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Financial Inclusion amongst New Migrants in Northern Ireland

Executive Summary of Report
by ICAR in collaboration with
Citizens Advice Belfast

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Financial Inclusion amongst New Migrants in Northern Ireland

EXECUTIVE SUMMARY

This summary outlines a research project designed by ICAR¹ in partnership with Citizens Advice Belfast (CAB)² and the Centre for Economic and Social Inclusion.³ The project examined the extent, form and consequences of financial exclusion amongst new migrants in Northern Ireland and develops policy recommendations to promote financial inclusion in the future.

The project ran in parallel with a practical intervention aiming to enhance financial advice to new migrant communities in Northern Ireland which has been run by CAB. Both parts of the project were funded by the Calouste Gulbenkian Foundation. This intervention has been evaluated by ICAR and the evaluation results are included in the full project report available online. A separate Summary of the practical initiative is available.

New Migrants and Financial Inclusion in Northern Ireland

New migrants are defined for the purposes of this project as those who had come to Northern Ireland since 2000 to take up or seek employment, join family members or seek sanctuary. Northern Ireland experienced low levels of migration until 2004 when the A8⁴ countries joined the EU and allowed nationals to move around the EU. Northern Ireland experienced high levels of population change due to migration after this time especially in the employment sectors of construction, care work and food production.

New migrants are vulnerable to financial exclusion for a number of reasons, and have been identified as being one of the most vulnerable groups to suffer financial exclusion in the UK. Reasons include:

- Being located in rural areas and having limited access to services;
- Not meeting the conditions to qualify for services;
- Not being able to afford services;

- Not having enough information about services / not understanding information due to a language barrier;
- Self exclusion from services due to cultural or psychological barriers.

Further details on new migrants and financial exclusion can be found from the project literature review available online.⁵

KEY FINDINGS

What is the Extent of Financial Inclusion amongst New Migrant Communities in Northern Ireland?

This research has found that the majority of new migrants, those with a legal right to be in Northern Ireland, have access to a bank account. However, there are a number of barriers for new migrants in accessing these accounts, and once they are opened there are barriers to accessing other financial products and services. There are also barriers to accessing advice and information.

EU migrants are on the whole financially included in that they have access to a bank account and are able to understand the system with the use of internet banking. There are a larger number of EU migrants in Northern Ireland compared to migrants from other countries and this tends to mean that there are established networks where the new migrant can go to find advice and information upon arrival. The most common way of finding advice about how to, for example, open a bank account comes through friends who will themselves be able to help or who will direct the newcomer to a service such as Citizens Advice or the Cooltura Polish Welfare Centre.

Non-EU migrants who are in high skilled employment, who speak fluent English and who plan to settle are fully financially included and have access to bank accounts, loans and credit cards and have a good understanding of where to find information and advice.

Those new migrants with no legal status, who enter with a visa which has now expired or who

1 <http://www.icar.org.uk>

2 <http://www.citizensadvice.co.uk/>

3 <http://www.cesi.org.uk/>

4 A8 countries are: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia

5 <http://www.icar.org.uk/publications>

are refugees on low incomes are often excluded from financial services in Northern Ireland and have great difficulty in managing day-to-day financial matters. They have little access to and understanding of the UK financial services and those without status are reluctant to approach services for help and advice unless they are in their own language and trusted community groups.

Taking these factors into account, the research found four typologies of financial inclusion amongst new migrants:

- Totally Excluded
- Middle Excluded
- Middle Included
- Totally Included

What are the Main Factors Affecting the Level of Financial Inclusion amongst New Migrant Communities in Northern Ireland and What Are the Main Effects of Financial Exclusion?

Although the research found a high level of access to bank accounts, significant barriers to financial inclusion remain.

The main barriers to accessing services for all groups are:

- Language and a lack of translation/interpretation services in the banks and building societies. This is in terms of face-to-face transactions, meetings and written information;
- Unclear or impossible documentation requirements;
- A lack of coherent policy across the banks and building societies on who can open an account and what type of account they can hold.

The main effects of financial exclusion amongst the migrants appear to be:

- Reliance on friends, acquaintances and welfare services for help with financial services;
- Lack of information and take-up of products such as high interest savings accounts;
- Loss of benefits such as a debit card which can be used online or in the shops;
- Reliance on carrying cash around or storing it in accommodation.

Is Current Policy Effective and Relevant for Promoting Financial Inclusion amongst New Migrant Communities?

Access to Financial Products

Banks. The majority of migrants do gain access to a basic bank account and this can be seen as a success in terms of financial inclusion policy. However, it is not the whole picture and it is clear from this research that basic bank accounts are limited in their scope and many new migrants found them frustrating especially in relation to cards. Access to these accounts can also be slow as migrants do not have the documentation required or have to try many providers before they are accepted. Therefore, whilst this policy is largely effective at including new migrants, it is not always relevant to their needs and more work needs to be done on improving access to bank accounts.

Identification. There is no legislation currently stating which documentation a bank should require to enable people to open an account; instead each of the financial institutions can decide its own policy. This leads to a clear confusion for new migrants who have a range of documentation which some banks will not accept but others will. This policy of leaving the banks to decide is not effective at promoting financial inclusion for new migrants and hinders the process of opening a bank account.

Affordable Credit. Whilst credit unions have been seen as an effective way for low income groups to get access to credit and loans, there were only two migrants in the sample for this research that were accessing their services. This means that in Northern Ireland the credit unions are not reaching migrant customers. Low take-up could be for a number of reasons including a lack of understanding and knowledge of how credit unions operate, a lack of visibility on the high street, lack of English skills on the part of the migrant and the fact that a credit union account may be seen as being too local and therefore risky if the migrant intends to stay for a short period of time only.

Access to Advice and Information

The Citizens Advice Belfast initiative has shown that there is a high demand for advice and information from new migrants and established ethnic minority communities. This bodes well for the new policy initiatives around the

'moneymadeclear' service which is available in Northern Ireland. Finding advice on how to manage daily financial matters whilst in the UK is one of the biggest priorities for migrants entering the country. The 'moneymadeclear' service is therefore likely to be relevant to new migrants, but it needs to ensure that materials and advice are accessible to those who are not English speakers.

The evaluation of the practical initiative clearly shows that tailoring advice sessions to the needs of new migrants is effective in delivering training and helping to resolve issues. The following are essential elements of a tailored service for migrants:

- Advisers from the same community where possible;
- Interpretation and translation;
- Awareness of the needs of new migrant groups;
- Cross referral from other migrant groups and organizations avoiding duplication;
- Awareness of products and services including welfare benefits relevant to migrant workers.

RECOMMENDATIONS

For Northern Ireland Assembly, Community Groups and Credit Unions

Recommendation 1: Working together with migrant community groups

We recommend a closer link-up between banks, government agencies and these community groups in terms of:

- Funding and capacity building;
- Information and advice exchange;
- Development of a multi-agency one stop service of referrals used across community groups;
- Development of an integrated website for migrants in Northern Ireland.

Recommendation 2: Advice and support for new migrants in rural areas

Citizens Advice Bureaux look into ways of funding greater provision of advice for new migrants across Northern Ireland and should:

- Develop a range of advice leaflets in the main languages of migrants in the local areas.

- Consider the role of volunteers from migrant groups who may be able to offer advice on a regular basis.

Recommendation 3: Credit unions should provide information tailored toward new migrants to encourage take-up

For UK-wide Financial Institutions (Banks and Building Societies)

This project has shown that banks, building societies and credit unions could benefit from developing migrant specific services. We will form a working group with senior banking executives to create a series of recommendations and best practice examples which will be published separately to this report specifically aimed at the financial services sector in Spring 2011.

For the UK Government and Associated Agencies

Recommendation 1: Development of a UK-wide Migrant's Guide to Money

This guide would be based on the successful Parent's Guide to Money leaflet to be handed out by employers, job centres and on application for the Worker Registration Scheme.

Recommendation 2: Development of basic bank accounts to better serve the needs of migrants (and other low income groups) who wish to use the accounts to pay for goods and services online.

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