Towards a nation of savers

Understanding and overcoming the challenges to saving on a lower income

Andrea Finney and Sara Davies
Personal Finance Research Centre
University of Bristol

July 2011

PERSONAL • FINANCE • RESEARCH • CENTRE

Acknowledgements

First and foremost we would like to offer our thanks to all of the people who kindly gave up their time to participate in the research to whom we are grateful for their willingness to discuss openly their experiences and views of saving.

We are very grateful to Provident Financial for supporting this study and allowing us complete intellectual freedom during all stages of the study design, analysis and report preparation. Thanks are also due to Sharon Collard (PFRC) for providing valuable input to all stages of the study and comments on the draft report and to David Hayes (PFRC) for providing much of the quantitative analysis reported. We would also like to thank Lizzie Becker (HM Treasury) for providing an independent peer review and helpful feedback on an earlier draft of this report.

The research includes secondary analysis of the Wealth and Assets Survey. We would like to thank the Office for National Statistics and the survey sponsors (Department for Work and Pensions, Department for Business, Innovation and Skills, HM Revenue & Customs, Department for Communities and Local Government, Scottish Government and Financial Services Authority) and the UK Data Archive for making the data available for academic research. These organisations bear no responsibility for the authors' analysis or interpretation of the survey data.

The authors

Andrea Finney is a Research Fellow and Sara Davies is a Research Associate at the Personal Finance Research Centre (PFRC). PFRC is an independent social research centre based at the University of Bristol and undertakes rigorous empirical studies across a range of personal finance issues. Recent studies completed by the Centre include an evaluation of the Money Guidance Pathfinder for the Consumer Financial Education Body (CFEB), a review of international pension reform for the Department for Work and Pensions (DWP) and an age-seven evaluation of the Child Trust Fund for HM Revenue & Customs (HMRC). For information on all of PFRC's projects and all published reports, please see www.pfrc.bris.ac.uk.

For more information about this study, please contact Andrea Finney on:

☎ 0117 928 9713

✉ andrea.finney@bristol.ac.uk

Contents

Executive summary

Despite the continued commitment of successive Governments to promote higher levels of saving, rates of formal saving remain low among people on lower incomes in the UK. This study throws new light on the ways in which people on lower incomes today think about and approach saving, their concerns about affordability, and how they may be encouraged to save more and to do so using regulated provision. It highlights how, despite the challenges to saving that people on lower incomes face, there is nonetheless considerable scope for policy-makers and financial services providers to facilitate and support them to save more; and in doing so to help foster 'a nation of savers'.

Study design and methods

The study distinguished between three types of people – the ***saving-engaged***, ***saving-inclined*** and ***non-savers*** – based on their current and recent saving behaviours and attitudes. It focussed exclusively on those living in a lower-income household, defined as below approximately 70 per cent of the national median, and on adults in the middle, family-rearing years (ages 25 to 55).

A total of 30 one-to-one depth interviews were held with people recruited to the three saving categories. Four focus groups were also conducted, three comprising saving-inclined participants and one with non-savers. All fieldwork was undertaken in autumn 2010. A small amount of quantitative analysis of the 2006-08 Wealth and Assets Survey was also undertaken.

Composition and characteristics of the different saver types

Analysis of the Wealth and Assets Survey showed that only one in five adults aged 25 to 55 living in a lower-income household in Britain was already saving-engaged. A further two in five people in this population were saving-inclined and the remaining two in five were non-savers. This suggests that there is the potential for targeting interventions to promote saving at a large majority of this population, particularly as socio-economic factors only partly explain differential levels of saving. The depth interviews highlighted the subtle but important differences between the three saver types.

The engaged savers saved formally in a range of ways, from Credit Union accounts to Premium Bonds, with Individual Savings Accounts featuring heavily. These individuals tended to save routinely, often at the beginning of their budgeting cycle, for purposes other than day-to-day spending. As such, these funds were intended for use over relatively long planning horizons and tended to be left untouched for the purposes for which they were earmarked. All the engaged savers saved informally as well, mainly to smooth income and expenditure over the budgeting cycle.

By definition, the saving-inclined participants had not saved into an account in the past three months. The interviews confirmed that most of them did not have any type of saving account, although all but one had some form of transaction account or Post Office Card Account. Many of them saved informally, though, and in similar ways to the saving-engaged who saved money informally. One key difference was that, unlike the engaged savers, saving-inclined individuals admitted to sometimes dipping in to their savings for day-to-day expenses or emergencies.

The non-savers we interviewed in depth were not saving formally and generally did not have saving accounts. Although they said they did not save informally when they were recruited to the study, in the interviews most talked about putting aside small sums of money (pounds, 20p pieces) on an ad hoc basis, which they drew on over the course of their budgeting cycle. Although all had some form of transaction or Post Office Card Account, the non-savers lack of engagement with formal saving appeared to reflect lower levels of use of banking services generally.

Saving conceptions and perceptions

From the perspective of people on lower incomes, 'saving' can incorporate a wide range of activities, which appear to fall broadly along one continuum of saving-related behaviours. Two main factors seemed to determine whether a behaviour or activity was classed as saving: whether the money was earmarked for a particular purpose and how easily the money could be accessed. Whether or not money was saved formally or informally seemed less important. This suggests that the potential exists to encourage higher rates of saving by building on the saving behaviours that people on lower incomes already engage in, informally and spontaneously and at whatever level. The challenge for providers will be to enable people to continue to earmark their savings and to provide the level of access individuals feel they need (see below).

Somewhat ambivalent views were expressed in response to the idea of 'savers' by the focus group participants. So although it engendered some positive and socially desirable qualities, many negative associations with being a 'saver' were also expressed. Moreover, some of the savers interviewed in depth recognised that they had qualities that other people might view negatively. As such, very few focus group participants admitted to identifying with group descriptions of a 'saver' as a whole, tending instead to identify with the 'non-savers' whom they saw as 'normal'. This suggests that there is a need, if not the potential, for changing the public view of 'savers', by emphasising the normality of it and the positive qualities associated with being a saver (regardless of wealth status).

It was what someone did – whether or not they saved – that was generally seen to define them as a 'saver' or a 'non-saver'. And the depth interviews indicated that people's perceptions of themselves as either a 'saver' or a 'spender' were closely aligned with their actual saving behaviour. In other words, people had a good appreciation for where they were on this spectrum, even if they preferred not to be seen this way by others.

Nonetheless, there was a perception among some of the study participants who were not engaged in formal saving that the ability to save was determined at least in part by factors outside the individual's control. The challenge for policy-makers who wish to encourage saving among this group will lie in engendering a feeling of self-efficacy and empowerment among lower-income people.

Desirability and motivations to save

The study highlighted a subtle but important distinction in people's minds between the desirability of saving and motivations to save. Almost all of the depth interview participants saw saving as desirable and described many benefits of saving. However, the strength of feeling varied considerably, largely depending on how easy people found it to save. And, for some, this desire related only to having savings rather than building them up.

Freedom from worry was a motivation for saving that was common across all three saver types. However, there were important differences between the savers and the people recruited as saving-inclined and non-savers in terms of the number and range of saving motivations they described. The relative emphasis on internal motivators, such as avoiding going without and not wasting or owing money, rather than external rewards also distinguished the engaged savers from the others. There were some differences between the saving-inclined and the non-savers in terms of the number and range of motivations individuals described, but this reflected more closely whether or not they were saving at all than their recruitment category.

Non-savers also, almost without exception, reported seeing good returns on saving as being a motivation to save – assuming that they had the money to do so. From the current findings, it is difficult to interpret just how powerful a motivator this is in practice for the non-savers. It was a consideration for some of the engaged savers, particularly those who considered themselves to be spenders by nature, but other motivators were just as if not more important for these individuals. As such, and however important good and clear returns on savings may be for some, it may not be the panacea for increasing saving rates among lower-income households.

For behaviour change to be effective and sustainable it ultimately requires individuals to 'buy-in' to the value of the new behaviour. This suggests that a major challenge for policy makers will lie in encouraging a shift in focus among those not engaged in saving from the external rewards to the stronger, and more sustainable, internal motivators of saving. This might be achieved most readily by capitalising on the internal motivations that exist across the spectrum (notably, freedom from worry), and avoiding going without in the future, which had currency among the engaged-savers.

The viability of saving

The study found that factors relating to the individual's situation presented the strongest challenges to saving, while perceptions and experiences of financial services providers played a secondary role. Some participants felt strongly that saving was completely unaffordable at their current level of income. However, there was fairly widespread acknowledgement by participants that they lived to their means, with some degree of choice, and that they could afford to save if they chose to.

The overriding difficulty with choosing to put money by for the future came from the perception that saving was not possible without compromising current standards of living. Some had safety nets other than savings they felt they could fall back on, including commercial and informal borrowing, meaning that they did not always feel they were compromising their futures by not saving.

Compounding this was a strongly-expressed view that saving was futile unless large amounts could be saved. While not as potent as other factors, there was also some recognition that saving required a level of self-discipline that they did not have and a link was observed in the analysis between not saving actively and a disorganised approach to money management. This suggests that saving policies should be supported by broader polices to improve other aspects of financial capability.

Negative perceptions of financial services providers and the saving environment did not feature heavily as barriers to saving formally at the personal level. It was evident, nonetheless, that there were strong and pervasive feelings of disdain and mistrust towards providers generally. This did not derive from personal experience and largely betrayed people's misunderstanding and misperceptions (of products, the industry and repercussions of the financial crisis on savers). This indicates a role for Government and providers alike to ensure that the protections and guarantees that exist within the regulated market are communicated clearly.

Encouraging saving

In addition to the issues for policy that emerged elsewhere from the analysis, the saving-inclined and non-saver focus groups participants were invited to consider what might encourage them to save more than they were doing. This encompassed credible role models and messages that might persuade them to do so and mechanisms which might help people to save.

One of the most potent findings from the study was that focus group participants struggled to identify people in the public eye – real or fictional – who represented authoritative role models for saving for people like them. This suggests that, among lower-income adults at least, there is no social norm that advocates saving as a positive behaviour. This in turn offers an opportunity for those interested in promoting saving to explore and nurture positive role models for saving. A credible role model for this group would be someone who had come from modest beginnings and who ideally, despite their new-found wealth, demonstrated moderation in their spending.

Reflecting other findings from the study, the most persuasive messages were those that acknowledged explicitly the competing priorities people on lower incomes face in their daily financial lives: 'You want to live for today but you need to live for tomorrow too' and 'Every little helps'. The younger saving-inclined group was also particularly responsive to statements that centred on notions of pride, freedom from worry and being in charge of one's own destiny.

Although good, clear and guaranteed financial rewards for saving formally were discussed, other factors were seemingly of far greater import to the focus group participants. The factor with the strongest appeal overall was the notion of identifying small and affordable amounts to save, despite the earlier reservations expressed by participants. This derived from agreeing, through group discussion and peer testimony, that saving small amounts was both affordable and would have sufficient value in the medium to longer term to make it worthwhile. This suggests a clear role for a carefully targeted policy to help frame people's expectations about how much it is reasonable and worthwhile to save routinely and save towards, drawing on consensus and peer testimony to do so.

Additionally, people welcomed 'commitment devices' that would enable them to save routinely without 'seeing' the money they were saving. There was particular interest in setting up automated deposits at the start of the budgeting cycle. Those who were most constrained financially were most interested in these payments being facilitated or set up on their behalf by employers, banks or government. Participants also suggested mechanisms that reduced their access to the savings accrued, in most cases to keep their savings 'at arm's length', including: short notice accounts (e.g. requiring 48 hours notice), savings accounts where money can only be withdrawn over the counter but can be deposited in other, more accessible ways (including online), and having separate but linked accounts for day-to-day spending and savings. The very personal access requirements that individuals described suggest it may not be possible to design a single product to cater to these needs. However, products that enable a degree of tailoring to individual preferences may be attractive among these potential savers.

1 Introduction

The arguments for encouraging saving, given the potential benefits that saving offers to the financial, psychological and behavioural well-being of individuals and their families, are well-rehearsed (see for example, Altman, 2002; Lister, 2006; Sherrard Sherraden et al., 2010). In the UK, successive Governments have sought to encourage greater non-retirement saving (see, for example, HM Treasury, 2000). Although the coalition Government announced the cancellation of two key saving initiatives – the Child Trust Fund and the Saving Gateway – early in its administration, it has expressed its aim to promote saving by creating conditions for higher levels of saving and its continued commitment to the aims of "rewarding saving, supporting pensions, and helping vulnerable households to smooth their expenditure" (Hansard, 2010). It is arguably those living on lower incomes who stand to benefit the most from saving, but who also find it hardest to put aside even modest amounts.

Rather than rehearse or debate these arguments, the study described here explored saving entirely from the perspectives of people living on a lower income. It aimed to identify the scope and appropriate avenues for intervention to enable those on lower incomes who are not currently saving – but who may wish to do so – to start saving and, ideally, to do so using formal regulated provision. Largely qualitative in its approach, the study involved 30 depth interviews and four focus groups with adults aged 25 to 55 living in households with below 70 per cent median incomes. A small amount of quantitative analysis of the same population was also conducted using the Wealth and Assets Survey.

1.1 Background

Previous research has shown clearly that many people on lower incomes do in fact save; however, where they do so it tends to be only sporadic and in small amounts (see Kempson and Finney, 2009). The dominant patterns of saving adopted by people on low incomes tend to be 'putting money aside' and 'save to spend' (Whyley and Kempson, 2000). This compares with the more habitual form of saving for general or non-specific reasons which tends to be observed among people with higher disposable incomes (Rowlingson et al., 1999).

'Putting money aside' involves routinely setting aside a little money that is expected to be needed during the course of the budgeting cycle, for example for bills, food shopping or treats later in the week or month. 'Save to spend' involves saving up for specific purposes – commonly Christmas, birthdays, holidays and decorating – that cannot be accommodated within people's normal budgeting cycle and spending the savings all in one go. By its very nature, the 'save to spend' pattern of saving means that the individual may appear to be a 'non-saver' at certain points in the cycle (Kempson and Finney, 2009). Moreover, these forms of saving are often not seen as 'saving' by people on low incomes, particularly if informal methods of saving, that is, saving outside of regulated financial institutions, are used (e.g. Kempson, 1998; Whyley et al., 2000).

Indeed, previous studies have found that people on low incomes tend to rely heavily on informal methods of saving. These include saving money at home, entrusting money to a friend or family member, buying supermarket saving 'stamps', paying into Christmas hamper schemes and using rotating savings and loan schemes (BMRB Social Research, 2006; Kempson, 1998; Opinion Leader Research, 2007).

As a result, analysis has consistently shown that rates of formal saving tend to be rather lower among people on low incomes than in higher income groups. So, while in recent analysis around seven in ten of families overall had a saving account, this fell to around five in ten of families on lower incomes (Kempson and Finney, 2009). Just over a third had saved into an account at all in the past 12 months compared with some two-thirds of those on higher incomes, and the median amount held (if any) was just £371 compared with £2,000 among better-off families.

Despite the low rates of saving, and of formal saving in particular, studies indicate that many people on lower incomes want to save (see for example, Dolphin, 2009; Kempson and Finney, 2009). Often, a lack of affordability is the main reason people on low incomes give for not saving. Findings from the new Wealth and Assets Survey show that most people who hadn't saved in the last 12 months said this was because they couldn't afford to. But this included more than a half of the people who said that they often have money left over at the end of the week or month (Finney, 2009). This, and the finding that some people on low incomes nevertheless *do* save, suggests that affordability is not a sufficient explanation for low rates of saving, and that for at least some people a 'lack of affordability' is a substitute for prioritising spending over saving or other barriers.

Previous research has identified a range of barriers to saving formally among people on lower incomes (e.g. Kempson and Whyley, 1999; O'Reilly, 2006; Opinion Leader Research, 2006). A review of this evidence concluded that there were no major structural failures within the regulated savings market. Where barriers did exist, these were seen to reflect a mismatch between the available provision and what lower-income savers want and need from a product or service (Kempson and Finney, 2009).

Meanwhile, pilots of the Saving Gateway initiative demonstrated that people on low incomes can be encouraged to save into accounts given the right product features, provider environment and incentives (Kempson et al., 2005; Harvey et al., 2007).[1] Equally, research has shown that the main incentive that people say would encourage them to save formally is financial rewards, in the form of good interest rates or bonus payments (Building Societies Association, 2007; Kempson and Finney, 2009). In the absence of the Saving Gateway and at a time when interest rates were particularly low there is a need to look more broadly at how people on lower incomes might be encouraged to save.

Recent analysis of existing evidence concluded that three main challenges to increasing rates of saving in low-income groups exist (Kempson and Finney, 2009):

---

[1] The Saving Gateway was a Government 'matched saving' scheme aimed at people on lower incomes. It was piloted twice, first in 2005, and was scheduled for national roll out in July 2010 prior to being cancelled in June 2010.

- helping people to prioritise saving over spending;
- transitioning people from saving informally to saving formally; and
- encouraging people to extend their saving horizons.

This study was intended to help inform how these challengers might be overcome.

1.2 Aims and objectives

This was a mostly qualitative study designed to investigate how people on lower incomes might be encouraged to start saving or to save more by exploring, in depth, how people think about and approach saving. In doing so, it explored the complex interplay between people's appetite for saving, their motivations to save, their previous experiences of saving, circumstances and the capacity to save, and their perceptions of financial institutions and the formal saving environment. Its overarching purpose was to provide a better understanding of the barriers to saving and throw new light on the messages, means and mechanisms that could make a difference to people's actual saving behaviour.

The study aimed to build on the existing evidence in three crucial ways. Firstly, it aimed to bring our understanding up to date. With few exceptions, most notably the evaluations of the two Saving Gateway pilots (Kempson et al., 2005 and Harvey et al., 2007), the most recent rigorous and detailed primary studies of saving among this group explicitly date back 10 years or more (e.g. Whyley and Kempson, 2000; Kempson, 1998). In that time, the formal savings market has changed considerably, with increasing proliferation and turnover of saving products continuing into the mid-2000s (Ellson, 2009), a steady rate of bank and building society mergers and takeovers, and of course a banking crisis that peaked in 2007 with the first run on a bank in the UK 'since Victorian times' (The Treasury Committee, 2008; p5).

Secondly, while acknowledging that a lack of affordability will in some cases be a genuine and overwhelming barrier to saving, this project set out explicitly to examine the reasons for not saving beyond the initial (real or perceived) hurdle of 'affordability'. Where previous research has taken people's initial responses at face value – particularly where quantitative methods were used – this qualitative study probed beneath people's initial answers to reveal the underlying barriers that 'affordability' can mask.

Finally, previous research on saving has tended to consider people on low incomes as a homogenous group. However, people's saving perceptions and needs are likely to vary in key or systematic ways depending on their overall level of engagement with saving, with corresponding implications for the effectiveness of saving initiatives. Therefore, the design of this study was structured explicitly around three categories of people, based on their level of engagement with saving:

Saving-engaged: People who are saving actively and use regulated provision to do so

Saving-inclined: People who are not saving formally but who appear inclined to do so, as indicated by previous formal saving, current informal saving behaviour and/or attitudes towards saving

Non-savers: People who are not saving formally and who do not appear to be inclined to do so.

Drawing an explicit distinction between these types of people provides a unique framework within which to compare and contrast the experiences and perceptions of saving among lower-income groups and to better understand the challenges to saving for these and how they might be overcome. This distinction was carried through to each stage of the study's fieldwork and analysis.

With these in mind, the study set out to explore the following research questions:

- What do people on lower incomes understand by 'saving' as a concept and behaviour?
- To what extent is there a desire for saving among people on lower incomes who are not currently saving formally, and what form does this desire take?
- How viable is it for people on lower incomes to save given other priorities?
    - How do people feel about their own capacity to save?
- What is the relative importance of different barriers to saving formally or at all?
- What do people on lower incomes see as necessary to overcome these barriers?
    - Is an increase in (disposable) income both necessary and sufficient?
- What can individuals and providers/Government do to help people save more

1.3 Research design and methods

The main stages of this study involved depth interviews and focus groups with individuals living in a lower-income household, undertaken in autumn 2010.

A '***lower-income***' household was defined, for the purposes of this study, as one with an income of below approximately 70 per cent median income (before housing costs). Based on data for 2008/09 (DWP, 2010) this was equivalent to a weekly income of £191 for a single adult, £285 for a couple with no children, £305 for a lone parent and £399 for a couple with two children aged under 14.

Qualitative methods provide the opportunity to understand how and why people think or behave the way they do, in contrast to quantitative techniques that measure how prevalent a perception or behaviour is. Qualitative methods also allow participants to generate new ideas and solutions. A small piece of quantitative analysis of the Wealth and Assets Survey was also undertaken, to help inform the design of the qualitative elements and provide a context for the findings.

As such, the study involved three stages which were undertaken sequentially: the findings from the quantitative analysis helped inform the depth interviews; and the findings from the quantitative analysis and the depth interviews helped inform the focus groups. A short literature review was also conducted to provide background information for the project.

Throughout the project, our focus was on adults aged 25 to 55, broadly representing the middle, family-rearing years. There are particular issues that young adults and people in the pre- and post-retirement years face in relation to saving, which were outside the scope of the current project.

1.3.1 Quantitative analysis of the 2006-08 Wealth and Assets Survey

The Wealth and Assets Survey is a large-scale nationally representative survey of individuals and households in Great Britain.[2] In addition to levels of formal financial asset-holding, the data from the first wave of the survey (carried out in 2006-08) captured information about informal savings of £250 or more, active saving behaviour and, where people were not saving in any way, the reasons they gave for this. By bringing together this information, we were able to categorise people living in a lower-income household into savers, saving-inclined and non-savers. A lower income household was defined for the purposes of the survey analysis as being one in which at least one household member was in receipt of income-replacement benefits or Working Tax Credits.[3] Details of how the three categories were defined in the Wealth and Assets Survey data are shown in Table A1 (Appendix A).

Analysis of the Wealth and Assets Survey data enabled us to calculate the proportions of people from lower-income households in Great Britain who fall into each of these three groups and describe the typical demographic, socio-economic and financial characteristics of people who fall into each category. This analysis served two purposes: to provide a broader context in which to place the findings from the subsequent depth interviews and focus groups; and to inform the recruitment of participants to the depth interviews and the focus groups.

1.3.2 Depth interviews

One-to-one depth interviews were used to explore the interplay between an individual's saving beliefs, expectations, motivations and behaviours, and the factors that shaped these. The particular strength of depth interviews (as opposed to focus groups) lies in the ability to explore in details individuals' circumstances, views and experiences and the interrelationships between these.

A total of 30 people, all from lower-income households, were recruited to take part in one-to-one depth interviews. Quotas were set to recruit eight savers, 14 saving-inclined and eight non-savers. It was decided to interview a larger number of saving-inclined participants than the other categories because of the diverse definition of this category.

The definitions of these groups in the depth interviews (and the focus groups) was designed to match – as closely as possible – the definitions used in the Wealth and Assets Survey analysis. In practice, they were a little simpler and are summarised as follows:

---

[2] Office for National Statistics. Social Survey Division, *Wealth and Assets Survey, Wave 1, 2006-2008: Special Licence Access* [computer file]. *4th Edition.* Colchester, Essex: UK Data Archive [distributor], November 2010. SN: 6415.

[3] A measure of total income is not available in the Wealth and Assets Survey data set because the amount of income received in welfare benefits was not captured reliably. Therefore, for the purposes of the survey analysis, we have used receipt of particular types of welfare payments as a proxy for lower-income: an individual was defined as living in a lower-income household if any household member was in receipt of Job Seekers Allowance, Income Support, Incapacity Benefit or Working Tax Credits. All analysis was undertaken in SPSS using weighted data, and limited to individuals aged 25 to 55.

- *engaged savers* had either put money that was not intended for regular bills or spending into a bank or building society account in the last three months or were making regular payments into a saving plan or an insurance/endowment policy that was due to pay out on a fixed date.
- *saving-inclined* participants had not done this, but had i) previously put money into a bank or building society account, ii) tended to save money informally, and/or iii) said they felt it was important to have some money or savings put aside.
- *non-savers* had not done any of these things and did not think it very or fairly important to have some money or savings put aside.[4]

In order to represent a range of views and perspectives in the depth interviews, participants in each category were recruited to include a mix of men and women, ages (within the 25-55 age range) and household compositions. The Wealth and Assets Survey analysis had shown that membership of these categories related closely to the socio-economic and financial situations of households. Therefore, depth interview participants were also recruited to include a mix of homeowners (with or without a mortgage) and non-homeowners, some with active consumer credit commitments and some without, and a mix of people who were and who were not living in a working household.[5] Appendix A provides further details about recruitment, including the characteristics of the depth interviewees by recruitment category.

1.3.3 Focus groups

Following the completion of the depth interviews, focus groups were undertaken to explore concepts of saving, reflect back ideas that emerged from the depths, test out the relevance of particular barriers to saving and identify how these might best be overcome. Focus groups are particularly useful for exploring attitudes and views, particularly where participants are asked to generate or challenge ideas for solutions or consider hypothetical situations.

Four focus groups were undertaken in total, each comprising six to eight participants. Three were held with saving-inclined participants and one with a group of non-savers; these were recruited to the same definitions used in the depth interviews (see section 1.3.2). The groups are referred to as:

- 'Younger saving-inclined group' (ages 25 to 39)
- 'Older saving-inclined group' (ages 40 to 55)
- 'Non-working saving-inclined group' (ages 25 to 55); and
- 'Non-saver group' (ages 25 to 55)

None were held with people who were already actively saving formally, given that the emphasis of this stage of the study was on exploring ways to encourage formal saving among those who were not already doing so. Appendix A provides more information about the design of the focus groups.

[4] See Appendix B for the recruitment questionnaire.
[5] Defined as whether or not the participant (or their partner) was working 16 or more hours per week.

Although these participants were, like the depth interview participants, also all drawn from 25 to 55 year olds living in a household with a low income, they were not the same individuals who had taken part at the depth interview stage.

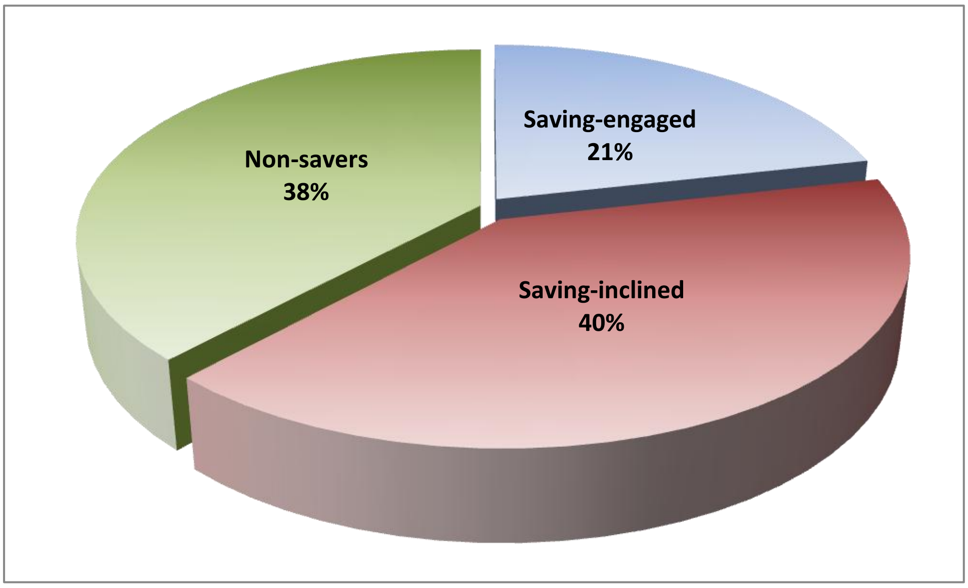
2 Characteristics of the different saver types

The study distinguishes three types of people based on their saving behaviours and attitudes: the active formal savers, the saving-inclined and the non-savers. These types were initially defined using all available measures from the Wealth and Assets Survey data and then defined for recruitment of participants to the depth interviews (and subsequently the focus groups) to match the Wealth and Assets Survey definition as closely as practicably possible. Table A1 (Appendix A) provides details of how these were defined (and the numbers of people who met each of the definitional criteria).

2.1 How many and who are they?

Our analysis of the Wealth and Assets Survey data showed that only one in five people in Britain aged 25 to 55 living in a household with a lower income was already saving-engaged (21 per cent; see Figure 1). This suggests that there is the potential for initiatives aimed at encouraging or facilitating people to start (or resume) saving into accounts to reach out to a large majority of this population. And this appears to divide fairly equally into those who may be more and those who seem less amenable to intervention: two in five people in this population were saving-inclined (40 per cent); and the remaining two in five were non-savers (38 per cent).[6]

Figure 1 Percentage of 25 to 55 year olds in Britain who are saving-engaged, saving-inclined and non-savers



[6] Percentages do not sum to 100 due to rounding.

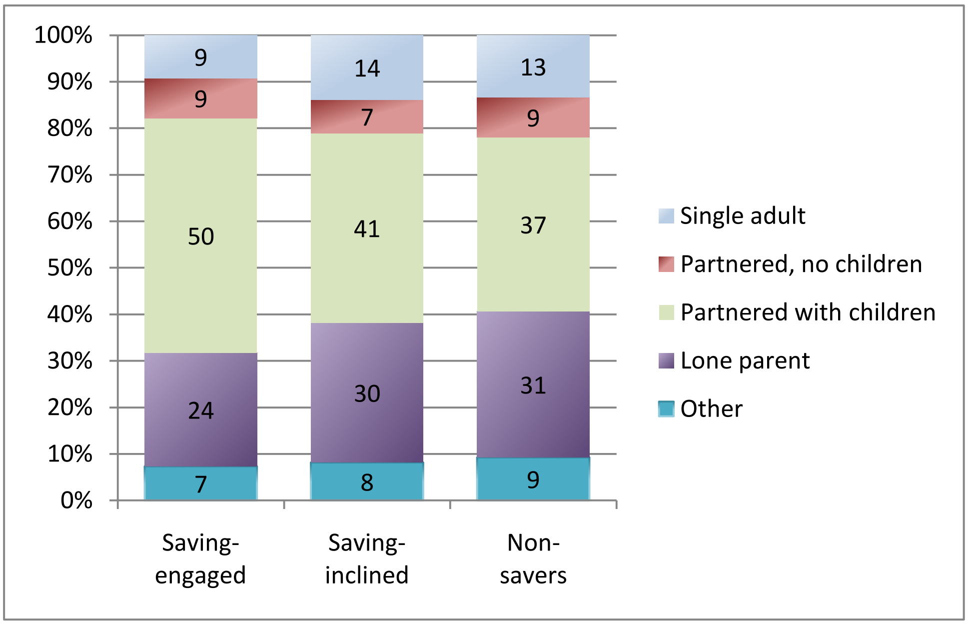
Among the engaged savers, almost all (90 per cent) said that they had saved into an account in the last three months and one in five (20 per cent) were paying into a saving plan or policy that would pay out a lump sum on a fixed date (see Table A1).[7]

More than two in five people classed as saving-inclined were assigned to this category on the basis that they considered themselves to be a 'saver' (rather than a 'spender') or that they had saved into an account previously but not in the last three months. Three in ten said either that they tended to save at least some of the money they sometimes had left over at the end of the month or week or that they were likely to save in the next 12 months. Only a minority (four per cent) had £250 or more saved informally.

Finally, non-savers either did not meet any of these criteria (96 per cent) or said explicitly that the reason they had not saved in the last three months was because they were not interested in saving or did not need to or did not want to (six per cent).

Further analysis of the Wealth and Assets Survey suggests that the people who make up each of these groups are drawn from all walks of life (see Table C1, Appendix C). However, there were some variations in the relative composition of these groups. For example, the active formal savers included a larger number of people who were partnered with children (50 per cent) than the saving-inclined (41 per cent) and non-savers (37 per cent; Figure 2). Conversely, these latter two groups comprised slightly more lone parents (30 per cent and 31 per cent respectively) than the savers (24 per cent) and also single adults (14 per cent and 13 per cent, compared with nine per cent among the 'engaged savers'). And considerably more of the non-savers (17 per cent) and saving-inclined (15 per cent) had three or more children compared with just nine per cent of the engaged savers.

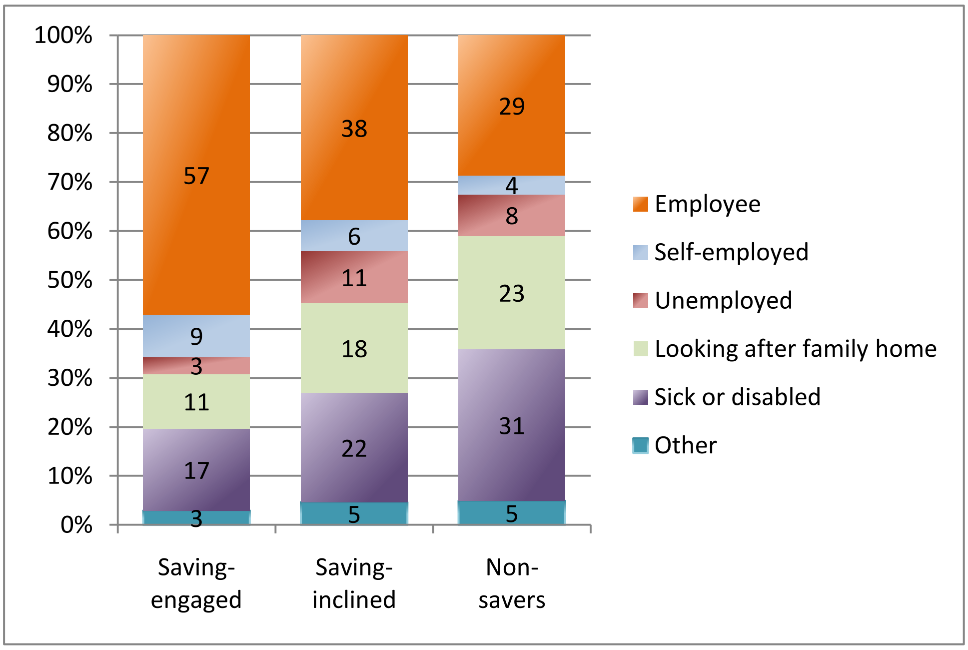
Figure 2 Composition of the saver categories, by household structure



[7] Percentages sum to more than 100 as more than one criterion may have been met.

There were also clear variations by many socio-economic indicators, such that a higher proportion of people with qualifications at degree level or higher (15 per cent), employees (57 per cent; Figure 3) and managers and professionals (26 per cent) were found among the engaged savers. It was also the savers who were very likely to live in a household with any earned income (66 per cent), an owner-occupier household (64 per cent) and one with some form of transaction account or a Post Office Card Account (POCA; 97 per cent).

Figure 3 Composition of the saver categories, by respondent employment status



In contrast, non-savers were much more likely than the savers to be looking after the family home (23 per cent) or to be unable to work due to long-term sickness or disability (31 per cent), to be drawn from those in semi-routine occupations (52 per cent) or to have never worked or be long-term unemployed (14 per cent). They were also relatively less likely to have any earned income in the household (32 per cent), and, reflecting this, were highly likely to be in receipt of income-replacement benefits (71 per cent) and to live in a home rented from a social landlord (58 per cent). They were somewhat more likely than the savers to be excluded from banking services, with only 84 per cent having access in their household to a transaction account or a POCA, although they were slightly more likely than the savers to have outstanding consumer credit commitments (53 per cent) and to be behind with repayments on these (28 per cent).

On most of these socio-economic measures, the composition of the saving-inclined people lay somewhere in between these two extremes. There was very little variation in the profiles of the three saver types by either sex or age.

These findings strongly indicate a correlation between saving behaviours and attitudes and the socio-economic and financial situations of households. This is not altogether unexpected, and (as already discussed) reflects previous research that has focused on saving behaviours and account-holding. Nonetheless, it also clearly illustrates how the socio-economic and financial characteristics of households do not entirely explain an individual's saving disposition: there remains a core of seemingly better-off people who do not save and have no inclination to do so and, conversely, people who have fewer resources to draw on but who are nonetheless active, formal savers.

2.2 Saving behaviours and attitudes

We have already described in section 1.3.2 how depth interviewees were recruited to the study to ensure a spread of socio-demographic characteristics within each of the three categories. They were also recruited to ensure a mix by housing tenure, credit use and whether or not they lived in a working household to reflect the finding that these characteristics were closely related to being a saver, saving-inclined or a non-saver in the general population.

At the time they were recruited, all eight savers said they had put money into an account in the last three months and one had also paid money into a savings plan or insurance policy (Table A1). Among the saving-inclined participants, all 14 said at the time they were recruited that they had saved into an account in the past but not in the last three months and also thought that it was very or fairly important to have some savings to draw on. A further six also reported that they tended to save informally. Turning to the people recruited as non-savers, these were saving neither formally or informally and did not think it terribly important to have some savings to draw on at the time they were recruited; some (five of the eight) said they had saved formally at some point in the past (as an adult).

The depth interviews provided far more detailed information about the saving behaviour and attitudes of the individuals recruited to each of these categories. As previous research has shown (see Kempson and Finney, 2009), there was a tendency for people to be saving in some way even if they didn't initially interpret what they were doing as 'saving' (and particularly where they were only using informal methods), and different methods of saving tended to be aimed at somewhat different purposes. This study throws additional light on the overlaps between different methods of and purposes for saving, how these relate people's saving horizons and the level of priority given to saving and at which point in the cycle.

2.2.1 Saving-engaged

The in-depth interviews evidenced the range of saving behaviours and saving vehicles that the people recruited as engaged savers employed. A few participants in this category were not saving actively and formally at the time they were interviewed, although they seemed to have done so in the very recent past. The remainder were all saving formally at the time of the interview.

The people recruited as savers were using a diverse range of accounts for saving, from Credit Union accounts to Premium Bonds. Individual Savings Accounts (ISAs) featured heavily, and there was a mix between people who were using only one saving vehicle and others who were using up to three different types of accounts. Although saving for children was deliberately excluded from the recruitment definitions, there were also a few examples of people who were saving into an account for a child.

It was typical for these individuals to be saving routinely into the accounts, predominantly at the start of the budgeting cycle (that is, money was being earmarked for saving as soon as income was received) although one person was saving both at the start of the cycle and anything left over at the end of the cycle. Others, while clearly prioritising saving into accounts, were doing so only using the money left over at the end of the cycle.

Some fairly high values were discussed, with savers saying almost exclusively that they were saving between £50 and £200 per month, some having accrued several thousands of pounds in their accounts. This money was saved predominantly for unexpected essential expense or, as one described, “for the bigger catastrophes” such as if the car were to suddenly need replacing. Where people were saving into multiple accounts or saving slightly smaller amounts an account might be for more or less expected and pleasurable things (holiday, clothes, things for the children) or encompassing things for the home. The key factor appeared to be that for everyone, this money was not intended to form part of general household spending including some expected lumpy expenditure such as birthdays or Christmas.

For example, one woman was paying £95 per month into her credit union account, her “little pot if I want a treat”, £100 in a saving deposit account for a special birthday celebration, and when she felt she had an excess in her current account put this in Premium Bonds (which totalled several thousand pounds). While not atypical of this group, this woman was at the higher end of the sample in terms of levels active formal saving and the amounts she had saved.

In addition to the active, formal saving most of the savers were doing, it is of some note that all of them were saving actively using informal methods at the time of the interview. This ranged from putting coins in a jar at home to buying retail vouchers. Again, some of this was being done at the start of the budgeting cycle and some at the end, while others still were saving informally on an ad hoc basis during the course of the budgeting cycle.

Informal saving among the savers was principally being done to provide an accessible boost to income later in the budgeting cycle, although some were deliberately tying this money up for a specific purpose (typically for Christmas) and others were doing both. For example, one woman, although saving only small amounts put money left over at the end of the month into her special ‘corner in the house’ to help with general spending throughout the month, big bills and items her children might need and was also saving £1 or £2 each time onto a supermarket saving card each time she went to the shop in preparation for Christmas. For some people the money saved informally and formally was ‘linked’, such that when informal sums reached a certain level the excess was siphoned off into a formal account.

It is clear from the examples given above that, regardless of how small or large people’s saving was, the use of different physical places for their savings closely reflected the different and clearly-defined purposes (or sets of purposes) they saw in each. For some particular income streams were also allocated to each of these saving pots and purposes. This is reminiscent of what psychologists have termed ‘mental accounting’, whereby people organise and keep track of their money and spending using conscious, mental processes (Thaler, 1999). But for these individuals, the mental accounts they had for their savings had also been allocated in physical terms.

In summary, all but one of the savers was saving for more than their immediate budgetary needs and generally in a formal account. Informal saving, by contrast, was typically used to smooth income and expenditure over the budgeting cycle.

2.2.2 Saving-inclined

The saving-inclined depth interviewees were recruited on the basis that they had not saved into a bank or building society account in the last three months. The depth interviews provided context to this: these participants mostly did not have saving accounts at all (although all but one had some form of current account, basic bank account or POCA).[8] Among the few who did have saving accounts, these had recently been emptied or were effectively dormant with or without a balance, simply not having been added to in recent times. There were a few examples of saving-inclined participants who were saving actively into their children's accounts.

Given that saving informally was one of the criteria used to recruit people to the saving-inclined category, it is not surprising to find that many of them reported saving informally in the interview. The methods they used varied more widely compared with the saving-engaged. So, in addition to the methods already described, some of the saving-inclined described using informal Christmas saving clubs, a safe at home, entrusting money to a relative (given in each case to the participants' mum), and there were some who described letting money build up in a current account.

But in many other ways, patterns of informal saving were very similar among the savers and the saving-inclined. They included a mix of people who were saving at the start of their budgeting cycle, at the end and on an ad hoc basis. Some were saving to have money accessible for later in the budgeting cycle (sometimes referred to as a 'float'), some were using methods that tied their savings up in order to protect them for a specific purpose – Christmas clubs and entrusting money to mum being prime examples – and others used a combination of these. Where multiple methods were used, different purposes (or groups of purposes) were allocated to each pot of money saved.

Here, however, another difference between the savers and the saving-inclined participants emerged. There was a notable propensity for some saving-inclined participants to describe how they allowed themselves to occasionally dip into, however reluctantly, one of their saving pots that was earmarked for things such as birthdays, Christmas or a car. One described the pot as "not really a saving as such, it just saves me", reflecting others' descriptions of the need to dip into savings for every day expenses, emergencies or unexpected expenditure. This pattern was not in evidence among the sample of savers, either in relation to their formal or informal savings.

2.2.3 Non-savers

Turning finally to the sample of non-savers, these were neither saving formally or informally and did not think it terribly important to have some savings to draw on when they were recruited to take part in the study; some (five of the eight) said they had saved formally at some point in the past (as an adult). The depth interviews confirmed that these participants were not saving formally, and in fact the large majority did not have saving accounts; those that did had emptied them so that they effectively lay unused. Nonetheless, one woman in this group was saving routinely (by direct debit) into a Child Trust Fund for each of her children.

[8] Information on bank account holding was analysed rather than reported, meaning that the type of account held (i.e. a full transactional current account, basic bank account or POCA) was not always clear.

It is of note that although all eight participants were in some way 'banked' and some were making active use of the accounts as indicated by the use of direct debits and online banking, a few participants appeared to be using their accounts only in a very basic way, e.g. to withdraw income in cash, indicating that they may have had a basic bank account or only a POCA. This reflects the link observed between actual account-holding and levels of engagement in saving in the Wealth and Assets Survey analysis (see section 2.1).[9]

The depth interviews were designed to probe people's behaviour in full, and this brought evidence to bear that in fact most of the 'non-savers' were saving informally. This resonates with previous research which found that people quite often do not count what they do as saving, particularly if they do not miss the money (e.g. Whyley and Kempson, 2000), and extends this to show that people often do not count what they are doing even as 'putting money aside' when asked a straight-forward question in a survey.

Nonetheless, there were clear differences in patterns of informal saving behaviour between the non-savers and what we have previously described in relation to the saving-inclined. The range of methods and purposes described were far narrower and only one person in this sample described using multiple methods. Informal saving among the non-savers was also almost exclusively intended to provide an accessible source of money for later in the budgeting cycle. If money was placed anywhere specific it was in coin jar or cupboard at home, it was always described in terms of 'small amounts',' a few pounds', 20 pence pieces and £1 coins and it was put aside on an ad hoc basis rather than at a designated point in the cycle.

2.3 Summary

Our analysis of the Wealth and Assets Survey suggests considerable potential for bringing more people on lower incomes into formal saving, particularly as socio-economic factors only partly explain differential levels of saving. The depth interviews served to highlight subtle but important differences between the three categories of respondents, which help us start to improve understanding of the possible barriers and triggers to encouraging greater levels of saving. Underlying this was a small but significant link between levels of saving engagement and banking exclusion (as observed in the Wealth and Assets Survey), reflected in turn among the sample of depth interview participants.

The saving-engaged individuals who were interviewed in depth saved formally in a range of ways. They tended to save routinely, often at the beginning of their budgeting cycle, for purposes other than general spending. As such, these funds were intended for use over relatively long planning horizons – of months or years – and as a result tended to be left untouched for the purposes for which they were earmarked. They all saved informally as well, with this money being used mainly to smooth income and expenditure over the budgeting cycle. In other words, formal and informal saving tended to be used for rather different purposes.

[9] Levels of engagement with financial services more generally is explored fully in section 5.3.

Saving-inclined individuals were recruited for depth interview on the basis that they had not saved into an account in the past three months, and in fact most of them did not have any type of saving account. Many of them saved informally, though, and in similar ways to the saving-engaged who saved money informally. One key difference was that, unlike the engaged savers, saving-inclined individuals admitted to sometimes dipping in to their savings for day-to-day expenses or emergencies.

The non-savers we interviewed in depth were not saving formally and generally did not have saving accounts. Although they said they did not save informally when they were recruited, in the interviews most talked about putting aside small sums of money (pounds, 20p pieces) on an ad hoc basis, which they drew on over the course of their budgeting cycle.

3 Saving conceptions and perceptions

The focus of this chapter is on understanding how people living on a lower income view saving, both in abstract terms and in relation to themselves. The purpose is to provide a better understanding of the concepts and language that people do and do not associate with saving, and the connotations – positive and negative – that sit alongside these. In doing so, our aim is to help inform the messages and influences that might encourage the saving-inclined and non-savers to seriously consider saving.

In the first sections of this chapter, we explore the multitude of meanings that 'saving' has for people on lower incomes and their perceptions of what it means to be 'a saver'. For these we draw on the findings from the focus groups of people recruited as either saving-inclined (three groups) or non-savers (one group), in which participants were asked to volunteer and discuss their ideas in response to these concepts.

We then go on to explore how participants perceived themselves in relation to saving and how well these perceptions related to their actual saving behaviour. For this we turn to the depth interviews, which explored individuals' own behaviour, attitudes and perception in detail.

3.1 Concepts of 'saving'

Previous authors have suggested various typologies of saving, including Kempson (1998) who noted that saving in lower-income households took three general forms: putting money into savings, saving up, and putting money aside. The formal and informal saving activities described by respondents in this study (as outlined in section 2.2) clearly fit within this typology. In this chapter, we explore the complex nature of what respondents in the focus groups perceived to constitute or 'count' as saving.

The focus groups were structured to explore these meanings in the broadest sense, with participants asked to volunteer their unprompted 'top-of-mind' thoughts as well as prompted views in response to the notion of 'saving'.[10] Across the four groups, participants generally expressed positive views in relation to the idea of saving, even though none of them reported saving formally. There were, however, interesting differences between the groups about what constituted saving, divided along socio-economic lines.

The two groups of saving-inclined participants who lived in working households regarded a large variety of activities (both formal and informal) as 'saving', from saving money in a tin at home to putting money into a saving account. For these participants, the key features that characterised an activity as saving were that the money was kept at arm's length by some means; and it was saved

[10] See the topic guide, Appendix B.

either with a specific purpose in mind or else simply for ‘a rainy day’. This was the case whether the amount of money involved was small (including pounds, 20p pieces) or large.

In contrast, the saving-inclined participants who lived in workless households and the non-savers shared a much narrower perception of what counted as saving, which focused predominantly on saving by formal means, as illustrated by these comments:

> *“When you say saving, you do instantly think of like banks and building societies and stuff.”* (Non-savers focus group)
>
> *“Savings I class as like a direct debit coming out of my bank into another account which I couldn’t touch for 25 days without writing a letter, that’s the sort of thing I’d class as saving.”* (Non-savers focus group)

And, unlike the savings-inclined participants in working households, these participants generally did not define informal saving as a form of saving at all.

Across all four focus groups, formal saving (such as into a saving account) was generally regarded as something done over the longer term, with no particular purpose in mind other than perhaps ‘the future’ generally, where the money saved was not easily accessible and so could not easily be spent. While formal saving was certainly considered desirable, it was seen as difficult to achieve (by those in working households) or impossible (by those in workless households and non-savers).

3.2 From ‘saving’ to ‘savers’

The focus groups of saving-inclined participants and non-savers were also asked what words they would use if they were asked to describe a ‘saver’. Again, contributions were initially invited unprompted and then prompted. Participants were subsequently asked to consider what words they associated with a ‘non-saver’.[11]

Overall, there was a marked narrowing in the language that was used and the concepts that were associated with ‘savers’ compared with the broader discussion around the idea of ‘saving’. So, while saving had been described as encompassing a wide range of activities, the discussion around ‘savers’ became focussed almost immediately on people who had considerable, long-term, formal savings.

Participants on the whole engaged fully in identifying characteristics that defined savers and non-savers; only one participant expressed the view that it was not possible to distinguish savers from non-savers on the basis of personality or circumstantial characteristics. Moreover, in all of the groups, the pen picture participants collectively painted of a ‘saver’ was quickly identified as ‘other’, as someone different from and dissociated from them; and the non-saver as more like themselves.

[11] See the topic guide, Appendix B.

3.2.1 Characteristics of 'savers'

In each of the focus groups, the range of words offered unprompted to describe 'savers' included those with both negative and positive connotations. This suggested some ambivalence towards saving that permeated through much of the discussion. Words with overtly negative connotations that were used frequently were 'tight', 'scrooge' and 'boring'. There were lively discussions in most groups in which participants compared examples of friends or family members whom they perceived to be like this and whose behaviour they did not approve of.

In contrast, the more positive view that was offered in each group was that savers were 'shrewd with money', 'steady', 'responsible' or 'sensible'. These words suggest that saving is something to aim for, or is at least socially desirable even if it is not something they aspire to personally.

While these two sets of descriptions paint rather different pictures, they both tend to imply that it is behaviour, how people manage their money, which defines someone a 'saver' rather than their character *per se* or their situation. There was a high level of consensus around the perception that savers were 'disciplined' or 'determined', which suggests a tacit acknowledgement of the challenge that saving presents and the commitment needed to rise to it.

However, expressions such as 'earns a good wage', 'someone with plenty of money', and 'fortunate' were also offered (unprompted) to describe the characteristics of a saver, and it was in this context that identification of savers as 'other' was particularly evident. This suggests that participants considered there to be factors outside the control of the individual (such as luck or good fortune) that enables someone to be 'a saver'. In psychology, the belief that outcomes in life are the result of external factors such as chance, fate or powerful external forces is referred to as 'external locus of control' and is linked with a lower tendency to plan and take action (Hogg and Vaughan, 2005). Underlying this belief in the current study was the strong feeling that you needed to have money, even to be "quite well off", to be able to save.

'Relaxed' was also aligned with being a 'saver'; this was described in terms of being the outcome of saving, rather than a cause and stemmed from a belief that having savings – particularly long-term savings – would ease the money worries many had.

Finally, age also emerged in all four groups as being a factor in defining someone as a 'saver'. The younger saving-inclined group described savers as being 'older', "like my mum and dad" or "like my boss". Meanwhile, the older saving-inclined group mirrored this sentiment: "I can't see any of my children saving!".[12] Whether participants were themselves the 'younger' or 'older' people referred to, the prevailing feeling was that older people were savers by virtue of their age rather than generational factors. It was a combination of life experience and lower costs of living as people got older that enabled them to be both inclined and able to save. There was also a sense, however, that younger people of today may never achieve the 'saver' status of their parents' generation. One woman in the younger saving-inclined group, for example, felt that older people were only able to

[12] Recall that the 'younger' saving-inclined group comprised people aged 25 to 39 and the 'older' group comprised people aged 40 to 55. Appendix A provides more details.

save because they had been the right age at the right time – benefitting financially from the housing boom and being from an era when, as she perceived it, people had only modest spending needs.

3.2.2 Characteristics of 'non-savers'

Across the groups, far fewer words and characteristics were generally offered up by participants to describe 'non-savers' than savers. They were also often the subject of far greater debate than was the case in relation to 'savers'. This was almost certainly partly because the preceding and predominantly negative discussions about 'savers' had tended to lead participants to dissociate themselves from the group-constructed identity of a 'saver'.

As such, some participants in the saving-inclined and non-savers groups alike initially volunteered that non-savers were 'like me' or 'normal'. Non-savers were described as being 'happy' or 'outgoing', given that "they must be spending it on something" and have a "live for today not for tomorrow" attitude. 'Reckless' was also used in the saving-inclined older group to reflect that non-savers would be more inclined towards impulse-buying. As such, while non-savers tended to be seen in more positive terms than savers, this was not entirely the case.

Again, however, circumstantial factors were also brought to the table, particularly by younger participants. Interestingly, these views were offered only by people in the saving-inclined groups but did not come up at all in that group who had been recruited as 'non-savers'. 'Poor' was used in one group and the idea that non-savers were inherently the same people as savers but did not have the opportunity to save due to factors outside of their control was mentioned explicitly in another.

3.2.3 Overlap between 'savers' and 'non-savers'

In introducing the topic of 'non-savers' to the groups, participants tended to reflect back and forth to some of the characteristics they had associated with savers. As a result, a lot of the debate that was generated centred on the perception that some of the characteristics associated with 'savers' could also be attributed to 'non-savers', and vice versa. A range of terms were identified – including boring, fun, happy, sad, trustworthy, clever and kind – as being equally attributable to both savers and non-savers. 'Normal' was also mentioned in one group on the grounds that non-savers were the norm among younger people and savers were the norm among older people.

In this context, 'sensible' and 'determined' were particularly worthy of mention. These terms had initially emerged across all four focus groups as characteristics that defined a 'saver'. Subsequent discussion in most of the groups questioned whether this was the case, however. As such, some felt that non-savers could in fact be equally as sensible or determined as savers. This underlined two points, first that, as described above, it tends to be what people do – their saving behaviour – that defined them as a 'saver' in the eyes of our participants. Second, that someone could be prevented from saving due to circumstances that were seen to be largely beyond their control.

> *"A non-saver can be determined but not have the money to save."* (Younger saving-inclined focus group)

Additionally, discussion around these terms highlighted an underlying theme of all four focus groups: the tension between saving and the desire to live for today:

"I think I'm sensible but I can't save because I'd have to sacrifice something else to save" (Non-savers focus group)

Making this sacrifice, as participants saw it, was not something they felt inclined to do, in case they became the 'boring' or 'dull' saver they perceived they would turn into. The desirability of saving is revisited in Chapter 4.

3.3 From the general to the personal

In this section, our focus moves from how people perceived the concepts of 'saving' and 'savers' to look at how individuals perceived themselves in relation to saving. To do this, we turn to the evidence from the depth interviews, where interviewees in each of the three saver categories were asked whether they considered themselves to be a 'saver' or a 'spender'.

3.3.1 People's perceptions of themselves

Around a half of the people recruited as savers and saving-inclined viewed themselves as 'savers' rather than 'spenders'. Some of them appeared to see this in terms of their inherent disposition towards money. References to having 'always' been a saver and 'since being a child' were common, as was the idea that being a saver was an innate part of who they were, and getting some enjoyment from saving; even describing themselves as never really having liked spending. Others seemed to consider being a 'saver' as more a reflection of their saving behaviour rather than who they were:

"I do save a certain percentage [of my income] and I have for as long as I can remember". (Depth interview, Saver)

It is interesting that some of the language used by depth interviewees who described themselves as savers resonated with some of the characteristics that the focus groups associated with savers. So, it was not uncommon for people who self-identified as 'savers' in the depth interviews to refer to themselves as being careful with money and even 'tight'. Some also recognised that other people viewed them in this way as well.

"I think I'm a bit tight, so more of a saver". (Depth interview, Saving-inclined)

"My friends think I'm really stingy". (Depth interview, Saver)

In many respects it is perhaps surprising that more of the people recruited as savers and saving-inclined did not regard themselves as 'savers' rather than 'spenders', given the basis on which they were recruited and that almost all were saving formally or informally at the time of the interview. Of the savers and saving-inclined interviewees who did not describe themselves as savers, a few considered themselves to be spenders and these individuals tended either to be saving less actively or to express a preference for spending in terms of living for today. Those who said they were both a 'spender and a saver' were notable for all expressing the view that it was important to balance the needs of the future with living for today. For some, this specifically meant balancing their children's current quality of life with possible future needs.

In contrast, most of the people recruited to the depth interviews as non-savers described themselves as 'spenders', as we might expect. None of them viewed themselves as 'savers'; a few felt they were neither a spender nor a saver.

"I'd find a way to spend, yes, because I like to spend". (Depth interview, Non-saver)

"I'm only here once, if I want it, I want it. And I'll have it". (Depth interview, Non-saver)

The non-savers who classed themselves as 'spenders' included a mix of those who attributed this to having always been a spender by inclination, and those who attributed it to constrained financial circumstances – in other words, they felt they did not have the financial resources to save and so classed themselves as a spender by default. It was notable that none of the non-savers who described themselves as spenders suggested this was due to a preference to live for today.

A few saving-inclined participants and non-savers said they were neither a spender nor a saver. These were all people who were seemingly in transition of some kind. One who was saving-inclined had started to save only recently. Others had fallen on hard times and therefore felt unable to save.

3.3.2 Perceptions and reality

Analysis of the depth interview data explored the extent to which people's assessments of themselves as savers or spenders was borne out objectively, based on the saving behaviours they reported during the course of the interview. In the majority of cases, people's views of themselves were more or less representative of the saving behaviours they exhibited.

Only a few people (all recruited as saving-inclined) described themselves as savers rather than spenders when their reported behaviour in the interview did not seem to support this view. In other words, there was evidence that only a minority of people over-stated the extent to which they were savers rather than spenders. Where this mismatch occurred, it appeared to be explained by participants' assessment of themselves as being careful with money or good with budgeting, rather than being good at saving *per se*. This is not unexpected given the context of the discussion in the depth interviews: in effect, they were saying that they were a saver as opposed to a spender, rather than a saver as opposed to a non-saver.

It was notable that many more people tended to under-state the extent to which they might be considered a 'saver'. This was particularly the case among participants who had been recruited as engaged savers (although it was true of non-savers and saving-inclined as well). This under-estimation seemed to reflect either that they placed higher value on living for today – suggesting that they had the capacity to save more should they choose to – or that their financial circumstances prevented them from saving as much as they would ordinarily wish.

3.4 Summary

The overall perception of the notion of 'saving' in the focus groups appeared to be one of a continuum of saving-related behaviours rather than conceptually distinct behaviours that did or did not qualify as saving. Two main factors seemed to determine whether a behaviour or activity was classed as saving: whether the money was earmarked for a particular purpose and how easily the money could be accessed. Whether or not money was saved formally (in an account or policy) or informally seemed less important, except among those who were least able or inclined to put money aside for use beyond the current budgeting cycle. Altogether, this suggests that potential exists to encourage higher rates of saving by building on the saving behaviours that people on lower incomes already engage in, informally and spontaneously and at whatever level. Those who put money aside within the budgeting cycle could be encouraged to earmark a little for saving until the next week or month, while those who save informally for purposes beyond the budgeting cycle could be encouraged to divert some or all of their 'pot' into an account with a regulated provider for safe-keeping.

Somewhat ambivalent views were expressed in response to the idea of 'savers' and 'non-savers' by the focus group participants. When describing people they knew who fitted the negative stereotype of 'savers', pejorative terms were used; yet other qualities of 'savers' were seen as being positive and even socially desirable. Most importantly, although many focus group participants reported identifying with certain qualities associated with 'savers', very few admitted to identifying with the pen picture of a 'saver' as a whole. And some of the savers who were interviewed in depth even recognised that they had qualities that other people might view negatively. Where the potential exists for these negative perceptions to discourage savers from admitting to saving to their peers, this may in turn perpetuate the idea that being a non-saver is 'normal'.

There was also an underlying duality whereby 'savers' were perceived to simply be fortunate enough in their circumstances to be able to save while also being perceived to have inherent personal qualities that made them 'savers'. More generally, there was some evidence that saving-inclined and non-saver focus group and depth interview participants considered the ability to save to be determined at least in part by factors outside the individuals' control (such as fate or luck).

Nonetheless, it was what someone did – that is, whether or not they saved – that was generally seen to define them as a 'saver' or a 'non-saver'. And the depth interviews indicated that people's perceptions of themselves as either a 'saver' or a 'spender' generally closely aligned with their actual saving behaviour. In other words, people generally had a good appreciation for where they were on this spectrum, even if they preferred not to be seen this way by others.

4 Desire and motivations to save

Previous research suggests that many more people on low incomes say they want to save than are actually saving at a particular point in time (Dolphin, 2009; Kempson and Finney, 2009). One of the key aims of this study was to gain a better understanding of what people on low incomes mean when they say they want to save; the strength of their feelings about saving; and what motivates them to do so. This chapter draws mainly on data from the depth interviews, but refers to the focus groups findings where these offer additional insight.

4.1 The desirability of saving

It was overwhelmingly the case that the people we interviewed in depth discussed saving in a broadly positive light. This included people who were saving (formally or informally) and those who were not. The attraction of saving was clear in the various benefits that participants attributed to saving. However, as we go on discuss later in the section, the strength of feeling people conveyed and the terms in which they couched their views of saving painted a far more nuanced picture than this suggests.

This overtly positive view of saving was mirrored among the focus group participants, although there were some observable differences between the groups. All three saving-inclined groups talked about saving in terms of 'benefits', 'opportunity', 'I wish I could' and 'nice to'. In contrast, the non-savers group expressed saving predominantly in negative terms, using words including 'hard work' and questioning 'is it worth it?'

4.1.1 The benefits of saving

Early empirical research identified a range of reasons why people on lower incomes save, from putting money aside for bills, through saving up for children's needs and family events to saving to provide a safety net (Kempson, 1998; Whyley and Kempson, 2000). In common with previous studies, the depth participants in this research from across the three saving categories described lots of good reasons to save; very few people gave only one reason why they felt saving was important or a good idea. And they reflected reasons to 'keep' their savings and reasons to 'spend' them.

As such, some mentioned that saving offered the benefit of peace of mind, security or providing a safety net, whether at the everyday level, when money 'just got tight', or in relation to major events such as redundancy. Others described the benefit of saving in terms of offering the opportunity for them to do or to have nice things; the discretionary spending that they felt was important to them. As in previous research, children were cited as a powerful reason to save and this was cast in terms of both enabling children to have a better lifestyle and more fulfilling life experience today and improving their future life prospects (principally in terms of helping to fund higher education).

4.1.2 How strong was the desire to save?

The emphasis people placed on the desirability of saving varied considerably among the depth interviewees. At one end of the extreme, detailed analysis of the interview data highlighted a small subset of participants for whom saving was seemingly of deep importance. Although many of these were the people recruited as savers, they also included some saving-inclined participants and non-savers. In terms of participants' own self-perceptions, they included people who saw themselves as a 'saver', a 'spender' and those who saw themselves as 'neither' of these things. However, their strength of feeling was commensurate with the relatively high level of priority they gave to "Putting money aside" in the expenditure card sort exercise.[13]

The strength of feeling among these participants about the desirability of saving was communicated in variety of ways, partly reflecting whether or not they already saw themselves as 'savers' (or indeed whether or not they were actually saving). So for some, it was prospective, while for others it reflected their current situation:

> *"I'd definitely like to have something to fall back on."* (Depth interview, Non-saver)
>
> *"I'd be quite stressed and uptight [if I didn't have savings], especially if things go wrong, or the kids come home and they want to go on a trip."* (Depth interview, Saver)

As these quotes imply, although a range of reasons for seeing saving in a positive light were often given, "security" was particularly dominant. Along with this, a sense of self-sufficiency also featured heavily:

> *"If you've got savings, you don't need to scrounge off other people"* (Depth interview, Saving-inclined)

At the other end of the extreme, although only one participant said outright that saving was not necessarily a good thing, a number of people expressed reservations about the value of saving to them. While they saw positive aspects to saving, this was expressed much less strongly or was qualified in some way. For example, it was expressed in terms of savings being "nice to have a bit of money just to put your hands on for an emergency". Their reservations were often expressed in terms of a desire to strike a balance between the needs of the future with the need to live for today:

> "*It's not just about saving, you've got to have a bit of fun as well"* (Depth interview, Saving-inclined)

While all of these people were recruited to either the saving-inclined or non-saver categories, they included men and women who self-identified as savers and spenders. All were drawn from households towards the lower end of the income spectrum, including many who had experienced a long-term deterioration in their circumstances in recent years, for example through ill-health or divorce.

[13] See the topic guide, Appendix B.

4.1.3 'Saving' or 'savings'

For most participants in the depth interviews, there was an implied if not explicit acknowledgement that the savings they talked about were savings that they themselves would need to build up. For example, one saver thought that it was very important to develop a habit of saving. Another described how she was prepared to make compromises to enable herself to save.

For a small group of participants, however, the value of saving was expressed entirely in terms of *having* savings, not in building them up. These were not always the same people who had expressed reservations about saving – they clearly saw positive value in having savings – and they included men and women from all three saver categories.

Underlying this was the idea that having savings was positive only in so far as being able to save symbolised being wealthy. This resonates with the finding from the focus groups that 'savers' were typically perceived to be wealthy people (see section 3.2). Moreover 'being wealthy' was clearly something they felt was unrealistic, not least because they associated the ability to save with significant sums of money that were beyond their means. For one saving-inclined participant, being in a position to save was compared with being like Michael Jackson and worth "15 billion". Another, a non-saver, said that the minimum windfall she would need to enable her to save at all would be £50,000.

Notably, when asked about any disadvantages of saving, these participants offered many reasons not save at all (see Chapter 5). Moreover, if they were in a position to save – for example if they received a large windfall of money or had a higher income – the money would in any case be spent in its entirety and not kept for a rainy day. Perhaps unsurprisingly, none of these participants were saving at the time of the interview and none self-identified as a 'saver'. In other words, for these people the desirability of saving was entirely distinct from the desire – or motivation – to save.

4.2 Motivations to save

Despite the widely expressed positive attitudes towards saving in principle, only some people saved in practice. The aim in switching our focus from desirability to motivation is to explore the factors that actually *moved* our participants to save:

> To be motivated means to be *moved* to do something...someone who is energized or activated toward an end is considered motivated. (Ryan and Deci, 2000; p54)

This section draws primarily on the depth interviews. The evidence informing it draws heavily on the language participants used, and the justifications and explanations they offered for their behaviour and attitudes throughout the interview, rather than in response to a specific question or topic. We pay particular attention to variations by the three saving categories to unpack the factors that drive formal saving (by considering the savers against the saving-inclined and non-savers) and those that drive saving at all (by considering the savers and saving-inclined compared with the non-savers).

4.2.1 Types of motivations to save

A review of the literature on saving motives identifies the different ways that saving motives have been conceptualised (Fisher and Montalto's, 2010). Multiple motives can co-exist and this study shows that, even among a subset of people on lower incomes, the motivations to save were many and varied.

They included both internal and external motivations to save. Internal motivations are regulated internally within the individual; they are at least partly self-determined. The most powerful type of internal motivation for driving behaviour is known as intrinsic motivation, which involves doing something for the inherent enjoyment or satisfaction it brings (Ryan and Deci, 2000). In this context, it is saving for saving's sake, and it is wholly self-determined. It has been captured previously in national surveys, for example the Wealth and Assets Survey where it was termed 'Recreation/ speculation" (given by six per cent of people who had saved; Finney, 2009). Other types of internal motivations, which are not as strong as this, involve some separable outcome that has instrumental value to the individual but which has also become more or less internalised by that individual (Ryan and Deci, 2000). Several of these were identified in this study.

External motivations, in contrast, are regulated by factors that are external to the individual, arising for example from other individuals, organisations or the environment and are performed to satisfy an external reward or demand. They are widely evidenced as being the least powerful motivations in determining behaviour (Ryan and Deci, 2000). A few such motivations were identified in this study.

The following sections outline the main internal and external motivations that were evidenced in the depth interviews. For the most part, participants referred to their own motivations to save; in some cases they discussed motivations hypothetically.

4.2.1.1 Internal motivations and drivers

A number of internal motivations were evident in the depth interviews, ranging broadly from the strongest to the weakest, depending on the extent to which they were seemingly self-determined (based on Ryan and Deci, 2000).

Intrinsic motivation	This was expressed as the pleasure derived from having money saved even if it wasn't used; in having no particular goal in mind for savings; and in enjoying watching account balances accrue.
Not wasting or owing money	Participants had an underlying preference or willingness to be frugal or careful with money or expressed an ideological belief that it was wrong to waste or owe money. They talked about being 'frightened' that people were prepared just to 'just stick it on the card' and often gave examples of friends or family who did not share the same values as them.
Self-sufficiency	This was cast in terms of a need or preference for 'self-reliance', 'independence' or seeing oneself as being 'grown up'. The language used by participants implied a strong ideological sense of autonomy and self-efficacy.
Freedom from worry	This closely reflected one of the most often cited reasons people give for saving – for a 'rainy day' or 'an emergency'. It was described in terms of worry about an unexpected bill or the children asking for something they couldn't have, and avoiding 'headaches', 'panic' and 'stress'.
Avoiding going without	Participants talked about saving to ensure 'opportunity' and 'flexibility' so

	that they could afford the things that prevent them and their children feeling deprived. Money saved for this reason was ultimately spent on tangible, material things, be they wanted or needed, expected or unexpected: “nice cards and birthday presents”, holidays, boiler repairs.
Pride	Participants referred to self-pride, which was closely related to the self-sufficiency motive. "I'm glad we've got savings and I'm proud we've got savings...”. It was also mentioned by those who were not (yet) saving. "I'd feel better about myself as well if I knew I'd saved the money...I'd feel I'd done something...I'd be really proud of myself". The influence of parents and grandparents in encouraging saving was salient to all participants who described pride as a motivation to save.
'Should'	Only mentioned by a few participants, this was described as an ideological or moral imperative to save, often instilled by parents. Underpinning this is the feeling of pressure to avoid guilt or anxiety (Ryan and Deci, 2000).

4.2.1.2 External motivations and drivers

Far fewer external than internal motivations were evidenced among the depth interviewees and all related directly or indirectly to saving formally in institutions.

Good returns	Good returns were described in terms of receiving good interest or a bonus on formal savings. The idea was most often discussed in relation to potential future saving rather than current saving; for some this reflected little previous experience of saving, but for others resulted from the historically low interest rates at the time of the interview, which was a disincentive to saving in saving accounts (rather than saving in any way at all).
Certainty	This was a motivator for a few participants and was often offered as a prospective motivation for saving rather than a current one. It was expressed in terms of guaranteeing the capital saved in institutions but also, related to receiving good returns, in guaranteeing the returns on saving and making these clear.
Facilitating borrowing	A motivation that was mentioned by very few participants in terms of savings providing risk-free collateral for borrowing or to improve a credit rating. This motivation was given explicitly rather than implicitly as an advantage of saving.

4.2.2 Incidence of motivations

The motivation that was described most frequently and which was common across the three saver categories was ‘freedom from worry’. In contrast, a belief in ‘not wasting or owing money’ and ‘pride’ were expressed by many of the savers, but very rarely by those recruited as saving-inclined or non-savers.

It was common for the people recruited as engaged savers to describe a number of different motivations to save, typically four or five different motivations and as many as seven. This compared with a more typical one motivation per person among the saving-inclined and non-savers; even when the things people thought hypothetically would motivate them to save were taken into account, these groups discussed far fewer motivations than the savers.

4.2.2.1 Internal motivations by saver type

In addition to often being greater in number, the motivations the engaged savers described tended to reflect internal motives to save and also tended to be the stronger types. As such, *intrinsic motivation* – the most powerful and reinforcing motivation to save – was mentioned by only two participants, both of whom were savers. Both self-identified as 'savers' and gave a fairly high level of priority to saving when describing their approach to their expenditure.

All eight people recruited as savers described the motivation to save to *avoid going without*. They were as likely to be people who self-identified as 'spenders' as 'savers', and those who had a strong desire to save as those who felt that saving should not be done to the exclusion of spending today. In contrast, this motivation to save was raised by only a few saving-inclined and non-saver depth participants.

A belief in *not wasting or owing money* was also expressed by many of the savers with *self-sufficiency* and *pride* raised by quite a few; some savers mentioned both these motivations. A fairly distinctive type of saver described being motivated by one or more of these factors. Many of them were people who felt very strongly that saving was desirable and as a result none of them self-identified as 'spenders'. Consistent with this all were saving actively, informally if not formally, at the time they were interviewed. They also all kept a tight rein and close eye on their budgets and spending; to this extent budgeting appeared to go hand-in-hand with saving. Reflecting the composition of the savers generally, they were almost all managing their household bills and credit commitments (where held) without difficulty or struggling only from time-to-time. These findings underline the link observed in previous research (e.g. Atkinson et al., 2006) that saving behaviour relates closely to other aspects of financial capability.

In contrast, very few of the saving-inclined and non-savers cited self-sufficiency and none talked about pride as a motivator for saving. Even hypothetically, none of the non-savers described not wasting or owing money as a motivation for saving and the saving-inclined participants who did so tended to be slightly better-off.

The savers who described *freedom from worry* as a motivation to save were a fairly broad mix of people. They included more people who said they were struggling financially. And they included someone who self-identified as a 'spender'. The few savers who saved because they *should* save were also mixed, including some who self-identified as 'spenders'; none had expressed a strong desire to save.

Several of the saving-inclined and a few non-savers talked also about saving offering freedom from worry. They comprised a mix of people who self-defined as 'savers' and 'spenders'. This group also varied considerably in terms of the level of priority they gave to 'putting money aside' in their expenditure and their strength of feeling towards the desirability of saving. They included people who were and were not saving at all at the time they were interviewed; even so, the ways in which they described this motivation suggested it was a genuine motivation to save rather than a hypothetical one. Only one saving-inclined participant described saving in terms of this being something they *should* do.

4.2.2.2 External motivations by saver type

In terms of external motivations, *good returns* and *certainty* were described only by a few of the savers, and most of them self-identified as 'spenders'.[14] To *facilitate borrowing* was mentioned by one saver only, who did not have a history of saving with banks or building societies and thought that having savings would improve her credit rating. She was driven by a number of the other potential motivators, and her main motivation for saving was freedom from worry.

Among the saving-inclined and non-savers *certainty* or guarantees were not mentioned by anyone, and only one person mentioned facilitating borrowing as a saving motivation relevant to them. While only one saving-inclined participant described being motivated to save by *good returns*, it is interesting to note that several of the saving-inclined participants and almost all of the non-savers talked about this as being a factor that would, hypothetically, motivate them to save *if* they were in a position to do so. These included people with varying degrees of experience and engagement with financial services generally. They also included some people who self-defined as savers and some who self-identified as spenders.

4.3 Summary

As we would expect from previous studies, almost all of the depth interview participants saw saving as desirable and described many benefits of saving. However, the strength of feeling varied considerably and for some of those who were not saving actively this desire related only to having savings rather than building them up. As such, the desirability of saving and the desire *to* save did not always go hand-in-hand. To a large extent, how desirable saving was and how motivated people were to save reflected how easy they found it to do so (both in terms of financial constraints and difficulties overcoming spending tendencies). There was evidence that a core of people, however small, would continue to resist saving, for deeply held reasons.

Freedom from worry was a motivation for saving that was common across all three saver types. However, there were important differences between the savers and the people recruited as saving-inclined and non-savers in terms of the number and range of saving motivations they described. The relative emphasis on internal motivations, most notably avoiding going without and not wasting or owing money, and some on intrinsic motivations also distinguished the savers from the others.

There were some differences between the saving-inclined and the non-savers in terms of the number and range of motivations individuals described, but this reflected more closely whether or not they were saving at all than their recruitment category. The other, main difference between

[14] This echoes the findings from the Saving Gateway that those who described themselves as 'save to spend' types would be most motivated by financial incentives (in the form of pound-for-pound matching; see Kempson and Finney, 2009, pp49).

these two groups was that the non-savers, almost without exception, reported seeing good returns on saving as being a motivation to save – assuming that they had the money to do so. In contrast, only the engaged savers who considered themselves to be spenders by nature saw this as a motivating factor, among many others.

5 The viability of saving

The previous chapter examined the factors that drive and encourage people on lower incomes to save. In this chapter, the focus turns to the factors that affect the viability of doing so.

A lack of affordability has previously been identified as the most important factor in determining whether or not someone on a low income saves (e.g. Dolphin, 2009; Kempson et al., 2000). Moreover, it is the most often cited reason for not saving, or not saving more, across the income distribution (Finney, 2009; NS&I, 2010), and this study was no exception. However, previous research suggests that reasons for not saving are more complex than this. While a lack of affordability may hold true for some it is also the level of priority people give to saving that explains some of the low rates of saving (Kempson and Finney, 2009).

A major objective of this study, therefore, was to explore fully and to disentangle these rather subtle dimensions and to explore the role that perceptions of providers – and the wider saving environment – also play in this. In doing so, we draw on evidence from the depth interviews and the focus groups.

5.1 Finding the money to save

The depth interviews were designed to explore reasons for not saving among people on lower incomes. In many cases perceptions of affordability emerged as being relevant; and it often did so spontaneously and early on in the interview. And yet, as the interview progressed, many of these participants conceded that they could in fact find the money to save. A similar pattern emerged in the focus groups, even though barriers to and reasons for not saving were purposefully not included in the topic guide. This section draws primarily on the findings from the depth interviews.

5.1.1 Affordability

Depth participants were interviewed in detail about the reasons why they did not save or the barriers they perceived prevented them from saving more than they did. A few people – mostly the people recruited as savers but also some saving-inclined – were already saving as much as they felt they should (and they were already saving actively and saving quite a lot). However, the great majority described – explicitly – a lack of affordability as being at least one important reason why they were not saving (more). This was true of the saving-engaged as well the saving-inclined and non-savers and it included people who were already saving (formally, informally or both) and those who were not.

A lack of affordability was explained in a variety of ways, though typically with reference to the scale of demands on household budgets leaving no money spare or, conversely, lower incomes than people thought were needed to enable them to save. For some of them, this seemed to be a temporary situation. But for others, particularly those who had been living on a low income for some time, this lack of money felt like a rather intractable situation which they could not foresee changing:

> *"I can't see me ever having savings, I've got 6 children and grandchildren, I've got lots of animals so I'll always be poor...unless my life drastically changes over the next few years, which I can't see happening somehow."* (Depth interview, Saving-inclined)

For some people, there were obvious reasons for them feeling this way. They had fallen on hard times, were in the process of adjusting, for example, from a major fall in income (through redundancy, illness, or divorce) or repaying arrears they had accrued on their mortgage. As already mentioned, some of them were long-term poor, for reasons such as long-term unemployment or in low-paid insecure jobs.

In a great many cases where a lack of money was mentioned at all, this dominated the reasons people gave for not saving – either being the only one they gave or the one they described as being the main reason why they do not save more than they did. In fact, for a few of these, a lack of affordability dominated the discussion throughout the entire interview. Notably, much of the discussion – particularly early on – in most of the focus groups (all but the older saving-inclined group) was also dominated by this notion that people like them could not afford to save.

But this was not always the case. A few people admitted openly during the course of their depth interview that one of the main reasons they did not save (more) was that they were not interested, they preferred to spend and enjoy life or in one case simple "laziness". In other words, despite offering a lack of affordability as a reason why they were not saving, the wider discussion elicited contrary explanations. While they included people who were and were not actively saving and people who self-defined as 'savers' and 'spenders' they were almost exclusively respondents who had been recruited to the saving-inclined category.

5.1.2 Scope for cutting back

As their interview progressed, several people (around a half in each of the recruitment categories) suggested areas of current expenditure that they could feasibly cut back on to find some money to save. This information was often volunteered unprompted. The items were generally things of a small, discretionary nature, such as takeaways and items for the children. This did not necessarily mean that they would be prepared to cut back on these things in order to save. On the contrary, some of these said explicitly that these would be things they could, feasibly, cut back on *if* they wanted to, the implication being that they *chose* to live to their means. And, in fact, when asked explicitly whether or not they would save additional income or a windfall they might receive, it was often these same people who said that they would not save the money, at least not unless it was a substantial sum.[15]

[15] Participants were asked what they would do with an extra £5, £10 or £20 per week; and a £50, £200 or £500 windfall.

5.1.3 Attitudes to additional money

Given the large number of people in the sample who said that one of the reasons they did not save was because of a lack of money, it is surprising that only a few people said they would save any additional money they might receive (either extra income or a windfall) either in full or in part and regardless of the amount of money involved. To put it another way, a lack of affordability did not consistently explain why people were not saving.

The people who said they would plan to save part or all of any additional money were often those who were already saving actively. As such, they were often the people recruited as savers; less so the saving-inclined; and no one in the sample of non-savers said they would save all of the money (though a few did say they would intend to save some and spend some). And they were very often the people who self-identified as 'savers'. Even the few people – the savers and saving-inclined – who volunteered that they did not save more because they were already saving as much as they wanted (and they were in fact already large, active savers) said they would be inclined to save most if not all additional income or lump sums they might receive.

Conversely, the people who said they would probably not save any of additional money (unless it was a very large amount) were typically the saving-inclined and often the non-savers. They tended to be those who were not saving and they were rarely the people who expressed a strong desire to save or talked about a range of motivations to save.

It stands to reason that those who said they were unlikely to save any additional money envisaged spending that money. But they were divided – fairly equally – between those who said they would use that money to spend on essentials they were struggling to afford at the moment, those who said more generally that they would just absorb this money into their general budget and those who saw themselves spending the money on treats and other on-essentials for them and their families. This implies that people lived to their means – whether out of necessity or choice – and resonates with the finding that some people acknowledged that they could cut back on their spending in order to save if they wanted or needed to.

5.1.4 Living to your means

The idea that people live to their means and could probably save if they were minded to do so arose in all of the focus group discussions. In all but the young saving-inclined group, there was a general recognition that at least a small portion of people's day to day spending was 'wasted'. Perhaps surprisingly, this was most strongly expressed among the saving-inclined non-working participants and the non-savers:

"Everyone squanders a fiver [per week]" (Woman; Non-saver group]

"I know I give my kids £1 every day for the shop on the way back from school, that's £4 every day, it's crazy if you work it out" (Woman, Non-saver group)

There was a feeling that if people 'had' to find £5 a week or £20 per month to save they could, as this exchange illustrates:

Man 1	*"You'd soon get used to it though, wouldn't you?"*

Man 2	*"You'd just swap your lifestyle, just to make it."* (Non-working, saving-inclined group)

Moreover, as the discussions progressed, near-consensus was reached in these groups that participants themselves could and should find money from their current budgets to save. The underlying problem with doing so reflected the difficulty of balancing the needs of the future with the needs and pressures of the now, which the next section explores.

5.2 Difficulties prioritising saving over spending

In this section we consider the difficulties – beyond affordability *per se* – that people on lower incomes face when they consider prioritising saving over spending. The section uses evidence from the focus groups and the depth interviews, focussing mainly on the saving-inclined and non-savers.

5.2.1 Quality of life

The overarching consideration in the decision whether or how much to save undoubtedly related to the value people placed on quality of life today. In essence people generally did not want to save at the expense of quality of life today. This was underpinned by two broad factors: a concern about not wanting to 'go without' the things they valued; and the perception that it was 'normal' to spend and to live to your means. With this, there was an explicit recognition that spending – and not saving – was socially valued and heavily marketed.

Quality of life concerns were discussed by about a half of the sample of depth interviewees. Interestingly, it was raised by people from across the board, regardless of whether they were savers, saving-inclined or non-savers; whether or not they were saving actively; the strength of their desire or motivation to save; whether or not they described affordability as a main reason for not saving (or saving more); and whether they were the more or less well-off respondents in the sample.

However the relative emphasis people gave to each side of the equation did differ. As these quotes illustrate, for some – particularly those who were either saving actively or saw themselves as a 'saver' – the balance between these two things was tipped slightly towards the saving; among those who were not saving actively, the balance was tipped the other way; and for others still it was inconceivable that they would prioritise saving over spending:

"I like to live for today, but I also want to live in the future" (Depth interview, Saving-inclined)

"It's not just about saving, you've got to have a bit of fun as well" (Depth interview, Saving-inclined)

"If I was to try and put £50 a month away now we would be able to do very little" (Depth interview, Non-saver)

The idea that saving would mean too great a sacrifice on their current standard of living featured among those who did not have a history of active saving. In other words, they felt that saving would involve them having to go without the things they felt were important and *should* be able to afford:

"I see [saving] as too much of a sacrifice giving up things I want to do now" (Depth interview, Non-saver)

> *"I just think I work, I've always worked full-time. If I can't watch a bit of bloody cable TV it's a bit sad isn't it, I don't do much else"* (Depth interview, Saver)

Others felt that they were already cutting back on some of the things that were important to them, such that saving, or saving more, would be a compromise too far. This was particularly important for some in relation to their children's experiences, whether this was being able to give their children good food, nice cards and birthday presents, family meals out or day trips in the school holidays. Clearly, the fear, or lived experience, of material and social deprivation – the inability for them and their children to participate in modern life – was not far from participants' minds.

For a few people, part of the trade-off between living for today and saving for the future reflected a fear that saving might be counterproductive or disadvantage them in some way (known as 'anticipated regret' in the fields of psychology or behavioural economics). They therefore felt that it was better to live life to the full now while opportunities presented themselves. One person, for example, described not wanting to "scrimp and save" to have thousands of pounds saved because "you could drop dead today so what good is it going to do me". Concern about not getting financial help later in life, for example in relation to care in old age, was also mentioned. However, these concerns were raised only by people who were saving actively at the time of the interview, suggesting that this relates more to the amounts people save than the decision to save at all.

5.2.2 Alternative provision

Previous research has shown that a preference for alternative *saving* provision, including informal methods and the use of organised but unregulated providers, helps to explain the low rates of formal saving among people on lower incomes (Kempson 1998; Whyley and Kempson, 2000). This study is no exception, but it also explored the important role of alternatives *to* saving in meeting expected and unexpected expenditure for some people on lower incomes. It was only in taking a broad view of people's approach to their money in the depth interviews that these alternatives emerged in helping to explain why some people on lower incomes do not save at all or do save as much as they otherwise might. The main alternatives discussed in the depth interviews were borrowing, insurance and cutting back or going without.

5.2.2.1 Borrowing

The most often mentioned form of alternative provision people had available to them – and were prepared to use – was an informal loan from a family member (typically parents, and occasionally friends). Around one in three people interviewed in depth said they would draw on this help for unexpected or expected expenditure. They mostly comprised people recruited as non-savers and the saving-inclined who were not saving actively (if they were, they were only doing so informally). For a few others, loans from family or friends was considered only to be a last resort; these were all people recruited either as savers or saving-inclined and all were active savers. Others – from across the saving categories – did not describe this as an option at all, with some saying specifically that they did not have this available to them or would not consider it; many of them were saving actively and many were debt averse.

Another group said that they had access to commercial credit – typically overdrafts and credit cards – that they were prepared to use in the event of expected or unexpected lumpy expenditure. They also comprised about a third of participants, but these were generally not the same people who had talked about borrowing informally. And while they included some people recruited as savers, they tended to be non-savers and saving-inclined who were not saving actively in any form. Again, a few people said they would use these sources only as a last resort; and these reflected a wider range of people in terms of their saving behaviour and attitudes generally, though many were debt averse. A few people who owned their homes also described being prepared to negotiate with their mortgage company to miss a payment.

5.2.2.2 Insurance

Although general insurance such as home contents and car insurance was commonly held, insurance policies also played a clear role as a substitute for saving for a few of our depth participants. Insurance policies for specific household items, typically the washing machine, were mentioned. The most extreme example was a saver who described having specific policies for her cooker, fridge freezer and pet health in addition to general household insurance. She strongly felt that it was "better to be insured and be covered" rather than having to “fork out” several hundred pounds each time. The use of insurance in this way did not appear to reflect directly people’s level of saving or motivations to do so or people’s socio-demographic or economic circumstances, although these individuals all had high levels of engagement and experience with financial services generally.

5.2.2.3 Cutting back, going without, stocking up

For many people, the alternative to drawing on savings in the event of expected or unexpected expenditure that they described involved cutting back on spending, or simply going without. However, a small number of people talked about ‘buying ahead’ of time as deliberate alternative strategy to saving. This was typically mentioned in relation to planning Christmas and birthdays, but it also involved ensuring a freezer or fridge full of food: by buying good value or discounted food in bulk they could always ensure there was food to feed the household. In fact some people saw this as a form of saving that they used. While these people were drawn from across the saving categories they were very often the least well-off financially.

The few people in the sample who made no mention of alternatives to saving to meet expected or unexpected expenditure were mainly people who were either saving actively at the time of the interview or were debt averse.

5.2.3 Unrealistic expectations

Although we cannot exclude the possibility that people used the affordability of saving as a way of explaining away an underlying preference not to save, unrealistic expectations about the amount of money people felt they would need to save to make a difference to their lives appeared to be an important dimension in not saving at all. This was expressed both in relation to the amount they would need to put away each week or month and the total amount that they would need to accrue and it arose as a theme among the depth participants and the focus groups. Reflecting the stereotypical views expressed in the focus groups that ‘savers’ were, by definition, rich, it was not unusual for depth participants who were not active savers to name sums of £10,000, £20,000 or £50,000 as being the amount they would need to have in savings to make a difference to them.

Underpinning this was a sense that saving only small amounts was pointless, because it would take far too long to save any meaningful sum of money. For example, one non-saver interviewed in depth felt all she could manage to put aside each week at the moment was £10, "but I just think what's the point, that would take me ages to get [only] £100". For her to feel it was worthwhile saving at all, she felt she would need to save a minimum of £100 per week, it "would have to be two noughts on the end".

Similar feelings around the futility of saving were echoed by participants in all of the focus groups, particularly early on the discussions. When initially probed about the possibility of putting £5 per week away into savings, the younger saving-inclined and the non-saver groups both observed that it would take four years to save up £1,000, and felt it was pointless doing so; possibly because they had alternative provision to draw on, as discussed above.

Nonetheless, as the discussions progressed a general consensus was formed in three of the groups – all those with the exception of the saving-inclined younger group – that any amount, however small, was worth putting aside in the long-run. This was partly driven by the participants' discussion themselves, without prompting from the facilitator. In addition, part-way through each focus group the idea of a 'small pot' of savings that people on lower incomes might aim for was introduced and participants were asked to suggest and how much it should be and what it should be for. All of the groups settled on £500 to £1,000 as a reasonable sum to aim for and described a range of things that it could or should be used for, including expected and unexpected lumpy expenditure. In the process of doing so, the tone of the discussions appeared to change from the futility of saving to the possibility of doing so. It appeared that asking people to think about saving in a tangible and modest frame and to do so through a form of group consensus helped individuals (including some who were resistant to saving at all) to see saving as both having value and being achievable. In contrast, a 'rainy day' fund of an indeterminate amount that a 'saver' might have was difficult to imagine and too far removed from people's everyday lives for it to be relevant.

Reflecting this, some depth participants mentioned the importance of having saving goals, whether in terms of material goals or a saving target (Chapter 6 discusses this further). Typically, these were people who had saved previously but had lapsed, or savers who had recognised and overcome a natural or prior tendency in themselves not to save (as reflected in their tendency to describe themselves as 'spenders').

5.2.4 Spending savings

Linked with this, other concerns that emerged for a number of depth participants – in particular the non-savers and the saving-inclined – appeared to reflect the underlying concern that any money they had worked hard to save would inevitably get spent. This seems counter-intuitive, given that for many people the value they saw in saving was to spend the money saved.

Examined in more detail, this seemed to relate to three subtly different concerns. Firstly, for the people who self-identified as 'spenders' in particular, there was a 'risk' that they would spend any saving impulsively and therefore waste any money saved on things they did not necessarily need or want, leaving them no better-off.[16]

Secondly, it sometimes related to the fear that family members, particularly children, would bring pressure to bear on those savings to be spent. This tended to be raised by the people who were already saving informally and highlights the multiple roles that money managers must juggle to ensure the needs of their families are met. One person, for example, described overcoming such pressures by "squirreling away" money at home so that other household members could not find and impose their demands on it.

Finally, it appeared that the sheer number of things that people felt it was worthwhile saving for – holidays, deposit for a house, school trips and education for children as well as daily living costs – put some people off saving. This was particularly relevant among the younger saving-inclined focus group. The depth interviews suggested that some people felt overwhelmed by the potential demands on any savings they might accrue even though they had difficulty imagining what those demands might be:

> *"I'm worried that if I did save up all of a sudden even more things will come out of the woodwork"* (Depth interview, Non-saver)

This appears to be self-defeating; and it may be a strategy people used to justify, to themselves, why they did not save more than they did. It does resonate, nonetheless, with the notion that some people had unrealistic expectations for saving, as discussed above, and the role for saving goals.

5.2.5 Self-discipline

There was a recognition in two of the focus groups – the younger and the non-working saving-inclined groups – that saving required a disciplined 'mindset' and a 'determination' that people who did not save did not necessarily have. There was general agreement in both of these groups that, while a lack of affordability was the main barrier, saving was dependent on developing a habit of saving: "you've got to recondition yourself". A few of the people interviewed in depth – typically saving-inclined people who had saved previously – also discussed the need for them to get back into the saving habit. However, participants in the older and non-working saving-inclined focus groups remarked spontaneously that it was the Government's responsibility to help them save, through cutting taxes or providing schemes such as the Child Trust Fund.

Some people who were interviewed in depth felt that they could or would start saving (more) in the future. This was evident among the people recruited as saving-inclined but in particular the non-savers and was typically discussed in the context of expectations of starting work again, working more hours or the children being 'older'. Others had a more general sense that starting or resuming saving would be something they would contemplate at a later time when they might be better-off.

---

[16] The notion that there was a 'risk' that money would be spent impulsively and unwisely arose among three depth participants (saving-inclined and non-savers) in response to probing that had been intended specifically to elicit any risks people perceived in saving with providers.

Again, we cannot overlook the low incomes that the study participants had, by definition, and the substantial falls in income some had experienced. Nonetheless, the findings point towards a degree of procrastination among some of the participants as a partial explanation for not saving.

5.2.6 Money management

A disorganised approach to money management, though rarely a self-reported barrier to saving, nevertheless appeared to be a factor in why some people did not save. Two aspects of people's approaches to money management were assessed based on what depth participants described during the course of their interview: whether or not they planned their spending for the week or month (or whatever their budgeting cycle was) and whether or not they 'kept track' on spending and the money they had available to them.[17]

With only one exception, all of the people recruited as savers described planning their weekly or monthly expenditure at the beginning of their budgeting cycle, and all of them kept a close eye on spending and their bank account or cash balances during the course of that cycle. In contrast, several of the non-savers were not doing one or both of these things; for a few of the non-savers it was clear that they relinquished responsibility for managing the household budget to their partner. The saving-inclined depth interviewees sat between these two extremes: several of them did not tend to plan their budget at the start of the week or month but they were very unlikely not to keep track of the money they had available during the course of the budgeting cycle.

Additionally, one of the focus groups discussed the difficulty of managing money as a barrier to saving. The older saving-inclined group felt that the move away from a cash economy towards electronic methods of payment, combined with the large number of different commitments people felt they had these days, made it harder to budget and therefore to put money aside. Nonetheless, as we report in Chapter 6, automated, electronic methods of payment were seen as being one solution to the difficulties people had in prioritising saving.

5.3 Perceptions of providers

There is already a substantial body of literature on the factors that deter people on lower-incomes from saving with regulated savings providers. These barriers have been conceived as largely reflecting a mismatch between what lower-income savers want from a provider and the services and products regulated providers offer, rather than any major structural failure within the formal savings market (Kempson and Finney, 2009). The purpose of this study was not to add to this already rich body of evidence. However it did set out to provide a better (and up-to-date) understanding in relation to three specific barriers – access, trust and risk – for which previous research was equivocal or dated. We address these in turn, after considering people's level of experience with financial services providers, as previous authors have observed that only limited engagement can lead people to generalise theirs and others' experiences (Kempson and Finney, 2009).

[17] These closely reflect two aspects of financial capability identified previously (see Atkinson et al., 2005).

5.3.1 Level of experience with financial services

Among the people who took part in the depth interviews, levels of experience with financial services was assessed by looking across a number of dimensions: use of banking facilities; the extent and nature of people's experience with financial products and services, both past and present; and how active people were as financial consumers, for example whether they had ever switched financial services providers or shopped around for financial services.

On this basis, all of those in the saver category had a fairly high level of engagement with financial service providers and products. As well as typically having at least one saving account, they all had a bank account of some kind, and generally kept a close check on their accounts. They tended to make use of other financial services as well, such as home and buildings insurance among the home-owners.

The picture was more mixed among the saving-inclined respondents, with some more engaged with financial services than others. The non-savers appeared to be the least engaged overall, and while all of them had some type of bank account (whether a current account, basic bank account or a POCA, as described in section 2.2) they tended to make less active use of it than the savers or the saving-inclined.

5.3.2 Access

Relieving problems of 'access' to financial services has long been regarded as the key to improving financial inclusion generally (Collard et al., 2001). Dimensions of access in relation to barriers to formal saving formally were explored in both the depth interviews and the focus groups.

Geographical access is the most fundamental access issue and has been found previously to be a barrier that can even affect those in city communities (Collard et al., 2003). In our study, however, geographical access to branches did not appear to be a major concern for participants; it did not emerge as an issue in either the depth interviews or the focus groups. In addition, with the exception of a few participants who found it difficult to access credit because of a poor credit history, no-one in either the focus groups or the depth interviews felt they were unable to access financial services. Instead, issues around access arose in a somewhat different context and this related to the ways in which people wanted to manage their money – and in particular their savings.

Among those in the savings-inclined category, issues of accessibility focused on the level of access they would like to have to their money, rather than access to financial services providers. In both the depths and the groups there were examples of participants who felt that they retained better control over their money using an informal method of saving, rather than through an account with a financial services provider. For example, a few were concerned that they would find access to their savings too easy with banks or building societies as they could withdraw money from an ATM at any moment. Conversely, one or two others felt that denying themselves access to their money by possibly using 'notice' saving accounts gave them too little flexibility, and had concerns that they may need their money in an emergency (in turn, implying a misunderstanding of the conditions imposed by such accounts) . As a result, they tended to stick with informal methods of saving, such as giving money to their family or friends, who could be relied upon to keep money away from them when they wanted, but also allowed access to their money in an emergency.

For the non-savers, again in both the depths and the groups, there was less discussion about accessibility of providers, as they were less engaged with financial service providers generally (as outlined in section 5.3.1). There was no real objection to the levels of accessibility, a few mentioning similar concerns to the savings-inclined, but equally there were a few who saw saving accounts as a potential way to keep money at arm's length and so resist temptation to spend. We return to this issue in Chapter 6.

5.3.3 Trust

*S*uspicion and mistrust of commercial providers of financial services has been observed in numerous earlier studies of low-income households (see Kempson and Finney, 2009 for a review). Moreover, a suspicion of the 'advice' banks and building societies provide has been found to exist across the class and income spectrum (Rowlingson et al., 1999). The notion of mistrust – and the influence it had on people's decisions and behaviour around saving – was explored directly in the depth interviews. There was very little evidence from these interviews that mistrust was a prominent barrier for these individuals at a personal level. In contrast, while 'trust' as a topic was not deliberately explored in the focus groups, it emerged spontaneously in all four group discussions. Again, however, this did not tend to be based on personal experience.

Amongst the focus groups with savings-inclined people and non-savers, the trustworthiness of providers was a far greater issue to most participants than physical or geographical accessibility. In particular, discussion focussed on lack of trust in the banking industry; mistrust of individual banks and other financial institutions was generally not raised.

> *"It's not just about the banks personally; it's about the institution isn't it. You talk about the banks as an individual; I'm looking at it as a more global thing.'* (Older saving-inclined group)

In all of the groups, this lack of trust – or perhaps more accurately, a feeling of disdain – was articulated spontaneously and vociferously. It stemmed from a number of factors: the bail-out of some banks by the government, which was the main issue in people's minds; continued bonus payments to senior bank staff; the lack of lending by banks to businesses and individuals; and perceptions that bank customers have lost money due to the financial crisis. These were based predominantly on information gained from the media, rather than personal experience, which had nonetheless led to a significant amount of bad feeling towards the banking industry.

In addition, participants discussed the 'hard-selling' techniques that the banks were felt to employ, based on their own experiences. The issue of mis-selling also arose, based generally on the experiences of family and friends.

Despite this, as we go on to discuss in Chapter 6, none of the focus groups rejected the idea of saving with a financial services provider, and it did not appear to stop people dealing with them on a personal level.

5.3.4 Risk

Earlier research has found 'risk' to be a barrier to saving among people on lower incomes, but the nature of that risk has been less clearly identified (see Kempson and Finney, 2009). This study casts new light on what types of 'risks' people perceived to exist in relation to saving. In fact, and as already discussed in section 5.2.4, some of the most prominent 'risks' that emerged from the study did not relate to providers (or saving formally) at all; but here we focus on those risks that related specifically to saving with regulated providers.

In the focus group discussions, there was some concern about the 'risks' of saving with financial service providers, although this did not appear to be based on personal experience. These risks were primarily about losing money through one of two ways: either through a drop in the value of investments, or more commonly, a more general feeling that 'you can lose your money with banks' that appeared to be largely based on misperceptions:

> *"The banks were collapsing a couple of years ago and everybody lost their money, didn't they".*
> (Younger saving-inclined group)

Other risks that emerged in the focus groups related to systemic considerations. Among some participants, there was a perception that the 'system' punishes those who save. Examples cited in the groups included friends or family who saved for old age and were ineligible for some forms of government support as a result.

5.4 Summary

This chapter has considered the factors that challenge the viability of saving among people on lower incomes and has done so by considering individual- and provider-side factors. Overall, it was the former set of factors – those relating to the prospective saver – that emerged in the analysis as presenting the strongest challenge to saving, while perceptions and experiences of providers appeared to play only a secondary role.

Affordability was a seemingly compelling reason why people didn't save. In a great many cases where it was mentioned at all, a lack of money dominated the reasons people gave for not saving. But some of the people who were not saving actively admitted that they did not save through either choice or apathy, and that they would not be enticed to do so if they received additional income or a windfall (unless it involved a substantial sum). Instead, they tended to acknowledge that they lived to their means (with some degree of choice) and admitted that they could afford to save if they chose to.

The overriding difficulty, then, with choosing to put money by for the future came from the perception that saving was not possible without compromising, or sacrificing, standards of living today. A secondary consideration was that people did not always feel they were compromising their futures by not saving, particularly if they had another safety net (including commercial and informal borrowing) they felt could fall back on.

Other factors also played a key role in hindering saving. These included a strongly-expressed sense that saving was futile unless large amounts could be saved and, for some, that any savings that were accrued risked being spent unwisely or otherwise failing to meet the many demands people felt a pot of savings would need to meet. While not as strong or as pervasive as other factors, there was also some recognition that saving required a level of self-discipline that they did not feel they had and a link was observed in the analysis between not saving actively and a disorganised approach to money management.

Despite some strongly expressed feelings of disdain and mistrust of financial services providers in the focus groups, and some concerns around access in terms of the level of control and flexibility they could have with savings held in accounts, negative perceptions of providers and the saving environment did not appear to feature heavily as barriers to saving formally at the personal level. It was evident, nonetheless, that various misunderstanding and misperceptions existed, and while the perceived ‘risks’ involved in using the formal savings market were born only of indirect experience, the feelings associated with this were no less strongly felt.

6 Encouraging saving

Previous research with people living on lower incomes has tended find that two factors dominate people's views of what would enable or encourage them to save more: a change in circumstances (namely an increase in disposable income) and high financial incentives (Building Societies Association, 2007; Kempson et al., 2005). This study sought to explore qualitatively a much broader range of potential influences that initiatives to encourage saving among lower-income groups might adopt. As we have already discussed (in Chapter 4) financial incentives in the form of good returns were seemingly of only limited relevance as a concrete motivator of saving.

Focus groups lend themselves particularly well to generating and testing ideas for policy solutions. This study used the focus groups to explore what people on lower incomes who were not saving formally thought about potential interventions aimed at encouraging higher rates of saving and formal saving among people like them. The ideas that were posed to participants fell into broad categories: potential messengers and messages that might persuade people to save; and means and mechanisms that schemes to promote saving might incorporate. This chapter reports the results of the focus group discussions in response to these ideas and the ideas that emerged unprompted from the discussions. Findings from the depth interviews – which sometimes touched on interventions – are included where they offer additional insight.

6.1 Messengers and messages

The importance of credible messengers in persuasive communication is widely acknowledged and has been incorporated into the behavioural economics approach to models of behaviour change in public policy (see for example, Dolan et al., 2010). Credible figures need not be real people, and social cognitive theory has utilised the persuasive abilities of credible fictional characters to help bring about behaviour change *en masse* in communities across the world (Bandura, 2009).

Participants in the focus groups were therefore asked to consider which public figures, real or fictional, would make credible or authoritative role models for saving.[18] It was striking how difficult participants in each of these groups found identifying any individuals who they felt met this brief, and the non-saver group failed to identify any. Despite probing from the facilitator, no-one suggested a fictional character that was either known for saving or perceived to be a potentially authoritative role model.

[18] This was not asked in the pilot focus group, which was with younger saving-inclined participants. Recall that the 'younger' saving-inclined group comprised people aged 25 to 39 and the 'older' group comprised people aged 40 to 55. Appendix A provides more details.

Instead discussions in the saving-inclined focus groups centred on identifying individuals who had been successful (primarily in business), and specifically “someone who came from rags to riches”. The public figures proposed by and who received some consensus within the groups included Sir Richard Branson and Lord Alan Sugar, based on their business acumen. Lord Sugar was also recognised for fronting an NS&I advertising campaign and his credibility as a role model and potential authority for encouraging saving was driven partly by the perception that he believed in the importance of saving:

“He must have believed in that to have done that because he doesn’t need the money to get paid to do that, does he.” (Woman, Non-working saving-inclined group)

Barack Obama and Coleen Rooney were also suggested as potential ambassadors of saving in discussions within the non-working saving-inclined group. Again, perceived to have come ‘from nothing’, Coleen Rooney’s credibility also lay in her being recognised as wearing clothes from budget stores Asda and Littlewoods. In contrast, her husband, footballer Wayne Rooney, along with footballers generally, were felt to be a bad role model for saving because their (high) salaries were felt to be unwarranted and to make saving unnecessary. This criticism was also levied at high-earning celebrities more generally. Ultimately, a credible messenger would be someone who, like themselves, had come from modest beginnings, and who, despite their wealth continued to demonstrate a moderation in their spending.

The study also aimed to identify particular messages that might help motivate people on lower incomes, to help encourage them to start a saving habit or to save more. For this discussion, the focus group participants were asked to look through a set of eight short written messages about saving and invited to suggest which ones stood out for them and why.[19] These messages were designed to represent a range of motivations to save and other motivating principles that had emerged from analysis of the depth interviews; reflecting this many of them were direct quotes or paraphrases from sentiments expressed by depth interviewees.

Of the eight messages that were presented, two were particularly well received:

- ‘You want to live for today but you need to live for tomorrow too’; and
- ‘Every little helps’

‘You want to live for today but you need to live for tomorrow too’ received strong expressions of support from depth interview participants and also received the greatest consensus within and across all of the focus groups. The appeal to participants lay in the explicit acknowledgement of the competing priorities that people faced. But it also reflected the underlying concern that with families and households to consider it was particularly important to think towards the future: “you don't want to struggle tomorrow” (Older saving-inclined group). There was debate and disagreement in only one focus group – the younger saving-inclined group – about the appropriateness of this

[19] See topic guide, in Appendix B.

message, with some participants feeling that they would rather enjoy today, or that "tomorrow might not come".

'Every little helps' also received near-universal support across the groups. Part of its appeal lay in its familiarity as a supermarket slogan. However, it was understood in relation to saving as conveying a strong message about the need to develop a saving habit, regardless how modest the amounts people could afford to put aside. In fact, positive discussions had already been held around the 'reward' of finding and committing a small amount (typically £5) each week in building a modest but achievable sum of money in two of the groups in particular, the non-working saving-inclined and the non-savers:

"You get £200 to spend as opposed to £5 a week you haven't missed" (Woman, Non-working saving-inclined group)

Again, it implied that saving for the future need not be to the detriment of today.

The younger saving-inclined group was the only group to view this message negatively. They rejected it on the grounds that putting small amounts into savings was futile. However, the same slogan had been quoted spontaneously in an earlier stage of the focus group, suggesting that not all participants agreed with this view.

Three statements that received more mixed support from the groups were:

- 'I'd be really proud of myself if I had savings. I'd feel I'd achieved something'
- 'You never know what's round the corner. So saving gives me freedom from worry'; and
- 'I'd rather be in charge of my own destiny'.

These were all received positively within the younger saving-inclined group, the overlap between them being recognised:

"If you've got freedom from worries, then you are in charge of your own destiny technically" (Man, Younger saving-inclined group)

Although they agreed with the principles in these statements, participants in this group were nonetheless keen to emphasise that they simply could not afford to save. So, while the message convinced them of the value of saving it was not in itself sufficiently persuasive to encourage them to save, overtly at least.

While these three statements received some endorsement from participants in other groups, again concerns about them were raised. These ranged from a feeling that there might be more salient things than saving for people to feel proud of, through to a belief that life was out of people's control ("none of us are in charge of our destiny, you don't know what's going to happen"), and to expressing an opposing view. One woman, for example, agreed with only half of the statement 'You never know what's round the corner. So saving gives me freedom from worry':

"I agree with the first sentence bit, but saving gives you the freedom from worry, I don't, you never know what is around the corner hence why I don't save and be tight with my money and not have, you know nice food every week and stuff, you know." (Woman, Non-saver group)

Two further messages were notable because despite general agreement that the statements were true, they were not felt to be persuasive. These were:

- 'You shouldn't buy what you haven't saved for'; and
- 'Having savings means that I don't have to pay to borrow money'

Only one group described being 'sold' on the virtue of saving in order to avoid the costs of borrowing.

The remaining statement was rejected outright by all of the focus groups:

- 'Even if you save, I still think you can have an amazing quality of life'

Despite being an almost a direct quote from one of the savers recruited to the depth interviews, it was not felt to be credible because it was not 'believable' according to the older saving-inclined group. In fact, participants on the non-savers group aligned the statement to the stereotypical 'saver' who had been discussed earlier in the session, who was wealthy and could afford to by virtue of their circumstances.

6.2 Means and mechanisms

The focus group participants were asked to consider what would make saving more possible or more attractive to people in their situations. These were discussed using two different approaches. First they were asked, unprompted, what they felt individuals themselves and Government or financial services providers could do to help increase rates of saving. Second, they were invited to comment on three different schemes that might help people on lower incomes to save and to do so formally.[20]

Two of the three initiatives that were presented, a 'new type of saving account' and a 'budgeting account service' were based broadly on schemes that already exist; the first being an online saving provider in the US which provides online tools to help people set and achieve their saving goals; the other a budgeting advice tool based on a scheme devised and offered by Christians Against Poverty to help people with debt problems manage their finances for the long-term.[21] These were selected for discussion to explore their applicability to encouraging saving among people on lower. The third, hypothetical scheme was devised specifically for this project to explore the applicability of online forums to 'first time savers'. Although they were described as three distinct initiatives, they were deliberately selected to cover a range of individual components for the groups to consider.

[20] See topic guide, in Appendix B
[21] See http://www.smartypig.com/ and http://www.capuk.org/help/needhelp.php

Drawing mainly on the findings from the focus groups, we discuss the means and mechanisms that participants reported feeling would help them to save, looking first at aspects of the saving process and secondly at aspects of the product features and the formal saving environment. Findings from the depth interviews are also incorporated where these provide additional insight.

6.2.1 Aspects of the saving process

The aspects of the saving process that were discussed focused on the amounts to be saved, the mechanisms for putting money into savings, and setting saving goals. These are discussed below in approximate order of strength with which they emerged from the qualitative analysis.

6.2.1.1 Saving small, affordable amounts

It has long been documented that one of the main reasons people on lower incomes do not save formally is because they cannot afford to save the large amounts they perceive are needed or appropriate for saving into accounts (see Kempson and Finney, 2009). Findings from this study not only corroborate this but, as reported in section 5.2.3, they also highlight a belief among some of the people who were not saving that it is not worth saving at all unless large amounts can be saved.

Despite this, committing to a small, affordable amount was one of the means by which participants in one focus group suggested, unprompted, that individuals could help themselves kick-start a saving habit (non-working saving-inclined group) and another felt was one of the most important aspect of the schemes they had discussed:

> *"It's only a fiver a week. I think everyone could probably manage that and then that's £20 a month isn't it."* (Woman, Older saving-inclined focus group)

Moreover, this sentiment was echoed in all of the focus groups. Crucially, it seemed that committing to save only small amounts avoided the feeling they would have to make sacrifices. In other words, it protected the amount they had to spend today.

Although two of the groups had earlier on expressed concern that saving small amounts would not be worthwhile – because it would take four years to save £1,000 – the notion that small amounts could add up to meaningful, if modest, lump sums over time also appealed:

> *"Yes save £5 a week it's still like £250 at the end of the year you're going to have. And if you don't touch it for a few years it can mount up into £1000 isn't it. £5 a week isn't nothing really now, what's £5 going to buy you?...Not even a packet of fags."* (Man, Non-working saving-inclined group)

However, some participants still felt that it would be easier to save if they had a lump sum in the first place, which would provide a foundation on which to build.

For the non-saver focus group it was "showing [people] that it's possible" to save a small amount routinely that was the crucial message to be taken away from the discussion. The potential role for budget calculators (which came up unprompted in the discussions) in helping to achieve this was attractive in the older saving-inclined group and the non-saver group.

In fact, there were clear indications that the focus group discussions themselves played a role in helping participants identify a manageable amount to save. The non-working saving-inclined talked about the affordability and value of saving small amounts routinely (in accruing a modest lump sum) as the main thing they had realised *as a result* of the discussion they had just taken part in:

> *"Yes it's actually made me think I have to be more forceful with myself, more strict. Just say, come on you can afford £5 a week, you must do it, you know."* (Woman, Non-working, saving-inclined group)

Of course, such good intentions will not necessarily result in behaviour change. Nonetheless, being able to identify that £5 was both possible to save and worth saving appeared to have instilled a sense of personal agency and control ('self-efficacy') that had not been evident at the start of the group discussions.

It has previously been observed that one of the key challenges for policy is to identify how to get people to engage and feel active, competent participants. Providing opportunities and encouraging people to save routinely, however small the amounts, is clearly one way to do this. Moreover, it has the benefit of providing a foundation on which larger amounts can be saved, as it has been found that small commitments can often escalate into larger ones (Dawney and Shah, 2005).

6.2.1.2 Automated saving deposits

Closely related to the idea of saving *small* amounts routinely, was the interest expressed by participants in three focus groups (the exception being the younger saving-inclined group) in making a routine *automated* deposit into savings. In fact, although automated deposits were part of the 'new saving product' description, this idea arose unprompted in the non-working saving-inclined and the non-saver focus groups.

The expressed attractions of automated saving deposits related to self-imposing a saving habit while simultaneously being able to 'forget' that any income sacrifice was being made:

> *"It takes the power away from you, the control away from you because you know you can't be trusted"* (Man, Non-saver group)

To a great extent, this reflected an acknowledgement by some of the participants in the groups and the depth interviews of the daily (though largely implicit) choice they made to live to the means. Crucially, by automatically transferring the money each week or month at the start of the budgeting cycle, participants felt that they would not miss the money and would simply adjust their weekly or monthly spending accordingly. Participants in two of the groups (the older saving-inclined and the non-savers) said that seeing saving as 'just another bill' or something they had to pay would help them, another said they would see it as a "good debt" while a bill was a "bad debt".

A concern was expressed among the non-savers, however, that any automated mechanism for saving should not cause them to go overdrawn. And the older saving-inclined group mentioned the importance of retaining flexibility in terms of making deposits as "I might not want to save for a few months because I know work's not coming in".

6.2.1.3 Direct deductions

Discussions in the focus groups did not directly address who would instigate automated saving deposits, whether these would be standing orders or direct debits set up by individuals themselves, or systems put in place by others. However, a few people from across all three saving categories who were interviewed in depth suggested that automated payments they could set up for themselves would help them to save. Some of them described already doing this.

Other depth interview participants felt that, to encourage them to save, it would be important for these payments to be instigated by a third party – whether an employer, government, or a bank or building society – and made 'at source'. It was predominantly the non-savers who were attracted to the idea of having direct deductions made for them (in fact a half of them said they thought this was a good idea), along with a few of the saving-inclined. Again, the same principles underpinned this – it was the idea of being able 'forget' about those savings while they were building up ('out of sight, out of mind') and imposing a more limited budget:

> *"Yes that would be because if you don't miss it, because lots of people, the banks did that and I've got a friend who used to work for Wills, the tobacco people and used to save, like saving and they didn't notice it."* (Depth interview, Saving-inclined)

The savers, in contrast, tended to say that they could do this for themselves if they were not already doing so.

Others who were not attracted to automated payments (including direct deductions) tended to emphasise the importance of having flexibility and control over when they made deposits and how much they deposited. These were a mix of people, both non-savers and saving-inclined people, people who were and were not actively saving (informally) already and people with varying degrees of saving motivation.

6.2.1.4 Saving goals

There may be a degree of truth in the words of one saver interviewed in depth who said he thought that people who had nothing to save for had a "gross lack of imagination". The need for individuals to identify and set goals that are meaningful to them was considered to be an important factor in the focus groups in helping to encourage people on lower incomes to save. It was raised unprompted in two of the groups – the younger saving-inclined and the non-savers – and it was also an aspect of the 'new type of saving account' that was viewed in a positive light. The role of a saving goal related less to providing a frame against which to monitor progress and more to identifying something *worth* saving towards:

> *"If you haven't got a goal then it's pointless, you're putting yourself through a lot of pain and misery for nothing"* (Man, Non-saver focus group)

This resonates with the earlier finding that people on lower-incomes, particularly those with the least inclination to save, were put off by the idea of saving for 'rainy day', something that was neither tangible nor measureable. And it echoes the 'risk' people perceived of wasting money they might manage to save (see section 5.2.4); by setting a goal, people could be clearer about what they would and would not be prepared to spend their savings on.

Goal-based savings products already exist in the UK (see for example, Elliott at al., 2010). However, we have seen from the current study that, for people on low incomes, size was key. As such, it is crucial that people feel able to use products that enable them to set realistic and achievable goals and targets; unrealistic expectations and high ambitions serve to de-motivate rather than motivate saving.

Sharing goals with family and friends – which was one of the elements included in the 'new type of saving account' scheme – was not generally attractive to focus groups participants. It was included as a feature of the scheme because previous evidence suggested that publicly stated goals can result in higher levels of commitment (Dolan et al., 2010). Despite this intention, where discussed, participants felt that money was too much of a private issue to share in this way.

6.2.2 Product features and the saving environment

Issues discussed by participants included the complex subject of access to savings, the importance of financial returns on savings, trust in financial services providers, consumer protection, and information and advice.

6.2.2.1 Limited access

Previous research has highlighted an apparently intractable contradiction in the expressed needs of 'small savers' in relation to saving methods (Kempson and Finney, 2009). On the one hand, people on low incomes often describe being deterred from using some saving methods in case they couldn't access their savings if the need arose. On the other, people describe the importance of tying their savings up to curb the temptation to spend them. On occasion, it is even the same individuals who express these seemingly conflicting needs. This study has helped to cast new light on this issue.

The idea of 'reduced' access to savings was discussed in three out of the four focus groups (all except the older saving-inclined group). Moreover it was felt by the younger saving-inclined and the non-working saving-inclined groups to be the most important mechanism for encouraging saving.

While notice accounts were felt to be too inflexible, participants welcomed account features that helped keep their savings at arm's length. The nature of the reduction in access appeared to vary from one individual and group to the next. The non-working saving-inclined group suggested that a 48-hour notice account would provide the balance they needed, or offering a saving account without a cash card, so that money could only be withdrawn over the counter.

Although it was not liked by everyone in the groups, some participants felt that managing two or three separate accounts – an idea introduced in relation to the 'budgeting account service' – could also help to keep some funds at arm's length.[22] One of the older saving-inclined participants even described this idea as being the main thing he had taken away from the discussion, because it offered him "control of my own money and it's good having, you know, money stashed".

[22] The 'budgeting account service', which was based closely on advice provided by Christian's Against Poverty to people in financial difficulty, proposed that individuals open up to three accounts with separate providers: designating one as for bill (and debt) payments, one for living expenses and one as a saving account.

Additionally, while some people in the non-saver group enjoyed the convenience of online banking, others expressed concern that this made it too easy to draw savings down. A consensus was reached in this group that the ideal solution would be to allow electronic transfers *into* savings only.

6.2.2.2 Financial returns

Previous research has demonstrated the important role that financial incentives play in encouraging people on low incomes to save (Kempson et al., 2005).

Three of the focus groups in this study volunteered “returns” or “incentives” as things that providers or the Government could do to encourage them to save. Of these, one group (the younger saving-inclined) talked in terms of these needing to be good returns, or at least better than banks and building societies were currently offering. They went on to say that this was one of the most important messages that this study should take away. In contrast, the non-savers talked about it in terms the returns being clear and simple to understand, “rather than percentage saying it in real money”, again mentioning this as being one of the most important messages that should come out of the study. The third group – who were the older saving-inclined participants – talked about both of these things. Returns were not discussed at all in the non-working saving-inclined group in relation to things that might encourage them to save more.

It is striking that the emphasis among participants was not necessarily on high returns for their money. For example, the younger-saving-inclined group liked the idea that the ‘new type of saving product’ offered the option to increase their savings by opting for shopping vouchers, even though the bonuses described in the scheme were modest (five per cent). However, the notion that the financial rewards for saving in a bank or building society should be ‘fairer’ was a theme that arose in most of the focus group discussions. Providers were seen as making good use of ‘our money’ to their own benefit and the rates of return that they were offering at the time of the interview (when the Bank of England Base Rate was set at 0.5 per cent) were seen as wholly inadequate given the benefits the banks were perceived to gain by investing savers’ deposits elsewhere. This also came up in a minority of the depth interviews:

> *"I think they ask an awful lot of money to be put in before they give you anything back."* (Depth interview, Non-saver)

6.2.2.3 Trust in providers

Despite the general mistrust levied at the financial services industry (see section 5.3.3), engendering trust in saving providers was an issue that only one of the groups – the older saving-inclined group – talked about, unprompted, as something providers and/or Government could do to encourage people on lower incomes to save. These participants felt they needed reassurances that banks or building societies would not use personal financial reviews for example as an opportunity to sell them other products. Another group, the non-working saving-inclined also raised the proviso of trust in the institution providing the ‘new type of saving product’. One attraction of the ‘budgeting account scheme’ to the non-working saving-inclined groups was that having separate accounts *in different institutions* would prevent providers from being able to recover charges – for an overdrawn current account for example – from another account held with the same provider.

Although they were not discussed in many depth interviews, where not-for-profit and ethical financial services providers were raised these were generally – but not exclusively – seen as attractive, because it was assumed that they would provide 'fairer' products to consumers.

Overall, however, efforts to increase the trustworthiness of individual saving providers did not appear to be a major factor for helping to overcome the barriers to saving formally or at all.

6.2.2.4 Guarantees and protection

Guarantees and protections that would mean people could not lose their capital were felt to be one of the most important issues among the non-saver focus group. This also arose for a few of the non-savers who were interviewed in depth. Premium Bonds were popular among these participants for this reason and were mentioned along with other types of lottery schemes by other depth interview participants.

Concerns about guarantees could also be interpreted another way, however. Reflecting the systemic 'risks' described in section 5.3.4, there was a suspicion expressed in the non-saver group about Government's interest in encouraging saving, because "they want us to pay for our own pensions". As such, participants implied that before considering saving (formally), they would like reassurances that they would not be disadvantaged financially as a result of their efforts.

6.2.2.5 Information and advice

Participants in the focus groups and the depths interviews recalled, in equal measure, stories of family or friends having lost large amounts in 'savings'. In reality, the money can only have been invested, rather than put into saving deposit accounts. The fear of losing money saved in banks and building societies was driven at least in part by participants' self-identified lack of understanding about the differences between 'saving' and 'investment' products. The 'risk' of being mis-sold to by providers, as mentioned in section 5.3.3, also appeared to be underpinned by this lack of understanding. It is perhaps not surprising, therefore, that three of the focus groups (all but the non-working saving-inclined groups) volunteered that they needed better information about 'the financial market' or the different types of products that were available.

Information needs were discussed in response to the 'budgeting account' scheme among the non-savers. They welcomed the idea of an advice service that would help them look at their budget and set up different accounts for different budget areas, but the credibility of the provider of this advice was a key concern. Some did not feel that Independent Financial Advisers, banks or advice agencies (if they perceived to be too closely linked to Government)[23] were trustworthy information or advice providers. This may pose challenges for Government, especially in relation to reaching those on lower incomes.

[23] Note that this is contrary to other research which has found that Government-support information and advice is generally considered trustworthy (e.g. Kempson, Collard et al., 2010).

In this context, it is surprising that an online forum for 'first time savers' that would provide a supportive community for people to share financial experiences and knowledge was not received well in any of the groups (again because felt uncomfortable sharing private money matters). However, as mentioned, a budget calculator tool was suggested spontaneously in several groups.

Identifying a credible and trustworthy provider of information and advice for people on lower incomes who do not save formally (and have little experience with financial service providers) is clearly not straightforward. Further investigation may well be warranted. However, previous research has highlighted the valuable role that local intermediary organisations can have in helping to provide or direct people to information and advice (Kempson et al., 2005). Another study identified the crucial role that a trusted public figure, in the form of a local television news reader, played in signposting viewers to savings advice (Budd et al., 2006). These suggest that the solution may lie in careful endorsement of and referral to the services that already exist rather than in re-thinking who provides the services.

6.3 Summary

Focus group participants struggled to identify people in the public eye – whether real or fictional – who represented authoritative role models for saving for people like them. A credible messenger would be someone who, like them, had come from modest beginnings and who ideally, despite their new-found wealth, demonstrated moderation in their spending.

The most persuasive messages for encouraging saving were those that acknowledged explicitly the competing priorities people on lower incomes face in their daily financial lives and those that emphasised that saving need not be to the detriment of standards of living today. The younger-saving inclined group were also particularly responsive to statements that centred on notions of pride, freedom from worry and being in charge of one's own destiny.

Although good, clear and guaranteed financial rewards for saving with providers was undoubtedly of importance for incentivising saving among the saving-inclined and the non-savers, other factors were of equal, if not greater, importance. A qualitative assessment of the different components that emerged from focus groups and depth interviews suggested that the factor with the strongest appeal overall was the notion of identifying small and affordable amounts to save. This was viewed positively by all of the groups who perceived that putting aside a small amount of money (for example, £5 to £10 per week) was both affordable and would have sufficient value in the medium to longer term to make it worthwhile.

The importance of identifying and setting meaningful saving goals also emerged, albeit less strongly than this. Here, a dilemma for those wishing to promote saving among people on lower incomes will be how to balance offering ideas for suitable saving goals against appearing to impose them. People also welcomed the idea of help from others to identify what would be manageable and appropriate for them given other demands on their incomes; although identifying who would be a credible source of such advice was far more difficult.

Other strong aspects were setting up automated deposits at the start of the budgeting cycle and reducing (in particular ways) access to the savings accrued. It is striking that these related mostly to what might be termed 'commitment devices'; 'commitment' even being a word used spontaneously among the non-savers themselves. Within this, those who found it most difficult to prioritise saving given their financial circumstances were most inclined to express interest in these automated payments being facilitated or set up on their behalf by employers, banks or government.

Moreover, these are all means by which saving could seemingly be made more *possible*, in contrast to mechanisms such as financial rewards that would make saving more *attractive.* In other words, they are factors that reduced the barriers to saving (whether real or perceived, and including affordability concerns) rather than motivate or incentivise saving.

7 Conclusions and policy considerations

The aim of this study was to move beyond previous research to provide a better understanding of the ways in which people on lower incomes today think about and approach saving and how they might be encouraged to start saving or to save more. The study highlights that while there are undoubtedly barriers to saving (real or perceived) that need to be overcome, there is nonetheless considerable scope to facilitate and support saving among households with lower incomes.

Analysis of the Wealth and Assets Survey showed that only one in five adults aged 25 to 55 living in a lower-income household in Britain was already a 'saver'. A further two in five people in this population were 'saving-inclined'; and the remaining two in five were 'non-savers'. This suggests that there is the potential to target interventions to promote saving at a large majority of this population. The qualitative research conducted as part of this study suggests that large proportions of this group are likely to be amenable to interventions that encourage them to start saving or to save more and to do so using formal regulated provision.

The qualitative elements of this study have thrown valuable new light on the interplay between people's desire to save, their motivations to do so, previous experiences of saving, circumstances and the capacity to save, as well as their perceptions of financial institutions and the formal saving environment. The picture that emerges from this is a complex and sometimes apparently contradictory one, presenting obvious challenges to the prospect of fostering a 'nation of savers'. Nonetheless, there are a number of clear messages from the research that are relevant to policy-makers and others who are interested in encouraging a stronger culture of saving in the UK.

7.1 Understanding the challenges

From the perspective of people on lower incomes, saving can incorporate a wide range of activities, both formal and informal. In this sense, it is useful to understand it as a continuum of saving-related behaviours, the common features being that the money "saved" is earmarked for a particular purpose and access to the money is limited in some way. Whether or not the money was saved formally or informally was far less important.

This suggests a potential for policies to encourage higher rates of saving by building on what people on lower incomes already do, at whatever level and whether formally or informally. The challenge for providers is to enable people to continue to earmark their savings in the way that is beneficial to them, and to provide the level of access individuals feel they need (addressed below).

While the idea of a 'saver' engendered some positive and socially desirable qualities, research participants also expressed negative associations with being a 'saver'. For the saving-inclined and non-savers in the focus groups, being a 'saver' was not something that they tended to identify with strongly; and, if anything, saw being a 'non-saver' as 'normal' for people in their circumstances. In trying to encourage saving, therefore, caution is needed in conveying messages that capitalise on those qualities that are seen to be desirable and to avoid those that are not. Moreover, given that the prevailing view among those not engaged in saving was that the ability to save was governed by factors outside the individual's control, a major challenge for policy-makers who wish to encourage saving will lay in engendering a feeling of empowerment among prospective lower-income savers.

The research highlights a subtle but important distinction in people's minds between the desirability of *having* a pot of savings and the desire to actually *save money* in order to build up that pot. In keeping with earlier research, the activity of saving money was often regarded by research participants in this study as unaffordable. This generally meant that participants were unwilling to compromise current living standards to save for an uncertain future, particularly when they felt they had alternative safety-nets, such as informal or formal borrowing, to call upon if needs be.

Compounding this was also a strongly-expressed view that saving was futile unless large amounts could be saved and recognition by some participants that saving required a level of self-discipline that they did not feel they had. A link was observed in the data between not saving actively and a disorganised approach to money management, highlighting a need for saving policies to be supported by policies to improve other aspects of financial capability.

Despite this, one of the most novel and enlightening findings of the study was how the focus group participants reached a general consensus that identifying small sums of money to save routinely from their budgets *was* both affordable and worthwhile. This arose seemingly spontaneously through the process of the group discussion and peer testimony. Policies aimed at increasing rates of saving among these groups might therefore draw on these approaches to help frame people's expectations about how much it is worthwhile and manageable to save.

Many people were also clearly open to other ways of making saving possible.

7.2 Means and mechanisms to facilitate saving

Participants viewed positively the idea of receiving help to identify small amounts of money to save which would not be missed from the household budget. They were also receptive to guidance in identifying meaningful, realistic (modest) and tangible saving goals and targets that would enable them to feel empowered to save. Identifying a trusted, independent provider of such help was more difficult, however. Recent research found that Credit Unions were able to help low-income loan applicants to identify a small amount of money to save each week or month, and that people were often surprised how quickly their savings built up over time and how little they missed the money (Collard et al., 2011). The national Money Advice Service (planned for 2012) will also have a role to play in this, although previous research suggests that people from poorer backgrounds prefer face-to-face advice provision (Kempson, Collard et al., 2010).

The opportunity to make automated deposits from income into savings at the beginning of the budgeting cycle was attractive among saving-inclined participants and non-savers. The caveat here was that people strenuously wanted to avoid the risk of getting into financial difficulties as a result of saving, such as incurring overdraft charges. Ideally, then, participants wanted to be exercise some control over these payments, for example to stop payments when they were unable to afford them.

Those who were seemingly least inclined to save or who were the least well-off financially often welcomed third party intervention to set up automatic payments at the start of the budget cycle into a separate saving account. Automatic deductions from benefits to repay Social Fund loans have been found to be popular among users (Slater, 2010), and Credit Unions also encourage deductions from income paid into a Credit Union account for the purpose of saving as well as loan repayment (Collard et al., 2011). Employers, where people are in work, or alternatively providers may be able to fulfil a similar role.

Like previous research, this study highlights the conundrum of access to savings. On the one hand, people on lower incomes want to be able to access savings if they need to, making devices such as notice accounts unattractive. At the same time, they want to avoid the temptation to spend their savings if the money is too easily accessed.

Participants suggested possible ways to balance these two apparently intractable requirements. The notion of keeping savings at 'arm's length' was central to this. They included short notice accounts (e.g. requiring 48 hours notice), savings accounts where money can only be withdrawn over the counter but can be deposited in other, more accessible ways (including online), and having separate but linked accounts for day-to-day spending and savings. It may not be feasible to address access concerns within one product, particularly when we take into account the very personal access requirements that individual research participants often expressed; unless products can be designed to enable access provision to be tailored to individuals' preferences, by agreement and in discussion at the point of account-opening.

7.3 Messengers and messages to encourage saving

Over and above the means and mechanisms that could encourage individuals on lower incomes to save or save more, the research also explored the potential messengers and wider messages that might help foster a 'nation of savers'. Perhaps one of the most potent findings from the study was that research participants really struggled to identify a real or fictitious 'Savings Champion' who would be a credible or authoritative role model to promote saving. Ultimately they felt that a credible messenger would be someone who, like them, had come from modest beginnings and who, despite subsequent success and wealth, demonstrated moderation in their spending. The messengers and messages clearly need to address an entrenched ambivalence towards saving among people on lower incomes and overcome the perception, within this group at least, that there is a not a strong social norm that advocates saving as a positive behaviour.

The absence of a universally recognised 'Savings Champion' provides an obvious opportunity for policy-makers and others interested in encouraging saving to work with the popular media to explore and nurture recognisable role models for saving. There is also the potential to look at ways of raising the profile of saving as an issue affecting people's daily lives by including it in story lines in fictional dramas and soap operas.

Despite widespread mention of good financial returns as a motivator of saving (at least in principle) there was little evidence from the depth interviews or focus groups to support the view that this was a key determinant of actual saving intentions or behaviour. As other authors have argued (e.g. Uzzell, 2010), for behaviour change to be effective and sustainable it ultimately needs individuals to 'buy-in' to the value of it. A major concern for policy-makers will be to encourage a shift in focus among those currently not engaged in saving from the weaker external rewards to the stronger, more sustainable, internal motivators of saving.

The two most persuasive messages for encouraging saving identified by the research participants were: ‘You want to live for today but you need to live for tomorrow too’ and ‘Every little helps’. These messages acknowledged explicitly the competing priorities people on lower incomes face in their daily financial lives and emphasised that saving need not be to the detriment of standards of living today. Equally, ‘freedom from worry’ had strong currency with participants as a motivation for saving regardless of saving status.

More broadly, the study findings indicate a need for Government and financial services providers alike to provide clear and consistent messages about the protections and guarantees that exist within the regulated market. The research found that there was considerable disdain and suspicion, levied broadly at financial institutions and Government, borne primarily of misunderstanding and misperceptions. Though there was little evidence that this hindered saving formally at the personal level, these concerns were no less pervasive and strongly felt, and any underlying or latent effect they may have in inhibiting engagement with financial services providers is difficult to assess.

7.4 Key messages for policy

This short chapter has indicated a number of points at and ways in which policies might intervene to help improve rates of saving among people on lower incomes. In this section, we briefly highlight some of the clearest and strongest messages for policy that have emerged from the study:

- Through a process of group discussion and peer testimony, it is possible for people to overcome a prevailing sense that saving small amounts routinely is neither affordable nor worthwhile. Framing people’s expectations about appropriate amounts to save and goals to save towards was important, and participants welcomed help from others to identify sums from their budgets that they could afford to put aside
- These and other findings, including self-reported misunderstandings of financial services, underline the close link between saving and other aspects of financial capability
- Those who are not saving-engaged are receptive to messages that acknowledge explicitly the competing priorities people on low incomes face in meeting everyday financial needs and that saving need not be to the detriment of living standards today
- Among those not engaged in saving, there is ambivalence towards saving and a perception that there is no strong positive social norm for saving among people on lower incomes. These might be challenged and addressed, at least in part, through mass media channels
- Saving deposits that are made automatically and at the start of the budgeting cycle are particularly attractive because they militate against the perception that the money saved would be missed. Those who were the most financially constrained particularly welcomed the idea that provision to do this might be instigated or made by third parties
- People value mechanisms that enable them to deposit money easily into savings but which also keep access to those savings ‘at arm’s length’; participants suggested several ways that formal saving products might achieve this. To this end, the ‘commitment devices’ that formal saving products have the potential to offer small savers appear to provide the very means by which people on lower incomes can be encouraged to save at all.

References

Altmann, R. (2002) *Beyond Tax Relief – a new savings incentive framework*. Accessed April 2010 at www.rosaltmann.com

Atkinson, A., McKay, S., Kempson, E., and Collard, S. (2006) Levels of financial capability in the UK: results from a baseline survey. *Consumer Research 47.* London: Financial Services Authority

Bandura, A. (2009) 'Social cognitive theory goes global'. *The Psychologist, 22* (6); pp 504-507

BMRB Social Research. (2006) Access to financial services by those on the margins of banking. London: Financial Inclusion Taskforce.

Budd, P., Martin, D., and Horsely, M. (2006) *Making ends meet, 'Save yourself a fortune'*. Dorking: Friends Provident Foundation

Building Societies Association. (2007) *The Individual's saving decision*. London: The Building Societies Association.

Collard, S., Hale, C., and Day, L. (2011) *Evaluation of the DWP Growth Fund.* London: HM Treasury

Collard, S., Kempson, E., & Dominy, N. (2003). *Promoting financial inclusion: An assessment of initiatives using a community select committee approach.* Bristol: The Policy Press.

Collard, S., Kempson, E., & Whyley, C. (2001) *Tackling financial exclusion: an area-based approach*. Bristol: The Policy Press.

Dawney, E. and Shah,H. (2005) 'Behavioural economics: seven principles for policy makers'. *Theoretical New Economics 1*. London: New Economics Foundation

Dolphin, T (2009) *Saving and asset-building in low-income households*. London: IPPR

DWP (Department for Work and Pensions) (2010) *Household Below Average Income: An analysis of the income distribution 1994/95 - 2008/09.* London: DWP

Dolan, P., Hallsworth, M., Halpern, D., King, D., and Vlaev, I (2010) *Mindspace: Influencing behaviour through public policy*. London: Institute for Government and the Cabinet Office

Elliott, A., Dolan, P., Valev, I., Andriaenssens, C and Metcalfe, R. (2010) 'Transforming financial behaviour: developing interventions that build financial capability' *CFEB Consumer Research Report 01*. London: Consumer Financial Education Body

Ellson, A (2009) 'We don't save more because we don't have the choice'. The Edge, 22. Swindon: ESRC. Accessed December 2010 http://www.esrc.ac.uk/ESRCInfoCentre/about/CI/CP/the_edge/issue23/saving1.aspx

Finney, A. (2009) ‘Attitudes’ in C. Daffin (Ed.) *Wealth in Great Britain: Main results, 2006/2008*. Newport: Office for National Statistics.

Finney, A., Collard, S., and Kempson, E. (2007) *Easy come easy go: borrowing over the life cycle*. Edinburgh: Standard Life

Fisher and Montalto’s (2010) ‘Effect of saving motives and horizon on saving behaviours’ *Journal of Economic Psychology, 31*; 92-105

Hansard (2010), Mark Hoban MP: Hansard HC vol. 517, col. 426W (28 Oct 2010)

Harvey, P., Pettigrew, N., & Madden, R. (2007). *Final evaluation of the Saving Gateway 2 pilot: main report*. London: HM Treasury/Department for Education and Skills.

Hogg, M.A. and Vaughan, G.M. (2005) *Social Psychology* (4th Edition). Harlow: Pearson Education Ltd.

HM Treasury (2000) *Helping people to save: the modernisation of Britain’s tax and benefit system, number 7.* London: HM Treasury

Kempson, E. (1998). Savings and low income households. *Personal Investment Authority Research Reports*, London: Personal Investments Authority.

Kempson, E. and Bryson, A (1994) *Hard Times: How Poor Families Make Ends Meet*. London: Policy Studies Institute

Kempson, E. and Collard, S., et al (2010) ‘Money Guidance Pathfinder: A report to the FSA’. *Evaluation Report 01.* London: CFEB

Kempson, E., and Finney, A. (2009). *Saving in lower-income households: A review of the evidence.* London: HM Treasury.

Kempson, E., McKay, S., & Collard, S. (2005). *Incentives to save: Encouraging saving among low-income households. Final report on the Saving Gateway pilot project*. London: HM Treasury.

Kempson, E., & Whyley, C. (1999). *Kept out or opted out? Understanding and combating financial exclusion*. Bristol: The Policy Press.

Lister, R. (2006) ‘Poverty, material insecurity and income vulnerability: the role of saving’. In S Sodha and R Lister (eds) *The Saving Gateway: from principles to practice*. London: IPPR

NS&I (2010) NS&I Savings Survey *NS&I savings tracker: examining savings behaviour across Britain, Issue 25*; Autumn 2010. London: National Savings and Investments

O’Reilly, N. (2006). *Three steps to banking: compliance, standardisation and innovation. Summary of NCC research into basic bank accounts*. London: National Consumer Council.

Opinion Leader Research. (2006). *Financial Inclusion deliberative workshops*. London: HM Treasury-Financial Inclusion Taskforce.

Opinion Leader Research. (2007). *Consumer workshops on hamper schemes and savings clubs*. London: Financial Inclusion Taskforce.

Pahl, J. (2000) ‘Couples and their money: patterns of accounting and accountability in the domestic economy', *Journal of Accounting, Auditing and Accountability, 13* (4) p502 - 517

Rowlingson, K., Whyley, C., & Warren, T. (1999). *Income, wealth and the lifecycle*. London: Policy Studies Institute.

Ryan, RM and Deci, EL (2000) ‘Intrinsic and extrinsic motivations: classic definitions and new directions’ *Contemporary Educational Psychology 25;* 54-67.

Schreiner and Sherraden, 2007 cited in M. Sherrard Sherraden and A. Moore McBride and S. G. Beverly (2010) *Striving to save: Creating policies for financial security of low-income families* Ann Arbor: The University of Michigan Press. p42.

Slater, A. (2010) ‘The Social Fund: Customer experiences and perspectives: Qualitative research with Jobcentre Plus customers’. *DWP Research Report 625*. Leeds: Corporate Document Services

Thaler, R. (1999) ‘Mental accounting matters’. *Journal of behavioural Decision Making, 12*; 183-206

Treasury Committee, The (2008) *The run on the Rock, Fifth Report of Session 2007–08, Volume I* London: The Stationery Office Limited.

Uzzell, D. (2010) ‘Collective solutions to a global problem’ *The Psychologist, 23*(11); 880-883.

Wells, J. (2008). *An inclusive approach to financial products*. London: Age Concern.

Whyley, C., & Kempson, E. (2000). *Understanding small savers Volumes I and II*. Peterborough: AMP.

Appendix A. Further methodological details

Definitions of 'savers' 'saving-inclined' and 'non-savers'

The definitions of the three saver categories were designed to be as similar as practically possible in the quantitative analysis of the Wealth and Assets Survey and the qualitative elements of the research. Table A1 shows the detailed definitions for each. It also shows the percentage of the population who meet each of the definitional criteria used in the survey analysis and the number of depth interviewees who met each recruitment criterion.

Table A1 Defining the saver categories

Saver type	**Wealth and Asset Survey** (*question name;* percentage giving answer)	**Depth interviews and focus groups** (*question name;* number of depth interviewees giving this answer)
Savers Active savers using formal products to save	Has saved into bank or saving deposit account in past three months other than to meet regular bills (*OLsave*; 90%) and/or is regularly paying into a saving plan or insurance or endowment policy that will pay out a lump sum on a specified date (*FLProd1,3,4*; 20%)	Has put money into bank or saving deposit account in last three months other than for spending or regular bills (*Q8*; 8/8) and/or has paid into a saving plan or insurance/endowment policy that will pay out a lump sum on a specified date in the last three months (*Q9;* 1/8)
Saving-inclined Not saving formally but signs of being inclined to do so	Does not meet criteria of a 'saver' and reports one or more of the following: • saved into bank or saving deposit type account except to meet regular bills previously but not in the last three months (*Osaved*; 42%) • thinks they are likely to save in the next 12 months (*OIntend*; 31%) • has at least £250 saved informally (*FInfSav*; 4%) • has tended to leave or put money left over at least sometimes in an account or saved it informally (*OLeftDo*; 30%) • agrees that "I am more of a saver than a spender" (*Osaver*; 45%) and also does not say that they have not saved in the last three months because they are not interested in saving or don't	Does not meet criteria of a 'saver', but reports two or more of the following: • put money into bank or saving deposit account previously as an adult but not in last three months (*Q10;* 8/8) • tends to put money aside in any other ways, such as at home, or given to someone else to look after (*Q11;* 6/8) • considers it very or fairly important to have some money or savings put aside (*Q12;* 8/8)

	want or need to save (*ONoSave)*	
Non-savers Not saving formally and not inclined to do so	Does not meet criteria of being a 'saver' and does not meet criteria of being 'saving-inclined' 96% or has not saved in last three months because they are not interested in saving or don't want or need to save (*ONoSave;* 6%)	Does not meet criteria of being a 'saver' or 'saving-inclined' but may have put money into bank or saving deposit account previously as an adult but not in last three months (*Q10;* 5/8)

Qualitative fieldwork

All depth interviews and focus groups were undertaken in Bristol, South West England, with participants recruited in public areas from across Bristol and the surrounding towns and villages. Recruitment was undertaken by Jennifer Kington, a professional freelance recruiter. Although no quotas were set on ethnicity, the depth interview and focus group participants comprised people from a range of ethnic backgrounds including minority ethnic groups.

All participants received a £30 retail voucher as a thank you for taking part. Fieldwork took place during September and October 2010 (depth interviews) and November 2010 (focus groups).

Participants in the depth interviews and focus groups did not know the basis on which they had been recruited nor the category they had been recruited to. Interviewers also did not which category the depth interviewees were recruited to, in order to ensure as open discussion as possible.

The depth interviews and focus groups were digitally (voice) recorded with the permission of the participants and fully transcribed. The transcripts were analysed in full and iteratively using thematic grids.

Depth interviews

In practice, it proved very difficult for the recruiters to identify 'non-savers' who said that they had never previously put money into an account in the timeframe of the project. The criteria were therefore relaxed to permit some 'non-savers' who had previously saved in this way. All those classed as 'saving-inclined' met at least two out of the three criteria for this group and all of the 30 interviews were subsequently achieved (see Table A1).

There was also some difficulty identifying male 'engaged savers' to take part in the depth interviews. In a number of instances, men initially screened into this group subsequently volunteered their wife or female to take part in the interview on the basis that while they did save formally, it was their partner who managed that side of their finances in practice.[24] Where recruitment quotas permitted

[24] This reflects previous research that has looked at the way couples in low income households manage their finances more generally (e.g. Kempson, 1994 and Pahl, 2000).

the partners were interviewed in their places; in other cases the recruiter sought an alternative participant.

Within the time constraints of the project it was only possible to recruit one 'saver' who depended on income-replacement benefits, although this is a reflection of the low incidence of this for the saver group in the population (as shown in the WAS analysis, Appendix C). It is also notable that in practice it was not possible to recruit many 'savers' who were not living in an owner-occupier household.

The topic guide (shown in Appendix B) was modified slightly following an initial six pilot interviews (two from each saver category). Interviews lasted between 40 minutes and 1 hour 15 minutes.

Table A2: Recruitment criteria and characteristics of depth interview participants

	Saving-engaged	Saving-inclined	Non-savers
Gender of participant			
Male	2	8	2
Female	6	6	6
Age of participant			
25 to 29	1	2	3
30 to 39	3	5	2
40 to 49	3	7	1
50 to 55	1	0	2
Household composition			
Single, no dependent children	1	2	1
Lone parent	1	4	1
Partnered no children	1	2	-
Partnered with children	5	5	6
Housing tenure			
Renting privately	1	2	1
Renting from local authority or housing association	-	5	5
Owned home (with or without mortgage)	7	8	2
Whether participants has current commercial credit commitment			
Yes	5	6	4
No	3	8	4
Whether participant (or their partner) works 16+ hours per week ('working' or 'not working')			
Yes	7	10	5
No	1	4	3

A debrief held following initial analysis of the depth interviews was undertaken to help inform the design of the focus groups and the topic areas to discuss at these, using (non-attributable) ideas and quotes from those interviews.

Focus groups

Four focus groups were held in total, three groups of saving-inclined participants and one group of non-savers. Among the three focus groups with saving-inclined participants, one was held with only younger people from the 25 to 55 age range and another with only older people from this range. We also held separate groups depending on whether or not participants were living in a working household.[25] The design of the four groups is shown in Figure A1. The recruitment questionnaire is shown in Appendix B.

Figure A1: Focus groups sample design

Younger, saving-inclined Living in a working household Ages 25 to 39	**Non-working, saving-inclined** Living in a workless household All ages (25-55)
Older, saving-inclined Living in a working household Ages 40 to 55	**Non-saver** Living in a working household All ages (25-55)

Note: Each cell represents one focus group and gives the criteria by which participants were recruited to the group. A working household was defined as one where the participant (or their partner) was working 16 or more hours per week.

Each group also comprised a mix of men and women, a mix of household compositions and a mix of those who did and did not own their homes.

People who were not the main or joint financial manager in the household, those who had experienced a substantial drop in income in the last three months and those who were in arrears by three months or more with bills or credit commitments were excluded from this stage of the project. It was considered that participants in these situations might find it difficult to contribute fully to the group discussions.

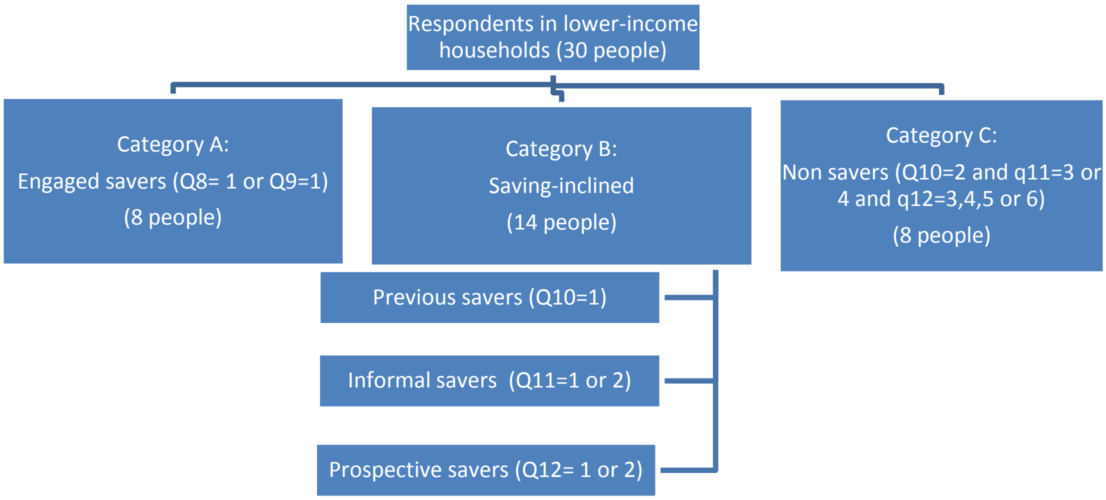
The topic guide (shown in Appendix B) was modified slightly after the first of these focus groups. The focus groups each lasted between 1 hour 15 minutes and 1 hour 30 minutes.

[25] Defined as whether or not the participant or their partner was working 16 hours or more per week.

Appendix B. Fieldwork materials

Depth interviews recruitment questionnaire

BACKGROUND INFORMATION FOR FIELD TEAM
We are aiming to recruit 30 participants for depth interviews, as follows:



Definition of saving type comes from Q8 to Q12:

- People who answered yes to <u>either</u> Q8 or Q 9 are defined as *Category A: engaged savers*
- People who answered Q10=1or 2 <u>and/or</u> Q11=1 <u>and/or</u> Q12=1 or 2 are *Category B: saving-inclined*. This group is divided into three types:
  - Q10=1 are informal savers
  - Q11=1 are previous savers
  - Q12=1 or 2 are prospective savers

We would like to get a spread of the above three types of *saving-inclined*

- People who answered Q10=2 <u>and</u> Q11=3 or 4 <u>and</u> Q11=3-6 are *Category C: non savers.* To fall into this Category, respondents must be within the shaded areas of q10-12.

Good morning/afternoon/evening. I'm working on behalf of the Personal Finance Research Centre which is based at the University of Bristol. We are inviting people to take part in one-to-one interviews about their views and experiences of household money management.

The interview will take place on [DATE] at [LOCATION] and will last around 45-60 minutes. To say thank you for your time, we would like to offer you £30 in shopping vouchers, which you will receive at the interview.

Before I go any further I would like to assure you that absolutely no selling is involved, this is purely a research exercise. We are totally independent and the findings from the research will be anonymised before being passed on.
We are looking for particular types of people to take part in the research project, therefore I would like to ask you some questions about yourself. Again, all information collected will be anonymised.

NOTE TO INTERVIEWER: Darker shaded area indicates that the respondent falls outside the scope of the research and therefore that the recruitment can be wrapped up.

1. Would you be interested in taking part?

Yes	1	CONTINUE
No	2	**CLOSE**

2. May I ask how old you are?

Under 25	1	**CLOSE**
25-29	2	CONTINUE
30-39	3	
40-49	4	
50-55	5	
Over 55	6	**CLOSE**

3. Do you live with a partner or do you live as a single person?

Single	1	CONTINUE
Partnered	2	

4. Any how many children, if any, do you have living with you, who are aged under 18 and are dependent on you financially?

None	1	CONTINUE
1	2	
2	3	
3	4	
4 or more	5	

5. **SHOWCARD** Can you please tell if your total household income is above or below the amount shown on this card? (Please include take home pay from paid work or self-employment, social security benefits including Child Benefit, tax credits or any other regular income.) NOTE TO INTERVIEWER: SHOW THE RESPONDENT THE ROW RELATING TO THEIR SITUATION BASED ON ANSWERS TO Q3/4

A	Single, no children	£200 per week £830 per month	1	BELOW - CONTINUE ABOVE - **CLOSE**
B	One-parent family, one child	£250 per week £1,100 per month	2	BELOW – RECRUIT ABOVE - **CLOSE**
C	One-parent family, two children	£350 per week £1,500 per month	3	BELOW - RECRUIT ABOVE - **CLOSE**
D	One-parent family, three or more children	£450 per week £1,940 per month	4	BELOW - RECRUIT ABOVE - **CLOSE**
E	Couple, no children	£290 per week £1,240 per month	5	BELOW - RECRUIT ABOVE - **CLOSE**
F	Two-parent family, one child	£350 per week £1,500 per month	6	BELOW - RECRUIT ABOVE - **CLOSE**
G	Two-parent family, two children	£450 per week £1,900 per month	7	BELOW - RECRUIT ABOVE - **CLOSE**
H	Two-parent family, three or more children	£500 per week £2,150 per month	8	BELOW - RECRUIT ABOVE - **CLOSE**
		Don't know/Refused	9	**CLOSE**

6. Are either you (or your partner) working 16 hours a week or more?

Yes	1	GO TO Q7
No	2	CONTINUE

7. Can I check, are you (or your partner) a full time student or retired?

Yes	1	**CLOSE**
No	2	CONTINUE

READ OUT: I would now like to ask about money that people sometimes put aside that is not for regular bills or regular spending.

8. In the last three months, have you put any money away into a savings or bank account that was not for regular bills or spending? *(NB: include investments, but do not include money paid into the Child Trust Fund or similar, or pensions)*

Yes	1	RECRUIT TO CATEGORY A – GO TO Q13
No	2	CONTINUE

9. Are you currently making regular payments into a saving plan or an endowment or insurance policy that will pay out on a fixed date that is in your (or your partner's) name? *(NB: examples include a regular premium policy or a Friendly Society Savings Plan; do not include pensions, mortgage-linked endowments, or insurance policies that ONLY pay out on death)*

Yes	1	RECRUIT TO CATEGORY A – GO TO Q13
No	2	CONTINUE

10. Although you haven't done so in the past 3 months, have you put money away in a savings or bank account previously as an adult? *(NB: it doesn't matter if they have spent the money saved)*

Yes	1	POSSIBLE CATEGORY B – CONTINUE
No	2	POSSIBLE CATEGORY C - CONTINUE

11. Do you tend to put money aside in any other ways, such as at home, or give it to someone else to look after?

Always	1	POSSIBLE CATEGORY B – CONTINUE
Often	2	
Occasionally	3	POSSIBLE CATEGORY C - CONTINUE
Never	4	

12. How important do you feel it is to have some money or savings put aside?

Very important	1	POSSIBLE CATEGORY B - CONTINUE
Fairly important	2	
Neither important nor unimportant	3	RECRUIT TO CATEGORY C (IF ALSO NO TO Q8/9/10, AND Q11=3/4)
Not very important	4	
Not at all important	5	
Don't know	6	

13. **SHOWCARD** Do you currently have any of the following types of accounts, either in your own name or held in joint names with someone else:

A	Loan from bank, building society (excluding mortgage)	1	RECRUIT MIX OF ABOVE AND BELOW LINE
B	Loan from company that collects payments from your home	2	
C	Loan from a finance company (e.g. Norton Finance, YesLoans)	3	
D	Payday loan (e.g. from Money Shop, Payday Financial)	4	
E	Loan from a pawnbroker	5	
F	Goods bought in instalments from a mail order catalogue	6	
G	Goods bought on hire purchase or on credit (e.g. Brighthouse)	7	
H	A credit card that you do not pay off in full each month	8	
I	An overdraft that you are using	9	
J	Any other type of loan	10	
K	None of these types of credit	11	
	Don't know/Refused	12	

14. And which of these best describes your housing situation?

Own house - outright	1	RECRUIT A MIX OF OWNERS AND THOSE AND RENTING
Own house – with mortgage (inc. shared ownership)	2	
Renting via Council or Housing Association	3	
Renting via private landlord	4	
Don't know/ refused	5	

15. CODE SEX (DO NOT ASK)

Male	1	RECRUIT TO QUOTA
Female	2	RECRUIT TO QUOTA

Contact Details

Name	
Address	
Postcode	
Email address	
Telephone No	
Mobile No	
Best time of day to ring	

INTERVIEWER DECLARATION

I have recruited this person to the criteria specified by this questionnaire and other briefing provided. Please explain that respondents may be called by telephone, to check that recruitment & booking procedure meet quality standards.

NAME ____

SIGNED____

DATE ____

Interview quotas

Aim to recruit in each of the three Categories:

- People of different ages
- Mix of different household compositions
- Mix of those with credit obligations and those without (it is especially important to get some non-savers who don't have credit commitments)
- Some who own their home (with/without a mortgage)

Category A: engaged savers (8 interviews)

- Q6/7 recruit 2 people who work less than 16 hours a week and are not students or retired (code b at q6 <u>and</u> q7)
- Q15 aim to recruit at least 3 men (code 2 at q 15)

Category B: saving-inclined (14 interviews)

- Q6/7 recruit 4 people who work less than 16 hours a week and are not students or retired (code b at q6 <u>and</u> q7)
- Q15 aim to recruit at least 5 men (code 2 at q 15)

Category C: non-savers (8 interviews)

- Q6/7 recruit 2 people who work less than 16 hours a week and are not students or retired (code b at q6 <u>and</u> q7)
- Q15 aim to recruit at least 3 men (code 2 at q 15)

Depth interviews topic guide

Introduction

- From PFRC, University of Bristol
- Independent study of how people budget, manage competing priorities and underlying attitudes to money; no right or wrong answers
- Confidential, anonymised,
- Lasting around 45-60 minutes; thank-you of £30 voucher
- Recording to ease note-taking; destroyed once project is completed.
- Questions?

Background

- Who live with, tenure, how long
- Number/age of children
- Work situation/partner's work situation/how long (un)employed
- Total household income (**Showcard A**)
    - Sources of income
    - Regularity and flexibility of income
- Current financial situation (**Showcard B)**

Budgeting and overall money management

- General attitude to saving – 'saver or a spender'
    - In practice; at heart
    - Attitudes to budgeting/finance of partner vs. own (if relevant)

- Who holds the day-to-day budget, who makes major financial decisions
- Budgeting cycle, weekly or monthly, any?
    - How do you prioritise where the money is spent?
    - Use of bank account – how; what for?
- Types of expenditure
    - Priority order given to different areas of expenditure (**Card Sort task**)
    - Probe for types of credit/debt (**Showcard C** - optional)
    - Probe for sizes of expenditure
    - Where is there flexibility in expenditure?
    - Any money ever left over?
- Planning ahead, expected and unexpected expenditure
    - Any money put aside or savings of any sort? (joint or personal?)
    - How do you cope with known events like birthdays, Christmas and holidays?
    - How do you cope with unexpected expenditure, such as washing machine breaking down?
- How would meet sudden expenditure:
    - £50
    - £200
    - £500
    - Examples of how you have dealt with situations like this in the past?
    - Why not just borrow/use savings/ go without (this or something) else instead?
- How do you think your financial situation may change in the short/ medium / long term?
    - How does that make you feel?

Influences

- Describe first time they saved up/put money away (e.g. when growing up?)
- Did parents/others save/encourage to save or manage money; how feel about this

- Does partner save; how feel about this
- Who else? Where learn/learnt about finances/saving/budgeting?
- Where learn about financial products and providers
    - How confident making choices/decisions
- Whether saving behaviour changed over time; how; why
- Perceptions of friends/family saving behaviour and attitudes
- Expectations/role of receiving/leaving inheritance

Putting money aside (current)

- Currently putting money aside, saving up or building up some savings?
- How 'saves'; probe for different types of formal and informal
    - E.g. saving accounts, savings stamps, Christmas clubs, jars, giving to someone else to look after, tax rebates, letting money build up in bank account, etc
    - How frequently, regularly
    - How long used this/these method(s) (joint or not)
    - Why chose this/these way(s)

(If puts money aside in any way)

- What is that money put aside for, distinguishing
    - 'Put money aside'/'saving up'/ saving for a rainy day
    - short term/long term
    - self/children
- How finds this money (what point of budgeting cycle)
    - Ease of finding this money
- How closely monitors how much is there – (amount?)
- When last spent any of this money, what for, how much
- When next expects to use it

(if doesn't put money away)

- Reasons for not putting money away (unprompted)
    - Anything as well as lack of money – i.e. would definitely if could?
    - If not, why not?
    - Do you ever consider putting money aside, either with bank or less formally?

- Ever put money aside in any way; why, how, what for; why stopped
    - Other options instead of stopping saving and why rejected
    - Likelihood of starting putting money aside again?
    - What would encourage them to do this again?

Any (other) holding

- Types of 'saving' accounts held (but not used currently); prompt for saving, investment insurance, bank account
    - How used
    - How long had, how chosen
    - How closely monitors how much is saved

(Other) options

- (Other) types of saving products considered in past (unprompted; **showcard D optional**)
    - Types perceived as available/appropriate to them

Advantages

- Perceived advantage of having money put aside (unprompted)
    - To you
    - To other people?

- Perceived advantage of saving with institutions (unprompted)
- How do/ would you feel when you have savings?

Disadvantages

- Perceived difficulties/drawbacks to saving at all (unprompted).
    - To you
    - To other people?
- Then probe for:
    - Worry about entitlement to benefits
    - Prefer to spend today
    - Nothing particular to save for
    - Credit better/ easier than saving
    - Temptation to spend more if have savings
    - Needs discipline

- Perceived difficulties/drawbacks or problems with saving with institutions (unprompted).
    - To you
    - To other people?
- Then probe for:
    - "Risky"
    - "Benefits"
    - "Not for people like me"
    - "Mistrust"
- How do/would you feel if you didn't have any savings?

Times when would like to save (more)

- In an ideal world, would they save (more)
    - Why; why not?
- Situations in past when they would have liked to save (more)
- Anticipate situations in the future when they might want to save (more)

Circumstances when people would/should save (more)

- What would do with windfall; why (prompt using standard amounts)
    - £50
    - £200
    - £500
- What would do with extra income; why (prompt using standard amounts)
    - £5 per week
    - £10 per week
    - £20 per week

– Revisit flexibility in budget (use pre-sorted cards)

– What would make providers/products more attractive (unprompted)
– Then probe for:
    - Better access to branch(es)
    - Non-commercial institutions such as Credit Unions / Post Office
    - Matched saving accounts
    - ‘lottery’ saving accounts
    - Particular limited access accounts (i.e. for Christmas)
    - Automated deposits (i.e. £5 deducted from benefits/ wages each month)
    - Employer based schemes (if applicable)
    - Anything else?

Other contact with financial institutions

– Type of bank/current account if any (now; in past)
    - How chose; feelings towards provider
    - How uses (in person; online; telephone)
    - Whether thought about changing provider
– Other banks/ building societies/ other financial providers have contact with
    - Suitability of these and other providers for saving with

SHOWCARD A: Can you please tell if your total household income is above or below the amount shown on this card? Please include take home pay from paid work or self-employment, social security benefits including Child Benefit, tax credits or any other regular income.

A	Single, no children	**£200 per week / £830 per month**
B	One-parent family, one child	**£250 per week / £1,100 per month**
C	One-parent family, two children	**£350 per week / £1,500 per month**
D	One-parent family, three or more children	**£450 per week / £1,940 per month**
E	Couple, no children	**£290 per week / £1,240 per month**
F	Two-parent family, one child	**£350 per week / £1,500 per month**
G	Two-parent family, two children	**£450 per week / £1,900 per month**
H	Two-parent family, three or more children	**£500 per week / £2,150 per month**

SHOWCARD B: Which of these best describes your current financial situation?

A	**Keeping up with all bills and commitments without any difficulties**
B	**Keeping up with all bills and commitments, but it is a struggle from time-to-time**
C	**Keeping up with all bills and commitments, but it is a constant struggle**
D	**Falling behind with some bills or credit commitments**
E	**Having real financial problems and have fallen behind with many bills and credit commitments**

SHOWCARD C: Do you currently have any of the following types of accounts, either in your own name or held in joint names with someone else:

A	**Loan from a bank, building society (excluding mortgage)**
B	**Loan from a company that collects payments from your home**
C	**Loan from a finance company (e.g. Norton Finance, YesLoans)**
D	**Payday loan (e.g. from Money Shop, Payday Financial)**
E	**Loan from a pawnbroker**
F	**Goods bought in instalments from a mail order catalogue**
G	**Goods bought on hire purchase or on credit (e.g. Brighthouse)**
H	**A credit card that you do not pay off in full each month**
I	**An overdraft that you are using**
J	**Any other type of loan**
K	**None of these**

SHOWCARD D Which of these ways of saving have you considered using the past?

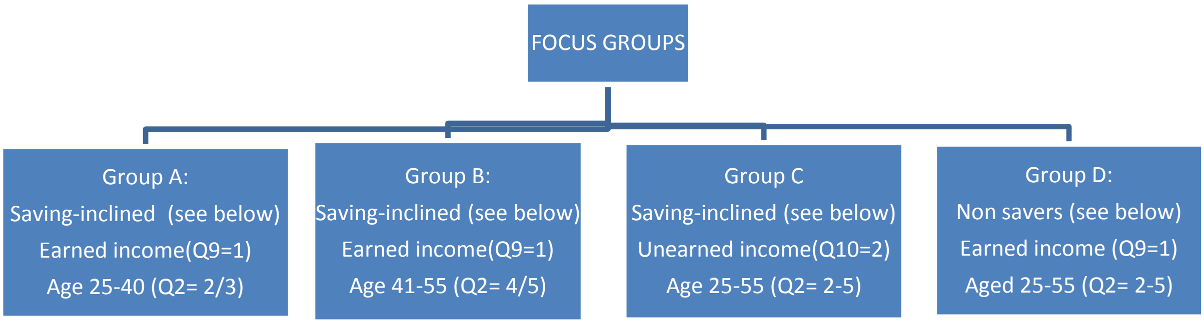
- Saving accounts with own bank or building society
- Saving accounts with other bank or building society
- Letting money build up in bank or building society account
- Credit Union
- Post Office
- ISAs (Individual Savings Accounts)
- NS&I saving account
- Friendly/ mutual savings policy
- Stocks, shares, bonds or other investments
- Insurance policies
- Supermarket saving stamps/cards
- Christmas clubs or hamper schemes
- Other savings club
- Jars/ pot/ envelope at home
- Give to someone else to look after
- Tax rebates

CARD SORT TASK ITEMS

- Rent, mortgage, council tax
- Gas, electric, other fuel bills
- TV, Internet, Phone, Mobile
- Insurance
- Public transport and car running costs
- Food and groceries
- Clothes and shoes for adults
- Clothes and shoes for children
- Eating out, take aways, day trips, going out
- Child care costs/ Child Support
- Putting money away for an emergency/ future
- Repaying loans, credit cards, debts
- Lottery, pools, online poker etc
- Hobbies for adults or children
- Treats, bits and bobs

Focus group recruitment questionnaire

BACKGROUND INFORMATION FOR FIELD TEAM
We are aiming to recruit 8 participants for each group, as follows:



Definition of saving type comes from Q11 to Q16:

- People who answered Q11=1 or Q12=1 are *Savers* and are **excluded** from this part of the study
- People who answered Q13=1 and/or Q14=1 or 2 and/or Q15=1 or 2 are *Saving-inclined*. This group is divided into three types:
  - Q13=1 are previous savers
  - Q14=1 or 2 are informal savers
  - Q15=1 or 2 are prospective savers

We would like to get a spread of the above in the three groups of *Saving-inclined*

- People who answered Q13=2 and Q14=3 or 4 and Q15=3-6 are *Non savers*. To fall into this group, respondents must be within the shaded areas of Q13-15.

Good morning/afternoon/evening. I'm working on behalf of the Personal Finance Research Centre which is based at the University of Bristol. We are inviting people to take part in a focus group discussion about ideas, opinions and views around the issue of saving. It doesn't matter whether or not you have thought about saving very much in the past.

The discussion will take place on [DATE] at [LOCATION] and will last around 90 minutes. To say thank you for your time, we would like to offer you £30 in shopping vouchers, which you will receive at the discussion.

Before I go any further I would like to assure you that absolutely no selling is involved, this is purely a research exercise. We are totally independent and the findings from the research will be anonymised before being passed on.

We are looking for particular types of people to take part in the research project, therefore I would like to ask you some questions about yourself. Again, all information collected will be anonymised.

NOTE TO INTERVIEWER: Darker shaded area indicates that the respondent falls outside the scope of the research and therefore that the recruitment can be wrapped up.

Q1. Would you be interested in taking part?

Yes	1	CONTINUE
No	2	**CLOSE**

Q2. May I ask how old you are?

Under 25	1	**CLOSE**
25-29	2	
30-39	3	CONTINUE
40-49	4	CONTINUE
50-55	5	
Over 55	6	**CLOSE**

Q3. Do you live with a partner or do you live as a single person?

Single	1	CONTINUE
Partnered	2	

Q4. Any how many children, if any, do you have living with you, who are aged under 18 and are dependent on you financially?

None	1	
1	2	
2	3	CONTINUE
3	4	
4 or more	5	

Q5. **SHOWCARD** Can you please tell if your total household income is above or below the amount shown on this card? (Please include take home pay from paid work or self-employment, social security benefits including Child Benefit, tax credits or any other regular income.) NOTE TO INTERVIEWER: SHOW THE RESPONDENT THE ROW RELATING TO THEIR SITUATION BASED ON ANSWERS TO Q3/4

A	Single, no children	£200 per week £830 per month	1	BELOW - CONTINUE ABOVE - **CLOSE**
B	One-parent family, one child	£250 per week £1,100 per month	2	BELOW – RECRUIT ABOVE - **CLOSE**
C	One-parent family, two children	£350 per week £1,500 per month	3	BELOW - RECRUIT ABOVE - **CLOSE**
D	One-parent family, three or more children	£450 per week £1,940 per month	4	BELOW - RECRUIT ABOVE - **CLOSE**
E	Couple, no children	£290 per week £1,240 per month	5	BELOW - RECRUIT ABOVE - **CLOSE**
F	Two-parent family, one child	£350 per week £1,500 per month	6	BELOW - RECRUIT ABOVE - **CLOSE**
G	Two-parent family, two children	£450 per week £1,900 per month	7	BELOW - RECRUIT ABOVE - **CLOSE**
H	Two-parent family, three or more children	£500 per week £2,150 per month	8	BELOW - RECRUIT ABOVE - **CLOSE**
		Don't know/Refused	9	**CLOSE**

Q6. (ONLY ASK IF Q3=2) Who in your household is mainly responsible for day-to-day money management - is it mainly you, your partner, or do you share these responsibilities?

Mainly you	1	CONTINUE
Mainly partner	2	**CLOSE**
Shared	3	CONTINUE
(spontaneous) Someone else/no-one/ don't know	4	**CLOSE**

Q7. In the last three months, has your household experienced a large drop in income, for example due to job loss or reduced hours or separating from a partner?

Yes	1	**CLOSE**
No	2	CONTINUE

Q8. Are you (or you partner) three or more months behind on any household bills or credit commitments (e.g. council tax, gas or electricity bills, loan repayments, mortgage/rent)?

Yes	1	**CLOSE**
No	2	CONTINUE

Q9. Are either you (or your partner) working 16 hours a week or more?

Yes	1	GO TO Q11 (GROUPS A,B,D)
No	2	CONTINUE

Q10. Can I check, are you (or your partner) a full time student or retired?

Yes	1	**CLOSE**
No	2	CONTINUE (GROUP C)

READ OUT: I would now like to ask about money that people sometimes put aside that is not for regular bills or regular spending.

Q11. In the last three months, have you put any money away into a savings or bank account that was not for regular bills or spending? *(NB: include investments, but do not include money paid into the Child Trust Fund or similar, or pensions)*

Yes	1	**CLOSE**
No	2	CONTINUE

Q12. Are you currently making regular payments into a saving plan or an endowment or insurance policy that will pay out on a fixed date that is in your (or your partner's) name? *(NB: examples include a regular premium policy or a Friendly Society Savings Plan; do not include pensions, mortgage-linked endowments, or insurance policies that ONLY pay out on death)*

Yes	1	**CLOSE**
No	2	CONTINUE

Q13. Although you haven't done so in the past 3 months, have you put money away in a savings or bank account previously as an adult? *(NB: it doesn't matter if they have spent the money saved)*

Yes	1	POSSIBLE GROUP A/B/C–CONTINUE
No	2	POSSIBLE GROUP D - CONTINUE

Q14. Do you tend to put money aside in any other ways, such as at home, or give it to someone else to look after?

Always	1	POSSIBLE GROUP A/B/C– CONTINUE
Often	2	
Occasionally	3	POSSIBLE GROUP D - CONTINUE
Never	4	

Q15. How important do you feel it is to have some money or savings put aside?

Very important	1	POSSIBLE GROUP A/B/C– CONTINUE
Fairly important	2	
Neither important nor unimportant	3	RECRUIT TO GROUP D (IF ALSO NO TO Q11/12/13, AND Q14=3/4)
Not very important	4	
Not at all important	5	
Don't know	6	

Q16. And which of these best describes your housing situation?

Own house - outright	1	RECRUIT A MIX OF OWNERS AND THOSE AND RENTING
Own house – with mortgage (inc. shared ownership)	2	
Renting via Council or Housing Association	3	
Renting via private landlord	4	
Don't know/ refused	5	

Q17. CODE SEX (DO NOT ASK)

Male	1	RECRUIT TO QUOTA
Female	2	RECRUIT TO QUOTA

Contact Details

Name	
Address	
Postcode	
Email address	
Telephone No	
Mobile No	
Best time of day to ring	

INTERVIEWER DECLARATION

I have recruited this person to the criteria specified by this questionnaire and other briefing provided. Please explain that respondents may be called by telephone, to check that recruitment & booking procedure meet quality standards.

NAME ____

SIGNED____

DATE ____

Interview quotas

3 men for each group (q17=1)

Aim to recruit:

- Mix of different household compositions
- Some who own their home (with/without a mortgage)

Focus group topic guide

Introductions (10 mins)

- Moderator introductions
  - Topic
  - Idea of focus groups
  - No rights or wrongs
  - Everyone given chance to speak
  - Any questions?

- Participant introductions
  - Name
  - Who lives with
  - What does day-to-day
  - Whether taken part in research before?

Conceptions of saving (15 mins)

What comes to mind, when I say 'saving'?

- What do you personally consider to be "saving"?
  - Can you give examples?
- What sort of things that people do would you count as "saving"?
  - Spontaneous only – anything else?
  - Are some things more obviously considered "saving" than others? Which are which? What makes some activities fall into "savings" and others not so much?
  - Do you do anything that you would consider to be saving?
- Does someone have to save into an account for it to count as "saving"?
- Does it have to be a certain amount of money? What is the lowest amount that is considered saving?
- Does the time over which people are saving matter for it to be considered "saving"?
- Does it matter what people are saving for, for it to count as "saving"? Does this make a difference between "saving" and not saving?
- Looking at some of the things that have been mentioned already and some that haven't, which of these do you see as saving?
  - Terms: 'putting money aside'; 'saving up for xmas' 'saving up for nothing specific'
  - Methods: 'saving coins in a jar' 'putting money in a saving a/c' 'letting money build up in current/bank a/c' 'overpaying the electricity meter' 'entrusting money to mum'

'Savers' and 'non-savers' (15 mins)

We've already initially talked about 'saving' but how would you describe a "saver" to an alien, for example?

- What sort of personality or character do you think they have? Are there any other characteristics, physical or related to lifestyle, which you might associate with being a saver?
- What are the stereotypes of a saver? How appropriate do you feel they are?

- Who do you know that you think of as being a saver? What words would you use to describe them?
- What about **non savers?** How would you describe them**?**
- Are any the opposite of the words you used for savers? Or just different?
- **(Introduce word cards: SHOWCARD A)** is this more a saver than a non saver? Or neither?
- What would you like/dislike about each of these?
- Which of these aspects do you think are good to have? And which are not so good?
- Do all savers fit these characteristics? What sort of saving are these savers doing?
- Can you be a saver, even if you're not saving and vice versa?
- Is it what people do – saving – that makes them a saver; or can you be a saver even if you're not actually saving? Do you think it is character that makes people save, or do you take on characteristics by behaving in certain, way, i.e. you would become more X if you saved?
- Do you feel savers are born or bred?
- Regardless of your savings habits, do you identify with any aspects of being a saver? Or being a non saver? Or bits of both?

Benefits and barriers to having a 'pot of money' put aside (10 mins)
Now we would like to think about a specific form of "saving", the idea that people have a "pot of money put aside". – not long term, not for children's education, but money you might need to call on next year or two.

- How big should the pot be?
- And what might this pot be used for?
- Should it involve regular deposits?
- Should it be in a formal saving account?
- *Sum up the details of 'pot of money' - some people have said about having a 'back-up' fund in the region of £500-£1,000 – is this something that people want or ideally should have?*
- What do you see as being the main benefits of having this pot of money put aside?
- What are the problems with / disadvantages of not having a sum put aside
- So, why don't more people on average incomes build up a pot like this for themselves?
  - What are the main problems and barriers to doing so?
  - (for each) how could this be solved?
  - Do you think some people could save a small amount if they wanted to, but don't? Why not? Is it attitude to saving? just lack of money? Lack of habit? Not taught as a child?

Persuasive messages and messengers (20 mins)
With the benefits and the barriers that we have just discussed in mind, what sort of message would 'sell' the idea of saving in this way to people who aren't already doing it? (spontaneous)

- These are some things others have mentioned (**SHOW MESSAGES**).
  1. 'I'd be really proud of myself if I had savings. I'd feel I'd achieved something'
  2. 'You never know what's round the corner. So saving gives me freedom from worry'
  3. 'I'd rather be in charge of my own destiny'
  4. 'Even if you save, I still think you can have an amazing quality of life'
  5. 'You shouldn't buy what you haven't saved for'

6. 'You want to live for today but you need to live for tomorrow too'
7. 'Having savings means that I don't have to pay to borrow money'
8. 'Every little helps'
   - Which ones stand out; Why?
   - Do you agree/disagree with them? Why?
   - How do they make you feel?
   - Which are most powerful?

- Are there any particular times in lives when you think people are particularly interested in saving?
  - And times when they are not?
  - Which messages are needed for which groups of people/situations?
- Who – in the public eye – would make a good ambassador or role model for saving
  - Who would be the most convincing person to encourage ordinary people to put some money aside like this?

Persuasive means (15 mins)

On the basis that we have a group of people who now want to start putting a little bit aside to build this pot of money, but aren't sure how to go about it, what would be the best way to help them start?

- To go up the 'stairway to saving', what help/ advice would be best from government or providers and what should the potential savers do themselves?
- If you were going to devise a savings product that would encourage you to save, how would it work?
- Present three pre prepared ideas (**SHOWCARD B**)
- For each
  - What you like/dislike about it?
  - Would it encourage you personally? Why/ Why not?
  - Who, if anyone, do you think it would appeal to? Why/ why not?
  - How would you improve it?
- From all three, which aspects appeal to you most or you feel would be most effective? Why?
- Overall, what do you feel is most effective means of getting people on average incomes to start saving?

Summary (5 mins)

- To sum up, what, for you, are the main points that we as researchers should be taking out of this?
  - Has this discussion changed your perceptions of saving at all? What, in particular, made you think?

Thank participants and end

SHOWCARD A: Word cards

- Happy
- Sad
- Careful
- Clever
- Relaxed
- Sensible
- Boring
- Tight
- Honest
- Trustworthy
- Kind
- Greedy
- Normal
- Successful
- Lonely
- Determined
- Reckless

SHOWCARD B: Hypothetical schemes to facilitate saving

1. A new type of saving account
    - Identify saving goals
    - Automatic transfers from an ordinary bank account
    - Share saving goals with friends and family
    - Option for retail vouchers when the saving goal is reached

2. 'First-time savers' online network
    - An online community – think MumsNet; MoneySavingExpert
    - People on average incomes who want to save but don't find it easy
    - A meeting place for people to share saving experiences and find support from others
        - Where and how to save
        - How to find 'spare' money to save

3. Budgeting account service
    - Help and advice to set up separate accounts
        - An account for bills
        - An account for living expenses
        - An account for savings
    - To fit the way individuals manage and receive money
    - Optional budgeting advice
        - Overhaul finances
        - Recommend a realistic amount to save each week

Appendix C. Characteristics of the saver types

Table C1: Characteristics of saving-engaged, saving-inclined and non-savers

		Saving-engaged	Saving-inclined	Non-savers	All
Sex of individual	Male	39	39	39	39
	Female	61	61	61	61
Age group of individual	25 to 29	12	13	13	13
	30 to 39	34	34	34	34
	40 to 49	38	36	36	36
	50 to 55	16	17	17	17
Education level of individual	Degree level of above	15	10	5	9
	Other qualification	70	66	56	63
	No qualifications	15	25	39	28
Housing tenure	Owns home (with or without mortgage, including shared ownership)	64	37	26	38
	Renting from social landlord	27	45	58	46
	Renting privately	9	18	16	15
	Other	1	1	1	1
Household composition	Single adult	9	14	13	13
	Partnered, no children	9	7	9	8
	Partnered with children	50	41	37	42
	Lone parent	24	30	31	29
	Other	7	8	9	8
Dependent children in household	None	31	33	35	33
	One or two	60	52	48	52
	Three or more	9	15	17	14
Work status of individual	Employee	57	38	29	38
	Self-employed	9	6	4	6
	Unemployed	3	11	8	8
	Looking after the family home	11	18	23	19
	Sick or disabled	17	22	31	24
	Other	3	5	5	4
Socio-economic status of individual	Managerial and professional	26	16	10	16
	Intermediate occupations	16	11	7	11
	Small employers / own account workers	8	8	6	7
	Lower supervisory and technical	10	8	10	9
	Semi-routine occupations	34	45	52	45
	Never worked and long term unemployed	4	9	14	10
	Not classified	3	3	2	2
Any earned income in household		66	44	32	44
Any household member in receipt of income-replacement benefit		45	59	71	61
Any household member in receipt of Working Tax Credit		57	42	32	41
Individual has current/bank account or POCA		94	87	77	85
Any household member has current/bank account or POCA		97	92	84	90
Any household member has consumer credit		41	51	53	49
Any household member is behind with consumer credit payments		6	21	28	20
Unweighted base		***1,144***	***2,122***	***1,966***	***5,232***

Source: 2006-08 Wealth and Assets Survey. Base is adults aged 25 to 55 who responded in person and lived in a household in receipt of Income Support, Job Seeker's Allowance, Incapacity Benefit or Working Tax Credits

Published by the Personal Finance Research Centre, 2011

Personal Finance Research Centre
School of Geographical Sciences
University of Bristol
University Road
Bristol
BS8 1SS

Enquiries to:

0117 928 9713

andrea.finney@bristol.ac.uk

www.pfrc.bris.ac.uk