



**Money A+E**

# Mutual benefits to tackling the Ethnicity Premium

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# Money A+E

Award-winning social enterprise providing money advice + education.

**↑ 58%**

Av. increases in wellbeing

**£2.4m**

Debts managed in 2022

**£737k+**

Financial gains for our clients in 2022



**A lived experience organization + why.**



# Our client group

We target our services to Diverse Ethnic Communities, socially excluded groups and young people.

**80%** of our service users do not identify as white British.



# The Ethnicity Premium

**The additional costs for goods and services**

**&**

**the barriers to economic & social inclusion**

**...experienced by people from Diverse Ethnic Communities (DEC).**

Minority ethnic groups are experiencing more 'life events'...

But are less likely to hold financial products that can help build long-term financial security.

- Less likely to hold savings products (67% hold at least one savings products vs 79% of white consumers).\*
- 2x less likely to not have any insurance, vs the general population.\*
- Hold fewer financial products overall per person.

*\*Social Market Foundation, 'Squeezed Out or Opting Out?', 2023*

# The Ethnicity Premium

## Housing



Soaring rent and mortgage arrears – Money A+E

Homelessness risk

Black people who are homeowners have homes with lower than average property value, but higher than average monthly mortgage payments.

## Health



**82%** of Money A+E service users live with mental or physical health issues or disability.

# The Ethnicity Premium

## Employment



Minority ethnic groups experience significantly higher unemployment rates than white people (7.5% vs 3.1% in Dec 2022).

Much more likely to be in insecure or low paid work.

## Finance



People from minority ethnic backgrounds 1.5x more likely to say they are not coping financially at all or are finding it difficult to cope, compared with adults not in minority ethnic groups (52% vs 33%).

# Financial products & services



- ➔ Low levels of trust in high street finance products & services
- ➔ Experiences & fear of discrimination
- ➔ Language barriers & communications
- ➔ Financial literacy
- ➔ 'One size fits all' approach – may not meet cultural or religious needs eg. remittances, Sharia finance
- ➔ Additional, lengthy hurdles & rejections – for products and credit.



# Case Study

5 mins

Vee is seeking emergency debt advice because she has fallen behind on her mortgage payments. 5 months ago she had to stop work, due to a historic back injury and arthritis. She is suffering from insomnia over her finances, and her GP has diagnosed depression. Waiting times for talking therapy are long.

Vee is 36 and has two children aged 7 and 14. She receives child maintenance from her ex-husband.

She has sought credit from a pawnbroker and payday lender, but she is reluctant to go to her bank. Her family have always been distrustful of them and she worries about being misled over her mortgage and next steps.

Question (for discussion at your table):

What could support Vee at this time?

(Products, services, other forms of support.)



Stock photo

# Mutual benefits to tackling the Ethnicity Premium

- ★ Increased financial resilience among Diverse Ethnic Communities.
- ★ Access to products and services that help alleviate debt & financial exclusion.
- ★ Alignment with FCA Consumer Duty.

# The Racial Justice network

- ➔ Design and create policies that help overcome structural barriers.
- ➔ Test and deliver products and services in partnership with finance institutions.



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FOUNDATION

  
Trust for London  
Tackling poverty and inequality

# Next Steps

- ➔ Mutual working & collaboration
- ➔ Lived Experience Leadership
- ➔ Conduct research
- ➔ Join the Racial Justice network



# Potential solutions



Re-designing, co-designing products and services that help alleviate debt and financial exclusion.



Diverse representation within financial sector institutions & access to talent.



Community-led financial education, to build long-term financial resilience.



# Thank you.



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