neyber

Fairer finance for employees

2018 EDITION BOOK 4

THE DNA OF FINANCIAL WELLBEING

A Year in Review

nesta

Thought Leadership Partner

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Fairer finance for employees

About us

Neyber helps UK employees to be better with their money, so they can do more of what they love.

Our expert in-house Financial Wellbeing Team supports employees' financial needs. We want businesses to be able to improve staff financial wellbeing through access to financial education and appropriate products. That will help to empower individuals to take control of their own financial futures.

Neyber's mission is to help build a community of employees who can confidently deal with money and have access to fairer finance when they need it.

neyber.co.uk

hello@neyber.co.uk

@helloneyber

Company/neyber

Monica Kalia
Co Founder and Chief Strategy Officer

Previously books in the series have explored;

- Money and mindsets
- Employee borrowing needs
- Savings and protection

Three years ago, we decided to start investigating how UK employees feel about their financial wellbeing. Fast-forward to 2018 and this annual study has become the largest of its kind, having surveyed over 30,000 UK employees and over 1,000 employers, across 25 different industries, from all across the country.

We've seen a sharp rise in awareness of financial health and wellbeing since this journey began. It's fairly safe to say that the topic wasn't widely considered a workplace issue, and now we're seeing HR professionals devising full strategies devoted to their employees' financial wellbeing. Most rewarding has been the number of HR professionals who have cited our research when building business cases to prioritise financial wellbeing strategies, to legistimise the impact and business cost of financial worries in the workplace.

This year's final release not only marks three years of lifting the life on the nation's finances, but also comes at a time of year when employees are feeling the pinch. 56% of households admit to making sacrifices, such as delaying bill-paying, to cover the costs of the Christmas period. This shows just and how many are living beyond their means at this time of year and, as a result, will likely struggle in the new year. <Can we include a figure on how many people use credit cards at this time of year?>

It's vital that we support employees in finding affordable finance options when they do need to borrow money, as well as encouraging them to build the saving buffers that give them confidence to face more expensive periods, or unexpected events.

Our aim at Neyber is to build financially resilient communities, and our research reveals just how much UK employees need our help.

Introduction from an industry editor

Jenny Roper
Editor at
HR Mag

On a recent weekend away with a group of old university friends, the geography secondary schoolteacher among us was describing a 'life skills' module she's required to teach on top of her core subject at the school she's just started at.

The lessons cover a whole range of areas, including cooking and mental health, but also crucially personal finances.

I was practically drooling. I vaguely remember doing some form of PSHE at secondary school and sixth form college, but am sure it never covered anything financial (or indeed generally that useful).

As a result I am, I'll freely admit, something of a finance dunce. Every time I see Dad he asks if I'm sure I'm getting the best interest rates on my current and savings accounts. Every time I resolve to do the research and potentially switch. And then never do.

And I'm sure I'm not much less savvy than the majority. Because no one really ever teaches you this stuff. Or at least they certainly didn't used to – leaving you to muddle through picking up what you can from a baffling array of (often contradictory) advice from family and friends, and from that sometimes-helpful-sometimes-very-much-not, false friend: the internet.

So I'm heartened to hear personal finances are now a more solid part of the curriculum, even making it onto the maths curriculum. But what about those generations who like me missed out? What about those who missed that day at school? About those (I would argue the majority) who could do with regular touch points of info and advice as their life circumstances, and in line with this finances, evolve.

Survey after survey finds that employees would like this kind of support from their employers – that they would most trust this as a source of financial guidance. Yet survey after survey shows only a minority of organisations offer this. Including this research, which finds that only three in ten employers feel they have a well-developed wellbeing strategy that encompasses personal finance, retirement planning and employee benefits.

Most shocking to me were those results relating to HR professionals. That four in ten said they don't feel equipped to offer support if workers came to them with money troubles, doesn't worry me too much. The point, I'd argue, is that HR professionals don't have to be personal finance gurus themselves; they just have to know what kind of L&D and wellbeing interventions might best suit their workforce and help them tackle their money worries (boosting engagement and productivity in the process).

More concerning is the finding that 45% of HR professionals don't believe employees bring their money worries to work. This, as this research so clearly shows, just isn't the case.

As an editor I sometimes worry financial wellbeing is one of those topics – though only hitting the mainstream HR lexicon a year or two ago – already done to death. This proves me – hearteningly from a journalistic standpoint, but otherwise disturbingly – very much wrong.

It shows that there is so much more to do, even to just get the message home that – in these uncertain and financially tough and complex times – a large percentage of your workforce will be sat there with some form of financial concern playing on their mind, sapping their mental and even physical health, and productivity. Because all eyes are, and should, be turning to you the employer – and HR department – to step up to the plate.

Financial worries – the wider impact to society

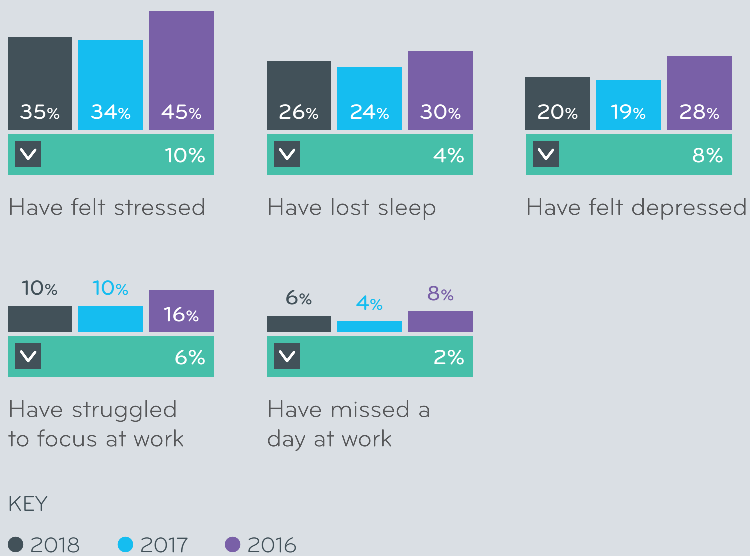
Our 2018 DNA of Financial Wellbeing results found that 63% of employees have been affected in some way by financial worries, compared to 58% in 2017.

With employee financial worries increasing by 5% in just one-year, what impact is financial worries having upon both individuals and businesses alike?

Employees can't simply turn off their financial worries when they arrive at work, and the effects are felt throughout the organisation and employee's life.

From losing sleep, and feeling depressed, to missing time off work, this year's research saw a rise in those who said that they were feeling stressed (35%) or have lost sleep over money worries (26%), compared to 2017.

How are financial worries impacting employees?



In focus: behaviour and wellbeing

When we feel under pressure or out of control, our behaviour changes. Some of those changes could be early signs of a mental health issue:

- Growing inability to cope with daily problems and activities
- Confused thinking – difficulty concentrating on things
- Social withdrawal
- Feelings of extreme highs and lows
- Sadness or irritability
- Dramatic changes in eating or sleeping habits
- Increase in substance resilience – cigarettes, alcohol, or drugs
- Excessive fears, worries, or anxiety
- Strange thoughts or feelings

Being able to spot these triggers means that we are better equipped to look out for ourselves and others. Employers can help too by creating a supportive workplace culture and training line managers to spot when their staff are struggling.

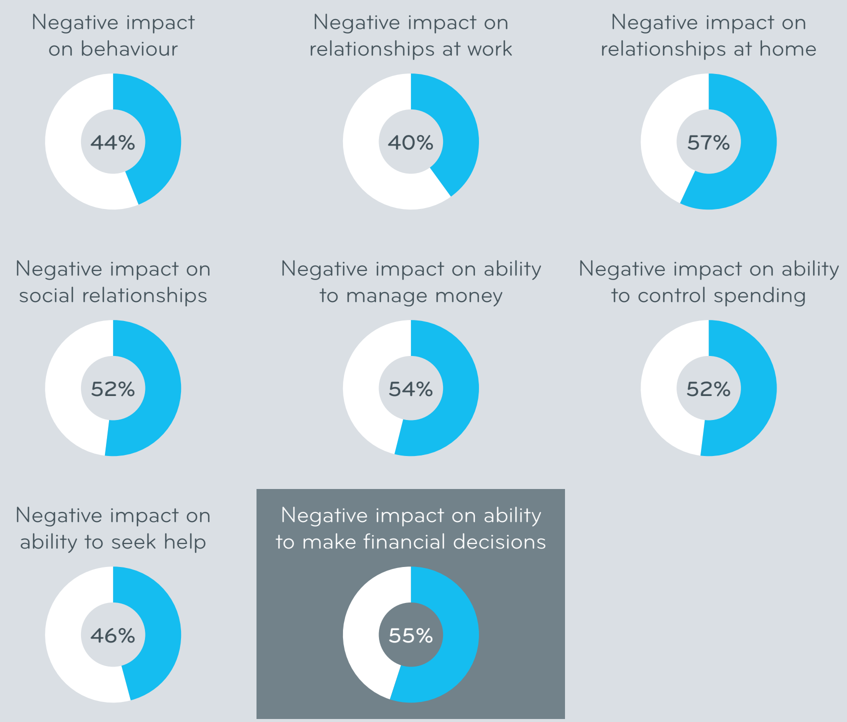
86% of respondents said their financial situation had made their mental health problems worse

72% of respondents said their mental health problems had made their financial situation worse

Financial worries affect behaviour and relationships

As previously explored/discussed, financial worries have a detrimental impact on our physical health and wellbeing, but our research also showed that financial worries have a widespread and significantly negative impact on the behaviour and relationships of those we surveyed.

Negative impact on behaviour and relationships



In focus: relationships and family

More than half (57%) of UK employees say financial worries impact their relationships at home. The additional pressure and stress associated with money issues affects how we interact with others and can make everyday activities more challenging than usual.

There can be many sources of stress when it comes to finances and our family lives. And with financial worries affecting 55% of employees' ability to make financial decisions, it's hardly surprising that we are often left feeling vunerable which could lead us to make financial decisions that aren't right for us and further compound the issues.

Pressure from children who don't understand money in the same way as adults do feeling that we need to keep up appearances within our social groups are examples of situations that, can leave us feeling vulnerable and may lead us to make financial decisions that aren't right for us.

But there is an opportunity for us to break this cycle. The earlier we can open up to those closest to us about money worries, the easier it is to deal with the problem together and find a suitable plan to turn things around.

How are financial worries affecting each generation?

Over half of our survey respondents aged between 18 and 45 said that struggling with money worries affects their behaviour work, with 66% of 25–34 year olds saying that it has a negative impact on their relationships at home.

That could mean taking time off to deal with financial problems or losing concentration which, in turn, affects productivity.

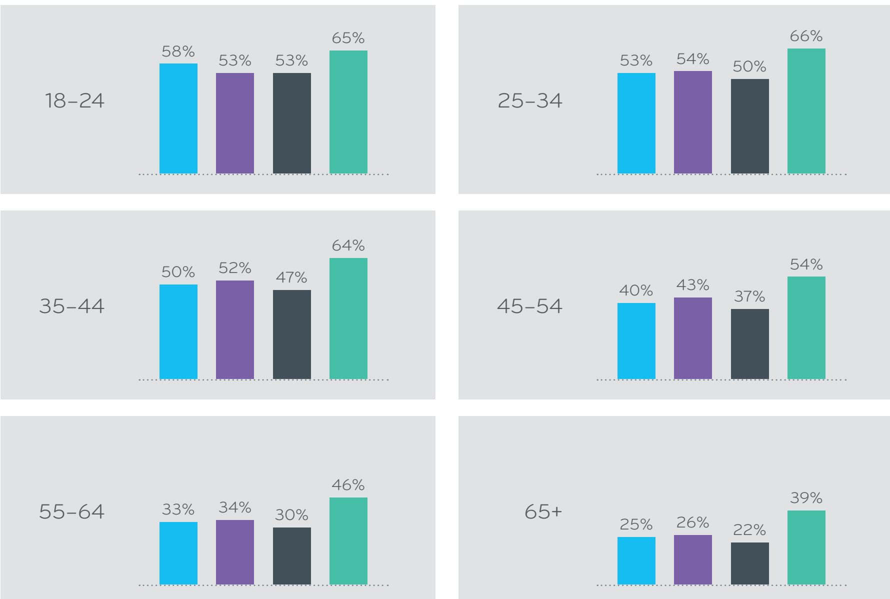
6%

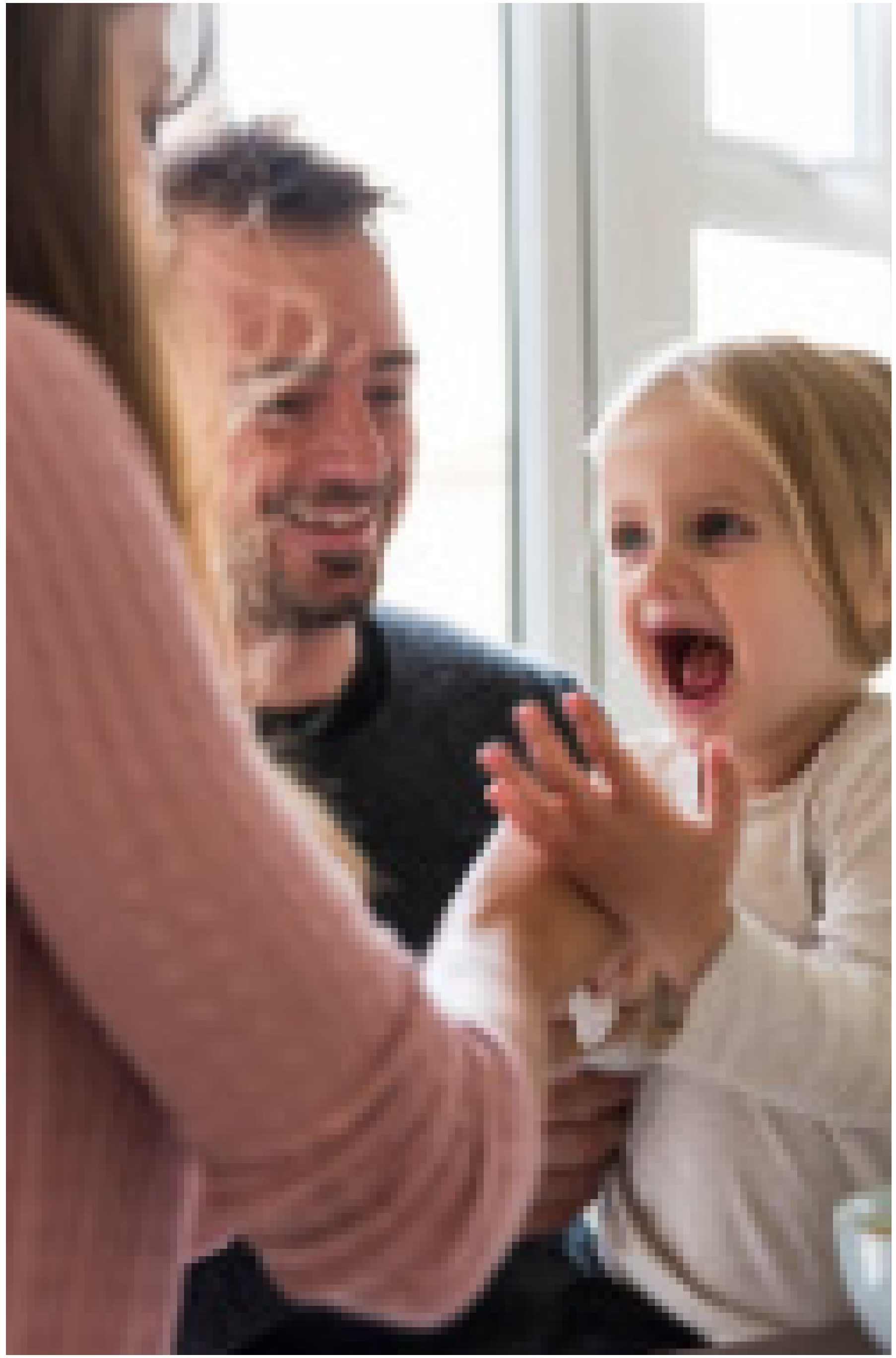
have missed a day of work due to financial worries

Negative impact on behaviour and relationships 2018

KEY

- Negative impact on behaviour
- Negative impact on job performance
- Negative impact on relationships at work
- Negative impact on relationships at home

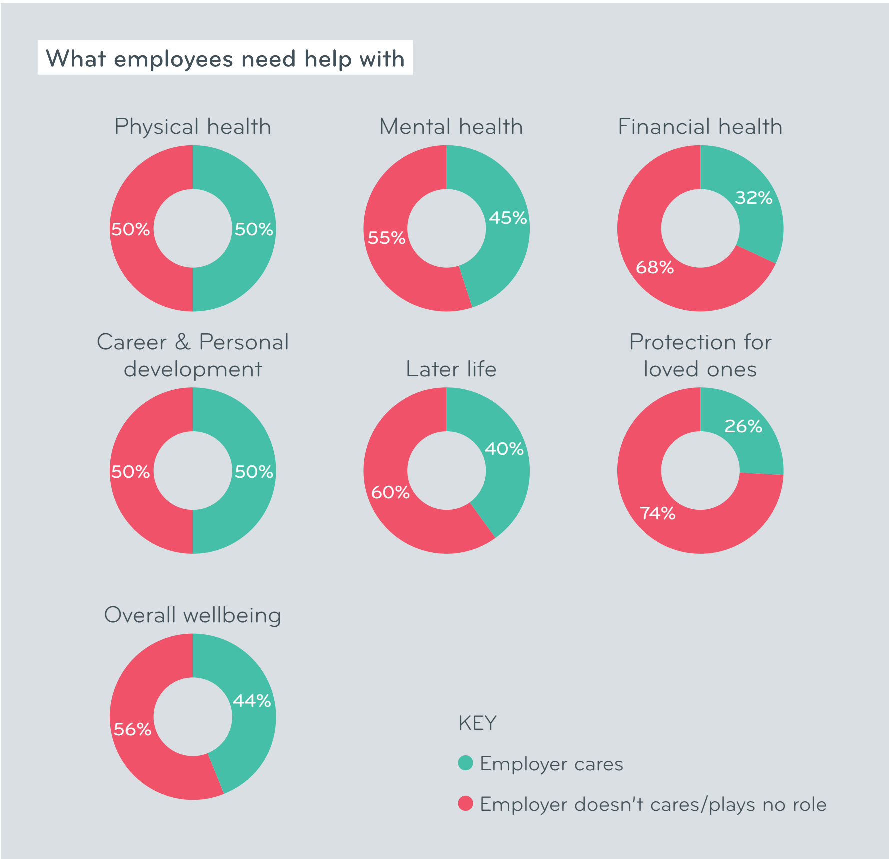




Where are employees struggling?

We asked our respondents whether they feel their employer provides a supportive environment when it comes to wellbeing.

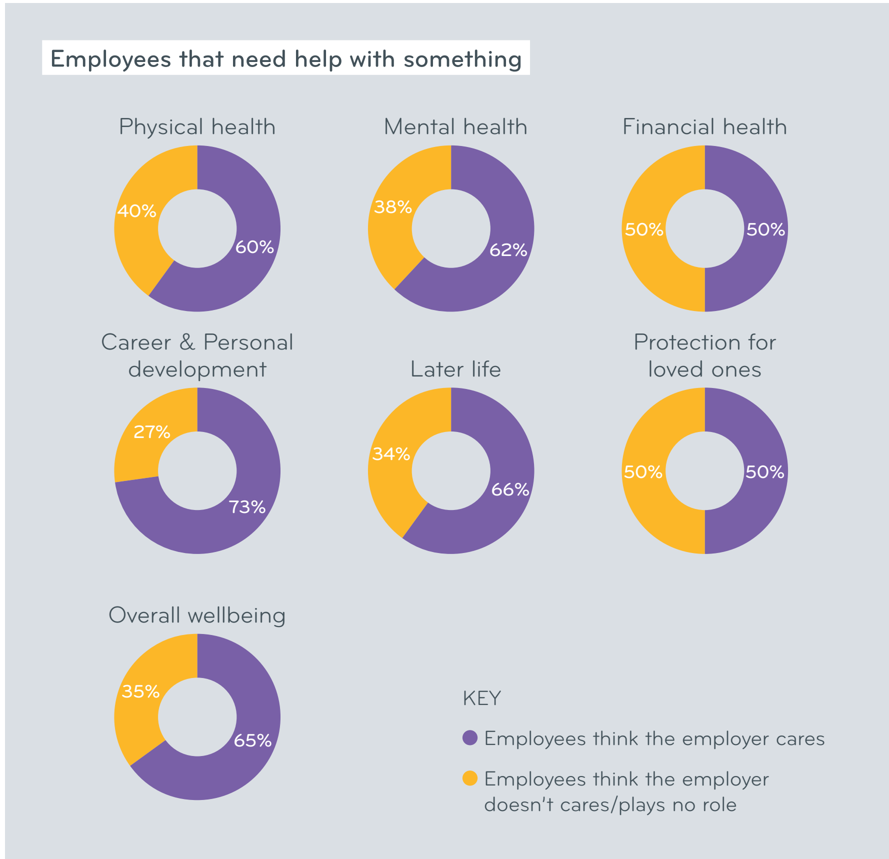
Half said they felt their employer cared about their physical health and personal development but less than a third felt they provided support for their financial health.



Employer disconnect

When we compare employees' views of workplace wellbeing with those of employers, there are some clear disconnects.

For example, 50% of businesses say their employees think the employer cares about their financial wellbeing – but only 32% of employees actually think this. Almost three quarters of businesses (73%) say their employees think the employer cares about their career development – but only 50% of employees think this.



In focus: employer concerns by organisation size

Encouragingly, research found that employers are aware of the problem, with financial wellbeing being cited as a major concern for the organisation (80%).

Larger companies in particular are troubled about the amount of time staff are taking off to deal with financial issues, and the extent to which they are distracted or becoming unwell due to their finances, with 96% of employers with 1,001-2,000 employees stating that poor financial wellbeing impacted engagement.

For employers, the impact financial worries have on an employee's ability to focus at work or be present altogether has profound implications on productivity costs as well as the health and safety of the workplace, with lost productivity said to be costing the UK economy £120.7 bn.[1]

Providing a supportive environment that encourages knowledge building, conversation, and financial capability are the first steps to helping employees take control. That, in turn, will reduce absence and help employees remain more focused at work.

10%

struggle to focus at work

Employer concerns and organisation size

Location / Company size	Employees worrying about finances at work	Impact of poor financial wellbeing on engagement	Employees distracted by financial issues
UK	80%	80%	79%
<50	65%	61%	62%
50–100	76%	70%	67%
101–250	80%	84%	84%
251–500	88%	86%	84%
501–750	81%	89%	89%
751–1,000	79%	75%	77%
1,001–2,000	91%	96%	89%
2,001–5,000	88%	85%	87%
5,000+	87%	89%	89%

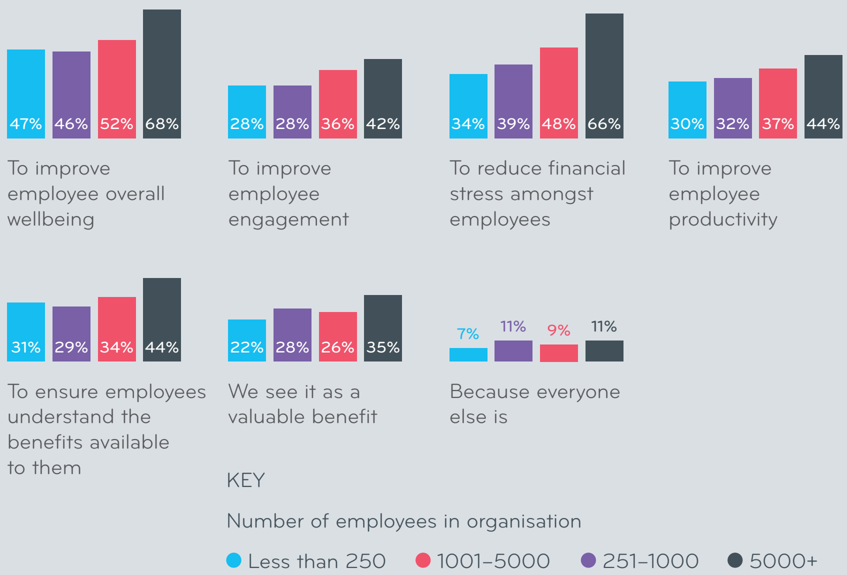
1. Barclays – *Financial Wellbeing: the last taboo in the workplace – 2014*

Financial wellbeing and the wider business impact

As we have previously discussed, financial worries can have a profound impact on an employee's overall ability to concentrate in the workplace and their productivity levels, but how does financial wellbeing impact the wider business objectives?

When we asked employers why they decided to implement a financial wellbeing strategy, half said that they did so to improve employees' overall wellbeing, and more than 4 in 10 said to reduce financial stress amongst employees. Better wellbeing and lower levels of stress will have advantages for both employees and employers, through a happier, more productive workforce.

Employers reason for implementing a financial wellbeing strategy



Why should employers care about employee financial wellbeing?

Hear what some top employers have to say

"The health and wellbeing of our employees is very important to us and being able to offer a complete financial wellbeing service that offers affordable loans as well as guidance on how to manage your finances has proved to be an extremely valuable benefit to our employees".

Karen Lounds, General Manager, HR & IT, Tata Chemical

"We strive to offer a wide range of benefits to staff which will really help them in their home lives, and cost-effective finance is a new benefit which we are delighted to offer access to".

Steve Remnant, Head of Reward, UK Power Networks

"Financial wellbeing is not just important to us to attract and retain the best people, although that's clearly essential for us – we feel that facilitating financial wellbeing is the right thing to do".

Simon Naylor, Head of Group Benefits, Travis Perkins

"Here at Angus Council the health and wellbeing of our employees is really important to us and we recognise that money worries can have a real impact on their both their attendance and performance at work. For us, Neyber presented a real opportunity for our employees to take control of their finances, whether that be accessing the fantastic information resources available through the website, by applying for a loan, or by using the offering as a simple and easy way to save some money".

Pauline Sinclair, HR Manager, Angus Council

Financial wellbeing in the workplace – the employer strategy

The majority of employers are still in the early stages of building a financial wellbeing strategy for their employees.

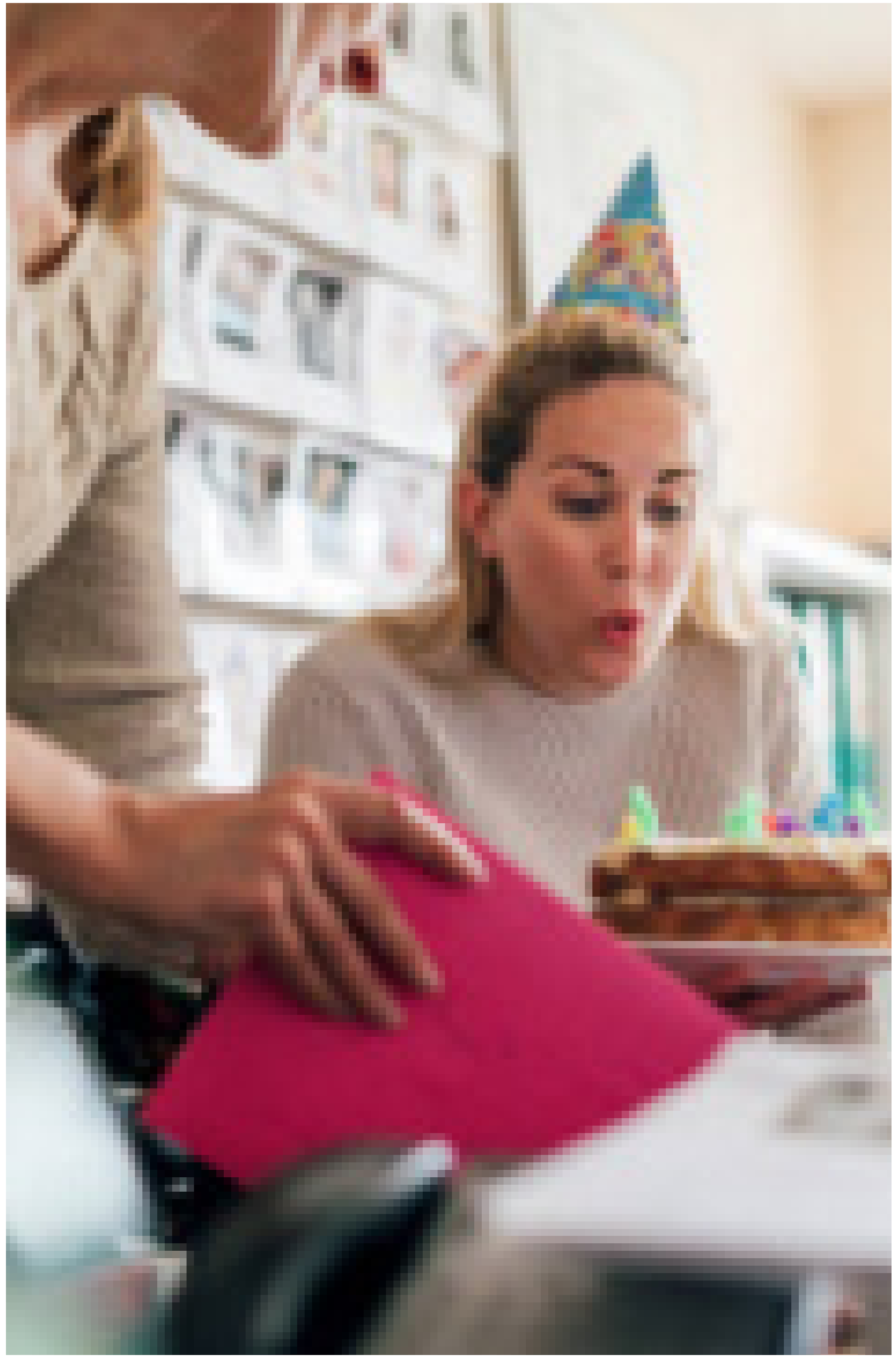
Only three in 10 of the employers we surveyed felt they have a well-developed wellbeing strategy that encompasses personal finance, retirement planning, and employee benefits. Just over a third (34%) said that they have a strategy, but that it doesn't cover all areas of financial wellbeing.

However, a further 29% said that they have no strategy at all at present. And while 17% of those are considering it, 12% have no plans to introduce it at all.

While it's positive to see a total of 64% of employers offering at least some form of financial wellbeing in the workplace, many businesses could still be doing more to support their workers.

KEY

- We have a well-developed strategy that covers personal finance, retirement planning and employee benefits
- We have a strategy but it doesn't cover all elements of financial wellbeing
- We have started thinking about our strategy but have not implemented as of yet
- We do not have a strategy and do not plan to have one in the near future
- Don't know



Where do employees turn for help when they are struggling?

When employees are struggling financially, they turn to their partner or to a family member for help.

In fact, this year's findings show that reliance on partners and families has increased compared to our 2017 results.

Workers are much less likely to share problems with their manager or HR team – only 5% would turn to their manager, compared to 16% who would rather sort a problem out on their own.

There could be any number of reasons for this – perhaps staff are unwilling to let their employer know if they are struggling, or they don't feel it's appropriate to discuss problems at work. Perhaps they feel their line manager will be unsympathetic or won't have time to deal with problems. However, it's worrying to see workplaces so low down on the list and employers could do more to create a supportive environment for staff.

The employer disconnect

We also asked employers where they thought their employees would turn for help if they had financial worries.

The findings show that employers think they are more approachable than their employees do.

13% of employers believe that staff would turn to their manager (compared to 5% of employees who said they would actually do so), and 13% said workers would approach HR (compared to 3% of employees who said they would do so).

This presents a huge disconnect between the employer and employee and their views on financial wellbeing in the workplace. Even if employers provide the benefits and infrastructure in the workplace to support employees' financial wellbeing, it is about communication and changing the employees' mindsets that they are able to turn to their line managers and HR teams with their financial issues without judgement.

What is the role of HR in employees’ financial wellbeing?

Not all HR professionals feel comfortable responding to employees’ financial concerns.

Four in ten said that they would not feel equipped to offer support if workers came to them with money worries, and almost half (49%) feel that it is not within their remit to do so.

However, 45% of HR professionals said that they believe employees don’t bring their financial concerns into the workplace. Our research results show very clearly that this just isn’t the case – at the very least, individuals find it hard to switch off from money worries at work which will affect their ability to perform.

We asked HR professionals how they would respond if an employee approached them about financial worries.

How HR professionals responded when approached

What can you as an employer do?

Creating an environment of trust in the workplace that provide employees with safe and confidential support for their financial worries is an essential part of delivering a successful financial wellbeing strategy. Alongside providing financial support and services through an EAP or financial wellbeing provider, you can help bridge the gap and provide employees with trusted solution where they can safely discuss financial worries and be sign-posted to support that they have available.

Everyone in an organisation has a part to play in making that culture change happen. HR departments might be in charge of deciding what’s included in a financial wellbeing strategy, but line managers really know their employees and are best placed to spot warning signs, such as a drop-off in performance. Training managers to have open conversations with their employees and making sure they are aware of what’s on offer to help employees is every bit as important as financial education or savings products.

Conclusion from our industry expert

Kate Sutton
Head of Corporate Social Innovation, Nesta

Most of us rely on earnings from employment to fund our lives today and save for our future.

That means employers are at the centre of financial wellbeing, even if they don't always acknowledge it.

This final book in Neyber's *DNA of Financial Wellbeing 2018* research series explores the role of the employer, and also assesses the impact that financial stress has on the workplace.

The findings make it clear that money worries have far-reaching effects. What might start as a concern over an unmanageable debt can damage relationships, restrict someone's ability to perform at work and affect their mental health.

In 2017, the government's *Thriving at Work* review quantified the cost to UK businesses of poor mental health at between £33bn and £45bn per year.
We – employers, civil society, government and individuals – need to find a way to make a material difference to those figures.

Neyber's research shows the central role that financial wellbeing can play. Sixty-three per cent of employees are affected by money worries, with 35% saying that they feel stressed as a result. Eighty six percent of respondents said that their financial situation had magnified existing mental health problems. And, 72% said that mental health problems had made their financial situation worse.

This is an area that the Inclusive Economy Partnership (IEP) is exploring from all angles, and *The DNA of Financial Wellbeing 2018* shows that the workplace has a fundamental part to play. That includes giving employees tools to help them save, supporting them with debt management and providing financial education to enable individuals to feel more in control of their finances.

A challenge for employers will be understanding how to deliver support for financial wellbeing in a way that is meaningful for employees. Neyber's figures show that 68% of workers say their employer doesn't care about their financial wellbeing, but in contrast only 29% of businesses believed their employees would think this way.

Employers don't have to tackle financial inclusion and wellbeing alone. They can also look externally and build cross-sector partnerships to support them, and this is a focus for the IEP. However, businesses cannot ignore the scale of the financial challenges their staff are facing. Financial wellbeing is not just about helping staff to save more – it is critical to improving working practices, enabling better mental health and improving society for everyone.

About the Inclusive Economy Partnership

We are a group of leaders from business and civil society committed to supporting low to mid-income families with financial inclusion and capability, mental health and the transition to work for young people.

Acknowledgements

We would like to thank all of the participants who took part in the research with a special mention to

- AGI
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- Capita Driving School
- Causeway Surveys
- Citizen Leaders
- Cornwall Care
- Cremco Industries Ltd
- CSAP
- Domino's
- Europaxk
- Genesis Housing Association
- Hospitality Scotland
- HSBC
- IGMM
- IPL Ltd
- Keymets UK
- Key Stage Tutors
- London City Airport
- Microsoft
- Midland Cold Rolled Sections Ltd
- National Autistic Society
- Network Solutions
- NGK Spark Plugs (UK) Ltd
- Nottingham City Council
- P3 Charity
- PPS Hydraulics & Pneumatics Ltd
- Research International Ltd
- Sandwell & West Birmingham Hospitals NHS Trust
- Staunch Finance
- Sunrise Senior Living
- Tekkies Europe
- TFL
- The Main Brain
- Travis Perkins
- University Hospitals NHS FT
- University of Manchester
- Wessex Optical Ltd
- Westward Holiday Apartments
- Zonicweb Design

Methodology

The information in this report has been compiled using the following research studies

- Neyber UK Workforce Study January 2018 – over 10,000 UK employees
- Neyber UK Employer Study January 2018 – over 580 UK employers
- Neyber UK Workforce Study January 2017 – over 10,000 UK employees
- Neyber UK Employer Study January 2017 – over 500 UK employers
- Neyber UK Workforce Study February 2016 – over 10,000 UK employees

Additional research studies and information:

- *Relate – In too Deep – An investigation into debt and relationships*, Nov 2017
- *Child Poverty Action Group (2017) Child Poverty Jumps to 4 Million* – 16 March
- *Mind mental health support*
- *Money on my mind* – Money and Mental Health Policy Institute

A Year in Review

This book 'A Year in Review' is the fourth book in our 2018 DNA of Financial Wellbeing series.

If you would like to obtain a copy of the three previous books published please contact us at DNA@neyber.co.uk

Book 1 – Money and Mindsets
Book 2 – Our Borrowing Needs
Book 3 – Savings and Protection

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Want to know more?

Contact our Financial Wellbeing Team if you would like insights for your region, industry, and demographics.

Neyber

First Floor
3 Finsbury Avenue
London
EC2M 2AR

0800 820 3103
020 3744 0552

@helloneyber
company/neyber
hello@neyber.co.uk

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