

# FINANCIAL WELLBEING & ETHNICITY:

## AN OVERVIEW OF HOUSEHOLD FINANCES IN THE UK BY ETHNIC GROUP

Findings from the 10<sup>th</sup> Financial Fairness Tracker Survey

Katie Cross, Jamie Evans and Sharon Collard  
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abrdrn Financial Fairness Trust has commissioned a periodic cross-sectional survey to track the financial situation of UK households since the start of the coronavirus pandemic in early 2020. The latest wave of this survey, wave 10 – conducted in May 2024 – gives insight into the nation’s finances during the ongoing cost of living crisis, just prior to the UK General Election. The findings are based on responses from nearly 6,000 households about their income, payment of bills, borrowing, savings and ability to pay for other essentials such as food. This report presents key results from the survey, broken-down by respondent ethnic group. The survey was run by Opinium, while the analysis was conducted independently by the Personal Finance Research Centre at the University of Bristol.



### KEY FINDINGS

- White British householders are twice as likely to be ‘financially secure’ (30%) than those from black, mixed or other ethnic groups (15%) and those from Asian ethnic groups (16%). Correspondingly, those from Asian (44%) and Black, Mixed or Other (49%) ethnic groups are more likely to be ‘struggling’ financially or ‘in serious difficulties’ than White British householders (37%).
- Minority ethnic groups (as a whole) tend to fare worse than the White British group across a range of indicators, including:
  - They are twice as likely to have faced debt collection activity in the past six months (24%, cf. 11%) (rising to 33% for those from Black, Mixed or Other ethnic groups)
  - They are significantly more likely to describe car insurance premiums as ‘unaffordable’ (36%, cf. 29%) or to have cancelled/not renewed insurance policies to save money (19%, cf. 12%)
  - A greater proportion of people from minority ethnic groups had turned to family and friends for financial help in the past six months (27%, cf. 17%), had borrowed money for daily living expenses (34%, cf. 25%) or had faced significant food insecurity (18%, cf. 11%) than the White British group
  - Two-in-five say that financial worries cause them to sleep poorly at night (43%, cf. 32%) and over half report that thinking about their financial situation makes them feel anxious (56%, cf. 44%).
  - Looking to the future, just 14% of minority ethnic householders feel ‘very confident’ about their financial outlook over the next three months (cf. 20% among White British householders)
- Over fifties from minority ethnic groups are a particularly vulnerable group – especially women. Minority ethnic respondents aged 50+ are significantly less likely to be financially secure (26%, cf. 40%) and significantly more likely to be in serious financial difficulty (22%, cf. 12%) than those from White British backgrounds. Only one-in-five (20%) of older women from minority ethnic groups are ‘financially secure’ compared with a third (33%) of older men from minority ethnic groups.



**White British**



**Asian ethnic groups**



**Black, Mixed or Other ethnic groups**

**White British householders are twice as likely to be 'financially secure' than those from Black, Mixed or Other ethnic groups, and those from Asian ethnic groups**



**Householders from Asian (44%) and Black, Mixed or Other (49%) ethnic groups were more likely to be 'struggling' or 'in serious difficulties' financially**

**Minority ethnic groups (as a whole) tend to fare worse than the White British groups across a range of indicators**

**OVERDUE**

**They are more likely to have faced debt collection in the last 6 months**

**24% vs 11%**

**A greater proportion had...**

**turned to family and friends for help in the last 6 months, 27% vs 17%**



**borrowed money for daily living expenses 34% vs 25%**

**They are more likely to say car insurance premiums are 'unaffordable' (36% vs 29%)**



**2 in 5 (43% vs 32%) sleep poorly due to financial worries**



**A greater proportion had faced significant food insecurity 18% vs 11%**



**Older people from minority ethnic groups are a particularly vulnerable group - especially women**

**Minority ethnic respondents aged 50+ are less financially secure (26% vs 40%) and more likely to be in serious financial difficulty (22% vs 12%) compared to white British respondents.**



**Only 20% of older women from minority ethnic groups are considered 'financially secure,' in contrast to 33% of older men from minority ethnic groups.**

## INTRODUCTION

A prolonged period of very high costs of living resulted in a drastic worsening of household financial wellbeing during 2022. Since October 2023, we have seen a partial recovery. The [Financial Fairness Tracker](#) shows that, while over four million UK households remained in ‘serious financial difficulties’ in May 2024 (representing 15% of all households), this was around 700,000 fewer than in the previous wave in October 2023 (17% of all households). However, the financial pressures facing UK households appear far from over and the recovery has been bumpy and uneven.

Households headed by someone from a minority ethnic group are among those that continue to be the hardest-hit – the reasons for which are deep-rooted and complex. Prior to 2020, [the socio-economic picture in the UK](#) was one of entrenched and in many cases increasing inequality between ethnic groups, of complex intersectional disadvantage, and unequal exposure to risk – financial and otherwise. The COVID-19 pandemic worsened these inequalities: for example, people from minority ethnic groups were more likely to lose income and earnings as a result of the pandemic than those from a White ethnic background. The [most recent review of UK poverty](#) shows that, in 2024, people from Pakistani, Bangladeshi, Black African or ‘any other ethnicity’ households experience similar very deep poverty rates. There is also a well-evidenced overlap between [poverty, ethnicity and mental health](#).

In addition to socio-economic inequalities, minority ethnic groups face [barriers accessing financial services](#) relating to everyday life (for example, our findings on car insurance). These barriers include discrimination by financial services firms along with a ‘one size fits all’ approach as well as a lack of transparency around decision making. As a result, people from minority ethnic groups *“hold fewer financial products, despite experiencing more of the life events that might require them.”*

This briefing sets out the findings from Wave 10 of the Financial Fairness Tracker, focusing specifically on the financial wellbeing of minority ethnic households. Broadly, it shows that minority ethnic households fare worse across a range of financial indicators, which impacts negatively on their wider health and wellbeing in worrying ways.

This new data serves to reinforce the need for comprehensive changes to bring about meaningful improvements in the financial wellbeing of minority ethnic households in the UK. The first King’s speech under the new Labour government included the announcement of [a Race Equality Bill](#) – that would *“enshrine in law the full right to equal pay for Black, Asian, and other ethnic minority people, strengthen protections against dual discrimination and root out other racial inequalities”*, requiring larger firms to report their ethnicity pay gap. The impact of such policies ‘on the ground’ remains to be seen and it is critical that policy tackles not just the symptoms of racial inequalities, but also its causes.

## KEY METHODOLOGICAL DETAILS

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Sample size:	Fieldwork dates:	Type of survey:
5,572 householders (with some responsibility for bills / household finances). We focus on 706 minority ethnic householders and 4,673 White British householders.	26th April – 19th May 2024 (with 74% completing between 29th April and 2nd May).	Online, cross-sectional survey of Opinium’s nationally- and politically-representative panel.

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**A note on terminology and analysis of ethnic groups:** In line with other similar research, we use the term ‘minority ethnic groups’ to refer to all ethnic groups except White British. We capitalise individual ethnic groups in line with the ONS. We aim, where possible, to refer to individual ethnic groups; however, sample sizes restrict this – for example, we combine ‘Black, Mixed and Other’ ethnic groups into a single category for analysis purposes. This may obscure some differences between different ethnic groups. Data on ethnicity is based on that of the respondent, therefore does not necessarily represent all members of the household.

Other factors, such as whether or not an individual was born in the UK, may also be associated with differences in financial wellbeing; however, this data was not collected in the survey. Readers should also note that disadvantage is often uneven and there can be considerable variation within ethnic groups, as well as between them.

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Please be aware that certain sub-groups may have relatively wide confidence intervals due to the small sample size. Some differences that may appear large within the charts and tables may therefore not be statistically significant (at the 95% confidence level). In the text we focus on those relationships that are statistically significant (unless otherwise specified).

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Our **Index of Financial Wellbeing** is a composite measure based on seven key questions, covering: households’ perceptions of their day-to-day finances and ability to meet bills, their number of missed payments or arrears, and their longer-term financial resilience (such as level of savings). The Index is a score from 0 to 100, with those scoring <30 being considered as ‘in serious financial difficulties’, those scoring 30-49 ‘struggling’, those scoring 50-79 ‘exposed’ and 80+ ‘financially secure’. For more information on this index please see the Technical Note on the back page.

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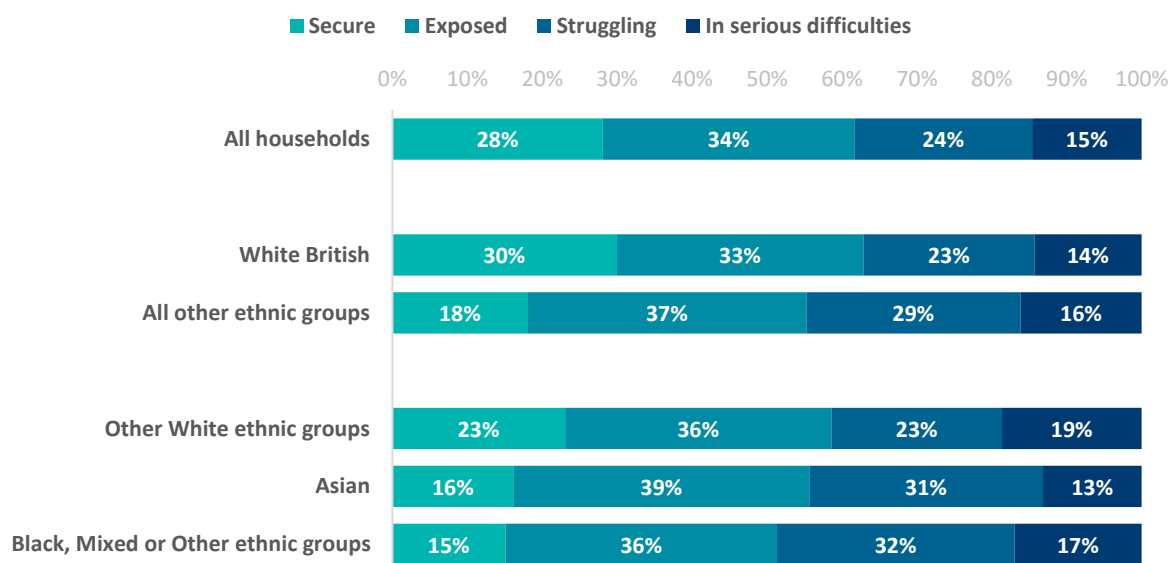
## OVERALL FINANCIAL WELLBEING BY ETHNICITY

### Minority ethnic households fare worse across a range of financial indicators

Our survey of households supports numerous other pieces of research, which find that on average those from minority ethnic groups tend to fare worse financially (Figure 1). Our headline measure of financial wellbeing – an index constructed from seven separate survey questions capturing various elements of current finances and longer-term financial resilience – shows that White British households were significantly more likely to be ‘financially secure’ (30%) than minority ethnic households (18%). Consequently, minority ethnic groups were significantly more likely to be financially ‘exposed’ (37% vs 33%) and ‘struggling’ (29% vs 23%), and slightly more likely (but not statistically significantly) to be ‘in serious difficulties’ (16% vs 14%).

Breaking this down further into more detailed ethnic groups, we see that Asian ethnic groups (44%) and those from Black, Mixed or Other ethnic groups (49%) were significantly more likely than White British (37%) households to be ‘struggling’ or ‘in serious difficulties’. This was also true of 41% of those from Other White ethnic backgrounds, but this was not a statistically significant difference.

Figure 1 – Percentage of households in each financial wellbeing category, by ethnic group



Notes: Sample sizes as follows: all households = 5,572; White British = 4,673; All other ethnic groups = 706; Other White = 254; Asian = 214; Black, Mixed or Other ethnic groups = 238. Financial wellbeing categories are determined based on seven key survey questions, as described in methodological note. Sums may not add up to 100% due to rounding.

The broad pattern of White British households faring better financially tends to hold across a range of indicators of financial wellbeing, as demonstrated in Figure 2. For example, White British households were less likely to describe bills and credit commitments as a ‘constant struggle’, less likely to have outstanding credit, less likely to owe money due to missing payments on household bills or credit commitments and less likely to have faced debt collection action. Those from minority ethnic groups were twice as likely (24%), for example, to report they had experienced some form of debt collection activity in the past six months than those from a White British background (11%), rising to three times as likely for those from a Black, Mixed or Other ethnic group (33%). White

British households were also less likely to be in the bottom income quintile and this difference was even higher once housing costs were taken into account. This reflects both the lower propensity of White British households to live in areas such as London and greater likelihood of owning their own home outright. Lastly, while Figure 2 suggests little difference between the ethnic groups in terms of the proportion with *nothing* in savings, we do see that White British households were significantly more likely to have *substantial amounts* saved: a quarter of White British households (25%) had more than 12 months of their income in savings, compared to 16% of Other White households and Asian households, and 14% of those from Black, Mixed or Other ethnic groups. [Other research from the Money and Pensions Service](#) also suggests that those from minority ethnic backgrounds were less likely to use traditional savings products from mainstream providers and more likely to save in cash, money boxes, credit union savings accounts and savings clubs instead.

Figure 2 – Key indicators of financial insecurity, by ethnic group



Notes: Sample sizes for most questions as follows: White British = 4,673; Other white = 254; Asian = 214; Black, mixed or other ethnic groups = 238. For income-related variables, we have a lower sample size as not all respondents provided their income; for these, the sample sizes are as follows: White British = 3,861; Other white = 220; Asian = 177; Black, mixed or other = 203.

## To what extent is this financial insecurity explained by socio-demographic factors?

Box 1 shows data from the 2021 Census and that people from minority ethnic groups tend to be younger, live in households with children and rent their homes, compared to those from a White British background. These factors are all reflected within our survey sample and can significantly influence people's finances.<sup>1</sup> The [Office for National Statistics](#), for example, reported that those who rent were nearly five times more likely than those who own their home outright to be financially vulnerable.

Box 1 – Profile of different ethnic groups from analysis of Census 2021 data. Colouring indicates values that are **higher** or **lower** than other values within the row. All percentages are column percentages.

Those from a minority ethnic background tend to be younger:						
	White British	Other White	Asian	Black	Mixed	Other ethnic groups
18-39	32%	50%	50%	45%	64%	49%
40-59	33%	35%	35%	40%	28%	36%
60 plus	36%	15%	15%	15%	9%	15%

Those from a minority ethnic group are more likely to have children in the household and some groups are more likely to include lone-parent families:						
	White British	Other White	Asian	Black	Mixed	Other ethnic groups
Single or couple without children	50%	43%	28%	37%	46%	35%
Couple with children	17%	24%	34%	19%	19%	29%
Lone parent household	11%	9%	10%	26%	19%	13%
Other household types	23%	24%	28%	18%	17%	23%

Minority ethnic groups are more likely to be renting and less likely to own their home:						
	White British	Other White	Asian	Black	Mixed	Other ethnic groups
Owens outright	37%	16%	22%	9%	12%	14%
Mortgagor	30%	25%	37%	21%	28%	22%
Private rented	16%	47%	28%	27%	33%	41%
Social rented	16%	12%	13%	43%	26%	23%

Notes: analysis of 2021 Census data for England and Wales. 'Asian' includes Asian, Asian British and Asian Welsh. 'Black' includes 'Black, Black British, Black Welsh, Caribbean or African'. 'Mixed' includes 'Mixed or multiple ethnic groups'.

<sup>1</sup> See, for example, the [wave 10 report of the abrdn Financial Fairness Tracker](#), which provides a breakdown of survey results across a range of socio-demographic and economic groups.

Given the differences between ethnic groups presented in Box 1, we ran regression analyses to better understand whether ethnicity continues to be significantly associated with worse financial outcomes when controlling for other socio-demographic and economic factors. In these models, we controlled for a range of variables including: gender, ethnic group, housing tenure, income quintile (after housing costs and adjusted for household size), household type (e.g. couple with children), occupational classification (e.g. higher managerial, skilled manual worker, out of work etc.), whether anyone in the household had a disability, age and level of education.

Even after taking into account just a few of these other factors, some of the observed differences described earlier were no longer statistically significant. For example, after controlling for age and household composition people from a White British background were no longer significantly more likely to be 'financially secure' than those from other ethnic groups; there was also no significant difference between ethnic groups in those describing that meeting bills and credit commitments was a 'constant struggle' or those with outstanding credit.

However, after controlling for these other factors mentioned above, we found that people from Black, Mixed or Other ethnic backgrounds were still significantly more likely to have missed a credit payment than those from White British backgrounds. Those from Asian backgrounds were significantly more likely to be in the bottom income quintile than those from White British households. We also found that those from ethnic backgrounds were more likely to be declined for credit and to describe their car insurance as unaffordable, (findings which we discuss in more detail below). Therefore, although some of our findings can be largely explained by other factors, there are also instances where someone's ethnic background remains an important predictor of worse financial outcomes.

## PARTICULAR CHALLENGES FACING MINORITY ETHNIC GROUPS

In the following sections, we explore key areas from the Tracker data where those from minority ethnic groups face disproportionate challenges. This includes the cost of car insurance, access to consumer credit and challenges facing older people from minority ethnic groups.

### The cost of car insurance

The cost of insuring a vehicle were considered especially high by people from minority ethnic groups, even though they were less likely to own a car than White British householders (76% vs 83%). Looking in detail at car ownership by ethnicity, it falls significantly for Other White ethnic groups (74%) and Black, Mixed or Other ethnic groups (68%), but were no differences between Asian ethnic groups (84%) and White British householders (83%). The different propensities to own a vehicle may relate to these groups' relative financial position but may also be influenced by other factors such as age and where they live.

While 29% of White British householders considered their car insurance 'very' or 'somewhat' unaffordable, this rose to 36% among those from minority ethnic backgrounds (Figure 3). For Other White ethnic groups, this figure was as high as 43%.<sup>2</sup> Other White and Asian respondents were also significantly more likely to choose the 'not applicable' option, which included both those who did not have insurance and those who said they were not required to pay for it (for example, because they use a vehicle insured by their employer). Regression analysis confirms these findings, with Other White and Asian respondents significantly more likely than White British respondents to

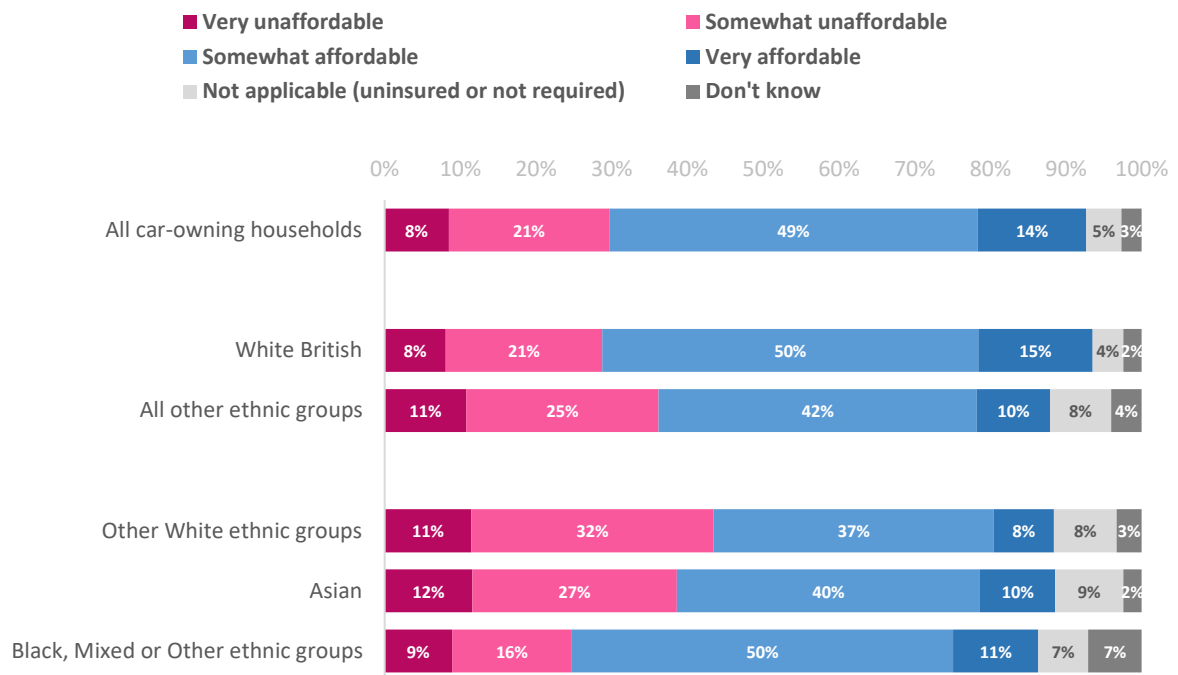
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<sup>2</sup> While those in Black, Mixed or Other ethnic groups were least likely to describe their car insurance as 'unaffordable', this was not a statistically significant difference compared to White British, due to the smaller sample size (as a result of lower car ownership).



describe their car insurance as unaffordable (72% and 44% higher odds respectively), even when controlling for other factors such as income, gender and age. By way of comparison, those in the bottom income quintile (regardless of ethnicity) had 91% higher odds of describing their insurance as unaffordable, compared to those in the middle-income quintile.

**Figure 3 – Affordability of car insurance among car-owners, by ethnic group**

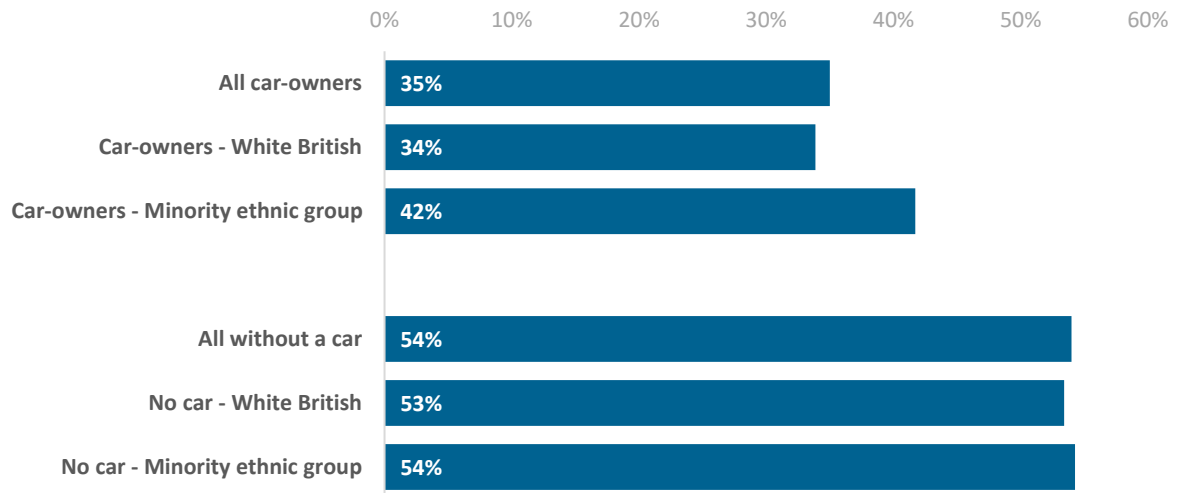


Notes: sample sizes as follows: all car-owning households = 4,546; White British = 3,861; All other ethnic groups = 537; Other White ethnic groups = 199; Asian = 179; Black, Mixed or Other ethnic groups = 159. Question asked only of households with access to a car or van. Sums may not add up to 100% due to rounding.

This finding chimes with other research that has identified an ‘ethnicity penalty’ in the car insurance market. [Citizens Advice](#), for example, analysed income and expenditure data from their clients and found that ‘people of colour’ were paying £250 more on average for car insurance than white people. This difference remained significant even when controlling for other factors such as income.

Despite these findings, it is important to note that, generally speaking, car-owning households tend to be better-off financially than those who do not have access to a vehicle (Figure 4). Around a third (35%) of car-owners were ‘in serious difficulties’ or ‘struggling’, rising to 54% among non-car-owning households. Interestingly, when we break this down further by ethnicity, we see that car-owning minority ethnic households tend to be in a worse financial position than White British households who have access to a car: while just 34% of White British car-owners were ‘in serious difficulties’ or ‘struggling’, this rises to 42% for car-owning respondents from a minority ethnic group. For those without a car, we find no significant difference by ethnicity (at 53% and 54% respectively ‘in serious difficulties’ or ‘struggling’).

**Figure 4 – Percentage of households ‘in serious difficulties’ or ‘struggling’, by whether has access to a car and by ethnic group**



Notes: sample sizes as follows: all car-owning households = 4,546; car-owners – White British = 3,861; car-owners – minority ethnic group = 537; all without a car = 1,026; no car – White British = 812; no car – minority ethnic group = 169.

We also asked those completing the survey about any actions they had taken to make ends meet in the past six months such as reduced car use or use of other forms of transportation. Just over one-in-five (23%) of minority ethnic car-owners reported taking actions; whilst this was slightly higher than White British respondents (20%), it was not statistically significant.

### Access to consumer credit

As Table 1 shows, minority ethnic groups in the Tracker were significantly more likely to have been declined some form of consumer credit in the past six months (such as a personal loan, credit card or overdraft) than respondents from a White British background. This is particularly pronounced for those from a Black, Mixed or Other background, whereby nearly two in five had been declined some form of credit in the past six months (38%) – three times as many as White British respondents (13%). People from Black, Mixed or Other backgrounds were also significantly more likely to have been declined some form of credit in the past six months compared to other minority ethnic groups.

Regression analysis confirmed this: even after controlling for other demographic factors such as age, income, and housing tenure, people from a Black, Mixed or Other minority ethnic background were significantly more likely to have been declined some form of credit in the past six months.

This finding is echoed in other research. [An evidence review](#) conducted for the Money and Pensions Service noted that renters, the young, and those of ‘other’ minority ethnic backgrounds were the most likely groups to be declined credit; this was due to a variety of reasons including their credit history, existing debts, income levels and employment status. However, the Financial Conduct Authority’s [Financial Lives Survey in 2020](#) also shows that one in eight (12%) people from minority ethnic groups felt they were declined for non-financial reasons including their ethnicity. [By 2022](#), this figure had dropped slightly, to 8%. [Research commissioned by Fair4AllFinance](#) found that, among people from minority ethnic groups who had been declined a loan product in the past year, over a quarter (27%) never found out the reason why they were declined, which was significantly higher than white applicants (16%).



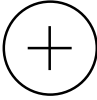
With a specific focus on low-income households, the Joseph Rowntree Foundation [pre-election cost of living tracker](#) found that low-income households with black respondents who had applied for

credit in the last 12 months were almost twice as likely to be declined (49%) than other low-income households (26%) and more than twice as likely to be declined when compared with low-income households with white respondents (22%).

It is possible that previous borrowings may play a role in being declined for credit – however our analysis showed this was not the case. When we controlled for level of outstanding credit alongside a range of demographic variables, we still found that those from a Black, Mixed or Other minority ethnic group were significantly more likely to have been declined credit, suggesting that it was not their level of previous debt that accounted for this difference.

We also explored the effect of missed payments – which as noted in Figure 2 are higher among minority ethnic groups - on credit declines. Here we found that (unsurprisingly) missing a payment was a significant predictor of being declined credit. Once we controlled for missing a payment in the model, ethnicity was no longer a significant driver of credit decline. This suggests that missed payments could explain why minority ethnic groups were more likely to be declined credit, rather than ethnicity.

Table 1 – Percentage of householders with outstanding credit, new credit and declined credit by ethnic group

	White British	Other White	Asian	Black, Mixed or Other
 Been declined for credit in the past six months	13%	23%	25%	38%
 Has some form of outstanding credit	60%	68%	73%	73%
 Taken out new borrowing in the past six months	39%	49%	59%	60%

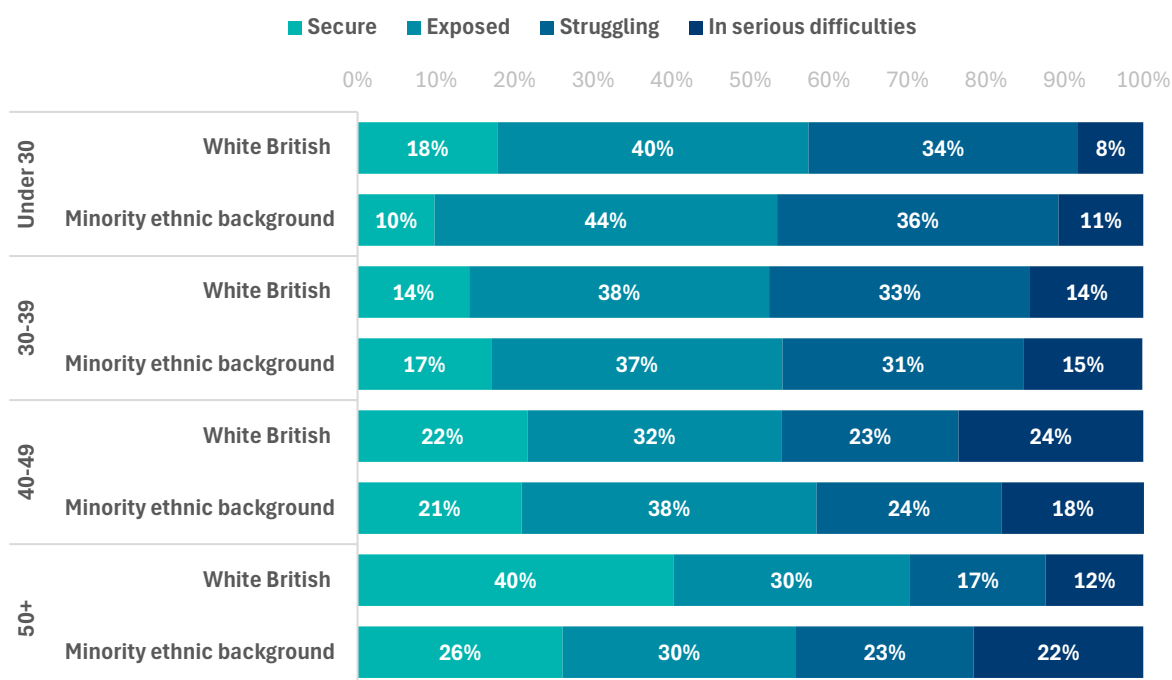
As well as being more likely to be declined credit, the Tracker data shows that people from Asian and Black, Mixed and Other ethnic groups were significantly more likely to have outstanding credit than White British respondents; and all minority ethnic groups were significantly more likely to have taken out new credit in the past six months than those from a White British background. However, once socio-demographic factors were controlled for in a regression analysis, these differences by ethnicity were no longer present – indicating that other socio-demographic factors such as income, age and housing tenure were the key drivers of these differences.

### Challenges facing people aged 50+ from minority ethnic backgrounds

Figure 5 shows that over fifties from minority ethnic groups seemed to be struggling more than older White British people. For those over the age of 50, White British respondents were significantly more likely to be financially secure (40%) than those from minority ethnic backgrounds (26%). Conversely, older people (aged 50+) from minority ethnic backgrounds were nearly twice as likely to be in serious financial difficulty (22%) as older White British people (12%). There were no significant

differences in financial wellbeing between ethnic groups within the middle age brackets (30-39 and 40-49). Among the under 30s, those from a White British background were significantly more likely to be secure (18%) than younger people under 30 from a minority ethnic group (10%).

Figure 5 – Financial wellbeing, by ethnic group and age



Notes: sample sizes as follows: all households = 5,453; Under 50 – White British = 2,151, minority ethnic group = 558; 50+ - White British = 2,555, minority ethnic group = 189

Looking at specific indicators of financial wellbeing, over fifties from a minority ethnic background were significantly more likely than their White British counterparts to say that their current financial situation was ‘very bad’ (9% vs. 4%) or ‘fairly bad’ (18% vs. 13%), that they had ‘no savings’ (29% vs. 20%), and that they find meeting bills and credit commitments a ‘constant struggle’ (20% vs. 12%). Apart from having ‘no savings’, these differences persisted when we controlled for other factors such as income and tenure, indicating that ethnicity is a significant factor in explaining these worse outcomes.

Other research supports these findings, illustrating that older people from minority ethnic groups are a particularly vulnerable group. The [Centre for Ageing Better](#) highlights that inequalities between people from a White British background and minority ethnic groups are exacerbated in later life – in relation to income, wealth and assets, but also health and life satisfaction. For example, [rates of poor health](#) for White British women in their 80s are equivalent to, or lower than, rates of poor health for Black Caribbean and Indian women in their 70s, and Pakistani and Bangladeshi women in their 50s.

Regarding access to financial resources in later life, there are also clear ethnic inequalities in pension provision. The [Social Market Foundation](#) found that only a quarter of people from minority ethnic groups had a private or workplace pension (25%), compared to 38% of the general population. While age and income were the largest drivers of this difference, there remained a substantial gap in pension savings even once controlling for these factors. The UK’s [overall ethnicity pension gap](#) – the

percentage difference in pension income for pensioners who belong to a minority ethnic group compared to pensioners of a white ethnicity – was estimated to be 24.4% in 2017-18, or £3,350 a year. The average gap in pension income between a female pensioner from a minority ethnic group and a male pensioner from a white ethnic group was more than twice as large (51.4%). Our Tracker data similarly shows gender disparities in later life among ethnic minority groups, with only one-in-five (20%) women aged 50+ from minority ethnic groups being ‘financially secure’ compared with a third (33%) of men aged 50+ from minority ethnic groups.

Some charities have criticised the Government’s move to means test the Winter Fuel Payment, saying this will leave many older people vulnerable to rising energy prices this winter. [Age UK](#), for example, suggest that the length of the form to apply for pension credit (and access the Winter Fuel Payment) could prevent some pensioners from accessing what they are entitled to. Our analysis suggests that there may be a particular need to ensure that older people from minority ethnic groups are supported to access financial support ahead of the coming winter.

## THE IMPACT OF FINANCIAL INSECURITY ON QUALITY OF LIFE

Our Tracker data regularly shows that households that fare worse financially must undertake a range of actions – sometimes extreme ones – to get by, with many experiencing significant negative impacts on their quality of life as a result.

Given the heightened levels of financial difficulty among minority ethnic groups described in the previous sections, it is unsurprising to see that minority ethnic householders were more likely than White British householders to have taken each of the ten actions we asked about in the past six months (Table 2). Consequently, minority ethnic householders were more likely to have received financial help from family or friends (27% vs 17% of White British householders), to have borrowed money for daily living expenses (34% vs 25%) and to have saved less money than they normally would (54% vs 46%). Looking at more detailed ethnic groupings, Black, Mixed or Other ethnic groups were most likely to have undertaken almost all actions asked about.

Several actions disproportionately undertaken by minority ethnic groups are indicative of the challenges that these communities may face in accessing mainstream financial products; for example, relying on help from friends and family, cancelling or not renewing insurance policies, turning to informal money lenders and selling or pawning possessions to make ends meet.

Food insecurity is also clearly a key issue, with people from minority ethnic backgrounds more likely to say that, in the past six months, they had not eaten for a whole day on three or more occasions because there was not enough money for food (18% vs 11% of White British respondents) and, to a lesser extent, to have accessed a foodbank (10% vs 8%). This tallies with 2023 research from the [Trussell Trust](#), which found that around one-in-four (24%) people from a minority ethnic group experience food insecurity, roughly double the rate for those from white ethnic backgrounds (13%). Interestingly, despite this, people from minority ethnic groups were not significantly more likely to have used one of their foodbanks, suggesting a gap between need and access.

Table 2 – Actions taken to make ends meet within past six months, by ethnic group. Colouring indicates values that are **higher** or **lower** than other values within the row. All percentages are column percentages.

Actions taken within last six months to make ends meet	All households	White British	All other ethnic groups	Other White	Asian	Black, Mixed or Other	Difference between minority ethnic and White British
Received financial help from family or friends	18%	17%	27%	20%	25%	36%	+10%
Borrowed money for daily living expenses	26%	25%	34%	35%	27%	40%	+9%
Saved less money than you normally would	47%	46%	54%	55%	54%	52%	+8%
Used money from savings for daily living expenses	34%	33%	41%	38%	41%	43%	+8%
Cancelled or not renewed an insurance policy to save money	13%	12%	19%	15%	18%	24%	+8%
Not eaten for a whole day on three or more occasions because there wasn't enough money for food	12%	11%	18%	19%	14%	22%	+7%
Tried to access additional benefits or support funds (whether successfully or not)	17%	16%	21%	17%	18%	28%	+5%
Loan from unlicensed money lender or other informal lender	6%	5%	10%	6%	10%	13%	+5%
Sold or pawned possessions you would have preferred to keep	13%	13%	17%	13%	19%	18%	+4%
Accessed a food bank	8%	8%	10%	6%	11%	12%	+1%

Notes: sample sizes are as follows: all households = 5,572; White British = 4,673; All other ethnic groups = 706; Other White = 254; Asian = 214; Black, Mixed or Other = 238. Differences between columns may not appear to add up due to rounding.

Previous research has clearly evidenced the relationship between poor finances and poor wellbeing, with the link often described as a 'vicious cycle'.<sup>3</sup> We see this in the Tracker data: 90% of those in serious difficulties (regardless of ethnicity) felt that thinking about their finances made them anxious

<sup>3</sup> See, for example: Richardson *et al* (2013) 'The relationship between personal unsecured debt and mental and physical health: a systematic review and meta-analysis'. *Clinical Psychology Review*, 33(8); Meltzer *et al* (2013) 'The relationship between personal debt and specific common mental disorders'. *European Journal of Public Health*, 23(1); and the [Money and Mental Health Policy Institute's](#) research and campaigns.

and four-in-five (79%) of them said that financial worries cause them to sleep poorly at night (compared with 46% and 33% respectively for the overall population).

People from minority ethnic groups fare significantly worse across every single measure of wellbeing (Table 3). This appears to be driven by the lack of financial wellbeing among these groups, as differences by ethnicity mostly disappear once the financial wellbeing category is taken into account. Other qualitative research, however, has suggested that a ‘double stigma’ may exist for minority ethnic groups which could cause difficulties in accessing advice around money or mental health.<sup>4</sup> Interestingly, despite people from Black, Mixed or Other ethnic backgrounds taking more actions to make ends meet (see Table 2), this group was actually less likely (than other minority ethnic groups) to report negative wellbeing outcomes.

Table 3 – Impact of financial insecurity on health and wellbeing, by ethnic group. Colouring indicates values that are higher or lower than other values within the row. All percentages are column percentages.

Impact on health or wellbeing	All households	White British	All other ethnic groups	Other white	Asian	Black, Mixed or Other	Difference between minority ethnic and White British
My financial situation is negatively impacting my ability to work or study	24%	21%	40%	41%	41%	37%	19%
My financial situation is causing relationship difficulties between members of my household	21%	19%	34%	32%	37%	34%	15%
Financial worries cause me to sleep poorly at night	33%	32%	43%	47%	40%	42%	12%
My home has problems with condensation, damp or mould	29%	28%	39%	39%	42%	37%	11%
Thinking about my financial situation makes me anxious	46%	44%	56%	57%	57%	53%	11%
My financial situation is making my physical health worse	29%	27%	37%	40%	40%	32%	10%
I feel like I have no control over my financial situation	36%	35%	44%	46%	46%	41%	10%
My financial situation is making my mental health worse	34%	33%	42%	48%	41%	38%	9%

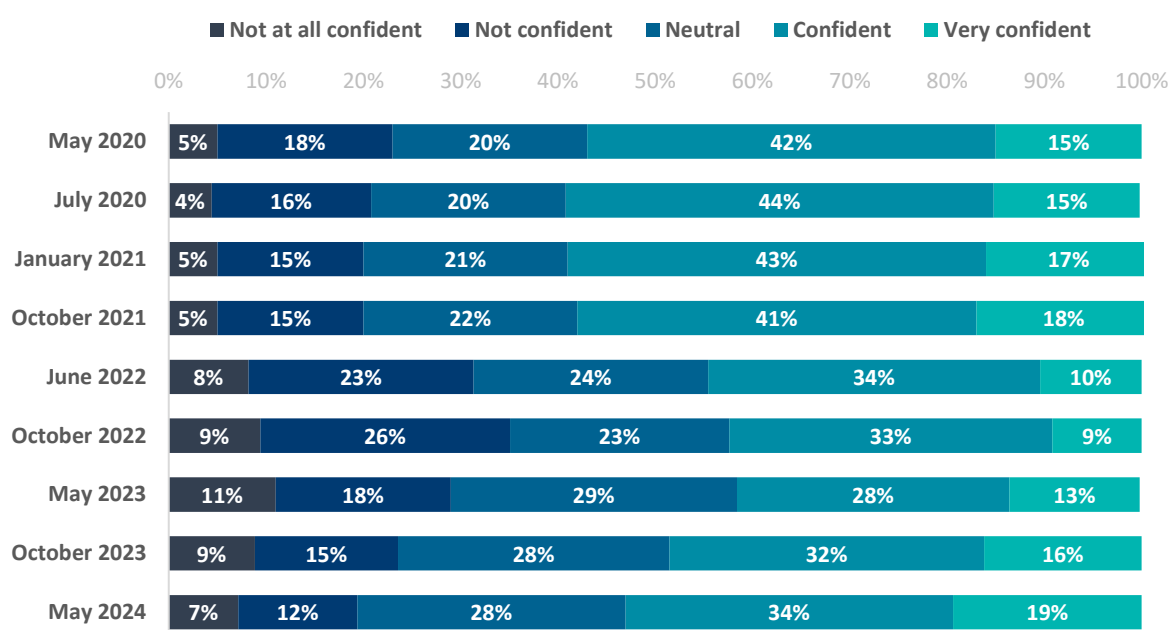
Notes: minimum sample sizes are as follows: all households = 5,228; White British = 4,397; All other ethnic groups = 668; Other White = 240; Asian = 201; Black, Mixed or Other = 224.

<sup>4</sup> Evans *et al* (2023) [The intersecting impacts of mental ill-health and money problems on the financial wellbeing of people from ethnic minority communities](#). Money and Pensions Service.

## CONFIDENCE ABOUT THE FUTURE

As Figure 6 shows, Wave 8 of the Tracker in May 2023 marked a low point in UK households' confidence about their financial future, when only four in ten households (41%) felt fairly or very confident about their situation in the coming three months. Since then, confidence has been increasing for the average household, with 49% saying they felt fairly or very confident about their future financial situation in October 2023 (Wave 9), rising to 53% in May 2024 (Wave 10). While encouraging, this is still not back to levels of confidence observed in October 2021, when 59% of households felt confident or very confident about their situation in the coming three months.

Figure 6 – Households' confidence about their financial situation in the next three months (all ethnic groups)



In terms of differences in households' confidence about their future financial situation by ethnicity, the picture generally reflects the pattern of financial wellbeing described above. White British households were significantly more likely than minority ethnic households to say they felt 'very confident' about their short-term financial outlook (20% compared with 14% of minority ethnic households). Looking in more detail at the findings, this difference is driven by the fact that White British households (20%) were almost twice as likely as Other White (11%) and Asian households (11%) to feel 'very confident' about the coming months; it was 19% among Black, Mixed or Other ethnic households.

Statistically significant differences between White British respondents and those from minority ethnic groups are also evident in how they feel about specific aspects of their future finances:

- Ability to meet bills and commitments in the next three months:** Four-in-ten (40%) of White British householders felt they would be able to meet their bills and commitments without difficulty in the next three months, compared with only three-in-ten (32%) of all minority ethnic householders, and 28% of Asian householders.
- Ability to meet housing and food costs:** Concerns about meeting these essential costs were considerably higher across all minority ethnic groups compared to White British householders. Twice as many ethnic minority people (14%) as White British people (7%) said



they were 'very worried' about meeting their housing costs in the coming three months (ranging from 13% for Black, Mixed or Other householders, 14% for Other White and 15% for Asian). The picture was similar for food costs, with 12% of Other White and 12% of Black, Mixed or Other householders saying they were very worried these costs (rising to 14% of Asian householders), compared with 7% of White British householders.

- **Stability of household income:** As with housing and food costs, minority ethnic householders (16%) were twice as likely to feel 'very worried' about the stability of their household income in the next three months compared with White British householders (8%). This ranged from 14% of Black, Mixed or Other householders, to 16% of Asian householders and 18% of Other White householders.

There were also significant differences by ethnicity in households' longer-term financial confidence in the future. When asked to think about the next 12 months (i.e. up until April 2025), half (51%) of minority ethnic householders said they felt very or quite worried about their overall financial situation, compared with four-in-ten (40%) of White British householders.

## Technical note

The survey is the tenth in a series of cross-sectional surveys tracking the financial impact of the coronavirus pandemic and subsequent cost of living crisis on UK households, by asking key questions repeated at several time points. In each wave, these key questions are supplemented by new questions that aim to capture and reflect the evolving situation. This survey wave was undertaken by Opinium between 26th April – 19th May 2024 for the abrdn Financial Fairness Trust and was conducted online. The majority of responses were collected between 29th April and 2nd May, while the remaining data collection was mainly to ensure that quotas were reached to ensure representativeness of certain socio-demographic groups in the survey.

The sample for this report consists of 6,000 respondents recruited from Opinium's online panel (which is designed to be nationally- and politically-representative). The base for analysis is people who are responsible for the household finances. Non-householders who are responsible only for their own personal finances (most of whom were aged under 25 and lived at home with their parents) are not included in the analysis for this report. This reduces the available sample size to 5,572.

The segmentation of households into four categories is based on scores from a principal component analysis of seven survey questions that cover the extent to which households could meet their financial obligations and the resources they had for dealing with an economic shock. Those with a score of less than 30 out of 100 were deemed to be in serious financial difficulty; scores of 30-49 were taken as indicative of struggling to make ends meet; scores of 50 to 79 of being potentially exposed financially and scores of 80 to 100 considered financially secure. Full details of the methodology employed can be found in Kempson, Finney and Poppe (2017) Financial Wellbeing: A Conceptual Model and Preliminary Analysis.

The tables on which this report is based can be shared by emailing [pfrc-manager@bristol.ac.uk](mailto:pfrc-manager@bristol.ac.uk).



### Authors:

**Katie Cross, Jamie Evans and Sharon Collard**

**Katie Cross** is a Senior Research Associate at the Personal Finance Research Centre.

**Jamie Evans** is a Research Fellow at PFRC.

**Sharon Collard** is Professor of Personal Finance and Research Co-Director of the Personal Finance Research Centre.

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### About the Personal Finance Research Centre (PFRC)

PFRC is an interdisciplinary research centre exploring the financial issues that affect individuals and households. It combines multi-method approaches with specialisms drawn from social policy, human geography, psychology and social research.

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### About abrdn Financial Fairness Trust

abrdn Financial Fairness Trust is an independent charitable foundation supporting strategic work which tackles financial problems and improves living standards. Its focus is improving the lives of people on low-to-middle incomes in the UK.

[www.financialfairness.org.uk/](http://www.financialfairness.org.uk/)

