Personal Accounts:
Implications for Black, Asian and Minority Ethnic Communities

White Paper Consultation Response

The Runnymede Trust’s response to Personal accounts: a new way to save (DWP 2006)
April 2007
THE RUNYMEDE TRUST’S RESPONSE TO
PERSONAL ACCOUNTS: A NEW WAY TO SAVE

3 APRIL 2007

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1. INTRODUCTION

The Runnymede Trust welcomes the opportunity to respond to the proposals set out in Personal Accounts: a new way to save. The Runnymede Trust is an independent action research and social policy charity focused on equality and justice offering timely, practical and strategic thinking on realising the full potential of cultural diversity in Britain. Runnymede's core mandate since inception has been to challenge racial discrimination, to influence anti-racist legislation and to promote the inclusion of Black and minority ethnic people and communities in all areas of life in Britain.

We have followed the Government's efforts to establish a new pensions settlement based on the pillars of promoting personal responsibility, affordability, simplicity, sustainability and fairness with great interest. In our submission to the Pensions Reform White Paper, Security in Retirement: towards a new pensions system and a subsequent but separate Parliamentary Briefing on the Pensions Bill we investigated how inclusive the proposals were in relation to Black, Asian and minority ethnic (BAME) groups and aimed to draw attention to their distinctive experiences and needs in relation to pension provision.

Our previous submissions concerned the overall impact of the reforms on BAME groups and on the self-employed in particular. This submission focuses on issues raised by the introduction of personal accounts, specifically in terms of affordability, financial capabilities and information needs.

2. KEY ISSUES CONSIDERED IN THIS PAPER

Pension provision is a significant element of UK's welfare state, and a key tool in alleviating poverty both in the present and the future. We are therefore pleased that the Government is making considerable efforts to set out a new structure for the long-term future of pensions in the UK with reforms aimed at fairer outcomes and improved affordability for all, coupled with an enhanced opportunity to take personal responsibility for building private savings through the new system of Personal Accounts.

According to the Personal Accounts White Paper, Personal Accounts: a new way to save, there are around 7 million people who are not saving enough for their retirement; many are from low-income households. Combined with the difficulty in thinking ahead and making appropriate financial decisions for the future, and inertia, short-termism this can lead to a failure to make any choice at all; and many people do not have access to employer pension schemes. The government therefore set out a goal to radically improve access to affordable, low-cost pension saving through a new product which combines automatic enrolment and mandatory matching employer contributions, tax relief, a maximum annual contribution of £5000 and choice between ethical and branded funds and default funds.

The Runnymede Trust is broadly supportive of the government's reforms to build the foundations of a sustainable pensions system for future generations, in particular for those without access to appropriate pension provision. We welcome the acknowledgment of the need to develop adequate schemes for those who are currently not participating in a pension scheme. The target group for personal accounts tend to be younger and on low or moderate incomes, are likely to be part-time workers and/or work for small employers. A high proportion of women, who are lower earners and are less likely to be members of employer provision may also benefit from the new scheme.

Changes to government policy on pensions need to take note of the ethnic diversity of the UK and work to promote equality. Over 8% of the population is from an ethnic minority, a proportion that will continue to grow over time. Non-White ethnicity has consistently been associated with socio-economic
disadvantage which Government cannot afford to ignore this if its aims to alleviate pensioner poverty and child poverty are to be realised in the next decades.

The issue of ethnicity is mentioned only briefly in the Regulatory Impact Assessment of the Personal Accounts White Paper. According to its findings, BAME groups constitute 12% of the target group for personal accounts, as they fall disproportionately at the lower end of the earning spectrum, being over-represented in the population earning below £25000. White and BME women are also over-represented in the population earning less than £5000.

In this submission we aim to contribute to the design of the new Personal Accounts scheme by providing more detailed research evidence and data on relevant characteristics of UK’s BAME communities and identify key issues which may need closer consideration in order to achieve the Government’s goal of establishing a more inclusive pensions system.

We are primarily concerned with affordability issues given the low income and high poverty levels among BAME groups, and also highlight differences in financial capabilities which raise potential information needs for BAME communities in relation to personal accounts. A special emphasis is given to differences between ethnic groups, since there is a high level of intra-ethnic diversity across a number of domains.

3. AFFORDABILITY

3.1 Key issues
(1) What do we know about in-work poverty rates among and between BAME groups?
(2) How does that affect affordability regarding savings into personal accounts?
(3) Who are the groups that are least likely to afford savings into personal accounts?

It is well known that income poverty is prevalent among BAME communities, but there are stark differences between ethnic groups. The wide variation between groups and the fact that poverty is unequally distributed requires us to question the notion that being a member of an ethnic minority group is in itself associated with economic disadvantage and poverty, and poses additional challenges regarding economic and social inclusion. While other factors not directly concerned with jobs and income (such as educational qualifications, labour market disadvantage, ‘ethnic penalties’ and discrimination, geography and location, poor health and disability) also play an important role in explaining different rates of poverty, these factors are not considered in this submission because (1) most of these issues have already been analysed in our previous responses to the pensions reform proposals, and (2) the main influences on enrolment into personal accounts and the ability to make adequate decisions regarding the new scheme (e.g. staying enrolled or opting out, the choice between funds and the level of contributions) are levels of household income and financial capability.

In this section we look at in-work poverty rates, income levels and demographic characteristics of different BAME communities as these factors have significant impact on future capacity to save for pensions and on affordability of personal accounts for a considerable proportion of BAME people.

The measure of poverty used in the following figures is the same that has been used in the UK over the last decade for assessing progress on abolishing child poverty by 2020: relative income measure adjusted for household size. Alternative measures of poverty and deprivation are not considered in this paper, although it has been shown that Bangladeshis in particular have the greatest poverty across a range of measures: when assessing lack of material goods, duration of poverty and income security, housing stress and anxiety about making ends meet.
3.2 A high proportion of BAME households are at risk of poverty

40% of people from ethnic minorities are in income poverty, twice the rate for White people.\textsuperscript{13} As Figure 1 shows, although the income poverty rate has fallen significantly over the last decade, all minority ethnic groups face higher rates of poverty than White British groups, with particular minority ethnic groups being by far the poorest. The risk of poverty is the highest for Bangladeshis at 65%, followed by Pakistanis at 55% and Black Africans at 45%. Indians and Black Caribbeans have the lowest rates at around 35% but still much higher than the 20% among the White British groups.

3.3 In-work poverty

Although the high proportion of BAME groups living in income poverty is largely due to lack of work, BAME groups also experience rates of in-work poverty higher than those of White households, and these are notably high among Bangladeshi and Pakistani households.\textsuperscript{14} As Figure 2 shows, for all work statuses, people from ethnic minorities are, on average, more likely to be in poverty than the White British population. The differences are considerably the greatest for working households: 10% compared to 5% for ‘all working’ households and 40% compared to 20% for ‘some working’ households.

As shown in Figure 3, among those in working households, 60% of Bangladeshis, 40% of Pakistanis and 30% of Black Africans are in income poverty. This is a significantly high number, especially compared to the rates for White British, White other, Indians and Black Caribbeans at around 10-15%.

3.4 Lower earnings

Widely differing in-work poverty rates between ethnic groups, with the highest rates for Bangladeshis and Pakistanis, are partly explained by lower earnings. At the other end of the scale are Chinese and Indians with slightly more earnings than White British, followed by Black Caribbeans and Black Africans\textsuperscript{15}. As Figure 4 shows, compared to 20% of White British workers 35% of Bangladeshis and Pakistanis and 25% of Black African workers are low paid, with as little as less than £6.50 per hour. Part of the reason for the extent of low pay among Bangladeshis is that 35% of this population work in the sector with the highest prevalence of low pay, namely hotels and catering.

3.5 Differences in demographic characteristics

A key difference in ethnic minorities’ demographic characteristics is that they are younger and get married and give birth at an earlier age than White British population.\textsuperscript{16} Bangladeshis and Pakistani families also have a larger than average number of children.\textsuperscript{17}

Because of the quite recent history of migration to the UK, a much smaller proportion of Britain’s ethnic minority population is of pensionable age; pensioners account for only 6% of the total BAME population. For example, a very small proportion of Bangladeshi community is of pensionable age (3%) compared to a markedly high proportion of children (38%) with the others (58%) being of working age (see Table 1). Other minority groups also have a higher proportion of children, with 35% of Pakistanis and 30% for Black Africans under-16 compared with around 20% of White British, Indians and Black Caribbeans.

The main differences in family types among BAME communities compared to the White British population is marked on one hand by Bangladeshi and Pakistani households with significantly higher proportions of working-age couples with dependent children at around 60-70% compared to 25% for the White British; and on the other hand the high rates of lone parents (15-20%) and of working age single people living alone (25-30%) among Black African and Black Caribbean households. Lone parent Black Caribbean households are mainly headed by working women, but they still rely heavily on means-tested benefits.\textsuperscript{18}
As Figure 5 demonstrates, for all family types people from BAME groups are much more likely to live in poverty than White British families. The difference is nearly twice as great for couple families with children (a difference of 20 percentage points) as for other family types (a difference of around 10 percentage points).

3.6 At all ages BAME groups face higher poverty rates; the difference is most striking for child poverty rates

Although people from BAME groups are much more likely to be in poverty than White British groups for all ages, the difference is the greatest for children and least for pensioners (Figure 6). As shown by Figure 7, child poverty rates are much higher than overall poverty levels: around 30% of all children live in households below the poverty line compared with 19% of working age adults. A striking feature of child poverty in the UK is that almost half of all children from ethnic minorities are in poverty, twice the rate of White people. What stands out even more markedly is the particularly high risk of being in poverty for Pakistani and Bangladeshi children: almost 70% live in such households compared to 41% of Black Caribbean and 36% of Indian children (Figure 7), and over 60% live in households in the bottom fifth of the income distribution, compared to 18% of White, 43% of Black African, 34% of Black Caribbean and 26% of Indian children.

Figure 7 also illustrates high levels of child poverty among other minority ethnic groups. The risk of poverty for Indian and Black Caribbean and Black Non-Caribbean children is also very high.

It is clear from the data analysed above, that

(1) BAME groups have a markedly different economic position from the White British population in general:
   - nearly half of UK’s BAME population lives in income poverty, twice the rate of the White British population;
   - for all work statuses people from BAME communities are more likely to live in income poverty than White British people, the differences being the greatest for working households – in-work poverty rates are high among ethnic minorities;
   - child poverty rates among ethnic minorities are very high, and considerably higher than among the White British population – almost half of all children from ethnic minorities are in poverty.

(2) Different ethnic groups have distinctive demographic patterns, which may help to explain their economic positions:
   - UK’s ethnic minority population is younger and a much smaller proportion is of pensionable age compared to the White British population. As discussed in more detail below in section 5, there is a good reason to believe that BAME groups have lower financial capability levels and less adequate pension provision;
   - Bangladeshi and Pakistani families tend to have more children than White families. Large family size and higher number of children contribute to higher poverty rates;
   - lone parent households are more common amongst the Black African and Black Caribbean population. There is a higher rate of in-work poverty amongst lone mothers, and the majority of them rely on means-tested benefits.

What also stands out from the data is the wide variation between specific minority ethnic groups: the risk of poverty is the highest for Bangladeshi and Pakistani households, followed by Black Africans. Rates of poverty are also higher than of the White population for Black Caribbeans and Indians, but the poorest groups in all categories are clearly the Bangladeshis and Pakistanis.
The level of poverty experienced by Bangladeshis and Pakistanis is startling: around 60% live below the poverty line. What is even more shocking is the great proportion of children in these communities who live in serious poverty, for almost 70% of Bangladeshi and Pakistani children living penury is an everyday experience in our society today. In-work poverty rates are also the highest for these communities.

The disadvantages faced by other minority ethnic groups might be less shocking but not less severe. Third of Black Africans and Black Caribbeans live in poverty, with a high proportion of working age adults employed in low-paid jobs. Forty per cent rely on means-tested benefits. In contrast to the South-Asian group, many Black Africans and Caribbeans live alone or are lone mothers facing high risks of poverty. Child poverty rates are also considerable more than for White children: around 45% of Black Caribbean and African children live below the poverty line compared to 29% of White children.

The point of this brief outline of the different economic and demographic backgrounds is to show that although it is true that minority ethnic groups do have high rates of poverty, there are strong intra-ethnic variables, which have important implications in terms of saving for pensions and ‘planning ahead’.

The key question that we raise on personal accounts is whether Britain’s minority ethnic groups, and Bangladeshis and Pakistanis in particular, will be in a position to benefit from the new scheme, e.g. considering their particular disadvantaged economic position and high levels of income poverty will these communities be able to afford to save into personal accounts? What proportion of the Black African and Caribbean population will remain outside the scheme because of simply not being in the position to put money aside for later years? The question is most acute when looking at high child poverty rates. During periods of childrearing (especially in large families, which are more common in Bangladeshi/Pakistani households) the needs of the household are much greater than they will be in the future. In poor and low-income households parents face a serious dilemma when they have to decide between providing for the needs of the child and their own pension provision in the future.

The government estimates that very few people, namely those on persistent low income or struggling with high unsecured debt, will see little or no benefit from saving into personal accounts. It is evident from the data that BAME groups are over-represented among low-income households, with a high proportion of specific ethnic groups living under the poverty line, although there is a lack of data on ethnicity and debt. This raises the question of whether, as seems likely, BAME groups (and some ethnic groups in particular) will be over-represented in those not benefiting from personal accounts.

Having summarized the statistical data on income and poverty rate among and between BAME communities, we now turn to the question of financial capability amongst BAME groups. It has been noted by the White Paper that there is a widespread lack of confidence among UK consumers in their ability to make decisions about financial products, which is aggravated by low levels of financial capability in the target group. The finding that BAME communities are in general more likely to experience poverty and less likely to accumulate savings has a direct impact on their financial capacity. Not surprisingly, the differences between groups in terms of poverty and employment are also notable in terms of differential financial capacity.

4. Financial capabilities amongst BAME groups

4.1 Key issues

(1) What do we know about the financial capabilities of BAME communities and the extent to which the ability to manage finances influences decision making regarding personal accounts?
(2) Are those least likely to be able to afford to save also those lacking in financial capabilities and appropriate information to make adequate decisions on personal accounts?

4.2 General financial capability among BAME groups

Hardship, debt and financial exclusion are closely connected to the difficulties of living on a low income in the UK. A number of policy initiatives are being rolled out across the country on different aspects of financial inclusion. The Treasury has been pursuing a programme of policy development and interventions to address financial exclusion over the last few years to reduce the numbers of people who cannot access appropriate financial advice and products. The government and devolved administrations are working on making mainstream financial products such as bank accounts and low cost loans accessible for everyone, particularly for those living on low incomes. Tackling ‘financial illiteracy’ is also on the agenda with a current focus on financial capabilities in line with the recent publication of the Treasury’s ‘Financial Capability Strategy’.

Yet consideration of ethnicity in relation to financial inclusion and financial capabilities has been absent so far not only in public, private and community based policy responses and practices but also in the relevant academic literature. This is curious in particular in the context of the pensions reform process that the Government has undertaken simultaneously with the expressed goal to enable around seven million currently under-pensioned people living on low incomes to take personal responsibility for building private savings through the personal accounts scheme aimed at empowering savers to make clearer choices about how best to plan for their retirement.

Financial capability studies and policy approaches – a major strand of policy being used now to tackle financial exclusion – reveal a similar lack of coverage in relation to the experiences and needs of BAME groups. A major theme emerging from a recent baseline survey conducted by the Personal Finance Research Centre for the Financial Services Authority on levels of financial capability revealed that many people are failing to plan ahead adequately for retirement or for an unexpected expense or drop in income. This is not simply a question of not having enough money, since many people on low income levels do plan for the future; however, nearly half those surveyed had no savings at all.

This survey found that, on average, younger people (the under 40s) were less capable than older people. People on lower incomes, particularly very low incomes, were also identified as less financially capable. Again, BAME groups have younger age structures as a population compared to the White population, overall. And this is even more marked for certain groups, such as Bangladeshi, a group with some of the lowest income and employment rates today. Given this, it is curious that analysis by ethnicity was not included in this baseline survey – a survey that is informing direct policy responses by the FSA, which takes the lead on the National Strategy for Financial Capabilities.

Indeed, a separate survey conducted by Ethnos Research and Consultancy designed to test research instruments for the baseline survey mentioned above, found that there are a range of factors which make ethnic minority households either less, more, or simply differently, financially capable compared to their White counterparts. The study led to recommendations in relation to survey design, fieldwork management, and data analysis and interpretation. While the findings of this research were reported as an Appendix A to the preliminary report, analysis of the baseline survey data by ethnicity was not presented in the final report.

Because of this failure even to mention the possible specific concerns of BAME groups in the baseline survey on financial capabilities, it is worth reminding readers and policy makers of what the Ethnos research found. In particular, we would draw the attention of the government to links between factors that may make ethnic minority households less financially capable and the socio-
economic situation of some particular BAME communities, which may affect their ability to afford savings into personal accounts. These are considered in detail in the above mentioned Appendix A to the FSA consumer Research report 37 and include:

- poverty, unemployment and self-employment;
- traditional gender roles;
- extended-family households and characteristics;
- lack of knowledge of financial institutions;
- difficulties communicating in English
- perceived discrimination by financial institutions against poorer and BAME households;
- additional expenditure (e.g. remittances overseas)

In delivering choice regarding enrolment into personal accounts, and choice of fund, as underlined by the White Paper itself, the low levels of financial capabilities and widespread lack of confidence among the target group need to be addressed and special attention needs to be paid to the different characteristics and socio-economic status of BAME communities which shape their capabilities to make informed choices on pensions.

4.3 Household size, demographic characteristics and pensioner behaviour

Household size and demographic characteristics of different ethnic groups have important implications not only for poverty rates, but also the question of who takes responsibility for various aspects of financial management and how many members of the family are affected by those decisions.

As seen above, there are considerable differences between BAME communities regarding average household size and age. The age composition of Bangladeshi and Pakistani households is much younger with higher numbers of dependent children and fewer pensioners than in any other ethnic group. Three-generational households are also more common in the South Asian group.

By contrast, Black African and Black Caribbean households show high proportions of lone parent households with relatively low pensioner households, and very few live in extended households. ‘Black’ lone parent households tend to be led by working women as opposed to Bangladeshi and Pakistani households, where women and men have very different social and economic roles which also results in women being mostly economic inactive and less likely to be knowledgeable about economic, financial and pensions matters.

Demographic characteristics also have a significant impact on the attitudes of older BAME people regarding pensions provision and ‘planning ahead’. As the FSA survey26 pointed out, ‘financial support from family’ was a commonly preferred option for older minority ethnic people regarding their pension provision and ‘planning ahead’. However, this ‘preference’ is often simply due to not having been able to save because of low income27 or unfamiliarity with pensions among those who have migrated to the UK during their working lives28; the capacity of younger family members in such communities to provide financial support may also be limited.29

4.4 Language and financial literacy

Pension information is complex and difficult to absorb, even for the specialist. Lack of knowledge and experience of mainstream financial sector and financial products can further limit the capability of people from minority ethnic groups and of EU migrants, who mostly lack high levels of English to make appropriate decisions regarding pensions. As noted in the FSA consumer research, even for those who were functionally literate in English, completing a questionnaire with many technical terms was taxing. It is safe to assume then, that people whose first language is not English and those lacking confidence about financial matters risk making uninformed and inappropriate decisions regarding whether to remain in the scheme, how much to contribute to and what kind of fund to opt for.
In the absence of understandable, clear information in community languages highlighting the differences, benefits and drawbacks of different options in the personal account scheme, people from minority ethnic groups are likely to rely heavily on the services of community intermediaries, who may not provide them with the most appropriate advice.

5. OVERALL CONCLUSIONS
The evidence presented above demonstrates that BAME groups are over-represented in the target group for personal accounts, but may be poorly equipped to make informed decisions about this, due to low levels of financial capability, unfamiliarity with pensions, and ESOL needs. In addition, because of high rates of in-work poverty, especially in households with children, some BAME groups, particularly Bangladeshi and Pakistani households, face a greater probability of being in the estimated 10% of the population that would not benefit from saving. This considerably increases the risks attached to their choices, and further highlights a pressing need for high-quality information and advice.

Our submission has highlighted acute issues of affordability for some BAME households in the target group for personal accounts, because of low pay and large family size. It is vital that the sources of ethnic disadvantage in access to personal accounts are addressed. Since addressing pensioner poverty and child poverty are both key government aims, it is crucial to ensure that policies in this area are complementary. At present, working parents in low-income households are faced with an invidious choice between prioritising the current welfare of their children or their own future well-being in retirement. The economic situation of larger families may require particular attention, since it is a key factor in child poverty rates, and a driver of ethnic differentials in this area.

The developing agenda on financial capabilities demonstrates that much of the population struggles to cope with financial decision-making. But such issues are particularly acute for BAME groups. More research is needed on financial inclusion and capabilities of BAME groups both in relation to personal accounts and to pension provision in general. Personal accounts will benefit many BAME groups, but are likely to be less suitable for others. Both groups need information in order to make an informed choice regarding whether to opt out or stay enrolled, choice of fund, and choice of annuity on retirement.

The Government’s long-term strategy on financial capability has identified a role for the provision of generic financial advice. It will be important for advice and written information to be available in community languages, and to enable people to make both short and longer-term choices. Integrating financial education into basic skills learning (e.g. ESOL classes) would help to reach those currently most excluded, including BAME women. Given that child poverty is an issue for many BAME households, information particularly targeted at parents of young children is likely to be of value, while those in older age groups, and especially those who have migrated to the UK, may benefit from assistance in planning for their retirement.

In order to ensure that these issues are adequately and appropriately addressed, the government needs to undertake a full Race Equality Impact Assessment, as defined in the Race Relations Amendment Act (2000). We note that the Regulatory Impact Assessment includes some reference to race and ethnicity, but it is not sufficient. We urge you to undertake an REIA as soon as possible so that these proposals will not unintentionally disadvantage certain minority ethnic groups, but instead will be fair to all.

To discuss this consultation response and/or our views and concerns further contact: Michelynn Lafleche, Director, Runnymede Trust, 7 Plough Yard, Shoreditch, London EC2A 3LP (email: m.lafleche@runnymedetrust.org; Tel: 020 7377 9222).
### ANNEX A: TABLES AND FIGURES

#### Table 1: Age distribution by ethnic group, Great Britain, April 2001

<table>
<thead>
<tr>
<th>Ethnic Group</th>
<th>Under 16</th>
<th>16-64</th>
<th>65 and over</th>
<th>All people (=100%) (numbers)</th>
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<td>White British</td>
<td>19.52</td>
<td>63.48</td>
<td>17.00</td>
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<td>White Irish</td>
<td>5.87</td>
<td>69.31</td>
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<td>Other White</td>
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<td>Mixed</td>
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<td>Indian</td>
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<td>70.51</td>
<td>6.59</td>
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<td>Pakistani</td>
<td>34.90</td>
<td>60.94</td>
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<td>Bangladeshi</td>
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<td>Any other ethnic group</td>
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<td><strong>All non-White groups</strong></td>
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<td>63.96</td>
<td>15.97</td>
<td>57,103,927</td>
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Source: Census, April 2001, Office for National Statistics; Census, April 2001, General Register Office for Scotland

#### Figure 1: Income poverty rates by ethnicity

Source: Households Below Average Income, DWP

**Scope:** GB  
**Year:** 2004/05  
**Updated:** Apr 2006
Figure 2: Low income households by all work status and ethnicity

![Bar chart showing the proportion of people in each group in households below 60% median income after deducting housing costs.]

Source: Households Below Average Income, DWP; the data is the average for the years 2002/03 to 2004/05

Figure 3: Low income working households by ethnicity

![Bar chart showing the proportion of people in working households where the household income is below 60% median income after deducting housing costs.]

Source: Households Below Average Income, DWP; the data is the average for the years 2002/03 to 2004/05
Figure 4: Earnings of less than £6.50 per hour by ethnicity

![Graph showing earnings distribution by ethnicity.](image)

Source: Labour Force Survey, ONS; the data is for the four quarters to Winter 2005/06

Figure 5: Low income households by family type and ethnicity

![Graph showing low income households distribution by family type and ethnicity.](image)

Source: Households Below Average Income, DWP; the data is the average for the years 2002/03 to 2004/05
Figure 6: Low income households by age and ethnicity

Figure 7: Low income households by ethnicity

Source: Households Below Average Income, DWP (2002)
ENDNOTES

2 This consultation response was researched and drafted by Katalin Halasz with support from Dr Helen Barnes (Policy Studies Institute) and Michelyn Laffèche (Director of the Runnymede Trust). We are grateful to the Friends Provident Foundation who have supported this and related research in 2006 and 2007. To read more about the Runnymede Trust visit our website at www.runnymedetrust.org
3 The Runnymede Trust’s response to Security in Retirement: towards a new pensions system
http://www.runnymedetrust.org/about/policyResponses.html
4 The Pensions Bill: The impact of Pensions Reform Proposals on the Self-Employed from Black and Minority Ethnic Groups,
http://www.runnymedetrust.org/about/policyResponses.html
5 Personal accounts: a new way to save, DWP, 2006.
10 Ibid.
11 According to this a household is defined as being in income poverty if its income is less than 60% of the contemporary Great Britain median household income. In 2004/05, the latest year for which data is available, this was worth £100 per week for a single adult with no dependent children; £183 per week for a couple with no dependent children; £186 for a lone parent with two dependent children and £268 per week for a couple with two dependent children. These sums of money are measured after deduction of income tax, council tax and housing costs, where the latter include rents, mortgage interest, buildings insurance and water charges. The sum of money left over is therefore what the household has available to spend on everything else it needs, from food and heating to travel and entertainment.
13 Ibid.
21 By financial exclusion we mean exclusion based on financial risk assessments, conditions attached to products, prices attached to products, targeted marketing, and/or self-exclusion. Key components of financial exclusion within this broad interpretation could include no savings, no insurance, no assets, no bank account, no affordable credit and no access to money advice. We also include low financial capability as a key component of financial exclusion, including access to financial capability/literacy education.
22 In particular the establishment of the Financial Inclusion Task Force in 2005 and the creation of the £120 million Financial Inclusion Fund with a budget of £120 million