

UK Consumer Digital Index 2018

Benchmarking the digital and
financial capability of people
in the UK



LLOYDS BANK

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New in 2018



New detail on
Basic Digital Skills



Digital skills in
the workplace



New demographics including
registered disability



Money management
attitudes and advice



Spotlight on
11-18 year olds

WITH THANKS TO OUR PARTNERS



FOREWORDS



“I am delighted to share with you the findings of the third annual Lloyds Bank UK Consumer Digital Index.”

NICK WILLIAMS
Transformation Director,
Lloyds Banking Group

HELPING
BRITAIN
PROSPER



Since the last report was published in March 2017, we've taken significant steps in the right direction. Our 2018 findings show a great improvement in both financial and digital inclusion figures; 190,000 more people have a bank account and 470,000 have gained new digital skills.

New initiatives are also gaining momentum – the Department of Digital, Culture, Media and Sports' Digital Skills Partnership, which was created in July 2017, has led to more than 70 cross-sector organisations working together to leverage best practice, citizen understanding and their passion to improve the productivity and social mobility of the UK. The Financial Inclusion Policy Forum has also been set up to ensure that people, irrespective of background or income, have a choice of financial services and products.

These initiatives are coming at the perfect time for the UK. While inclusion has improved, the number of people with all five Basic Digital Skills has remained flat year on year. Demographic data shows there are key groups who are more likely to be left behind; for example, people with a registered disability are four times more likely to be offline and almost a third of those over the age of 60 are digitally excluded. There's an opportunity for a user-centred approach as the key to motivating and supporting those who are the hardest to reach.

Building on the previous Digital Indices, the 2018 report illustrates how digital capability can enhance financial resilience and support wellbeing. A focus of this year's report is how financial wellbeing may impact mental health. The insight finds that people who

have low financial capability are twice as likely to have money worries and financial anxiety. Overall 39% of UK adults say that money worries have 'really affected them' with resulting anxiety and sleep issues. Through the Group's work with Mental Health UK and the Money Advice Service, we are working hard to support people with money worries to help alleviate these concerns.

For the first time this year, the findings also show a £13,000 difference between the annual income of those with the full five Basic Digital Skills and those without. The 2018 findings also show that the social impact of being online is clear. 82% of people credit the internet with connecting them better to friends and family, 72% says it is helping to save time, 53% say it has helped them find

a job. For those online over 60, one in three say combating loneliness is a key benefit.

I am grateful as ever for the support and insight from our many partners, particularly those in the Digital Skills Partnership, The Tech Partnership, and Ipsos MORI for providing their expert views on the report.

We welcome your feedback and updates on how you are using the findings and any ideas you may have for working with us on a more digital and inclusive future for the UK. Please contact us at DigitalSkillsInclusion@lloydsbanking.com and join the conversation at #DigitalIndex18



“I want everyone to make the most of digital technology; the Consumer Digital Index is critical to understanding not only the scale of the work to do, but also in informing how we can deliver targeted programmes.”

MARGOT JAMES

Minister for Digital and the Creative Industries,
Department for Digital, Culture, Media and Sport



“For the third year, Toynbee Hall is delighted to contribute to the Lloyds Bank Consumer Digital Index. This year’s work is very important because we now have a very decent comparable set of qualitative and quantitative data with which to compare.”

SIAN WILLIAMS

Director of Policy, Innovation and External Affairs
Financial Inclusion Commissioner



I would like to thank Lloyds Banking Group for another rich and insightful report on Basic Digital Skills in the UK.

I am pleased to see 470,000 more people have at least one Basic Digital Skill compared with last year. It is also encouraging that the number of people without the full five Basic Digital Skills has fallen by almost 200,000. But we shouldn’t be complacent.

The study presents a practical picture of digital exclusion, providing insight on the barriers people face and the motivations they have for improving their digital skills. This detail is vital for the development of effective policy and impactful interventions.

To help tackle digital exclusion and increase our nation’s digital capability this government established the Digital Skills Partnership

(DSP), to build on great initiatives, both at national and local level. This will enable better collaboration between organisations across all sectors. The DSP is also supporting local partnerships to coordinate and deliver innovative programmes that will lead to thriving and inclusive local economies and communities.

We also announced we will introduce full funding for basic digital training for adults so they have the opportunity to undertake improved courses based on new national standards defining the Basic Digital Skills needed for life and work.

I am delighted that Lloyds Banking Group is playing a leading role in the DSP and that we are partnering on this vital agenda so no one is left behind as we build a Britain fit for the future.

We are once again very grateful for the opportunity to use our groundbreaking research looking at the drivers, barriers or even motivations for not using a bank account. Financial exclusion is generally one of those subjects we know should be reduced, but without understanding the hidden details within it, and people’s lived experience of being excluded, our solutions to that end fall short.

From our research this year and from the wider evidence provided in this wonderful report, we identify some huge challenges and opportunities.

For example we know that 46% of low income households who are digitally savvy say it helps them feel less alone, showing that there are more than just financial

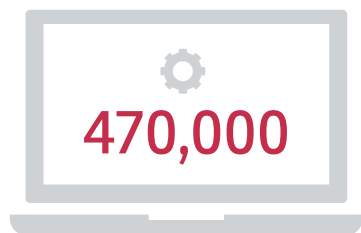
benefits of being online. For the financially excluded, over half are recorded as having all of the Basic Digital Skills – which shows that financial and digital exclusion are not necessarily correlative.

However, we also find that 18% of those in receipt of benefits have low or no digital capability. This is most worrying in the context of managing Universal Credit claims online. We also find that 58% of financially excluded individuals become anxious just thinking about money.

There is still plenty to do to improve the nation’s financial health and this report provides details of not just what the problems are, but also a blueprint for what particular organisations can do to be a help not a hindrance.



UK Digital Skills



470,000 more
people with at least
one Basic Digital Skill

There are now 4.3 million people (8%) in the UK with zero Basic Digital Skills – this is 470,000 fewer people than in 2017.

11.3 million adults (21%) do not have all five Basic Digital Skills.

The proportion of UK citizens with the full five skills has plateaued. 11.3 million people have limited abilities online – the main tasks that the UK population are unable to do are:

- **43% (23.2 million)** of the UK are not able to create something new from existing online images, music or video
- **24% (13 million)** of the UK are not able to verify the sources of information found online
- **16% (8.6 million)** of the UK are not able to fill out an online application form

There are 3.2 million people on the cusp of the full five skills. If they were to gain this missing skill, there would be 8.1 million people without Basic Digital Skills.

Please refer to [page 17](#)

Spotlight on security: 8 in 10 people have concerns about online security – identity theft is the key driver.

Please refer to [page 28](#)

Regional data: digital access does not guarantee digital adoption.

For this and Basic Digital Skills information, please refer to [page 33](#)



Financial Resilience



8.5m people are
not rainy-day ready

There are now 8.5 million people (17%) who would struggle immediately if their income were to stop; this is 1.1 million more people than in 2017.

- The 30-39 age group are 54% more likely to struggle immediately compared with 2017
- 44% of people without a bank account struggle to cope with their finances. This compares to 14% for the rest of the UK

However, there are 1.3 million more people who could support themselves for three months or more, suggesting a growing divide in the population's financial safety net.

- **34.8 million** people in the UK have high financial capability
- There are **25%** more 18-24 year olds who could cope for three months or more
- There are **190,000** fewer people without a bank account which could contribute towards the UK's increased resilience

Financial health is impacting the UK's mental health: 39% of UK adults say that money worries have 'really affected them' at some point, and they suffer from lack of sleep and feelings of anxiety:

- Women are **38%** more likely than men to suffer from anxiety because of finances
- People with a registered disability are **50%** more likely to not feel in control of their finances than the rest of the UK
- People without a bank account are more than **three** times as likely to feel anxious when thinking about money
- Managing money online can help, for example **73%** of young people say that being able to access their finances 24/7 helps reduce their financial anxiety

Please refer to [page 47](#)



Inclusivity



People with a registered disability are **four** times as likely to be offline

There are key groups who could benefit from digital the most:

- **25% (3.5 million)** of people with a registered disability are offline; they are four times more likely not to be online
- **28%** of those over 60 are not online; 84% of this group say 'nothing' could motivate them to get online
- **18%** of the UK adults claiming benefits* (1.2 million people) have low or no digital capability at all – this is compared with the UK average of 15%
- **56%** of people without a bank account have the full five Basic Digital Skills compared with the UK average of 79%

Please refer to page 35

There are key audiences who need greater support with digital and financial skills:

- Only **one-third** of UK adults receive money management advice; people with low financial capability are almost twice as likely to not seek financial advice
- **One in three** people in the UK do not have a trusted person to talk to about their finances
- While trusted faces help people get online, **82%** of those online say further digital development is self-taught

Please refer to page 49



Learn to Earn



9m of UK workforce demand digital skills to succeed

Currently 10% of the workforce do not have Basic Digital Skills. This group earns £13,000 less than those with all five Basic Digital Skills. Those currently unemployed are also almost three times as likely to have limited digital use.

The biggest driver for improving digital skills is enhancing work-based performance and productivity:

- Of those who feel they have developed digital skills in the past year, **30% (9 million people)** said that the biggest motivation was a desire to improve performance and productivity at work

There is an opportunity for employers to provide more support:

- Almost **one in two (47%)** of the population uses the internet in the workplace
- Of that group, only **14%** have developed their digital skills through work in the last 12 months

Please refer to page 24

The future workforce can't be taken for granted:

- **11%** of 18-29 year olds say they have developed their digital skills and ability to use online services at school, rising to 37% for those currently in the school system
- **700,000** 11-18 year olds have no home internet access from a computer or tablet

Please refer to page 39



Helping People Prosper



21.1m people are less lonely due to digital

For the online population, there are a number of benefits:

- **4 in 10** say being online helps them feel less alone
- **7 in 10** say it helps them save time
- **5 in 10** say it has helped them find a job
- **7 in 10** say digital banking helps them avoid overdraft fees

For more information please refer to pages 27 and 49

These benefits are even greater for certain groups:

- For those with a disability, those online are **27%** more likely than the rest of the UK to say the internet helps them feel less alone
- For **one in three** over 60 years old, digital skills help them to manage and improve their health and also to feel less alone

...and digital helps financial resilience. Those with high digital capability:

- Check their finances more than **three times** as often and feel more in control
- Save nearly **twice** as often and more than twice as much

For more information please refer to page 26

RECOMMENDATIONS: SMALL STEPS TO DRIVE BIG IMPACT



1. Join up the journey – the power of partnerships to put user needs first

With 470,000 fewer people with zero Basic Digital Skills and 190,000 more with a bank account, progress has been made but not enough

As the proportion of people with all five Basic Digital Skills has not changed since 2017, it is important that organisations work together to join the dots for end users.

People need to be aware of how they can access support based on their needs, not individual organisational offers. Partners can aim to ensure a joined-up approach is provided across all user's touch points and sectors. Aligning online and offline experiences will help people to access support and advice when and where they need it.

This can only happen through the power of partnerships. Initiatives like the Digital Skills Partnership and the Financial Inclusion Policy Forum are key for leveraging understanding from different perspectives, and for reaching all possible audiences.



2. Big employers can make a big difference

10% of the workforce do not have Basic Digital Skills, yet 9 million people want to improve their productivity at work through digital

Large employers have an opportunity to support their employees with skills development and life-long learning. Digital development through large organisations can drive overall change in the UK.

A Digital Champions model could also be further embedded across large organisations. Harnessing existing skills to provide face-to-face support and advocacy can help improve organisations' capabilities and also those of customers and citizens.

The private sector is also well placed to support the education sector with skills support, helping to set up the future workforce with the financial and digital skills needed for success.



3. Trusted organisations must safeguard customers and clearly communicate it

8 in 10 people have concerns about online security; identity theft is the main reason for concern

Larger organisations need to not just ensure their use of online customer data and digital is compliant, but communicate explicitly to customers that this is the case. This should be done through offline channels as well as on online platforms.

Acknowledging the importance of online security to using the internet, the new Essential Digital Skills framework - launching May 2018 - brings safety and security to the fore. This framework will replace the current Basic Digital Skills measure, and enable a new annual benchmark of UK digital skills in life and work. It has been designed in collaboration with partners across sectors and signifies pan-industry and policymaker recognition that online safety and security are paramount.



4. Design for everyone

People with a registered disability are four times more likely to be offline

The public and private sectors have a key role to play in building accessible and inclusive products and services and any contact with end users must be supported with skills training.

It is key that the 2018 Index data is used to understand the demographic groups who have the most to gain and that they and their needs are prioritised.

For example, for the financially excluded, identification and verification measures are a key opportunity to help further reduce the number of people without a bank account.

Created in partnership with:



Please refer to lloydsbank.com/consumerdigitalindex for helpful tools and resources

METHODOLOGY AND DEFINITIONS

In 2018, in addition to the behavioural data and attitudinal research found in the 2017 report, the Index now incorporates four data and research approaches, including Basic Digital Skills, information on those 11-18 years old and wider research on people without a bank account.

Additional quantitative questions were also asked through Ipsos MORI's Tech Tracker, to help further understand how people view internet safety and security.

9,000



Over 9,000 individuals are interviewed to produce the annual insights for the Consumer Digital Index

1 million 

6,200 

2,713 

109 

Sources

1 Behavioural data

A robust and UK representative sample of one million consumers aged 18+. The data comprises 12 months of transactional behaviour. It also provides a longitudinal view to understand if or how people have shifted their financial or digital capability over the past year.

2 Quantitative surveys conducted by Ipsos MORI

2a. 4,073 - Basic Digital Skills, 15+ years ([see page 10](#) for definition)

2b. 1,121 - Tech Tracker, 15+ years

2c. 1,006 - Spotlight on young people, 11-18 years

3 Attitudinal research

From the one million data sample (source 1), more than 2,700 adults were selected and interviewed via telephone, allowing responses to be combined and compared with transactional behaviour. The research was undertaken to understand the digital and financial attitudes and capabilities across the UK.

4 People without a bank account

Toynbee Hall was commissioned to interview those without a bank account to establish their experience in the digital and financial world. This year is the first time year-on-year responses have been collected.

BASIC DIGITAL SKILLS 2018

Methodology and approach

The Basic Digital Skills measure was created by Doteveryone and partners to measure the digital skills levels of adults across the UK. The first Basic Digital Skills report was published in October 2015.

Current framework owners, The Tech Partnership, and Lloyds Bank commissioned Ipsos MORI to achieve a UK representative view of digital usage among people aged 15+.

4,000 face-to-face interviews were conducted in November 2017. Respondents were given 11 digital tasks, and were asked:

- Which tasks could you do if asked?
- Which tasks have you done in the last three months?

The answers to these questions were combined to identify a respondent's digital skills.

The Tech Partnership Basic Digital Skills framework.

Managing information Can you..?

	Use a search engine to look for information online	☐
	Find a website I have visited before	☐
	Download/save a photo I found online	☐

Communicating

	Send a personal message via email or online messaging service	☐
	Carefully make comments and share information online	☐

Transacting

	Buy items or services from a website	☐
	Buy and install apps on a device	☐

Problem solving

	Verify sources of information I found online	☐
	Solve a problem with a device/digital service using online help	☐

Creating

	Complete online application forms which include personal details	☐
	Create something new from existing online images, music or video	☐

Those who said they could do at least one task in each of the skills categories were classified as having full Basic Digital Skills.

State of the Nations

66

Our ambition, through the Digital Skills Partnership (DSP) and Local Digital Skills Partnerships (Local DSP), is to bring organisations from across all sectors together to increase our nation's digital skills. National and regional collaboration is critical to ensure a more collaborative, coordinated and innovative approach to meeting the digital skills challenge.

We and our partners have been busy since the DSP launched last summer: Lloyds Banking Group is leading work to increase the digital capability of SMEs and charities. Microsoft and the Royal Society are convening wider support for teachers to teach a new world-leading computing curriculum. BT and Nominet are leading partners to make better use of data and creating a coherent framework for digital skills that will enable more collaboration and innovation. We've also just supported the launch of the first of our Local DSPs with regional partners in Lancashire, and there'll be more on the way soon – Good Things Foundation and Tech Nation are bringing together a range of organisations to create a 'playbook' of best practice to help other regions to establish their own Local DSPs.



Good quality research is vital to achieve our ambition. The Consumer Digital Index report is a crucial addition to the evidence base that we, and our partners, use to understand where the gaps, challenges and opportunities are, and what kind of initiatives will have the greatest impact and where.

**Digital Skills and Inclusion team,
Department for Digital, Culture, Media and Sport**

99



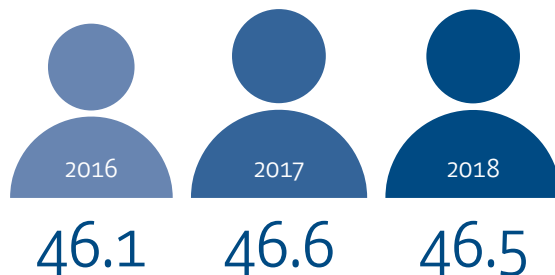
**Department for
Digital, Culture
Media & Sport**

UK CONSUMER DIGITAL INDEX SCORE AND SEGMENTATIONS

UK Average Index Score

In 2018, the average UK Index score is 46.5 and consistent with previous years (figure 1).

Figure 1: Average UK Index scores since 2016. Source 1



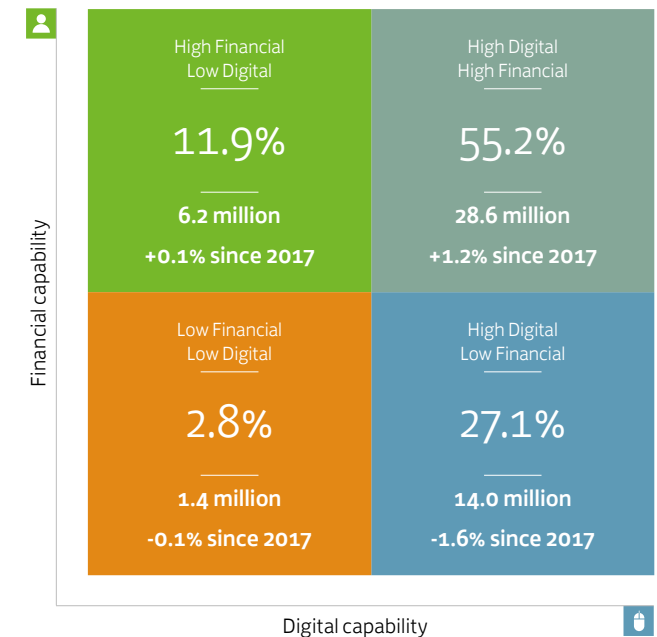
Index Scores

As shown in figure 2, each segment has seen a slight increase in Index Score. Figure 3 shows the proportion and size of each quadrant's population when mapped onto the UK. This and the data on pages 13 and 14 reveal that the number of people with financial capability has decreased since 2017, while digital capability has seen a marginal overall improvement.

Figure 2: Index score by segment. 2018 vs. 2017. Source 1



Figure 3: Index scores – proportion of the UK and estimated population numbers by segment. 2018 vs. 2017. Source 1



*Source for number of people without a bank account: Financial Inclusion Annual Monitoring Report (2017): <https://www.birmingham.ac.uk/Documents/news/15518-CHASM-Report-Stage-4.pdf>

Please note: 2017 referenced figures may differ due to changes in population calculation

FINANCIALLY EXCLUDED: 1.5 MILLION (2.9%)*

Digital capability

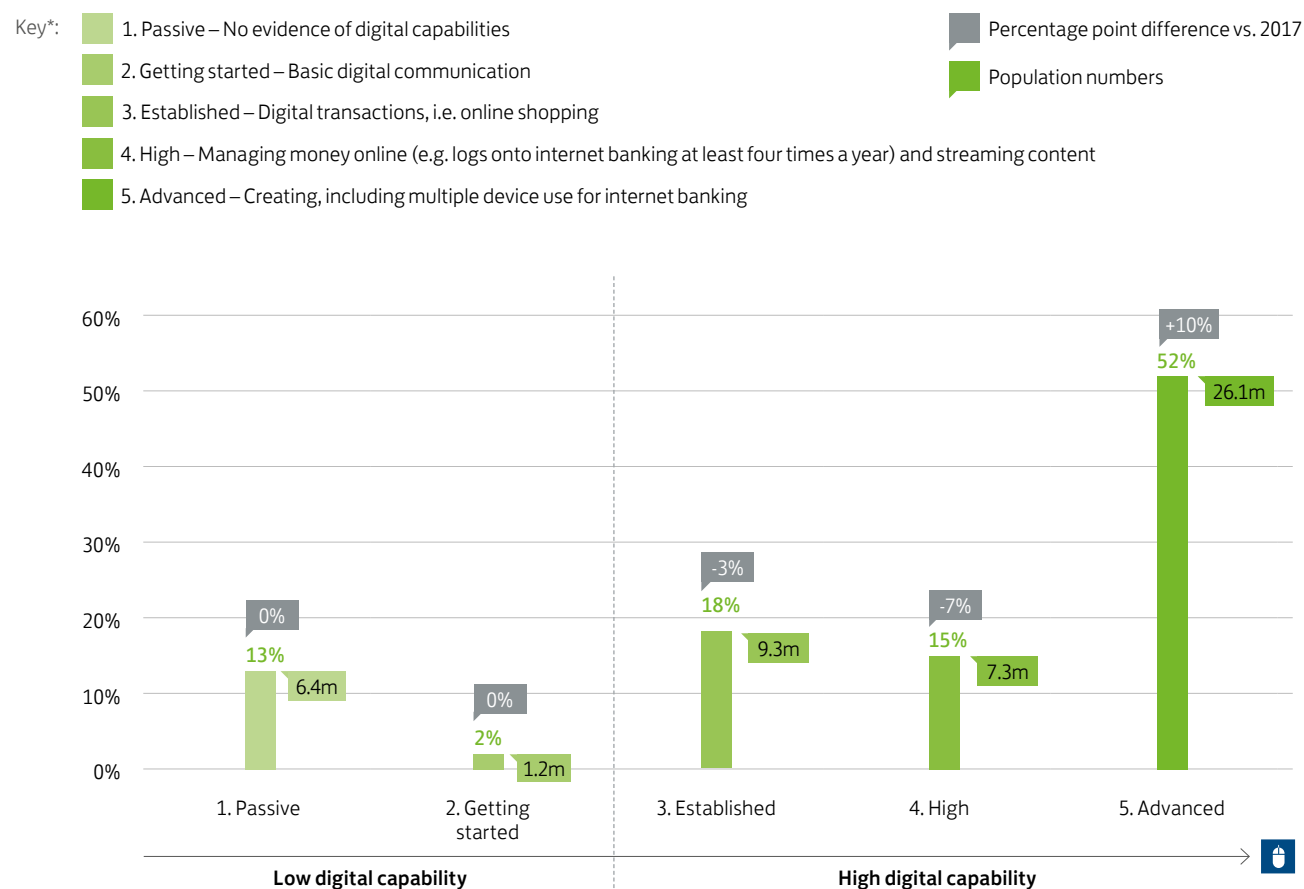
The Index digital capability measure complements Basic Digital Skills, as it analyses individuals' actual behavioural data.

This year the methodology has been altered to better reflect digital trends.

To maintain relevancy in the way digital capability is classified, the segments have been reviewed to ensure they remain appropriate.

This year, Segment 5 has been expanded to include users with activity across multiple devices and/or the heaviest digital users. This change acknowledges that mobile-only customers or other single-device users will not be limited to Segment 4. Segments 1-3 remain unchanged and unaffected.

Figure 4: Behavioural segmentation applied to UK digital capability. Source 1



*Segment definitions are additive, Segment 5 'Advanced' includes all segment behaviours

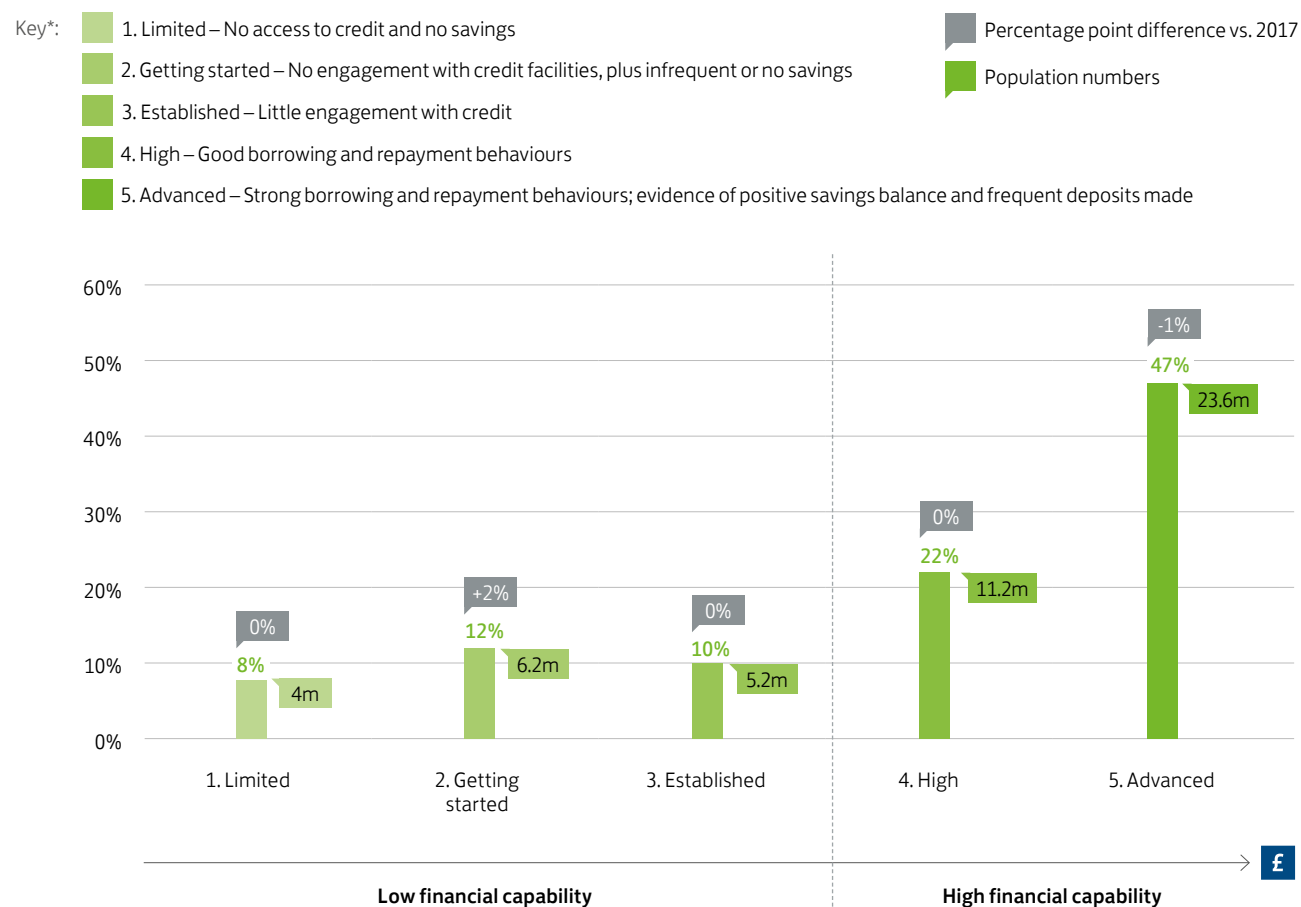
Financial capability

This methodology is aligned to the UK Financial Capability Strategy* created by the UK Financial Capability Board; a cross section of leaders in financial services, charity and policy sectors.

The Lloyds Bank Financial Capability segmentation is created using actual behavioural data, providing a scale from very limited access to products and services, through to those demonstrating strong borrowing, saving and repayment behaviours (figure 5).

As in previous years, financial capability is not a measure of wealth – it is a measure of how well a person is able to manage their finances.

Figure 5: Behavioural segmentation applied to UK financial capability. Source 1



*Source: Financial Capability Strategy for the UK, <https://www.fincap.org.uk/>

*Segment definitions are additive, Segment 5 includes all segment behaviours

2.9 million people have both low digital and financial capability

2018 Index data indicates that 1.4 million people with bank accounts currently fall into the low digital and low financial capability group. However complementary research shows that 1.5 million adults in the UK do not have access to a bank account*. Without this access they are unable to evidence high digital or financial capability.

Of those with access to bank accounts who have both low financial and digital capability, 40% are aged over 60 (figure 6). As shown in figure 7, almost one-fifth of this group are in Scotland. As the comparison to regional populations shows, this is a disproportionate number of people.

Figure 6: Percentage of low digital, low financial capability adults. Split by age. Source 1

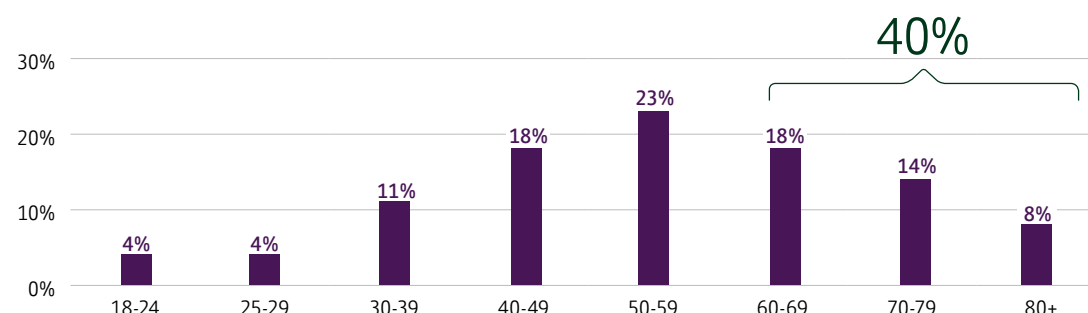
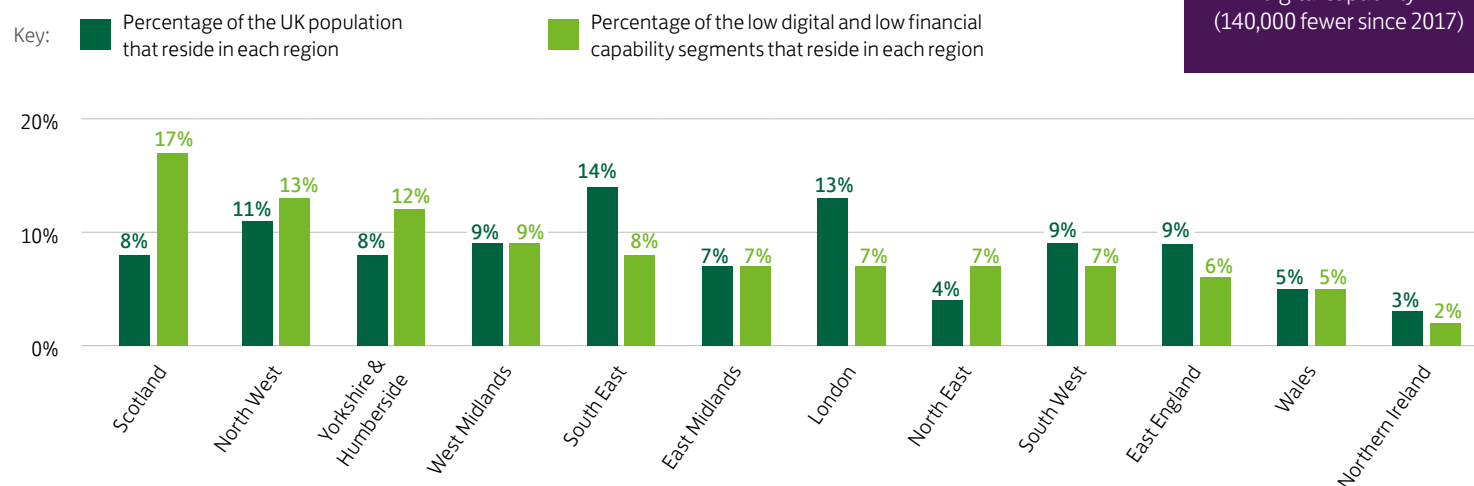


Figure 7: Percentage of low digital, low financial capability adults. Split by region. Source 1



17m



people in the UK have low financial capability (800,000 more since 2017)

9.1m



people in the UK have low digital capability (140,000 fewer since 2017)

*Financial Inclusion Annual Monitoring Report (2017): <https://www.birmingham.ac.uk/Documents/news/15518-CHASM-Report-Stage-4.pdf>

UK Digital Skills



“

Digital has really enhanced my life – I met my wife on the internet, I would never have been able to meet her without it. I also get to witness things I would normally miss with my grandson in Scotland – years ago we only would have been able to see them a few times a year, but we regularly Facetime and receive pictures from my daughter. Even on the day he was born. It really helps us to stay in contact and share precious moments.

Andy, 64, Corby, East Midlands

”

UK BASIC DIGITAL SKILLS

21% of the UK are without Basic Digital Skills

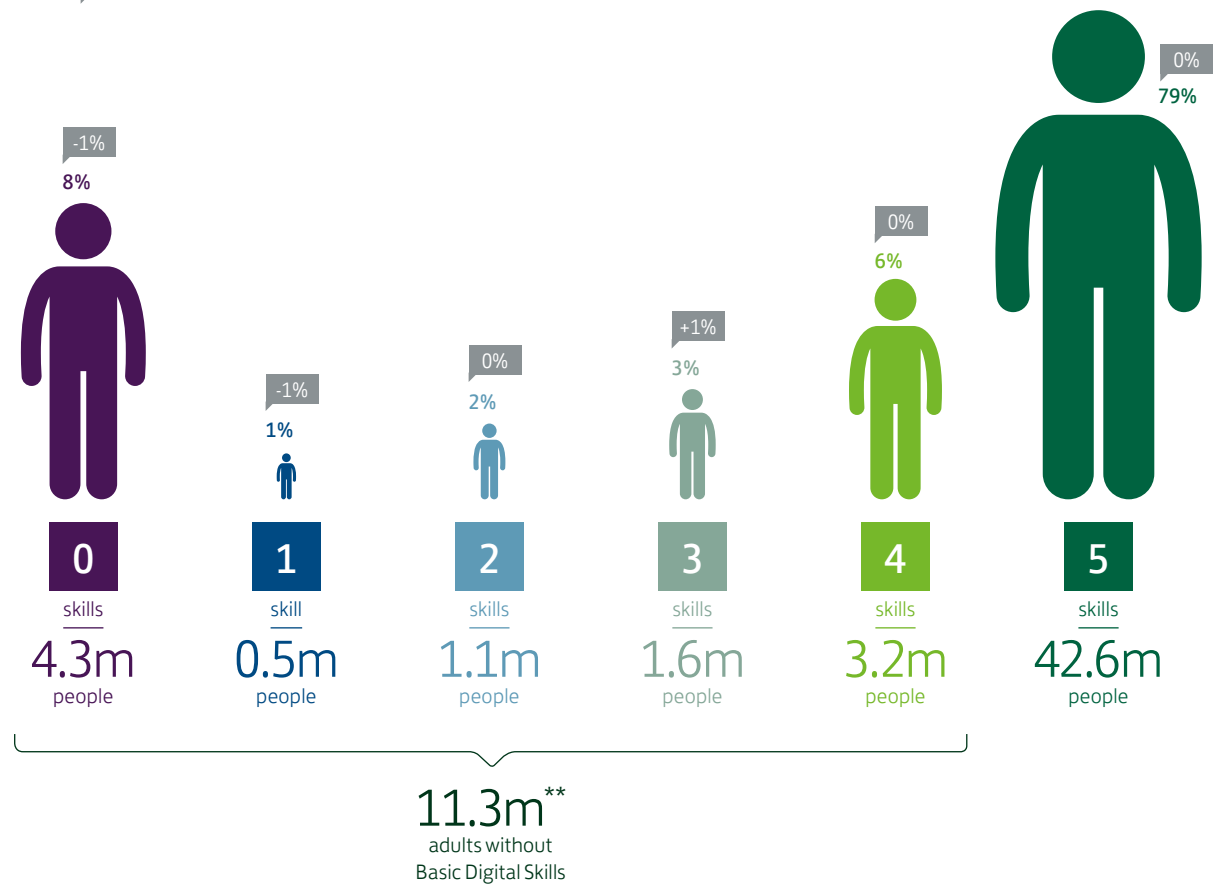
In 2018, 11.3 million people in the UK do not have full Basic Digital Skills (figure 8). While this number has not changed significantly year on year, since the first Basic Digital Skills measurement in 2015 there are 2.1 million more individuals with the full five skills*.

Figure 8 also shows that 3.2 million people in the UK are on the 'cusp' and have four of the five skills needed for full Basic Digital Skills.



Figure 8: Percentage of UK adults with a number of Basic Digital Skills. 2018 vs. 2017. Source 2a

Key: Percentage point difference vs. 2017



*Go ON UK Basic Digital Skills (2015)

**As per methodology page, not all numbers will sum to total due to rounding.

Basic Digital Skills task levels

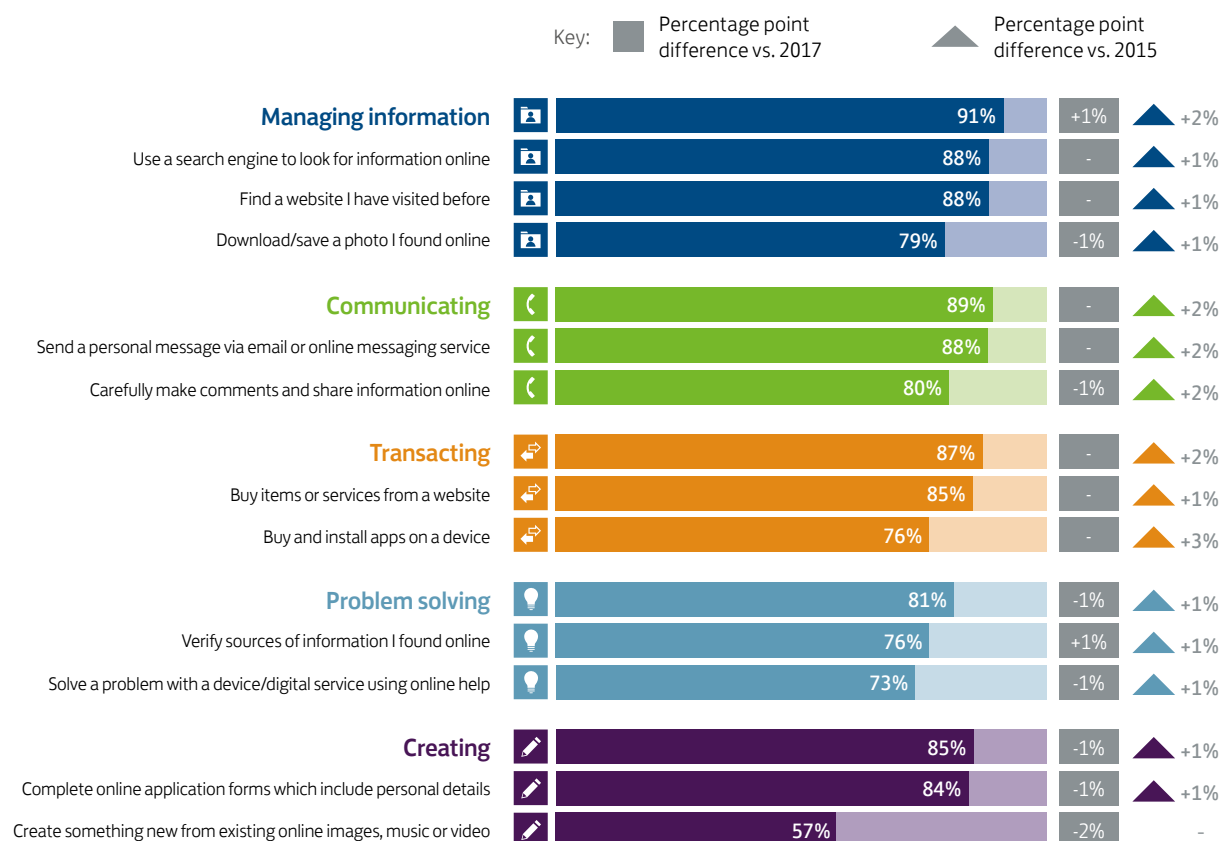
At a skill level, there has been little progress since last year (figure 9).

Considering the continued movement of consumer services and sales to online channels, there has not been a notable increase in the proportion of people completing online forms and solving problems digitally.

There is progress to be made in the task 'verifying sources of information I found online', particularly when considering the rise of 'fake news' and awareness of online fraud and scams.

When the 2018 skill and task data are compared to 2015, there has been an overall improvement.

Figure 9: Basic Digital Skills and task levels for the UK. 2018 vs. 2015 and 2017. Source 2a



Of the 11.3 million people without the full five Basic Digital Skills, 3.2 million people (6%) lack only one

The data reveals that of those on the cusp of full Basic Digital Skills (those with four of the five skills), 38% (1.2 million people) are over the age of 65¹. As outlined on [page 41](#), the over 65 population remains a cause for concern as 28% of this group are not online at all.

For the first time there is analysis on the top tasks that the 3.2 million people could not do if asked (figure 10). Four-fifths of the 'cusp' group also own a laptop or desktop², indicating that a computer-centred solution may prove successful. Understanding this detail should prove useful to organisations looking to shape targeted and impactful learning content.

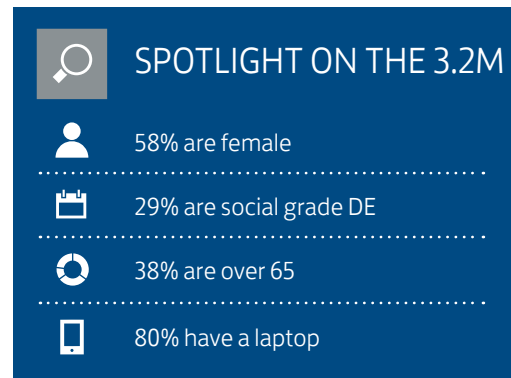


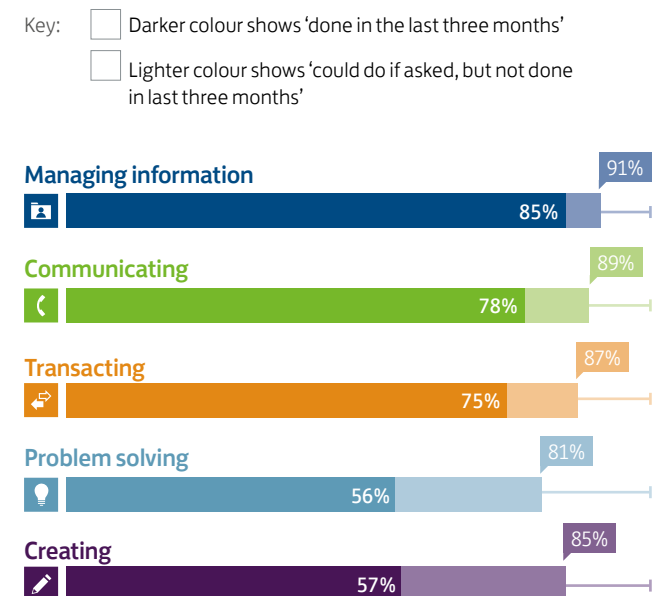
Figure 10: Top Basic Digital Skills tasks those on the cusp could not do if asked. Source 2a



People with digital skills are under-utilising them

As figure 11 demonstrates, there is a gap between people having the skills and then putting the skills to use. For example, 81% of people have the Problem Solving skill, but only 56% of this group have used it in the last three months.

Figure 11: Basic Digital Skills. Source 2a



UK ADULTS WITH ZERO BASIC DIGITAL SKILLS

4.3 million UK adults (8%) have no Basic Digital Skills at all

Figure 12 below shows some of the characteristics and behaviours that people without any Basic Digital Skills exhibit.

While 8% is a significant proportion of the population, progress has been made as there are 470,000 more people with at least one Basic Digital Skill than in 2017. For those without Basic Digital Skills at all, 76% are retired and over the age of 65. Figure 13 outlines the proportion of those without Basic Digital Skills by region. This shows that one-fifth of this group resides in Wales.

Figure 12: Characteristics of those with zero Basic Digital Skills. Source 2a

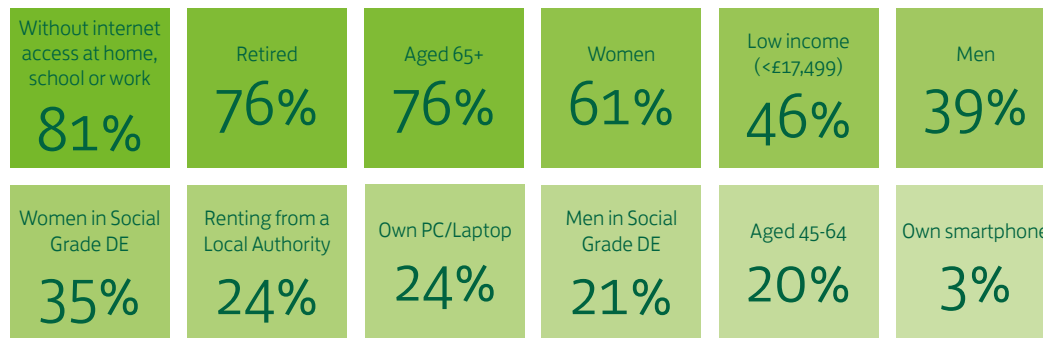
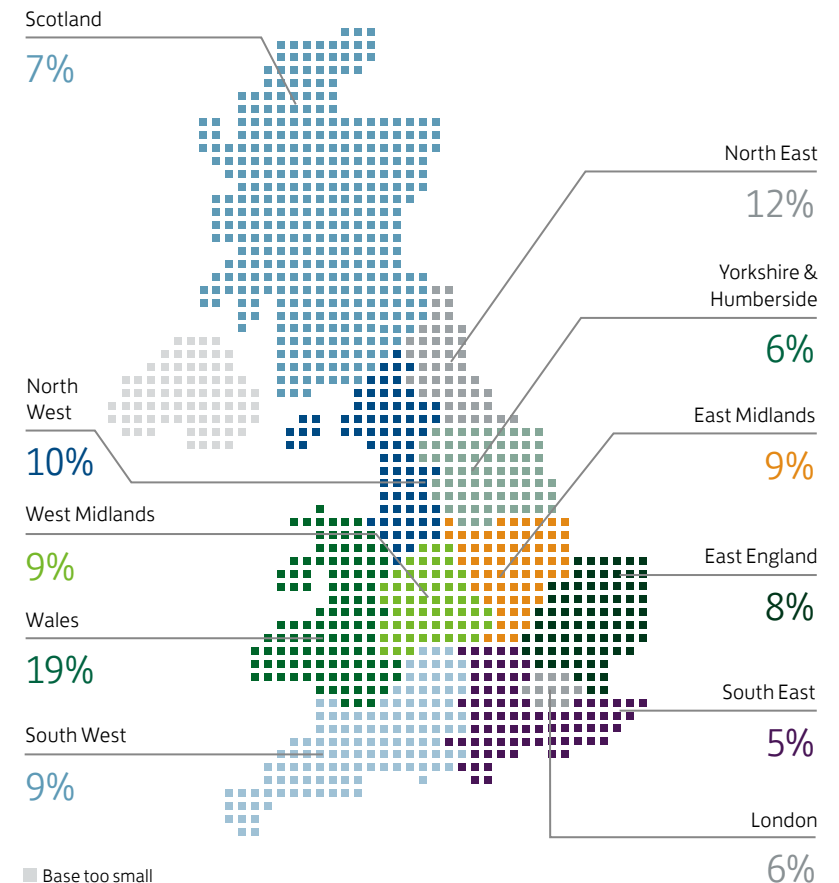


Figure 13: Proportion of regional population with zero Basic Digital Skills. Source 2a



Motivation is the main barrier to getting online

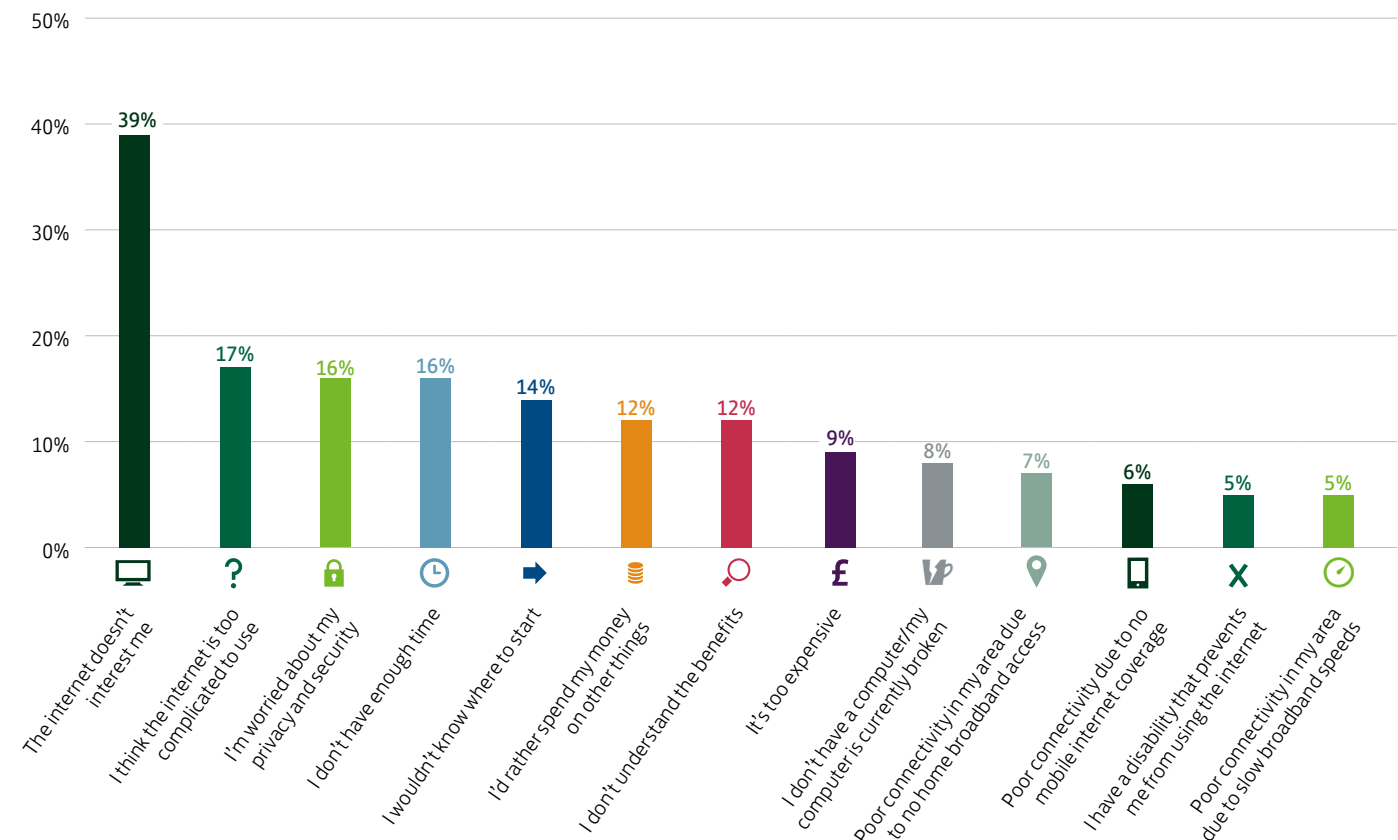
For 39% of those offline, the main barrier to doing more online is motivation-led, as they have said the internet is of 'no interest' (figure 14). For 17% it is a confidence issue, as they believe the internet is too complicated for them. 16% of those offline claim privacy and security concerns are a real barrier for them. Online security also represents a key concern for the online population, as outlined on [page 28](#).

When asked what might get them online, 78% of those offline said 'nothing'

The next opportunity was for 8% of this group who cited 'improved online security awareness' as a barrier to overcome³.

To access training materials and support documents to help people get online, visit www.learnmyway.com

Figure 14: Why people offline are not using the internet, Source 3



DIGITAL SKILLS: PERCEPTIONS OF PROGRESS

While the behavioural data segmentation measures digital capability, and the Basic Digital Skills survey indicates reported skills, it is important to understand the level of UK ambition to improve digital skills and the perception of progress.

30.1 million UK adults feel their digital skills have improved in the past year

In 2018, 40% of the population (20.1 million) recognise that their digital skills have not improved at all in the past 12 months (figure 15). However, 60% of UK adults (30.1 million) do recognise an improvement. This is interesting when considered alongside the plateau in UK Basic Digital Skills. This may indicate improved digital confidence rather than actual ability, or may signal greater skills in areas beyond the current Basic Digital Skills framework.

The key motivations for this group improving their digital skills were (see figure 21 on [page 25](#) for full list):

- 30%: improve productivity at work
- 26%: no particular reason
- 23%: improve own performance

72% of 18-24 year olds acknowledge that their digital skills have improved

Perhaps unsurprisingly, the group most likely to feel their digital capability has improved is those that typically have the greatest levels of digital skills: the 18-24 year olds (figure 17). Notably, half of the 60+ population also feel their digital capability has improved.

Capability does not correlate with confidence

The data shows that confidence levels in digital ability are consistent irrespective of capability. 36% of people with low digital capability are concerned that their digital skills aren't good enough, compared to 25% of people with high digital capability⁴. This is also the case at a regional level. Figure 16 illustrates that Yorkshire & Humberside and East England have the highest proportion of population who believe they have improved their digital skills in the past year, despite Basic Digital Skills in these regions having decreased ([see page 33](#)). In Scotland and East Midlands, digital confidence is at its lowest. See appendix 5 for full regional list.

Figure 15: Do you think your digital skills have improved in the past year? Source 3

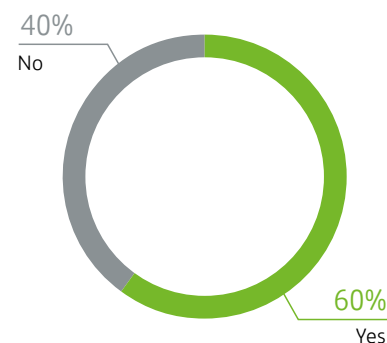


Figure 16: Percentage of the UK who think their digital skills have improved in the past year. Split by region. Source 3

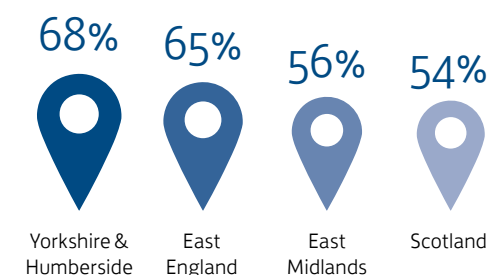


Figure 17: Percentage of the UK who think their digital skills have improved in the past year. Split by age. Source 3

	18-24	25-29	30-39	40-49	50-59	60-69	70-79
I have improved my digital skills in the past year	72%	62%	62%	58%	59%	50%	55%

Digital independence – 8 in 10 of those online are digitally self-taught

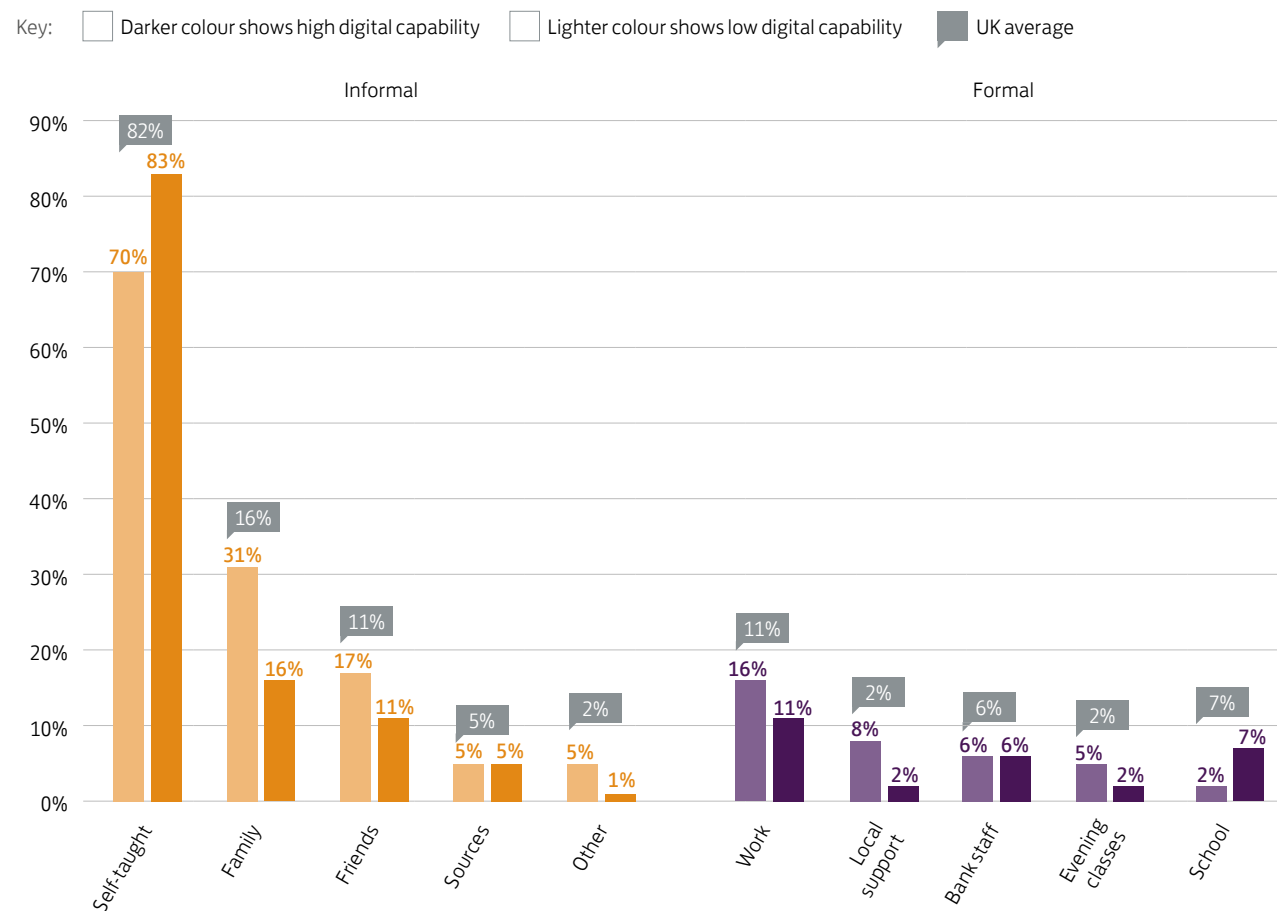
In the Consumer Digital Index 2017, the data showed that face-to-face support is vital to learn initially how to use the internet; 45% of people seek advice from family and friends*. This year, the findings show that after initial support to get online, 82% of the UK are self-taught (figure 18).

In order to understand whether skill level impacts learning choices, the data has been split by low and high digital capability. This shows that irrespective of digital capability levels, similar learning choices apply. The only notable difference is that those with low digital capability are twice as likely to turn to their family for help.



*Lloyds Bank UK Consumer Digital Index 2017 page 30

Figure 18: How have you developed your digital skills and ability to use online services? Comparison of how people have developed their digital skills. Split by low and high digital capability. Sources 1 and 3



DIGITAL SKILLS IN THE WORKFORCE

10% of the UK workforce are without Basic Digital Skills

With the digital skills gap costing the UK a reported £63 billion annually*, it is vital to understand the digital capability of the current and future workforce. As shown in figure 20, 10% of those in employment do not have Basic Digital Skills. The findings also show that those currently unemployed are almost three times as likely to be without digital skills than those in employment (27%). With the digital sector creating jobs twice as quickly as the non-digital sector**, supporting working-age adults is a real opportunity.

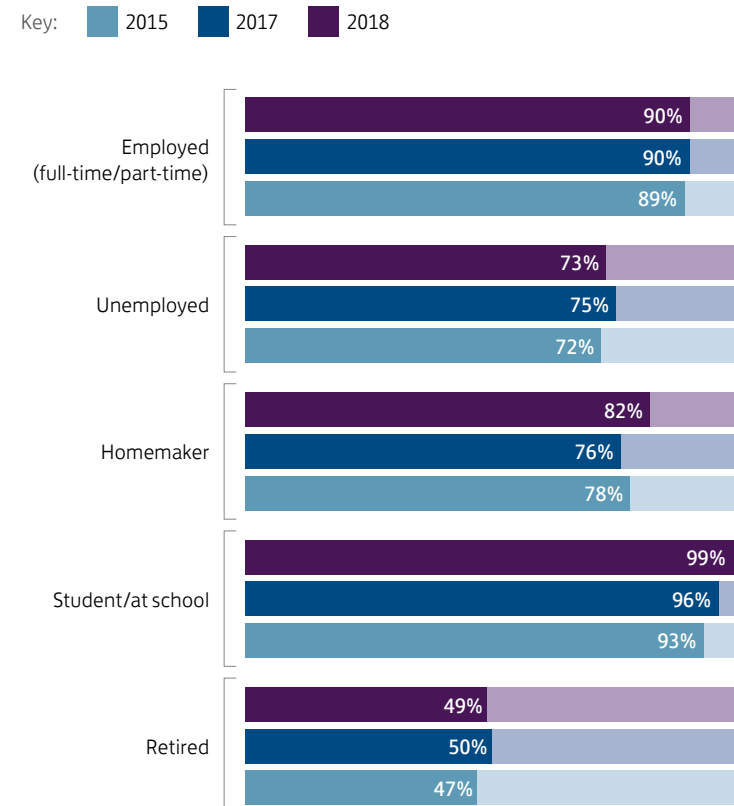
Digital skills are worth almost £13,000 a year to UK adults in employment

Figure 19 indicates that working adults in the UK with full Basic Digital Skills are paid an average annual salary of £34,500 compared with £21,250 for those without. While the data does not prove that attaining full Basic Digital Skills will cause an increase in salary, there is a clear correlation.

Figure 19: Basic Digital Skills and income. Split by those with all five skills, those with zero to four skills and the UK average. Source 2a. See appendix glossary for household income bandings used.



Figure 20: Basic Digital Skills. Split by employment status. Source 2a



* UK Government Digital Strategy (2017): <https://www.gov.uk/government/publications/uk-digital-strategy>

**Tech Nation (2017): <https://technation.techcityuk.com/>

***Office for National Statistics (2018): <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/february2018>

Only 14% of workplace internet users say they have developed their digital skills at work

As found in the Business Digital Index 2017*, digital skills translate into tangible benefits in the workplace. Yet this report shows that 53% of people use the internet outside of work, but not for work. The data finds that only 14% of these workplace digital users feel like their digital skills have improved through work⁶. This shows that only a small proportion of digitally capable employers are developing their digital skills pipeline.

The biggest catalyst for people to improve their digital skills is work

Survey results show that of the people who say that their digital skills have improved in the past year, 9 million people (30%) say that the motivation for doing so was to 'improve performance and productivity at work' (figure 21).

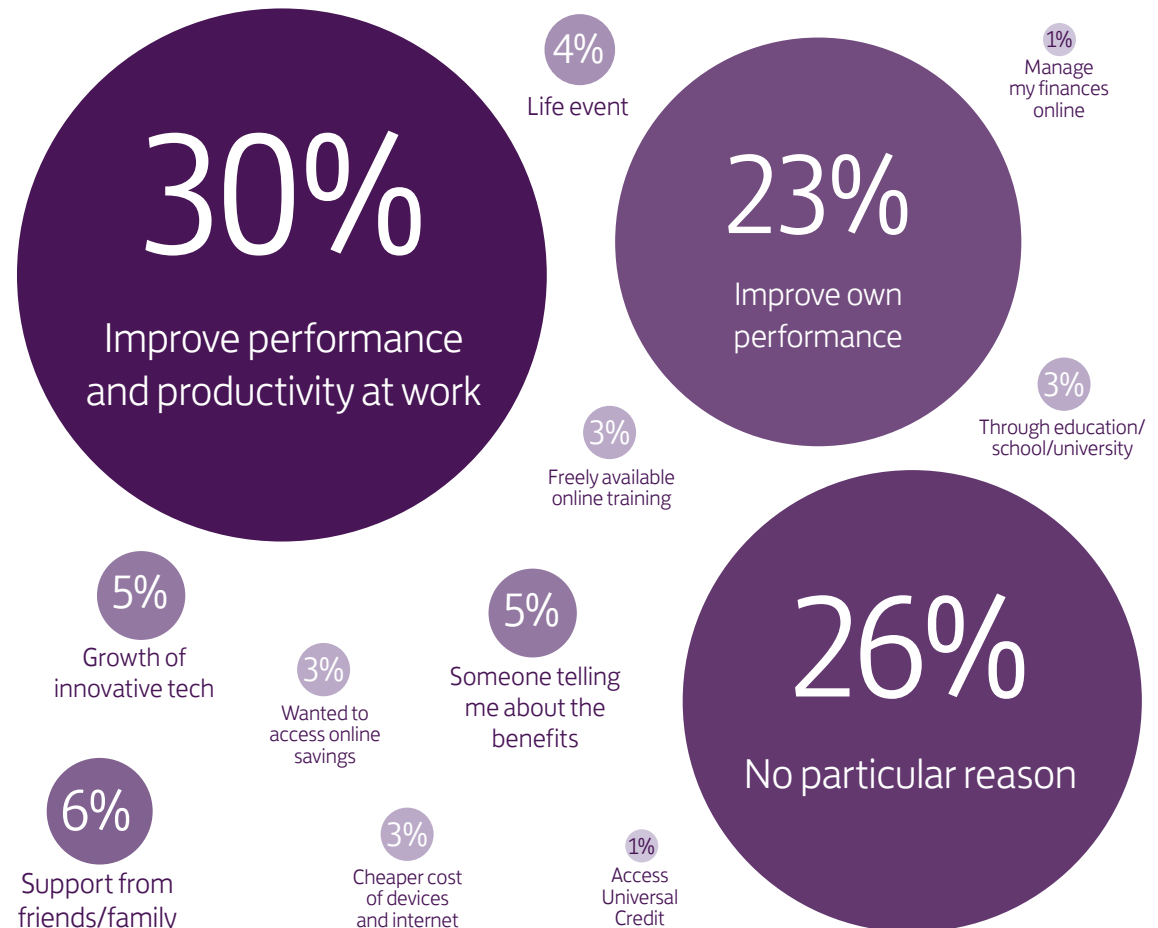
When examining this group of people and whether they have digitally developed through work, the data showed that 6% have received digital upskilling in the workplace. This suggests a gap between employer training provision and the demand for digital skills⁷.



6% of those who upskilled in digital to improve their workplace productivity achieved this through work

*Lloyds Bank (2017): www.lloydsbank.com/businessdigitalindex

Figure 21: If you have improved your digital skills in the past year – what was your motivation to do so? Source 3



DIGITAL BEHAVIOURS AND BENEFITS

9 in 10 internet users manage their money online

2018 data shows that 88% of the UK are using digital banking⁸. As figure 22 demonstrates, for those managing their money online, the main benefits centre around flexibility, ease, and peace of mind. Two-thirds of the UK (62%) are worrying less due to the ability to track and access their finances at any time.

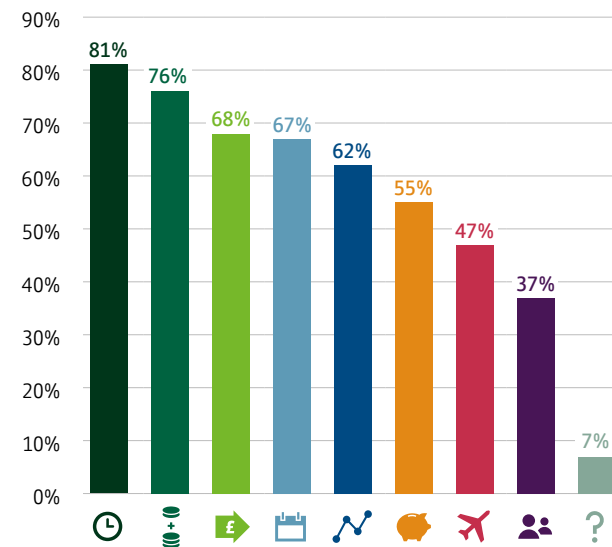
Digitally capable consumers exhibit more financially resilient behaviours

As digital money management becomes more prevalent, key benefits are being reported. The segmentation data shows that people with high digital capability are more likely to have stronger financial behaviours. Highly digitally capable people are:

- **More than three times** as likely to check their bank balance
- Saving **nearly twice** as often
- Saving **more than twice** as much

This trend is the same regardless of income level⁹.

Figure 22: Benefits of managing money online*. Source 3



- | | |
|-----------------------------------|---|
| Access and manage money 24/7 | Save as little or as much as I like |
| Payments are easier | It's easier to send / transfer money abroad |
| Move money when I want | Less intrusive than face to face |
| No queue or appointments | Other |
| Worry less, as can track finances | |

People with high digital capability are:



more than 3x as likely to check their bank balance



saving nearly 2x as often



saving more than 2x as much

*This graph is not comparable against 2017 as responses are not the same

Greater digital capability breeds greater benefits

Figure 23 shows the top benefit of being online is better connecting with friends and family (82%, +6% year on year)¹⁰.

The data shows how the benefits correlate with digital capability. Compared to Segment 3, Segment 5 are 53% more likely to have found a job and 26% more likely to have saved money and improved their health through use of the internet. This shows that the greater the digital capability, the greater the benefits.

42% of people also report it is helping them to feel less alone – this is important when considering that research from the Jo Cox Commission* shows that loneliness is as harmful to health as smoking 15 cigarettes a day.

As the table on the right outlines, regardless of digital capability levels, this benefit is consistently realised.

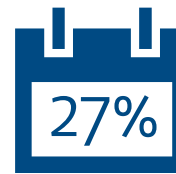
Figure 23: Statements about the benefits of using the internet. Split by digital capability segments. Sources 1 and 3

		Digital capability →			
	UK average	3. Established	4. High	5. Advanced	Advanced vs. Established (% difference)
Helps me me to better connect with friends and family	82%	72%	78%	85%	18%
Helps me to better organise my life	76%	59%	74%	79%	34%
Helps me save time, so I can enjoy myself more	72%	59%	67%	75%	27%
Helps me save money	69%	57%	66%	72%	26%
Helped me find a job	53%	38%	44%	58%	53%
Feel more like part of a community	48%	43%	40%	51%	19%
Manage and improve health	47%	39%	41%	49%	26%
Helps me feel less alone	42%	40%	38%	43%	8%

Consumers with the highest digital capability are:



more likely to have found a job



more likely to save time



more likely to use digital to manage their health



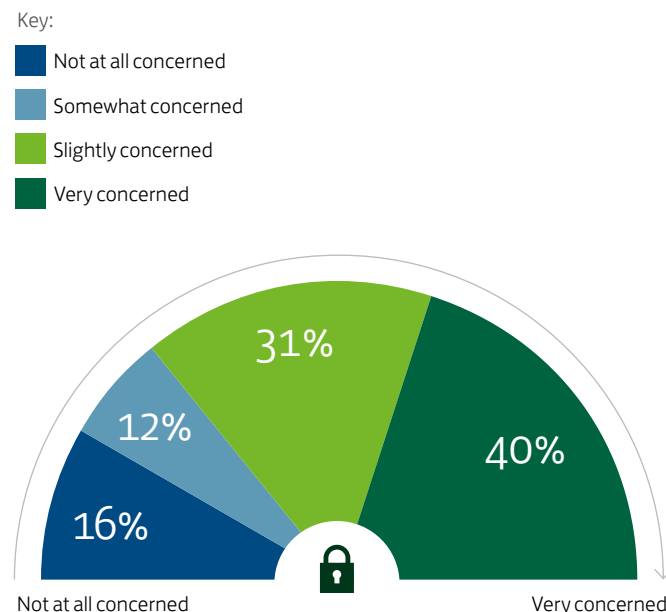
more likely to feel part of a community

* Jo Cox Commission (2018): <https://www.jocoxloneliness.org/>

ONLINE SECURITY: A BLOCKER TO DOING MORE ONLINE

As found in the recent Lloyds Bank Business Digital Index, for many, security concerns are proving to be a barrier to doing more online. Around 8 in 10 UK citizens have online security concerns, with 40% stating they are 'very concerned' (figure 24).

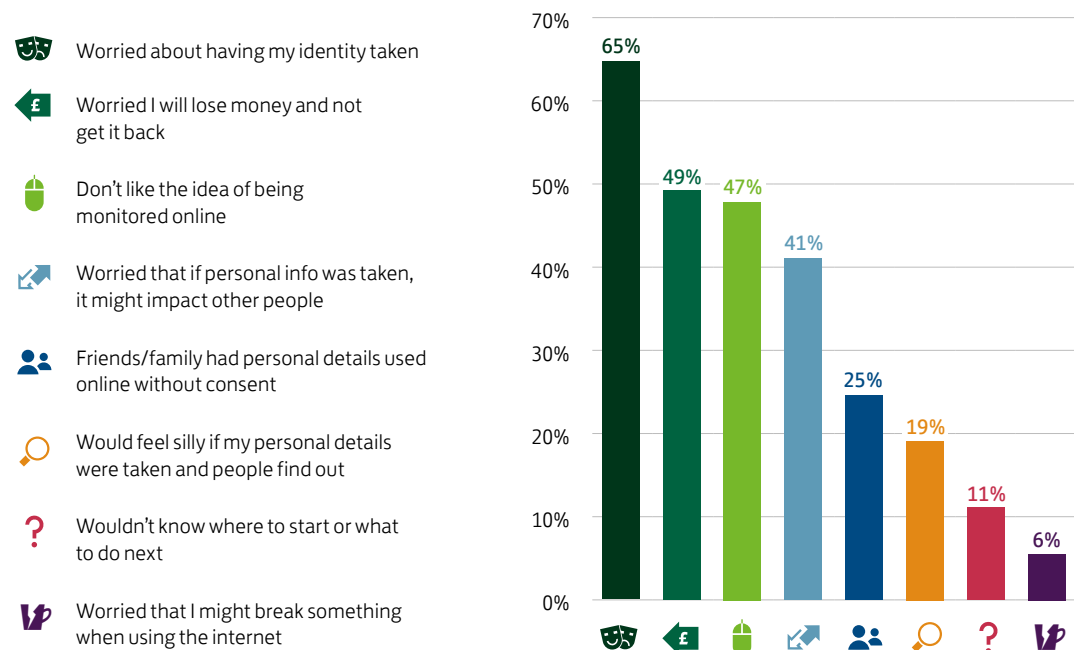
Figure 24: To what extent, if at all, are you concerned about online security? Source 2b



Keen to understand the drivers for this concern, survey respondents were asked to share their main reasons for being apprehensive; the main reason being identity theft (figure 25). One in two also share concerns about being monitored online, and one in four know friends and family who have experienced personal details being taken in the past.

Such concerns may be a blocker to development of the 'Transacting' and 'Managing Information' Basic Digital Skills, as they both involve using personal details and accounts online ([see page 10](#)).

Figure 25: You said that you were concerned about online security, why are you concerned? Source 2b



Financial institutions can play a big part in alleviating concerns

It is vital that the extent of the concern is understood as well as the root cause, and the measures that can be taken to rectify the problem.

For the first time, the survey asked what would help people to reduce their worries about online security.

The data shows that there is a clear opportunity for financial institutions to communicate their theft and security policies, as two-thirds of respondents would get comfort from greater communication from banks on these topics (figure 26).



For more information on our online guarantee, please visit
<https://www.lloydsbank.com/help-guidance/security/how-we-protect-you.asp>

Figure 26: What would help to reduce your worries about online security? Source 2b



Digital Demographics



66

My digital usage is very much as and when required. Beyond staying in contact with people, I mainly use the internet to access information such as walking routes or gardening hints and tips. I also like to learn new things and look up new recipes to try. I do sometimes feel like I am being pushed into doing things online, it doesn't always suit me or my daughter, who has a disability. I am very old fashioned and do prefer things on paper.

Alison, 60, Edinburgh, Scotland

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BASIC DIGITAL SKILLS: AGE AND GENDER

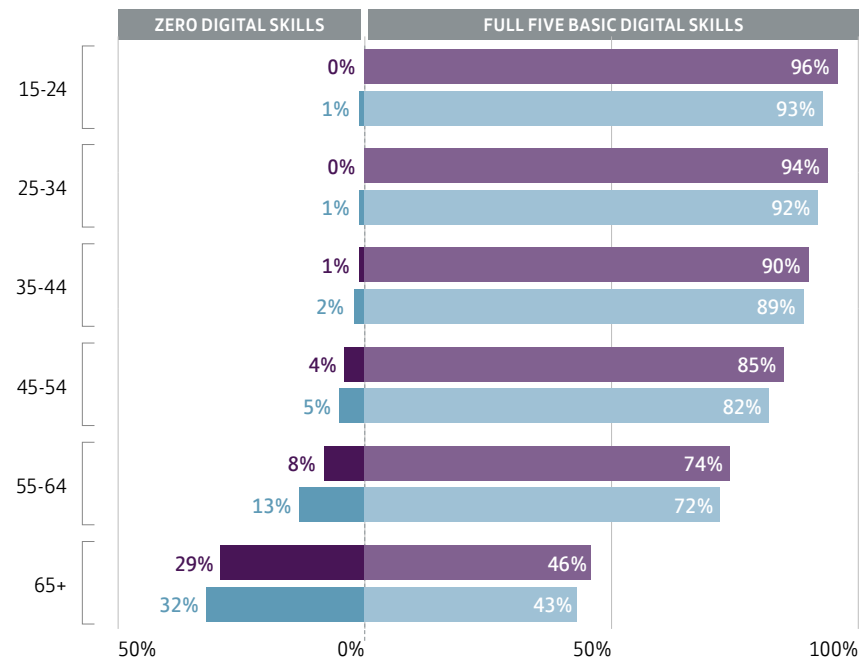
There are now **no** 15-34 year olds in the UK with zero Basic Digital Skills

While this is positive progress, the other end of the spectrum shows that 4% of 15-24 year olds do not have full Basic Digital Skills (figure 27); an increase of 1% from 2017¹¹.

The older age groups have seen the most progress since 2015. The 55-64 and over 65 age brackets have seen a 5% and 3% improvement respectively in the number of people with zero Basic Digital Skills.

Figure 27: Basic Digital Skills. Split by age. Source 2a

Key: 2015 2018



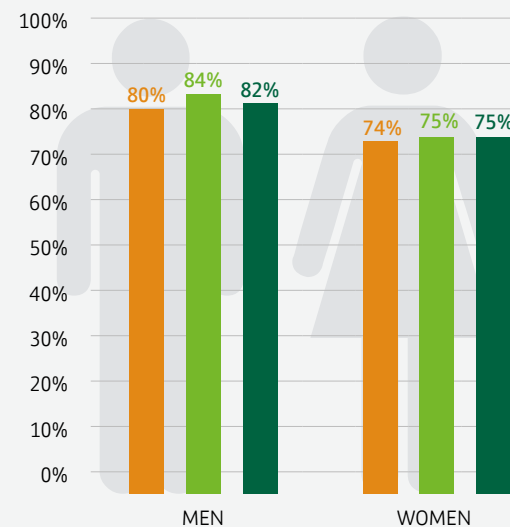
Gender

Overall there is still a gap between the digital skills levels of men and women; however, this is narrowing. In 2018 there are 2% fewer men with full Basic Digital Skills compared with last year. The number for women has remained flat (figure 28).

The behavioural data of one million consumers however suggests there is no difference between the two genders¹².

Figure 28: Basic Digital Skills. Split by gender. Source 2a

Key: 2015 2017 2018



66 The data shows that women appear to have the perception that they have lower digital skills than men, when the data demonstrates there is equal capability. It is important that women acknowledge their abilities so as to better access and leverage the opportunities that digital capability offers.

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Vivienne Artz,
President of Women
in Banking and Finance



BASIC DIGITAL SKILLS: REGION AND NATION

79% of the UK's population have achieved full Basic Digital Skills

At a UK total level, Basic Digital Skills levels have plateaued year on year. This plateau disguises the national variations demonstrated in figures 29 and 30.

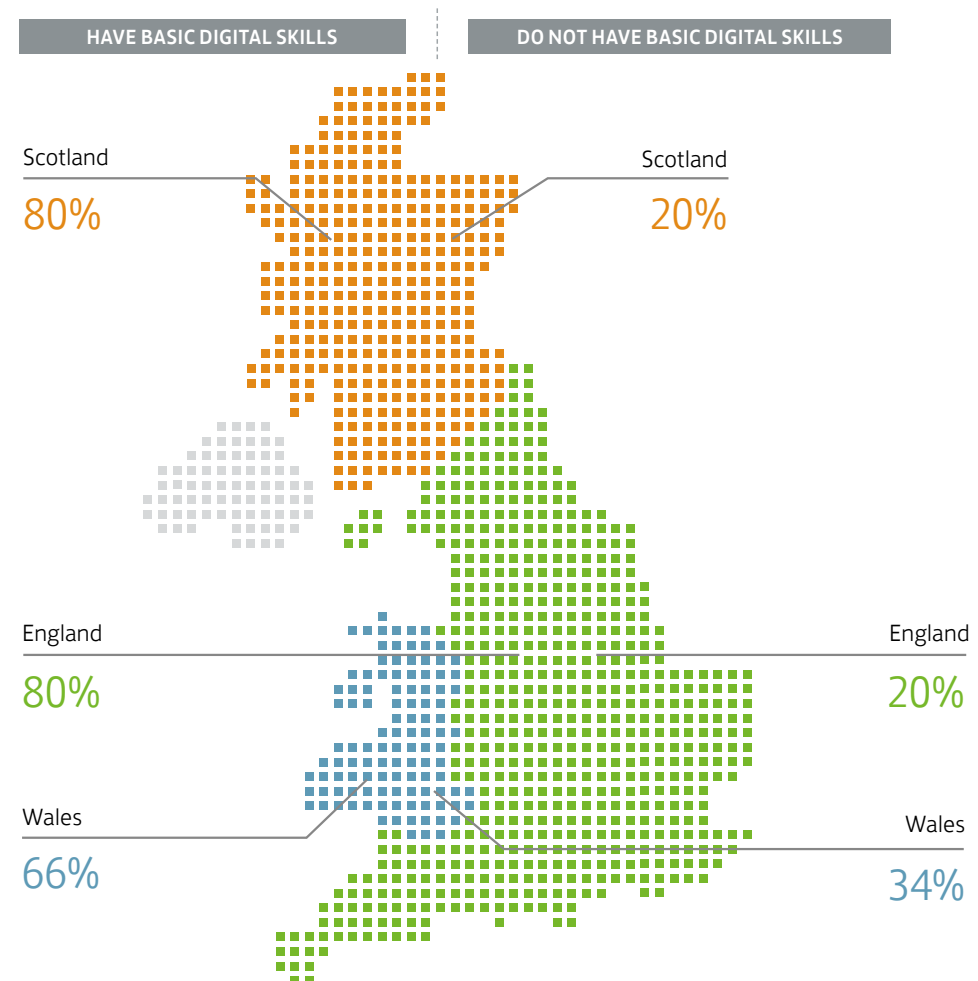
As shown in figure 29, 80% of the Scottish and English populations have full Basic Digital Skills. With 34% of the Welsh population yet to achieve all five skills, there is an opportunity to target key demographics to drive change. ONS data shows that Wales has one of the lowest proportions of social grade AB consumers* and the data shows that Basic Digital Skills is correlated to higher social grade levels¹³.

Examining the data at a regional level, the 2018 results show that the North East, Yorkshire & Humberside and Wales have seen declines of around 5% (figure 30). However, progress has been made in London, the South West and Scotland.



*Office for National Statistics (2013): <https://www.ons.gov.uk/census/2011census>

Figure 29: Population with and without Basic Digital Skills, Split by nation. Source 2a



Digital access does not guarantee digital adoption

This year, UK survey respondents were asked whether they could access the internet at home, school or work via either a smartphone, computer or tablet. The data in figures 30 and 31 show that access to the internet and Basic Digital Skills levels do not appear to be linked. For example, the North East and West Midlands – two of the regions with the highest internet access levels – are two of the regions with lower levels of Basic Digital Skills.

It is important that local authorities and organisations place a focus on providing support and training opportunities, to help close the gap between access and uptake.

Figure 30: Basic Digital Skills. Split by region. Source 2a

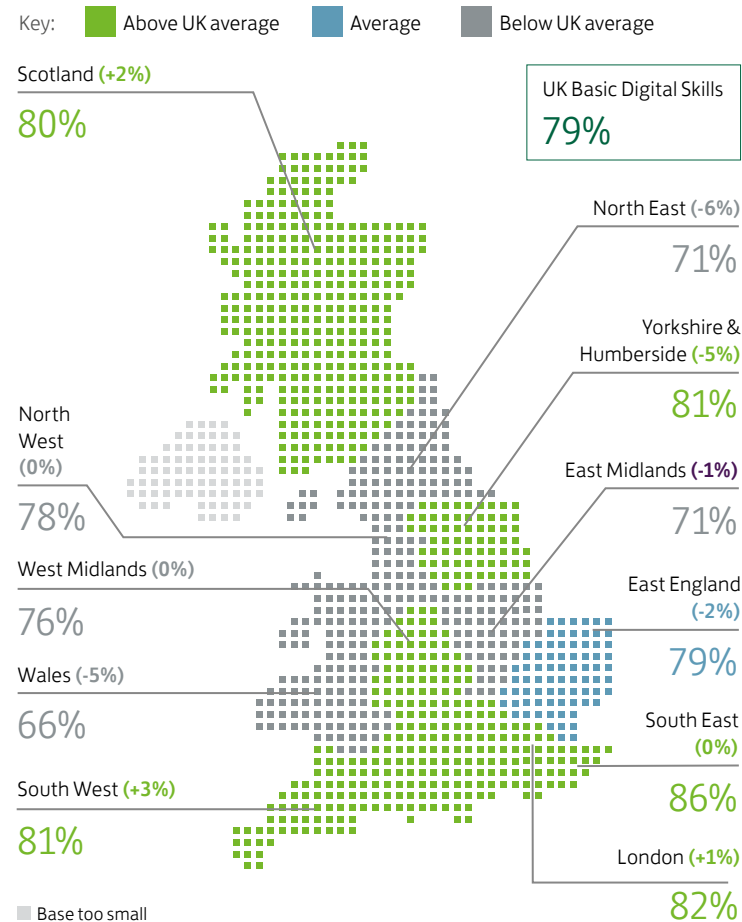
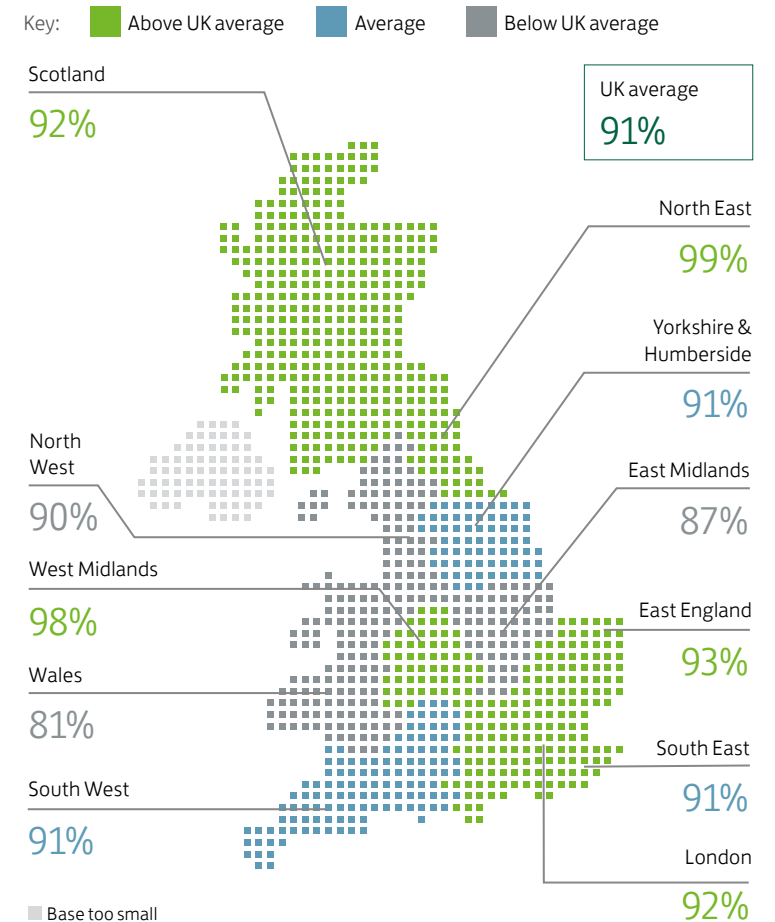


Figure 31: Do you have internet access at home, school or work (via a computer, smartphone or tablet)? Yes respondents. Split by region. Source 2b





By the age of 15 I was registered as blind. I became dependent on other people to help me with most things. Now through the help of technology I have regained my independence. I turn on a setting on my smartphone which allows me to use it without looking at the phone screen. As I move my finger over the screen, information is read out to me. This enables and empowers me to use technology to do things like managing my money all by myself.

Adi, 36, Camden, London



DIGITAL DIVIDE IS GREATER FOR PEOPLE WITH A REGISTERED DISABILITY

For the first time, the 2018 data allows for analysis of the digital capability, behaviours and attitudes of people with a registered disability.

Registered disabled people are four times more likely to be offline

The data shows that 25% of those with a registered disability (3.5 million) are offline compared with 6% of the rest of the UK^{14*}.

Lack of motivation and confidence are blockers

For the registered disabled offline population, the biggest barrier to getting online is lack of interest – mirroring the UK population as a whole¹⁵.

1. The internet does not interest me (38%, -1% vs. UK average)
2. I think the internet is too complicated to use (25%, +8% vs. UK average)
3. I wouldn't know where to start (23%, +8% vs. UK average)

The second and third largest barriers listed above indicate that confidence and support may help to improve inclusion for this group.

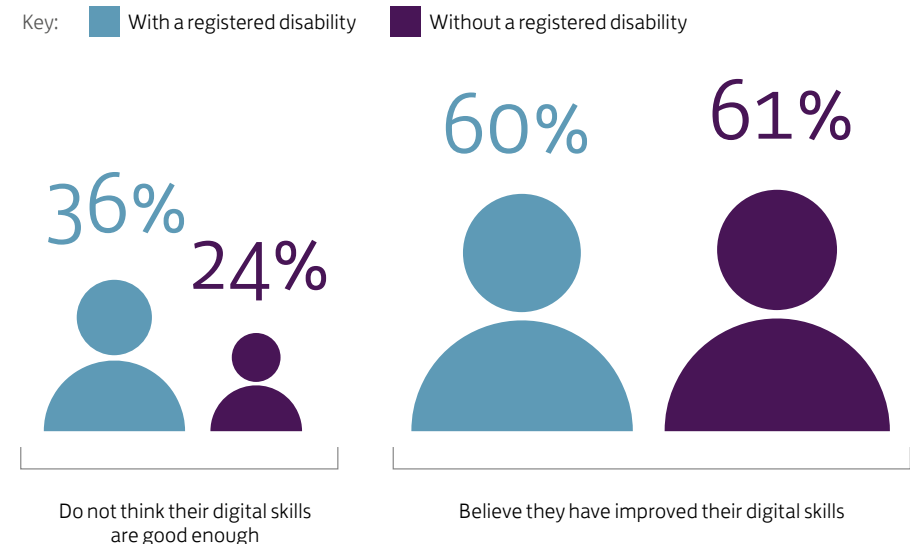
As shown in figure 32, there are similar proportions of people who believe they have improved their digital skills. A marked difference though is within confidence levels; people with a registered disability are 50% more likely to be concerned that their digital skills are not good enough.

One in two people with a registered disability say using the internet helps them feel less lonely

For the 75% of disabled people using the internet, there are a number of key benefits. In some instances they are more likely than people without a disability to reap the rewards of being online¹⁶:

- 27% more likely to say that the internet helps them feel less alone (52% vs. 41% UK average)
- 13% more likely to say that they feel more part of a community (54% vs. 48% UK average)
- 9% more likely to say that it helps them manage their health (50% vs. 46% UK average)

Figure 32: Percentage of people who agree to either statement. Split by those people with and without a registered disability. Source 3



*https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/692771/family-resources-survey-2016-17.pdf

BASIC DIGITAL SKILLS : INCOME AND HOUSEHOLD TENURE

Households earning over £40,000 per year are 47% more likely to have full Basic Digital Skills

As household income increases, so do levels of Basic Digital Skills (figure 33).

Compared with those earning over £40,000 a year, the low-income group is more likely to see the benefits of being online¹⁷. They are:

- 13% more likely to say it has helped them find a job
- 46% more likely to say it helps them to feel less alone
- 11% more likely to say it helps them manage and improve their health
- 29% more likely to say it helps them to feel part of a community

Opportunity for digital skills initiatives to focus on social housing

The level of Basic Digital Skills continues to be highest among homeowners with a mortgage and those who rent privately (figure 34). Those with local authority or housing association accommodation have the most to gain.

Figure 33: Basic Digital Skills. Split by household income.
Source 2a

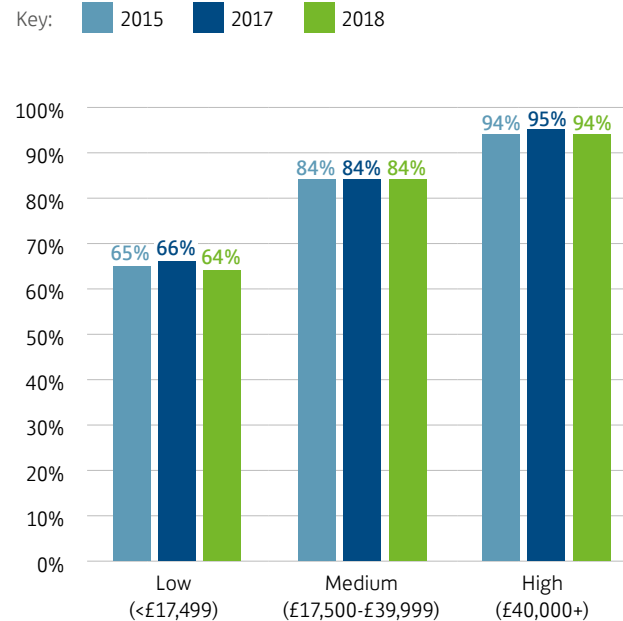
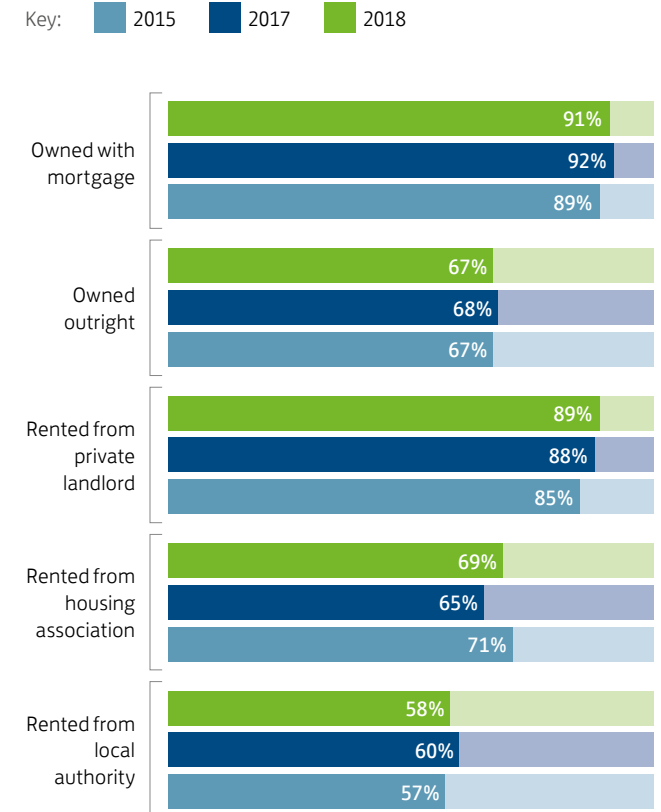


Figure 34: Basic Digital Skills. Split by household tenure.
Source 2a



BENEFIT CLAIMANTS WITH LOW DIGITAL CAPABILITY

Almost one in five of working-age benefit claimants have low or no digital capability

One of the new demographic groups examined this year is benefit claimants. Figure 36 shows that 18% of this group, an estimated 1.2 million people*, have low or no digital capability. This is higher than the UK average of 15% ([see page 13](#)).

The findings also show that the areas with the largest proportions of benefit claimants with low or no digital capability are Scotland and the North East (figure 35).

For access to resources to support digital skills training and understanding, visit our Useful Links and Resources site www.lloydsbank.com/consumerdigitalindex

Figure 35: Percentage of people receiving benefits with low or no digital capability. Split by region. Source 1

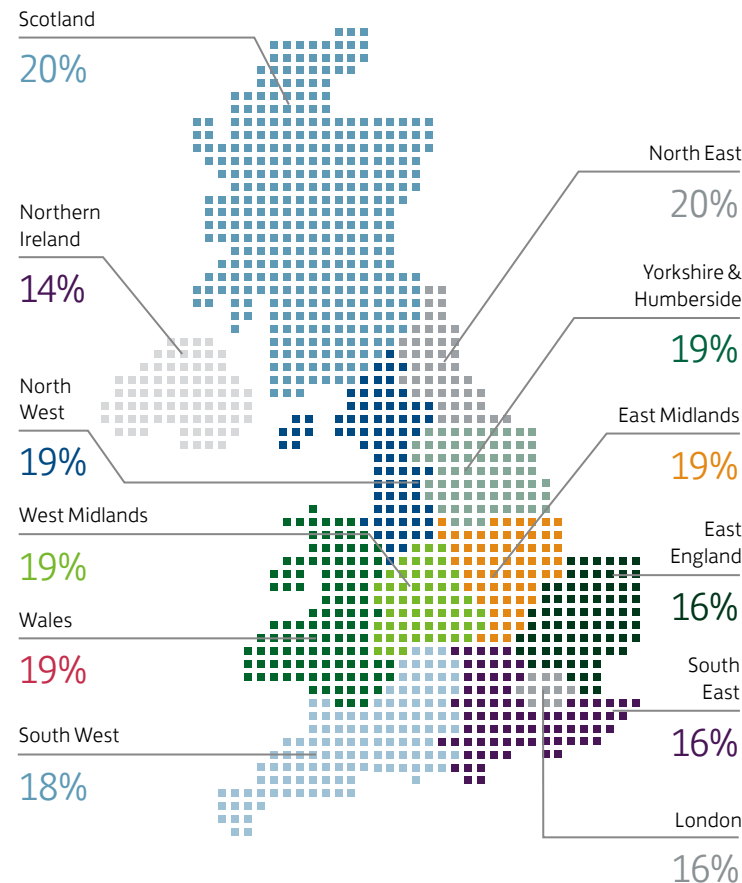
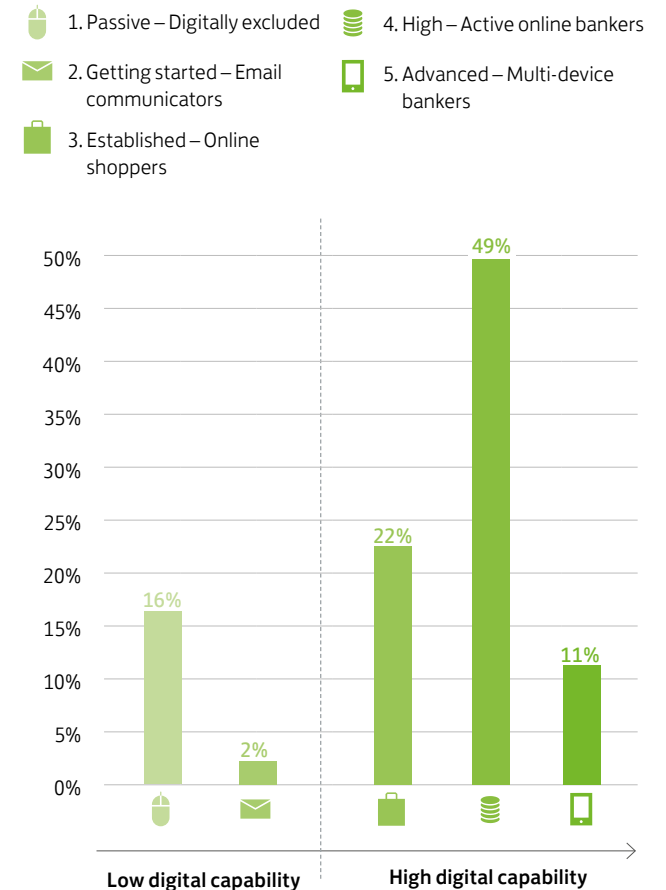


Figure 36: Percentage of those receiving benefits. Split by digital capability segmentation. Source 1



*Source: DWP, 2017, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/659423/dwp-quarterly-benefit-stats-summary-november-2017.pdf

Spotlight on Age

66

My husband and I are quite different when it comes to managing things online. I work in a technical and creative role so I have to be digitally savvy for my job. I will do the banking online and manage all of our accounts on a day-to-day basis, mainly using my phone and the fingerprint technology. We are also going through the motions of moving house, the whole process can be done online including signing documents digitally. I much prefer using the internet as there is a trace with everything I do, and I trust it more than someone manually processing paperwork.

Jeffrey only ever accesses the internet through his phone. He can send and receive emails and will look at properties and interior design ideas, but his interaction will stop there. He isn't as trusting as I am, and definitely isn't as interested as the children are.

Recently we have bought Otis and Lila a Kindle device each, which they are already very confident using. I have set up their profiles with parental controls so I know what's what, and they have been set to an age-appropriate level.



They also know they have a daily timer set, so they are unable to use it before 7am and after 8pm, and only have an hour of usage a day. I am keen to keep their use at a measured level for now, as they will inevitably need it more and more as they grow up.

**Jeffrey (48), Holly (43), Otis (9) and Lila (5),
Kent, South East**

99

11-18 YEAR OLDS

New research on 11-18 year olds

For the first time, the 2018 Consumer Digital Index includes research on over 1,000 young people in order to better understand digital access, usage and skills among a generation typically considered to be the 'digital natives'.

Almost half of their time spent online is for school work

Most 11-18 year olds have access to the internet at home (99%)¹⁸ and use it everyday (96%)¹⁹. For the 11-15 year olds online at home, usage is just under three hours on a weekday and this rises to just under four hours for 16-18 year olds (figure 37).

11-15 year olds indicated that they spend half (49%) of all their time online at home doing their school work (figure 37) and 86% access the internet for school-related content²⁰. The data also shows that young people from ABC1 social grades are even more likely to access the internet for school-related content and to look up information²¹.

700,000 11-18 year olds (12%) have no home internet access from a computer or tablet

12% of this age group do not have any laptop, desktops or tablets to access the internet at home²². A further 60,000 11-18 year olds do not have any home internet access at all. 68%²³ of 11-18 year olds with home internet access say that they would find it difficult to complete school work without it – this suggests that for the 700,000 without adequate device access, there could be academic implications. The last piece of comparable research was undertaken in 2007 by BESA* – this data showed that there were one million families who did not have a computer at home.

60,000



11-18 year olds
do not have any internet
access at home at all

Figure 37: Proportion of time spent online and doing school work. Split by age. Source 2c

Key: School work time online Total time online during work/weekdays



*Source: BESA (2007):
http://dera.ioe.ac.uk/8285/7/home_access_report_Redacted.pdf

Spotlight on Age

11-18 year olds

Figure 38 shows that in the past school year, 94% of 11-15 year olds believe that their digital skills have improved. This number reduces with age to less than three-quarters (72%) for 18-24 year olds²⁴.

37% of 11-18 year olds have improved their digital skills through school

Over one-third of 11-18 year olds say that they have improved their digital skills at school (figure 39) compared to only 11% of those aged 18-29²⁵. This indicates that the future pipeline of digital skills is now stronger. Family and friends still remain an important support.

People aged 11-18 shared a number of positive attitudes regarding the internet²⁶:

- 90% are confident in their digital skills and abilities
- 75% will use the internet to help them solve a problem
- 72% say the internet is helping them to achieve future career ambitions

Figure 38: Do you think your digital skills have improved in the past school/work year? Yes respondents split by age. Source 2c

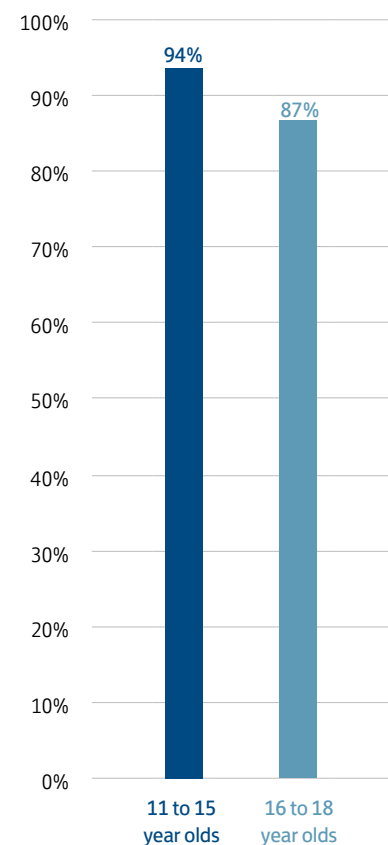
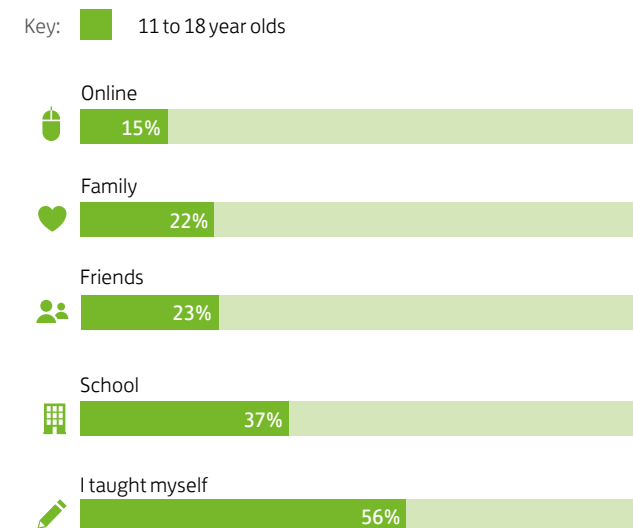


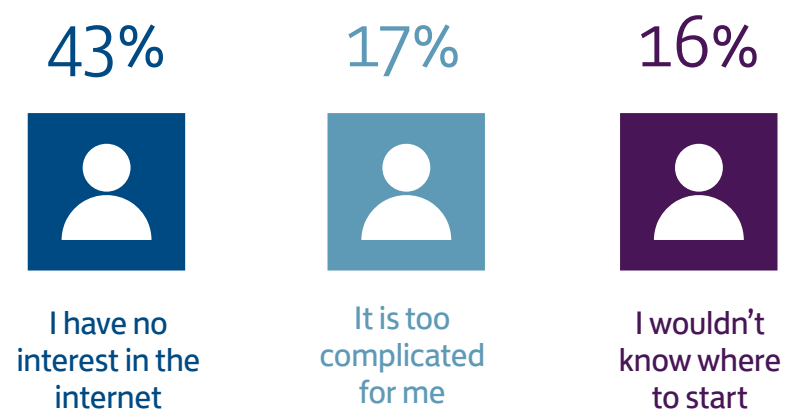
Figure 39: How have you improved your digital skills in the past school/work year? Split by age. Source 2



AGED 60+

28% of those aged over 60 are offline

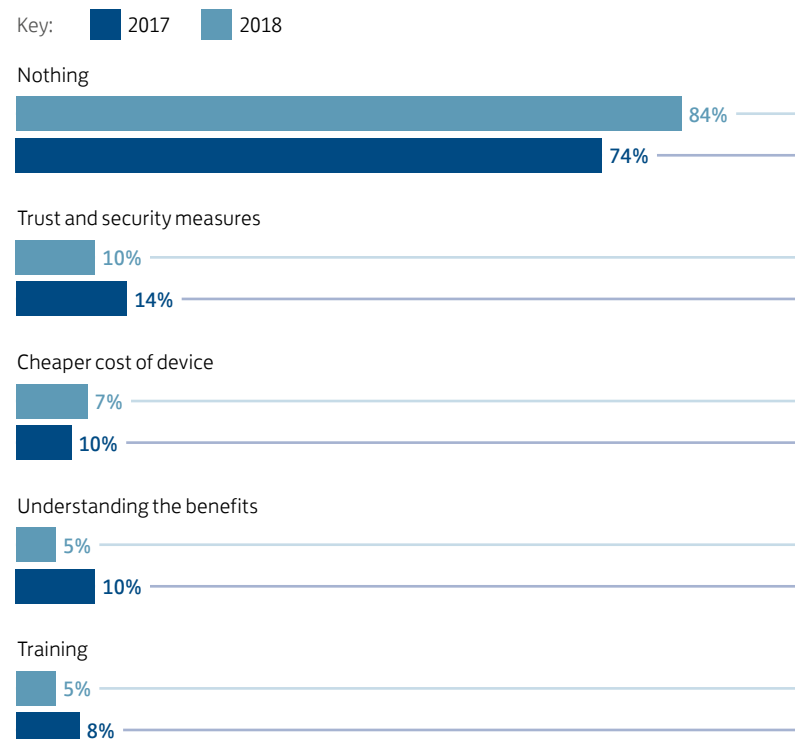
In 2017, 29% of those over 60 were digitally excluded – in 2018 there has been a one percentage point improvement²⁷. For those still offline, the three main blockers to doing more online are²⁸:



Main barrier is motivation

When asked what could help them get online, 84% responded 'nothing', which presents a real challenge for practitioners seeking to help drive change (figure 40).

Figure 40: Top five answers among those aged over 60 to 'What would help you get online?' 2018 vs. 2017. Source 3



Keeping connected is the key reason those aged 60+ are online

Figure 41 shows that a large proportion of this age group are reaping the rewards of being online; nearly two-thirds say it makes it easier to organise their lives, save time and save money. Notably, since 2017, those over 60 are 36% more likely to agree that the internet helps them to improve and manage their health.

66 This year's report indicates that older people are still facing the same barriers. These can be overcome but we are unlikely to see dramatic changes without significant investment.

In our experience, older people are most likely to want to get online when they have easy access to ongoing, one-to-one support tailored to their interests, circumstances and current digital skills. However, as a significant proportion of older people and other groups remain offline, essential services like banking, must remain easily accessible in other ways.

The Age UK Network supports older people to gain the skills and confidence to use the internet in a variety of ways, such as drop-in sessions, classes and peer support programmes. 99

Caroline Abrahams,
Charity Director of Age UK



Figure 41: Here are some things people sometimes say about going online. Do you agree with any of the following? 2018 vs. 2017. Source 3

Key: -9% to -1% 0% to 9% 10% to 19% > 20%

	Over 60 2017	Over 60 2018	% difference
Helps me connect better with friends and family	64%	71%	11%
Easier to organise life	58%	62%	7%
Helps me save time, so I can enjoy myself more	58%	57%	-2%
Helps me save money	61%	62%	2%
Manage and improve health (e.g. use a Fitbit, manage prescriptions online or source healthy recipes)	25%	34%	36%
It helps me feel less alone	—	32%	—

One in three of those aged 60+ say the internet helps them feel less alone

LIFESTAGE LINKED TO CAPABILITY

Age is an important factor when looking at digital and financial capability

Figure 42: Percentage of people with Segment 5 digital and financial capability. Split by age. Source 1

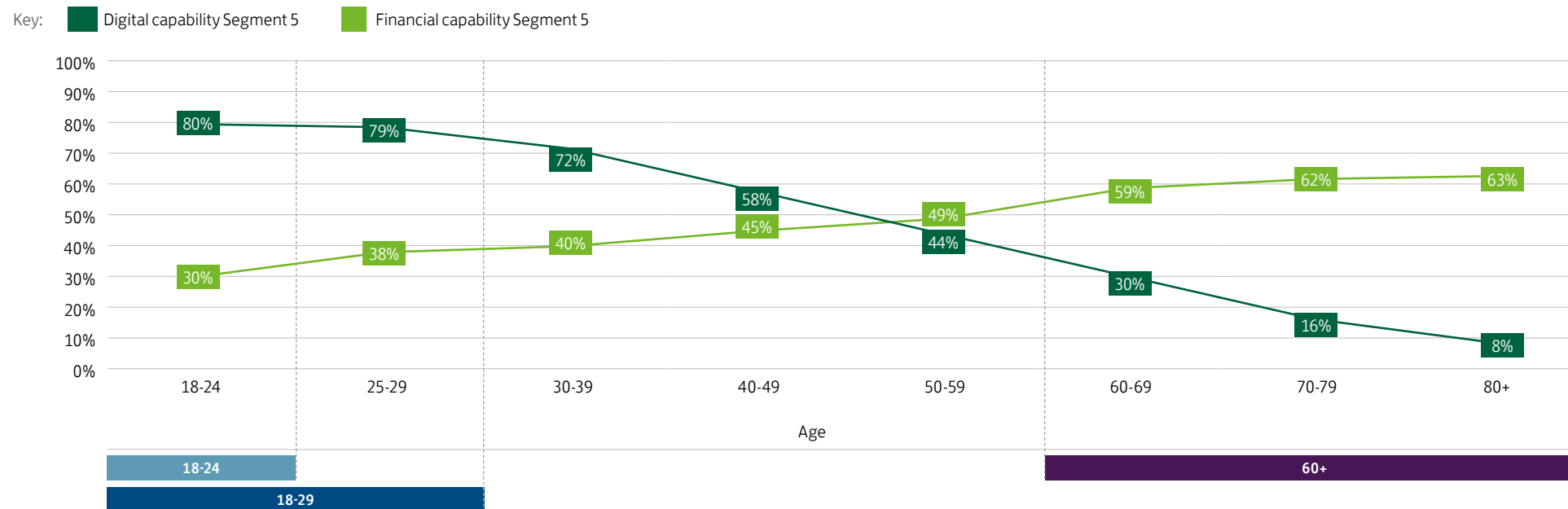
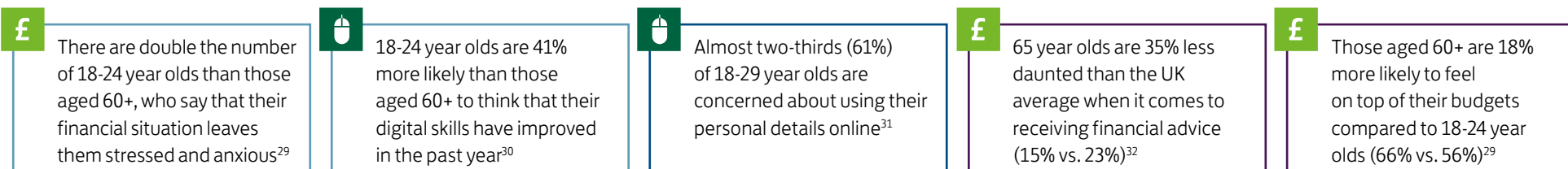


Figure 43: Comparison of digital and financial capability between age groups. Sources 2b and 3



UK Financial Capability



66

Normally I am pretty terrible at managing my finances, but thanks to my banking app I stay on track. I'm always using the app to keep a real-time track of my money to see what I can spend for the rest of the month. I keep on top of my direct debits and standing orders, and if a bill is more expensive than I thought, I can plan based around that. I always check it before I go on a night out to see how much I can spend while socialising – I can also really easily transfer money on the spot to a friend if needed.

Adam, 29, Teignmouth, South West

99

INCREASING DIVIDE IN THE FINANCIAL SAFETY NET

44% of the UK are able to cope for more than three months if their income were to stop immediately

The 2018 data shows a two percentage point increase in the number of UK citizens able to cope for more than three months in the event of a financial shock (figure 44); this is 1.3 million more people since 2017.

However, for almost one in five people (17%), the financial implications would be immediate; this is also an additional 1.1 million people (2%) compared with last year. Both of these groups have increased in size year on year, demonstrating the increasing divide in the financial safety net.

As age increases so does financial resilience

In line with the results of the 2018 financial capability segmentation, those over 50 years old are most likely to cope for more than three months. However, data from figure 44 indicates that the increased UK average of those who could cope for more than three months, is driven primarily by the 18-24 age group; they are 24% more likely than in 2017 to have financial reserves in place.

Figure 44: Imagine now that you suffered a financial shock and you suddenly lost your regular income. Based on reserves you have in place, for how many months could you cope? Split by age. Source 3

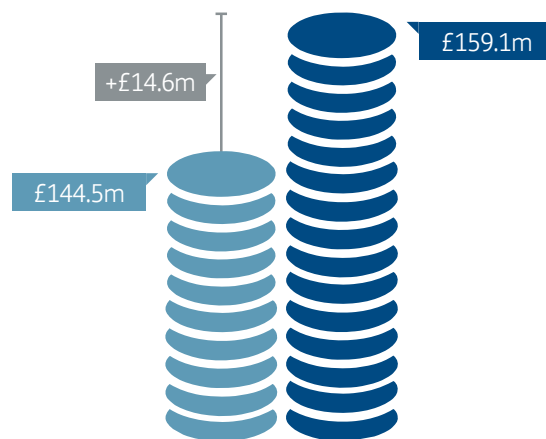
		UK average	18-24	25-29	30-39	40-49	50-59	60-69	70-79
2017	Could cope for more than three months	42%	24%	32%	38%	40%	51%	61%	68%
	Would struggle immediately	15%	23%	16%	13%	19%	13%	12%	5%
2018	Could cope for more than three months	44%	30%	31%	34%	43%	56%	65%	77%
	Would struggle immediately	17%	18%	19%	20%	18%	15%	14%	7%
% change 18 vs. 17	Could cope for more than three months	+5%	+24%	-3%	-9%	+8%	+10%	+7%	+13%
	Would struggle immediately	+13%	-23%	+20%	+57%	-6%	+17%	+18%	+51%

Those under 30 – savers are saving more than ever before

While savings levels may not be the only factor driving this, the 1 million customer sample (source 1) shows that those who are already saving, are saving more. Since 2017 there has been a 10% increase in the value being saved annually by those aged under 30 (figure 45).

Figure 45: Savings balances of those aged under 30. 2018 vs. 2017. Source 1

Key: ■ 2017 ■ 2018 ■ 2018 vs. 2017



As explored on [pages 47-49](#), with mental and financial health being linked, work by organisations such as Mental Health UK and the Money Advice Service is incredibly important to help alleviate the pressures placed by financial situations.

To undertake a money health check and receive helpful advice, visit the new Lloyds Bank Money Health Check at:
<https://www.lloydsbank.com/help-guidance/managing-your-money/moneyworries/money-health-check-landing.asp>

10%

increase in the value of annual savings of the under 30 savers, in the past year

5%

of the population think a payday loan is the answer to a financial shock³³

1.1m

more people would struggle immediately if they had a financial shock

MENTAL HEALTH AND FINANCIAL ADVICE

39% of people have suffered from financial anxiety

56% of people in the UK have reported that they are not anxious about their finances and are on top of their budget (figure 47). For many people, there have been times in the past where money worries have really affected them (31%), they have had financial stress and anxiety (16%), or worrying about money has affected their sleep (12%). Further analysis shows that 39% have agreed with all three of these statements³⁴.

Women are more likely to report being impacted by financial anxiety

Comparing men's and women's attitudes, the data in figure 46 shows that women have a greater likelihood to have experienced anxiety due to their financial situation.

The less financially capable are almost twice as likely to experience money worries

Those with low financial capability are almost twice as likely to say that their financial situation causes them stress and anxiety compared to those with high financial capability³⁵.

Split by region, the data reveals that there are large regional differences. Less than half (45%) of Londoners report being on top of their budget compared to 64% of Scottish consumers, and 65% of people from Yorkshire & Humberside who say they feel in control of their finances (figure 47).

Further regional information can be found in our regional factsheets at www.lloydsbank.com/consumerdigitalindex

Figure 46: Which of the following statements do you agree with? Split by gender. Source 3

	UK average	Women	Men	% difference men vs. women	
Financial situation causes stress and anxiety	16%	18%	13%	36%	▲
I'm not financially prepared for the future	19%	21%	17%	23%	▲
Not anxious – on top of budget	56%	55%	58%	-5%	▼
Times in life when money worries have really affected me	31%	34%	29%	18%	▲
Worrying about money often affects my sleep	12%	14%	11%	31%	▲

Figure 47: Percentage of people who agree with the statement 'I don't feel anxious about money because I am on top of my budget'. Split by region. Source 3

Yorkshire & Humberside 65%	Scotland 64%	Wales 61%	North East 59%	East Midlands 58%	West Midlands 58%
South East 57%	South West 56%	North West 55%	East England 52%	London 45%	N. Ireland 33%

For more information, tools and resources, visit:
mentalhealthandmoneyadvice.org



For those without a bank account, financial anxiety is heightened

The Toynbee Hall research shows that for 58% of the financially excluded, just thinking about money causes anxiety³⁶ and 44% struggle to cope with their finances (figure 48). This is compared to 14% of the rest of the UK who are not in control of their finances³⁷.

Low income pressures are a factor to consider for those without a bank account – almost all respondents have an annual income of less than £15,000 and 52% of interviewees take home less than £5,000 per year³⁸.

By comparison, 54% of low income individuals with a bank account struggle to cope, and this reduces further to 36% when considering the total UK population³⁹. This suggests that financial anxiety affects all, but is further amplified by the pressures of a low income.

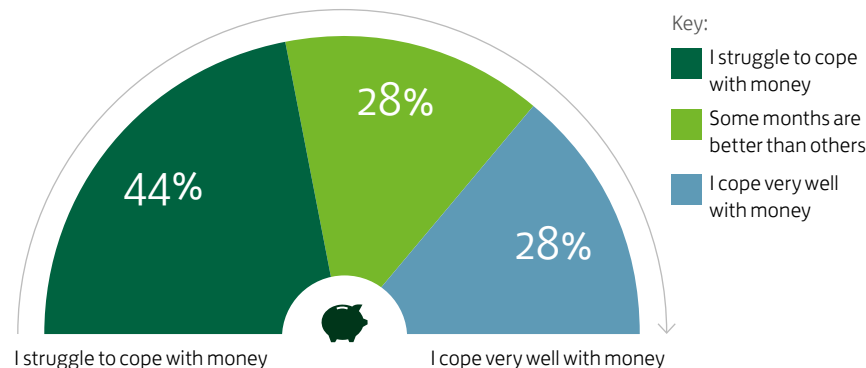
Conversely, over half of those with low income and without a bank account either feel they cope very well with their money, or that some months are better than others (figure 48).

Research from the Prince's Trust* shows that for 16-25 year olds, wellbeing has decreased since 2017; three out of five young people regularly feel stressed amid concerns over jobs and money, and one in four 'feel hopeless'.

Building on the findings from page 26, digital banking can provide a range of benefits for younger people, 73% say that 24/7 access to internet banking helps reduce money worries⁴⁰.

While wellbeing has a number of different factors, for the younger people without a bank account, the benefits to mental wellbeing that digital banking may provide are unattainable. However, the Toynbee Hall research highlights that 11% of young financially excluded people are using alternative digital money management tools (11%)⁴¹.

Figure 48: How well do you cope financially? Source 4



*Youth Index 2018, Prince's Trust

73%

of young people say 24/7 access to online banking helps reduce their financial anxiety

Highly financially capable adults are more likely to have received money advice

31% of UK adults have received or sought money management advice⁴². The data shows that those with high financial capability are 40% more likely to have had advice and guidance than those with low financial capabilities (figure 50).

With regards to money management tools used, choices are similar albeit with different uptake levels; 52% of those with high financial capability turn to banks for advice, compared to 48% of those with low financial capability⁴³. 30% of the highly digitally capable turn to family and friends compared to 25% of the low digitally capable⁴⁴. One in three people in the UK (33%) do not have a trusted person to talk to at all when in financial difficulty⁴⁵.

Preferences for financial advice and guidance are clear – 70% prefer to get this information directly from a bank and 12% would turn to parents, relatives and friends (figure 49).

Money advice users are 11% less likely to have incurred overdraft fees

Consumers who have received money management advice in the past year were 11% less likely to have incurred overdraft fees⁴⁶, demonstrating a tangible benefit. In total, 66% of people who have an overdraft also say that digital banking has helped them avoid overdraft fees⁴⁷.

Figure 49: Which one of the following is your preferred option to get financial advice and guidance? Source 2b

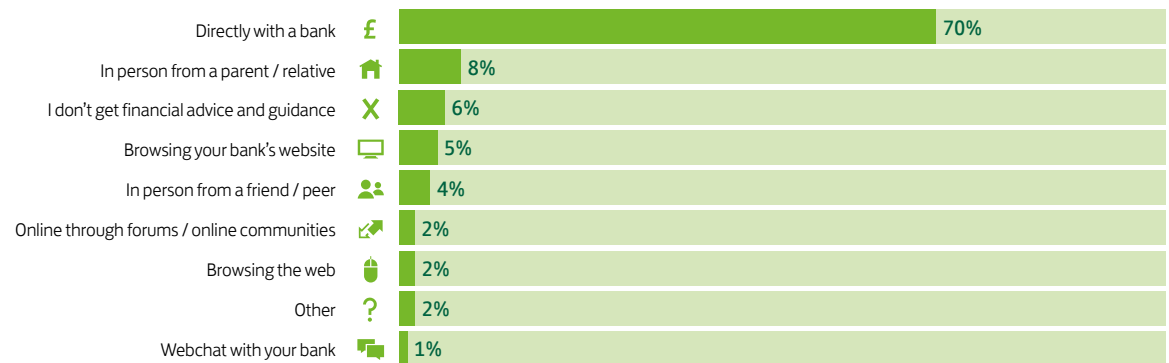
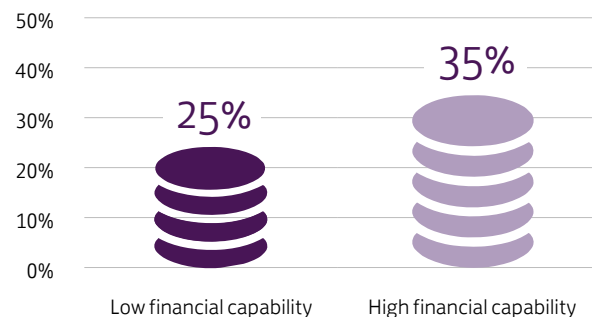


Figure 50: Comparison of high and low financial capability adults who receive financial advice. Sources 1 and 3



1 in 3
— ? —
people do not have a trusted person to talk to when in financial difficulty

REGISTERED DISABLED PEOPLE HAVE LOWER FINANCIAL CAPABILITY

The data shows that there is a real opportunity to help people with a registered disability with their financial capability:

- They are 28% more likely to be financially constrained than those without a registered disability⁴⁸
- In the event of a financial shock, one-quarter (24%) would face immediate financial hardship compared to the 15% UK average⁴⁹

Registered disabled people are 50% more likely to not feel in control of their finances

Perhaps due to lower financial capability, as figure 51 shows, when asked how in control of their finances they feel, a greater proportion of registered disabled respondents reported not feeling in control.

Link between having a registered disability and financial anxiety

One in four registered disabled people feel stressed and anxious due to their financial situation (figure 52). Compared to individuals without a disability, there is a greater percentage of people reporting that they do not feel prepared for the future, and are more likely to have times in life where their money worries deeply affect them.

This may be because registered disabled people are twice as likely to be low-income earners compared with the rest of the UK⁵⁰, and are less likely to be using tools that the data shows can mitigate some of this anxiety.



Figure 51: On a scale of 1 to 10, how in control of your finances do you feel? Source 3

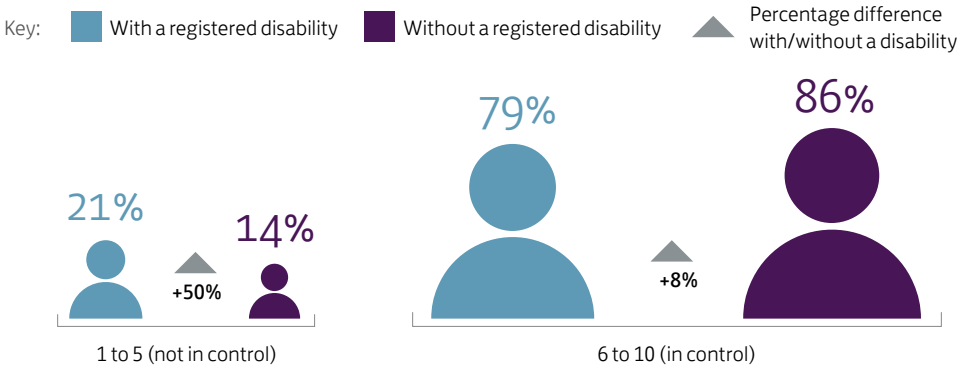


Figure 52: Percentage of those who agree to the following statements. Split by those with and without a registered disability. Source 3

	With a registered disability	Without a registered disability	% difference with disability vs. without disability
Do not plan and deal with at the time	37%	31%	19% ▲
Financial situation causes stress and anxiety	25%	15%	67% ▲
I'm not financially prepared for the future	26%	19%	37% ▲
Not anxious – on top of budget	55%	58%	-5% ▼
Times in life when money worries have really affected me	39%	31%	26% ▲
Worrying about money often affects my sleep	19%	12%	58% ▲

PEOPLE WITHOUT A BANK ACCOUNT

41% of people without a bank account see identification challenges as a barrier

41% of people without a bank account either currently do not have the right ID to open one, or they do not feel like they have the right form of verification (i.e. banks only accept photographic identification).

In 2018, 1.5 million adults do not have access to a bank account;* 190,000 fewer than last year.

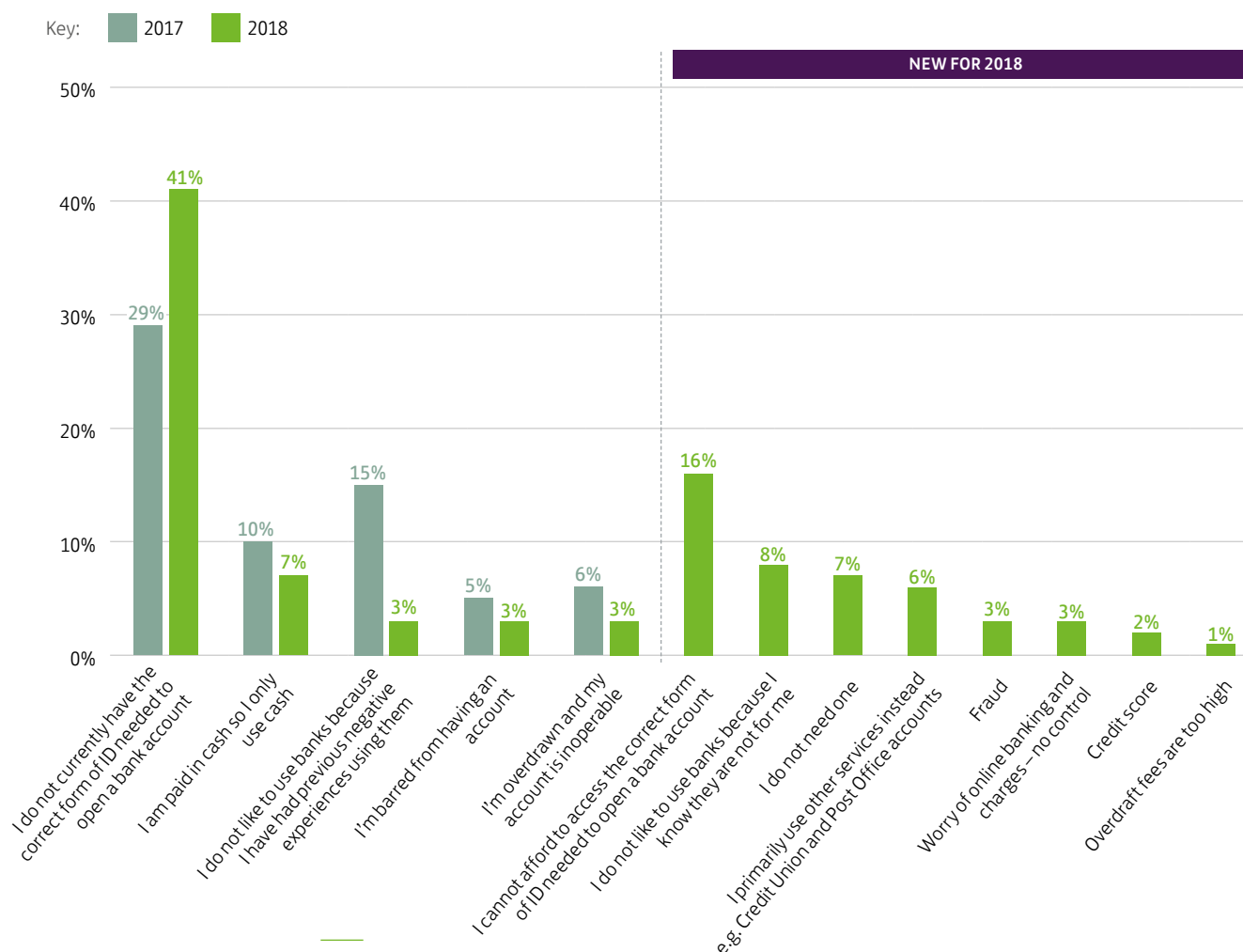
For the first time, there is year-on-year data outlining the main barriers to having a bank account. The main reason provided relates to not having valid identification (figure 53). For 16%, the costs of driving licences and passports are a key factor. The data also shows that 6% of individuals are seeking alternative solutions to traditional bank accounts.

Figure 53 shows that reasons for not having a bank account fall into two groups. One group is defined by respondents who are not motivated to obtain a bank account, stating that they 'don't need one' and 'they primarily use other services instead'. The other group is unable to obtain an account due to particular circumstances, such as being blocked by the issue of identification.

There are a number of reasons why people may not have the correct ID, they may have tried to open an account with the ID they have and been turned down, cannot afford the correct form of photo ID, or do not realise they already have sufficient verification.

*Financial Inclusion Annual Monitoring Report (2017):
<https://www.birmingham.ac.uk/Documents/news/15518-CHASM-Report-Stage-4.pdf>

Figure 53: Main barriers to having a bank account. 2018 vs. 2017. Source 4



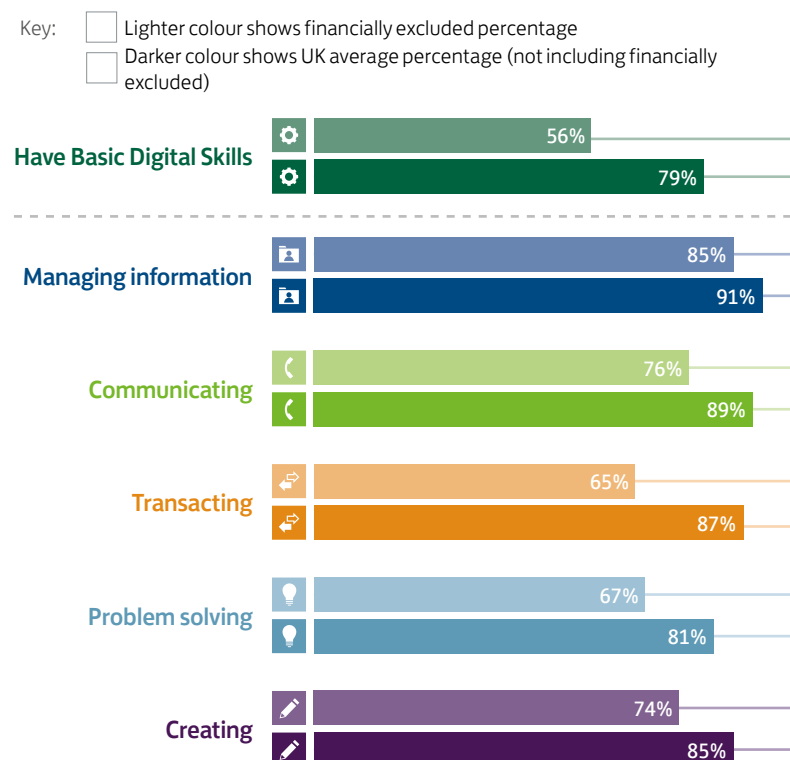
Just over half (56%) of the financially excluded population have Basic Digital Skills* – they are 29% less likely to have all five skills compared with the UK average

While the data is not wholly comparable due to very different sample sizes, surveying the financially excluded respondents shows a clear gap between people without a bank account and the UK averages for Basic Digital Skills; the most significant of which being on 'Transacting' where the financially excluded are 25% less able (figure 54).

Although there are other ways to transact online and manage money, not having a bank account is a factor influencing this trend. The Toynbee Hall research also shows that only 6% of respondents are using non-bank alternatives, such as Credit Unions and the Post Office, to transact and manage money (figure 53).

Another factor appears to be confidence in mobile payments. Despite tools such as Pockit and the Change Account, 64% say that they would not feel comfortable making payments with their smartphones⁵². This suggests that even if they were aware of such opportunities, they may not have the confidence or skills to use them.

Figure 54: Basic Digital Skills. Those without bank accounts vs. the rest of the UK. Sources 2a and 4



66 I go online to search for a job and to use Facebook, Snapchat and Instagram. I think it's all secure and I have passwords that people can't guess. 99

Shane, 21

66 I've tried with the internet but it's so complicated. I can email on my phone using free Wi-Fi. My kids have tried to show me how to use it, but my illness makes me forget things and I'm worried I'll get my passwords wrong. 99

Jane, 60

*Financially excluded Basic Digital Skills data was calculated based on responses to identical questions asked through a survey conducted by Toynbee Hall



I was originally self-taught as I built up my digital skills, but then signed up for a 'learn my way' course at the local library to improve my knowledge. Since completing the course I feel much more confident and now use my online skills on a daily basis to manage my finances, go shopping and to help with my hobbies and interests. I now volunteer at the library to support new learners and the disadvantaged in the local community as I believe digital inclusion massively supports social inclusion as the library and courses bring residents together.

David, 55, Newcastle upon Tyne, North East





Everyone needs new skills to thrive in today's digital world, whether at home or at work, and the Consumer Digital Index provides a very valuable insight into the current environment and the digital skills gaps that exist. We have been pleased to work with Lloyds Banking Group and our partners on the new Basic Digital Skills Framework launching May 2018, and have built on the current measure to identify the skills needed in life and at work. This is with the aim of driving action that will help; whether for an individual wanting to understand what skills to learn, or for a policy maker needing to decide on priorities for skills development. Working together, we can make a real difference to digital skills, to the benefit of individuals and to the nation.

Karen Price OBE, Chief Executive, The Tech Partnership



The commentary around 'digital access does not guarantee digital adoption' really struck a chord for Cisco, where real drivers for change come from adoption. At Cisco we build adoption practices to ensure our customers successes and we are very much looking forward to sharing this with Lloyds Banking Group to support the UK on helping to drive digital skills and awareness, but also crucially in adopting these skills for life.

Amanda Price, SMB Digital Acceleration and Inclusion Lead, Cisco



We're pleased to see that this year, over 470,000 people have moved up the scale, gaining at least one Basic Digital Skill, whereas they had none before. These people are amongst the hardest to reach, and will have the most to benefit from the skills they gain. With 11.3 million adults still lacking all five Basic Digital Skills, there is a hard task ahead, and one that will only get harder as those who are offline now are among the most excluded in our society. By focussing on continuing what works, working in partnership and co-ordinating effectively, I think we can make a huge impact not just on reducing this number, but on improving people's lives.

Helen Milner, Chief Executive, Good Things Foundation



HM Revenue & Customs



For us in HMRC, digital capability isn't about being a technical expert, but rather about understanding what digital tools are available and how to get the most out of them. To help our people gain this understanding, we've used The Tech Partnership's Basic Digital Skills framework in a number of areas in our organisation to help assess digital skills levels. We welcome the revised framework and its focus on the workplace, and plan to continue to use it as we invest in the digital skills of our people.

Lily Lewis MBE, People Experience Programme, HMRC



Digital transformation is not easy and the pressure of fast-changing technology and disruptive competition means that we rely heavily on data to help us make smart decisions at speed. At Digital Leaders, we recognise the value of analytical data and we welcome the Lloyds Bank Consumer Digital Index as a pathway to making progress on digital inclusion and skills for the country. Improving digital skills for all is crucial for the UK's future prosperity, productivity and for society – it is heartening to see organisations such as Lloyds Banking Group working with partners to bridge the digital skills gap.

Jacqueline de Rojas CBE, Chair of Digital Leaders and President of techUK



ABOUT US

At Lloyds Banking Group we work with partners and policymakers to enhance the UK's digital skills capability to Help Britain Prosper

In an increasingly digital world, Lloyds Banking Group is building its business and strategy with customer needs firmly at the centre. Responding to the changing pace of the digital landscape, we are working to build the bank of the future with colleagues, customers and communities in mind.

In order to truly understand customer needs and attitudes, the Capability and Inclusion team strive to use data for good. In partnership with academics, large corporates, social enterprises, charities and government agencies, we work to understand the UK's digital capabilities so that we can partner with organisations and implement initiatives that will make a real difference.

In 2017 alone, working with our telephony and branch colleagues, we helped 700,000 people face to face. As part of our Helping Britain Prosper plan*, we will train a further 1.8 million individuals, small businesses and charities in digital skills by 2020.

We are always looking for partners who are as passionate about the agenda and data-driven change, as we are.
Please get in touch at:
DigitalSkillsInclusion@lloydsbanking.com

THE INDEX REPORT

Annual behavioural study of **1 million consumers**

We speak to **2,700 consumers directly** on the phone and data-match their behaviours with their attitudes

In total we speak to **9,000 consumers** face to face or on the phone to understand how they feel and what they think

THE IMPACT

Underpins the Lloyds Banking Group Helping Britain Prosper plan to support digital capability across the UK

The insight informs financial wellbeing and digital skills programmes, including our Digital Workshops, helping small businesses, charities and our network of 25,000 Digital Champions to support their local communities

Used by corporates and practitioners to inform training provision – study has underpinned the Google Garage proposition and informed HMRC's colleague digital skills training

Provides the insight that underpins the UK Government's Digital Skills Partnership initiative with cross-sector partners

The Basic Digital Skills framework is shaping the Department for Education's Digital Skills Entitlement policy, providing free digital skills training for UK adults from 2020

*Lloyds Banking Group Helping Britain Prosper Plan:
<http://www.lloydsbankinggroup.com/Our-Group/responsible-business/prosper-plan/>

Find out more

Join the conversation:

-  The full report and other content can be found online:
www.lloydsbank.com/consumerdigitalindex
-  Join the conversation: #DigitalIndex18
-  Please refer to our website for appendices, regional data and helpful links and resources
-  Please get in touch at:
DigitalSkillsInclusion@lloydsbanking.com

Please contact us if you would like this information in an alternative format such as Braille, large print or audio.

Great care has been taken to ensure that the information used here cannot be in any way traced to a specific individual. This report has used aggregated data across social and demographic groups to highlight the trends and insights that will help consumers, charities and UK Government to understand more about our nation's digital and financial inclusion landscape.

Lloyds Banking Group includes companies using brands including Lloyds Bank, Halifax and Bank of Scotland and their associated companies. More information on the Lloyds Banking Group can be found at lloydsbankinggroup.com

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