



HM TREASURY

Statistical Release: Households without access to bank accounts 2008-2009

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This annual release shows figures and analyses of households that do not have access to bank accounts, who are termed the 'unbanked'. The statistics in this release have been produced by HM Treasury using data extracted from the 2008/09 Family Resources Survey (FRS). The definitions and terminology follow those used by HM Treasury's Financial Inclusion Taskforce. The FRS is a National Statistics dataset. More information on the FRS can be found at <http://research.dwp.gov.uk/asd/frs/>.

This release contains particular analyses of households that are termed 'unbanked', where these analyses are relevant for the work of the Financial Inclusion Taskforce. This includes analyses of 'unbanked' households according to their income, household type, employment status, age, ethnicity, housing tenure and gender.

In the previous statistical release in December 2009, the 'unbanked' were defined as households and adults without access to a current or basic bank account or savings account, where the respondents positively affirmed that they did not have a bank account. Table 1 shows that, on this previous definition of the 'unbanked', the number of adults living in households without access to a current or basic bank account, or savings account, has slightly reduced from 0.89 million in 2007/08 to 0.85 million in 2008/09.

Table 1: Annual figures for households and adults without access to a current or basic bank account, or savings account; using data extracted from FRS

	Households and adults without access to a current or basic bank account, or savings account (including 'did not state') ² (000, % of total)	Households and adults without access to a current or basic bank account, or savings account - Positively affirmed no account (000, % of total)	Adults living in households and adults without access to a current or basic bank account, or savings account - (including 'did not state') (000, % of total)	Adults living in households and adults without access to a current or basic bank account, or savings account - Positively affirmed no account (000, % of total)
2008/09	1,240 (5%)	660 (3%)	1,840 (4%)	850 (2%)
2007/08	1,240 (5%)	690 (3%)	1,850 (4%)	890 (2%)
2006/07	1,370 (5%)	780 (3%)	2,090 (5%)	1,010 (2%)
2005/06 ¹	1,300 (5%)	760 (3%)	1,970 (4%)	1,000 (2%)
2002/03	1,840 (7%)	1,390 (6%)	2,830 (6%)	2,020 (4%)

¹ The Government was unable to measure progress for the two years 2003/04 and 2004/05 because the FRS data collection did not distinguish between basic bank account and post office card accounts (which do not count as a bank account for purposes of this monitoring).

² The definition of 'did not state' is explained in the background note.

In this release, the 'unbanked' is defined as households and adults without access to a current or basic bank account, where the respondents positively affirmed that they did not have a bank account. A current account and basic bank account are considered to be 'transactional accounts' as they allow the account holder to make and receive payments. The background note at the end of this release explains more about this latest definition of 'unbanked', as used by the Financial Inclusion Taskforce, and about these statistics.

In summary this year's release shows that:

- The number of adults living in unbanked households has reduced from 1.75 million in 2007/08 to 1.5 million in 2008/09.

Table 2: Annual figures for the 'unbanked'; using data extracted from FRS¹

	Households without current or basic bank account (including 'did not state') (000,% of total)	Households without current or basic bank account - Positively affirmed no account (000, % of total)	Adults without current or basic bank account (including 'did not state') (000, % of total)	Adults without access current or basic bank account - positively affirmed no account (000, % of total)
2008/09	1,710 (6%)	1,140 (4%)	2,520 (5%)	1,540 (3%)
2007/08	1,820 (7%)	1,280 (5%)	2,710 (6%)	1,750 (4%)
2006/07	2,000 (8%)	1,410 (6%)	3,000 (6%)	1,920 (4%)
2005/06 ²	1,910(7%)	1,370 (6%)	2,850 (6%)	1,880 (4%)
2002/03	3,020 (12%)	2,570 (10%)	4,380 (10%)	3,570 (8%)

¹ The definition used for the 'unbanked' in these statistics is based on the transactional definition of the 'unbanked' which was used in the *Fourth Annual Report on Progress Towards the Shared Goal on Banking*. More details about this definition are given in the background note at the end of this release.

² The Government was unable to measure progress for the two years 2003/04 and 2004/05 because the FRS data collection did not distinguish between basic bank account and post office card accounts (which do not count as a bank account for purposes of this monitoring).

The following tables have been produced to provide further details underlying the 2008/09 figures for the 'unbanked'¹.

¹ The definition used for the 'unbanked' in these statistics is based on the transactional definition of the 'unbanked' which was used in the *Fourth Annual Report on Progress Towards the Shared Goal on Banking*. More details about this definition are given in the background note at the end of this release.

1. Table 3 shows that

Table 3: Income distribution²

	'Unbanked': without access to a current or basic bank account	'Banked': With access to a current or basic bank account ¹	'Did not state'
<i>Number of households (thousands)</i>			
Bottom	200	2,400	100
2nd	210	2,280	70
3rd	180	2,340	70
4th	170	2,440	50
5th	110	2,440	50
6th	100	2,440	60
7th	79	2,500	60
8th	40	2,540	50
9th	30	2,610	30
Top	30	2,690	40
All households	1,140	24,690	580

¹ Note figures do not add to total number of 'banked' households due to rounding.

2. Single person households made up the greatest proportion of 'unbanked' households (63 percent of 'unbanked' households were single person households).

Table 4: Household type

	'Unbanked': Without access to a current or basic bank account	'Banked': With access to a current or basic bank account	'Did not state' ¹
<i>Number of households (thousands)</i>			
Single without children	330	7,220	120
Pensioner single	390	3,640	120
Lone parent	140	1,500	30
Couple without children	90	4,920	110
Pensioner couple	110	2,710	100
Couple with children	80	4,700	90
All households	1,140	24,690	580

¹ Note figures do not add to total number of households which 'did not state' due to rounding.

² Table 3 shows the number of 'unbanked' households by 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 widely accepted 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. This analysis uses a measure of household income before housing costs, taken from the FRS Households Below Average Income dataset.

3. Households in which the household reference person³ was retired (43 per cent of total unbanked) or was not in work due to ill-health (20 per cent) made up the greatest proportion of 'unbanked' households.

*Table 5: Employment status*⁴

	'Unbanked': Without access to a current or basic bank account	'Banked': With access to a current or basic bank account ¹	'Did not state'
<i>Number of households (thousands)</i>			
Full-time employee	160	13,000	250
Part-time employee	20	390	10
Self-employed	40	2,030	40
Unoccupied, under pension age	130	1,220	30
Unemployed	60	600	10
Retired	490	5,970	210
Temporary or long-term sick	230	1,190	30
Student or work related training	10	280	0
All households	1,140	24,690	580

¹ Note figures do not add to total number of 'banked' households due to rounding.

4. 58 per cent of 'unbanked' households had a household reference person³ of working age, compared with 75 per cent of 'banked' households.

*Table 6: Age*⁵

	'Unbanked': Without access to a current or basic bank account ¹	'Banked': With access to a current or basic bank account	'Did not state'
<i>Number of households (thousands)</i>			
Age 16 to 24	60	1,240	30
Age 25 to 34	130	3,730	50
Age 35 to 44	150	5,020	100
Age 45 to 54	160	4,560	80
Age 55 to 59	90	2,070	60
Age 60 to 64	80	2,100	50
Age 65 to 74	210	2,930	100
Age 75 to 84	190	2,280	80
Age 85 or over	80	760	30
All households	1,140	24,690	580

¹ Note figures do not add to total number of 'banked' households due to rounding.

³ As defined by the FRS, the Household Reference Person is the household member with the highest income.

⁴ Table 5 is broken down by employment status of the household reference person (see footnote 3). 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 and unpaid family workers. All other definitions are as used in the FRS.

⁵ Table 6 presents the number of 'unbanked' households by the age of the household reference person (see footnote 3).

5. Households in which the household reference person³ was White made up 91 per cent of the 'unbanked', compared with 9 per cent from Black or Minority Ethnic Groups . These proportions were similar for the 'banked' (92 per cent and 8 per cent respectively).

Table 7: Household ethnicity

	'Unbanked': Without access to a current or basic bank account	'Banked': With access to a current or basic bank account	'Did not state'
<i>Number of households (thousands)</i>			
White	1,040	22,800	500
Mixed	10	250	10
Indian	10	360	20
Pakistani and Bangladeshi	10	290	10
Black or Black British	50	570	30
Other Ethnic Groups (inc. Chinese and Other Asian)	20	420	10
All households	1,140	24,690	580

6. 54 per cent of 'unbanked' households lived in housing rented from a Council or a Housing Association, compared with 16 per cent of 'banked' households.

Table 8: Housing tenure

	'Unbanked': Without access to a current or basic bank account ¹	'Banked': With access to a current or basic bank account	'Did not state' ²
<i>Number of households (thousands)</i>			
Rented: Council	330	1,980	40
Rented: Housing Association	280	1,970	40
Rented: Private landlord	170	3,310	70
Owned outright	250	8,180	290
Owned with mortgage	100	9,250	130
All households	1,140	24,690	580

¹ Note figures do not add to total number of 'unbanked' households due to rounding.

² Note figures do not add to total number of households which 'did not state' due to rounding.

7. 49 per cent of 'unbanked' households had a male household reference person³, and 51 per cent had a female household reference person. For 'banked' households, these figures were 62 per cent and 38 per cent respectively.

Table 9: Gender of household reference person

	'Unbanked': Without access to a current or basic bank account ¹	'Banked': With access to a current or basic bank account	'Did not state' ²
<i>Number of households (thousands)</i>			
Male	550	15,300	400
Female	580	9,390	220
All households	1,140	24,690	580

¹ Note figures do not add to total number of 'unbanked' households due to rounding.

² Note figures do not add to total number of households which 'did not state' due to rounding.

8. 89 per cent of 'unbanked' households received at least one benefit, compared with 69 per cent of 'banked' households.

Table 10: Benefits received by household⁶

	'Unbanked': Without access to a current or basic bank account	'Banked': With access to a current or basic bank account	'Did not state'
<i>Number of households (thousands)</i>			
Council tax benefit	710	4,090	90
Housing Benefit	640	2,800	50
Retirement pension	500	7,290	220
Income support	490	2,710	60
Child Benefit	220	6,830	120
Disability Living Allowance (Mobility)	170	1,660	30
Disability Living Allowance (Self care)	160	1,680	40
Child Tax Credit	140	4,220	60
Incapacity benefits	110	1,070	20
Attendance allowance	70	810	30
Job seekers Allowance	60	700	10
Working tax credit	30	1,700	30
Invalid care allowance	20	420	-
Severe Disability Allowance	20	200	-
Industrial injuries disablement benefit	10	160	-
Armed Forces Compensation	-	90	-
Widows benefits	-	120	-
Household received at least one benefit	1,020	17,190	410
All households	1,140	24,690	580

⁶ Table 10 shows for each benefit listed in the FRS data, the number of households which were 'banked', 'unbanked' or 'did not state'.

Background note

Introduction

1. This release presents figures for the 'unbanked'. In this data, 'unbanked' households are defined as those which do not have access to a current or basic bank account. Further details of this definition are given below.

Origin and purpose

2. Figures for the 'unbanked' have been monitored by HM Treasury on an annual basis since 2002/03. The Financial Inclusion Taskforce was set up in 2005 and was asked by Government to monitor progress in reducing the number of adults living in 'unbanked' households. Monitoring progress in reducing the 'unbanked' was based on the terms of the shared goal agreed by Government and the banking industry in 2004. Annual reports on progress each year since 2006 can be found here: http://webarchive.nationalarchives.gov.uk/+/http://www.hm-treasury.gov.uk/fit_papers.htm
3. The baseline for the shared goal was established using the 2002/03 Family Resources Survey (FRS), which reported 2.8 million adults living in 1.8 million 'unbanked' households (defined as households without access to current account, basic bank account or saving account, including households that did not state whether they had an account).

Definition of the 'unbanked'

4. Table 1 presents annual figures for households and adults without access to a current or basic bank account, or savings account. These 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 in Table 1, households are considered to be 'banked' if they have access to a 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.
5. 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'.
6. The use of FRS data to measure the definition of the 'unbanked', as given above, was revised in December 2009 to exclude households that 'did not state' whether they had an account. Full background to this revision in definition was explained in last year's statistical release: http://webarchive.nationalarchives.gov.uk/+/http://www.hm-treasury.gov.uk/d/financial_inclusion_statisticalbriefing_oct09.pdf and further information was also provided alongside that release: http://webarchive.nationalarchives.gov.uk/+/http://www.hm-treasury.gov.uk/financial_inclusion_bankaccounts.htm

7. In the *Fourth Annual Report on Progress Towards the Shared Goal on Banking*, the Financial Inclusion Taskforce reported that the shared goal had been met. In that report, the Government and the Financial Inclusion Taskforce also decided to focus on those who do not have access to a transactional bank account (current or basic bank account) which allows the account holder to make and receive payments. This revised definition of the 'unbanked' has been used in Tables 2 to 10 in this release.
8. 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.

Methodology and quality assurance

9. These statistics have been produced as a secondary analysis of published data from the 2008/09 FRS dataset. The methodology of extraction reflects the definition of the 'unbanked' as explained above, and the further details of the definitions given for the subsidiary analyses in the footnotes for the tables above. The methodology has been quality assured using the processes set out in our policy and guidelines on quality for Treasury statistics. Further details are available here: www.hm-treasury.gov.uk/d/statistics_quality_statement.pdf

Feedback and further enquiries

10. We would welcome comments and feedback from users of these statistics on these changes or any other changes that users would like to see. Please send all comments or enquiries on our statistics to us at the following email address: statistics-enquiries@hmtreasury.gsi.gov.uk