

# Quote request- Financial inclusion of Black, Asian, and minority ethnic communities

July 2021

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Fair4All Finance are partnering with Esmée Fairbairn Foundation, NatWest Group and StepChange Debt Charity on research into the financial inclusion of Black, Asian, and minority ethnic communities in the UK. We are now seeking a provider to conduct this research.

Broadly, this work should seek to address gaps in understanding how ethnicity influences access to financial products and services and therefore financial wellbeing; and how financial service providers can be more inclusive of people from Black, Asian, and minority ethnic backgrounds. This will include exploring short, medium, and long-term practical solutions to address these inequalities (ie with new product design or product marketing).

Insights from this work will be used by Fair4All Finance and partners to better understand gaps in financial service provision for Black, Asian, and minority ethnic communities and to enable the development of well-designed and effective solutions to support the financial wellbeing of these communities. Moreover, this project will inform people working in financial services, regulators, and policy makers on how to make decisions that ensure improved outcomes for Black, Asian, and minority ethnic people.

## About Fair4All Finance

Fair4All Finance is a not-for-profit organisation founded in early 2019 to improve the financial wellbeing of people in vulnerable circumstances by increasing access to fair, affordable, and appropriate financial products and services. We have three main priority areas:

- Expanding provision of affordable credit through a scaled community finance sector
- Partnering with banks and financial services providers to support the delivery of products and services for customers in vulnerable circumstances
- New product and market development – developing and scaling products and services to address market gaps

You can find our full strategy [here](#).

## Introduction

Despite emergent policy agendas aimed at tackling financial exclusion, there is little data collection and research on the recent experiences of exclusion by ethnicity in the UK. Previous research highlights that systemic economic disadvantage of Black, Asian, and minority ethnic communities (particularly those from Black African and Caribbean, Pakistani, and Bangladeshi backgrounds), ethnicity-based differentials in terms of education and employment choice, and discriminatory practices (such as postcode risk scoring) can lead to exclusion.

However, there is limited research on the financial engagement of Black, Asian, and minority ethnic communities, why they experience greater financial exclusion and how to address this exclusion. Headline data currently indicates that people from Black, Asian, and minority ethnic groups are specifically disadvantaged

- Black African and Black Caribbean groups are 4x and 3.5x more likely to be denied a loan respectively compared to White groups
- 60% of Asian and 63% of Black households have no savings, compared to 33% of White households
- More than one-fifth of fraud victims who stated they did not have their money returned were from Black, Asian, and minority ethnic groups, despite comprising only 10% of the fraud victims
- When accessing consumer credit, Black, Asian, and minority ethnic households face barriers that make them less likely to have financing than White households with similar income levels and other demographics (such as employment, education, and age)
- There are disproportionately higher number of Covid-related deaths within different Black, Asian, and minority ethnic groups, and they are amongst the most financially impacted by the lockdown
- Black women are overrepresented among single parents, increasing their risk of poverty

Our view is that there are gaps in the ways that the wider financial services market currently addresses the financial needs of Black, Asian, and minority ethnic communities. This is largely because

- Data collection practices do not monitor or leverage customer ethnicity in product and service design
- Business models are not designed for low-income communities, which are disproportionately from Black, Asian, and minority ethnic backgrounds
- Financial systems are not designed to reflect values and faith systems of minority ethnic communities
- Marketing and communications are not focused on the financial needs and behaviours of minority ethnic communities
- There is lack of diversity in financial services which acts as a contributing barrier to access and product suitability or take-up
- Decreased demand for financial services from Black, Asian, and minority ethnic communities that can stem from distrust in financial and political systems, language barriers, and/or differences in cultural preference
- Existing direct or indirect discrimination (ie postcode or credit scoring) in financial services

## The specification

This research should build on the [2008 Runnymede report on Financial Inclusion and Ethnicity](#) and follow the recommendations for future research outlined by the report. Particularly, we are interested in refining our understanding of the different reasons why Black, Asian, and minority ethnic communities have poorer access to financial products and services and how to effectively target and improve services for these communities.

The outcomes of this research should be to

- Improve understanding of the financial lives of Black, Asian, and minority ethnic communities, including the many factors that contribute to race-based gaps in economic indicators
- Identify and understand formal and informal products and services used by Black, Asian, and minority ethnic communities and the opportunities or challenges they present
- Gain insight into the root causes of financial exclusion of Black, Asian, and minority ethnic communities that come from shortcomings in financial service design
- Inform financial service providers on how to design products and services to be more inclusive of Black, Asian, and minority ethnic communities

We welcome proposals from researchers with a robust methodology to achieve the aims described above. There are existing databases that can be leveraged from Fair4All Finance, NatWest Group and StepChange; however, we would expect primary data collection is in scope for this project (ie customer surveys, customer interviews and focus groups, and provider interviews). We are interested in collecting both

quantitative and qualitative research as both are needed to examine the indicative trends that minority ethnic communities are at a greater risk of financial exclusion.

We have broken up this research into six key phases (see Appendix for more details)

- 1 Conduct desk research into the financial circumstances and exclusion of people from Black, Asian, and minority ethnic backgrounds across the UK
- 2 Engage with financial service providers (including formal and informal community lenders) to understand how they are meeting the financial needs of Black, Asian, and minority ethnic communities
- 3 Commission a detailed customer survey to better understand how people from Black, Asian, and minority ethnic backgrounds interact with financial products and services
- 4 Based on gaps that arise, undergo a co-design process wherein customers and key stakeholders recommend approaches to product design that are more inclusive
- 5 Synthesise and analyse of above research to build a picture of financial needs and gaps in service
- 6 Develop final report and publish findings to inform key stakeholders on recommendations to improve products and services for Black, Asian, and minority ethnic consumers

There is flexibility in the methodology and focus area for each phase. This approach should be designed by the research partner; however we have provided more detail and guidance in the Appendix.

This research relies on direct engagement with minority ethnic communities in order to ensure the voices of those experiencing exclusion are the driving necessary changes in financial services. However, when conducting this research, we want to ensure that that all engagement with Black, Asian, and minority ethnic communities is both necessary and respectful of their lived experience. Rather than focus on changes communities can make to increase their access to financial services, this research should focus on how financial service providers can improve their services to better reach these groups.

Moreover, it is important to highlight that ethnic groups are not homogenous, as different ethnicities (and individuals within each ethnic group) have vastly different experiences and expectations across a range of factors. Therefore, this research should ensure different identities are represented and that the nuances in the financial exclusion of diverse ethnic groups will be appropriately addressed. Classification should be based on the Office for National Statistics categorisation.

Finally, it is important to highlight that there are several words, phrases, and acronyms that are used when talking about race and ethnicity, and that these often change depending on the context of the conversation. We have used the term "Black, Asian, and minority ethnic" as this language is currently cited in existing research and this work should look at common issues of exclusion across minority ethnic groups. However, we do not intend to homogenise the experiences of different communities, and researchers should ensure they are specific when referring to specific groups, eg Pakistani, Black Caribbean, Bangladeshi.

## Resources

The following will be available to the selected provider

- StepChange data on debt advice clients segmented by ethnicity
- Access to customers from partners, and potential access to anonymised customer banking data
- An online platform containing thousands of public datasets segmented by place
- Potential to convene government, industry, and other third sector organisations for additional datasets and/or resources requested

We have also established an advisory committee of experts in the field to support the research. The advisory committee includes members from Fair4All Finance, NatWest Group, StepChange, Fair Money Advice, Money A&E, and Fair by Design.

We have three meetings planned with the advisory committee throughout the course of the project

- **Kick-off meeting** with the newly procured research partner to help lay the groundwork for the research and share data/contacts
- **Interim meeting** to review and understand initial findings, ensure the research is achieving its objectives, and support next steps
- **Final meeting** ahead of publication to review the report and provide feedback

## Outputs/deliverables

- Preparation of materials and participation in kick-off meeting with the advisory committee
- Participation in regular catchups and progress meetings outlining current status, progress to date, next steps and challenges or issues experienced
- Interim presentation summarising key findings to date with Fair4All Finance and advisory committee
- A draft of the final report in word to Fair4All Finance and advisory committee for feedback
- Final presentation with Fair4All Finance and advisory committee summarising key findings and actions
- Final report to be published
- A set of research data, to be stored in a readily accessible electronic format such as excel

Dates and timings of above outputs/deliverables to be discussed with research partner.

## Timings

We expect this work will take 8-10 months in total and aim to commence as soon as possible after the appointment of a research partner. However, we are open to suggestions about the planned timetable.

Timetable for quote requests:

Stage	Dates
Quote request published	05 July 2021
Proposals due	27 July 2021
Assessment	Up to 10 August 2021
Interviews (up to the top 3 quotes)	If applicable up to 17 August 2021
Appointment	By 24 August 2021

## Your response

To respond to this quote request, please provide a proposal for how you would deliver the required specification for the scope of services as outlined above. The proposal assessment criteria and requirements are set out below.

Clarification questions on this quote request may be addressed to [hanadi@fair4allfinance.org.uk](mailto:hanadi@fair4allfinance.org.uk) by 15 July.

Any question responses which are relevant to all will be shared with all applying parties. If you intend to submit a quote, please advise us at your earliest convenience so that question responses can be shared. Questions will be anonymised before responses are shared with respondents.

## Budget and Pricing

- The total budget for the piece of work is £80,000 (inc VAT). If you wish to bid but believe a higher budget is needed to meet the requirements of the brief, please contact us prior to responding
- The funders for the project are Fair4All Finance, Esmée Fairbairn Foundation and NatWest Group

- Given the not for profit nature of Fair4All Finance, and our founding and funding through government, please indicate where you have given a discount on commercial rates
- We would welcome proposals which identify a way to deliver the requirements for under the identified budget on a fixed price basis
- Please outline any VAT and or expenses which may be payable clearly and separately

## Proposal submission and scoring criteria

Please email a proposal of no more than 6-10 pages long to [hanadi@fair4allfinance.org.uk](mailto:hanadi@fair4allfinance.org.uk) by 27 July.

Scoring is based on how well the proposal addresses the criteria in the table below, plus the cost of service.

### Proposal scoring criteria (75%)

Proposals submitted will be assessed by Fair4All Finance against the following questions:

<p><b>1 Understanding of requirements</b> Please explain your understanding of what this work is aiming to achieve,</p> <p><b>To what extent does the proposal demonstrate an understanding of the issues related to this brief?</b></p>	10%
<p><b>2 Please set out your proposed methodology by stage</b> Please set out your detailed research plan to achieve the aims described above. This can include research questions, partners, available data, approach to data collection (survey, interview, focus group), target population, analysis, and secondary data requirements.</p> <p>Be as specific as possible, however we understand methodology can change depending on data sources available (ie relevant data from partners and other stakeholders).</p> <p><b>To what extent is the research plan and methodology appropriate to meet the requirements set out in this brief?</b></p>	30%
<p><b>3 Relevant experience</b> Please set out your experience of delivering impactful research focused on consumers and/or financial services providers. If possible, include examples of both quantitative and qualitative research you have previously conducted.</p> <p>In addition, please outline your experience engaging directly with marginalised and minority communities to design and deliver meaningful solutions.</p> <p>Please provide the name of two references we can contact in confidence, and at our sole discretion to confirm the work you undertook and its relevance.</p> <p><b>What degree of experience does the bidder demonstrate in order to successfully complete the work?</b></p>	20%
<p><b>4 Appropriate resourcing</b> Please set out your resourcing plan and assumptions about the time commitments you plan to make by grade and resource type. Please make clear who will be accountable for the work and who our day-to-day contact will be.</p> <p>Please provide CVs or pen portraits for team members who would lead the research.</p> <p><b>How well has the bidder structured a team in order to successfully manage the contract and deliver the required work to the budget and timetable required?</b></p>	15%

## Cost of service (25%)

<b>1 Value for money</b> Please review the budget and pricing details above and provide a breakdown of the cost of service by the research phases.  <b>To what extent does the proposal represent good value for money?</b>	25%
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### Notes

- Quote request responses not received by the deadline will not be considered
- Quotations shall be valid for 90 days
- All bidders are solely responsible for all their costs and expenses incurred in connection with this procurement process at all stage
- Fair4All Finance reserves the right to amend or cancel the procurement exercise at any point. Fair4All Finance will accept no liability for any losses caused by any change or cancellation of this procurement exercise nor any decision not to award a Contract
- Any information submitted to Fair4All Finance may need to be disclosed and/or published by Fair4All Finance. Fair4All Finance may disclose information in compliance with the Freedom of Information Act 2000, any other law, or, as a consequence of judicial order, or order by any court or tribunal with Fair4All Finance to order disclosure
- Data Protection Act 2018 - Any awarded Contract will be subject to the Data Protection Act (DPA) 2018. Fair4All Finance reserve the right to request additional evidence to undertake sufficient due diligence of any Tenderer to ensure they have implemented the appropriate technical and organisational measures to comply with the act
- Fair4All Finance is committed to greater transparency and may publish its tender documents, contracts and data from invoices received and may at its discretion redact all or part of such information prior to publication
- Bidders shall not (and shall procure that their subcontractors and representatives do not) do any of the following without obtaining the prior written consent of Fair4All Finance
  - make a public statement or communicate in any form with the media in connection with this procurement
  - use any trademarks, logos or other intellectual property rights associated with Fair4All Finance and/or its stakeholders
  - represent that the Bidder is directly or indirectly associated in any way with Fair4All Finance and/or its stakeholders or that its or their respective products and/or services are in any way endorsed by Fair4All Finance and/or its stakeholders
  - do anything or refrain from doing anything which would have an adverse effect on or embarrass Fair4All Finance and/or its stakeholders
- Tenders with abnormally low prices may be rejected by Fair4All Finance. Prices that are suspiciously low in the opinion of Fair4All Finance will be considered further before a decision is taken as to whether the price is abnormally low. This will include clarification with the relevant bidder
- Fair4All Finance will award the Contract to the bidder submitting the offer that best meets scoring criteria from the point of view of Fair4All Finance
- Subject to negotiation, Fair4All Finance is able to sign a contract provided by the research partner
- Fair4All Finance will notify all bidders of its contract award decision

# References

**NatWest, Banking on Racial Equality: A roadmap for positive change**

<https://www.natwestgroup.com/news/2020/10/We-have-set-out-commitments-to-racial-equality.html>

**Runnymede Trust, The Colour of Money: How racial inequalities obstruct a fair and resilient economy**

<https://www.runnymedetrust.org/uploads/publications/pdfs/2020%20reports/The%20Colour%20of%20Money%20Report.pdf>

**The Times, Banks Biased Against Black Fraud Victims**

<https://www.thetimes.co.uk/article/banks-biased-against-black-fraud-victims-237z7rxvm>

**IFS Deaton Review, Are some ethnic groups more vulnerable to Covid-19 than others?**

<https://ifs.org.uk/inequality/chapter/are-some-ethnic-groups-more-vulnerable-to-covid-19-than-others/>

**FCA, Financial lives survey insights**

<https://www.fca.org.uk/insight/ethnicity-personal-finances-and-coronavirus>

**Financial inclusion and ethnicity: An agenda for research and policy action**

<https://www.runnymedetrust.org/uploads/publications/Summaries/Fin%20incl%20ethnicity%20summary%20Nov%2008%20FPF.pdf>

## Other relevant literature

**Barriers to Black, Asian, and minority ethnic and women’s enterprise: Existing evidence, policy tensions and unsettled questions**

<https://journals.sagepub.com/doi/full/10.1177/0266242614556823>

**Access to consumer credit in the UK – Solomon Y Deku, European Journal of Finance, Research paper**

<https://www.tandfonline.com/doi/abs/10.1080/1351847X.2015.1019641>

**Racial Borrowing Gap**

<https://www.wealthsimple.com/en-us/magazine/racial-borrowing-gap>

**Inequality of Poverty**

<https://fairbydesign.com/wp-content/uploads/2021/02/The-Inequality-of-Poverty-Full-Report.pdf>

**Poverty and Ethnicity in the Labour Market**

<https://www.jrf.org.uk/report/poverty-ethnicity-labour-market>

**A gap that won’t close**

<https://www.resolutionfoundation.org/publications/a-gap-that-wont-close/>

**Ethnic minorities in the hospitality sector**

<https://www.resolutionfoundation.org/publications/a-gap-that-wont-close/>

**Poverty and ethnicity: A review of evidence**

<https://equalityanddiversity.net/docs/poverty-ethnicity-evidence-summary.pdf>

### Exclusion and Discrimination in the Market for Consumer Credit

[https://www.st-andrews.ac.uk/business/rbf/workingpapers/RBF13\\_006.pdf](https://www.st-andrews.ac.uk/business/rbf/workingpapers/RBF13_006.pdf)

### Poverty Across Ethnic Groups Through Recession and Austerity

<https://www.jrf.org.uk/sites/default/files/jrf/migrated/files/poverty-ethnic-groups-recession-full.pdf>

### Ethnicity and Cash Machines: Who Pays to Access Cash?

[www.runnymedetrust.org](http://www.runnymedetrust.org)

### Why diversity and inclusion are regulatory issues?

<https://www.fca.org.uk/news/speeches/why-diversity-and-inclusion-are-regulatory-issues>

### Exclusion and Discrimination in the Market for Consumer Credit

[https://www.st-andrews.ac.uk/business/rbf/workingpapers/RBF13\\_006.pdf](https://www.st-andrews.ac.uk/business/rbf/workingpapers/RBF13_006.pdf)

### Alone together: Entrepreneurship and diversity in the UK

<https://www.british-business-bank.co.uk/research-alone-together/>

<https://www.british-business-bank.co.uk/entrepreneurs-from-ethnic-minority-backgrounds-experience-substantially-worse-business-outcomes-than-white-entrepreneurs/>

### Exploring Racial/Ethnic Disparities in the Use of Alternative Financial Services: The Moderating Role of Financial Knowledge

<https://fair4allfinance.sharepoint.com/sites/ResearchLibrary/Shared%20Documents/Customers%20%20demographics/Ethnicity/Exploring%20Ethnic%20Disparities%20in%20the%20Use%20of%20Alternative%20Financial%20Services-The%20Moderating%20Role%20of%20Financial%20Knowledge.pdf>

### Wealth, race, and consumption smoothing of typical income shocks

<https://www.nber.org/papers/w27552>

## Potential sources of data

- **StepChange:** Customer data, 2019-20
- **Ipsos Mori:** Financial Research Survey
- **FCA:** Financial Lives Survey 2017 and 2019 (Only BAME v White)
- **MaPS:** Financial Capability Survey
- **Bristol University:** Poverty Premium
- **ONS:** Understanding Society, Family Resource Survey, Labour Force Survey, Wealth and Assets Survey, Living Costs and Food Survey
- **Grant Thornton:** Place analytics

## Example alternative providers

- **Jamaica National Group**
- **Pardner** in the African Caribbean community
- **Hagbaad** in the Somali community
- **Ajo** in the Nigerian community
- **Sou Sou** in African communities
- **Al Rayan Bank** and **Islamic Bank of Britain** for the Muslim community
- Different names for different communities—see below

<https://www.theguardian.com/money/2012/oct/02/minority-communities-financial-support>

# Appendix: Research phases

## Phase 1

Desk research that collates other studies and existing data to establish a baseline of how Black, Asian, and minority ethnic communities interact with financial services. Key questions include (but are not limited to)

What do we need to measure to assess the problem?

- What communities should this research target? Includes analysis of intersectionality of race, age, gender, and class
- Why are some minority ethnic communities financially excluded while others are not?
- What areas of financial inclusion (banking, credit, insurance, savings, and advice) should this research focus on? What is most critical for minority ethnic communities?
- What is the current level of financial engagement of people from minority ethnic backgrounds?
- What are relevant data points regarding the financial circumstances of people from minority ethnic backgrounds that may result in exclusion (including savings/debt levels, confidence managing money or choosing financial products, ability keeping up with bills and credit commitments)
- What kinds of financial hardship/volatility do people from minority ethnic backgrounds experience? What are the drivers?
- How do people from minority ethnic backgrounds cope with this volatility?

What products and services are currently being used?

- Where do people from minority ethnic backgrounds access financial services?
- What informal systems currently exist to serve people from minority ethnic backgrounds (eg Pardner, Hagbaad, etc) and what providers are successfully engaging with minority ethnic communities?
- Why do people from minority ethnic backgrounds select to use specific products and providers? (Includes “if” people from minority ethnic backgrounds aspire to be served by the mainstream)
- Do people from minority ethnic backgrounds feel they are being financially excluded? If yes/no, why/why not? (Includes analysis of regional or local lens, ie do communities with a significant presence in an area feel better served than others?)
- How do people from Black, Asian, and minority ethnic backgrounds use credit and other financial products (eg income smoothing, purchasing white goods, home improvements, vacation, food, and fuel)

What are the barriers to address?

- What factors inhibit people from minority ethnic backgrounds from accessing appropriate financial products and services? (Includes analysis of geographic barriers ie if credit deserts overlay regions with higher proportions of minority ethnic households)
  - Are bank closures and fee-charging cash machines more likely in areas with higher proportion of minority ethnic residents?
- Do people from minority ethnic backgrounds feel there is a gap in financial service provision? If so, why do they believe this gap exists?
- How does exclusion impact people from minority ethnic backgrounds’ health and wellbeing?

## Phase 2

Primary data collection to better understand how the financial service sector is currently serving Black, Asian, and minority ethnic customers.

This will build a detailed picture of existing products and services (ie understanding user journey, key touch points, pain points including who delivers the service and how it is delivered, and what language is used in communications materials).

The focus of this phase is to highlight to what extent the design and delivery of products and services is causing exclusion. Moreover, this research should discover services that meet the needs of Black, Asian, and minority ethnic communities (eg informal systems such as Pardner) and draw out embedded systems that could be redesigned to be more inclusive (eg algorithms or postcode scoring). Key questions include (but are not limited to)

- How are financial service providers currently supporting customers from minority ethnic backgrounds? (Includes analysis of application, acceptance/decline rates, and why they are being rejected)
  - Is there differential take-up of products and services (eg basic bank accounts) by ethnicity?
- Where is exclusion happening in the process and why is it happening (eg postcode risk scoring)?
- To what extent is the design and delivery of products and services causing financial exclusion?
- How can providers improve provision for people from minority ethnic backgrounds?
- What is the demographic makeup of service provider's team members? What is their internal culture? What is the demographic makeup of board members?

### Phase 3

Primary data collection to better understand how customers from Black, Asian, and minority ethnic backgrounds are engaging with financial services and if their financial needs are being met. The focus questions should be outlined following the detailed desk research and analysis of financial service providers.

This phase should additionally explore the demand for financial services from Black, Asian, and minority ethnic communities, as this will allow for differentiating between supply-side exclusion and demand-side exclusion, the latter of which can stem from distrust in the financial/political systems, language barriers, and/or differences in cultural preference.

Finally, it is also important to understand how participants' answers are also linked to their personal characteristics such housing status, income, and socio-economic status.

### Phase 4

Collaboratively develop solutions to the financial exclusion of Black, Asian, and minority ethnic communities (eg through focus group). Participants should be appropriately compensated. Moreover, before engaging with communities the research partner should conduct desk research to determine co-design best practice. Key questions include (but are not limited to)

- What do people from minority ethnic backgrounds feel could be improved in the provision of financial products and services? (Includes assessment of participant's financial knowledge and record of their demographic characteristics)
- How can products and services be designed to better serve people from Black, Asian, and minority ethnic backgrounds? (This question should be made more specific through findings from Phases 1-3)

### Phase 5

Analysis combining findings from Phase 1-3 to develop both recommendations for the wider financial services sector and calls for future research. This phase will involve various stakeholders (including grass roots community organisations, experts in the space, service users etc) and research will be used to develop short, medium and long-term strategies for addressing race-based inequality in financial services.

### Phase 6

Publication and dissemination of the research to inform key stakeholders about how to improve products and services for customers from Black, Asian, and minority ethnic backgrounds. The report should additionally outline requirements for future research to support the adoption of recommendations.