data breaches if information is shared with others.</td>
</tr>
</tbody>
</table>

"It’s important they have this information, they can provide support and lift burdens and offer different products"  
Depth 9, Birmingham, life shock

"I am OK with all the information they are using, if they can see you have missed payments maybe they could help you consolidate your debt or look at my savings account and recommend a better one"  
Depth 8, London, has been vulnerable in the past

"I’m a bit sceptical when it says they can use this to better understand customer needs. I understand my needs thank you. I don’t need a bank to be improving its service based on data they have about me."
Group 2, Birmingham, Non-vulnerable

"I’m fine with them having all this information, it doesn’t surprise me, they will use it to target products to demographics”  
Depth 13, Birmingham, health issues

"I think they need to make sure they have the information correct, because sometimes I think with the banks that I've experienced is when they haven't actually put the information in correctly on the system, so what you say in branch doesn't always, for some reason, tally up to what they've got on their main systems."
Group 2, Birmingham, non-vulnerable
In order to fully understand public attitudes towards the use of customer data by banks, the **quantitative** survey asked both a general question about organisations using of customer data, and then a more specific question focused on banks. Comparing responses to the two questions shows how public perceptions of banks compares with other organisations.

All were asked how they feel about companies using customer data such as their age, gender, past purchases, shopping interests, etc., to make personalised recommendations to them. Opinions are very mixed, with a third (36%) indicating they feel comfortable with this, a similar proportion (35%) feeling uncomfortable, and 30% in between. Men (41%) are more likely to say they feel comfortable than women (30%), and younger people more likely to feel comfortable than older people (44% of under 25s, falling to 18% of 75+s).
When a similar question was asked specifically about banks, consumer views are much more positive: perhaps because of perceived higher standards of banks in this regard. When asked specifically about banks, the proportion saying they feel comfortable rose to 53% (v 35% when asked more generally), and the proportion feeling uncomfortable fell from 35% when thinking more generally to 19% when thinking about banks.

Levels of comfort increased amongst all demographic groups, but in particular amongst women, older age groups and the C2DE social grades. However, although their levels of comfort increased, these groups are still less likely than their counterparts to feel comfortable with banks using customer personal data to make personalised recommendations.

The survey identified further evidence to support the finding that the public are more comfortable with banks using their customer data than other organisations. When asked which types of organisation they trust to use their personal data responsibly, and to keep it secure and private, banks are amongst the most trusted organisations. From the list of 10 types of organisation respondents were asked to consider, banks are the most likely to be trusted to keep personal data secure and private (61%) and the second most likely to be trusted to use it responsibly (56%, behind only NHS/healthcare providers).

Mirroring earlier patterns, older respondents are less likely than younger people to trust banks to use their personal data responsibly or keep data private.

Banks are also the only non-public sector organisation who ranked in the top five most trusted organisation when dealing with personal data. Taken together, results indicate fairly mixed feelings about the use of customer data, though banks are more trusted to act...
responsibly than other organisations. In addition, it appears that some groups – including women and older people – may need more reassurance on these issues.

Chart 7 – Level of trust in organisations to look after personal data

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Trusting to keep data secure and private</th>
<th>Trusting to use data responsibly</th>
</tr>
</thead>
<tbody>
<tr>
<td>NHS &amp; healthcare providers</td>
<td>60%</td>
<td>63%</td>
</tr>
<tr>
<td>Banks/building societies</td>
<td>56%</td>
<td>61%</td>
</tr>
<tr>
<td>Central government</td>
<td>53%</td>
<td>54%</td>
</tr>
<tr>
<td>Local government</td>
<td>52%</td>
<td>50%</td>
</tr>
<tr>
<td>Universities or other researchers</td>
<td>49%</td>
<td>44%</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>47%</td>
<td>36%</td>
</tr>
<tr>
<td>Internet companies</td>
<td>36%</td>
<td>35%</td>
</tr>
<tr>
<td>Media companies</td>
<td>34%</td>
<td>32%</td>
</tr>
<tr>
<td>Shops and retailers</td>
<td>32%</td>
<td>28%</td>
</tr>
<tr>
<td>Social media organisations</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>None of these</td>
<td>9%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Q4. Using the list of organisations below, please select the ones you would trust to use your personal data responsibly, and the ones you would trust to keep your personal data secure and private. Base: All respondents (1,000)
Attitudes towards banks using customer data to identify vulnerability

There are mixed views towards banks using customer data to identify vulnerability

Those who are open to the idea and can identify the potential benefits to customers, often having experienced vulnerability themselves. Those who are more guarded to the idea typically lack experience of vulnerability and are not always clear on why banks would want to do this. Those most negative towards banks using data in this way are sceptical about banks’ motivations for using data in this way with some questioning whether it could result in restricted access to products or services for some customers.

There is agreement that banks should contact customers to offer help and support where there is clear financial detriment

Only a few felt that banks should take action and contact customers where the bank could detect potential financial detriment and therefore potentially support customers avoid debt later on.

There is also agreement that for some customer circumstances there is a clear responsibility for the bank to take some action

These include:
- Detecting and identifying fraudulent activities/behaviours.
- Where an elderly customer is exhibiting signs of a mental health condition.
- Where an elderly customer is exhibiting signs of a cognitive impairment.
- Where an elderly customer is exhibiting risky financial behaviours.
- Where a customer is in crisis care.

However, the complexity and sensitivity of these circumstances meant that it is difficult to determine how a bank should intervene.

Where customer data could show a potential vulnerability (e.g. risky behaviour, signs of a mental health condition, loss of a partner), most feel that the bank should not overtly raise this with customers

- Where there is also clear financial detriment, discussions around this could be an opportunity for customers to disclose circumstances or banks to provide generic information covering a range of circumstances.
- Those more positive towards bank raising circumstances with customers are typically those with direct personal experience of these.

It is expected that any contact from the bank to provide support or help will be tailored to individual communication preferences

It is also agreed that any discursive communication should come from an experienced professional, and that customers be assigned an individual point of contact.

It is agreed that the principles of honesty, transparency and clarity should be placed at the core of informing customers about banks using data to identify vulnerability

Most favour an opt-in approach to banks using their data in this way.
Views changed after thinking in detail about the situations in which customer data might be used

Over three quarters say that banks should use customer data to identify customers who might be struggling and offer support, at least in some cases. Groups who said they were uncomfortable with banks using customer data to target products and services were also more likely to say that banks should not use customer data in this way (women, older people). However, their views changed significantly when they had looked at some possible scenarios and thought about how banks could/should respond in these cases. This suggests that communications about the use of data to offer potentially vulnerable customers support should be accompanied with examples of situations in which this might happen.

**Key facts:**

- Before viewing any detailed scenarios, 78% say that banks should act on customer data and support customers who may be struggling financially or getting in to difficulty (including 20% who think they should act in all cases, and 58% who think they should act in some cases).
- 11% think that banks should never act on customer data to offer support.
- After viewing detailed scenarios, the proportion thinking banks should use customer data to offer support increased to 85%: though the increase is mainly in the proportion saying banks should do this in some cases.
- The proportion thinking banks should never do this dropped from 11% before viewing scenarios to 7% after.
- When a customer is currently faced with financial detriment, 54% support direct action by banks, either from themselves or via a supporting organisation, to offer help and support.
  - When a customer shows signs of potential future financial detriment, backing for direct bank support drops to 32%. A larger proportion of 47% favour offering indirect support in these cases.
- In cases involving an elderly customer at risk of financial fraud, support for direct support from the bank is very high at 75%
- When a customer experiences a difficult life event such as the loss of a partner, an indirect approach offering general support war favoured by 40%
  - A significant proportion supported the bank taking no action in this scenario
- When a customer engages in risky behaviours such as online gambling, the public favour some form of action by the bank, but are split on whether this should be a direct offer or support (38%), or an indirect provision of general information (34%).
- For customers that are vulnerable due to health conditions, public opinion on the best course of action is very evenly divided, between offering direct support, offering more general indirect support, and doing nothing.

Across **qualitative** participants, three broad categories of attitudes and views emerged regarding banks using customer data to identify potential vulnerability:
Tended to be those who had been in a vulnerable position themselves.
Found it easy to identify ways in which banks might use customer data to help or support customers.
But lacked clarity about the specific ways in which it would be acceptable for banks to adopt this position.
Tended to be those who lacked experience of vulnerability.
In theory could see a role for using data to help potentially vulnerable customers but were not sure if this fell into the remit of a bank and questioned the motives of banks for wanting to adopt this role.
Tended to have the most negative views of banks in general, seeing them as commercial business with a profit-making imperative.
Feel that looking into aspects of potential vulnerability is outside of the remit of banks.
Whilst cited by both non-vulnerable and potentially vulnerable participants, some participants with health issues often expressed scepticism citing concerns that they might be offered restricted products or services in the future.

“I just struggle with attaching the word vulnerability with the banks, because I can’t personally see how a vulnerable person would be supported by the bank.”
Group 2, Birmingham, non-vulnerable

Having established earlier in the **quantitative** survey that banks were amongst the most trusted organisations with customer data, the survey then moved on to look more specifically at what consumers thought banks should be permitted do with that information. Understanding consumer views on the potential actions banks could take, and under what circumstances they might be acceptable, was one of the key objectives of the research.

The quantitative survey explained to respondents that banks may be able to identify people that are struggling financially or at risk of getting into difficulties through the data they hold. The survey explored whether banks should do this at all, and if they should have a responsibility to do this.

In both cases, respondents were fairly positive towards the use of consumer data to identify potentially vulnerable consumers and offer support. Three quarters felt that banks should do this at all (in all or some cases), or have a responsibility to do this, including a fifth who said they should do it in all cases. However, around one in ten said that banks should never do it (Chart 8).
GfK is awarded registration to ISO 9001, ISO 20252 and is a Company Partner of the Market Research Society (MRS).

Chart 8 – Whether banks should act on customer data and support customers

<table>
<thead>
<tr>
<th></th>
<th>Yes, in all cases</th>
<th>Yes, in some cases</th>
<th>No, never</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether banks should</td>
<td>20%</td>
<td>58%</td>
<td>11%</td>
<td>10%</td>
</tr>
<tr>
<td>use customer data</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and offer support</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Whether banks have a</td>
<td>20%</td>
<td>52%</td>
<td>14%</td>
<td>13%</td>
</tr>
<tr>
<td>responsibility to use</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>customer data and offer</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>support</td>
<td></td>
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</tbody>
</table>

Q8. By looking at customer data, it could be possible for banks/building societies to identify people that may be struggling financially or at risk of getting into difficulties. Do you think banks/building societies should use customer data to identify and offer support to customers in this situation? Base: All respondents (1,003)

Q9. If banks/building societies have identified a customer that is struggling financially or at risk of getting into difficulties, do you think they have a responsibility to intervene to offer support? Base: All respondents (1,003)

Support for action by banks followed very similar response patterns to earlier questions on level of comfort with use of customer data. Consistently men and younger people were most supportive of proactive action by banks, for example 81% of men (v 75% of women) and 82% of under 55s (v 72% of 55+s) think that banks should use customer data and offer support. Results within other demographic groups, including amongst vulnerable consumers, were very similar to the average.

Whilst support clearly exists for banks to take action, it is important to note that the majority think that support should be offered in some, but not all cases. Defining which cases it is appropriate to act on is more difficult, and the qualitative research showed that there are many factors which the public take into account when forming opinions. More detail about their views on banks taking action are shown in the following section, where respondents were asked to consider four\(^9\) scenarios and say what action they think the bank should take in each case. Responses to these scenarios are shown in the next section.

After considering the detailed scenarios, respondents were again asked the questions about whether banks should or should be responsible to use customer data and offer support: the question was asked again to establish whether views change in the light of the scenarios. Following consideration of the scenarios, the proportion saying that the bank should never use customer data to offer support declined (from 11% before considering the scenarios to 7% after), and there was an increase in the proportion saying that banks should offer support at all (from 78% to 85%, with most of the increase in the ‘in some cases’ category - from 58% before to 66% after).

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\(^9\) All respondents were shown four scenarios chosen at random from a total selection of eight.

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The largest shifts in support for using customer data in this way were amongst women, over 35s (under 35s were already more positive about this), consumers in Scotland and Northern Ireland, and those who previously said they felt uncomfortable with banks or other organisations using customer data to improve service.

Taken together, these results indicate that more people would be in favour of banks offering support if they are aware of the types of situations and support that could be offered, with additional information engendering more support amongst groups who were previously the most nervous about it. Any communication about the use of customer data to offer support should therefore incorporate examples of the types of scenarios and support that might arise.

### 6.1 Exploring detailed attitudes towards banks using customer data to identify vulnerability

Across both the qualitative and quantitative research, scenarios were presented to participants to give specific examples of banks using customer data to identify vulnerability. This was to ensure that participants and respondents were able to base their views on actual examples, and considered a range of different ways in which banks could potentially use customer data to identify vulnerability. These focused on:

- Using customer data to identify actual financial detriment.
- Using customer data to identify potential financial detriment.
- Using customer data to identify risky financial behaviour.
- Using customer data to identify those who had experienced a life shock.
- Using customer data to identify those who may have a mental health condition.
- Using customer data to identify those who may have a cognitive impairment.
In the **qualitative** research a total of 12 scenarios were explored (see appendix). Participants debated whether there was a potential role for the bank to play to support the customer. This was an open and discursive approach, allowing participants to voice thoughts and feelings towards banks using customer data in this way.

Eight of these scenarios were taken forward for testing in the **quantitative** research. As each scenario takes time to read and think about, it was not possible to ask about all eight scenarios with a ten minute interview. As a result only four of the scenarios were displayed in each interview. The four scenarios seen by each respondent, and the order they appeared in, was completely random and changed in every interview. Each time a scenario was shown, respondents were asked to state which of the following actions the bank should take:

1. Contact them to say that they had noticed these patterns on their account and offer direct support
2. Contact them to say that they had noticed these patterns on their account, and with their permission, send their details to a charity/advice service so they can offer support
3. Invite them to a general account review (not raising the specific issue unless they raise it first)
4. Send them general information about the types of support the bank/building society can offer
5. They should do nothing

At each scenario respondents were presented with the details of the person’s situation, along with this list of answer options. For analysis purposes options 1 and 2 were considered the direct approaches, as these involved contacting the customer and raising the specific issue with them. Options 3 and 4 were indirect options which do not raise the issue specifically, but still offer general support to the customer which could help them overcome their financial difficulties. Finally, option 5 was included for those participants that felt it was not appropriate for the bank to do anything.

Views across the **qualitative** and **quantitative** research were largely aligned when it came to banks taking action for scenarios where there was clear financial detriment or duty of care (e.g. the customer is a victim of fraud). However, views regarding actions that the bank should take where there was potential vulnerability but no clear financial detriment were more mixed across the qualitative and quantitative research. **Qualitative** participants often struggled to identify the best course of action in these scenarios noting the complexity and sensitivity of these situations.

Across the **quantitative** research a majority of the public supported taking action in all cases, but the type of action they support varies from case to case. In the scenarios focused around financial detriment, risky behaviour and major life shocks, a consistent pattern emerged which links to the severity of the situation the individual is in. When that situation involves somebody that is currently experiencing financial difficulties, the consensus is for direct action to take place to support them. On the other hand, when the customer is at risk or showing signs of ending up in financial difficulties but isn’t there yet, there is more public support for an indirect approach. One area in which the scenarios to do not present a clear result is around mental health. Results for these scenarios were

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[1] Don’t know and Refused options were also available

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very divided and the survey offers no clear direction as to the most appropriate course of action.

Within sub-groups there are consistent patterns in the results when broken down by gender and age. Men are generally more favourable towards banks taking direct action to support customers, as are younger people aged 18-34. Women and older respondents tended to lean more towards the indirect approaches. Very few notable differences were present in the other demographic groups, whilst responses from those with a vulnerability were fairly consistent with the overall results.

The following diagram summarises views regarding the role of the bank when using customer data to identify vulnerability, from across the qualitative and quantitative research.

Findings within each of these categories are outlined in more detail in the next section.

6.2 Customers in financial detriment

There was strong agreement across qualitative participants that banks would be looking at data relating to the financial situation of customers. They anticipated that in cases where the customer owed the bank money the bank would already be contacting customers to discuss their financial circumstances. Overall, participants felt that there was a clear role of the bank to contact or signpost customers to support or information where there was clear financial detriment. In contrast, most qualitative participants felt that banks should not take any action for signs of potential financial detriment.
Across the qualitative research, participants were presented with a range of scenarios where banks could use customer data to identify actual or potential financial detriment. The circumstances explored with participants in the research included:

<table>
<thead>
<tr>
<th>Customers in actual financial detriment</th>
<th>Customers in potential financial detriment</th>
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<tbody>
<tr>
<td>• Customers who had missed payments.</td>
<td>• Customers who had experienced a reduction in income.</td>
</tr>
<tr>
<td>• Customers with increasing levels of debt.</td>
<td>• Customers who were accessing savings to pay bills.</td>
</tr>
<tr>
<td>• Customers continually using their overdraft.</td>
<td></td>
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</tbody>
</table>

6.2.1 Customers in actual financial detriment

Overall where there was clear, actual financial detriment, most participants did feel that the bank should contact customers to discuss their current financial circumstances, and check if there was any support that could be provided.

“I don’t think it’s too intrusive to try to offer a service where you invite people to speak face-to-face if the bank can see what is going on.”

Depth 13, Birmingham, health issues

Views towards this were often influenced by participants’ own experiences of financial difficulties such as continual use of overdraft. There were mixed experiences of any bank contact during these times.

• Some felt that banks had not contacted them or offered support. These participants tended to be more sceptical that banks would want to offer support to customers identified as in these situations. Some anticipated that banks would be unlikely to offer support because the bank would be more likely to make money from the customer if the customer stayed in debt (e.g. overdraft charges). This view was often cited by those who felt that banks only contacted customers to try and sell products.
Others recalled instances when banks had discussed their financial situation with them. This included bank staff asking whether they needed any help in managing money when they were in branch, and bank staff telephoning customers to discuss their use of their overdraft. These participants tended to be the most positive towards banks contacting customers in these circumstances.

Participants identified a range of steps that the bank could take in instances where they could see a customer with in actual financial detriment. Some noted that it was important that banks did this before the customer’s financial situation “spiralled out of control” or the customer sought risky credit options. Suggested steps included:

- Ensuring that customers were using the best products available for their situation.
- Dismissing overdraft charges.
- Support with putting in place a savings plan.
- Increasing credit card or overdraft limits (e.g. to avoid continually paying overdraft fees).
- Offering customers more general support and advice about managing finances.
- Signpost to relevant independent organisations. This option was often favoured by participants who were sceptical towards motivations for banks using customer data in this way, or based on personal experience felt it unlikely that banks would intervene with support or help. These participants alluded to a lack of trust between bank and customer and resultantly felt that any support offered to the customer should be done so via an independent organisation that would not have a vested interest in the customer.

Customers in actual financial detriment: how should the bank contact customers?

It was agreed that any contact would need to be done in a sensitive way, and a couple of suggestions for how contact could be made emerged:

- Bank branch: if in a bank branch, participants felt that any staff should be discrete in raising the topic, and any discussion should be carried out privately.
- Telephone: some felt that telephone would be better than other methods such as email or text. Some suggested that customers would be less likely to miss a telephone call (compared to an email), and others felt that it would be possible to create a more discursive and positive tone via telephone.
Online and text message were mentioned by a few as a potential way to make initial contact with the customer but anticipated that this would need to be followed up with some kind of conversation.

“I think with the banks, they have some responsibility there... it’s more about the bank maybe having an appointment with the customer], making [them] come in, and they can discuss [their] spending habits, and how the overdraft and the credit card could be used to support [their] outgoings, and have that type of discussion.”

Group 2, Birmingham, non-vulnerable

However, there was some concern amongst participants about how customers in clear financial detriment might react to any contact.

“The issue is how the bank approaches [the customer]... [they] would have to accept that [they] are heading towards a bit of a crises.”

Depth 7, London, never been vulnerable

Some felt that customers might be embarrassed or anxious about the bank getting in touch. It was agreed that level of trust in the bank would be essential, and that there would need to be a trusting relationship between customer and bank for this type of contact to work well.

6.2.2 Customers in potential financial detriment

When it came to considering situations where customers were in potential financial detriment, views were more mixed. However, overall, participants did not feel that the bank had a responsibility to contact customers in these situations until there was clear financial detriment.

Only a couple of participants felt that it would be useful for banks to get in touch where they could see that customers had reduced income or were using savings to pay bills. These participants anticipated that early contact could avoid debt at a later date.
Two financial detriment scenarios were tested in the **quantitative** research. The scenarios of Grace and Priya outline the situation of two females of a similar age, but at different stages of financial difficulty. Grace showed signs of heading towards financial problems as her regular income had reduced and her savings were being used to top it up. On the other hand, Priya had already reached the stage of financial difficulties, with higher outgoings than income, missed payments and increasing debts. The survey results for these two scenarios appear to reflect this difference, as in Priya’s case the majority favoured direct intervention and support, whilst for Grace the majority were in favour of providing more general advice which doesn’t reference the specifics of her financial situation.

**Scenario 2: Grace**
Grace is 27 years old and lives with two friends in a rented flat. She works in a shop and recently had her working hours reduced. She has a small amount of savings but has found that since her hours were reduced she needs to use her savings to top up her monthly rent payments.

The bank can see that Grace’s regular income has reduced. They can also see that she is no longer saving money, and is starting to use up all of her savings.

**Scenario 5: Priya**
Priya is 29 and a single mum. Priya’s outgoings are always higher than her income, but she tends to manage this by using her overdraft and a credit card. Her credit card debt is creeping up and she has no savings.

The bank can see that Priya’s outgoings are always higher than her income, that her debt on her credit card is increasing, and that she has missed payments.

In the Grace scenario, the most commonly chosen actions were the indirect measures, sending her general information about the types of support the bank/building society could offer (25%), or sending her an invitation for a financial review without specifically mentioning the patterns on her account (22%). Smaller proportions were in favour of direct contact, as 15% said the bank should contact her directly to offer support, whilst 17% felt that with her permission they should pass on her details to a money advice organisation. A small group of around 1 in 7 people (15%) felt they should do nothing. In the Priya scenario there was much more consensus over the need for banks to take action, with direct action being favoured by most. In total more than half were in favour of direct action by banks, either through contacting Priya directly to offer support (32%), or putting her in touch with a support organisation (22%). Just over a third favoured the indirect options of either inviting her for a general account review (20%), or sending her information about the support the bank could offer (17%). As a sign of the consensus on the need for action in this case, only 5% felt the bank should do nothing. These findings are illustrated in chart 10 below.
When looking at sub-group analysis, for both scenarios gender had the biggest impact on the results. Men were significantly more likely to support the direct approaches than women in both scenarios, as demonstrated by the following findings:

- **Grace scenario** – Both men and women favoured the indirect approach in this scenario, although the margin was much closer for men (44% indirect vs 39% direct) than for women (49% indirect vs 26% direct).
- **Priya scenario** – Direct action was more popular amongst men and women in this scenario, although once again direct actions were more popular amongst men (58% vs 33%) than women (49% vs 40%). The direct action of the bank contacting Priya directly to offer support was particularly more popular amongst men (37% men vs 26% women).

Within the Grace scenario age was also an important factor, with under 34s being the most in favour of a direct approach from banks. The two direct approaches, either from the bank or through passing their details to a money advice service, were supported by 49% of 18-34s, compared to 39% that supported the indirect actions. This was the reverse of the result amongst the general public as a whole.

Differences by age were not repeated in the Priya scenario, and there were no other significant differences identified in either scenario within the vulnerability or other demographic sub-groups.

These two financial detriment scenarios demonstrate some of the nuances around this debate, and the difficult decisions banks face on when to act and in what way. A majority...
favoured action being taken in both scenarios, but different types of support were deemed most appropriate in each scenario. For Grace an indirect approach offering general advice was favoured, whilst for Priya there was a consensus for direct action to offer her support.

The lesson to take from these scenarios may be that in cases of financial detriment the public do not favour direct support unless the individual is actually in debt and struggling. In a scenario like Grace’s where the signs point towards future financial problems and debt, the public are more in favour of a softer, indirect approach focused around the provision of information that could help that person make the right financial decisions by themselves. One thing that’s clear from both cases though is that a very small proportion of people favour the bank doing nothing when a customer is in financial detriment.

6.3 Customers in vulnerable circumstances or with risky behaviours

Across the qualitative research, participants were presented with a range of scenarios where banks could use customer data to identify potentially vulnerable circumstances or risky behaviours. This included:

- Customers with risky behaviours (e.g. gambling)
- Customers at risk of fraud
- Customers with signs of a mental health condition
- Customers with signs of a cognitive impairment
- Customers receiving crisis care for a mental health condition
- Customers who have recently experienced loss of a partner

Across these, there were instances where some participants felt that there was a clear responsibility for the bank to step in and take action. However, this was considered to be an extremely sensitive and complex area. Resultantly, the definition of what constituted a ‘clear responsibility’ varied across participants.

Where potential vulnerability existed but participants did not consider there to be a clear responsibility for the bank, or any actual financial detriment, views about the bank taking any action were mixed.

<table>
<thead>
<tr>
<th>Clear role for bank contact/signposting</th>
<th>Mixed views for banks taking any action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers in vulnerable circumstances or with risky behaviours</td>
<td></td>
</tr>
<tr>
<td>Clear responsibility</td>
<td>Potential vulnerability but no actual financial detriment</td>
</tr>
</tbody>
</table>

6.3.1 Clear responsibility

Overall, participants felt that there was a clear responsibility for banks to use data to detect and identify fraud. This was something that many participants had personally experienced, and whilst at the time they had often found stopped payments or declined cards embarrassing, they agreed that banks had a responsibility to take steps regarding fraudulent activity.
Many participants also felt that banks had a clear responsibility to support elderly people who were exhibiting risky financial behaviours or showed signs of a mental health condition or cognitive impairment.

“If they see something that’s not quite right, flag up vulnerability...we should protect the elderly.”
Depth 16, Birmingham, never been vulnerable

Elderly customer with signs of a health condition
When thinking specifically about an elderly person showing signs of a mental health condition or cognitive impairment, (e.g. dementia) most participants felt that the bank should do something but struggled to identify what this would be.

“If you worked in a bank and you’d seen somebody come and they were totally confused and that, I think, personally, the bank should have a responsibility to look after that person, and should go a little bit further to identify relatives or something of that person to protect that vulnerable person.”
Group 2, Birmingham, non-vulnerable

“You would want it if that was your mum and she was struggling with everything.”
Depth 7, London, never been vulnerable

However, more broadly, participants felt that there were probably a range of transactional or account changes that could support customers in these types of circumstances such as:
- Adding another person to the account.
- Putting in place a power of attorney.
- Offering services designed for those with memory loss.

Elderly customer with signs of a health condition: how should the bank contact customers?
Overall, participants struggled to identify how the bank would communicate or broach the topic of signs of a mental health condition or cognitive impairment with customers.

It was strongly agreed that the bank could not contact the customer and specifically mention that they suspected that the customer had a mental health condition or cognitive impairment. This led some participants to suggest more generic communications that provided general information about relevant services that the bank offered. Participants suggested that a face-to-face meeting in a local branch could help build trust and provide an environment where the customer may feel at ease discussing their circumstances. Others reflected that the customer and family had some responsibility to let the bank know...
if the customer had a mental health or cognitive condition (although could understand why some may be reluctant to do this – as further discussed in section 6.3.2).

**Elderly customers with risky financial behaviours**

When thinking about an elderly person who had been a victim of fraud in the past, and through customer data was identified as having long-term risky financial behaviours, participants expressed mixed views about the role the bank could play.

Some felt that there was a clear responsibility in these circumstances, and the bank should flag the risky behaviour to the customer and suggest alternatives.

“**The bank has a duty of care to do something about it, purely provide [the customer] with information.**”

Depth 13, Birmingham, health issues

**Elderly customers with risky financial behaviours: how should the bank contact customers?**

Some participants suggested that the bank contact the customer (via telephone or letter) and invite them into the local branch to discuss the situation in a supportive and familiar environment. Others suggested that a more ‘light touch’ approach would be to send the customer a generic leaflet or communication aimed at pensioners including tips for keeping finances safe.

However, some were less sure that bank contact was needed. These participants felt that unless there was an irregular activity identified, contacting the customer could do more harm than benefit. Some felt that contact from the bank could worry the customer.

“It sounds like [the bank], perhaps, might get in touch with [the customer] and sort of talk to [them] about [their] activity and suggest, perhaps, ways of it being less risky. But I just think it opens up a whole can of worms, because at 79, are you then making [the customer] feel vulnerable and scared when [they don’t] need to? I don’t know. I don’t think I like it.”

Group 2, Birmingham, non-vulnerable

It was also suggested that the customer might be annoyed that the bank was intervening when there was no perceived need to.
Customers receiving crisis care

There was also broad agreement that banks had a clear responsibility to support those who were receiving crisis care for a mental health condition. Whilst participants had not previously considered what happened if someone went into crisis care, they felt very positively towards the idea of banks suspending overdraft charges during these times (this idea was presented to participants for their comments). However, this led to some debate around how banks would know that customers were in crisis care, and some queries around how this could best be communicated to banks.

Elderly customers at risk of financial fraud

In the quantitative research, one scenario presented to respondents produced almost unanimous agreement that the bank should take direct action to help, suggesting a clear responsibility. This was the scenario of Elsie, who has been victim of a financial scam and for whom the bank have recently noticed large sums of money being transferred to third party accounts, a common sign of a scam taking place. The strong public opinion that the bank should take direct action is perhaps not surprising given the clear cut nature of the Elsie scenario, which points strongly towards her being a victim of a financial crime.

Scenario 4: Elsie

Elsie is 60 years old and lives in her own home. Last year she was the victim of a scam and had money taken from her bank account. The bank got her money back.

The bank knows that Elsie has been a victim of a scam in the past and has also noticed that Elsie has been transferring large amounts of money to a third party's account. The bank knows this is often the behaviour of people who've been scammed.

In this scenario, there was a fairly unanimous agreement that the bank ought to take some sort of direct action. Only 3% felt that they should do nothing. Three quarters supported the bank taking direct action, which was split between the most popular choice of the bank offering direct support (56%), followed by the bank getting in touch to offer to put her in contact with a money advice organisation (19%). Only 9% thought a general account review was most appropriate, while 7% thought that sending information about the types of information offered by the bank would suffice. Chart 11 below illustrates these findings.
Whilst direct action was supported by over seven in ten people overall, there were some differences present by gender at this scenario. Direct action from the bank to offer support was most popular amongst all groups, but more so amongst women than men (60% vs 51%), whilst men were much more likely to favour referring Elsie to a money advice organisation (26% vs 12%). There were no other significant differences detected at this scenario, within both demographic questions and the vulnerability groups.

6.3.2 No financial detriment

**Risky behaviours (e.g. gambling)**

For some, the idea that banks would use data around spending behaviours and habits felt uncomfortable. Some described banks looking at this type of data as an example of a “nanny state” who were “taking it too far”.

"It’s a bit like big brother, them watching and knowing exactly what you’re doing.”
Depth 9, Birmingham, life shock

**Risky behaviours: how should the bank contact customers?**

Participants anticipated that if banks did contact customers about risky spending behaviours such as gambling, customers would react negatively. Most participants agreed that they did not feel comfortable with banks contacting customers to discuss this type of behaviour, unless there was also clear financial detriment.
There was also some hesitancy around banks overtly mentioning spending behaviours where there were any discussions relating to clear financial detriment. Some simply felt that mentioning these behaviours was interfering with peoples’ private lives, or placing a judgement on peoples’ behaviours.

Others felt that it would be appropriate to mention spending behaviour if also discussing financial detriment as it could offer the customer an opportunity to raise any concerns they have about their spending which could lead to the provision of support or signposting to a relevant support organisation. However, participants felt that this type of discussion was reliant on a trusting relationship between customer and bank. This led some to suggest that the bank could send out some very general information to relevant customers about managing money and budgeting that could cover a range of risky behaviours and advice or signposting to support for these behaviours.

Those most positive towards banks taking action and overtly discussing spending behaviours were those who had friends or family who had experienced similar issues (e.g. gambling problems). These participants had often seen the negative outcomes of these types of behaviours and were in favour of banks stepping in if behaviours seemed to become excessive.
In the **quantitative** research, one scenario specifically looked at a risky behaviour. This was the scenario for Jim, who the bank had noticed has recently begun spending increased amounts of money on online gambling websites, including online poker. However, Jim does not show any signs of financial difficulty at the moment. This scenario left the public completely divided between all five of the options available to the bank. This is perhaps not surprising given this scenario was more ambiguous, as Jim is engaging in risky behaviours but they don’t appear to have negatively affected his financial situation so far.

**Scenario 3: Jim**

Jim is 50 years old and lives with his wife in a house with a mortgage. Jim has always enjoyed betting, making the occasional bet in a betting shop. However, recently Jim has started using online poker websites. His spending on the websites has started to increase.

The bank can see that Jim is spending money on online gambling websites.

As is shown in chart 12 below, each of the four main actions were all chosen by between 15%-21% of respondents. A further 20% felt that the bank should do nothing. Whatever way the data is looked at for this question, it’s clear that public opinion is very split. The bank taking some sort of action (80%) is much more popular than doing nothing (20%), but in terms of what that the action should be opinion is fairly evenly divided, with indirect action (38%) favoured only slightly more than direct action (34%).

As stated above, there are no clear signs that Jim has suffered financial difficulties as a result of the gambling. Jim may well have the gambling habit under control, but clearly the risky behavior alone has prompted most people to favour some kind of action. There are be some parallels here with the Grace scenario, in which the subject has not yet fallen into financial difficulty but may do so in future. In such cases public opinion seems to lean towards the indirect approach initially, albeit only marginally in this case.

“If it gets excessive, step in and have a conversation…I wouldn’t find that bad, I would think that the bank cared about me.”

Depth 2, London, low financial resilience
Chart 12 – Public opinion on the Jim scenario

Across most of the options there were no significant differences by gender, however, men were more likely than women to favour contacting Jim about his spending and putting him in touch with a supporting organisation (24% vs 15%). There was also a higher proportion of women that gave a ‘don’t know’ response to this scenario than men (12% vs 4%).

There were some interesting differences within age groups as well, although no particularly consistent pattern emerged. Those aged 18-34 were most likely to be in favour of referring Jim to a gambling advice charity (31% vs 19% overall), 35-54s were fairly evenly split across all four actions (all between 18-20%), whilst over 55s were most in favour of inviting Jim to a general account review (29% vs 21% overall).

**Loss of a partner**

Qualitative participants tended to react negatively towards banks using customer data to identify loss of a partner. This was considered a very sensitive subject, and participants felt that customers could respond negatively to receiving any contact from the bank on this issue.

“I’d be horrified if the bank contacted me in this situation, that would make me change bank and I haven’t done that since I was 16.”

Depth 15, Birmingham, never been vulnerable

Some agreed that if the bank did want to make any contact, they could do so via a very generic communication updating customers on the types of services that are available to those who are finding it difficult to manage finances. However, this was a minority view.
The quantitative survey included one scenario based around a customer life shock. The scenario features Matt whose wife has recently died and has had to reduce his working hours, and income, to spend more time caring for his children. With this scenario there was a clear preference for approaches that involved lesser or no intervention from the bank. Once again this represented a scenario in which there is potential for financial difficulties to occur in the near future, but that haven’t happened yet. In such cases there is a pattern in the survey results which point towards a preference for a softer approach, focused more around general advice, rather than pointing out the issue before it has become problematic for the individual.

**Scenario 1: Matt**

Matt is 44 years old and lives with his two teenage children. Matt’s wife died recently and he has reduced his working hours so that he can spend more time caring for his children. Matt and his wife had separate bank accounts (with different banks/building societies) and whilst Matt closed his wife’s account, he has not informed his own bank/building society about his change in circumstances.

The findings from the scenario with Matt are displayed within chart 13 below. Interestingly the most common response was that banks should do nothing (26%). Whilst a majority (67%) still favour one of the four actions to address the issue, this remains the highest support across the eight scenarios for the bank doing nothing. Following on from this, 21% thought that the most appropriate response was to send general information on the support the bank/building society could offer, whilst 19% favoured an invitation to a general account review. Direct approaches were less popular in this scenario, with 16% suggesting the bank should offer direct support, and 11% favouring contact to say that with permission, they would send the customer’s details to a bereavement charity.

**Chart 13 – Public opinion on the Matt scenario**
Q10a. Matt is 44 years old and lives with his two teenage children. Matt’s wife died recently and he has reduced his working hours so that he can spend more time caring for his children. Matt and his wife had separate bank accounts (with different banks/building societies) and whilst Matt closed his wife’s account, he has not informed his own bank/building society about his change in circumstances. Despite his reduced hours/income, Matt is keeping up with his bills and financial commitments. The bank/building society can see that Matt’s regular income has reduced. They can also see that he recently paid for a funeral. Which of these do you think Matt’s bank/building society should do?

Base: Random 50% of respondents (502)

Unlike at most questions, there were no significant differences by gender at this question. The sub-groups for whom responses differed significantly included the following:

- 18-34s were significantly more likely than the overall population to support putting Matt in touch with a bereavement charity (18% vs 11% overall)
- Over 55s were the most likely group to favour the bank taking no action (38% vs 26% overall)
- Those from social grade AB were also more likely to favour the bank doing nothing (34% vs 26% overall)

In terms of vulnerability, there were no significant differences overall, or within those in the Life Events vulnerability group.

**Signs of a health condition**

Across the qualitative research participant views were gathered regarding the idea of banks using customer data to identify a mental health condition or cognitive impairment. Views towards this were very mixed. Some participants were simply hesitant when discussing this topic.

“It’s a touchy situation. I don’t know that answer to that. I’m not a social worker.”

Group 1, London, vulnerable

There was also some debate regarding whether customers with a mental health condition or cognitive impairment were likely to inform their bank of their condition. Some participants felt that those that disclosed their condition could receive an inferior service from the bank and expected that there would be a fear of being stigmatised. Overall, whilst a few could see that there may be benefits to telling the bank, participants could see why customers might be reticent to disclose this to their bank and felt that the bank could only mention this condition if they had already been informed by the customer. It was agreed that there would need to be a trusting relationship between banks and customers to ensure that customers did feel comfortable disclosing this, with some suggesting that banks needed to be more proactive in reassuring customers in this respect.

“[The customer] would hate the bank to know [that she has dementia] they might cut her off.”

Depth 7, London, never been vulnerable

“Could it affect credit history... or affect their ability to get credit. If I had someone with dementia come and ask me for a loan I wouldn’t give it to them.”

Group 1, London, vulnerable
"I’ve told the bank about personal issues, that’s the only way they can understand and sympathise."
Depth 2, London, low financial resilience

"If there was a big campaign out saying ‘come to us’ they’d do it somehow to show people that they’re not going to discriminate."
Group 1, London, vulnerable

**Signs of a health condition: how should the bank contact customers?**

Overall, the complexity and sensitivity of these situations and circumstances meant that participants often struggled to identify what banks should do. However, the following potential options for contacting customers where there was also evidence of clear financial detriment emerged:

- Use any discussions regarding financial detriment as an opportunity to highlight bank account features available to customers in general that could include a range of features including those tailored to customers with different health conditions.
- Reflect that positive discussions about finances could also provide an opportunity for the customer to disclose their condition, if they were comfortable to do so, which could further enable the bank to tailor account features.

"If the bank later found out that [the customer] had a mental health condition, could they offer to help [them] manage [their] money so that [they do not] miss…utility payments?"
Group 1, London, vulnerable

Overall participants did not think that banks should contact customers where data showed a potential mental health condition or cognitive impairment but there was no clear financial detriment. Some felt that this would be intrusive and unnecessary whilst others expressed concern that this was not an area of expertise for banks and that they should remain within the sphere of finance.

"I don’t think the bank should act as a mental health team, they should give advice about financial irregularities."
Depth 15, Birmingham, never been vulnerable

However, some did feel that if there were irregular behaviours identified on the bank account, this could provide an opportunity to contact the customer as part of a general
‘wellbeing check’. Again, participants did not feel that it would be appropriate to mention anything to do with health unless raised by the customer, but could provide an opportunity to build rapport and trust between bank and customer. A few suggested that a more generic communication could be sent to relevant customers updating them on the range of services available from the bank – including those tailored to people with a health condition.

“\textquote{We’ve noticed this, and we want to check you are okay.}”
\textit{Depth 16, Birmingham, never been vulnerable}

“I would think the bank has my best interest at heart, they aren’t trying to sell me something, they are just trying to make me aware of it, and am I happy with that. I think they should ask him to come into the branch to discuss it but I might get up and walk out if I was embarrassed to tell them about my condition.”
\textit{Depth 6, London, low financial resilience}

Three scenarios relating to signs of a health condition, either mental health or cognitive impairment, were included in the \textit{quantitative} survey. The scenarios include Jean who often forgets her PIN number and is showing signs of dementia, Karl who has bi-polar disorder and engages in erratic spending, and Craig who has been diagnosed with depression and tends to have late night spending sprees. Identifying when it is right to intervene and offer support to those with a mental health problem is clearly a difficult area for banks to navigate, and this is demonstrated in the survey results. Across all three scenarios there was no consensus on the best action for the bank to take, with none of the potential options supported by more than a quarter of the public. The public lean slightly towards the indirect approaches which involve providing general information or a general account review, but it’s not a big difference. The lack of consensus appears to show that the public are not clear on the right action to take, and that banks may be advised to tread carefully when faced with health situations like these.

\textbf{Scenario 6: Jean}
Jean is 70 years old and lives at home on her own. She usually withdraws money from a card machine in her local bank branch. She recently went into the branch with her daughter to ask for a new pin number as she had forgotten it.

The bank can see that Jean often forgets her pin number. When she came into the branch they also noticed that Jean seemed confused, and needed her daughter to remind her of some information. The bank knows that these behaviours are often seen amongst those who have symptoms of dementia.

\textbf{Scenario 7: Karl}
Karl is 38 years old and lives with his girlfriend. He has recently been diagnosed with bi-polar disorder. One of the symptoms of his disorder is extreme spending during which...
he spends large amounts of money, often from his savings. After these sprees he usually returns the items. He has not told the bank that he has bi-polar disorder.

The bank can see that Karl's financial behaviour is often erratic. He occasionally has online spending sprees, spending large amounts of money often accessed from his savings account in one go. These purchases then often get returned at a later date.

**Scenario 8: Craig**
Craig is 47 years old and has been diagnosed with depression. He has been drinking heavily and struggling to sleep at night. During these times his spending can be erratic often involving making multiple purchases online which he regrets the following morning. Craig has not told the bank that he has been diagnosed with depression.

The bank can see that Craig’s spending pattern is erratic and that he often makes lots of purchases at night.

Across all three scenarios views were very split when considering health conditions, with no single approach being favoured by more than 26%. This divided opinion is demonstrated by the fact that across all three scenarios, support for the each of four main actions stayed consistently between 15%-26%. When grouped together into direct versus indirect approaches, there was a preference in the Jean scenario for the two indirect approaches (46% indirect vs 36% direct). However, this was not true for the Karl and Craig scenarios, where opinion was evenly split on these parameters as well. The results for these three scenarios are displayed below in Chart 14.
Chart 14 – Public opinion on the health condition scenarios

Reviewing the sub-group data at these scenarios identifies a number of similar patterns as seen at earlier questions. When looking at gender there was a continuation of the pattern whereby men are more likely to support direct action by banks than women. This was true for each of the Jean (39% men vs. 34% women), Karl (44% men vs. 29% women), and Craig (41% men vs 32% women) scenarios. Young people continued to be more supportive of direct approaches, particularly the option of referring them to a supporting organisation. Referring Jean to a dementia charity (26% vs 16% on average), and referring Karl and Craig to a mental health charity (Karl - 30% vs 16% on average; Craig - 22% vs 15%), were all much more commonly chosen by 18-34s. Over 55s continued to be more favourable towards indirect approaches.

Gender and age continued to be the only sub-groups in which significant sub-group differences were regularly observed. With a few minor exceptions, at all health condition scenarios the responses within vulnerability groups were very much in line with the overall results.

Q10f. Jean is 70 years old and lives at home on her own. She usually withdraws money from a card machine in her local bank branch. She recently went into the branch with her daughter to ask for a new pin number as she had forgotten it. The bank can see that Jean often forgets her pin number. When she came into the branch they also noticed that Jean seemed confused, and needed her daughter to remind her of some information. The bank knows that these behaviours are often seen amongst those who have symptoms of dementia. Which of these do you think Jean’s bank/building society should do?

Q10g. Karl is 38 years old and lives with his girlfriend. He has recently been diagnosed with bi-polar disorder. One of the symptoms of his disorder is extreme spending during which he spends large amounts of money, often from his savings. After these sprees he usually returns the items. He has not told the bank that he has bi-polar disorder. The bank can see that Karl’s financial behaviour is often erratic. He occasionally has online spending sprees, spending large amounts of money often accessed from his Savings account in one go. These purchases then often get returned at a later date. Which of these do you think Karl’s bank/building society should do?

Q10h. Craig is 47 years old and has been diagnosed with depression. He has been drinking heavily and struggling to sleep at night. During these times his spending can be erratic often involving making multiple purchases online which he regrets the following morning. Craig has not told the bank that he has been diagnosed with depression. The bank can see that Craig’s spending pattern is erratic and that he often makes lots of purchases at night. Which of these do you think Craig’s bank/building society should do?

Base: Random 50% of respondents (502)
6.4 Providing support to customers

Overall, participants tended to anticipate that any contact from the bank would need to:

- Be tailored to the individuals' communication preferences but could include written communication, emails, text messages or telephone calls (freephone). In some instances participants expected that banks might offer a face-to-face session at a local branch.
- Come from an experienced professional. Across any discursive communication methods, participants queried who from the bank would be talking to customers. Participants felt that someone in a call-centre, following a script would not be appropriate, and could disengage customers. Participants were anticipating a more experienced and tailored approach to any discussions. However, they were not sure that banks had the required experts to offer this.
- Involve being assigned an individual point of contact with whom rapport could be built.

“[It needs to be] professional but friendly, not robotic.”
Depth 2, London, low financial resilience

“Banks are not counsellors, it’s not their job”
Depth 3, London, low financial capability

“They’re not the Citizens Advice Bureau.”
Depth 15, Birmingham, never been vulnerable

6.5 Informing customers about using data to identify vulnerability

When thinking about how best to inform customers about using data to identify vulnerability, qualitative participants identified three key principles that they felt banks should follow:

Honesty
Transparency
Clarity

Participants felt that banks needed to be honest and transparent about data use by providing clear information about what this actually meant, and who would use the data. Participants also felt that it would be important to be transparent about why the bank wanted to use the data. Participants felt that transparency could reassure people and promote the benefits of banks using customer data including the direct benefits to customers.
Qualitative participants\(^{10}\) largely favoured an opt-in approach to giving permission for the bank to use their data to identify vulnerability. Whilst participants recognised that an opt-out approach would increase the likelihood of banks looking at more customer data and therefore being able to identify vulnerability and potentially support more people, the opt-in approach was preferred because it felt like it gave customers greater control over their personal data.

Even though some participants expected that banks were already using customer data in this way, they felt that they would like to be given the information about data use and the option to choose whether this data use happened.

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\(^{10}\) Please note that this was not tested in the quantitative research.
Participants expressed general concerns that banks would share their data with third parties. They sought reassurances that using data to identify vulnerability would not include this type of data sharing without their explicit consent. A few noted that they had become more aware of and vigilant about who held their data since GDPR.

6.5.1 How to inform customers
Participants suggested written and email communication to inform and ask customers about using their data to identify vulnerability.

A couple suggested a generic advertising campaign to let customers know more about what banks were planning to do.

Overall it was agreed that any communications should be friendly, with a couple of participants suggesting that banks avoid using the word ‘data’ as this term often had negative connotations.
There was also suggestion that any communications should reflect language preferences of those with England as a second language.
7 Conclusions

It is clear that two interlinked factors influence how people feel about banks using data to identify vulnerability and acting on this data: trust in the bank to use customer data and offer support; and transparency regarding the purpose of any data use.

Trust in the bank using customer data to identify vulnerability is driven by the relationship between customer and bank. This relationship is largely influenced by previous experiences of engaging with the bank. It is clear from the qualitative research that those who have previously had positive experiences of receiving support from their bank during financial difficulties are more positive towards the idea of banks using customer data in this way. The quantitative research also shows high levels of trust for banks. The qualitative research suggests that those who have poor experiences of engaging with the bank are more sceptical that banks will want to support customers. Amongst older people, the shift from face-to-face to online money management is considered a key reason for the lack of relationships between bank and customer.

Key conclusion:
- A trusting relationship with the bank is key to customers responding positively and engaging with any contact that banks might make.
- Banks have the second highest levels of trust to treat customer data securely and responsibly, second only to the NHS. It may be worth publicising these excellent results externally.
- Levels of trust are lowest amongst men, older people, and those in social grades C2 and DE. These groups may require further reassurance around the confidentiality of their customer data.

For debate:
- What can banks do to build greater trust with customers?
- Is there a potential role for broader positive communications regarding the types of support/help available to customers in different types of circumstances (e.g. mental health conditions, risky behaviours)? Could this make these types of services more ‘common knowledge’? Could this promote a more open approach to discussing these types of circumstances?

Purpose of data use is a key concern across the qualitative research. Those who are vulnerable, or who have experienced vulnerability in the past typically find it easier to identify the ways in which banks can offer support to those in vulnerable circumstances. However, there is scepticism – particularly amongst those with previous negative experiences of interacting with a bank - that banks will use data to negatively shape the services provided to different customer groups, or to promote services that are financially beneficial for the bank (not the customer). There is also general concern that any data used by the bank may be passed on to third parties, and strong resistance to this happening without customer consent.
Key conclusion:

- Clear information regarding the purpose of data use is crucial. People are likely to want choice over this use of data and reassurances will be needed by some.
- Sharing specific scenarios which show clear benefits for customers has a significant impact on levels of support for use of customer data to identify potential vulnerability and offer support.

For debate:

- How can banks clearly communicate the purpose of data use?
- Is there a potential role for greater clarification of the specific benefits of this type of data use? This appears to help provide reassurances to those who are sceptical towards banks using data in this way.
- Many of the concerns highlighted across the research reflect the core principles set out in the Data Ethics Framework (Department for Digital, Culture, Media & Sport)\(^\text{11}\). How can these principles be embedded in the way that banks use customer data to identify vulnerability?

How/when The qualitative and quantitative research show that banks contacting people where customer data shows actual financial detriment or a clear responsibility (potential harm to the customer) have greatest levels of support.

Direct contact from the bank to the customer offering a discussion is considered appropriate for cases of actual financial detriment. Any discursive contact would need to be led by an appropriately qualified member of staff. Signposting to a relevant organisation (rather than the bank providing support) may be more appealing – particularly those sceptical about the purpose of banks identifying vulnerable customers.

Although direct action is also suggested for cases involving circumstances where there is a clear responsibility, these are considered complex and sensitive often making it difficult for people to decide exactly how a bank should take this direct action.

There is preference for a lighter touch approach to engaging with customers where customer data shows potential financial detriment and potentially vulnerable circumstances or risky behaviours. A more indirect approach is suggested. This includes invitations to general financial wellbeing check-ups and provision of generic communications providing information regarding services and support available. However, in the qualitative research there is some push-back on banks making any contact where there is no clear sign of financial detriment.

It is clear that any information regarding risky spending habits or potential mental health conditions should not be proactively raised by the bank. Both quantitative and qualitative research was inconclusive regarding specific steps that banks should take in relation to identifying a potential mental health condition suggesting that this is a key area for further exploration and debate.

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GfK is awarded registration to ISO 9001, ISO 20252 and is a Company Partner of the Market Research Society (MRS).
Key conclusion:

- Greatest endorsement for banks contacting customers to offer support is where data shows actual and clear financial detriment.
- There are more mixed views regarding what should happen where data only shows potential financial detriment and potentially vulnerable circumstances or risky behaviours.
- In cases where health conditions leave customers potentially vulnerable, there is strong endorsement for some form of action from banks to support customers, but no clear consensus on what that action should be. Banks should tread carefully in these situations.

For debate:

- This is clearly an early stage of people thinking about this type of data use, and the role for banks. How can the debate be continued with the public?
- What can be done to support greater public comfort on this topic? For example, what is the role for: greater clarity around the role and purpose of data use, and the potential benefits for customers?
- Could the debate be broadened to include health professionals, consumer champions, law enforcement, and advocacy groups? Their involvement would build public trust, whilst involving them from the start will minimise opportunities for later criticism.

Understanding how vulnerable people manage their money and their previous experiences of financial difficulties provides some insight into the value that identification of vulnerable customers by banks could have. The research suggests that there is scope for banks to identify vulnerable customers and provide the following:

- Support to customers with managing finances and budgeting for daily life nowadays, so they feel in a position to think about finances from a longer-term viewpoint. This could help overcome the behavioural bias ‘present bias’, (where people prioritise short-term rewards over longer-term gains) which can prevent people from financially preparing for the future.
- Support to customers with their desire to stay risk-averse when it came to managing their finances by offering services such as text alerts. This could support the behavioural bias ‘risk-aversion bias’, (where people make decisions based on avoiding risk).
- Support to customers with managing finances and budgeting for daily life now, so they are enabled to make small behavioural changes (e.g. make savings) which could in turn encourage and enable other positive financial changes. This could help overcome the behavioural bias ‘status quo bias’, (where people prefer to continue with the norm) where continued and normalised financial behaviour may not be the most beneficial to the customer.
- An opportunity to engage in their financial situation. It is clear that any contact from the bank would need to reach customers at the right time, when in the right frame of mind to engage in their situation but some kind of contact could be the catalyst required. This could help overcome the behavioural bias ‘ostrich effect’ (where people ignore obvious, negative situations).
Key conclusion:
- There are clear ways in which identification of potentially vulnerable customers could lead to intervention from banks that ultimately support customers in managing money now and for the future.

For debate:
- How can these types of benefits be presented to customers?
- If banks contact customers in vulnerable circumstances, are the tools and support that would enable customers to make positive financial changes available?
- Who should be providing these types of support and tools? The banks or an existing organisation/charity?
8 Appendix

8.1 Qualitative Approach

The qualitative approach included focus groups and individual depth interviews. Focus groups offered an intimate and supportive environment for discussing issues related to vulnerability whereas depth interviews enabled researchers to understand individual experiences and concerns, and provided detail for case studies.

A total of two focus groups were carried out. Six participants took part in each group and each group lasted for two hours to give adequate time to explore all of the research objectives.

A total of 16 face to face in-depth interviews were carried out in total. All interviews were one-to-one and lasted 90 minutes each.

Research was conducted in June and July 2018.

8.1.1 Qualitative Sample

The qualitative sample was designed collaboratively by Barclays and GfK. A mix of characteristics were taken into account:

**Age:** a spread of ages were included in the sample from age 18+

**Gender:** a mix of genders were represented in the sample

**Experience of potential vulnerability** the sample included participants with different experiences of potential vulnerability. When determining types of potential vulnerability a key reference in developing the qualitative sampling approach was the FCA research into vulnerable consumer characteristics. Potentially vulnerable consumers were categorised according to the following categories, and used interlocking quotas to determine strength of agreement with questions related to each category:

- **Low financial resilience:** questions in this category included whether participants would struggle to keep up with bills or credit commitments, frequency of being overdrawn, whether increases of £50 per month in rent or mortgage would be manageable;
- **Low financial capability:** questions in this category included participants perceived confidence in managing money; and perceived knowledge about financial matters;
- **Health issues:** questions in this category determined if participants had a physical or mental health condition affecting their ability to carry out day to day activities and which would be expected to last for 12 months or more;
- **A major life event:** questions included in this category determined whether participants’ had experienced in the last five years an event such as the loss of a job, death of a family member, the breakdown of a relationship, or becoming a carer for a family member

The qualitative sample included:

- Potentially vulnerable customers

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- Those who were not experiencing potential vulnerability at the moment but had been potentially vulnerable in the past 5 years
- Those who had not experienced potential vulnerability in the past 5 years

**Bank used:** participants were recruited to represent customers across a range of banks including Barclays

**Location:** to minimise regional bias, research was conducted in two locations: Birmingham and London

### 8.1.2 Qualitative sample structure: full breakdown

The sample for the focus groups is shown below:

<table>
<thead>
<tr>
<th>London: mini group 1</th>
<th>Birmingham: mini group 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 25-64</td>
<td>Age 25-64</td>
</tr>
<tr>
<td>Potentially vulnerable consumers</td>
<td>Non-vulnerable consumers</td>
</tr>
</tbody>
</table>

The sample for the depth interviews is shown below.

<table>
<thead>
<tr>
<th>Potential vulnerability: low financial resilience</th>
<th>London</th>
<th>Birmingham</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 interviews</td>
<td>2 interviews</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Potential vulnerability: low financial capability</th>
<th>London</th>
<th>Birmingham</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 interviews</td>
<td>2 interviews</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Potential vulnerability: health issues</th>
<th>London</th>
<th>Birmingham</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 interview</td>
<td>1 interview</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Potential vulnerability: life events/shocks</th>
<th>London</th>
<th>Birmingham</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 interview</td>
<td>1 interview</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Not currently experiencing potential vulnerability/not been in a potentially vulnerable situation in the last 5 years</th>
<th>London</th>
<th>Birmingham</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 interview</td>
<td>1 interview</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Not currently experiencing potential vulnerability/but have been potentially vulnerable in the last 5 years</th>
<th>London</th>
<th>Birmingham</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 interview</td>
<td>1 interview</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL**

8 interviews

8 interviews

### 8.2 Reporting notes

#### 8.2.1 Strength and limitations of the research

The qualitative approach allowed researchers to gather rich and detailed insights. The key strength of a qualitative approach is that it enables researchers to gather spontaneous attitudes and insights, as well as highly nuanced feedback about the research objectives. Whilst qualitative discussions follow a clear structure, they emphasise the role of the participant in leading and driving the conversation through allowing them to answer in their
own words. Participants are not limited in the way they answer the questions by being required to choose from multiple-choice answers as they would in a quantitative study.

The main limitation to using a qualitative research approach is that it emphasises self-expression and insight over numerical outcomes and so relies on detailed discussion with relatively small sample sizes. This is of course mitigated by the presence of the quantitative survey to provide robust population estimates.

Moderators noted the emergence of shared information bias across the focus group discussions. This bias is observed when groups of people focus on shared information and experiences rather than consider those that not all group members have. Focus group participants tended to focus on shared perceptions of banks. These were often negative perceptions, driven by some very strong views, with discussion focusing on the view that banks were a business looking to use customer data to sell products and credit. This led to a feeling of scepticism towards banks using customer data and delivering greater support to customers.

Across the qualitative research participants tended to talk about banks and my bank interchangeably. This suggests that their overall perceptions of banks are largely driven by personal experiences of their own bank. Those with more positive experiences of dealing with their own bank in general, tended to be more open to and positive towards the idea of banks using data to identify vulnerability. However, it should be noted that attitudes towards banks using data to identify vulnerability is a complex and sensitive topic, and previous experience of banks plays only one role in forming views towards this type of data use.

Regarding the quantitative research, it should be remembered that the survey was conducted with a representative sample of the public, rather than the entire population. Results are therefore subject to sampling variability – we cannot be certain that the figures obtained are exactly those we would have if all consumers had responded (the ‘true’ values). We can, however, predict the variation between the sample results and the true values from knowledge of the size of the samples on which the results are based and the number of times a particular answer is given. The confidence with which we can make this prediction is usually chosen to be 95 percent – that is, the chances are 95 in 100 that the true value will fall within a specified range (the margin of error). As the survey has been conducted from online panels, rather than using a random probability sample, statistical differences are presented on an indicative basis only.

In addition, because the survey was sampled from online panels, any non internet users in the UK were excluded from taking part. Latest ONS estimates suggest that approximately 10% of UK adults have not used the internet in the last 3 months. It should therefore be borne in mind that respondents are likely to be more ‘online savvy’, and therefore more used to sharing their personal data and the use of their data by organisations. This should be taken into account when interpreting results.

The research was conducted and completed by GfK’s Public Affairs division in June/July 2018. Ipsos MORI acquired this division in October 2018.

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