“Managing household finances is a task few can avoid, yet for most it is something to be tolerated rather than enjoyed. Despite an explosion in the number of tools available to help manage finances, over half of those under 35 struggle to balance financial tasks.”
– Thomas Slide, Senior Financial Services Analyst

This report looks at the following areas:

- What role does technology play in managing household finances?
- Are financial apps reaching those who need them the most?
- Does education matter as finances become more automated?

There are also signs that older consumers don’t appreciate the more proactive role banks are taking to help people manage their finances.
Managing Household Finances - UK - May 2019

Table of Contents

Overview

What you need to know

Executive Summary

The market
Underlying indicators improve in 2018
But Brexit uncertainty weighs on confidence
New legislation squeezes incomes...
...but there is also some good news
Companies and brands
Auto-switching enters the mainstream
Yolt partners with MoneySuperMarket
BGL Group acquires Bean

The consumer
91% of adults have responsibility for managing household finances
Figure 1: Responsibility for household finances, March 2019

Confidence comes with age
Figure 2: Confidence in managing household finances, March 2019

Bills are a high priority for most households
Figure 3: Priorities when managing household finances, March 2019

Young and the old are most likely to enjoy managing their finances
Figure 4: Enjoyment of managing household finances, March 2019

38% set a budget for everyday spending
Figure 5: Approaches to managing household finances, March 2019

79% are happy with how their household finances are managed
Figure 6: Attitudes towards managing household finances, March 2019

What we think

Issues and Insights

What role does technology play in managing household finances?
The facts
The implications

Are financial apps reaching those who need them the most?
The facts
The implications

Does education matter as finances become more automated?
The facts
The implications
Managing Household Finances - UK - May 2019

The Market – What You Need to Know

Underlying indicators good for households in 2018
But Brexit uncertainty weighs on confidence
New legislation squeezes incomes...
...but there is also some good news

Market Drivers

Real average weekly earnings grow in 2018
Figure 7: Real average weekly earnings (regular pay), January 2014-January 2019

Household debt stabilises in 2018
Figure 8: Household debt as % of disposable income, 2000-18

Household saving ratio fell to an all-time low in 2017
Figure 9: Household savings ratio, 1999-2018

Employment reaches its highest level on record

Consumer confidence returns to growth
Figure 10: Trends in how consumers describe their financial situation, three month moving average, January 2017-March 2019

Brexit negativity eases slightly
Figure 11: Impact of Brexit on economic growth, the cost of living and household income, July 2016-January 2019

Switching levels return to pre-crisis levels
Figure 12: Number of electricity and gas external switches, 2003-18

Inflation remains close to target
Figure 13: Contributions to the housing component of the CPIH 12-month rate, January 2017-February 2019

Regulatory and Legislative Changes

First anniversary of Open Banking
Rise in auto-enrol pension contributions
Minimum wage increase
Figure 14: Minimum wage rates, 2018-19 and 2019-20

Income tax changes
Council tax rises
Ofgem energy cap comes into force
Benefits freeze squeezes lowest incomes

Companies and Brands – What You Need to Know

Auto-switching enters the mainstream
Yolt partners with MoneySuperMarket
BGL Group acquires Bean

Launch Activity and Innovation

Auto-switching enters the mainstream
Lloyds Group embraces Open Banking
Yolt partners with MoneySuperMarket

BUY THIS REPORT NOW

VISIT: store.mintel.com
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094
Americas +1 (312) 943 5250 | China +86 (21) 6032 7300
APAC +61 (0) 2 8284 8100
EMAIL: reports@mintel.com
Natwest trials AI driven personal finance app
BGL Group acquires Bean

The Consumer – What You Need to Know

91% of adults have responsibility for managing household finances
Confidence comes with age
Bills are a high priority for most households
Young and the old are most likely to enjoy managing their finances
38% set a budget for everyday spending
79% are happy with how their household finances are managed

Responsibility for Household Finances
Those who share responsibility enjoy a better financial situation
Figure 15: Responsibility for household finances, by age and gender, March 2019

Confidence in Managing Household Finances

87% are confident in managing their household finances
However most stay in their comfort zone
Figure 16: Confidence in managing household finances, March 2019
Lack of financial confidence among the young
Figure 17: Confidence in managing household finances, March 2019

Priorities when Managing Household Finances

Mortgage/rent the highest priority for those who have to
Figure 18: Priorities when managing household finances, March 2019
Affluent households have a greater range of priorities
Saving for retirement gets prioritised too late
Figure 19: Highest priorities when managing household finances, by average age and socio-economic group, March 2019
Retirement is a low priority for Millennials
Figure 20: Financial priorities of Millennials, March 2019

Enjoyment of Managing Household Finances

Managing household finances is a tolerable task for most
The strange attraction of managing your finances
Figure 21: Enjoyment of managing household finances, by age and gender, March 2019
Enjoyment reflects financial situation
Figure 22: Enjoyment of managing household finances, March 2019
Confidence and enjoyment go hand-in-hand
Figure 23: Enjoyment of managing household finances, by confidence, March 2019

Approaches to Managing Household Finances

Those with ‘tight’ finances are most likely to set budgets
Figure 24: Approaches to managing household finances, March 2019
Low income households least likely to switch
Figure 25: Managing household finances, by household income, March 2019

Those who lack confidence are missing out on deals
Figure 26: Approaches to managing household finances, by confidence in managing household finances, March 2019

A third of under-35s track spending on their phones
Figure 27: Use of a mobile app that helps to track spending, by age group, March 2019

Attitudes towards Managing Household Finances

79% are happy with how their household finances are managed
Messages to your younger self
Figure 28: Attitudes towards managing household finances, March 2019

Over half of under-35s struggle to balance financial tasks
Figure 29: Attitudes towards managing household finances, by age group, March 2019

Desire for help differs by age group
Figure 30: Attitudes towards managing household finances, by age group, March 2019

Attitudes towards Money Management Tools

Consumer assessment of money management tools
Spending analysis generates a mixed response
Spending plans viewed more positively
Setting savings goals sets a more positive tone

Appendix – Data Sources, Abbreviations and Supporting Information

Abbreviations
Consumer research methodology
Qualitative research