

# TSB Money Confidence Barometer



June 2021





**Money Confidence.  
For everyone.  
Every day.**

## The Money Confidence of the nation

**At TSB, our purpose is to help everyone be more confident with their money every day, because if you're confident about your money, it can help you live life to the full.**

We want all our customers to have the right tools and help so that they can feel confident in their financial decisions, now and into the future. That's why our teams are trained to support customers in growing their Money Confidence through our employee experience framework – accredited by the Chartered Banker Institute.

Money Confidence comes from knowing that you are in control of your finances. If you make the most of your money, that helps you make the most out of life. So we wanted to drill down into what factors go towards making someone money confident, and start to track the confidence of the nation in both their overall financial position and specific aspects of their money management.

The pandemic has had a considerable impact on our customers' finances, and we have focused on supporting our personal and business banking customers with individual guidance, as well as with repayment holidays and loans where required. Through this research, we wanted to explore the impact the pandemic has had on the Money Confidence of the nation. After this extraordinary year, we know that there is still more we can do to support our customers and help them to stay on top of their finances.

We will continue to measure confidence levels over time and use our findings to further improve the support we provide to our customers. As part of our [Do What Matters Plan](#), we will also share our findings with government and other stakeholders to explore how we can all work together to help consumers and their communities enjoy greater Money Confidence.

**Robin Bulloch, Chief Customer Officer**

# Executive summary

TSB's first ever Money Confidence Barometer finds that Brits' confidence varies according to their circumstances – be that age, gender, housing status or location. The research shares new insights on what can be done to help more people have confidence with their money. And it confirms that while 2 in 5 people have increased their savings since the start of the Covid-19 pandemic, Money Confidence is greater amongst those with proactive savings habits and products.

At TSB, we recognise that we must work harder to equip customers with the right tools, guidance and support to enable them to make clear and confident financial decisions and overcome the significant barriers to Money Confidence.

## Our research told us:

- **More than a third of Brits (35%) have low or no confidence in their financial abilities.**
- On average, women report lower confidence than men, with 42% of women reporting no or low levels of confidence in managing money, compared to 28% of men.
- Overall confidence levels also develop with age. Well over half (57%) of the 18–24 age-group have low to no Money Confidence, whereas 72% of 55–64 year-olds have high Money Confidence.
- Confidence varies by region across the UK. The North East is the least confident region, with more than half (52%) of respondents with no to low confidence, in contrast to less than a third (30%) of people in the East of England.
- Homeowners had an overall higher rate of Money Confidence, with almost three quarters (73%) reporting high confidence levels, increasing to 78% of those who own their home outright. In contrast, only 51% of people who rent their main home were classified as having high Money Confidence.

# The TSB Money Confidence Barometer

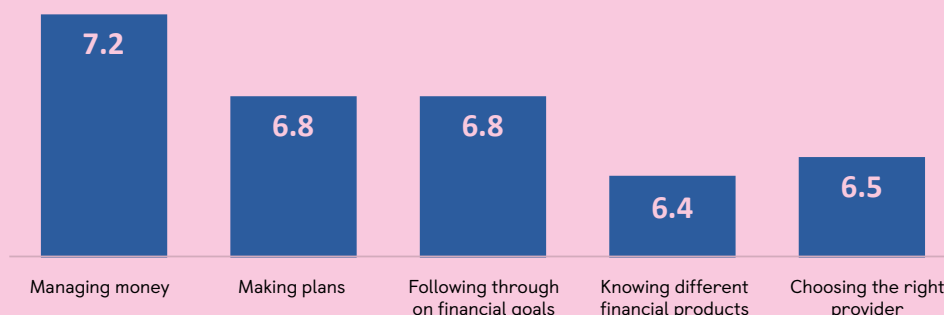
To assess the Money Confidence of the nation, we asked five questions relating to Brits' confidence in different aspects of money management. These factors were:

1. Confidence in **managing money** in general
2. Confidence in **making plans** for their financial future
3. Confidence in **following through** on financial goals and commitments they make for themselves
4. Confidence in **knowing what different financial products** and services are
5. Confidence in **choosing the right provider** for financial products and services

Respondents answered these questions on a scale of 0–10 (from no confidence to high confidence), from which we have rated the nation's average level of confidence in each of these areas. Taken together, these constitute TSB's Money Confidence Barometer.<sup>1</sup>

TSB's first ever Money Confidence Barometer reveals that Brits are most confident when it comes to **managing money in general**, averaging at 7.2 out of 10. Brits are least confident when it comes to **knowing what different financial products and services are for** and **choosing the right provider for financial products** (6.4 and 6.5 out of 10). On average across all five statements tested, Brits average 6.7 out of 10 for money confidence overall.

## Money Confidence



<sup>1</sup>This report is based on an online survey of a nationally representative sample of 5,000 UK adults conducted between Wednesday 28th April and Thursday 13th May 2021. The survey was carried out by Opinium, a strategic insight agency. The Money Confidence Barometer score for each category was calculated by looking specifically at the people who were classified as being most financially confident (giving themselves a score of 7 or more out of 10) and the people who were classified as having low to no money confidence (a score of 6 or less out of 10) and exploring the factors that show greatest correlation with confidence levels.

# The drivers of Money Confidence

Our research has also allowed us to break down the factors that make up someone's confidence in managing their money. We found that the key drivers of Money Confidence – the factors which contribute most towards feeling money confident (or the biggest barriers to Money Confidence) – are:<sup>2</sup>

1. Being able to make the right financial decisions

2. Being able to understand financial concepts, products and services

3. Knowing how different financial products and services work

4. Having a good understanding of what different financial terms mean

5. Being happy to put in effort to research different financial options

6. Feeling comfortable talking about money with friends and family

These factors help point to some of the areas where banks and other financial services firms need to focus on improving the support we offer to customers. It is important for customers to have access to the right tools, guidance, and support to enable them to make clear and confident financial decisions and overcome the significant barriers to Money Confidence.

Interestingly, we found that **the link between household income and Money Confidence is far from straightforward**. People with higher incomes tend to have higher levels of Money Confidence – and those with an annual household income of £80,000 or more, are more likely to be confident in managing their money.

On the other hand, those with an annual household income between £60,000 and £70,000 feel less confident than those earning between £20,000 and £60,000 – so it is clear that having a higher household income is not the sole factor in determining greater financial confidence.

<sup>2</sup>The drivers of Money Confidence were calculated by dividing the percentage of people with high confidence who agree with the proposition by the percentage of people with low confidence who agree. This shows the differences between people with high confidence and those with low confidence. The biggest differences in scores (both positive and negative) were identified as key drivers of (or barriers to) Money Confidence.





## The impact of Covid-19

We also explored the impact of the pandemic on Money Confidence and overall personal finances. Our research found:

- For the majority of people, the pandemic has not changed financial confidence levels, with half of Brits (56%) feeling about the same level of confidence towards the overall state of their finances.
- However, nearly a quarter (24%) of Brits say they feel more confident about their financial situation. This increased confidence is largely due to being able to save more money (47%), a decrease in outgoings (33%), finding it easier to manage money online (30%) and reducing levels of debt (21%).
- Men were more likely than women to say they feel more confident about their financial situation following the pandemic – 27% of men, compared to 22% of women.
- Despite being disproportionately impacted during the pandemic by business closures in sectors such as hospitality, young people were more likely to say they feel more confident about the overall state of their finances with a third (33%) of 18–24 year-olds and 30% of 25–34 year-olds feeling more confident.
- Roughly the same proportion of people with no to low confidence (28%) and high confidence (28%) said that their Money Confidence has been negatively impacted by the pandemic.
- 16% of people in the North East feel more confident about being able to plan for the future financially due to Covid-19, compared to an average of 24% in London and the South East.

We also asked the nation what their most serious financial concerns are right now, as we hopefully emerge from Covid restrictions. Our research found:

- Cost of living was the greatest concern at 40%. A particular concern for younger people, with 46% of 18–24 year-olds and 45% of 25–34 year-olds listing this as their top concern compared to 34% of 65–74 year-olds.
- Residents in Wales are most concerned about the cost of living (52%), with the least concerned being those in the North East (28%).
- Over half of those whose savings and investments have decreased as a result of Covid-19 say that the cost of living is within their top three concerns.

We will continue to track the Money Confidence of the nation over the coming months, and use the findings to inform the support we provide to TSB customers. As part of this work a number of specific areas emerged which we explored in more detail.

# There is a clear economic opportunity to help Brits improve their financial resilience. The pandemic has widened the gap between those with and without healthy savings habits.

One of the starkest differences we have found between those with and without Money Confidence is in their savings and investment habits. People confident in their finances are more likely to be making positive choices for the future by regularly investing and saving their money, compared to those with lower-than-average Money Confidence who are less likely to invest their savings to make their money go further.

## Our research told us:

- 2 in 5 (37%) people have increased their savings since the start of the pandemic, with 25–44 year-olds most likely to report that they have been able to save a lot.
- On average, people have saved £5,600 since the start of Covid-19. However, many are missing out on long-term savings and investments, particularly those with lower confidence.
- A third (34%) of Brits with high Money Confidence are putting money into long-term savings or investments, dropping to 19% of those with no to low confidence.
- Younger people were more likely to report that they have picked up good savings habits during the pandemic – over 44% of those aged 18–44, compared to 27% of 55–64 year-olds. Of people who rent their main home, 27% say they haven't picked up good savings habits during Covid-19, compared to 19% of homeowners.
- Almost 1 in 5 (19%) of people say that a lack of savings is one of their top three financial concerns as we emerge from the pandemic.
- People with high levels of Money Confidence were more likely to have a stocks-and-shares ISA (27% vs 13%) and a self-managed ISA (23% vs 14%) than those with no to low Money Confidence. This trend is similar across other investment products such as investment bonds (12% vs 7%).
- The majority (61%) of those with no to low Money Confidence do not hold any investments, compared to 46% of those with high Money Confidence.

## Helping customers save and invest

TSB is committed to helping our customers save for the future in a way that suits them. Our Spend & Save and Spend & Save Plus accounts enable customers to automatically round up debit-card payments to the nearest pound and transfer the pennies straight into your personalised Savings Pot. Since launching in September 2020 we've seen almost 100,000 new Savings Pots set up.

Meanwhile, our partnership with online investment service Wealthify is making investing more accessible by providing options starting from just £1 – removing the cost and complexity that comes with traditional investing.

We're also proud to partner with ApTap – a subscription and bill switching service – to help customers save money on their everyday bills.



# Rise in confidence in the use of digital banking services

The Covid-19 pandemic has meant that more people have turned to digital banking services over recent months. The Barometer findings show that people's confidence has benefited from the speed and convenience this offers. But they are concerned about the risk of fraud associated with digital banking – which is why TSB remains committed to our industry-leading Fraud Refund Guarantee, detailed below.

We've worked hard to meet the growing demand for digital banking by enhancing our app and through innovative partnerships with fintech businesses like bill-management service ApTap and investment platform Wealthify. But we know many others still prefer face-to-face services, which is why we are continuing to ensure we are there to help customers in person. Just this year we have launched pop-up services across the country as well as rolling out consumer education pilots to support customers with money management, digital skills and fraud prevention.

Our research found that online banking became essential for many households throughout the pandemic, with just under **a third (32%) of Brits reporting that they are using online banking more frequently than ever before.**

**Three in ten (30%) now feel more confident using digital tools and online banking to manage their money.** This is particularly true for younger adults, with 36% of 25–34 year-olds more confident in managing their money online since the pandemic, although we also found a significant uplift amongst older users, with 24% of 65–74 year-olds and 26% of those aged 75 or over now more confident in online banking.

The shift to online banking looks set to continue, with almost all of those who have used online banking more frequently (95%) expecting to maintain that level of usage once the pandemic ends.

**Online banking services have helped two-thirds of people (64%) improve their confidence in their finances,** with a quarter (24%) reporting that online banking has improved their confidence by a lot. The main reasons cited for online banking helping improve confidence were:

- The ability to easily access their balance (62%)
- Easily access all of their financial products (51%)
- Plan ahead by knowing their outgoings (41%)
- More confidence in being able to spot and block potential frauds (24%)

**An increase in confidence from the use of online services can be seen across all age-groups,** including those over 75, 51% of whom reported that they feel more confident in managing their finances from using online banking.

Sadly, the pandemic has sparked a wave of fraudsters targeting people by trying to take advantage of the uncertainty, with increasingly sophisticated scams. It is reassuring to see that digital banking services are helping customers feel more confident in avoiding this type of financial fraud. The 25–34 age-group is the most confident about their ability to avoid scams (27% more confident post Covid) although retired people are overall also 23% more confident in avoiding scams.

**However there remains a clear geographical divide in levels of confidence and use of digital banking services.** 44% of people in urban areas used online banking more frequently during the pandemic, compared to 24% of people in rural areas. Residents in Scotland are only 29% more confident, in being able to use digital tools to manage their money, with residents in the North East 22% more confident and the North West 26% more confident vs 38% of Londoners and 41% of those in Wales. Those in urban areas are also more confident at avoiding scams: 34% in urban areas vs 27% in rural areas.

## TSB's Fraud Refund Guarantee

We believe that no TSB customer should have to pay for being tricked by a scam, which is why we launched our Fraud Refund Guarantee in April 2019 – a pledge to refund all innocent victims of Authorised Push Payment (APP) fraud. This was a first in the industry and we remain the only bank committed to returning money to customers where needed. Not only that, our partnerships with several police forces across the country are tackling fraud on the front line.



## Helping TSB customers adapt to online banking

More customers than ever are now embracing online banking, a trend accelerated by the onset of Covid-19 – in fact, 70% of our sales are now made online. We are enhancing our digital channels to make sure we offer the best customer experience we can, and have partnered with a number of fintech businesses to offer new services on our app. For those customers who still want to speak to colleagues face to face, we have also launched 43 pop-up branches across the UK to complement our existing branch network.

# Financial services firms need to do more to communicate more clearly

Our findings showed that complex financial terminology and jargon left nearly one in three (30%) people confused and struggling to understand how different financial products work.

Our research shows that this is limiting the nation's Money Confidence, because **having a good understanding of what different financial terms mean is one of the most important contributors to people feeling confident about their money**. Overall, it is younger people, people who rent their main home, and those with lower educational qualifications – those that have been hit hardest by the pandemic – who are the least confident in their understanding of personal finance, financial terms and products:

- **39% of 25–40 year-olds find financial products and services confusing** and 34% of the same group find it difficult to understand what banks are talking about.
- **35% of 18–24 year-olds say they are confident in their knowledge of financial terms**, and 34% of 18–24 year-olds feel they know how financial products and services work.
- **Confidence among people who rent their main home is also lower than among homeowners** in this area, only 34% of people renting are confident they know how financial products and services work vs 51% of homeowners.
- Just over a third (35%) of people with no formal qualifications say they have a good understanding of different financial terms, compared to 50% of those with an undergraduate degree.



A related finding from our research is that improving understanding of personal finances is being limited by a reluctance to discuss money. **Two-fifths (40%) of Brits consider talking about money to be a social taboo.**

Overall, those aged 45–64 were more uncomfortable with the idea of talking to friends and family about their finances than younger people: 16% of 45–65 year-olds were uncomfortable, compared to 8% of 18–24 year-olds and 8% of 25–34 year-olds. Those who feel the most comfortable discussing money were more likely to have higher Money Confidence. Two-fifths (40%) say that talking to others about money helps them make better financial decisions, with 38% saying open discussion helps them feel more confident in their decisions.

People are marginally more comfortable talking to a professional than to friends about money. Those who have high Money Confidence are more willing to speak to professional advisers, 58% compared to 22% of those with no to low Money Confidence.





## Helping customers better understand their finances

In 2020 we set ourselves the goal of delivering more than a million Customer Confidence meetings to help customers make the most of their money, advised by our expert team who have been trained in delivering Money Confidence.

Ahead of the pandemic, our in-branch fraud education workshops helped tens of thousands of people to learn how to protect themselves against the latest scams and our Mortgage Open Days helped to inform homebuyers about preparing to buy a new home.

But there's more we can do. That's why, over the months ahead, as part of our Do What Matters Plan, we're preparing to extend our curriculum and reach by delivering a programme of Money Confidence education that customers can access online and in branch, covering relevant subjects, including digital banking and managing their finance needs.

We also continue to support our customers through times of financial difficulty. Whether that's refunding every TSB customer who is the innocent victim of fraud through our award-winning Fraud Refund Guarantee or working alongside debt charities like Citizens Advice or Step Change to inform our tailored support for customers when they need us most.

*"While many people have had their financial problems negatively impacted or exacerbated by Covid, this report shows many problems predate the pandemic, are more structural in nature, and need to be addressed as part of the recovery. That's why we developed [www.MoneyMap.Scot](http://www.MoneyMap.Scot), so people could see all their online options rounded up in one place to boost their incomes and cut their bills."*

Myles Fitt, Citizens Advice Scotland Financial Health spokesperson



# TSB's recommendations for building the nation's Money Confidence

The following five steps would help to build a more money confident Britain:



1. Regulators should have regard to financial resilience within all policy making

2. Industry and interest groups should produce an action plan to support those struggling to save

3. Government, regulators and industry should work together to stem the flow of fraud scams, end the victim-blaming culture and improve transparency around fraud rates

4. Government and industry should undertake a cross-departmental review to consider how best to level up access to adopting digital banking services, particularly for the most vulnerable

5. We should take a whole-life approach to financial education provision

## Policy recommendations in full:

### 1. Regulators should have regard to financial resilience within all policy making:

- Building on the FCA's work on persistent debt and the Government's breathing space activity, HM Treasury's ongoing Financial Services Future Regulatory Framework Review should encourage the regulators to have regard to improving the financial resilience of the public within all policymaking.

### 2. Industry and interest groups should produce an action plan to support those struggling to save:

- Industry and interest groups should work together to produce an action plan to support those who are struggling to save which is centred around two pillars: (1) addressing the knowledge and advice gap on savings; and (2) encouraging a proactive savings culture. This should include:
  - Improving access to affordable financial advice;
  - Exploring barriers and solutions to accessing professional investment advice;
  - Introducing a positive campaign to support financial education, particularly targeted at social mobility cold spots across the UK;
  - Encouraging customers to start actively saving outside of key life moments; and
  - Supporting renters to save, for example by giving them access – via a Savings Account – to the interest collated on the Tenancy Deposit Scheme.

### 3. Government, regulators and industry should work together to stem the flow of fraud scams, end the victim-blaming culture and improve transparency around fraud rates:

- Stem the flow of online and social media scams, the fastest growing form of fraud, by mandating platforms to vet advertisers, take down scam sites, and to measure how fast they do this;
- End the fraud victim-blaming culture – not just in the banking sector, but across all industries by aligning codes of consumer protection across telecoms, technology, and retail sectors; and
- Improve transparency – by requiring banks to publish fraud refund rates on a quarterly basis and to display them in every branch and on bank websites.

### 4. Government and industry should undertake a cross sector review to consider how best to level up access to adopting digital banking services, particularly for the most vulnerable:

- Government should undertake a cross sector review (HM Treasury / Department for Digital, Culture, Media and Sport / Cabinet Office), with industry input, into the barriers to adopting digital banking services across the UK and the groups most vulnerable to being left behind.
- The output of the review should include a digital banking roadmap to level up these groups' access to the tools, skills and confidence to embrace digital, if they choose; and
- The Financial Inclusion Policy Forum's remit should be expanded to include digital skills and budgeting. It should also include regular ministerial representation from the Department for Digital, Culture, Media and Sport, to ensure the impact of the digital transition and online fraud is considered.

### 5. We should take a whole-life approach to financial education provision:

- A whole-life approach to financial education should be taken to improve Money Confidence across all age-groups and account for socio-economic impacts on confidence, including by:
  - Creating a joint industry resource that offers a simple glossary of key financial terms, guidance (including on recognising scams), and a searchable, UK-wide financial education map to direct people to local providers of free and affordable financial advice. This should be developed in partnership with local services such as Citizens Advice;
  - Including access to courses and training on financial education for all adults as part of the Government's Lifetime Skills Guarantee; and
  - Ensuring that every child in the UK receives a high-quality and effective financial education, including knowledge of standard product terms and their applications.