



## **The Consumer Council for Northern Ireland response to the Financial Conduct Authority's consultation on Intergenerational Differences**

### **The Consumer Council**

1. The Consumer Council is a non-departmental public body (NDPB) established through the General Consumer Council (Northern Ireland) Order 1984. Our principal statutory duty is to promote and safeguard the interests of consumers in Northern Ireland.
2. The Consumer Council welcomes the opportunity to respond to the Financial Conduct Authority (FCA) consultation on Intergenerational Differences. We recognise that the FCA's consultation centres on evolution of the way people build and use wealth and how these changes have an impact on consumers' financial needs. However, The Consumer Council believes that consideration also needs to be given to the key differences that Northern Ireland consumers face in relation to financial services, as outlined below, which will have particular relevance to consumers' ability to build and use wealth across generations.

### **Considerations about Northern Ireland**

3. Of the devolved UK nations, Northern Ireland has the lowest median wage with median weekly earnings at £521<sup>1</sup> compared to the UK average of £569<sup>2</sup>. A recent report released by Which? showed that only half (49%<sup>3</sup>) of those in Northern Ireland were content with their income and have low levels of optimism with regards to their financial position. When assessing their financial situation, a fifth (19%<sup>4</sup>) of consumers believed it to be poor. Consumer Council research found that over a quarter (26%<sup>5</sup>) do not have money saved for a "rainy day", and 50% of consumers have less than £300<sup>6</sup> left after mortgage/rent and essential bills in a typical month. In its consultation document<sup>7</sup>, the Money and Pension Service (MaPS) lists key aspects of financial capability measured in 2018. Of the 14 areas, Northern Ireland is listed as the worst performer for 11 of the indicators.

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<sup>1</sup> <https://www.nisra.gov.uk/statistics/labour-market-and-social-welfare/annual-survey-hours-and-earnings>

<sup>2</sup>

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2018#measuring-this-data>

<sup>3</sup> <https://consumerinsight.which.co.uk/reports/consumer-insight-report-2019-northern-ireland>

<sup>4</sup> <https://consumerinsight.which.co.uk/reports/consumer-insight-report-2019-northern-ireland>

<sup>5</sup> CCNI YouGov annual survey 2019

<sup>6</sup> CCNI YouGov annual survey 2019

<sup>7</sup> <https://www.moneyandpensionsservice.org.uk/wp-content/uploads/2019/04/Listening-Document.pdf>

4. According to the FCA Financial Lives survey, 37% of UK adults are confident about managing their money, compared to only 26% in Northern Ireland<sup>8</sup>. Confidence can play a big part in consumer interactions and has the potential to affect access to, and use of financial products.
5. The financial markets in Northern Ireland are different to those in the UK. Our own research would indicate that approximately 60% of Northern Ireland consumers primarily use one of the four local banks<sup>9</sup> as their main bank provider. According to the FCA, we rely on cash more, with 30% of consumers visiting cash machines several times a week compared to the UK average of 11%.
6. Northern Ireland also has larger families. According to the Office of National Statistics (ONS)<sup>10</sup>, the average number of people in a family in the UK is 2.84. In England, the figure is 2.85, Scotland is 2.79, Wales is 2.78 and Northern Ireland is 2.96. Therefore, when a UK average approach is taken to the cost of items for the average family, Northern Ireland consumers may be disadvantaged given the average family size is greater in Northern Ireland.
7. MaPS data<sup>11</sup> indicates that we are the highest region reporting savings and investments of less than £100, and the highest region (with Wales) of rarely or never saving. According to the ONS, Northern Ireland also has the highest percentage of children in workless households, 16.4% compared to a UK average of 10.9%<sup>12</sup>.
8. The table at Figure 1 below summarises a number of key areas that show how Northern Ireland compares to the UK average.

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<sup>8</sup> <https://www.fca.org.uk/publication/research/financial-lives-consumers-across-uk.pdf>

<sup>9</sup> Danske Bank, Ulster Bank, Allied Irish Bank, and Bank of Ireland.

<sup>10</sup>

<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/adhocs/006257/averagefamilysizeukandconstituentcountries2015>

<sup>11</sup> <https://www.moneyandpensionservice.org.uk/wp-content/uploads/2019/04/Listening-Document.pdf>

<sup>12</sup>

<https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/bulletins/worklesshouseholdsforregionsacrosstheuk/2017>

**Figure 1: Issues – Northern Ireland vs UK**

Issue	Northern Ireland	UK	Difference	Source
Disability claimants (DLA or PIP)	11.3%	6.0%	+88%	DSD 2015
No cash savings under £5,000	56%	50%	+12%	FCA 2018
Adults with savings less than £100	57%	44%	+30%	Money Advice Trust 2017
Over-indebtedness	20%	15%	+33%	FCA 2018
Low understanding of financial issues	24%	17%	+41%	FCA 2018

### **Consumer Principles**

9. The Consumer Council uses eight consumer principles to understand how particular issues, policies and regulatory proposals are likely to affect consumers, we have gone into detail on the applicable principles below. The principles are:

1. Access – can people get the goods and services they need or want?
2. Choice – is there any?
3. Safety – are the goods or services dangerous to health or welfare?
4. Information – is it available, accurate and useful?
5. Fairness – are some or all consumers unfairly discriminated against?
6. Representation – do consumers have a say in how goods or services are provided?
7. Redress – if things go wrong, is there a system for putting them right?
8. Education – are consumers aware of their rights and responsibilities?

10. **Access:** Consumer confidence, spending and literacy is not the only way in which Northern Ireland is different to the rest of the UK. Some of the providers in the financial services market that operate in the rest of the UK are absent from the market in Northern Ireland.

Some service providers in Northern Ireland that hold significant market share, do not operate in other parts of the UK. One example of this can be seen in the retail banking sector, where the four banks that dominate the Northern Ireland market, do not operate in the rest of the UK.

11. **Choice:** There is a differing level of choice in Northern Ireland and the rest of the UK, with different suppliers having different market share, and some providers not operating in Northern Ireland. Figure 2 below highlights some of the most obvious differences.

**Figure 2: Providers, NI vs UK**

Issue	NI	UK	Source
Supermarkets	<ul style="list-style-type: none"> <li>• Tesco: 34.4%</li> <li>• Sainsbury: 17.7%</li> <li>• Asda: 17.6%</li> <li>• Lidl: 5.2%</li> <li>• Other: 25.1%</li> </ul> <p>(Aldi/Waitrose/Morrisons do not operate in NI)</p>	<ul style="list-style-type: none"> <li>• Tesco: 27.9%</li> <li>• Asda:16.4%</li> <li>• Sainsbury:16.6%</li> <li>• Morrisons: 10.8%</li> <li>• Other: 28.3%</li> </ul>	Statistica 2017
Mobile phone providers	<ul style="list-style-type: none"> <li>• O2: 60%</li> <li>• Vodaphone: 14%</li> <li>• EE: 10%</li> <li>• Tesco: 5%</li> <li>• Other: 6%</li> </ul>	<ul style="list-style-type: none"> <li>EE: 39%</li> <li>O2: 22%</li> <li>Vodaphone: 18%</li> <li>Tesco: 6%</li> <li>Virgin Mobile: 6%</li> <li>Other: 9%</li> </ul>	Ofgem 2017

12. **Information:** The Consumer Council is concerned about the issue of ‘Data Exclusion’. Northern Ireland has been excluded in key ‘UK wide’ market studies. For example, Credit Reference Agencies (CRAs) Experian<sup>13</sup> and Noddle<sup>14</sup> have published ‘UK’ wide reports on average credit card debts by region that both exclude Northern Ireland. Of particular concern is that other evidence points towards Northern Ireland having particularly high

<sup>13</sup> <https://www.experian.co.uk/consumer/credit-card-hotspots/>

<sup>14</sup> <https://www.telegraph.co.uk/personal-banking/credit-cards/mapped-uk-areas-that-rely-most-upon-credit-cards/>

credit card debt, but this may not be seen by regulators and policy makers who view the CRA research.

13. A lack of data can also be seen in the Northern Ireland insurance market. The Association of British Insurers (ABI)<sup>15</sup>, Competition and Markets Authority (CMA)<sup>16</sup> and Consumer Intelligence<sup>17</sup>, have all published UK regional insurance analysis in which Northern Ireland is the only excluded region. If such studies are used by insurers in their pricing models there is the potential that inaccurate pricing could affect Northern Ireland consumers.
14. Another problem is the way in which Northern Ireland consumers are represented as part of the sample size. An example can be seen in the FCA's Financial Lives survey, whereby consumers in Northern Ireland were not interviewed face to face like all of the other respondents, and the allocation of survey data to urban and rural areas excludes Northern Ireland<sup>18</sup>, a particular issue given the size of the rural population in Northern Ireland.
15. Therefore, there is the potential that consumer issues with financial services in Northern Ireland may not be fully understood from a regulatory and policy perspective due to its relatively small contribution to the UK market.
16. **Representation:** The Consumer Council believes that the needs, capabilities and confidence of Northern Ireland consumers is different to that of the rest of the UK. Policies that suit the UK population as a whole may not have the same positive effect when considered in the much smaller context of the Northern Ireland population. Therefore, the needs of Northern Ireland consumers should be represented.
17. A further example of the differences between GB and Northern Ireland can be seen in Figure 3 below. Alasdair Rae, senior lecturer at Faculty's Town and Regional Planning Department, developed a map using 2014 population estimates from 391 local authorities in the UK. Generation X and Baby Boomers clearly dominate, being the largest category in 212 and 166 areas respectively.

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<sup>15</sup>

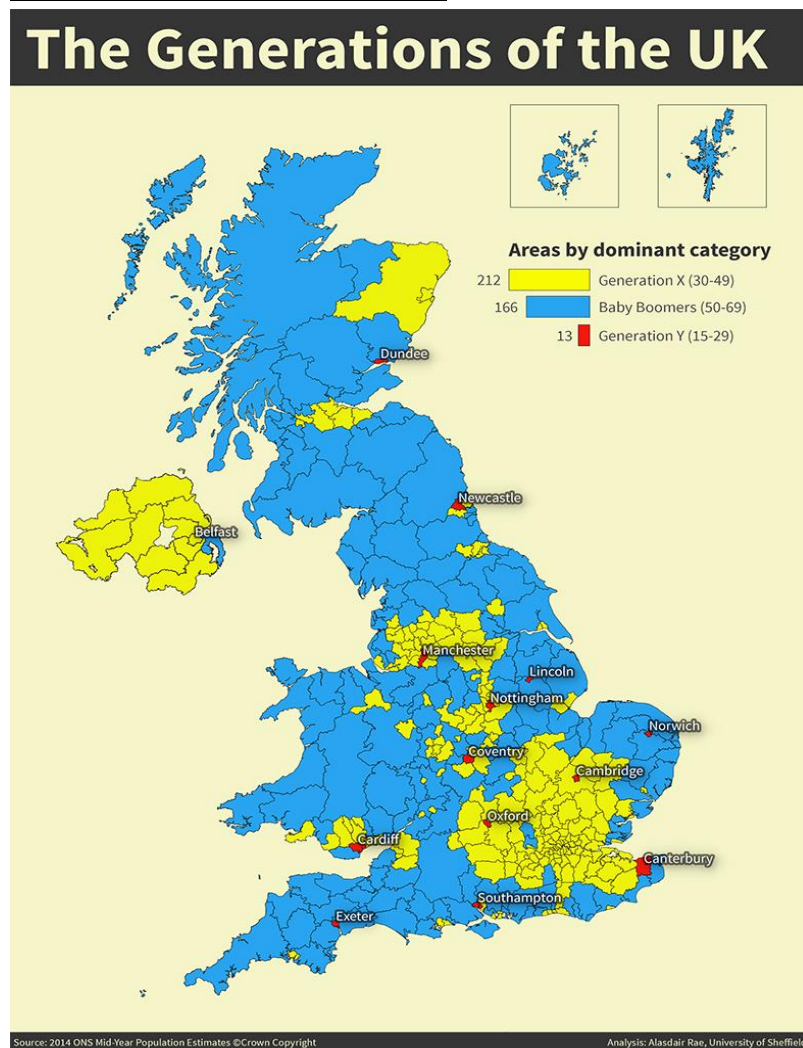
[https://www.abi.org.uk/globalassets/files/publications/public/data/abi\\_bro6778\\_state\\_of\\_market\\_2019\\_web.pdf](https://www.abi.org.uk/globalassets/files/publications/public/data/abi_bro6778_state_of_market_2019_web.pdf)

<sup>16</sup> <https://www.gov.uk/cma-cases/private-healthcare-market-investigation>

<sup>17</sup> <https://www.belfasttelegraph.co.uk/business/uk-world/average-home-insurance-costs-for-uk-households-rise-by-7-36064162.html>

<sup>18</sup> <https://www.fca.org.uk/publication/research/financial-lives-consumers-across-uk.pdf>

**Figure 3: Issues – UK generations**



### **Consultation Response**

18. The Consumer Council engages with consumers across a wide range of issues and considers the different responses across a range of demographic categories, including age range. Therefore, our consultation response will focus on the information we have for Northern Ireland consumers across the four key age bands which we monitor.

#### **Consumer Council Research**

19. The Consumer Council, working with YouGov, conducted an online survey in February 2019 to collect insight from consumers on the issues they face in Northern Ireland. The purpose of collecting this information is to inform policy and also to track key consumer trends over time. The survey includes adults aged 16+. The figures have been weighted and are representative of all Northern Irish adults based on our four age bands.

20. General consumer matters such as, household finances, scams and overall issues faced have been reviewed and broken down into the following tables by age bands. Consumers were asked to what extent they agreed with a series of statements or to provide responses to direct questions.

**Table 1. As a household, we always have money saved for a 'rainy day'**

	Northern Ireland total	16-34	35-50	51-64	65+
Net: Agree	58%	60%	45%	58%	73%
Net: Disagree	26%	23%	36%	24%	13%

21. 65+ are the largest age group which have money saved for a 'rainy day' (73% agree). Whereas the 35-50 age group are least likely to agree to have money saved for a 'rainy day' (45% agree).

**Table 2. We always keep money aside to cover emergencies like a broken boiler or replace a washing machine**

	Northern Ireland total	16-34	35-50	51-64	65+
Net: Agree	57%	60%	44%	57%	72%
Net: Disagree	26%	24%	37%	24%	14%

22. 65+ are the largest age group to keep money aside to cover emergencies like expensive household items (72% agree). Again, the 35-50 age group fall below the Northern Ireland total and is least likely to keep money aside to cover emergencies (44% agree).

**Table 3. As a household, our financial position is better than it was twelve months ago**

	Northern Ireland total	16-34	35-50	51-64	65+
Net: Agree	27%	34%	25%	22%	26%
Net: Disagree	38%	32%	47%	44%	25%

23. Consumers in the 16-34 age group found their financial position improved from twelve months ago (25% agree). Whereas 47% of 35-50 age group did not agree with this statement.

**Table 4. As a household, our financial position will be better in twelve months' time**

	Northern Ireland total	16-34	35-50	51-64	65+
Net: Agree	27%	41%	27%	16%	17%
Net: Disagree	29%	21%	31%	35%	31%

24. Those in the 16-34 age group are most optimistic about the future, 41% believe their financial position will be better in twelve months' time. The least optimistic age group is 51-64, only 16% of respondents believe their financial position will be better in twelve months' time and 35% believe their financial position will be worse in twelve months' time.



**Table 5. As a household, we can keep up with all bills and financial commitments without any difficulty**

	Northern Ireland total	16-34	35-50	51-64	65+
Net: Agree	53%	57%	41%	54%	66%
Net: Disagree	19%	18%	25%	18%	10%

25. The age group most likely to keep up with all bills and financial commitments without any difficulty is 65+ (66% agree). Whereas, the 35-50 age group are the age group least likely to be able to keep up with all bills and financial commitments (41% agree, below Northern Ireland total and 25% disagree).

**Table 6. In a typical month, after you have paid your mortgage/rent and all essential bills how much money do you as a household have left? Please select one.**

	Northern Ireland total	16-34	35-50	51-64	65+
Less than £0 (minus funds)	3%	2%	4%	5%	3%
£0-£50	13%	9%	13%	16%	14%
£51-150	13%	9%	14%	13%	18%
£151-300	16%	15%	17%	16%	14%
£301-500	11%	9%	15%	11%	7%
More than £500	19%	20%	18%	17%	20%
Don't know	13%	22%	9%	9%	8%
Prefer not to say	13%	14%	10%	13%	16%

26. The age groups most likely to have more than £500 left at the end of the month after all essential bills have been paid are 16-34 (20%) and 65+ (20%).

**Table 7. Do you tend to (as a household) be able to deal with the following expenses each month?**

Food/groceries

	Northern Ireland total	16-34	35-50	51-64	65+
Yes	94%	92%	91%	95%	99%
No	4%	5%	5%	4%	0%
Not applicable	1%	2%	0%	-	1%
Not sure	1%	1%	3%	1%	0%

27. 65+ age group are most likely deal with food/grocery expenditure (99% stated yes to the question, 1% not applicable). However, 35-50 age group are least likely to deal with food/grocery expenditure (5% of respondents are not).

**Table 8. Do you tend to (as a household) be able to deal with the following expenses each month?**

Home energy (e.g. electricity, gas or heating oil)

	Northern Ireland total	16-34	35-50	51-64	65+
Yes	91%	88%	88%	94%	95%
No	6%	7%	7%	5%	1%
Not applicable	2%	3%	1%	0%	1%
Not sure	2%	1%	3%	0%	2%

28. The 65+ age group are most able to deal with home energy costs (95% stated yes to the question). However, the 16-34 and 35-50 age groups are least likely to cope with home energy costs (88% stated yes 7% stated no to the question, for both cohorts).

**Table 9. Do you tend to (as a household) be able to deal with the following expenses each month?**

Rent /mortgage

	Northern Ireland total	16-34	35-50	51-64	65+
Yes	67%	80%	85%	54%	30%
No	3%	5%	2%	2%	1%
Not applicable	29%	14%	9%	43%	68%
Not sure	2%	2%	4%	1%	-

29. The 16-34 age group are least likely to deal with paying rent/mortgage (5% stated no). 1% of 65+ age group are not able to deal with paying rent/mortgage.

**Table 9. Do you tend to (as a household) be able to deal with the following expenses each month?**

Running a car

	Northern Ireland total	16-34	35-50	51-64	65+
Yes	81%	80%	78%	83%	87%
No	5%	5%	7%	5%	1%
Not applicable	12%	14%	12%	11%	12%
Not sure	1%	1%	3%	1%	-

30. The 65+ age group are most likely able to deal with running a car (87% stated yes). Whereas the 35-50 age group were least able to deal with running a car (78% stated yes).

**Table 10. What part of your weekly/monthly expenditure do you worry about most?  
Please select the main one.**

	Northern Ireland total	16-34	35-50	51-64	65+
Repair or replace an expensive household item (e.g. washing machine or fridge freezer)	10%	9%	8%	12%	9%
Clothing and footwear	1%	2%	1%	1%	-
Cost of Christmas / other family event	5%	6%	6%	4%	4%
Cost of family holiday	5%	5%	6%	4%	5%
Credit / loans payments	11%	14%	15%	9%	5%
Food/groceries	6%	7%	7%	6%	2%
Home energy (e.g. electricity, gas or heating oil)	13%	7%	11%	16%	20%
Internet/ TV	1%	1%	1%	0%	4%
Phone	1%	2%	-	0%	0%
Rent/mortgage	12%	17%	17%	7%	2%
Running a car	6%	6%	6%	6%	4%
Other	1%	0%	1%	2%	1%

Not applicable, I don't worry about any expenditure	25%	21%	15%	30%	42%
Don't know	4%	5%	5%	3%	1%

31. 16-34 and 35-50 age groups worry about rent/mortgage payments the most (17% for both cohorts), this is higher than the Northern Ireland's average. Whereas, 51-64 and 65+ age groups worry about home energy (e.g. electricity, gas, or home heating oil) expenditure the most (16% and 20% respectively).

**Table 11. How well are you currently keeping up with bills and credit commitments?  
Please select the statement that applies.**

	Northern Ireland total	16-34	35-50	51-64	65+
Keeping up with all bills and financial commitments without any difficulty	40%	37%	31%	42%	59%
Keeping up with all bills and financial commitments but struggle from time to time	36%	36%	39%	36%	28%
Keeping up with all bills and financial commitments but it is a constant struggle	16%	15%	20%	18%	10%
Falling behind with some bills and/or credit commitments	3%	3%	5%	3%	2%

Having real financial problems and have fallen behind with most or all financial commitments	1%	2%	1%	1%	-
Don't know	4%	7%	4%	1%	1%

32. The largest proportion of 16-34, 51-64 and 65+ age groups surveyed are able to keep up with all financial commitment without any difficulty (37%, 42%, and 59% respectively). Whereas, the largest proportion of 35-50 age group are able to keep up with all financial commitment but struggle from time to time.

33. When we group together the three score for those respondents that find it a constant struggle / have fallen behind / having real financial problems, again it is the 35-50 age group with the highest percentage.

**Table 12. Which, if any, of the following do you tend to shop around for to get the best product/price? Please select all that apply.**

	Northern Ireland total	16-34	35-50	51-64	65+
Car insurance	62%	57%	64%	60%	68%
Food/groceries	56%	52%	60%	59%	50%
Home insurance	48%	33%	50%	55%	63%
Petrol / diesel	45%	40%	47%	44%	52%
Internet/broadband service	45%	50%	46%	40%	40%
Mobile phone network/tariff	42%	47%	44%	37%	35%
Home heating oil	38%	28%	45%	42%	40%
Gas/electricity	27%	23%	31%	29%	26%

Borrowing money e.g. personal loan/mortgage/ credit card	21%	25%	29%	14%	9%
None of the above	8%	9%	7%	7%	11%

34. The 35-50 age group are most likely to shop around for every good and service listed more than the Northern Ireland average. It is worth noting the comparatively low percentage of respondents that shop around when borrowing money.

**Table 13. How do you shop around for these products? Please select all that apply.**

	Northern Ireland total	16-34	35-50	51-64	65+
Check companies online	65%	64%	68%	65%	62%
Use price comparison websites	62%	66%	65%	57%	56%
Check in branches/shops	34%	32%	30%	39%	35%
Ask friends	25%	30%	21%	25%	25%
Phone companies	17%	17%	15%	15%	25%
Use a broker	9%	7%	12%	8%	8%
Email companies	5%	5%	3%	6%	5%
Other	1%	-	1%	3%	1%

35. All respondents in all age groups are most likely to check companies online, followed by using price comparison websites. Respondents who answered 'none of the above' were not invited to answer this question.

**Table 14. If you spotted a scam or were the victim of a scam, would you know where to report it?**

	Northern Ireland total	16-34	35-50	51-64	65+
Yes	48%	42%	48%	53%	55%
No	52%	58%	52%	47%	45%

36. The 65+ age group would most likely know where to report a scam (55% stated yes). Whereas, 16-34 are least aware of where to report a scam (42% stated yes)

**Table 15. Have you been targeted by a scam in the past three years?**

	Northern Ireland total	16-34	35-50	51-64	65+
Yes	32%	29%	28%	33%	47%
No	58%	64%	60%	56%	46%
Unsure	10%	7%	12%	11%	8%

37. In the past three years 65+ was the largest age group to be targeted by a scam (47%). Whereas, 35-50 age group were least likely to be targeted by a scam (29%).

**Table 16. What was/were the method(s) used to scam you? Please select all that apply.**

	Northern Ireland total	16-34	35-50	51-64	65+
Email	74%	77%	78%	75%	64%
Telephone	50%	36%	43%	55%	68%
Fake website	18%	15%	12%	26%	18%
Postal	5%	3%	4%	6%	6%



Fake newspaper advertisement	2%	2%	-	1%	5%
Doorstep	2%	5%	1%	1%	-
Other	7%	11%	8%	6%	2%

38. Respondents who answered 'Yes' to the question 'Have you been targeted by a scam in the past three years?' were invited to answer this question. The 65+ age group were most likely to be targeted by telephone (68%). Whereas, 16-34, 35-50 and 51-64 age groups were most likely to be targeted by email (77%, 78% and 75% respectively).

**Table 17. To what extent do you agree or disagree with the following statements**

I am aware of the Consumer Rights Act 2015

	Northern Ireland total	16-34	35-50	51-64	65+
Net: Agree	42%	43%	43%	41%	37%
Net: Disagree	37%	41%	32%	34%	38%

39. Almost an equal proportion of 16-34 agree and disagree with the statement above (43% and 41% respectively). Similarly in regards to 65+ age group 37% agree and 38% disagree).

I know what rights the Consumer Rights Act 2015 gives me when buying goods and services

	Northern Ireland total	16-34	35-50	51-64	65+
Net: Agree	33%	37%	31%	30%	31%
Net: Disagree	41%	47%	36%	39%	38%

40. Across all age groups most respondents are unaware than aware of the rights the Consumer Rights Act 2015 gives when buying goods and services.

## **Conclusion**

41. The Consumer Council welcomes the fact that the FCA recognises the need for it to adapt its approach to the changing needs of the different groups within and between generations.
42. The analysis of our research for this consultation indicates that the age group 35-50 is the most likely to be negatively affected by the issues considered. It is the age group that is least likely to have savings for a 'rainy day' and the least likely to have savings for replacing an expensive household item in an emergency. Consumers in this age group are the most likely to disagree that their financial position has improved in the last 12 months and are the most likely to be struggling or not keeping up with their bills and credit commitments.
43. This response has provided information on the different experiences and views of Northern Ireland consumers across different generations. However, it has also highlighted the differences Northern Ireland consumers face regarding financial services compared with the rest of the UK. It is essential that the FCA has a thorough understanding of these issues in order to represent the needs of all consumers. To best achieve this, The Consumer Council believes the FCA should establish a physical presence in Northern Ireland.
44. Thank you for the opportunity to respond to the FCA's Consultation on Intergenerational Differences. The Consumer Council consents to this response being reproduced by the FCA. Should you wish to discuss this response further, please contact me on the below details.

Yours sincerely,

Scott Kennerley  
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