

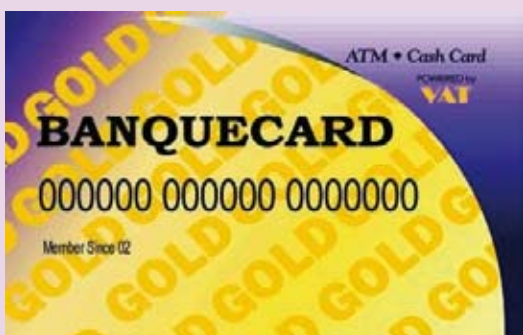
Money matters: Exploring financial exclusion among low paid migrant workers in London

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Executive Summary

- Financial exclusion has emerged as a significant concern for public policy in the UK in the last five to ten years. While broader research suggests that migrants are likely to be financially excluded, very little research has explored their specific experiences of exclusion in London, or the UK at large.
- This report is based upon 188 questionnaire and 18 in-depth interviews with migrant workers drawn predominantly from the Brazilian, Polish, Somali and Turkish communities with some representation from other Latin American and African countries.
- A significant proportion of the migrants were recent arrivals in London with 63% having arrived after 2001. Furthermore, just over a quarter of all migrants interviewed had dependent children in the UK while a further 16% had dependent children in home countries.
- Routes into the UK were diverse and ranged from migrants who had moved to London as students or tourists and those who had entered the country using false documents and had subsequently applied for asylum. Irrespective of routes into the UK, the vast majority of the migrants interviewed were migrant *workers* (81% of total sample).
- In turn, a significant proportion of the respondents worked in low paid jobs which are classified as ‘unskilled’ or ‘semiskilled.’ These included occupations such as cleaners, hairdressers, shop assistants and in the hospitality sectors. This said, job opportunities for some communities such as the Turkish migrants were heavily concentrated in ‘ethnic enclaves.’ The overwhelming majority of these migrants were employed in Turkish businesses ranging from butchers, kebab restaurants and pitta bread factories.
- Respondents typically worked long hours and earned low wages with an average wage of £1044 per month although this varied among the different migrant communities included in the study from £785 among Turkish workers; £979 among Somalis; £1065 among Brazilians and £1194 among Polish migrants.
- Histories of financial practises among the different migrant communities were varied with 70% of Poles and 75% of Brazilians having had dealings with banks and bank accounts in their home countries which dropped to 10% of Turkish and 7% of Somali respondents.
- 80% of migrants interviewed reported that they had bank accounts in London. Significantly however, while the majority of migrants were not ‘unbanked’, they could be classified as ‘semi-banked’ as a basic current account typified their engagement with banks.
- A key factor explaining high levels of access to banking services included the prevalent practise to deposit both salaries and benefits into bank accounts. Again, there was

variation within the migrant communities with the Turkish community in particular drawing their wages in cash but receiving their benefits via automated deposits.

- In turn, exclusion from banking services was due to a mixture of reasons including self-exclusion among recent migrants who were unsure of their long term plans as well as lack of documentation required by banks. Such exclusion led to financial vulnerability and exploitation in some cases.
- Nearly a third of all respondents reported that they saved nothing or very little which was attributed to low wages; the costs of living in an expensive city as well as pressures to remit. While nearly half of all migrants deposited their savings into bank accounts, this practice varied in different communities with some keeping savings on their person or at home, as well as remitting them.
- Migrants had different views on credit with some voicing a reluctance to borrow from banks and formal agencies and others reporting that low interest rates made formal credit an attractive option. Some migrants reported that they were excluded from formal sources due to credit fraud by their co-nationals. The research also uncovered one informal credit association, 'gold days' held among Turkish women to raise credit.
- Only 20% of migrants interviewed reported that they were in debt. Debts had been incurred in home countries (due to failed businesses, or to fund migration) but also in London for a variety of purposes. Levels of indebtedness were found to be highest in the Turkish and Brazilian community (30% and 26.8% respectively), with some variation in sources of credit which for the Turkish community were family and friends but for all the others were formal credit sources.
- 76% of migrants remitted money to home countries ranging from a high of 96% among the Latin American sample to a low of 49% among Turkish migrants. Nearly half of those who remitted did so at a regular monthly interval with 83% of migrants utilizing formal remittance agencies in order to do so.
- A total of 16 different remittance agencies were identified by migrants which could be divided into larger money transfer agencies such as Western Union and agencies which catered for specific migrant communities such as Sami Swoi, Dahabshill and RIALink. In turn, some communities appeared to be better served by remittance agencies than others.
- The most important financial need identified by migrants was access to credit or loans. This reflects the extent of the unmet demand. In terms of their financial needs in home countries, while fewer respondents answered this question, safer banking emerged as the most significant response.
- 77% of migrants interviewed reported being worried about financial matters which ranged from not having enough money to cover basic expenses or emergencies. There

was a clear desire to acquire financial information although this was most evident in the Polish and Brazilian community.

- The majority of respondents had not heard of pre-paid debit cards (73.4%). While some reported that they would be interested in acquiring such cards, they were wary in terms of the fee that would be charged as well as the community organisations which would be potentially involved in the distribution of such cards.

SECTION 1: INTRODUCTION AND METHODOLOGY

Introduction

Financial exclusion, which is 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, 2005: 440), has emerged as a significant concern for public policy in the UK over the last decade. This is partly attributable to the fact that levels of financial exclusion in the UK are high in comparison to other developed nations. It is estimated that 1.5 million households (7% of the population) lack access to any financial services while a further 4.4 million households (20%) have little more than a basic bank account (Kempson *et al.*, 2000). Furthermore, there is a growing realization that financial exclusion not only has adverse implications on individuals’ ability to save, access credit, build assets or effectively manage their financial resources, but also potentially intensifies and exacerbates social exclusion (Atkinson, 2006; Byrne *et al.*, 2007; Collard and Kempson, 2005; Vass, 2007).

While research on financial exclusion is relatively recent, it reflects three key priorities. The first strand of work mapped how the global financial crisis of the 1980s led to the contraction of financial services and products offered to lower income groups (Leyshon and Thrift, 1995). This was followed by research which aimed to identify the factors resulting in financial exclusion. A particularly salient finding was that particular social groups were disproportionately represented among financially excluded populations including the young, old, unemployed, low-paid, black and ethnic minority groups as well as undocumented migrants (Fine *et al.*, 2005; Treasury, 2007). 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 labeled 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.

Migrant workers have not received much attention in research on financial exclusion in spite of the fact that they are likely to suffer from it (Atkinson, 2006; Fine *et al.*, 2005). Research highlights the fact that migrant workers constitute a significant proportion of the working poor in cities like London where 35% of the working age population is born overseas, and 46% of elementary jobs are done by migrant workers (Spence, 2006). Moreover, as part of Black and Minority Ethnic (BME) groups, migrants are also likely to suffer from financial exclusion. Yet, even while research is beginning to consider the relationship between ethnicity and financial exclusion, this work has been largely informed by the experiences of more established BME populations, especially African-Caribbean, Pakistani and Bangladeshi communities (Atkinson, 2006). Given the super-diversity of London’s migrant community as well as the recent arrival of some communities, there is a need for more nuanced understandings of the experiences of a diverse range of migrant communities (Evans *et al.*, 2006). Furthermore, migrant workers have complex financial lives which arise out of financial transnationalism whereby migrants live and work in one country while being financially responsible for family members left behind in home

countries (Vertovec, 2004). While remittances or money transfers have received a great deal of attention in recent times due to the increased importance of these flows of capital to the global South, researchers have failed to adopt a holistic approach to migrants financial lives which treat remittances as part of the regular expenses that migrants incur along with the upkeep of their homes and maintenance of family members (DfID, 2007; UK Remittances Working Group, 2005). There is also a lack of appreciation of how remittances are funded (Datta *et al.*, 2007a; Hernandez and Coutin, 2006).

It is important to recognise that the financial exclusion of migrants is also due to a dearth of appropriate financial services and products that can meet their particular monetary needs. Kempson *et al.* (2000) argue that not only has the financial industry focused its attention on developing ever more sophisticated products aimed at an elite minority, they have also withdrawn products which are more suited for those on low-incomes. Here, useful lessons can be learnt from the US experience where innovative financial products (such as pre-paid debit cards) designed around migrant workers have been piloted in partnership with community based workers centres (Fine *et al.*, 2005). While comparable products are now available in the UK, there is a lack of systematic investigation about their potential uptake by migrant groups, the role of community organisations in their promotion, and the involvement of mainstream financial organisations.

It is within this broad context that this research seeks to elucidate the experiences of financial exclusion among a diverse range of migrant communities. The key aims of the research were to identify the financial practices of migrant workers, the financial strategies they employed in relation to savings, accessing credit, managing debt, remittances and their financial needs. It also aimed to explore knowledge of, and potential take up of, alternative financial products such as pre-paid debit cards. Recognizing the super-diversity of London's migrant population this research also sought to investigate issues of financial exclusion among different migrant communities. The research focused specifically on Brazilian, Polish, Turkish and Somali migrants with some representation from other Latin American and African countries (see Table 1 below). The inclusion of a range of migrant communities enabled an investigation into the impact of duration of stay, routes into the UK, and gender and ethnic factors, on experiences of financial exclusion.

METHODOLOGY

Two strategies were adopted to access migrant workers who often represent a 'hard to reach' population. These were the selection of researchers who were embedded in the communities which they researched, and the utilization of London Citizens networks to contact specific organizations who then facilitated access to migrants. In turn, these strategies enabled the researchers to combine 'cold calling' (where migrants were approached in a range of locations) as well as approaching them through established contacts. Given their knowledge of the communities in which they worked, the researchers were able to target areas in which specific communities were likely to be concentrated. Interviews were subsequently carried out in a range of locations varying from churches, restaurants, language schools, community centres, public libraries, hair salons as well as the homes of respondents. All the interviews were conducted face-to-face in the languages spoken by the respondents which ranged from Portuguese, Spanish, Turkish, Polish, Somali

and French. These language skills were vital in accessing and communicating with the respondents.

Research tools used to elicit information included a questionnaire survey and in-depth interviews. Taking these in turn, a questionnaire (see Appendix 1), compiled by the author and piloted prior to the main survey, was used to gather baseline information on migrants' workers household composition, work and migration trajectories as well as remittance behaviour. In addition, migrants were asked questions relating to their financial needs, experiences and aspirations. Combining both close and open ended questions, a total of 188 questionnaires were completed, the details of which are captured in Table 1 below.

Table 1: Gender and nationality of survey sample

Country of origin	Number of men interviewed (%)	Number of Women interviewed (%)	Total number of interviews (%)
Brazil	37	23	60
Poland	22	14	36
Turkey	15	15	30
Somalia	13	14	27
Bolivia	4	5	9
Ecuador	3	1	4
Mexico	0	1	1
Colombia	7	3	10
Venezuela	1	0	1
Democratic Republic of Congo	3	3	6
Algeria	4	0	4
TOTAL	109	79	188

The second research tool utilized was in-depth interviews (see Appendix 2). Here, the researchers followed up on survey interviews which had identified respondents who were willing to participate in a longer in-depth interviews. The aim of these interviews was to explore migration histories (including factors leading to migration; the financing of migration as well as financial lives in home countries); migrants' financial needs and aspirations in London; employment, savings and credit histories as well as remittances. In total, 18 in-depth interviews were conducted as illustrated in Table 2 below.

Table 2: Country of origin of in-depth respondents

Country of origin	Men	Women	Total
Poland	3	1	4
Somalia	2	1	3
Turkey	1	2	3
Colombia	2	0	2
Brazil	3	3	6
TOTAL	11	7	18

In-depth interviews were recorded and transcribed by the researchers. The data from the questionnaire survey was in-putted into SPSS, and then analyzed.

SECTION 2: MAIN FINDINGS

2.1. Migrating to, and working in, London

Migrating to London

63% of the migrants interviewed had arrived in the UK after 2001, of which 63% had migrated between 2001 and 2005 and 36.6% between 2006 and 2007. As such, the majority of the migrants in the sample can be classified as recent migrants. As illustrated in Table 1 above, the migrant workers interviewed came from a number of different countries some of which have an established history of migration to London such as Somalia (one of the oldest established African communities in London), while others were from countries whose migratory links to the UK are more recent (as in the case of many of the Latin American countries) (see Erdemir and Vasta, 2007; Evans *et al.*, 2007; Griffiths, 2002; McIlwaine, 2007).

Migrants' routes into the UK varied according to nationality. While the migrant workers fell into one of two categories, 'legal' or 'illegal', their experiences indicate the extent to which the boundaries between these statuses are fluid and dynamic. For example, the Polish respondents in the sample were all living and working legally in the UK following Poland's inclusion in the EU. Yet, a number of them had engaged in undocumented migration to the UK in the past. In a similar fashion, other migrants had entered the UK via student or visitor visas which had subsequently expired thus rendering them as illegal overstayers. Still other migrants, drawn predominantly from the Turkish community, had entered the country illegally using false documents and had then applied for asylum as evident in Hatice, a Turkish woman's case below.

Box 1: Seeking refuge in England

"My husband was tortured and arrested on numerous occasions without due cause. I just got scared and worried. I thought one day they would take him and he would not return. ..In England there are other political immigrants so that's why we came here...England has been much more accommodating than Turkey could ever be. The government refused to issue us passports! And so we had to get fake passports and come to England on those. There was nothing else we could do...Getting full legal status was relatively easy; we got my lawyer from Turkey and doctor to send pictures and records of my husband and he was examined by doctors here too. When the reason for his injuries became clear and the Turkish government could not guarantee his re-arrest if he returned there, the government gave us asylum."
(Hatice, Turkish migrant).

In turn, routes into the UK had important implications in terms of the costs of migration. For people like Hatice, who had to acquire false documents in addition to all the other expenses associated with migration, the cost of moving to the UK was £10 000. This money was raised through a combination of savings and loans. Given that Hatice and her family had to leave Turkey in a hurry, they borrowed money from her father-in-law and

transferred the deeds of their property to him so that he could dispose of it to recoup this expenditure. Ayse, also from Turkey, told us of her husband's migration which had also included the purchase of false documents, travel to Germany and from there to the UK on the back of a lorry. Again, this migration was financed through a mixture of savings, loans from family and the sale of scarce assets. As such, migration may result in the accumulation of debt which has an important bearing on migrants subsequent financial lives in the UK as discussed in greater detail below.

Living and working in London:

“Do I work? Forgive me but I work like a dog. All I do is work. That is all I do. In this god forsaken country, that is all I have done.” (Ali, Turkish migrant man).

Countering popular images of lone migrants, a significant proportion of the migrants interviewed had dependents, both in London and in home countries. 27% of the respondents had children in London (one-third of whom had one child, although in a few cases respondents had between 4 to 6 dependent children) while 16% had dependent children in home countries (71% had 2 or fewer children in home countries). 12% of respondents also reported having other dependents (including parents, siblings and other extended family), the majority of whom lived in home countries. In terms of living arrangements, only 13.8% of migrants lived by themselves while 86.2% shared accommodation. In turn, the latter predominantly shared accommodation with their spouse/partner (19.1%); their spouse and children (24.1%) or lived with non-family who were usually friends and co-ethnics (31.5%).¹

Irrespective of their reasons for migrating to the UK, work emerged as a central feature of most migrants' lives. 81% of the respondents reported that they worked. In turn, the majority of respondents worked in what are classified as low or semi-skilled jobs, as cleaners, hairdressers, butchers, builders and decorators, shop assistants and in the hospitality sector.² It is important to note, however, that the sample also included some self-employed migrants and those working in higher paid jobs which is reflected in data on wages and savings (see below). Among the low-paid migrants, there was some variation between the different communities surveyed with the concentration of work opportunities for some in what have been termed as 'ethnic enclaves'. This was particularly evident in the case of the Turkish migrant workers, the majority of whom worked in Turkish businesses including butchers, Turkish supermarkets, pitta bread factories and kebab restaurants. This concentration of work opportunities was largely attributed by the migrants to language difficulties and there was wide spread dissatisfaction with both the type of work and wages.

Hatice, a Turkish woman, reported the following work experiences:

¹ Ali, a Turkish-Kurdish respondent told us how he had lived in 'bachelor' accommodation when he first arrived in the UK although he wryly remarked that none of the men he lived with were bachelors as they had all left their families behind in home countries.

² We came across 3 unusual cases where 1 Polish migrant reported that he was a thief and 2 Brazilian migrant men said they worked as male escorts.

“I do cooking and cleaning at a Turkish supermarket. One of my husbands’ friends knew the owner so he had a chat with him and through that I got the job, it was quite easy really. But the work is hard. I work for 10 hours – many other people work much longer hours and have Mondays off. They pay me very little, £110, but money is money and that £110 contributes to the household income and that is what is important. I don’t have any skills that would be of use elsewhere, I mean if I could find better paid work else where I wouldn’t hesitate for a second but that is all there is for me and complaining won’t get me anywhere so I just make do with what I can.”

Another Turkish respondent reported that although he worked for Turkish employers in the first couple of years after his arrival in London (in various jobs as a cleaner, cashier, painter), the pay was so appalling (£120-150 a week) that he preferred to give it up and draw benefits. He went on to say that if Turkish employers paid minimum wages, he would definitely be working. Indeed, when their hours of work were taken into consideration, many of the respondents from this community were earning below the National Minimum Wage.³

Wages were generally low across the whole sample as shown in Table 3 although as noted above, the survey also captured some migrants who worked in higher paid occupations. There was some variation in income levels across national groups with the Turkish sample earning on average £785 per month; Somalis £979; Brazilians £1065 and Poles £1194. The average wage for the whole sample was £1044.

Table 3: Income distribution of respondents

Income Per Month	No of respondents
Less than £199	2 (1.3%)
Between £200-499	10 (6.5%)
Between £500-999	58 (37.9%)
Between £1000 – 1499	55 (35.9%)
Between £1500 – 1999	16 (10.5%)
More than £2000	12 (7.8%)
Total	153

Given generally low wages as well as high costs of living in London, the respondents engaged in a range of strategies to augment their incomes. These included working long hours as well as having more than one job (see also Evans *et al.*, 2006). Furthermore, while a significant proportion of migrants relied solely on their wages to get by (67%), others relied solely on benefits (9%), a combination of wages and benefits (9.6%) and help from family (4.8%). Again, there was some variation among the different migrant groups. 90% of the Turkish respondents reported that they survived on either benefits alone (26%) or a combination of benefits and wages (74% respondents). While 51.9% of Somalis reported

³ The National Minimum Wage was £5.35 at the time of the survey.

that they survived on their wages alone, 22% of Somalis relied on benefits; 15% on family help and 7% on a combination of family help and benefits. All 3 of the migrants from the Democratic Republic of Congo drew benefits as did 1 Brazilian, Colombian and 2 Algerian respondents.

2.2. Histories of financial practices

“Somalia is a broken country, it is too busy fighting to operate banks or any organization. In Somalia, no one has a bank account....however, it is a cash society, and there [has] never really been need for bank accounts, additionally this is not helped by the level of corruption among government officials.” (Mohammed, Somali migrant man).

It is important to recognize that migrants’ financial lives in London are likely to build upon their financial practices in home countries which may be particularly influential in determining levels of trust and engagement with banks and other financial organizations. Given the range of countries that the migrants came from, it is unsurprising that their financial practices varied significantly. 70% of Poles and 78% of Brazilians had bank accounts in home countries as opposed to 10% of respondents from Turkey, and 7% from Somalia. The reasons for these variations became evident in the in-depth interviews. For example, as the extract from our interview with Mohammed above illustrates, the banking system in Somali had completely disintegrated due to the prolonged civil war. As such, it was not surprising that only two of the respondents from Somalia reported that they had bank accounts in their home countries.

While the situation was somewhat different in Turkey, with a more evident banking infrastructure especially in the larger towns and villages, low wages meant that there was little need for accounts. Thus, while Ayse, a Turkish migrant woman, told us that there were “6 or 7 banks” in Gaziantep where she had lived prior to migrating to London, neither her husband nor she had a bank account. As she went on to say:

“I didn’t work, and his wages went on rent and food. I had some gold from what family and friends had put on me when Ismail and I got married, these were the things that I saved for a rainy day.”

As such, she concluded that they did not earn or save enough to warrant a bank account which they would have had to pay banking fees for in any case. Both respondents from Somalia and Turkey also noted the importance of family and friends (as opposed to banks and financial institutions) in acquiring loans in times of crisis (see below also).

In contrast to these migrant workers, respondents from Poland and Brazil reported that banking systems were very well established in their home towns and countries such that people had a pre-existing relationship with financial organizations which were generally trusted and used although the latter perception did vary. For example, Ronaldo, a Brazilian migrant, reported that due to high interest rates, banks in Brazil were “*considered like informal money lenders but wearing a tie.*”

2.3. Everyday Financial Practices in London

Migrant workers everyday financial practices in London were diverse and varied. The subsequent discussion examines these in relation to banking practices; savings, accessing credit, managing debt and remittances.

Banking

“Yes because everything requires credit or debit cards. There is a need for a bank account.” (Juliana, Brazilian migrant woman).

The extension of banking services is a key focus of the government’s initiative to address financial exclusion in the UK. Working in collaboration with banks, it aimed to halve the number of households without accounts by the end of 2006 through initiatives such as the Cooperative Bank and Post Office Card Accounts (Atkinson, 2006; Kenway, 2007). This focus on banking services is partly attributable to both the fact that banking is the most prominent, yet also most basic of financial services available.

A key finding of this research was the fact that the majority of respondents did have bank accounts (80%) most of which were held in high street banks including Abbey National, Barclays, Llyods, HSBC, Halifax and Royal Bank of Scotland. Indeed, 12 of the respondents had two bank accounts. Yet, significant proportions of migrants were ‘semi-banked’ with nearly a quarter only having access to a current account and cash machine and 6% to only a current account. Furthermore, it is important to recognize that the proportion of people with bank accounts varied according to duration of stay in the UK. Respondents who had arrived in the country more recently were less likely to have a bank account, with almost half of those arriving between 2006 and 2007 not having opened a bank account at the time of the survey (See Table 4). These figures suggest duration of stay has an important impact upon accessing banking services.

Table 4: Duration of stay and number of respondents with bank accounts in London

Year arrived in UK	No of respondents who had a bank account	No of respondents who did not have a bank account
1986-1990	13	0
1991-1995	19	0
1996-2000	32	4
2001-2005	58	18
2006-2007	30	14
TOTAL	152	36

If these figures are analyzed according to nationality, then all the Turkish respondents had a bank account as did 96% of all Somali respondents. Significantly, this declined to 75% of Polish migrants and 77% of Brazilian migrants which is partly explained by the fact that the respondents from both of these communities dominated among recent arrivals to London.

Focusing first on the migrants who did have bank accounts, a primary factor which explained high levels of banking was the prevalent practice among employers to deposit wages directly into bank accounts (although there was some variation as noted in Table 5 below). Indeed, one of the respondents, Lander, an undocumented Brazilian worker who had been in the UK for six years reported that even though one could get a job without an NI number or a valid passport (by which he meant visa), it was near impossible to get one without a bank account. He attributed periods of unemployment in his own working life to employers who were “*not flexible*” about payment (i.e. did not pay in cash). As such, there was a widespread feeling among respondents that bank accounts were necessary.

Table 5: Mechanisms by which salaries are paid

Mechanism	Number of respondents	Percentage
Cash	49	31.6%
Personal cheques	7	4.5%
Automatic deposits	51	32.9%
Payroll/Company cheque	6	3.9%
Cash and automatic deposits	21	13.4%
Combination of above	21	13.4%

Like wages, benefits are also increasingly deposited directly in recipients’ bank accounts unlike in the past when benefit cheques could be cashed in Post Offices as Hatice, a Turkish migrant woman told us:

“Its necessary [to have an account]. You need a bank account for your benefits. It’s not like before when they hand you a cheque, which could be cashed at a post office. Other than that if you are working say at an English place, your money is deposited in your bank account and if you don’t have a bank account, where would the money go.”

This, in turn, sometimes led to a practice whereby householders attempted to keep their income and benefits separate from each other. Many of the Turkish respondents in this study reported that their benefits were deposited directly in banks while their wages were received in cash (see Table 5 above). They expressed a desire to keep the two separate due to fears of being ‘found out’ or banks asking them questions related to their wages. As such, wages were first used for everyday living expenses and supplemented by benefits. Again, Hatice reported that “*I get cash in hand. The benefits go into my account. And when we need that we go to the cash point and withdraw it, what’s left stays in the account and what’s left in our hand stays at home.*”

In turn, the majority of respondents whose income and/or benefits were deposited in banks utilized personal accounts (86%), someone else’s account (8.8%) or joint accounts (5.2%). The latter were commonly held with spouses/partners. Opening accounts was often described as a long drawn out process during which time migrants encountered financial difficulties. Describing her own experience, Juliana, a Brazilian migrant said, “*I had to go*

3 or 4 times. They didn't open it quickly. I had to show my student visa plus I had to put some money in. It took a bit of time." In turn, these delays caused a great deal of financial worry for households. A Turkish migrant woman who participated in the questionnaire survey described how her husband, daughter and she had come to London in October 2000, and had since moved around and lived in a variety of shared dwellings. They tried to open an account shortly after they arrived in London with Nation Wide and were asked to provide a passport and utility bill. As they were living in temporary accommodation where the bills were paid by the local authority, they could not provide this evidence. At the same time, they were informed that their Child tax credit could only be paid into an account. She finally got a letter from her school which the bank reluctantly accepted to open an account for them.

Even while respondents were aware of the need for bank accounts, some were very critical of the services that they received. To this end, one Polish respondent said: *I dislike everything in that bank, I mean really they're incompetent, slow and greedy, there is a mess in their papers also; I mean just think of that – I had a DD [direct debit] and got little bit overdrawn but paid up immediately – and they gave me a £80 penalty...I'm changing into HSBC or Barclays soon because simply this isn't good...*

Migrants who did not have access to bank accounts could be divided into two categories: those who chose not to have accounts, and those who had been refused accounts. Recent migrants dominated among the former group. Unsure about their future plans and how long they would stay in London, such migrants were ambivalent about banking services. One young Polish migrant who, when asked if he had a bank account, responded: *"What for? I don't need it really, I arrived recently so it's a bit early to decide for me... I still don't know how long I will be here..."* Another factor which accounted for self-exclusion was remittances. Although this is discussed in greater detail below, we came across a number of cases where migrants remitted a significant proportion of their wages and savings. For example, a Brazilian man who participated in the questionnaire survey reported that he worked 65 hours a week, earned £300 of which he remitted £220 back home. As such, he was not interested in financial services in the UK.

The second group of migrants who did not have access to bank accounts had been refused accounts, largely because they did not have the appropriate documents to open accounts. A range of documents were identified by the migrants as being necessary to open bank accounts including a valid passport (which many of them took to mean a valid visa status), proof of address (via utility bills) and a driver's license. It was also reported that different banks had different criteria for opening accounts. Ronaldo, a Brazilian migrant, told us that when he arrived in London, Natwest had stopped opening accounts for students, so he opened an account with a Portuguese Bank. When he heard that HSBC were beginning to open accounts for students, he opened an account with them for which he only required a letter from his language school. Another Polish respondent told us that banks were in a *"bureaucratic mess, I mean why do they need this proof of address; I mean in one bank they need it in other don't. I went with my friend to help him open a bank account and in one branch they said that he needs a proof of address and they were making difficulties – in others they haven't; so I don't know really is their staff that doesn't have a clue?"* Yet

another Polish respondent told us that at the time when he opened an account with Nat West, they had accepted proof of a banking history in Poland in place of the other documents identified above.

In turn, migrants who were excluded utilized a range of strategies to attempt to open bank accounts. Rafael, a Brazilian migrant, who lacked the appropriate documents to open an account reported that:

“I got the phone number of a Brazilian guy that sells bank accounts from a magazine. He charges £150. Even without visa he managed to open an account for me. He pay someone who works at Barclays Bank. He opened my account for me in one day.”

There was also evidence of employers helping migrants to open bank accounts. For example, a number of Brazilian migrants reported that Pizza Express had its accounts with HSBC and provided employees with letters of recommendation which enabled them to open accounts. Even migrants who were informally employed were helped by their employers as in the case of a Polish respondent who reported that: *I had this costumer for whom I was doing a bit of work, and she wanted me to pay and I hadn't had a bank account; I was here for a year already and didn't have because I just didn't need one... so she took me to a bank, helped me with the language and opened my bank account.* Others utilized more specialist financial services such as Ela, a Polish journalist who had her bank account opened by a financial advisor who charged her for £50 for this service.

Migrant who were unable to open accounts had to devise alternative strategies so as to receive their wages. These included the use of someone else's account (which was reported by 8.8% of the sample as noted above), an arrangement which could have severe financial penalties as in the case of Joel below.

Box 2: Financial vulnerability in London

Joel, a migrant from Brazil, worked full time for Travel Lodge which he combined with early morning office cleaning on weekdays, and cleaning Wembley Stadium on the weekends. As an undocumented migrant (his passport was retained by the immigration authorities when he arrived in the UK two years ago), he was unable to open a bank account which he needed in order to be paid by automatic deposit. As a result, Joel started using one of his flatmate Arturo's account in which his wages were deposited. One morning when Joel returned from his nightshift at Wembley Stadium, he was shocked to find that Arturo had left the flat without having given notice to anyone. He took £1700 of Joel's savings with him. Two weeks after this incident, Joel was evicted as he could not afford to pay his rent of £50 a week. He was devastated and desperate. He had to inform his employers to stop using Arturo's account but also to find another 'friend' whose bank account he could use. As he had no choice, he had to rely once again upon the good will of a stranger to be able to receive his wages. He hoped to save enough money to return to Brazil one day to his two daughters and wife.

Indeed, the use of other peoples' accounts was not just limited to those who did not have their own personal accounts. One Turkish woman reported that because her husband worked *and* they claimed benefits (working tax credit and child tax credit), they deposited their benefits in their personal account and her husband's wages and any savings in his cousin's account. She told us that they trusted him. In another case a Brazilian woman reported that she had been using her daughter's account who had since returned to Brazil. Her card had expired and although a new card had been issued, it had been sent to their old address. As a result, she could not access the account.

Savings

“This saving stuff is really shit here; I mean what kind of saving it is when it's not really with a good interest; but I'd really like to have an advisor or someone who could advise me on things like investments... I mean not for now but maybe later when I save a bit so I could have the money working for me.” (Marcin, Polish migrant man).

The lack of accessible and flexible savings opportunities for poor households has been noted in the wider literature and is one of the key obstacles to their financial inclusion (Vonderlack and Schreiner, 2001). In an attempt to address these, a range of savings products are now available ranging from building society accounts, to National Savings bonds, equity based products and limited-access bank accounts (Atkinson, 2006). Despite this, however, Kenway (2007) reports that nationally across the UK, some 40 per cent of households lack any savings at all. A further 30 per cent of adults are reported as wanting to save at least £10 a month but are unable to do so rising to 60% among the poorest fifth of the population. Furthermore, the proportion of financially excluded populations who save formally is particularly low among BME groups who may prefer more 'sociable forms of savings' (Atkinson, 2006:8).

A significant proportion of the respondents in this study were able to save over £300 per month (although it is important to note that was largely due to the inclusion of higher paid migrants in the sample) followed by those who saved nothing or not much every month (see Table 6).

Table 6: Levels of savings

Level of savings	No. of respondents (%)
Nothing	23 (15.4%)
Not much/don't know	19 (12.8%)
Less than £50	10 (6.7%)
Between £51-100	16 (10.7%)
Between £101-200	15 (10.1%)
Between £201 – 300	12 (8.1%)
Over £301	54 (36.2%)

Focusing on the latter category, a number of factors inhibited low paid migrants from saving including the everyday costs of living in a very expensive city, low wages, pressure to remit as well as low interest rates (see Box 3 below).

Box 3: Factors constraining savings

“We save small amounts of money and that is spent pretty quick – the children go on school trips, there are birthdays and festivals that we have where I have to get presents for the family and in the new-year I want to send a little money to family in Turkey so at the end of the day, what little is saved is spent – that is how it is honestly. The savings are just kept at home, its so little it is not worth the trip to the bank.” (Ayse, Turkish migrant).

“I can cope well at most times but no in that I can’t save substantial amount of money. Saving can be very difficult especially when you need to send money back home to the family, combined with living in London.” (Mohammed, Somali migrant).

We save between £20-£70 a month. We just save for a rainy day, you know there may be an emergency and we may have to go to Turkey or the family in Turkey may need money. Just for a rainy day.” (Hatice, Turkish migrant).

Yet, notwithstanding the amount of money saved, it is vitally important to recognize that migrant households do save with respondents adopting four key mechanisms to manage their savings. These included depositing savings in banks; keeping savings on their person or at home; converting savings to assets and/or remitting them back home (see Table 7).

Table 7: How do respondents save

Saving mechanisms	No. of respondents	Percentages
No savings	12	7.7
At home	25	16.1
In the bank	72	46.5
Invest in gold	4	2.6
Someone else’s account	4	2.6
Remit	30	19.4
Spend it	4	2.6
On their person	3	1.9
Other	1	0.6

Respondents from Turkey were particularly likely to keep their savings at home (again due to perceived fears of being caught out by banks where their benefits were being deposited) and, if significant savings were amassed, to use these to purchase gold/jewelry.⁴ To some

⁴ The wider literature also notes the propensity of financially excluded households to convert their savings into assets which may not necessarily hold their value (Datta, 2007c).

extent, this reflects the continuation of a traditional strategy for managing savings and also reflects a distrust of financial organizations. This practice was reported by one Turkish man who took part in the questionnaire survey. He worked as butcher in a Turkish establishment (for which he earned £250 a week) while also drawing a job seekers allowance. Scared of depositing his salary into his account (“*as the government might get suspicious if I put too much money into my current account*”), he kept the money at home and when they had saved up to £4-500, his wife bought gold jewelry which she wore. He realized that if they were to need money, and convert the gold back into money, it would lose some of its value. He also sent money back home two to three times a year via his brother who deposited it in his savings account in Turkey. He told us that the banks in Turkey did not ask where the money was coming from so he preferred them to the banks in London. There are obvious dangers in accumulating savings at home or keeping them on the person related to theft. Indeed, for people who live in multi-share accommodation, often there is no option but to keep savings on the person.

A significant proportion of migrants also remitted all or a large portion of their savings back home (19.4% of the sample), and a key reason for doing so was their immigration status. Among the undocumented workers that were interviewed, a primary fear was that if they were caught and deported they would be unable to access any money that they may have accumulated in bank accounts. As such, they preferred to remit any savings back home. Juliana, a Brazilian migrant told us, “*I am more worried about being deported and the immigration people stopping my bank account. They can stop my money.*” In such cases, savings were remitted to home countries frequently, including, in one extreme case, to every couple of days. The fear of deportation was very prevalent among some respondents. A Brazilian woman reported that her sister had been deported the week before we interviewed her and she was very worried about it, a sentiment which was iterated by another Brazilian migrant who told us that while she had opened an account when she was a student, the fact that she was now in the country illegally meant that she lived in fear of the Home Office, of being caught and deported and her bank account closed.

Accessing Credit

I fear that these banks are just trying to get you into debts... they offer me so much, you know credit cards, phones, investments... I prefer to stay away. (Polish migrant).

It is increasingly recognized that a lack of access to credit is a central component of financial exclusion (Bryne *et al.*, 2007). While traditionally regarded as potentially exacerbating poverty, it is now argued that credit is essential for financial survival. It is estimated that 8 million people in the UK are excluded from mainstream sources of credit which leads to borrowing from high cost alternatives (including unregulated money-lenders) and potentially higher levels of indebtedness (Bryne *et al.*, 2007; Leyshon *et al.*, 2006; Treasury, 2007). In turn, this has led to the establishment of both the Social Fund and Growth Fund, as well as increased support for ‘third sector financing’ or Community Development Finance Institutions (CDFIs). While a range of community finance institutions are engaged in innovative projects to extend credit to both individuals and micro-enterprises, the specific credit needs of migrant populations are less well acknowledged and served. In turn, there is also growing concern of risky lending practises

which can exacerbate the financial vulnerability of hitherto financially excluded groups (Dymski, 2006).

The views of the migrant workers interviewed regarding credit varied. Some were unwilling to acquire credit. One of the Somali respondents that we interviewed, Hasan, said that as a Muslim, he could not borrow money from banks.

“..there is the Islamic view, it’s like if they give £1000 they gonna expect £1100 something...so that £100 is called riba [interest in Arabic] in Islam which is illegal, you can’t allow this to take that kind of money, the only thing that is allowed is that they return the same value of the money, that is okay but in the UK banking system, they don’t have those kind of facilities, so that’s the Islamic view, for me personal to take a loan its very hard in my situation..” Hassan, Somali migrant man

Other migrants were particularly hesitant about borrowing from banks as reflected by Ayse, a Turkish migrant, who told us:

“That’s the thing with friendship and family ties in Turkey those who can help will do so without question, our people are very nice when it comes to such things. I haven’t heard of anyone going to a bank like here in Britain to get a loan for a car or a house, in Turkey, you save as much as you can and then purchase or borrow from close friends and family and purchase.”

Indeed, the majority of respondents rarely reported attempting to access credit from banks, again for a variety of reasons. For example, there was a common perception among Brazilian migrants that banks would not extend credit to them due to high rates of default within the community. One of the Brazilian women who participated in the questionnaire survey complained that many Brazilians took loans and then left (in her opinion “*they just came to steal*”) which gave all Brazilians bad reputations and made it difficult to “*tell the good ones apart from the bad ones.*”

This said, access to credit offered by formal finance organisations such as banks was viewed as desirable (see Table 9 below). Ronaldo, also a Brazilian migrant reported that it was worth while getting a credit card “*because the interest rates are relatively low. Therefore, here it is worthwhile to have an overdraft and to ask for a loan.*” A credit card could be especially useful as a Polish migrant told us: “*Basically they have a mess there; I have this problem with not having a credit card so I’m not able to buy plane tickets on-line. But my girlfriend who earns same money, she received an offer but for me they declined when I asked for it; mind you maybe it’s better because banks are banks they want you to become dependant on them.*” Reflecting the demand for formal credit, we also came across one case where a Brazilian migrant reported that he worked in collaboration with a friend who was employed in a high street bank and they charged 25% per loan extended which they shared between themselves.

Lack of financial knowledge also played a role in the financial practices and strategies in relation to credit. A number of migrants complained that they were constantly being

encouraged to take loans and were offered various loan products even while there was insufficient explanation of how these products worked. One Polish respondent told us that “*at the HSBC there is too much bureaucracy, they didn’t want to give a savings account but they were pushing me to get a credit card*” while Marcin, another Polish migrant, complained that:

“I mean general knowledge basically; I don’t want to get into debt so would be good to have honest information about how these products operate... I mean I got this credit card from them [his bank] but I’m still not sure when do I pay. All the time or just when I take some shopping on it? I’m not sure how does it works. Do you know?”

In turn, the perceived and real exclusion from formal credit led to the operation of what some migrants termed as ‘mutual agreements’ that existed between friends whereby money was loaned with no interest being charged. Rafael, a Brazilian migrant, told us “*I have an arrangement with a friend here that we lend money to each other when we need it but we don’t charge interest.*” Others had to rely upon their savings which were held in home countries or indeed on help from family at home.

We did also come across one informal credit association, the “gün” or ‘gold days’ which are prevalent in the Turkish community (see Box 4 below). These informal credit groups operate in the same way as those prevalent in other migrant communities such as ‘kommittis’ among Pakistani migrants (see Atkinson, 2006).

Box 4: Informal Credit Associations

“My sister was ill, I had to raise £1500 to send her for hospital costs, in Turkey it is not like here where the government pays for hospital fees and medicine costs; it is very hard for people there you have to come up with the money or you get no treatment. I don’t have that much money my husband doesn’t even work! I told a friend at my daughter’s school and she told me of her gold day. I know of gold days but I don’t have enough close friends to invite. Bless her, she said she would invite her friends from her own group. And that is what we did. Some people bought large gold pieces and other brought £100. At the end of the day I got just under £1500 – I will have to sell the gold and when I do so the gold will lose some of its value. Over the next 2 or 3 years, the women will arrange gold days and they will invite me to their houses and I will do what they have done and so give them a large piece of gold or a £100. I do not have to pay interest or anything so that is nice.” (Ayse, Turkish-Kurdish woman).

Access to such informal credit associations obviously plays a critical role in this community.

Managing Debt

“I simply hate to be in debt, to owe money... this is shit and I also know that getting to closely with banks here may result in big debts... here so many people don’t care, they all take loans.” (Marcin, Polish migrant)

There is growing concern over higher levels of indebtedness in the UK. Toynbee Hall (2007) estimates that while the average unsecured debt among adults in the UK is over £4000, this rises to £16 000 in some of London’s boroughs such as Tower Hamlets. These debts range from small utility bill debts to large credit card and loan amounts.

Reflecting a general finding in broader research, there was a reticence among migrant workers to talk about debt, with the majority of the surveyed population reporting that they were not in debt (67%). This said, just under 20% of the whole sample told us that they were in debt with some variation among the major national groups included in the study (see Table 8).

Table 8: Percentage of people in debt by nationality

Nationality	% in debt
Turkish	30%
Brazilian	26.8%
Polish	19.4%
Somali	7.4% ⁵

In turn, those who were in debt could be divided into three categories: those who were in debt in their home countries; those who became indebted through the process of migration (referred to as debt-financed migration) and finally those who had acquired debt in the UK. Debt acquired in home countries often precipitated migration as people were keen to make a fresh start which would enable them to repay their debts. As such, Rafael, a Brazilian migrant, told us that he had to shut down his restaurant in Brazil after a year and a half due to debts which he had acquired when he set up the business through a loan taken from an informal money lender. He told us *“After it was shut down, I sold it for a lower price and borrowed more money to come to London. I wanted to come here to earn money and pay off my debts.”* His decision to come to the UK in preference for any other destination was due to the fact that the *“pound was higher than any other currency.”*

In turn, as noted in Section 2.1 above, migration is also funded through a combination of savings, credit and sale of assets. Help from family and friends was common with migrants supplementing this with their own savings. Some migrants also fund their initial living costs in London by drawing on financial services they have access to in home countries. Thus, Ronaldo told us that when he arrived in the UK, he only had £30 in his pocket and he had to use his overdraft facility in Brazil to survive the first couple of weeks before he found a job in London. He also asked his sister to repay a loan that she had taken from him previously. Finally, debt in the UK was incurred for a variety of reasons including the

⁵ The low figure reported by the Somali population is due to a high number of respondents not answering this questions (74.1%).

purchase of cars, to cover emergency expenses arising due to illness and funerals and also mortgages.

The levels of debt varied from £10 which a Polish migrant owed his bank to alarming levels reported by two Turkish respondents who had debts of £20 000 and £80 000 respectively. While the latter was the result of a failed business, the former debt was incurred by the respondent, Ali, when he paid a trafficker to smuggle his wife and children into the UK. Given that Ali's wages for a 72 hour week was a paltry £220, (he worked for his nephew in a meat warehouse where he prepared doner meat), he had to borrow this money from friends and family but now needed to pay them back. He reported that he was very worried about the future.

Debt also led to disengagement with formal financial organizations as evident in the case of Andrzej, a Polish migrant, who had stopped using his bank account due to being overdrawn by several hundred pounds. He was too afraid to go back to the bank and ask how much debt he was in. Another Polish respondent reported that he no longer had access to a bank account because: *"Yes, I had an account but the bank closed it because I took a debit card... I mean they gave it to me, and I did an overdraft and didn't pay... they're sending letters, they're after me basically..."*

Differences between migrant groups were also evident in the credit sources they utilized. All 9 of the Turkish respondents who were in debt had borrowed money from family and friends while 6 of the 7 Polish respondents in debt had borrowed from banks; as had all of the Colombian respondents in debt (4) and the majority of Brazilian respondents (10 out of a total of 15 respondents).

Remittances

"I wish I could send larger amounts many more times a year but I can only manage to send £150-200 twice a year or thereabouts. Who wouldn't want to help their relatives in Turkey but that is all we can afford." (Hatice, Turkish migrant woman).

While the sending of remittances is central to many migrants' lives, they are often treated in isolation from their broader financial circumstances. As such, despite a rich, if debated, literature on the volume of remittances, how they are sent (using formal or informal routes) and what use they are put to in home countries ('production' and 'consumption'), there is less appreciation of how they are funded (Datta *et al.*, 2007a).

In this research, a significant majority of respondents (75%) remitted money back to their home countries. Of those who remitted, 58% were men and 42% were women. The main reasons for sending money were a combination of a desire to do so (especially when spouses and children had been left behind, and/or repaying family for their help in financing migration) as well as family asking for money. Ali, a Turkish migrant, told us that *"my father-in-law and other family ask for money at times and we can't say no, at the end of the day they are family so we send when we can and when they ask."* Ali's father-in-law had been critical in both prompting him to migrate, and allowing Ali's wife and children to move into his own house so that they could begin to save to migrate themselves.

Furthermore, there was a striking similarity in the fact that over 70% of all the national groups represented remitted money back home (75% of Poles, 78% of Somalis, 72% of Brazilians) with the exception of Turkish migrants where remittance levels fell to 49.25% and the Latin American sample (excluding Brazil) where it rose to 96%. These two exceptions can be explained by higher levels of unemployment, and a greater reliance on benefits, in the Turkish population which effectively meant that many migrants could not afford to remit as much or as often as they may like as reflected in Hatice's statement above. Among the Latin American community, high levels of remittances are directly attributable undocumented status (see above).

Just over half of the sample remitted on a regular monthly basis (51%) although this ranged from 8% of respondents who sent money back home twice a month to 7% who reported that they remitted whenever they were able to do so. Remittances were either sent home using informal channels or formal agencies. Indeed, in spite public policy fears that much money is remitted using informal channels, only 16% of the migrants in this study sent money home in this manner with the overwhelming majority (83%) sending it through formal agencies. In turn, the primary informal mechanism used by migrants was remitting money through friends and family who were visiting home countries and this was especially evident in the Turkish population where 89% of migrants remitted in this manner. The pre-eminent reason for doing so was explained by one of our respondents, Ayse:

“When I can I send money to my family by hand with friends that I have here, my family just go to the place where my friend lives and collects the money. It's not like with the banks and other organisations like money gram where you have to pay money to send money and where at the receiving end the other person has to also pay some money. I just ask the friends if they are willing to [carry] some money and if they say yes that is that – very simple and safe.”

However, one draw back was that money could not be remitted as and when it was required by family back home, instead migrants had to wait until a friend was traveling. 3 of the four Algerian immigrants who remitted also reported on using similar channels to remit which also suggests that informal channels are used in situations where the financial system in home countries is either rudimentary, not trusted or a combination of the two. A number of Polish migrants also reported carrying money back when they visited Poland with one man reporting that. *“Since I am so often in Poland I carry it with me; I tried once the Western Union but its so expensive so why should I make them profit from me?”* In the case of Polish migrants, geographical proximity, cheaper air travel and legal immigration status obviously facilitated more frequent visits back home which in turn enabled migrants to carry money themselves.

The formal agencies used to remit could be sub-divided into agencies which catered for specific ethnic groups (such as Dahabshill for Somali migrants, Sami Swoi for Polish migrants, RIALink and GIROS SUR for Latin American migrants) as well as the more well known remittance agencies such as Western Union, LCC and Money Gram. While a

total of 16 different remittance agencies were identified by the migrants, there was a fairly even split between those who remitted money through agencies catering for specific ethnic groups (46%) and those who used the more well known organisations (64%).

There were some clear advantages in using money transfer companies which catered for specific migrant groups. For example, a couple of Polish respondents told us that Sami Swoi deposited money directly into migrants' bank accounts, such that if they had internet access, they could monitor the transfer of funds. Another Polish migrant told us that *"I tried the LCC and Western Union, but Sami Swoi are the best – the best exchange rate, they text the family that money have been sent, the service is really very helpful."* Others, however, preferred to use larger and more established industries. Andrez, a Polish migrant, told us that using larger agencies like Western Union was safer although he qualified this by saying that the safest route of all was to send money via family:

"It's ok I think... goes quick... it's expensive maybe... I send via Western Union and they are expensive... yes, but they are reliable and I never heard of anyone being cheated on... some smaller companies can be dodgy... you know, bank accounts that do not exist, weeks delays while they use your money; so I prefer to send via them [WU] they are reliable... of course the best way is to give to your family in person or to give to someone to hand over... my brother in law took some cash some time ago and this is a safe way, you know one must trust the family."

There was also evidence of remittance agencies introducing a number of schemes to foster customer loyalty. Marcin, who was from Poland, said that he used LCC to remit because they had various deals with the first transfer being free, the second costing £3 and every fifth transaction also being free.

Also interesting is the fact that while some communities reported using a variety of different agencies (for example, the 43 Brazilian respondents who sent money home used 11 different agencies to do so), others appeared to have more limited choices. So, for example, the Somali community used Dahabshill, Qaran, or one of these and Western Union. This would suggest that certain segments of the migrant population are better served by formal sector remittance agencies than others,⁶ an opinion voiced by Hassan, a Somali migrant:

"The system we use to send the money is call xawaala [transfer], basically there are small companies that charge 5% of the value you are sending, in Somalia we don't have banks, so we have establish bank because it would be easier and much security to send money back home, but we have only the xawaala system."

⁶ Indeed, the provision of services for specific migrant communities may improve over a period of time providing a potentially safer channel. Marcin, a Polish man, spoke about prior to Poland's inclusion in the EU, Polish migrants predominantly sent money home in letters or parcels. He went on to say that many of these were stolen by 'baba' (a derogatory term for an older woman) such that "I am sure in Poland whenever someone saw a stamp from that town [in Scotland where he worked at that time] the envelope or the parcel [would] disappear."

Migrants incurred a range of fees for remitting apart from those who used friends and family to carry money which was free. 36% incurred no fee (and this included respondents who sent money through informal channels), 16% paid a percentage of the transaction while the remainder of the sample paid between £2 to £20 per transaction. In terms of fees charged in home countries, 5% of migrants said that their family members had to pay a fee (often calculated as a percentage of the transaction) when they received the remittances.

Furthermore, over half of the sample remitted money in the home currency while 16% remitted British pounds and 26% remitted US dollars. This is explained by the (in)stability of home currencies with migrants from Somalia, Algeria and Turkey predominantly remitting in dollars or pounds, and Poles and Latin Americans in local currencies or dollars (especially in the case of the latter).

It was apparent that most respondents were satisfied with the agencies or channels that they used to remit money which can be deduced from the fact that the majority had not changed their money transfer agency or mechanism in the past year (see Table 9 below).

Table 9: How often have migrants changed remittance agencies in the past year

No. of changes	No of respondents	Percentages
Never	91	67.9%
Once	19	14.2%
Twice	9	6.7%
More than twice	7	5.22%
Send with whichever friend is traveling back home	8	5.9%

Turning to those migrants who had changed their remittance agency in the past year, the predominant reasons for doing so were better currency conversion rates; lower transaction fees; bad experiences with previous agencies such as delays or problems collecting the money in home countries and convenience (for example, one respondent had changed his remittance agency as he found one located close to his workplace).

While a significant proportion of migrants reported that they had not had any difficulties in remitting money (83%), other migrants did report some problems. The most common of these were delays in the transfer of funds with money sometimes taking two to three weeks to arrive in home countries. Delays were more common at certain points in time as noted by one Somali respondent who reported that money transfers took longer in his community around the Ramadan period when many people remitted money back to their families. In only two cases did remittances fail to arrive altogether and in both cases, the migrants lost the money that they had remitted as they did not have receipts to prove that they had sent the money. A Somali respondent also reported that remittance agencies sometimes mixed up clients due to similar surnames. For other migrants like Marcin, a Polish migrant, the

main problem was the fee attached to money transfers. He argued that money transfers had to be improved as:

“...I mean I cannot do much; these transfers are shit: they are expensive...look all this talk about the European Union and you cannot transfer money from one bank to another just because it is in another country..I think some is blocking the money so it will not fly from this country...I think they do not want the outflow of cash from Britain to be too large..because then it would be big scale, with all this thousands of Poles they would have everything out...like if anyone wants, off it goes without difficulties.”

Further, Alexandra, a migrant from Bolivia, who used Continental Link to remit money back home told us that her family had to queue for two to three hours to collect the money at the local transfer office. This was due to the fact that there was only one cashier and many people waiting and customer service was extremely poor and unfriendly. Speaking from another perspective, a Brazilian migrant, Rita, argued that higher fees should be charged when remitting money so as to benefit the British economy. She said:

“I will tell you from the UK’s point of view. In Brazil, to send money abroad, we have to pay a lot of taxes. Here if you are illegal, you can send all the money you have to Brazil and you don’t pay much for it. So if you are deported, your money is there in Brazil. Therefore I think the UK is losing out with that.”

2.4. Financial needs and aspiration

“Before, when we came it was a bit different but we were in the dark basically; we didn’t know what and to who ask for informations; also then I think it was so complex, the bank accounts, the savings, the small print you know; now it is much simpler, but maybe I learned also to read all very carefully and not get charged too much by banks... but in general I feel that the system is much clearer now.” (Juliet, Polish migrant woman).

Migrants reported a diverse set of financial needs in both the UK and in their home countries. Taking these in turn, the need for credit emerged as a real need among respondents with many identifying the need for loan (which some qualified as a need for lower interest loans), more credit card and over draft facilities, and specific forms of loans such as student grants. The only other major financial need was that it should be easier to open accounts and that banks should ask fewer questions when doing so. This finding illustrates the need for affordable and accessible formal credit among migrant groups.

Table 10: Financial needs in the UK

Financial needs	No. of respondents (%)
Loans	33 (25.8%)
Fewer questions/easier to open an account	13 (10.1%)
Language	1 (0.8%)
Student grants	4 (3.1%)
Credit cards	16 (12.5%)

Overdraft	2 (1.5%)
Other	40 (31.25%)
None	19 (14.8%)

Just over a third of all migrants interviewed answered the question relating to their financial needs in their home countries. Of these, the most important were as follows:

Table 11: Financial needs in home countries

Financial needs	No of respondents (%)
Safer banking	27 (43.5%)
More stable economy	3 (4.8%)
Shorter queues	1 (1.6%)
None	13 (20.9%)
Lower interest rates on loans	1 (1.6%)
Higher savings interest rates	1 (1.6%)
Better remittance services	2 (3.2%)
Other	14 (22.6)

A key need was obviously access to safer banking facilities which was a particularly common response from respondents from the Somali and Turkish communities.

Asked what their main worries were about money, only 19% of respondents reported that they had no worries. 77% reported that they were worried about their money situation of which the most common was not having enough money and worrying about what would happen if an emergency should arise either in London or back home. Hatice’s response to this summed up the situation many migrants were in:

“I have to think about the consequences of my spending, have to be very careful – that is what I am, very careful indeed. It would be nice to have more money obviously, money can’t buy happiness but it offers you peace of mind and it would be nice to have more than that. You know not to worry about whether there will be enough to cover all the expenses and then all the bills and all the things the children want. It would be nice to get everybody everything they want and not feel guilty about it.”

A Polish respondent was also worried about internet banking and said: *“I’m worried about using the internet, paying through the web; also sometimes dodgy things happen around cash machines”*

There was also a clear demand for information on financial services which were available, although this was particularly evident in the Polish, and to a lesser extent, Brazilian communities. A Polish respondent who participated in the questionnaire survey told us that: *“yes ofcourse, I try and get as much information as I can; I met this guy who works at Nat West and get some info from him; you know when in a new place, everybody is good to get*

some information, then you can decided what is best.” In terms of where migrants obtained such information, the following sources were identified.

Table 12: Sources of Financial Information

Sources of information	Percentage of respondents
Friends and family	29.6%
Adverts	8.6%
Don't get any information	7.2%
Bank	6.6%
Internet	3.3%
Telesales	0.7%
Polish press	1.3%
Combination of above	42.7%

Migrants did also vary in terms of sources of advice. A Polish man who participated in the questionnaire survey told us that *“it is difficult to answer really; depends what kind of financial product; is it were some financial advice or tax advice or things like that why not..but I think that about banks and what they offer it’s always better that you learn it yourself..no one if going to do it for you.”* Further, in terms of whether they would share financial information with family and friends, 59% of respondents confirmed that they would while 34% said they would not and a further 6.25% were undecided.

In turn, the majority of respondents had not heard of pre-paid debit cards (73.4%) although one reported that he had one and others said that they had heard of them but were unsure what their purpose was. One Polish respondent reported that *“Yes, I heard of it; I want to have one of these, they are useful when you want to pay by the net, to pay for plane tickets for example, the risks are smaller.”* There were mixed results in terms of respondents willingness to acquire pre-paid debit cards with one Polish migrant man summing up the general feeling that *“Well it all depends how much would be the fee...if I had to pay a fiver and get some advice, some information, then why not...sure.”*

While some migrants were willing to pay for a community organisation to be involved in the extension of pre-paid debit cards, this also varied. One Polish migrant stipulated that while he was willing to support such an enterprise, *“but not a Church related one – they have enough of dosh; and I don’t think there is an organization like that”* while another said: *“very general word: “organization” – what kind of? And help in what? Depends really. Thinking of it I would say that no, rather not.”*

Juliana, *“No I think all banks have their criteria. The migrants should be investigated due to money laundering, fake IDS. Their [the banks] purpose is to get clients. I don’t think there is exclusion but their have prevent themselves from bad clients.”*

SECTION 3: CONCLUSIONS

Financial exclusion among migrants remains under-researched with most studies concentrating on the experiences of more established and older migrant communities. Yet,

given the growing importance of migrant labour in cities like London, as well as the growing diversity of migrant groups, there is a need for public policy to be informed by their experiences of financial exclusion. This study is one of the very few which provides original empirical material on the financial lives, practices and needs of a diverse range of communities.

A key finding of this research has been the diversity of financial experiences among the different migrant communities which are dependent upon a range of factors including histories of financial engagement; routes into the UK; incorporation into labour markets as well as length of stay in the UK. While financial exclusion is itself a broader concept, if viewed through the lens of access to banking services, it is clearly evident from this study that the majority of migrants are not 'unbanked.' This is largely attributable to the fact that it is increasingly difficult to work, or indeed receive benefits, without access to bank accounts given the widespread practice of automated deposits. For those unable to open personal bank accounts, this results in a range of financial practices which potentially enhances financial vulnerability. Furthermore, it is equally important to recognize that a significant proportion of migrants are 'semi-banked' in that they have access to only the most basic types of bank accounts. Savings behaviour across the migrant communities also varied in terms of how these were managed and while bank accounts were again used by many to deposit savings, in other communities, savings were much more likely to be kept on the person, at home and/or converted into assets such as gold. This has potentially negative financial consequences when such assets are turned back into cash.

There was also a large unmet demand for credit, with the use of family, friends, banks and other financial organizations by migrant groups. Given the unmet demand for credit, it is perhaps not surprising that we came across an example of an informal credit association. Further, while few of the migrants that we spoke to acknowledged that they were in debt, here again we came across diverse factors which led to indebtedness and vastly different levels of debt. The study captured rich and detailed information on remittance practices while also adopting a holistic focus which saw remittances as an integral part of the broader financial lives of migrants. Finally, migrants' views regarding specific financial products, such as pre-paid debit cards, were also explored. Here, a preliminary finding is that while many had not heard of these cards, some were willing to learn more about them but were wary of any fees which may be attached to such products as well as the involvement of community financial organizations. This said there is considerable scope for this to be further investigated.

Ultimately it is important not to lose sight of the fact that financial exclusion is a dimension of social exclusion, a fact which was recognized by one migrant from Somalia who told us that despite the fact that he had a Masters degree, he worked as a teachers' assistant which he partly attributed to his ethnic background. He went on to make the point that an inability to find better paid work led to greater financial *and* social exclusion and a lack of integration.

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APPENDICES

Appendix 1: Questionnaire Schedule

Questionnaire Survey – Financial exclusion among low paid migrant workers

INTRODUCTION AND ANONYMITY:

- Explain the purpose of the research
- Explain that the survey will take about 20 minutes to complete
- Stress the importance of their participation in the study
- Reassure the interviewee that the survey is anonymous and confidential (no information will be released to employers or authorities)
- Make clear that respondent does not need to answer any questions they are uncomfortable with and are free to terminate the interview at any time

Date of Interview:	Place of Interview:
Interviewer:	Interviewee: Male <input type="checkbox"/> Female <input type="checkbox"/>

I Personal and household demographics

1. What is your country of origin? _____ [If born in UK, terminate the interview]

2. When did you come to the UK? _____

3. Do you work?

Yes

No [Go to Q6]

4. What is your job?

5. How much do you earn on average per week/month? £_____ (week/month)

[Go to Q7]

6. How do you meet your expenses in the UK? (E.g. claim benefits, help from family back home)

7. Do you live alone?

Yes [Go to Q9]

No

8. Who do you share your home with? (Tick as many as relevant)

Parents

Spouse/Partner

Children

Other family

Non-family

(e.g. friend)

9. Are you financially responsible for children under 16 in the UK?

Yes, specify how many _____

No

10. Are you financially responsible for children under 16 elsewhere?

Yes, specify how many _____ No

11. Do you have any other dependants?

Yes, In UK _____ (how many), Elsewhere _____ (how many) No

(Specify who) _____

12. What is your UK family's household income per week/month.
£ _____ (week/month)

II Financial services usage

13. How do you get paid? (Tick as many relevant) (If on benefits, how are they paid benefits)

Cash Personal cheque Automatic deposit
Payroll/company check Other [Please specify] _____

14. Is your salary deposited in:

Your personal account Joint Account (specify with whom) _____
Not deposited anywhere Someone else's account (specify whose) _____

15. Do you have an account in a bank, building society, or any other financial institution in the UK?

Yes No [Go to Q22]

16. Which financial institution do you bank with (e.g. bank, building society).

16a) Do you use a private financial provider? Please give details.

17. What ID were you asked for when you opened your account?

18. Why did you choose this institution?

Location They speak my language Cost of services
Products/services Referred by friend I trust them or their service
Low minimum balance Other _____

19. Which of the following bank services do you use? (Tick as many as relevant)

- | | | |
|-----------------|---------------------|---------------------|
| Current account | Savings account | Internet banking |
| Cash machine | Credit card | Personal loan |
| Home loan | Business loan | Car loan |
| Money Transfer | Currency conversion | Pre-paid debit card |
| Other _____ | | |

20. About how much money do you pay per month for these services?

21a. What do you like about the services that your bank provides?	21b. What don't you like about the services your bank provides?
a.	a.
b.	b.
c.	c.

22. Have you ever tried to open a bank account?

Yes [Go to Q24]

No [Go to Q23]

23. Why not? (if mention ID, ask which ID they do not have)

24. What happened? (if mention ID, ask which ID they do not have)

25. Do you, or your family, have a bank account in your home country?

Yes, I do [Go to Q27]

My family does [Go to Q27]

No [Go to Q26]

26. If not, why don't you or your family have a bank account in your home country?

27. Is there a cash machine in the community where your family live back home?

Yes

No

28. How far do they have to travel to get to a cash machine? _____

29. Do you use a cheque cashing service?

Yes

No [Go to Q38]

30. Which company do you use? Why?

31. About how much do you pay per month to cash cheques? _____

32. Which of the following methods do you use to pay your household bills: (Tick as many)

Write cheques to pay bills

Pay bills with cash

Pay bills through automatic deductions from a current account

Pay bills using an on-line bill payment service

33. How much does it cost you each month to use this bill payment service? _____

34. After all your expenses, how much do you save per month? _____

35. Where do you keep your savings? _____

36. Are you in debt?

Yes

No

37. How did you get into debt? _____

38. Who did you borrow money from? _____

III Remittances

39. Do you send money to your family back home?

Yes

No [Go to Q53]

40. How often do you send money? _____

41. How much money do you usually send at one time? £ _____

42. How much do you pay to send this money? £ _____

43. What company, or who do you use, to send this money? _____

44. Why did you select this company (or person)? (Tick as many relevant, DO NOT prompt)

- | | | |
|------------------------------|---------------------|-----------------------|
| Best price | Hours/days open | Best product features |
| Customer service | Convenient location | Language |
| I trust them | ID requirements | Recommended by _____ |
| Other (please specify) _____ | | |

45. How often have you changed the company/person you use to send money in the last year?

46. Why did you change? _____

47. Does your family have to pay money when they pick up the money at home?

Yes No [Go to Q49] Sometimes

48. How much do they pay? £ _____

49. Does your family receive the money in UK £'s or in the local currency? _____

50. How do you check that your family has received the money? _____

51. Have you ever sent money which failed to arrive back home? If yes, what happened?

52. What problems, if any, have you had sending money back home?

IV Financial Needs

53. Are there any financial services you need, or would like, to use if they were available to you:

In the UK	In your home country

54. Have you ever felt cheated in a financial transaction here? Please give details:

55. What, if any, are your main worries about your money?

56. How do you get information about financial services or products that you use?

57. Have you heard of pre-paid debit cards?

Yes

No

58. Do you tell your family and friends about products and services that you like? If so, do they often listen and try out the product themselves? _____

59. Would you be more likely to use a financial services provider if they supported organisations that help your community?

Yes

No

60. Which organisation might you like to support? _____

61. Would you be willing to make a small monthly donation to a community organisation for a financial product which met your specific needs?

Yes

No

Follow-up interview

62. Would you be prepared to take part in an in-depth interview? (Explain interview will last about one hour)

Yes

No

Name: _____ Phone Number: _____

Thank you very much for your time and help.

Appendix 2: In-depth interview schedule

Name of Interviewer
Date and place of interview
Name of Interviewee
Gender of interviewee

Interview Prompts

Migration

Can you tell me something about what your life was like before you migrated to Britain?
(what you did, where you lived)

Can you tell me a bit about your *banking history* in your country of origin
(did you have an account, what sort of account, do people trust financial organisations in your country, where do they go for loans)

Can you describe your migration: why and how you migrated?
(Reasons, choice of country, organisation of movement, family networks/came alone).

Can you tell me about how you funded your migration to London?
(Help from parents, extended family, took out a loan, combination of these)

Financial Lives in Britain

Can you tell me how you coped in terms of money when you first came to the UK?
(brought money with them, borrowed money from friends/family here, family back home sent them money)

What did you know about the financial system in the UK before you migrated? Where did you get this information from? (Friends, family, organisations).

Can you describe your experiences of opening a bank account in London? (If they never tried, what put them off this?)

Employment, income and savings

Do you work? What do you do? Is this work different from what you did at home?

Do you have any other forms of income, or help with income? (Savings with them? Support from extended family UK and abroad, benefits – problems claiming, other work)

Living in London is very expensive – I wonder if we could ask you a bit about how you cope?

Are you able to save money? Where do you keep your savings? Are you saving for a specific purpose?

Debt

Have you ever taken out a loan in the UK? From whom, for how much, how long did it take you pay it off?

Have you, or would you ever consider taking out a loan from a money-lender? If so, would this be a person/company know to your co-ethnics?

Remittances

In your opinion, how can sending money back home be improved?

What are your main worries when you send money back home?

What are your main worries about money in London?

In your opinion, is it important or necessary to have a bank account/access to financial services. Why?

Thanks for your time. Is there anything you would like to add?