



HM TREASURY

Statistical Briefing: Households without access to bank accounts 2007/08

To support monitoring of the Government's shared goal with the banking industry to halve the number of households without access to a bank account, HM Treasury is today releasing statistics on further analysis of these households for 2007-08. The analysis provides statistics on the number of 'unbanked' households by household income distribution, household type and employment status.

In 2004 the Government agreed a shared goal with the major banks to halve the number of adults living in households without access to a bank account. The Financial Inclusion Taskforce was set up in 2005 and was asked by the Government to track the progress towards this goal. The Taskforce has made annual reports on progress every year since 2006 and will release their fourth annual report on 19 October 2009. Previous year's reports can be found here:

http://www.hm-treasury.gov.uk/d/progress_towards_shared_goal_report.pdf

http://www.hm-treasury.gov.uk/d/second_annual_banking_report.pdf

http://www.hm-treasury.gov.uk/d/third_annual_banking_report.pdf

The Taskforce plans to make one more annual report next year containing data on the unbanked, in October 2010, before its terms of reference expire in March 2011.

The reports have used data prepared by HM Treasury analysts drawn from the Family Resources Survey. Over that period of time the overall number of adults living in unbanked households has reduced from 2 million in 2002-03 to 0.89 million in 2007-08.

The following tables have been produced to support the Taskforce's analysis of adults who continue to live in unbanked households. The figures show that:

- 80 per cent of households with no account are in the bottom four income deciles.
- The proportion of lone parent households with no account has decreased from 21 per cent to 17 per cent, whereas the proportion of single households with no account has increased from 60 per cent to 64 per cent.
- The retired and those who are classified as 'unoccupied, under state pension age' together make up the greatest proportion of unbanked households, (79 per cent)

Table 1: Income Distribution

Income Decile	Number of households (thousands)		
	Without access to a bank account	With access to a bank account	Did not state
Bottom	200	2,330	80
2nd	150	2,380	70
3rd	120	2,430	60
4th	80	2,460	60
5th	60	2,480	70
6th	40	2,520	40
7th	20	2,530	50
8th	20	2,560	30
9th	10	2,560	40
Top	0	2,570	30
All Households	690	24,830	540

Table 2: Household Type

	Number of households (thousands)		
	Without access to a bank account	With access to a bank account	Did not state
Single	440	8,820	210
Lone Parent	120	1,630	10
Couple without children	90	8,970	220
Couple with children	50	5,410	100
All Households	690	24,830	540

Table 3: Employment Status

	Number of households (thousands)		
	Without access to a bank account	With access to a bank account	Did not state
Full-time employee	50	11,530	210
Part-time employee	20	1,660	30
Self-Employed	10	2,090	40
Unoccupied, under state pension age	320	2,730	50
Retired	230	6,140	200
Unemployed	60	640	10
Government Training Programme	10	40	-
All Households	690	24,830	540

Footnotes:

1. These results are produced using HM Treasury's static tax and benefit micro-simulation model. The model uses data from the 2007-08 Family Resources Survey (FRS), a National Statistics dataset, to produce the statistics as consistent with the Taskforce's definition of unbanked individuals. More information on the Family Resources Survey can be found at <http://research.dwp.gov.uk/asd/frs/>
2. Unbanked households for the purposes of the shared goal are those that do not have a transactional bank account or a saving account. For the purposes of analysing the FRS data, households are considered to have access to a bank account if they have any of basic bank account, current account, National Savings & Investments Easy Access Account, Individual Savings Account, other savings account, Stocks & Shares (including Share Club), Unit Trusts, un-linked Endowment Policy, Premium Bond, National Savings Bond, company share scheme, Credit union or other type of asset as defined in the FRS. Households that positively affirm (see footnote 3) that they are without access to one of these accounts, or with just access to a Post Office Card Account, are 'unbanked' as defined by the Financial Inclusion Taskforce.
3. In the FRS individuals are asked if they have any account. If all individuals in the household answer "No" then the household is defined as being 'unbanked'. If at least one person in the household answers "Don't Know/Refuse" and no other individual in the household holds an account listed above then the household is defined as "Did not state".
4. Households that were included in the "Did not state" category were included with the "without access to a bank account" statistics in previous taskforce reports. As research conducted by the Personal Finance Research Centre confirmed that those that 'did not state' are distinctly different from the unbanked the Financial

Inclusion Taskforce decided to exclude this group from their definition of the 'unbanked'. The full research of the Personal Finance Research Centre can be found on the Financial Inclusion Taskforce website: http://www.hm-treasury.gov.uk/fit_research.htm

5. Analysis on households with savings and investments are published in Chapter 5 of the FRS Report available on the DWP website. The methodology used in the FRS to define those with access to an account, and households without access to an account differs slightly from that used in this analysis. For example, the FRS Report includes households with a Post Office Card Account as having an account.
6. Further analysis using FRS definitions will be released in the Financial Inclusion Taskforce Annual Report on 19 October 2009. This will include age, gender, government office region, receipt of benefits, housing tenure and council tax band.
7. Table 1 shows the equivalised net household incomes using the McClement's equivalisation scale. Equivalisation is the process of adjusting household incomes to take into account the size and composition of different households. This reflects the common sense notion that, in order to enjoy a comparable living standard, a household of say three adults and two children will need a higher income than a single person living alone. This process is an internationally recognised method of producing analysis by income distribution.
8. Table 2 is broken down by household type. Where a household consists of multiple family units they have been re-allocated proportionately to one of the other family units. A family unit consists of any single adult, or two adults whom are married or living together as if they were married, and any dependent children. For example, a household consisting of two co-habiting adults and their adult child will be two family units. Family units are referred to as Benefit units in the FRS.
9. Table 3 is broken down by employment status; If an employee works more than 30 hours then they are defined as being in full-time employment, less than 30 hours then defined as being in part-time employment. Unemployed includes unemployed, those who are temporarily sick and unpaid family workers. All other definitions are as used in the FRS.