

New research shows business costs of failing to help employees manage money worries

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UK workers are struggling to cope financially, new research from Neyber (<http://www.neyber.co.uk>) has found.

The survey, carried out among 10,000 employees, showed that 50 per cent said they regularly had to borrow money to pay household bills or deal with day-to-day expenditure. This figure jumps to 70 per cent among under-34s.

Inability to get by has led to spiralling debts amongst the UK's workforce. Unsecured household debt now stands at £13,151.37 on average, compared to £10,718.20 in 2016.

As a result, one in 10 employees said they feel their finances are out of control, and a further 18 per cent were in control, but only just hanging in there.

For British business, the impact of money worries can be significant. Neyber has calculated that the lost productivity and increased absence and employee turnover associated with financial stress costs UK companies in the region of £120.7 billion every year.

6 in 10 employees said their behaviour changes when they are under financial pressure. This increased to more than seven in 10 for those aged under 34. They said that money worries change their internal mindset and attitudes, and their ability to maintain focus at work.

45 per cent said that money worries affect their job performance and 40 per cent said they affect their relationships at work.

Employers are aware of financial worries causing changes in their employees. Sixty eight per cent agreed that this affects individuals' behaviour, 69 per cent their performance and 67 per cent relationships at work.

Heidi Allan, head of employee wellbeing at Neyber, said: "Employees need help with spotting the warning signs before their finances start to feel out of control, and prevent their situation getting worse and racking up personal debt.

"When we asked employees if they would welcome support and information to help them improve their financial, situation, over half (55 per cent) said that they would. Over their lifetime, there is a consistent need for support with savings habits, long term financial planning including pensions, and ways to invest. A high proportion of under 34s want to know more about how to get on the property ladder and about mortgages. Everyday money management and budgeting home finances are also important skills to teach staff."

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The top areas where employees want help:

Savings – how to create good habits - 15%

Investments - 15%

Long term financial planning e.g. pensions - 20%

Help to understand ISAs and other savings options - 10%

Mortgages and how to get on the property ladder - 8% (22% for 18-24, 17% for 25-34, 11% for 35-44, 4% for 45-54, 1% over 55's).

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The problem has been exacerbated by unstable incomes and a rise in zero hours contracts. Over half of respondents (57 per cent) said that their income fluctuated each month and almost a quarter (24 percent) said it varied by more than 20 per cent each month.

Allan added: "Having a fluctuating income makes managing day-to-day money very difficult, and requires a focus on skills such as budgeting and prioritising payments. Forming good habits in these skill areas is key to feeling in control, and while there are many online support tools and apps that can help with day-to-day money management, employers should be aware that employees in this position will need more guidance to ensure that the lessons they learn actually stick."

Phil Andrew, CEO of StepChange said: "There are nine million people who have to use credit to pay for essential expenditure. This includes over one million people using high cost credit to make ends meet. When borrowing becomes a safety net for meeting basic needs the outcomes are often bad. Not financial wellbeing, but the corrosive hardship and harm of problem debt.

"This new research from Neyber highlights that there is a significant group of employees who are living and working under this shadow of financial difficulty. At StepChange Debt Charity, around six in ten of our clients are in households where someone is working. Our own research highlights how the constant pressure of worrying about money can reduce performance and attendance at work. In some cases, debt related physical and mental health problems drive people out of work.

"Employers have a strong interest in improving the financial wellbeing of your employees and can be well placed to sell the benefits of seeking advice before problems get out of control. This timely report from Neyber gives a call to action to ensure working life is a source of support rather than worry for people struggling with their finances."

Neyber's full report can be found here (<http://go.neyber.co.uk/dna-borrowing-needs-2018>).

About Neyber

Neyber is a multi-award-winning financial wellbeing provider that helps UK employees to be better with their money. It partners with employers to support their workforce's financial wellbeing with access to affordable, salary-deducted loans, financial education insights and a range of savings and investment products – all at no cost or risk to the employer.

Its vision is to build a community of employees who can confidently deal with money and have access to fairer finance when they need it.

Neyber has been included in KPMG's 2017 global list of the top 100 fintech companies, recognised as Ethical Financial Services Provider of the Year at the Money Age Awards and became the first alternative lender to be accredited by the Lending Standards Board. It has been recognised as one of the top 50 most disruptive companies in the UK by Real Business and won "Benefits Innovation of the Year", at the Workplace Savings and Benefits Awards in both 2016 and 2017. Neyber is also the Financial Wellbeing provider to the winner of the Employee Benefits Awards' "Best Financial Wellbeing Strategy".

Neyber was founded by former Goldman Sachs investment bankers Martin Ijaha and Monica Kalia along with financial technology expert Ezechi Britton. The founders joined together to deliver a genuine alternative to the solutions offered by financial service providers whose high borrowing rates and low returns on savings have helped to create an unprecedented era of financial stress. Clients include the UK Police Service, London City Airport, Anglian Water, NHS Trusts and FTSE listed firms.

More information from Kay Phelps, PRinHR, + 44 7710 043244 or kay.phelps@PRinHR.co.uk