

7 Comparison with other surveys

The survey in Leeds is the fourth of the ‘city surveys’ conducted by CFS and Community Consultants. The others were in London (Autumn/Winter 2001), Sandwell in the West Midlands (Summer 2002), and Manchester (Winter 2002). The comparative compositions of the samples are contained in the following table:

Table 7-1: City Surveys Comparative Samples

	London (505 respondents)	West Midlands (409)	Manchester (349)	Average of first 3 surveys	Leeds (410)
Women	62%	53%	52%	56%	52%
Men	38%	47%	48%	44%	48%
White	66%	66%	94%	74%	75%
Asian	7%	27%	4%	13%	14%
Afro-Caribbean & other Black	20%	4%	2%	10%	6%
Social housing tenant	83%	50%	46%	62%	56%
Private rental	1%	8%	23%	9%	17%
Workless household	54%	45%	57%	52%	52%
Income below £120pw	50% ⁶	24%	37%	N/a	35%
Income below £200pw	62%	54%	75%	63%	68%
Lone parent	25%	6%	17%	17%	16%

From this it is clear that ethnically the Leeds survey is nearer to London and Sandwell, while in terms of tenure it is closer to Manchester. In general the Leeds sample reflects the income levels and working patterns of the other surveys. When the other three surveys are aggregated the proximity to the Leeds sample is extremely pronounced. The remainder of this section combines the results of the previous three surveys and compares them with the Leeds findings.

Across the three surveys 74% of respondents had a bank account, very similar to the 70% within Leeds. However, the ability of respondents to use all of the banking services appears to be more limited: less than 59% (41% in Leeds) of respondents had a debit card. This figure fell to 20% (25% in Leeds) for lone parents, 43% for housing association tenants and 35% for council tenants (34% of social housing tenants in Leeds).

⁶ For London survey income is below £159

This means that across the three surveys over a quarter of lone parents (37% in Leeds) and over a third of council tenants with a bank account (28% in Leeds) cannot use the facilities to make outside purchases.

Tables 7—2 and 7—3 detail the main sources of credit used by respondents of all the surveys. The main sources of credit elsewhere were: credit cards (33%), store cards (17%), catalogues (14%) and moneylenders (8%). In Leeds twice as many of the sample was using moneylenders and borrowing from credit or store cards at 16% above the average of the other surveys. Overall the sample in Leeds was slightly more likely to use some form of borrowing than the samples from elsewhere.

Table 7-2: Access to financial Services by tenancy and ethnicity

Access to Financial Services O = Ave of other 3 surveys L = Leeds survey	Total %		Owner-occupier %		Council tenant %		RSL tenant %		Private tenant %		White %		Non-White %	
	O	L	O	L	O	L	O	L	O	L	O	L	O	L
Current account	74	70	94	86	63	66	72	N/a	47	60	76	66	80	85
Current account with Debit or guarantee card	49	32	76	53	35	25	43	N/a	23	26	47	32	62	34
Credit card	33	25	54	48	22	17	31	N/a	8	17	36	23	43	36
Store card	17	9	28	20	11	4	16	N/a	--	9	20	9	32	11
Loans from finance co or money lender	8	15	4	4	8	20	12	N/a	5	13	10	19	5	4
Catalogue purchase loans	14	13	7	13	17	16	19	N/a	8	6	19	16	10	5
Some form of borrowing	37	45	37	38	38	50	48	N/a	23	41	45	53	37	23

Source: CFS surveys 1999-2001

When broken down into types of people the higher level of borrowing in Leeds was concentrated among tenants and the White population. Table 7—3 also shows greater use of credit among those who are workless, households with disabled members, and lone parents. Within Leeds the latter were 14% more likely to borrow than lone parents elsewhere.

Table 7-3: Access to financial services by selected household types

Access to Financial Services O = Ave of other 3 surveys L = Leeds survey	Total %		Lone Parents%		Household with children %		Household with Disability %		Workless Households %	
	O	L	O	L	O	L	O	L	O	L
Current account	74	70	56	63	72	74	75	64	60	55
Debit or guarantee card	49	41	20	25	50	41	46	36	32	27
Credit card	33	25	17	15	37	29	31	39	19	13
Store card	17	9	11	3	21	9	14	9	11	5
Loans from finance co or money lender	8	15	18	38	11	27	7	16	8	19

Catalogue purchase loans	14	13	28	28	19	14	13	16	15	15
Some form of borrowing	37	45	55	69	50	49	40	47	33	40

Source: CFS Surveys 2001-4

The findings in the surveys indicate a wealth cleavage in the types of credit accessed, with owner occupiers more likely to use credit and store cards and those in rental accommodation were twice as likely as owner-occupiers to use catalogues. However, in Leeds owner-occupiers were as likely to use catalogues as respondents in other forms of tenure.

The most significant difference was regarding the usage of moneylenders. People in rental accommodation were also more likely than others to have loans from a finance company where small weekly repayments are made. In Leeds social housing tenants were five times as likely as owner-occupiers to use moneylenders. As with the other surveys, use of moneylenders is concentrated among the most disadvantaged White respondents. In total 38% of lone parents in the Leeds survey used a moneylender compared to 18% elsewhere. Usage was also higher among all households with children, those with disabled members, and workless households.

The Leeds survey reflected the results of the other surveys regarding respondents' main contact point when they are seeking credit. Usually this was most often through a bank or building society (44% in Manchester, 56% in West Midlands, 50% in London, and 44% in Leeds) or through a shop (15% average and 17% in Leeds) or catalogue (25% and 18% in Leeds). However whereas 20% of respondents had been referred by a family member or friend in the other surveys this rose to 34% in Leeds. This probably indicates the tight-knit community in Leeds, especially when contrasted to the London sample where there was a significant proportion of recent migrants to the area of study.

Across all the surveys, including Leeds, convenience appears to be the most significant factor in choosing the source of credit, while interest rates appear to be of less important. Many borrowers were unaware of the rate of interest they were paying, and the interest rates quoted by respondents suggest that some people who claimed to know the rate had got it wrong.

In all four surveys respondents were asked about accessing services that may enhance their financial situation or capacity. As Table 7—4 shows with notable exceptions there was remarkable convergence across the surveys.

Table 7-4: Interest in new financial inclusion services

	London %	West Midlands %	Manchester %	Leeds %
Interest in more information about financial matters	40	32	27	31
Interest in somewhere for local loans	51	28	33	34

Interest in local savings	49	30	36	36
Interest in loans for self-employment	24	11	5	20
Interested in courses about managing money	N/a	N/a	20	22

In general a third of respondents wanted somewhere local to save and borrow. This presents an opportunity in Leeds because awareness of credit unions was much higher than elsewhere. This was almost certainly due to the profile of Leeds City Credit Union.

There was also considerable interest in general financial information and a fifth of respondents in Leeds and Manchester expressed interest in money management courses. Finally 20% in Leeds wanted to know about loans for self-employment. Potentially this is an economic opportunity for Leeds as most growth and employment within the UK economy is through the activities of small and medium sized enterprises. Even if Leeds City Council could harness a fifth of those expressing an interest it would provide a major spur to the economic development of the most disadvantaged communities in the city. It is apparent that Leeds does not lack entrepreneurs, just the financial capital, and knowledge to assist their development.

Although the section outlines the main differences between the financially excluded in Leeds and the other cities, it should be acknowledged that the similarities are much more significant. Like most other large conurbations, financial exclusion is occurring and it is concentrated among the poorest households within the city. In particular the use of moneylenders is prevalent among lone parents and other households with children. A number of agencies have emerged with specific remits to address financial exclusion, but it is apparent that these have yet to have significant impact on the city, to the extent that Leeds is equally financially excluded as other cities.