



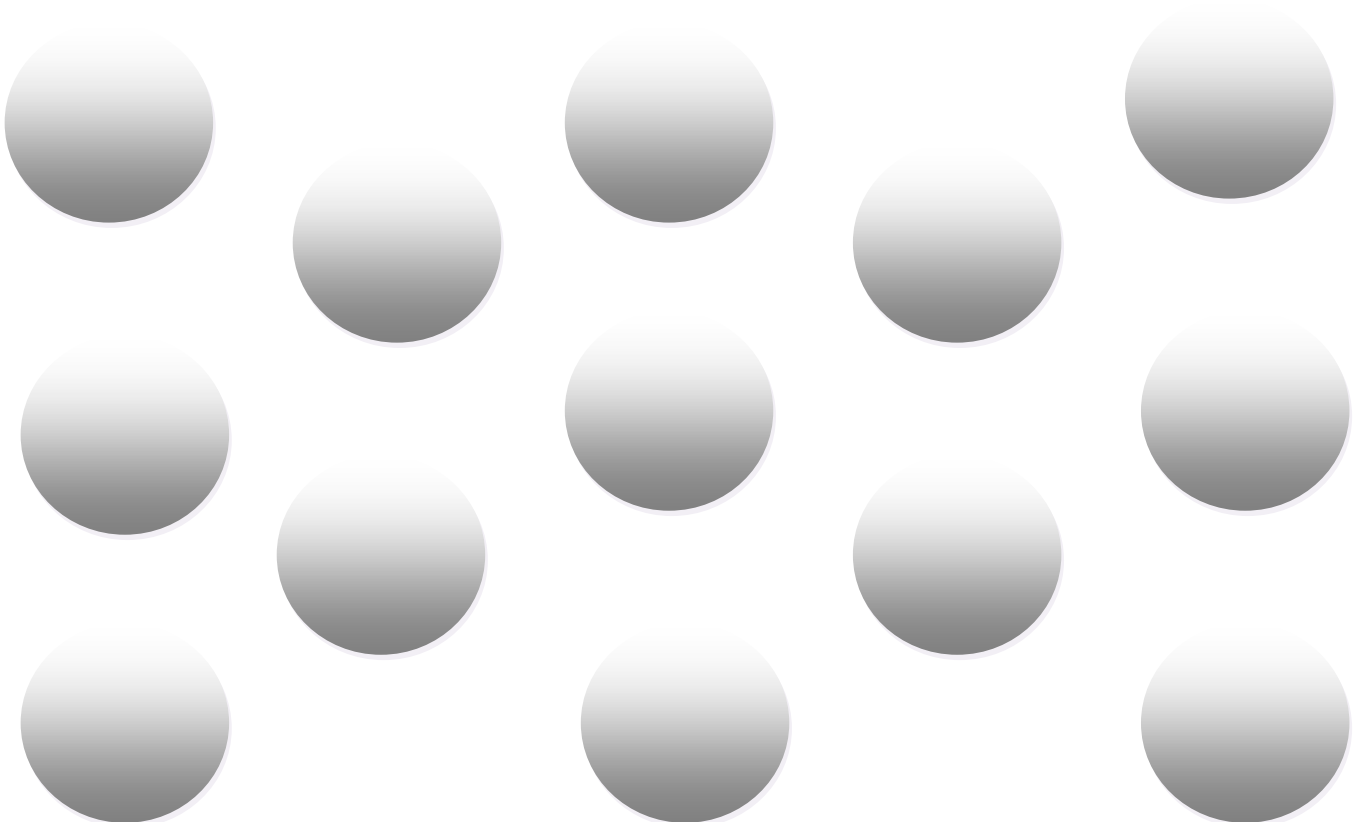
Information Centre about Asylum and Refugees

Financial Inclusion amongst New Migrants in Northern Ireland: A Literature Review

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About the 'Financial Inclusion amongst New Migrants in Northern Ireland' Project

ICAR is managing this new research project which will examine the extent, form and consequences of financial exclusion amongst new migrants in Northern Ireland and develop initiatives and policy recommendations to promote financial inclusion in the future. The project is funded by the Calouste Gulbenkian Foundation.

The research will run in parallel with a practical intervention run by the Citizens Advice Bureau Belfast, also funded by the Calouste Gulbenkian Foundation.

The central aim of the research is to identify the main issues affecting financial inclusion amongst new migrant communities in Northern Ireland and explore strategies for addressing these issues. From this principle aim emerge the following objectives:

- Scope the extent of financial inclusion amongst new migrant communities in NI
- Assess the causes and effects of financial exclusion and the barriers to greater inclusion.
- Explore the efficacy of formal financial products for this group and the use of alternative informal financial services amongst migrant communities.
- Evaluate the relevance of existing financial inclusion policies, including initiatives specific to Northern Ireland and the UK Treasury's Financial Inclusion Action Plan 2008-11, for the particular situation of new migrant communities.
- Explore complimentary or alternative policy approaches and practical initiatives to address the main issues of financial inclusion as identified.
- Provide evidence on the issues of financial inclusion amongst new migrants applicable to the UK more generally .

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1. Introduction

The Centre for Economic and Social Inclusion (*Inclusion*) was commissioned by the Information Centre about Asylum Seekers and Refugees (ICAR) to undertake a review of financial inclusion amongst new migrants in Northern Ireland and the research is funded by the Calouste Gulbenkian Foundation. This report consists of the data and literature review conducted by *Inclusion* to gain evidence on the extent to which new migrants, those who have moved to Northern Ireland since 2000, experience financial inclusion.

This research aims to address the following research questions:

- What is the extent of financial inclusion amongst new migrant communities in Northern Ireland?
- What are the main factors affecting the level of financial inclusion among new migrant communities in Northern Ireland and what are the main effects of financial exclusion?
- Is current policy effective and relevant for promoting financial inclusion among new migrant communities?
- What complimentary or alternative policies or practical initiatives may improve financial inclusion amongst new migrants in Northern Ireland?

Methodology

The methodology consists of a literature and data review. The literature reviewed was sourced through an internet search for academic articles, government reports and policy documents relating to financial inclusion, new migrants and Northern Ireland. Only literature that had been published from 1999 and written in English was included in the review. There was very little available literature that explored the issues of financial inclusion and new migrants together and none that looked at financial inclusion among new migrants in Northern Ireland specifically. This therefore limits the research findings.

A review of existing data was also conducted in order to identify the new migrants in Northern Ireland and discern the demographic profile. To do this the following sources were reviewed:

- The Northern Ireland Statistics and Research Agency (NISRA) estimates of international migration
- workers' registration scheme (March 2008)
- national insurance number applications (March 2008)
- school census (2007)
- births tables (2008)
- health cards tables (2006-07)
- annual population survey (2007)
- Home Office asylum statistics (2007)

Limitations

There were several limitations to the research. As mentioned earlier, financial inclusion among new migrants is a relatively unexplored area and only a few publications look at this issue in detail. It is for this reason that the most relevant texts are more frequently cited. There are no reports that look at financial inclusion among new migrants in Northern Ireland specifically. Furthermore, many financial inclusion policies, initiatives and debates in Northern Ireland, particularly those on measuring financial exclusion, are ongoing. It may therefore be too early to evaluate their effectiveness.

There are no datasets that accurately measure the number of new migrants in Northern Ireland and thus findings are based on estimates and numbers of work registrations and national insurance number applications. These sources do not however take into account undocumented migrants. Moreover, an extensive review of available data has shown that no datasets exist that look specifically at financial inclusion among new migrants in Northern Ireland and therefore no statistical conclusions could be drawn.

Summary

The concepts of financial inclusion and exclusion are complex and multi-faceted and no single definition of either exists. Definitions all commonly refer to financial exclusion as exclusion from financial products and/ or services in terms of availability, access and use. Additionally, existing definitions represent areas in which attempts have been made to remedy these exclusions through more inclusive policies, practices and initiatives. Hence, financial inclusion can be understood as an evolving response to its changing antonym: financial exclusion.

Migrants, refugees and asylum seekers are identified as groups that are most likely to experience financial exclusion in the UK. New migrants may experience financial exclusion for a number of reasons, including being: located far away from services, not meeting conditions to qualify for services, not being able to afford the cost of services, not receiving enough information about services and because of self-exclusion resulting from cultural or psychological barriers. Individuals who experience financial exclusion may encounter difficulties in making and receiving payments, borrowing from safe sources, making and keeping savings safe, paying additional and costly charges for services and avoiding over-indebtedness.

Along with the UK as a whole, Northern Ireland has experienced a rise in its number of migrants since 2000 and a growing proportion comprises Eastern Europe migrant workers. The workers registration scheme, national insurance number applications and NISRA give an indication of how many new migrants entered Northern Ireland. However figures do not take account of the numbers of undocumented people entering Northern Ireland. A total of 6700 work permits were issued in 2004-05 and 37 per cent were aged between 18 and 34 years. ONS data indicate that the largest number of national insurance allocations went to Polish nationals and NISRA suggests that the largest number of non-EU new migrants were from India and the Philippines.

New migrants are mainly settling in Belfast and in rural towns where they have had a significant impact on local demographics and employment patterns. Northern Ireland has the lowest dispersal rate of asylum seekers in the UK with most coming from China, Zimbabwe and Nigeria.

The vast majority of new migrants in the UK have low incomes and are more vulnerable to financial exclusion because they face difficulties in accessing and using financial services that are caused by both supply and demand factors. New migrants groups are likely to experience financial exclusion in different ways that depend on the varying legal entitlements relating to their migration statuses, access to financial products and to their long- and short-term migration goals. New migrants are likely to experience barriers that relate to individual and cultural views of banking, identification requirements, language barriers, discrimination and racism. In order to remove these barriers banks should try to engage new migrants by using outreach programmes and tailoring their marketing to bring their services to new migrants attention. They should also focus on producing multi-language material, and recruiting multilingual staff and not make any unnecessary identification requirements.

The UK as a whole and Northern Ireland have developed policies on financial inclusion which fit within the wider social inclusion agenda. Financial Inclusion: An Action Plan for 2008-11 details the Governments spending plans for a £135 million Financial Inclusion Fund. An important part of this strategy is the Financial Inclusion Taskforce, a cross-cutting body responsible for delivering this strategy. The Office of the First Minister and Deputy First Minister in Northern Ireland have highlighted the need for a focus on financial inclusion and schools are in the process of introducing financial education to their curriculum. The movement towards the use of credit unions has been strong in Northern Ireland. Although financial inclusion policies do not refer specifically to new migrants, as a financially excluded group, these policies can be seen to address the needs of this group, albeit indirectly.

The UK and Northern Irelands financial sectors have only recently begun to address the more complex demands of less profitable, low income consumers such as new migrant groups, in terms of both service delivery and product design. Financial services available to new migrants in Northern Ireland include: transactional, borrowing, remittances, and information and advice services.

Financial services are increasingly making efforts to tailor products to the needs of new migrants. However, new migrants are likely to face financial exclusion both because not enough is being done to understand and address their barriers and because of their own cultural and psychological barriers to using financial services. New migrants in Northern Ireland may face further exclusion because there is no accurate information on the numbers of new migrants and no research, as yet, that focuses specifically on financial inclusion among this group. Financial inclusion policies both in the UK as a whole and in Northern Ireland recognise that migrants are vulnerable to financial exclusion along with other groups such as ethnic minorities. However, these policies do not distinguish between migrants and new migrants, who are likely to have

different experiences of financial exclusion, and do not target financial inclusion policy specifically at new migrants. The failure of policy makers and financial institutions to address new migrants' needs and to tackle cultural and psychological barriers may cause further exclusion among new migrant groups. Furthermore, the failure to ascertain the true number and needs of new migrants in Northern Ireland further compounds this problem.

The next section of this report, Chapter 2, looks at definitions and critiques of financial inclusion and exclusion. It also looks at the types of groups in society who are likely to experience financial exclusion, as well as the reasons, measures and impacts of financial exclusion. Chapter 3 defines what is meant by new migrants and includes a new migrant typology. It also explores immigration figures and the countries from which new migrants who enter the UK, and Northern Ireland specifically, are coming. Chapter 4 looks at issues of financial inclusion among new migrants including barriers, solutions and effects of financial inclusion. Chapter 5 looks at policies for financial inclusion in the UK and Northern Ireland. Chapter 6 examines the financial services that are available to new migrants in Northern Ireland, particularly transactional services, loans and microcredit, remittances, and information and advice. Finally, Chapter 7 details good practice case studies in financial inclusion.

2: Financial Inclusion

Definitions of financial exclusion and inclusion

The concepts of financial exclusion and inclusion are complex and multifaceted. The two notions are constantly developing in academic discourse and in UK and EU policy. Both are thoroughly intertwined with each other, and both must be understood in the broader context of the agenda to combat social exclusion.

According to a European Commission report, the term financial exclusion was first used in 1993 by geographers concerned about limited physical access to banking services due to bank branch closures. Throughout the 1990s there was a growing body of research relating to the difficulties faced by particular sections of societies in gaining access to modern payment instruments, banking services, consumer credit and insurance. There was also concern about some people lacking savings of any kind (European Commission, 2008:9). The term became prominent in the UK in the late 1990s as part of the debates around poverty and social exclusion (Blake and de Jong, 2008).

There is no single widely agreed definition of financial exclusion. For example, it has been defined as the 'failure of the formal banking system to offer a full range of depository and credit services, at competitive prices, to all households and/or businesses' (Dymski in Datta, 2007:7); 'the inability, difficulty or reluctance of particular groups to access mainstream financial services' (McKillop and Wilson in Mitton, 2008:1); 'a term used to refer to individuals who have no or limited access to mainstream financial services' (BMRB, 2006:1); and finally by the European Commission as 'a process whereby people encounter difficulties accessing and/or using financial services and products in the mainstream market that are appropriate to their needs and enable them to lead a normal social life in the society in which they belong' (European Commission, 2008:9).

There is clearly a divergence of opinion that will be further explored in the following section. The broad commonality is that the definitions all conceive of an exclusion from financial products and/or services, be it in terms of availability, access, and use. Also, they all represent areas in which attempts have been made to remedy these exclusions through more inclusive policies, practices and initiatives. Hence, financial inclusion can be understood as an evolving response to its changing antonym; financial exclusion.

In the period following the 1997 election, addressing financial exclusion has been viewed as an element of achieving broader social inclusion in the UK (Regan and Paxton, 2003). The idea of financial inclusion emerged from this process. It can be used as an umbrella term to denote a wide array of policies over the past decade to tackle these various problems, which will be outlined and explored in greater detail below. The Governments Financial Inclusion Action Plan for 2008-11 states that:

‘Financial Inclusion is about ensuring everyone has the opportunity to access the financial services products needed to participate fully in modern-day society and the economy. Financial exclusion affects some of the most vulnerable members of society – extensive research has shown that those living on low incomes, and experiencing multiple forms of disadvantage, are most likely to be affected by financial exclusion. Tackling this problem, therefore, is an important part of social policy and social justice and action to break the inter-generational cycle of disadvantage’ (HM Treasury 2007:5).

Financial inclusion has been conceived more recently as being constituted by two elements:

- Good financial decision-making (the demand for financial services): people need financial literacy in order to understand financial concepts, but they also need financial capability, which is the skills and motivation to plan ahead, find information, know when to seek out advice and then apply it.
- Access to financial services (the supply of financial services): people need access to products and services that are appropriate to their needs (Mitton, 2008).

Critiques

Research on financial exclusion is relatively recent, but it has been argued that there have been three different phases reflecting changing priorities. The first strand of work mapped how the global financial crisis of the 1980s restricted the financial services and products offered to those on a low income. This was followed by research which aimed to identify the factors resulting in financial exclusion. The third and most recent body of work has highlighted the changing nature of financial exclusion itself:

‘This research has illustrated how groups which were formerly labelled as “risky” are now targeted by formal financial sectors. Ironically, this in turn has engendered risky financial practices such as sub-prime lending and has resulted in formerly excluded groups being exposed to higher rates, fees and penalties. As such, Dymski (2006) argues that financial exclusion is being transformed into financial exploitation.’ (Datta, 2007:7)

It is pertinent to note that financial exclusion may have to be viewed in a different light considering the changing global economic climate at the time of writing. For example, one consequence could be that the access of those on low incomes to mainstream loans might be reduced as banks take a tougher attitude to risk, while those on higher incomes may suffer from rising problem debt (Blake and de Jong, 2008).

A recent European Commission report succinctly delineates four salient issues concerning financial exclusion that have been subject to debate:

- Financial exclusion from which financial services and institutions?
- Should there be a distinction between access to financial services and usage of them?
- Are there degrees of financial exclusion and, if so, how should these be expressed?
- For whom do we measure access; the individual, the family or the household? (European Commission, 2008)

Financial exclusion is a very broad term and could theoretically apply to exclusion from many different products and services. A sophisticated understanding should recognise that financial products vary in terms of complexity and difficulty of access, and that owing to their income levels, financially excluded people tend to rely on more basic accounts, current and savings accounts, mainstream credit, and insurance than on mortgages and pensions (Blake and de Jong, 2008).

Commentators have critiqued the Governments early policy response, which was predominantly focused on increasing the amount of people with bank accounts. Although the consequences of not having a bank account in an increasingly cashless economy will clearly be ever more exclusionary, it is highly contested that merely holding a basic bank account constitutes true financial inclusion (Mitton, 2008). Indeed, it has been said that the prioritisation of bank accounts was driven largely by the political and cost imperative of delivering welfare benefits electronically straight to bank accounts, and that such an approach ‘fails to address the full breadth and depth of the experience of financial inclusion: it is not just about access to products but also the quality of engagement with those products and the need for individuals to develop skills and confidence to make informed decisions.’ (Regan and Paxton, 2003:1)

Initially there were brief discussions of a ‘financial literacy’ concept, conceived as being ‘an individual’s ability to obtain, understand and evaluate the relevant information necessary to make decisions with an awareness of the likely financial consequences’ (Atkinson, 2005:10). However, the debate has shifted and this notion has now been superseded by the more comprehensive idea of financial capability, as elucidated in the preceding section.

Thus the early financial exclusion policy debates were predominately concerned with access to financial products and services, which is now referred to as the supply side of financial exclusion. It is now widely recognised that for there to be greater financial inclusion, policy must also focus on the demand for financial products and services. Other commentators have gone further, asserting that financial inclusion should be more expansively conceptualised to include economic well-being, personal autonomy and citizen participation (Khan, 2008).

Concerning the issue of degrees of financial exclusion, the World Bank distinguishes between those who are: formally served (World Bank, 2005); those who have access to financial services from a bank and/or other formal providers; and the financially served; which also include people who use informal providers.

In contrast to all the other literature, the term financially excluded is only used by the World Bank to describe those who have no access at all. Also, the European Commission distinguishes between financial exclusion in terms of transaction bank accounts and credit (European Commission, 2008).

Regarding transaction bank accounts, there are said to be three levels of exclusion:

- ‘Unbanked’: those with no bank at all.
- ‘Marginally banked’: people with a deposit account that has no electronic payment facilities and no payment card or cheque book. It can also include those who do have these facilities but make little or no use of them. The term ‘underbanked’ has also been applied to describe this situation.¹
- ‘Fully banked’ are people that have access to a wide range of transaction banking services that are appropriate to their needs and socio-economic status.

For the credit category, the European Commission identifies five main levels of exclusion which begin with the completely excluded to the completely included:

- **Credit excluded:** complete lack of access
- **Inappropriately served by alternative lenders:** by sub-prime, money lenders or any kind of providers with a particularly high interest rate and other possible bad conditions compared with the market average
- **Inappropriately served by mainstream lenders:** mainstream providers may offer inappropriate credit
- **Appropriately served by alternative lenders:** even if few cases may appear, the probability exists
- **Appropriately served by mainstream lenders:** the ideal situation (2008, 13).

Finally, an important unresolved debate is the contested issue of whether financial exclusion should be assessed at the individual, family or household level, each of which has its limitations. For example, when adopting an individual focus people might appear to be financially excluded when in reality their partner is making extensive use of financial services on their behalf. Alternatively, a young adult might not access financial services because of parental support. On the other hand, concentrating on families might underestimate the proportion of people at risk of being financially excluded if they experienced the break-up of their family and were overly dependent on their partner or parents. Assessing access at the household level (i.e. all adults living in a household) compounds these problems still further and does not account for the financial exclusion of young adults still living at home (European Commission, 2008).

¹ See for example Khan, 2008.

Which groups tend to experience financial exclusion?

Migrants, refugees and asylum seekers are identified as groups that are most likely to experience financial exclusion in the UK among groups such as ethnic minorities, elderly people, people who are unemployed and young people not in education, employment or training (Mitton, 2008; Blake and de Jong, 2008). International research has consistently found that financial exclusion is concentrated among the most disadvantaged groups and communities, with low income having the most significant impact. However, it should be noted that people can move in and out of financial exclusion. Some people experience short periods of exclusion, maybe more than once in their lives, while for others it can be a long-term, perhaps life-long, situation (Corr, 2006). When focusing on the above groups, it is also important to recognise that individuals can have multifaceted identities and belong to more than one group.

What are the main reasons for financial exclusion?

Early commentators asserted that mainstream financial institutions view people with low incomes and certain disadvantaged social groups as representing too high a risk and avoid geographical areas where these groups of population live. (See Leyshon et al. 1998, 1997 and 1995). There is now a growing body of research identifying a much wider range of other factors restricting access to, and appropriate use of financial services:

- Geographical exclusion, e.g. resulting from branch closures;
- Condition exclusion, e.g. the failure to qualify due to the minimum deposit required, poor credit history or identity requirements;
- Price exclusion, e.g. the relative cost of financial products and services such as unauthorised overdrafts;
- Marketing exclusion, i.e. less profitable groups of customers are not targeted by providers and so they are unaware of the financial services available;
- Self-exclusion, i.e. cultural and psychological barriers – financial services as not for people like us (European Commission, 2008).

There may also be a complex set of overlapping barriers causing an individuals financial exclusion; it is a dynamic process with no single explanation (Mitton 2008:2-3). Different groups will have a different balance of capability and access issues because of their divergent situations. For example, migrant communities share characteristics with other financially excluded groups in the community, such as low incomes, while retaining unique characteristics that add to their exclusion, such as language difficulties and the financial practices in their own countries. (Datta, 2007)

Measurement of financial exclusion

A variety of indicators of financial exclusion have been developed. In the UK, the Financial Services Authority (FSA), Financial Inclusion Taskforce, and HM Treasury have used the following indicators:

- number of households/individuals with no bank account
- number of households/individuals with no current account

Other indicators include:

- number of households/individuals with no access to affordable credit
- number of households/individuals with no savings
- number of households with no (home contents/life) insurance
- number of households/individuals with no access to money advice (Corr, 2006).

Measuring the non-ownership of different types of financial products focuses attention on the supply-side of financial exclusion, but there have been attempts that concentrate on the demand-side. For example, the FSA has explored the possibility of a comprehensive baseline survey to establish the current state of financial capability in the UK (FSA, 2005).

What are the effects of financial exclusion?

Exclusion from basic financial products and services can cause vulnerable groups, such as new migrants, difficulties in making and receiving payments, borrowing from safe sources, making and keeping savings safe, paying additional and costly charges for services and avoiding over-indebtedness.

Individuals without basic transaction bank accounts face difficulties in taking employment where wages are paid directly into bank accounts or in dealing with cheques. A study of new migrant workers showed that without access to a transactional bank account they were more likely to find work only at the margins (McKay and Winkelmann-Gleed, 2005: 168). Paying utility bills may also be more expensive for people without a transactional bank account particularly when the option of paying in cash is not available and because customers may not be able to take advantage of discounts given to those who pay bills electronically. Furthermore, individuals who do not hold accounts and stable relationships with banks but use them occasionally for one-off services are often made to pay higher charges (European Commission, 2008).

Individuals who are unable to obtain credit from banks or other mainstream financial providers are often forced to use intermediaries or sub-prime lenders who charge higher rates and offer substandard terms and conditions. As a result of such terms and conditions of some sub-prime products these customers may be more vulnerable to greater financial difficulties and over-indebtedness. Those who are totally 'credit excluded' and who cannot gain access to any type of credit may have to depend on informal borrowing such as from kinship networks. They may also resort to using unsafe sources of money such as illegal lenders who may use violence and intimidation if customers are unable to meet repayments (European Commission, 2008).

Those who are financially excluded and experience a lack of access to credit are likely to be unable to save money and cope with even minor financial shocks or unanticipated costs. Furthermore 'those who keep savings in cash do not benefit from interest payments and [...] those who keep savings in cash at home are vulnerable to theft' (European Commission, 2008: 56). There is also evidence to suggest that some financially excluded groups engage in illegal informal practices such as sharing bank accounts and purchasing documents such as passports to enable them to access products (Datta, 2007).

Financial exclusion is one aspect of the wider concept of social exclusion and it follows that groups who are at risk of financial exclusion are also at great risk of social exclusion. If experienced by new migrants, financial exclusion can pose difficulties in their successful integration into the host country; indeed, the access and use of basic a bank account and simple transactions are decisive to the integration of people in the current European society (European Commission, 2008: 56).

3. New migrants

Although the rate of migration most noticeably accelerated in most developed countries in the 1990s (Anderloni and Vandone, 2007), the term new migrants, in this report, refers to those who migrated in and since the year 2000. New migrants may comprise those who are planning, and are permitted to remain in the UK permanently. The following typology describes the various types of new migrant groups included in this definition of new migrants:

Asylum seeker	Any person whose claim to asylum, and recognition as a refugee, is being considered by the government (www.unhcr.org)
Family reunification immigrants	Non-citizen relatives (e.g. spouses, children, elderly dependents) of migrants who have been given the right to join their family member after having applied for admission (Lynch and Simon et al, 2003)
Migrant worker	Defined by the 1990 UN General Assembly as a person who is to be engaged, is engaged or has been engaged in a remunerated activity in a State of which he or she is not a national
Migrants with humanitarian protection	Groups who though not refugees, would, if removed, face in the country of return a serious risk to life or person arising from the death penalty, unlawful killing or torture, inhuman or degrading treatment or punishment (www.migrationwatchuk.com)
Migrants with exceptional leave to remain (ELR)	A person who has the right to up to four years to remain but for reasons other than those specifically provided for in the immigration rules. A person who has been granted ELR has the same employment rights and access to benefits and other state support as a refugee (www.migrationwatchuk.com)
Post study worker	An international graduate who studied in the UK who is given the right to look for work for the duration of their leave without a sponsor (www.ukba.homeoffice.gov.uk)
Refugee:	Defined by the 1951 Refugee Convention as a person who owing to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group, or political opinion, is outside the country of his nationality, and is unable to or, owing to such fear, is unwilling to avail himself of the protection of that country... (www.refugeecouncil.org.uk). Not all refugees are granted refugee status; they may be granted indefinite leave to remain (ILR), humanitarian protection or refugee status and their leave to remain may only be granted for a temporary period (www.refugeecouncil.org.uk)
Refused asylum seeker	A person whose application for asylum has been refused and is not believed to be at risk of persecution in their home country (www.ukba.homeoffice.gov.uk)
Students	Those on a student visa must be on a course of study by an organisation that is on the register of education and training providers and are permitted to stay for the duration of their course (www.ukba.homeoffice.gov.uk)
Undocumented worker	Those who have entered the UK legally but are working without a legal right to do so and individuals who have entered the country illegally (Bell et al, 2004)

Where are new migrants coming from in the UK?

In the last eight years the UK has experienced an influx of immigrants from a wider range of countries than it has done in the past. According to a report by the Centre for Economic performance, in 2007 the largest proportion of its migrants came from Poland, followed by India and then the United States (Centre for Economic Performance, 2007). Long term migration, which is defined as those settling for over a year, is growing at a faster rate than people leaving the UK and the proportion of individuals entering the UK from the 'accession eight'² (A8) countries is growing in prominence (Bell et al, 2008).

Many migrants have come to the UK to work. According to Bell et al, 2004, the main categories of migrant workers entering the UK are:

- Nationals of the European Economic Area (EEA)
- Nationals of all other countries
- Nationals of Switzerland and British Overseas Territories and people employed in a limited number of activities
- Commonwealth Working Holidaymakers
- Students from outside the EEA
- Undocumented workers

At the time of this review, a new system for migrant workers is being introduced which will have an affect, although it is not clear what this will be, on migration flows to the UK. The new system called The Points Based System [PBS] only applies to those from outside the EEA and Switzerland. Rather than the previous 80 plus existing routes to work in the UK, the new system will have only five tiers. The new PBS five tiers for those who wish to seek work in the UK (www.bia.homeoffice.gov.uk) are as follows:

Tier 1: highly skilled workers

Tier 2: skilled workers with a job offer

Tier 3: low skilled workers filling specific temporary shortages

Tier 4: students

Tier 5: youth mobility and temporary Workers (such as musicians)

From November 2008, migrants from outside these areas who fall into tiers 2 and 5 will have to use this system. Applicants for these tiers will need to be sponsored by an employer before they can enter the UK to work. Tier 3 is not currently in operation and tier 4 is being implemented in 2009.

Home Office asylum statistics published in 2008 indicate that in 2007 23,430 applications for asylum were made and the highest numbers were of Afghan, Iranian, Chinese, Iraqi and Eritrean nationality. Of these 23,430 applications an estimated 6,540 resulted in grants of asylum, or humanitarian protection or discretionary leave. An estimated 16,800 people, including dependants, became failed asylum seekers in 2007.

² These include Poland, Lithuania, Estonia, Latvia, Slovenia, Slovakia, Hungary and the Czech Republic.

England has the highest number of asylum seekers with its top three dispersal towns being Birmingham, Leeds and Manchester. At the end of 2007, Scotland received 3,905 asylum seekers and Wales 2,205 however asylum seekers are accommodated in Northern Ireland if they apply for asylum in Northern Ireland (Home Office, 2008).

Minority Ethnic Groups in Northern Ireland

Statistics show that Northern Ireland’s minority ethnic population is lower than any other country in the UK, making up less than one per cent of its 1.7 million residents (Atkinson, 2006). However, over the past few decades, it has experienced increasing immigration and although there is limited evidence to support it some research suggests that ‘the 1998 peace agreement that ushered a new era for Northern Ireland is also responsible for increasing in-migration’ (Craith et al, 2008:13). Some of Northern Irelands migrant communities have now been established for a number of generations (Hansson et al, 2002). One report claims that almost half of the members of black and minority ethnic communities were born in Northern Ireland (NICEM, 2007: 6).

There is no precise and up-to-date data for the size of the minority ethnic population however the 2001 Census provides details on the ethnic make-up of Northern Ireland. It shows that the largest migrant community, which is growing at a faster rate than the general population (www.cwa-ni.org, 2008), is Chinese. Other sizeable established communities include the South Asian and Irish Traveller communities as shown in Table 5-1. More recent arrivals include the African and Muslim communities (NICEM, 2007).

Table 4-1 Minority Ethnic Population Northern Ireland

Ethnic Group	Chinese		South Asian		Black	Traveller	Other	
	Chinese	Mixed	Asian	Other			Asian	Total
Total NI	4145	3319	2485	1290	1136	1710	194	14279

Source: Census 2001

It is important to acknowledge the diversity within and between each ethnic group, particularly in understanding the way in which different groups integrate into society in Northern Ireland. For example, the Chinese population contains within it many different groups with diverse backgrounds including people from Hong Kong, Taiwan, Singapore and Malaysia. Nonetheless as a long established community and the largest ethnic group in Northern Ireland estimated as having 8000 members in 2007, it has built up strong infrastructure and support networks (NICEM, 2007 and Jarman and Byrne, 2007). Other groups such as Filipinos and Bangladeshis are reported to have experienced more problems integrating into the community because they are smaller in number, have less support and are more vulnerable to disadvantage.

New migrants in Northern Ireland

Sources such as the 2001 Census indicate a maximum figure of 30,559 people who could be classified as migrant workers or dependents of migrant workers living in Northern Ireland. The 2007 Annual Population Survey (APS) revealed that around three per cent of Northern Ireland's residents were non-UK or Republic of Ireland (RoI) nationals. Moreover the NISRA estimated a two-fold increase in levels of international long-term in-migration to Northern Ireland from 2000 to 2005; bringing figures of 7,000 people per annum in 2000-01 to 14,000 in 2004-05 (Beatty et al 2006).

However no precise and up-to-date numbers of new migrants in Northern Ireland exist. This is because EU nationals have free movement within the EU that does not require them to document entry to Northern Ireland which means there is no accurate way of documenting mobility. In addition, there has been no systematic process whereby data is collected and analysed within Northern Ireland (Jarman and Byrne, 2007: 7). In addition to NISRA's most recent publication of long-term international migration estimates, the following data sources were reviewed to gain a demographic picture of the new migrant population in Northern Ireland:

- NISRA estimates of international migration
- workers registration scheme (March 2008)
- national insurance numbers application (March 2008)
- school census (2007)
- births tables (2008)
- health cards tables (2006-07)
- annual population survey (2007)
- Home Office asylum statistics (2007)

NISRA refers to the United Nations (UN) definition of international migration for its population estimates:

'A person who moves to a country other than that of his or her usual residence for a period of at least a year (12 months), so that the country of destination effectively becomes his or her new country of usual residence. From the perspective of the country of departure the person will be a long-term emigrant and from that of the country of arrival the person will be a long-term immigrant.' (NISRA, 2008)

Migration Estimates

Northern Ireland has seen a rise in its number of immigrants and, reflecting the pattern in the whole of the UK, and it has also experienced increasing numbers of migrants coming from Eastern Europe since the expansion of the EU in 2004, as shown in Figure 5-1 (Gilligan, 2004; NISRA, 2008). Pull factors or reasons why migrants are attracted to Northern Ireland include: opportunities for earning a higher salary and for career development, a better standard of living, and the active recruitment process for specific occupations. Migrant labour is filling significant gaps Northern Ireland's labour force (Equality Commission for NI and NCCRI, 2004).

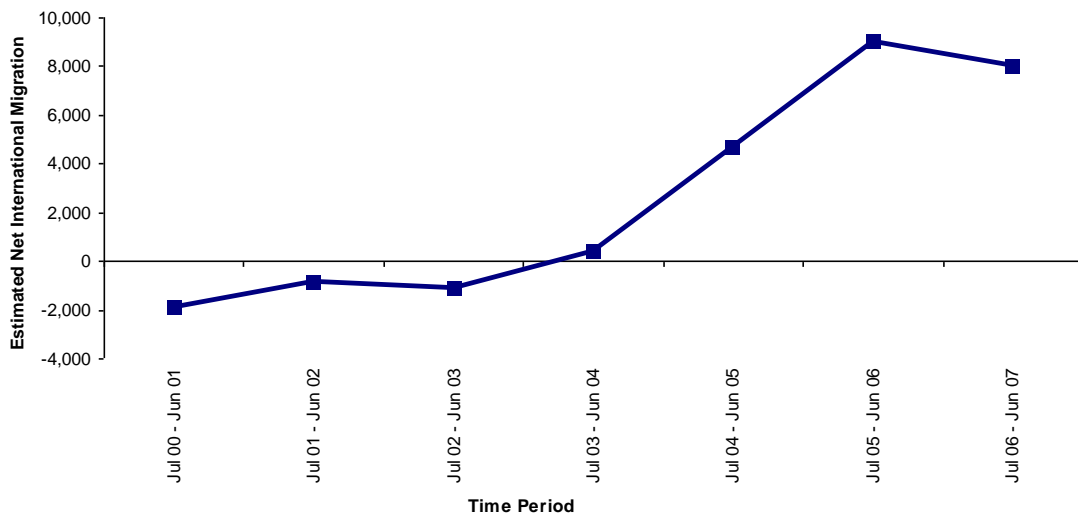
NISRA has estimated that inflows exceeded outflows between 2002 and 2007 (NISRA, 2008). Table 5-2 below shows figures to support this.

Table 4-2 Estimated Net International Migration (July 2000 – June 2007)

Time-period	Estimated International Inflows	Estimated International Outflows	Estimated Net International Migration
Jul 2000 - Jun 2001	6,737	8,605	-1,868
Jul 2001 - Jun 2002	8,791	9,613	-822
Jul 2002 - Jun 2003	7,230	8,332	-1,102
Jul 2003 - Jun 2004	8,060	7,644	416
Jul 2004 - Jun 2005	13,607	8,936	4,671
Jul 2005 - Jun 2006	18,118	9,095	9,023
Jul 2006 - Jun 2007	19,369	11,332	8,037
Total	66,384	45,339	21,045

Source: NISRA 2008

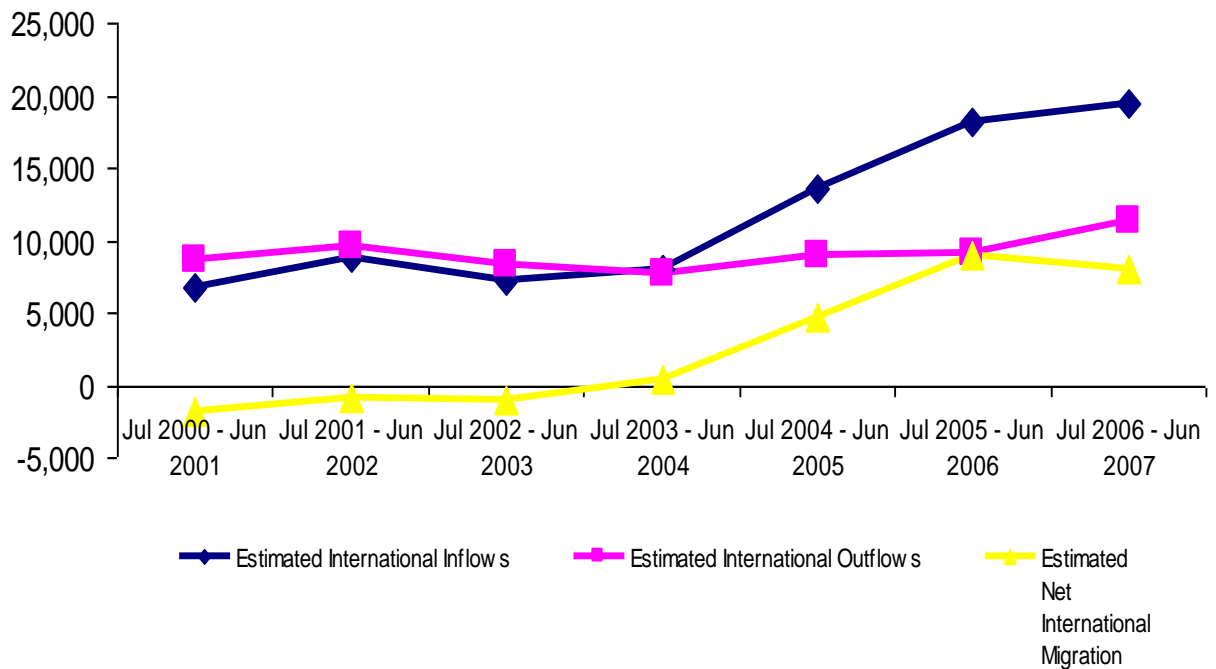
Figure 4-1 Rise in estimated net international migration 2000-2007



Source: NISRA, 2008

The chart below compares trends in inflows, outflows and net migration. NISRA estimated that net migration to Northern Ireland was about 9,900 people between mid-2005 and mid-2006.

Figure 4-2: Estimates of inflow, outflow and net international migration



Source NISRA 2008

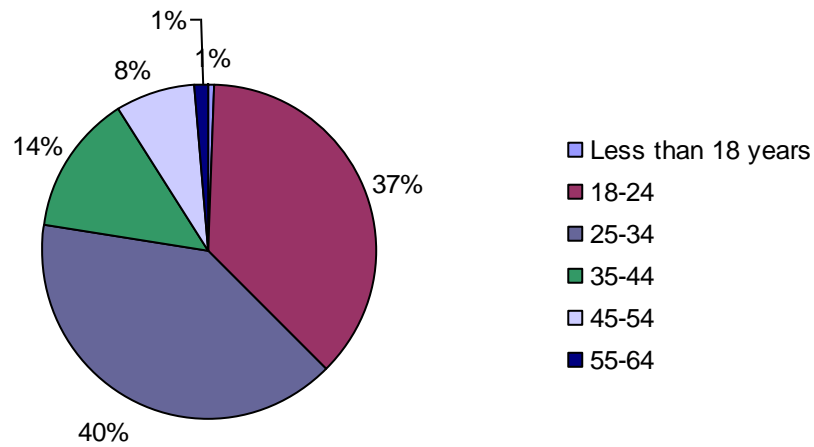
Demographic Characteristics

This section summarises the main demographics of migrant workers in Northern Ireland based on data from the workers registration scheme (WRS) and national insurance number applications (NINo) 2008. These data sources only take into account the inflow migration. Moreover, NISRA has used a number of sources to help estimate international out-migration. These include deregistration from family doctor and new questions on the Household Survey in Northern Ireland (NISRA, 2007b: 10).

Through the WRS, work permits are issued to specific individuals for specific jobs and migrants are required to acquire national insurance numbers for employment purposes. However WRS and NINo estimates do not provide an accurate account of all new migrants in Northern Ireland because they do not take into account family members of migrant workers and foreign nationals who are not in employment or are undocumented workers.

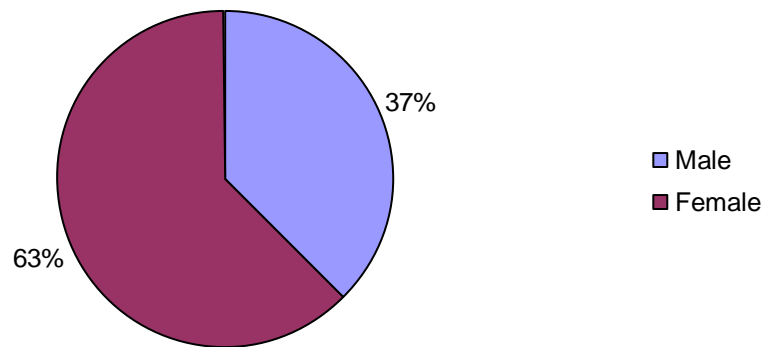
Between April 2004 and March 2006 a total of 321,000 work permits were issued in the UK and of those, just over two per cent (6,700) were issued in NI. Moreover, over 10,400 foreign nationals registered in the 2004-05 financial year for a national insurance number. According to WRS data the majority of migrant workers in Northern Ireland (40 per cent) are aged between 18-24 and 25-34 (37 per cent) and are mainly female rather than male as shown in Figures 5-3 and 5-4.

Figure 4-3: Northern Ireland Worker registration Scheme Registrations by Age (April 2007 to March 2008)



Source: Home Office: Immigration and Nationality Directorate (2008)

Figure 4-4: NI Worker Registration Scheme Registrations by gender (April 2007 – March 2008)



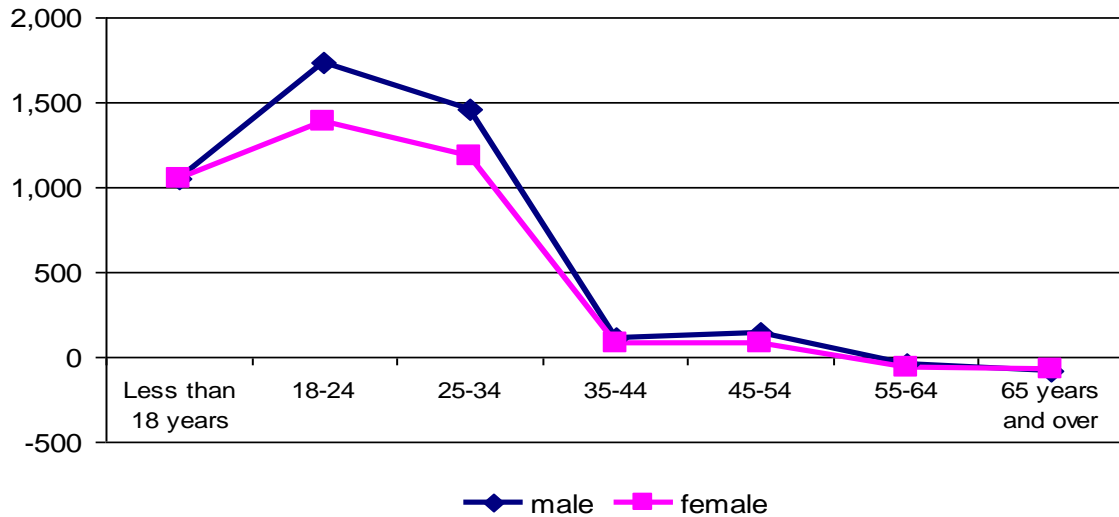
Source: Home Office: Immigration and Nationality Directorate (J2008)

NISRA estimates, which take into account the outflow migration³, lead to a different gender breakdown as shown in Figure 5-5. When taking into account the outflow, the

³ Outflow migration is defined as persons who leave Northern Ireland to live in the rest of the UK, the Republic of Ireland or any other country for a period of at least a year. Outflows are estimated from the list of patients registered with a family doctor by counting the number of people who de-registered. This data is available by age, gender and local area. Data is also used from the Irish Quarterly National Household Survey (QNHS) to estimate migration to the Republic of Ireland

majority of migrant workers moving to Northern Ireland are men aged between 18 and 35. However, the gender gap among migrants is quite low overall with men representing just over half (54 per cent) of the estimated net migration (NISRA, 2008).

Figure 4-5: Estimated net migration by gender and age (July 2006 – June 2007)



Source: NISRA (2008)

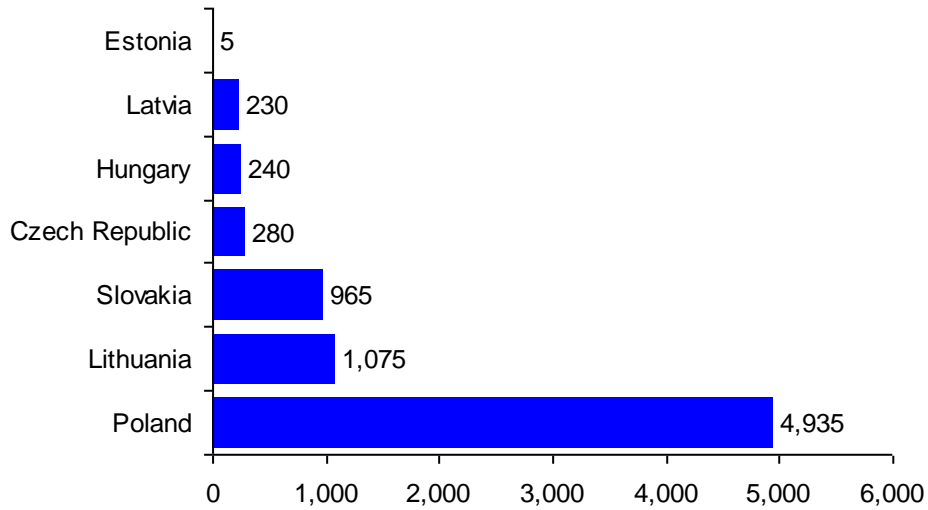
Earlier evidence from 2004 indicates that work permit applicants for Northern Ireland were from a wide range of countries, the most numerous being from the Philippines, India, Poland, Ukraine, USA and China as well as from Bulgaria, Romania, South Africa, Canada and Malaysia (Bell et al, 2004: 5). Portuguese nationals were the largest migrant group among migrants from EEA countries (Bell et al, 2004).

More recent data from the Office for National Statistics (ONS) that uses NINO from the EU accession countries indicates that the largest contributor in 2006 was Poland, representing 69 per cent of all registrations. Slovaks made up 9 per cent and Lithuanians 8 per cent (ONS 2006: 7). A 2007 study by Jarman and Byrne stated that the most prominent communities to have settled in Northern Ireland in the last five years are the Poles, closely followed by Lithuanians. A significant element non-EU work permit registrations were for Indian and Filipino nationals (NISRA, 2007: 6).

Analysis of the WRS and NINo shows that the majority of migrant workers in Northern Ireland are from A8 countries, with the top three countries being Poland, Lithuania and Slovakia as shown in Figure 4-7 below. Poles are recognised as the largest new migrant group in Northern Ireland and in Belfast alone and compared with new migrants of other nationalities have developed a distinguishable community; ‘probably the only new community to be established in Northern Ireland is the Polish community. The exact number of Poles in Northern Ireland is uncertain, but it has been claimed that there are 9,000 Poles in Belfast. Indications of the growing Polish population are the number of support groups, social networks, and shops and bars selling Polish products’ (Jarman, 2007: 4)

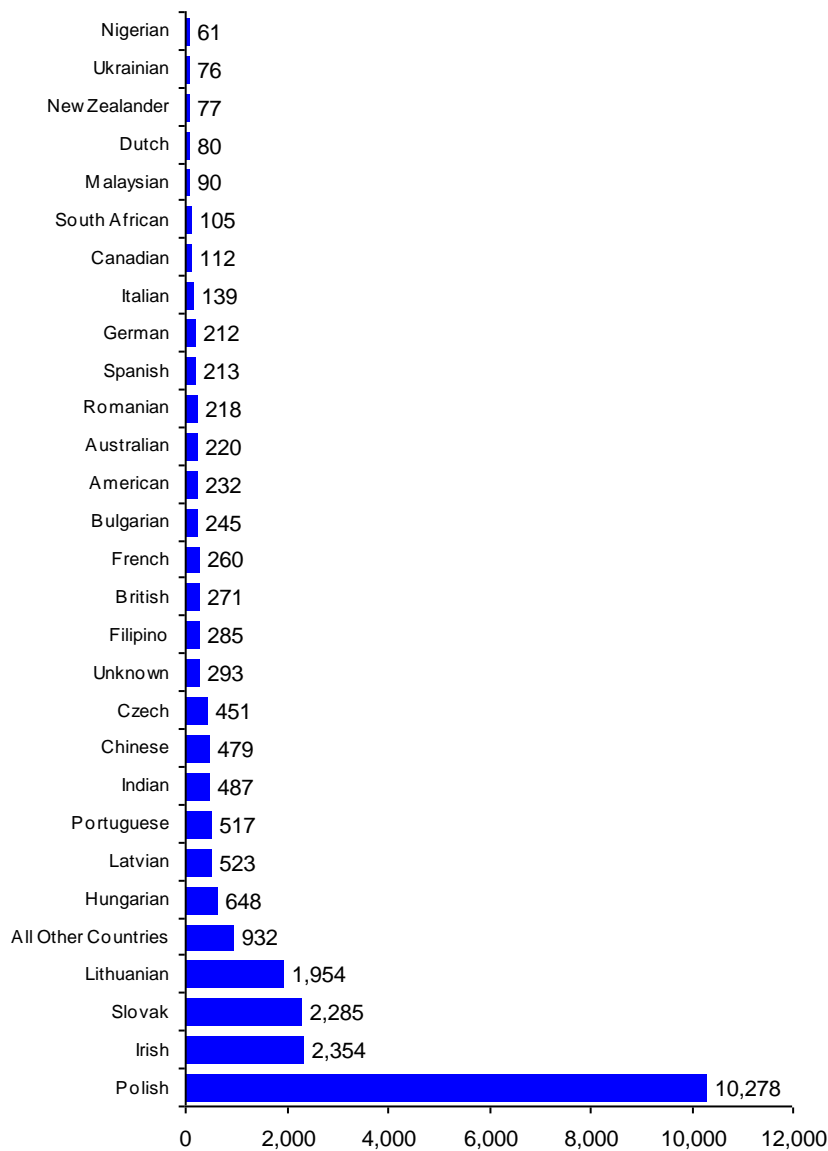
Reflecting the earlier evidence, data from NINo also identify Indians, Portuguese and Filipinos as the three other major groups of migrant workers in NI as demonstrated by Figure 4-7.

Figure 4-6: NI Worker Registration Scheme registrations by nationality (May 2004 - March 2008)



Source: Home Office: Immigration and Nationality Directorate (2008)

Figure 4-7: Non-UK nationals allocated NINo March 2007



Source: Department for Social Development (2007)

There is no official source of data which provides details on the employment situation of migrant workers. However according to the Labour Force Survey (April-June 2008), 77 per cent of the migrant workers in Northern Ireland are currently employed. In this case, the figure aggregates migrants from Accession 12⁴ countries.

Research by Jarman, 2007, shows that new migrants in Northern Ireland are concentrated in the following sectors:

- **Construction:** it is estimated that up to 5 per cent of the construction workers in Northern Ireland are recent migrants.

⁴ A12 countries include Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia

- **Health:** it is estimated that between 1,500 and 2,000 new migrant staff are employed in the public and private health sector.
- **Hospitality:** hotel, café, restaurant and associated businesses seem to be reliant on new migrant staff.
- **IT:** young, well educated migrant staff are increasingly gaining employment in the high paying IT sector (Jarman, 2007).

The Institute of Conflict Research carried out a survey of migrant workers in 2004. This report suggests that migrant labour is filling significant gaps in the labour force in Northern Ireland. It is providing skilled workers in the health system, for example and unskilled factory labour, for example in the food processing industry and in certain sectors of agriculture (Bell et al, 2004; Concordia, 2006).

However, the sample is based on only 176 respondents and it was not representative of the population of migrant workers in Northern Ireland. This was because the study was based on respondents with a good level of literacy skills which allowed them to take part in the research. Therefore, these sampled migrant workers were less likely to be disadvantaged than other migrant workers in Northern Ireland. However, the research provides an insight into some issues faced by migrant workers and their employment conditions (Bell et al, 2004).

Where in Northern Ireland are migrants settling?

The 2001 Census data gives an indication of the geographical distribution of minority ethnic groups in Northern Ireland, showing that 30 per cent of the total minority ethnic population lived in Belfast (Jarman and Byrne, 2007). Evidence from the Chinese Welfare Association states that the majority of the Chinese community lives in the Greater Belfast urban area and that significant numbers also reside in Craigavon, Lisburn, Newtownabbey and North Down (www.cwa-ni.org, 2008). More recent research conducted in 2006 reflects the change in the pattern of migration. Table 5-3 demonstrates the trends of new migrants settling in Northern Ireland using worker registration and Work Permit information as well as national insurance numbers and health card data (Jarman 2006).

Jarman explains that large numbers of Portuguese migrants were recruited mainly to work in food processing factories in the Dungannon and Portadown area (Jarman 2006). Further research states that *'most interest in the new migration in Northern Ireland has focused on its impact on rural towns such as Ballymena, Cookstown, Dungannon and Portadown, where new arrivals have had a significant impact on local demographics and employment patterns'* (Jarman, 2007: 1). This research found that Belfast has attracted the highest number of migrants than any other city in Northern Ireland and numbers are still growing (Jarman, 2007).

Table 4-3 Numbers of New Migrants per 1000 population across Northern Ireland

WRS + WP		NINos		Health Card	
Cookstown	37	Dungannon	11	Dungannon	28
Dungannon	29	Belfast	7	Craigavon	15
Ballymena	26	Craigavon	4	Belfast	11
Antrim	20	Antrim	3	Coleraine	11
Armagh	18	Armagh	3	Newry	11
Newry	18	Ballymena	3	Cookstown	10
Belfast	16	Cookstown	3	Omagh	10
Craigavon	15	Newry	3	Armagh	9
Fermanagh	13	Omagh	3	Fermanagh	9
Magherafelt	13			Antrim	8
Coleraine	12			Ballymena	8
NI Average	12	NI	3	NI	8

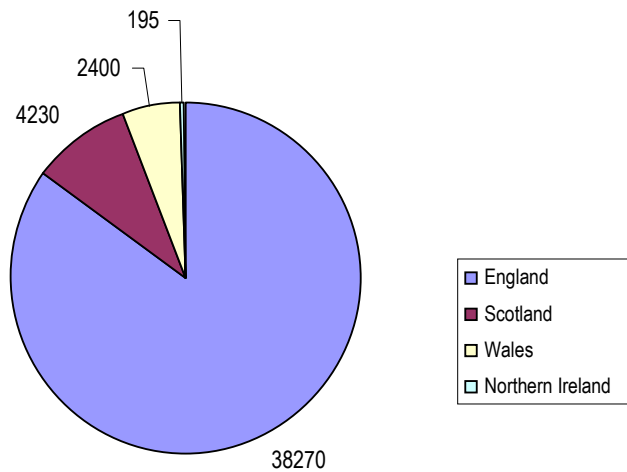
Source: Jarman and Byrne, 2007

Despite confident assertions that there are undocumented workers in Northern Ireland, the lack of data on the number of undocumented workers makes it impossible to provide an accurate number. Jarman states:

‘There are undoubtedly some migrants in Belfast with an irregular or undocumented status, but there has been little research on this issue. The greatest concern for such people, however, is their vulnerability to exploitation, the denial of their basic human rights and the potential for them to fall through any safety net.’ (2007: 5)

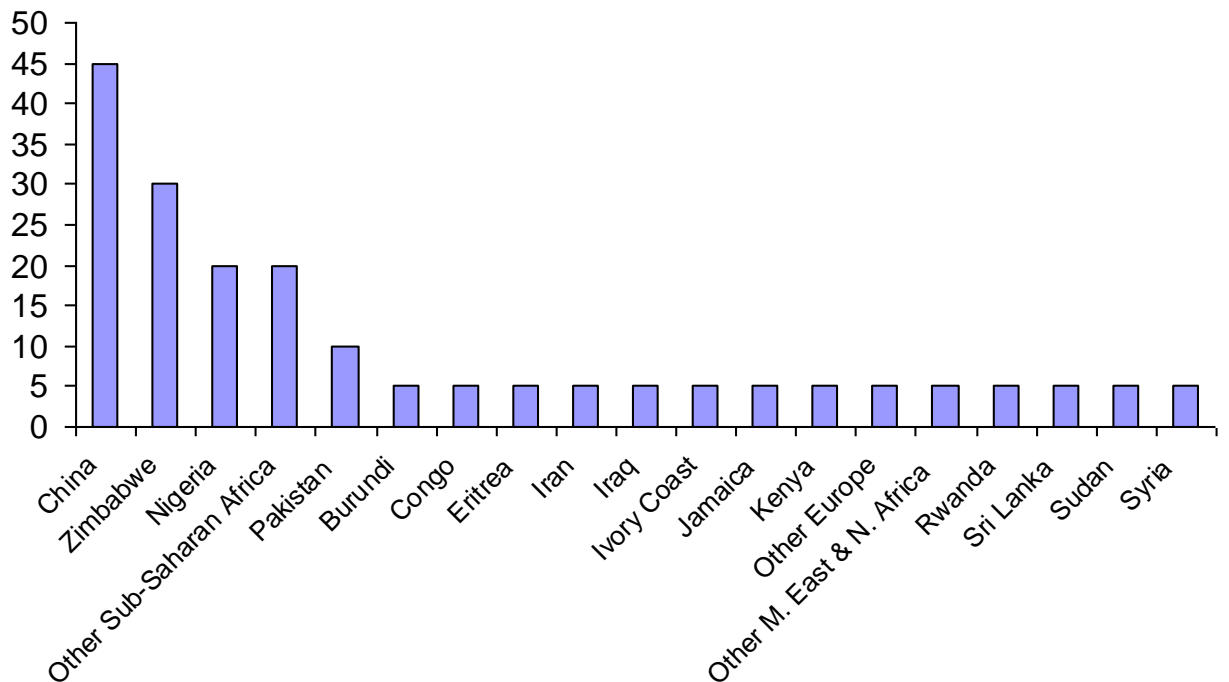
Home Office asylum statistics show that Northern Ireland has the lowest dispersal rate of asylum seekers in the UK. Figure 5-8 shows the number of asylum applicants in receipt of support in December 2007 in the countries in the UK with Northern Ireland accounting for not even 0.5 per cent of the total. The 195 asylum applicants in receipt of support in Northern Ireland appear to be dispersed only in Belfast and Figure 5-9 shows where they have come from (Home Office, 2008). The highest numbers of asylum applicants in receipt of support in Northern Ireland come from China followed by Zimbabwe and Nigeria (Home Office, 2008).

Figure 4-8 Countries of dispersal of asylum applicants in receipt of support in UK



Source: Home Office 2008

Figure 4-9 Country of nationality of asylum applicants in receipt of support in Northern Ireland



Source: Home Office

4. New migrants and Financial Inclusion

The issue of financial inclusion of migrants in Europe is still a largely unexplored area (Anderloni and Vandone, 2007: 2) However it has been suggested that the vast majority of new immigrants to the UK have low incomes (DFID, 2004), and that migrants and ethnic minorities in the UK are particularly vulnerable to financial exclusion and often face difficulties in accessing and using financial services (Anderloni and Vandone, 2007). Furthermore one report says, while the experience of many migrant workers who come to Northern Ireland is a positive one, some face discrimination, exploitation, inadequate living conditions, and difficulties in accessing basic services (Concordia, 2006).

Studies on new migrants in European countries highlight the fact that the extent of financial inclusion varies from country to country and by migrant group. Countries that have long played host to migrant communities such as England and France may have developed financial services to cater to the needs of migrants while countries experiencing more recent influxes are likely to have more marked integration problems. In many countries experiencing such inflows, new migrants may become financially excluded due to high levels of unemployment, overcrowded housing and poor levels of education. Moreover, Anderloni and Vandone argue that access to financial services may be seen as a less pressing priority than housing, health and employment (Anderloni and Vandone, 2007), although Isaacs disagrees with this finding and claims that the three most pressing needs of migrants are access to housing, jobs and bank accounts (Issacs, 2008).

The financial inclusion of new migrants is of growing importance in the UK and new migrants who are unbanked or underbanked are likely to experience difficulty in managing their finances without the use of basic financial products such as the current account. This is because social security benefits are increasingly being paid directly into bank accounts and because the majority of employers are now also paying straight into accounts. Without the ability to access financial services new migrants will also be less likely to finance new business enterprises (Atkinson, 2007).

It has been noted that some countries have demonstrated exemplary initiatives in promoting migrants financial inclusion and in part achieving this through financial innovations (Anderloni and Vandone, 2007). Examples of good practice are included in the Good Practice Case Study section in this report.

Barriers to financial inclusion

New migrants face a number of barriers to financial inclusion, and in using and accessing financial services.

Barriers can be divided into supply and demand side barriers as demonstrated by the table below.

Supply Side	Demand Side
Poor physical access to banks	Distrust of banks
Lack of suitable products that meet migrants needs	Preference for informal financial arrangements
Strict identification requirements	Low previous use of financial services
Failure to translate information into different languages	Low levels of financial literacy
Failure to provide interpreting services	Difficulty in understanding English
Discrimination	Experiences of and expectations of discrimination
High bank charges	Country of origin/ ethnicity
Unsuitable banking service hours	

It is important to note, however, that different new migrant groups are likely to, experience financial exclusion in distinctive ways that depend on the varying legal entitlements relating to their migrant statuses, access to financial products, as explained in further detail in the Services chapter in this report, and to their migration plan. Different migrant groups will also have different degrees of financial exclusion with little variations both within and between groups. (Datta, 2007)

Jarman identified three broad categories of migrant workers who live in Belfast with different migration plans:

- **Short-term migrants** who are transitory and intend to work in Belfast for up to two years and who have little interest in integration
- **Medium-term migrants** who plan to work for an unspecified period but who intend to return home to work. They are more likely to embrace local culture and to learn English
- **Long-term migrants** who intend to settle in Belfast and who would like to fully integrate into the society (Jarman, 2007).

The use of, and demand for financial services is likely to depend on the short- and long-term goals of individual migrants migration plans and the stage in the plan at which they are situated. For example migrants who wish to settle for a short period are likely to require financial services that meet very basic needs such as basic bank accounts, small personal loans and consumer credit to buy furniture or household appliances. They may be less likely to engage with financial providers and to rely on informal financial arrangements. On the other hand a migrant with a longer-term migration plan may focus on micro or consumer credit, mortgages for house purchase, and business loans (Anderloni and Vandone, 2007; European Commission, 2008).

Barriers to financial services for new migrants

Much of the literature reviewed referred to migrants in general and ethnic minorities rather than specifically new migrants. The following description of barriers relates specifically to issues new migrants may experience. It covers:

- individual and cultural views of banking
- identification requirements
- language barriers
- discrimination and racism.

Individual and cultural views of banking can pose as barriers to new migrants accessing mainstream financial services. Some new migrants may not trust mainstream financial services due to experiences of poor services in their own country and may prefer to make informal financial arrangements. They may also be unfamiliar with financial systems and processes and therefore reluctant to use services in the UK. Furthermore, new migrants living in deprived areas experience limited access to banks due to inadequate bank provision in low-income areas (Anderloni and Vandone, 2007).

Requirements for new migrants to provide identification (ID) and to be credit worthy can also impede their chances of gaining access to financial services. Some new migrants may be unable to provide identification documents as they may have been forced to give these to employment agencies (Atkinson, 2006). Providing proof of address may also be similarly challenging as migrant workers often rent rooms or beds in multiple occupancy houses where the rental cost includes utilities, in this case they are unlikely to have their names on any documents and therefore will not be able to provide any proof of residence.

A 2005 study highlighted the difficulties undocumented workers faced in opening bank accounts owing to identification requirements: For undocumented workers the ability to open a bank account was even more limited. Not only were they likely to be living in multiple occupancy accommodation without proof of residency but they also did not have the personal identification required. (McKay and Winkelmann-Gleed, 2005: 168). Similarly, many recent immigrants are unable to provide proof of income or a credit history, thus, severely limiting their access to many transactional bank accounts. In 2005 the Financial Services Authority asked for ID procedures to be simplified in order to better address the difficulties faced by groups such migrant workers and refugees (Atkinson, 2006).

Difficulties created by language also pose major barriers to new migrant populations as the inability to speak English fluently can restrict their ability to communicate with bank staff and explain their needs sufficiently. It is also likely that migrants with a basic grasp of English will still find technical financial language problematic (Atkinson, 2007). In one study migrant workers reported that banks made no real efforts to assist them in overcoming these communication difficulties (McKay and Winkelmann-Gleed, 2005), although many banks are now making efforts to provide written information in languages other than English.

Further barriers experienced by new migrants relate to religious beliefs such as the demand for only Islamic financial services among some Muslims groups (Datta, 2007), gender, and perceived and actual discrimination (Anderloni and Vandone, 2007; Atkinson, 2007). There are few reports on discrimination and racism within mainstream financial service providers. However, a study by McKay and Winkelmann-Gleed in 2005 suggests that 'most migrant workers who were only given limited access to banking services assumed that racism was playing a part in the banks decisions' (Atkinson, 2007: 18).

There is also some evidence for the reluctance of bank staff to serve new migrant customers:

Unfortunately for branch staff, the kind of account that can be opened by low income individuals without a credit history does not earn them any commission. [...] this can cause frustrations and lead to staff not taking the necessary time to explain the products available. This is made more acute if the customers do not speak or understand much English (Atkinson, 2006: 6/7).

Solutions to financial exclusion of new migrants

Surveys from several European countries such as the Netherlands, Germany, Spain, Italy and the UK have indicated that banking and financial services are showing a growing interest in serving and developing their business products to cater for migrants needs. (Anderloni and Vandone, 2007). The following points consider recommendations made for the barriers of: provision of products, services and information by banks, language and ID requirements.

- **Provision of products, services and information by banks:** Anderloni and Vandone, 2007, have suggested that banks reconsider their strategies for engaging migrants. They advocated the use of tailored marketing and outreach programmes to bring services to the attention of new migrants and increase their understanding of them.
- **Language:** they also recommend that banks focus on producing multilanguage material, multilingual staff, dedicated branches and partnerships with community services. This concurs with a statement made by the Adult Financial Literacy Advisory Group (AdFLAG): the best way to address financial education within disadvantaged communities is to work through respected and trusted local groups (AdFLAG, 2000). Furthermore addressing the issues caused by language is also seen to be the key to financial literacy among migrants (Atkinson, 2006).
- **ID requirements:** Atkinson argues that barriers caused by ID requirements can be addressed through the support of community organisation, Toyne Hall, for example and by employers. Nationally, banks should be monitored to ensure they are following the FSAs recommendations (Atkinson, 2007).

Toynbee Hall in association with Barclays Bank have produced a guide titled How to prove your identity – a guide to ID for banking benefits and other services in the UK which is a step towards this. (Toynbee Hall, 2008)

Data Review: financial inclusion among new migrants in Northern Ireland

Following an extensive review of available data it has not been possible to support the publication of any estimates of the financial behaviour of new migrants in Northern Ireland. This is because the survey base for doing so does not enable this.

The available survey sources on financial inclusion have very limited data for Northern Ireland. For example the British Household Panel Survey (BHPS) 1991-2007 is not usable because as a panel survey, the questions were asked to the same sample annually and this excludes new migrants from the sample. The Northern Ireland Household Panel Survey was also included in the review and the same issues apply as do to for the BHPS.

In others, for example, the Northern Ireland Family Resources Survey (FRS) the estimates of ethnicity (being the closest comparator) are suppressed because there are not sufficient respondents in the sample. This did not give any information on migrants or new migrants and information on ethnic minorities was omitted from the survey because the number of respondents was too small to be conclusive. It did show that 99 per cent of benefit recipients in Northern Ireland were white but gave no further breakdown on country of origin or nationality. Therefore data on what proportion of this white group were new migrants could not be ascertained.

NISRA had no data on financial information that can be measured by nationality, migrant group or ethnicity. The following list of data was also looked at but relevant data was not available:

- DWP Work and Pensions Longitudinal Study
- NISRA WRS data
- NISRA International Migration Statistics:
- NISRA Migration Report 2007
- Northern Ireland Executive update on NISRA New Migration Statistics
- Annual Population Survey
- Office for National Statistics: Omnibus Survey

5. Policy

In December 1997, the new Labour Government established the Social Exclusion Unit with a brief to devise policies to help the disadvantaged. Within the Unit, policy action teams (PATs) comprising policy-makers and researchers were created in order to develop policies on a range of social exclusion issues. The work of the PAT14 on widening access to financial services led to banks and building societies introducing

basic bank accounts (Atkinson, 2006). Since then a number of reports relevant to financial inclusion has been published by the Social Exclusion Unit, which was replaced in 2006 by the Social Exclusion Taskforce.

The UK Governments overall financial inclusion policy aim is that ‘everyone should be able to manage their money effectively and securely, through both having access to a bank account and the confidence and capability to get the most from it’ (HM Treasury, 2007c:11).

The Governments current vision and strategy to combat financial exclusion is outlined in ‘Financial Inclusion: The Way Forward’ (HM Treasury 2007b). Following on from the first strategy in 2004, this latest document announced a policy framework for 2008-11, while ‘Financial Inclusion: An Action Plan for 2008-11’ (HM Treasury, 2007c) detailed the Governments spending plans for a £135 million Financial Inclusion Fund.

An important part of the strategy is the Financial Inclusion Taskforce (FIT), a cross-cutting body first formed in 2005 in order to monitor the Governments progress on achieving its objectives and make recommendations. It has a budget of £3 million which is used primarily to conduct research and enhance the knowledge base on financial inclusion (HM Treasury, 2007b). There are also several government departments and statutory bodies involved in delivering the financial inclusion strategy, including:

- HM Treasury
- The Financial Services Authority (FSA)
- The Cabinet Office
- The Department for Work and Pensions (DWP)
- The Department for Business, Enterprise and Regulatory Reform (BERR)
- The Legal Services Commission (LSC)
- The Office of Fair Trading (OFT)
- Ministry of Justice (MoJ)
- The Department for Innovation, Universities and Skills (DIUS)

HM Treasury has overall responsibility for determining financial inclusion priorities and co-ordinating the delivery of policy. It has been working in partnership with the banking sector in the development of basic bank accounts to increase financial capability. While the term financial inclusion refers to access to financial services financial capability relates to the knowledge and skills necessary for an individual to effectively manage their own finances. ‘Financial Capability: the Governments Long-term Approach’ (HM Treasury, 2007a) sets out the Governments long-term aspirations to ensure that:

- all adults in the UK have access to high-quality generic financial advice to help them engage with their financial affairs and make effective decisions about their money
- all children and young people have access to a planned and coherent programme of personal finance education

- a range of Government programmes is focused on improving financial capability, particularly to help those who are most vulnerable to the consequences of poor financial decisions.

Working closely with the Government and the financial services and voluntary sectors, the FSA leads on the National Strategy for Financial Capability (FSA, 2003). It also provides grants to encourage innovative projects run by voluntary organisations through its Financial Capability Innovation Fund.

The DWP was allocated £36 million from the Financial Inclusion Fund⁵ for a Growth Fund to support third-sector lenders in making affordable loans to financially excluded people. Similarly, it administers the Social Fund, providing a source of affordable credit in the form of loans and grants to people on certain benefits or low incomes to meet one-off expenses. The DWP also received £5.4 million from the Financial Inclusion Fund to run the 'Now Let's Talk Money' campaign, which improves the awareness of people on low incomes of the financial services available to them (HM Treasury, 2007b).

The Department for Business, Enterprise and Regulatory Reform regulates consumer credit and is funding regional trading standards teams to tackle illegal loan sharks. It is involved in a number of policies to deal with high-cost credit. It also received £45 million when it was still known by its former name, the Department for Trade and Industry, to improve the supply of free, face-to-face money advice across England and Wales (Mitton, 2008).

The Learning and Skills Council was granted £6 million from the fund to pilot methods of money advice outreach (HM Treasury 2007b:8). HM Treasury announced in December 2007 an additional £5 million for a prison-focused money advice outreach service in England and Wales, funded partly by the Ministry of Justice. The Office for Trading has been running consumer education campaigns, while DIUS has been funding the Basic Skills Agency's financial literacy work (HM Treasury, 2007b).

In addition to the work of the above departments there have been a plethora of other policy initiatives. For example, the Child Trust Fund, launched in April 2005, entitles all those born since September 2002 to receive at least £250 from the Government. The amount received cannot be taken out of the account until the child reaches 18 (New Policy Institute, 2007:19). The Government also launched the 'Face to Face Debt Advice Project', aimed at increasing the number of people receiving advice in financially excluded groups and areas (New Policy Institute, 2007).

Although investment has been made in financial inclusion, Government policy has been criticised by some. For example, activity to tackle financial exclusion is said to be vastly outweighed by need; Government spending is said to be small relative to the sheer scale of the problem (Blake and de Jong, 2008). A common complaint is that

⁵ This is a government fund lasting until 2011 aimed to build long-term financial capability for those who are 'left behind'. It provides financial advice and assistance to lower-income sectors of the population.

Government activity is overly fragmented and that although HM Treasury has the lead, no single department has ownership of financial inclusion. The Treasury Select Committee has argued that the money could have been used in a more joined-up fashion, and that financial inclusion will require more than the achievement of numerical targets for numbers of bank accounts opened:

'The Government and the banks need to take a broader approach and ensure that basic bank accounts are useful and appropriate for those who were previously financially excluded. The Government must ensure that the most vulnerable are considered and given appropriate help and assistance to enable them to open and operate accounts. In the medium term, the Government should establish a more sophisticated goal which should take account of actual usage of bank accounts by those who were previously financially excluded rather than focusing simply on the numbers with access to such account.' (House of Commons Treasury Committee, 2006:40)

The work by Government and the FSA on financial capability has been predominantly focused on children, young people, families, adult basic skills and employees in the workplace, which means that other harder-to-reach groups vulnerable to financial exclusion will have been left out (Mitton, 2008). Furthermore, although a range of community finance institutions engaged in innovative projects to extend credit, the specific credit needs of migrant populations are less well acknowledged and served. Consequently, there is a growing concern of high risk lending practices exacerbating the financial vulnerability of financially excluded groups (Dymski in Datta, 2006).

Policies in Northern Ireland

The Office of the First Minister and Deputy First Minister in Northern Ireland initially highlighted the need to focus on financial exclusion in the consultation document 'New Targeting Social Need (New TSN) – The Way Forward' (Office of the First Minister and Deputy First Minister, 2004). However, the emphasis has shifted, with the issue of Child Poverty now taking precedence as can be seen in 'Lifetime Opportunities: Governments Anti-poverty and Social Inclusion Strategy for Northern Ireland' (Office of the First Minister and Deputy First Minister, 2006). Indeed, the terms 'financial exclusion' and 'financial inclusion' make only a single appearance each.

However, Northern Ireland is in the process of introducing financial education into the school curriculum. Within the primary curriculum, it has been included across the curriculum particularly in mathematics and numeracy. Two people have also been appointed for financial capability with the Council for Curriculum Examinations and Assessment who are responsible for training and supporting teachers in schools across Northern Ireland so they feel entirely confident and capable in delivering financial education lessons

Until recently, customers in Northern Ireland had little choice of banks, with most of the market dominated by four main banks. Additionally, unlike the rest of the UK, the main banks have only become fee-free in the past few years. This is a development that should make it easier for more people to be able to afford a bank account. There have been post office closures, as with the rest of the UK, which have particularly hit the rural population (Mitton, 2008). In April 2008 the closure of 42 Post Offices in rural areas in Northern Ireland was announced. This is seen to have a negative impact on vulnerable groups including, those with poor literacy and numeracy skills, lone parents, those on benefits and newcomers such as the migrant population who rely on Post Offices for basic financial services (www.4ni.co.uk, 2008).

Credit unions are not-for-profit cooperative financial institutions that have traditionally been seen as serving the financial services needs of disadvantaged communities and individuals. As the movement has developed, credit unions have increasingly appealed to the professional classes and competed with other retail financial institutions for this client base, particularly in countries such as the US, Canada and Australia (Goth et al, 2006). Credit unions have a potentially important role to play in the provision of affordable credit to all sections of society, including those facing financial exclusion. Despite legislative amendments to support credit unions, there have been varying levels of success in different regions of the UK, with the movement strongest in Northern Ireland. It should be noted however, that while in the UK credit unions can offer 21 services to their members including bill payments, insurance, electronic wage transfer and so on, the Northern Ireland credit unions can only offer three services; share accounts, loans and life assurance cover. The relative success in Northern Ireland has been attributed to credit unions' broad appeal; they attract a wide cross section of people from local communities, not just those who are socially or financially excluded (Goth et al, 2006). However, peoples access to them can be limited if their borough or workplace does not have one, people can be reticent as they do not want the community knowing their financial affairs, and debts to credit unions are not uncommon, which can lead to bankruptcy. Those who do get into financial difficulties are disadvantaged in the Northern Ireland system because court fees are higher and a solicitor has to be engaged (Mitton, 2008).

Other devolved nations

A Welsh Assembly Government National Strategy on Financial Inclusion is currently in development under the direction of a Welsh Financial Inclusion Steering Group. A framework was disseminated to key partners and stakeholders for consultation and the responses have been highly supportive of the main themes and initiatives, namely:

- facilitating access to mainstream financial services
- improving financial literacy and capability
- providing accessible financial and debt advice
- maximising income
- extending affordable credit and loan opportunities
- overseeing the ongoing roll-out of free-to-use ATMs by both LINK and high street banks

- introducing financial literacy education in schools and establishing a Welsh Unit for Financial Education to advise schools and teachers
- an integrated approach to income maximisation to ensure people take up the benefits to which they are entitled
- a Child Trust Fund Welsh premium
- Further development and diversification of credit unions.

Financial Inclusion is a key element of the Scottish Executives 'Closing the Opportunity Gap' approach to overcoming poverty in Scotland. The 'Financial Inclusion Action Plan' was published in 2005 and outlined numerous actions to reform financial services, financial advice and support, and financial education (Scottish Executive 2005). A £1.1 million Credit Union Capacity Fund and an Assistance Fund have been established by the Scottish Government. They are both small grant schemes to provide infrastructure, such as IT, support marketing and other development activities. Frontline money advice services being funded include Money Advice Training, Information and Consultancy, and Citizens Advice Direct. The Scottish Centre for Financial Education works to improve financial education in schools (Mitton, 2008).

6. Services

Despite a long history of migration to the UK, the UK's financial sector has been slow to supply specialist products for niche markets. It has only recently begun to address the more complex demands of less profitable, low income consumers such as new migrant groups, in terms of both service delivery and product design. For example, in recognition of the language barriers faced by ethnic minorities, some banks have recruited multilingual staff to enable easier communication between staff and customers (Atkinson, 2006).

Furthermore Natwest recently opened a bank account specifically for Polish speakers. The service consists of a current account and a money transfer account and allows relatives or friends nominated by the account holder to withdraw the money from a cash machine provided by Natwest in another country (Natwest, 2008). Although services such as this may charge costly monthly and transfer fees, they indicate recognition of the demand for services tailored to new migrants. Furthermore remittance services are often seen as a conduit for the financial inclusion of new migrants.

As discussed in Chapter 6 the use of available services and the extent to which migrants engage with financial services is dependent on a range of factors covering both supply and demand, migrant status as well as the point at which new migrants are, and intend to be in their migration plan. Financial services may be more effective in meeting the needs of new migrants if they take into account the types of services required at each stage of a migration plan. New migrants who use basic financial products may go on to use more sophisticated products as they progress through their migration plan (Anderloni and Vandone, 2007).

Financial services available to new migrants in Northern Ireland

This section looks in more detail at financial services that are available to new migrants in Northern Ireland including:

- transactional services
- borrowing
- remittances
- information and advice.

Transactional services

The term transactional services refers to basic banking facilities such as opening bank accounts, attaining credit/debit cards and checking facilities. Previous research has shown that opening a bank account is often difficult and complex for new migrants, because of a range of factors (Jarman and Byrne, 2007).

There are four main banks that offer formal transactional financial services in Northern Ireland. These are Northern Bank, Ulster Bank, Bank of Ireland and First Trust Bank. Results from the Northern Ireland banking enquiry consumer survey 2006 showed that 68 per cent of respondents had a personal current account with one of these four banks (Elsey, 2006). Northern Bank and Ulster Bank, have developed services that can be seen to tap into the new migrant market and to enable the migrant population to access transactional, financial services.

Northern Bank has removed a key barrier to cross border trades by abolishing fees for online cross border transfers between customer accounts in the same name. As Northern Bank is a member of the Danske group of banks and the abolishment of fees applies to all banks in this group. The Danske group operates in Denmark, Sweden, Norway, Northern Ireland, Republic of Ireland, Finland and the Baltic states, including Poland (Northern Bank website, accessed Oct 2008).

In 2007 Ulster Bank introduced customer representatives in branches across Northern Ireland, with the relevant language skills needed to serve Northern Irelands migrant population. Ulster Bank also provides current account brochures and application forms in Polish, Chinese, Lithuanian and Portuguese (Ulster Bank, 2007). Moreover, in 2006 the Ulster Bank Group became the first to offer fee-free banking to migrant workers (Jarman and Byrne, 2007).

Borrowing

In the formal sector, borrowing is often linked to banks, and banks offer both personal and business loans. The four main banks in Northern Ireland offer personal loans as well as mortgages. For a customer to qualify for a loan from a bank they must undergo a credit check. All four main banks in Northern Ireland require credit checks and base the decision to loan money on peoples ability to pay it back. Bank loans may be difficult for new migrants to obtain because they are unlikely to have any previous credit in the UK (www.ulsterbank.co.uk, 2008; www.northernbank.co.uk, 2008; www.bankofireland.ie, 2008; www.aibgroup.com, 2008).

Short-term loans, also known as door step loans and cash loans, are informal methods of borrowing money where loans are delivered to customers doors and repayments are collected in the same way. The application process for doorstep loans is less complicated than for bank loans and does not involve form filling or credit checks, meaning people with no credit history or a poor credit history can obtain one easily (www.lewisalexander.com, 2008). Such loans attract disadvantaged groups like new migrants who have been refused bank loans (www.myfinances.co.uk, 2008). However they can make these groups more vulnerable to financial exclusion by getting them deeper into debt as interest rates on these loans are higher than formal loans because of the shorter repayment periods and risk to the lenders.

Microcredit is the provision of small loans to the unemployed, to poor entrepreneurs and to individuals living in poverty who want to set up their own business but do not

have access to credit from formal banking institutions (Esmée Fairbairn Foundation, 2006). New migrants are often targets of micro credit initiatives because they lack steady employment and a verifiable credit history and are therefore unlikely to be eligible for mainstream bank loans (Anderloni and Vandone, 2007).

Aspire is an example of a Northern Ireland microcredit initiative. It aims to encourage entrepreneurship and self employment and tackle financial exclusion and underinvestment, particularly in communities emerging from conflict and economic decline (Esmée Fairbairn Foundation, 2006: 1).

Individuals that have been granted refugee status or humanitarian protection since 11 June 2007 may be eligible for an Integration Loan. This is an interest free loan of between £100 and £1,000 provided by the Government. Integration loans are aimed at helping refugees and those with humanitarian status to purchase essential items needed to start a new life in the UK and can also be used to help with further training, education or work, including living or childcare expenses. Loans are normally paid into a bank account or, in the absence of a bank account, as a cheque if the sum is under £450. This cheque can only be cashed at a nominated Post Office. If borrowers are receiving Income Support, Income-Based Jobseekers Allowance or Pension Credit, the loan repayments will be collected directly from the benefit payments and repayments are set at a low rate (Refugee Council, 2007).

Benefits

Migrant workers who are members of the EU, and their families, who move to Northern Ireland, or anywhere in the EU, can take with them their acquired social security rights. They are entitled to a range of contributory and non-contributory social security benefits such as:

- attendance allowance
- carer's allowance
- child benefit
- child tax credit
- council tax credit
- disability living allowance
- housing benefit
- income support
- jobseeker's allowance.

They may also claim benefits for sickness and maternity, incapacity, retirement and widowhood, and accidents at work (Bell et al, 2004: 85).

These entitlements vary according to where they have migrated from. For example: members of the European Economic Area⁶ (EEA) and their families are entitled to the

⁶ This consists of Austria, Belgium, Cyprus, Denmark, Finland, Germany, Greece, Iceland, Liechtenstein, Luxembourg, Malta, Netherlands, Norway, Portugal, Rep of Ireland, Spain, Sweden and Switzerland.

same benefits as UK nationals as well as free healthcare and their children are eligible to attend a state school (DWP, 2008). A2 nationals from Bulgaria and Romania, however, have access to only a limited number of benefits during the first 12 months of their stay (NICEM, 2008). Work permit holders and Working Holidaymakers admitted to Northern Ireland and the rest of the UK cannot claim certain benefits including: child benefit; disability living allowance; working tax credit; housing benefit; income support; and jobseeker's allowance (TUC, 2002).

Groups such as asylum seekers are excluded from most benefits including income support, income-based jobseeker's allowance, housing benefit, council tax benefit and the social fund. Refugees and those given exceptional leave to remain are entitled to most benefits unless on the condition that they do not have recourse to public funds and these groups often rely on financial support from families and people from their own communities (Bell et al, 2008).

The Law Centre, a Northern Ireland advice and information agency and the Human Rights Commission, produced a comprehensive range of rights-based guides in 2007. The guides include information designed help new migrants in Northern Ireland understand their entitlements to social security benefits, employment, health, housing and civil liberties and have been produced in Chinese, English, Latvian, Lithuanian, Polish, Portuguese, Slovak, Russian and Tetum (Jarman and Byrne, 2007).

Remittances

Remittances are a financial service that represent a major and exclusive need for migrants. A 2005 Department for International Development report estimated that £2.3 billion in remittance outflows to developing countries was sent by migrants in the UK (DFID, 2005).

As with other financial needs, the frequency and amount of remittances generally changes according to where migrants are in their migration plan. Remittances are usually sent more frequently and with higher value early on in migration plans. As more family members join migrants in the host country or as contact with family members in home countries diminishes fewer and less frequent remittances are sent (Anderloni and Vandone, 2007; Atkinson, 2007). Reliance on remittances services are, therefore, likely to lessen as migrants progress in their migration plan, however they represent a good way to introduce long-term migrants to financial services in the UK. They may provide financial services with an opportunity to build up trust with migrants and offer the possibility that they will continue to engage with financial services that meet arising needs throughout their migration plan, thus promoting financial inclusion.

However migrants experience barriers to using formal remittance services which include difficulties in opening bank accounts, the requirement that the sender and receiver each has a bank account, high charges for small transfers, identification requirements, length of time for money to be transferred and the lack of information about good remittance services (Atkinson, 2006). This may encourage them to use

more informal services such as money transfer companies, transfer brokers and to borrow from family and friends.

A study by McKay and Winkelmann-Gleed reported that new migrants were having to rely on unsafe, informal methods of sending remittances because they did not have access to bank accounts:

Key informants told us that they knew of migrants, who did not have bank accounts and were travelling back home with wads of money sewn into their clothes, risking their safety in doing so and that indeed some were robbed. A post office worker reported that migrant workers were posting money around the world in large envelopes, because this was the only way in which they could send remittances to their dependants (McKay and Winkelmann-Gleed, 2005: 167).

The average charge on remittance transactions from a standard UK bank account to one overseas is £12.80 per transaction, with Post Office transactions costing an average of £13.88 per transaction (Boon, 2006). Charges do not necessarily apply to all banks now because of some changes in banking services for migrant customers. As mentioned earlier, in Northern Ireland, Northern Bank has removed charges for cross border transfers. Natwest also provides a remittance service which charges a transfer fee as well as two pounds per month for the service (www.NatWest.com, 2008).

Information and advice services

The following list gives details of the key agencies and initiatives on the ground that provide advice, information and support to new migrants in Northern Ireland:

- **Adviceni:** Association of Independent Advice Centres in Northern Ireland
- **Chinese Welfare Association:** Represents the Chinese community in Northern Ireland
- **Citizens Advice:** Northern Ireland Association of Citizens Advice Bureaux
- **Indian Community Centre:** Serves the Northern Ireland Indian community providing interpreting service in all languages of Indian sub-continent
- **The Law Centre (NI):** provides support, advice and information to new migrants on a number of issues, specifically around employment law, benefit entitlements and legislation around residency (Jarman and Byrne, 2007: 38)
- **NICEM:** Northern Ireland Council for Ethnic Minorities
- **Polish Welfare Association**
- **Refugee and Asylum Seeker Support and Policy Group:** dedicated to helping asylum seekers and refugees in Ireland
- **The Consumer Council:** provides information to new migrants in Northern Ireland through outreach community work and website.
- **Consumer Credit Counselling Service**
- **Council for the Curriculum Examinations and Assessments**
- **Department of Enterprise, Trade and Investment**
- **Financial Services Authority**

- **First Trust Irish League of Credit Unions**
- **NI Community and Voluntary Association**
- **Personal Finance Education Group**
- **NI committee of the ICTU**
- **Adult Learner Finance Project (ALFP)**
- **Educational Guidance Service for Adults (EGSA)**
- **Omagh Independent Advice Services**
- **Ulster Federation of Credit Unions**

Many sources of information and advice exist that support migrant workers, including trade unions. However these services remain unknown to migrant workers. Furthermore there is a notion among new migrants that these services charge fees. Evidence suggests that new migrants also feel that these services do not take difference into account and operate with a one size fits all attitude. New migrants were also found to be under the impression that these services were inaccessible and did not provide translators (Equality Commission for NI and NCCRI, 2004).

7. Case studies

Case studies of good practice should:

- address language barriers
- resolve information gaps
- show religious and cultural sensitivity
- demonstrate gender sensitivity
- facilitate trust in the banking system
- overcome stringent rules on credit worthiness
- overcome unnecessary identification requirements
- demonstrate corporate social responsibility

Questions that were considered when selecting case studies included:

- What are the financial needs of new migrants? How are these different from other financially excluded groups?
- Which financial services are most appropriate and beneficial for meeting these needs? Why might new migrants fail to access them?
- Which countries have enacted policies, practices or initiatives that have successfully assisted the financial inclusion of new migrants? Why were they successful? Which, if any, specifically target the financial inclusion of new migrants, or migrants generally?

The following countries were identified as having most good practice examples. No one service addressed all the barriers new migrants face or met all the criteria of good practice therefore case studies are based on the number of services, state and private, that were able to meet the different criteria:

- UK
- Germany
- Spain.

UK case study**Introduction**

The UK has a number of Government initiatives, bank programmes and charity-run programmes to help financially excluded people become financially inclusive. The initiatives work in partnership with banks and local authorities to achieve best practice solutions to achieve financial inclusion.

All of the initiatives are open to migrants, although many are not specific to new migrant groups but to disadvantaged groups as a whole. They include people experiencing homelessness, refugees, offenders and ex-offenders, those with substance misuse or mental health issues and the long-term unemployed (Toynbee Hall, 2005). Banks are the group which tend to offer services that are tailored more specifically to new migrants needs. Examples found show the UKs areas of best practice concerning financial inclusion for migrants.

Addressing language barriers

HSBC offers a banking service in the UK that is specific to new migrants, encompassing anyone planning to move to the UK or anyone who has recently settled there. The service, called the passport account provides its services both online and over the phone in eight languages. The account also gives the client exclusive access to red24 which is a UK relocation advice service which provides information on a number of issues involved with relocating, including advice on banking services (HSBC website, 2008).

In the UK, Natwest '140 bank account' offers banking services specifically for Polish speaking migrants who are new to the UK. All services provided by this particular account are given in Polish including telephone and internet banking as well as a dedicated telephony unit staffed by Polish speakers (Natwest website, 2008).

Resolving Information Gaps

The AIRE Centre (Advice on Individual Rights in Europe) is a registered charity which provides legal advice and general information to support low income EEA nationals present in the UK. The Royal Bank of Scotland (RBS) funded a project undertaken by the AIRE Centre which focuses on providing information and face to face counselling about accessing financial services in the UK (RBS press release, 2006).

SAFE helps people to access financial services such as bank accounts and savings schemes as well as providing debt advice and financial capability training. SAFE primarily serves Tower Hamlets but is progressing to serve more of London and the South East. The initiative provides tailored services that are relevant, practical and can be used as an example of financial inclusion nationally. Practical help includes discussing basic bank accounts available to clients, helping clients fill out application

forms and accompanying clients to the bank as appropriate. SAFE then continues this support to the client to ensure the account is opened and the client is happy in using the account.

So far the scheme has helped 1,400 people open bank accounts, also helping them to understand the options and benefits of having a bank account and increasing their chance to borrow. Since 2004 SAFE has worked with 150 clients to help their debt issues by providing drop-in advice and debt management solutions. Partners of SAFE include the Royal Bank of Scotland, Barclays, Tower Hamlets College and the Financial Services Authority (FSA).

The Government-run scheme 'Now let's talk money' is a financial awareness campaign. It aims to help the £2.8 million financially excluded people in the UK by running several projects or partnerships with local authorities and banks (Department for Work and Pensions, 2008).

As part of the 'Now let's talk money campaign', Birmingham City Council has setup Birmingham Financial Inclusion Partnership. The city council is working with a number of partners to tackle the problem of financial exclusion within the City of Birmingham. The partnership focuses on two areas which would affect migrants: access to financial services and money advice. Birmingham City Council is working towards developing and implementing strategies to promote responsible borrowing, including increased access to appropriate banking and affordable credit using credit unions and co-ordinating the provision of benefit/money advice across the city to ensure that advice resources are maximised and not duplicated (Birmingham City Council website, 2008).

The Consumer Council is funded by the FSA to lead the Financial Capability Partnership, which brings together government, banks, building societies, credit unions, education and community groups to ensure that consumers are helped to manage their money and make it work best for them. It has a key role nationally and locally as the main driver of financial capability across the community. It acts as the leader of a multi-sectoral partnership of representatives from the public, private and voluntary sectors, to coordinate a strategic approach to financial capability in Northern Ireland. Member of the partnership are (www.consumercouncil.org.uk, 2009).

Demonstrating religious and cultural sensitivity

In terms of how the UK addresses religious financial issues, a good example is how it deals with Islamic Sharia law. Mortgages from British financial institutions are interest based. This does not comply with Islamic Sharia law which states wealth creation must be based on partnerships and fairness where risks and rewards are shared (BBC News, 2006). Research by Lloyds TSB indicates that three quarters of British Muslims want banking products that meet the requirements of their religion (Atkinson, 2006).

There are some banks in the UK that are working to introduce financial services which comply with Sharia law. Amanah HSBC; ABC International Bank and Bristol & West plc

offer the service Alburaq Islamic Home Finance; Ahli United Bank; United National Bank and Lloyds TSB all offer mortgages, savings and loans which comply with Sharia Islamic law (Islamic Mortgages, 2008).

Overcoming unnecessary identification requirements

SAFE has published a guide detailing different ways of proving your identity and how to gain identification. The ID guide is supported by Barclays and addresses verification documents for accessing banking, benefits, health services and housing.

Identification has been found to be a barrier to opening accounts as people struggle to prove their identity without a passport or a driving licence. The ID Guide promotes a range of the types of identification that may be acceptable, such as a benefits letter or asylum seekers' registration cards. The ID guide provides a point of reference for individuals wishing to prove their identity and a resource for workers helping clients access services (Toynbee Hall, 2008).

Germany Case Study

Access to financial services in Germany is provided by a broad range of financial institutions, with low-income people most frequently using the savings, postal and the co-operative banks.

National initiatives:

Access to credit

There is a growing interest concerning access to consumer credit in Germany and an active debate on responsible lending is being led by the Institut für Finanzdienstleistungen (European Commission, 2008: 60). It is a not-for-profit association that conducts research and provides advice in the field of sustainable financial services. The institute develops IT programmes used to give financial advice to consumers, provides publications, contributes to further training and creates models for socially responsible credit, investment, means of payment and insurance.

Since June 2002 the 'Behörde für Wirtschaft und Arbeit (BWA) (Hamburg's authority for economic affairs and employment) of the Free and Hanseatic City of Hamburg' has offered a micro-loan programme for micro-enterprise. It assists disadvantaged individuals whose principal residence has been Hamburg for a minimum of three months, who are unemployed or are threatened by unemployment, and who are not self-employed when applying for a micro-loan. The loan is designed to significantly ease the initial process of establishing a business (Hayen, Unterberg, Tiedemann 2006: 85).

Funded by the Levi Strauss Foundation, Indigokredit is a project which provides accessible loans that specifically target migrant women. Applicants earn points by undertaking an internet-based learning programme and the size of the loan is then calculated according to the amount of points earned.

The EBM Project is run by Mozaik Consulting and provides multilingual information, advice and guidance to migrants who are unemployed or at risk of unemployment and wish to start up their own businesses. It identifies the risks and opportunities involved, gives information on legal requirements and prepares them for meetings with banks.

There are also public-sector pawnbrokers in Germany that offer interest rates considerably lower than those charged by commercial pawnbrokers in other countries. In 2006 they offered 1.1m loans at an interest rate of one per cent per month, as well as a charge for the storage of the items pledged. The amount lent against the value of the pledged goods was approximately 20 per cent lower than that lent by commercial pawnbrokers (European Commission, 2008: 70).

Financial capability

Financial education is seen as a key method of promoting financial inclusion. The focus in Germany is on dealing with and preventing debt and there are many initiatives which exist to combat over-indebtedness. For example, there are debt advice centres and consumer protection organisations such as the Bundesarbeitsgemeinschaft Schuldnerberatung e.V., the Arbeitskreis Konto der Arbeitsgemeinschaft Schuldnerberatung der Verbände, the Verbraucherzentrale Bundesverband and committed debt advisers in communities.

The Verbraucherzentrale Bundesverband e.V. (Federation of German Consumer Organisations – VZBV) is an umbrella organisation of 16 consumer centres and 25 other associations. In addition to addressing debt issues, the Verbraucherzentrale Bundesverband e.V. and its member organisations are involved in other activities to prevent financial exclusion, predominantly in the fields of access to current accounts and responsible lending.

Banks

Corporate social responsibility

The 1995 Charter of the Central Credit Committee (a lobbying organisation for all German banking associations (Zentraler Kreditausschuss or ZKA) is a voluntary code of conduct recommending all associated banks provide a current account to everyone. Banks agreeing to the code committed themselves to providing an ‘everyman’ current account, offering basic banking transactions but without an overdraft facility, and only to people for whom it would be suitable. If a bank wrongly refuses to open a current account, the concerned customer can file a complaint to one of the four major banking associations complaint offices (Bayot, 2007: 5). However, individual banks have had different interpretations of the ‘everyman’ account and the extent to which the voluntary code has reduced banking exclusion has been disputed (Kreuzer, 2007).

Savings

There is an active cooperative banking sector and a network of savings banks in Germany, both of which provide saving facilities for people who are likely to be financially excluded. Savings banks are regulated by state law and there is a specific obligation in these legal regulations for saving banks to provide appropriate services for those most likely to be financially excluded. Ten federal states have regional legislation requiring local savings banks to accept savings deposits and offer a current account to anyone living in their business district (European Commission, 2008: 68). As of 2007, interest income from savings investments and other unearned income in Germany were exempted from taxation up to 750€ (European Commission, 2008: 111).

Since 2006 Ethikbank has offered a micro-account, which is a savings account for people who were unable to open an account with another bank or have had one

closed (e.g. as a result of over-indebtedness). Access to these accounts is conditional, however, since it requires the signature of either a debt counsellor confirming that a debt settlement agreement has been agreed (amicably or judicially) or an insolvency practitioner if the person has been made bankrupt (Bayot, 2007: 27).

Case study: 'Fit in Finanzen' project

The 'Fit in Finanzen' (fit for finance or (f)in-fit) project recruits and trains migrants as intercultural mentors by enabling them to educate their fellow citizens in financial matters. Mainly funded by the San Francisco based Levi Strauss Foundation, a first pilot project began in late 2006 under the technical guidance of Evers & Jung, a Hamburg-based research and consulting company, and the Ethno-Medical Centre Hanover.

(f)in-fit currently covers the Offenbach Region (338,000 inhabitants) which is home to 55,400 citizens with a foreign nationality. The migrant community is largely constituted by Russian and Turkish groups and the project is consequently tailored to meet their specific needs.

(f)in-fit is based on an adaptation of the 'with migrants for migrants' (MiMi) concept, in which migrants are educated via a mediator approach in prevention and access to care issues. MiMi was launched by the Ethno-Medical Centre Hanover and is running in over 20 German major cities and regions.

The (f)in-fit project aims to:

- create trained intercultural financial mediators
- realise mediator-led community-based group interventions for young migrants
- assess financial learning outcomes in community groups of young migrants
- involve and improve the sensitivity of regional financial service providers, businesses, and banks.

Mediators are recruited from migrant communities and are chosen for having some kind of professional or academic experience related to the field of private finance. Once they have been trained on crucial financial matters they then pass on their training to their fellow citizens. Teaching is conducted in their native language in community group sessions with translated materials. The mediators are given flexibility as to the contents of the teaching curriculum (Habschick, Seidl and Evers, 2007: 53–60).

Spain Case Study

Introduction: financial inclusion in Spain

Approximately eight per cent of Spain's population can be defined as financially excluded, according to the European Commission (2008: 20). Detailing findings from a 2005 survey carried out in France, Spain and Italy focusing on the qualitative aspects of low-income people's behaviour, the report highlights that migrants were most likely never to have approached a bank or credit institution for a loan.

Nevertheless, 'Spain has a long tradition of social banking targeting financially under-served communities' (ESGB 2007: 12). This includes savings banks, microcredit initiatives, work undertaken by cooperatives, and remittance service packages provided by commercial banks. Uniquely, Spain has a strong 'private market' approach towards tackling financial exclusion, rather than Government initiatives aimed at migrants. It should be noted that, while most of these banking-sector schemes are not exclusively dedicated to fostering new migrants' financial inclusion, many participants tend to be new migrants.

Addressing language barriers

The context of new migrants in Spain mitigates certain cultural barriers in itself. The obstacle of language, for example, is less pertinent when considering that Spain's recent migration flows have been composed in part of Spanish-speaking immigrants from Latin America, meaning that 'language is not a barrier to immigrant access to the banking system' (Anderloni and Vandone, 2006: 14). In cases where language has proven to be a barrier, there have been some initiatives for facilitating access to the banking system. Caja de Madrid, for example, has implemented a programme for hiring personnel of various nationalities; they are employed in the branch offices in the Madrid region, which has a large concentration of immigrants (Anderloni and Vandone, 2006: 17).

Savings Banks

Resolving information gaps

Savings Banks are typically perceived in Spain as major vehicles of financial inclusion at local level (EU Commission, 2008: 59) and are targeted at helping low-income people or those at risk from exclusion, including new migrants (ESGB, 2007). Savings banks have addressed the information needs and potential gaps in delivery of services for low-income, excluded groups through targeted marketing strategies and customised communication and delivery of their products and services.

Cooperatives

Specific migrant needs

In 2005, Spain introduced the 'Bravo, envío de dinero' scheme, agreed to by 32 savings banks in partnership with banks from 14 Latin American countries. The scheme enables migrants to remit money from this common platform via Swift and the Internet, with competitive rates compared with commercial money transfers (Bayot, Working Paper; European Commission, 2008). This move towards the inclusion of new migrants in the financial system comes with the recognition that Latin American immigrants in Spain remit billions to their home countries (Migrant Remittances, 2007).

Physical access to financial services

Sociedades Cooperativa de Crédito operates in local, particularly remote, rural areas, facilitating the financial inclusion of low-income people. Such services are also available in custom, migrant-friendly format, and include savings accounts, special money transfer instruments and micro-credit facilities, among others (Ayadi and Rodkiewicz, 2007: 11).

Microcredit schemes

Credit worthiness and trust in the banking system

Microcredit schemes in Spain have come to the fore in terms of banking best practice for financial inclusion. While these are schemes provided to the general population, the 'majority (74.5 per cent) of microcredit clients are migrants' (ESGB 2007: 12), who benefit from the schemes both in terms of access to financial services and financial capability. Banks implementing the microcredit approach towards financial inclusion include Caixa Catalunya, Caixa Galicia and Caja Granada, and BBK (ESGB, 2007).

La Caixa bank was the first in Europe to establish a 'microbank', i.e. a bank whose entire remit is the provision of microcredits, loans allocated without formal collateral and at modest interest rates. An additional aspect of the scheme is the provision of finance specifically targeted at the training and education needs of people experiencing barriers to employment (ESGB, 2007: 5).

Caixa Catalunya's Un Sol Mon Foundation's microcredit programme in Catalonia also lends support to self-employed individuals who otherwise would not be able to access the formal financial system. Conditions of receipt include the establishment of a suitable microenterprise project that participants will work on. At least 60 per cent of clients are highly-educated immigrants (ESGB, 2007: 12).

Corporate social responsibility and market competition

Often, this inclusion of new migrants is driven by market competition, whereby in order to secure this new customer base and comply with certain corporate social responsibility (CSR) remits (Bayot), commercial and savings banks ‘develop long-term strategies to include migrants into the financial system. Initially, they provide basic financial services (e.g. money remittances or basic bank account, microcredit and small loans) and gradually, when these populations become more financially and socially included other financial services such as consumer credit, savings, pension savings or mortgage facilities are provided’ (Ayadi and Rodkiewicz, 2007: 9).

Resolving information gaps

Also, microcredit networks facilitate better practice in disseminating information about financial services. For example, at the end of 2006, the Spanish Savings Banks launched the Spanish Microfinance Network, whose main goal was to promote microcredit and fight social and financial exclusion. The network’s activities range from the organisation of public events, to the publication of specialised reports and the implementation of specialized microfinance training, the latter especially addressed to NGOs and social entities that collaborate in the microcredits’ mentoring (pp.12-13).

Commercial banks: case study of Banco Bilbao Viscaya Argentaria

Banco Bilbao Viscaya Argentaria (BBVA) has set up a customised service for migrants responding to the particular needs of new migrants. In 2002, BBVAs ‘Dinero Express’ free remittance service began operating and by 2007 had 123 offices throughout Spain, geographically reaching 75 per cent of the immigrant population. This can be seen as mitigating two of the key barriers to financial inclusion new migrants may experience – poor physical access to banks, and high bank charges. In total, €6.800 million was transferred via Dinero Express in 2006, demonstrating the feasibility and high uptake of the scheme.

Other BBVA migrant-tailored services can also be seen as countering certain barriers such as, on the supply side, a lack of appropriate products meeting migrants needs, unsuitable service operation hours and, on the financial capability side, problems arising from identification requirements. These services include:

- the ability to request various operations through ATMs or over the telephone as well as in bank branches
- money made immediately available for withdrawal from branches of large banks in signed agreement with BBVA
- easy credit with a repayment period up to 60 months and payroll as the only required document
- credit cards with free revolving credit
- ‘easy’ universal mortgages.

8. Glossary of terms

Credit unions: A credit union is a cooperative financial institution that is owned and controlled by its members, and operated for the purpose of promoting thrift, providing credit at reasonable rates, and providing other financial services to its members.

Credit excluded: people with a complete lack of access to formal financial services

Financial capability: being able to manage money; keeping track of your finances; planning ahead; choosing financial products; and staying informed about financial matters

Financial exclusion: exclusion from financial products and/or services in terms of availability, access, and use

Financial inclusion: access to appropriate banking services and credit products and financial understanding necessary for day-to-day financial management

Financial literacy: an individual's ability to obtain, understand and evaluate the relevant information necessary to make decisions with an awareness of the likely financial consequences

Fully banked: people that have access to a wide range of transaction banking services that are appropriate to their needs and socio-economic status

Marginally banked/ underbanked: people with a deposit account that has no electronic payment facilities or cheque book or people with these facilities but that don't make use of them

Microcredit: the provision of small loans to the unemployed, to poor entrepreneurs and to individuals living in poverty who want to set up their own business but do not have access to credit from formal banking institutions.

Over-indebtedness: is used to describe debt which has become a major burden for the borrower. Over-indebtedness can be caused by, and contributes to, social exclusion, financial exclusion and poverty.

Transactional bank account: sometimes known as a current account or cheque account, this is a basic account used for depositing or withdrawing money rather than for earning interest or for the purpose of saving.

Unbanked: people with no bank at all

Remittances: are transfers of money by foreign workers to their home countries

9. Appendix

Table of Financial Services Available to New Migrants in Northern Ireland

Service Type	Services		Migrants specific eligibility criteria
	Formal	Informal	
<i>Transactional</i>	<p>Four main banks in Northern Ireland:</p> <ul style="list-style-type: none"> ■ Northern Bank ■ Ulster Bank ■ Bank of Ireland ■ First Trust Bank <p>They all offer the following: current/cash accounts, savings, loans, investments, credit cards, mortgages, insurance. They all offer telephone and internet banking.</p>		<p>Northern Bank has removed a key barrier to cross border trades by abolishing fees for online cross border transfers between customer accounts in the same name. These means online transfers are free between Northern Bank customers and any other bank in the Dankse group. The Dankse group has banks in Denmark, Sweden, Norway, Northern Ireland, Republic of Ireland, Finland and the Baltic states (including Poland).</p> <p>Ulster Bank offered a migrant worker team in NI – dedicated customer service representative with relevant language skills. Offers brochures and application forms in Polish, Chinese, Lithuanian and Portuguese.</p> <p>Natwest has opened Natwest 140, a banking service specifically for Polish speakers. The Ulster bank is owned by Natwest but as yet does not offer such a service.</p>

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Service Type	Services		Migrants specific eligibility criteria
	Formal	Informal	
<i>Savings</i>	Mainly linked to banks	Savings/credit clubs – members of the savings clubs meet and set aside a fixed amount of money at each meeting and then the money is distributed to each member in turn. E.g. someone who pays in £100 a week has the option of drawing out £2000 at some point over 20 weeks.	
<i>Borrowing</i>	Banks offer both personal and business loans.	No information found.	To qualify you have to undergo a credit check. May be hard for migrants as they have no previous credit in the UK.
<i>Remittances</i>	Banks – charge £12 Post Office also charges	Hundi (money transfer system found among South Asian migrant workers and Bangladeshi migrant workers. Money transfer companies	The charge does not apply to some banks now they have introduced banking services specifically for migrants. However there is a charge on these services, e.g. NatWest charges £2 a month for the 'NatWest 140'.

Service Type	Services		Migrants specific eligibility criteria
	Formal	Informal	
<i>Benefits</i>	<ul style="list-style-type: none"> ■ Attendance allowance ■ Carer's allowance ■ Child benefit ■ Child tax credit ■ Council tax credit ■ Disability living allowance ■ Housing benefit ■ Income support ■ Jobseeker's allowance 		<p>No specific criteria for migrants.</p> <p>Migrants on the whole do not have access to benefits unless they are a member of an EEA country. They will receive free healthcare and their children will be eligible for a state school.</p> <p>People in the EEA however have the same rights as a British citizen. However this does not mean you will be eligible for all benefits. E.g. to claim jobseeker's allowance you have to have paid enough national insurance and you will be paid on a personal rate of contribution based JSA.</p>

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Service Type	Services		Migrants specific eligibility criteria
	Formal	Informal	
<i>Info and Advice</i>	<p>Banks give advice if you wish to join or are already with them.</p> <p>First Trust bank only ones to give 'independent financial advice'.</p>	<p>Websites such as www.moneymadeclear.fsa.gov.uk www.einfostream.com http://www.communityni.org/index.cfm/section/news/key/STEP_immigration_advice_Jun_06</p>	<p>First Trust states 'independent advice' is available to suit anyone's needs but is not specific to migrants.</p> <p>Communityni.org is specific to giving immigration advice, offers a course on welfare rights, costs £210 to £560, offers a course for female immigrants advice on barriers in gaining financial support, runs a number of events and courses for both migrants and people who work with migrants.</p> <p>Have immigration advice workers who work in STEP (South Tyrone Empowerment Programme) specific to certain areas. Part of the Migrant Worker Support Network in Dungannon.</p>

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