

Inclusive banking

Sharing Barclays research into its
Cash Card account customers



Inclusive banking:

Improving customer awareness and usage of Barclays Cash Card account

Our approach

Inclusive banking is a key strand of Barclays sustainability strategy and we are committed to supporting consumers along the journey to inclusion. Barclays work to promote inclusion is partly through developing our own products and services and also through working with partners in the third sector.

Barclays Cash Card account

Our Cash Card account is a fully transactional basic bank account which provides the functionality of a standard current account except for access to credit, i.e. no overdraft or cheque book.

Cash Card account customers can:

- Choose between a debit card or ATM-only card
- Access their account at our branches, online, telephone, Post Office counters
- Make and receive electronic payments, including by standing order and direct debit
- Receive a Welcome Pack with guidance on managing money through a bank account

Barclays is the only main high street bank offering a basic bank account to undischarged bankrupts and we view this as an important way to help ensure these individuals can reintegrate into the financial mainstream.

Listening to our customers

Following earlier research in 2007, we commissioned Nunwood to undertake further surveys in 2009 with Cash Card account customers on low income or benefits. Our aim was to understand the impact of account enhancements made in 2008, to better understand Cash Card account usage and to identify further needs of previously excluded customers.

Nunwood Consulting followed a 3-stage methodology:

- Conducted 400 short telephone-based interviews across Cash Card account customers on low incomes or in receipt of benefits in October 2009
- Conducted a follow-up face-to-face qualitative stage in which they spoke to over 25 account holders in November 2009
- Re-contacted 145 respondents from the initial stage of research by telephone in January 2010 to test typology approach

Key findings

- Overall satisfaction with the Cash Card account has increased since 2007
- There was little distinguishable difference in usage/awareness between low-income customers and those in receipt of benefit
- Unprompted awareness of the account features is low, but prompted awareness tells a more encouraging story
- Those with the ATM-only card generally showed a much lower level of awareness and usage of features than those with the debit card; their engagement with the account was also lower
- Instead, three distinct customer types based on other life factors emerged: 'No Choicers', 'Directed Passives' and 'Compulsive Money Managers'

Tracking progress

Measure	2009	2007
Overall satisfaction with the account	93%	86%
Overall satisfaction with account opening	98%	91%
Receive enough ongoing communication	85%	73%
Awareness of new features	60%	N/A
Usage of debit card in stores	68%*	N/A

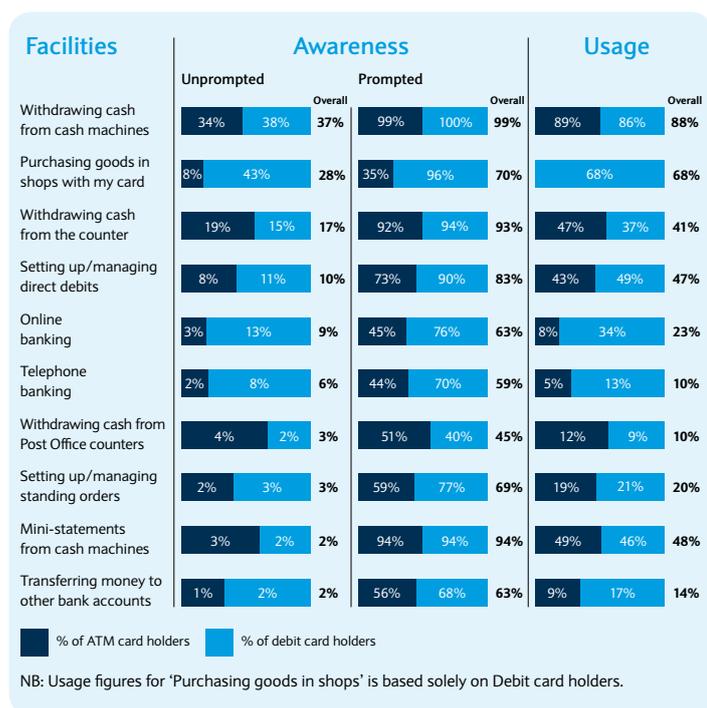
*Amongst debit card holders

We were delighted to learn that overall levels of satisfaction with the account have increased significantly across all measures since 2007. Analysis of responses confirmed that satisfaction has increased largely due to enhancements we have made to the account.

These include:

- introducing choice of debit card or ATM-only card and the ability to bank online
- incentivising staff to open more accounts in-branch
- financial capability messaging (non-marketing), such as how to save on a low income, in customer statements

Awareness and usage of account features



ATM card holders show lower levels of awareness and usage of new account features because they are:

- less engaged with their account when they open it, being more likely to have been directed to it or have had no choice
- concerned they may lose control of their finances if they use the full range of account features but are more aware of more basic features such as Post Office withdrawals
- less likely to use internet banking due to lack of IT skills and access to equipment

Debit card holders show greater use and awareness of account features than ATM card holders and are:

- generally more aware of their financial situation and confident in managing their money, using their Cash Card account like any other current account
- comfortable to transact without cash, e.g. paying with their card in shops or by direct debit
- but nearly one third of debit card holders know they can use their card in shops and still choose to pay in cash for fear of losing control of their finances

Three types of customer

Looking behind the ATM-only/debit card differences in the qualitative research, we identified three customer types that drive account usage. Life situation factors were key to account usage behaviours.

No choicers (30%)

- New to the country so no credit history at all
- Living here temporarily – so no credit history and no desire to build one
- Or poor credit history through bad debts
- Low self-esteem means they do not expect enhanced features on their account
- But desire the “extra” features they may have had on previous accounts

Core characteristic: *Slightly resentful of the situation they are in and therefore lower levels of satisfaction than the other two groups.*

Directed passives (20%)

- Have had and often still have other bank accounts
- Circumstances have changed (e.g. redundancy, maternity, disabled child), meaning they are now receiving benefits
- Have been told by the benefits agencies that they need to open one of a limited list of bank accounts
- Chosen the bank based on locality of branch
- Or legacy account (from Woolwich)

Core characteristic: *Totally functional relationship with the account – this account is a conduit to receive their cash.*

Compulsive money managers (50%)

- Elected to have this account – when eligible for a standard bank account
- Desire its simplicity and total control – you can only spend what you have
- Often driven by experience of debt – either first or second hand – and fear of falling prey to debt and associated charges

Core characteristic: *Relationship with the account is very active, but not exploratory. The account is a tool to control spending.*

How customers use their account

No choicers

- This group is the most interested in accessing further features such as overdraft facilities, cheque book and SMS alerts
- Underlying assumption that this account helps build a credit history. The ability to do this and up-grade to other products in the current account range would be of interest to this group
- Due to their lack of choice this group has lower levels of satisfaction with their Cash Card account (83% vs. 96% overall)

Directed passives

- Very low levels of awareness of full account functionality as they have not chosen it or researched it themselves
- Awareness of ability to operate direct debits and standing orders from their account is low and there is a fear of spending more than they have through the use of debit cards
- Their relationship with Barclays is primarily functional and most customers do not want to extend their relationship further. They tend to hold bank accounts elsewhere, which they may use for day-to-day spending purposes

Compulsive money managers

- Awareness of the full range of account features is notably higher amongst this segment. They tend to be more engaged with banking and ensure they are up to date on all aspects of their account
- However, there are some customers in this segment who resist the debit card functionality as they wish to use cash to retain total control. This stems from the fear of spending more money than they have
- Usage of online banking is slightly lower than of other features due to fears over internet security

All three types prefer face-to-face contact when considering their financial options; they often use the ATMs inside the branch as well as withdrawing cash over the counter.

All three types found written communications too detailed and tended to “skim-read” sections, missing some of the important information. Customers preferred high-level overviews with bullet points.

Our commitment to help

1. Improve method and format of written communication

- Our research showed that customers think our written communications on the Cash Card account are too complicated
- Barclays will simplify written communications and ensure their relevance, using short bullets
- We would hope to see an increase in awareness and understanding of functionality

2. Increase customer awareness of account features and encourage usage

- Our research demonstrated that awareness and usage of account features is low, particularly amongst the ‘No Choicers’ and ‘Directed Passives’
- Barclays will develop a series of targeted communications highlighting different features of the account to increase take-up
- We would hope to see an increase in usage and understanding of features

3. Develop targeted educational messages to address key customer concerns

- Our research showed there is a fear of debt, internet security and losing control of spending, which is restricting customers’ usage of key features
- Barclays will communicate key educational messages about the account, such as:
 - how we ensure the customer cannot go overdrawn
 - the security of online banking
 - money management tips, especially beneficial to the Compulsive Money Managers
- We would hope to see an increase in understanding and usage of key functions and a more engaging relationship

4. Enhance product to enable Cash Card account customers to build a credit history

- Our research showed that many respondents, particularly the “No Choicers”, would like the Cash Card account to help them build a credit history
- Barclays will look to deliver a credit scoring facility on the Cash Card account enabling customers to build a credit history
- We would hope to see customers build a good credit history to enable them to migrate to a full service account if they so choose

Helping customers
take one small step
to get more from
their account

Barclays is working to support customers along the journey to inclusion

Barclays commitment to financial inclusion

Barclays supports consumers along the journey to inclusion through our Cash Card account and our community investment programme.

Financial inclusion journey

Charitable organisations

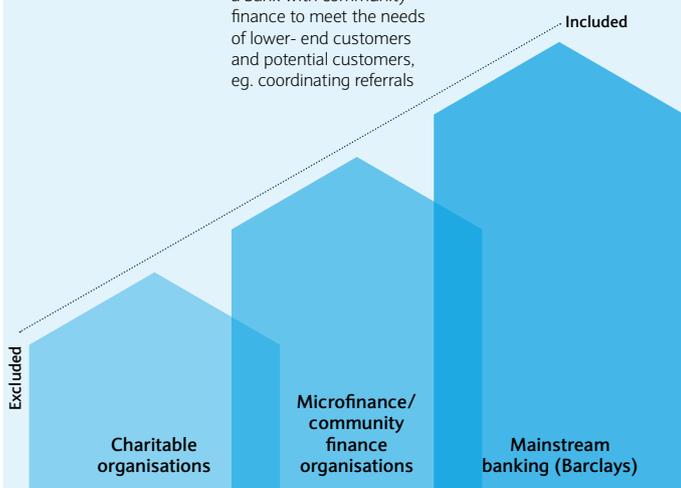
Working with charities to reduce exclusion and support financial education and advice

Microfinance/community finance organisations

Supporting community finance organisations in building the capacity and effectiveness of the sector and enabling more commercially substantial relationships with banks. Working more closely as a bank with community finance to meet the needs of lower- end customers and potential customers, eg. coordinating referrals

Mainstream banking (Barclays)

Working as a bank to reach out and provide further access to basic banking products and services



Barclays and the UK Community Finance Sector

Support for excluded individuals

Barclays is the lead corporate supporter of the Association of British Credit Unions Limited (ABCUL) and the Community Development Finance Association (CDFA).

Since 2004 we have provided over £3m to the UK community finance sector, supporting many individuals to access more affordable financial services.

In 2009, Barclays announced a new £0.5m package of funding to support third sector lenders in providing better access to affordable credit.

In summary, the funding package involves:

- ABCUL Credit Unions Central Services Office: Funding of £250,000 for ABCUL, aimed at promoting longer-term growth and sustainable coverage of community finance by supporting the development of back-office integration
- Barclays Community Finance Fund: A £250,000 fund providing grants of up to £50,000 to Credit Unions and personal customer-focused CDFIs

Work with other vulnerable groups

- Partnership with UNLOCK (UK National Association of Reformed Offenders) to open Cash Card accounts for pre-release prisoners in three east of England prisons
- Funding two financial inclusion officers for the Chartered Institute of Housing to help providers develop their financial inclusion strategy
- Providing a Barclays toolkit to housing association staff to enable them to support their clients through our account opening process



Barclays Money Skills is our UK flagship community investment programme which helps disadvantaged and hard-to-reach people across the UK to improve their money skills. It aims to help people make independent and informed decisions about budgeting, spending, saving, investing, using credit and avoiding debt.

Over three years Barclays will support one million people to develop their financial capability.

Barclays Money Skills will focus on:

- Access to Banking – ensuring financial inclusion
- Money Management – supporting financial decision making
- Dealing with Debt – getting out of financial crisis
- Enterprise – building a secure financial future