

Money on Your Mind

How employee financial worries impact productivity at work.



Your mind is racing.

You're living on your overdraft. You're calculating how you're going to pay the rent let alone cover the bills. The weekly shop has to be reduced because you've eaten up all your savings. And no, there's not a chance in heaven you're making it to the dinner you've had arranged with your friends. And oh wait! You've got a deadline for a piece of work to be delivered by the end of tomorrow.

You can't concentrate. Your financial worries play front and centre in the mind, they won't budge until they're gone.

Your attention, your efforts, and most importantly, the enjoyment that you once had within your role, has all but gone. As these worries eat at you, sleep becomes a stranger, you're snapping at unsuspecting colleagues, and taking more smoke breaks offers you the slightest, shallowest bit of respite.

You may not realise it, but you're a vulnerable individual. And you're not alone. According to a recent report by the FCA which outlines guidance for financial organisations on the fair treatment of vulnerable customers, nearly half of UK adults display one or more characteristics of being potentially vulnerable.

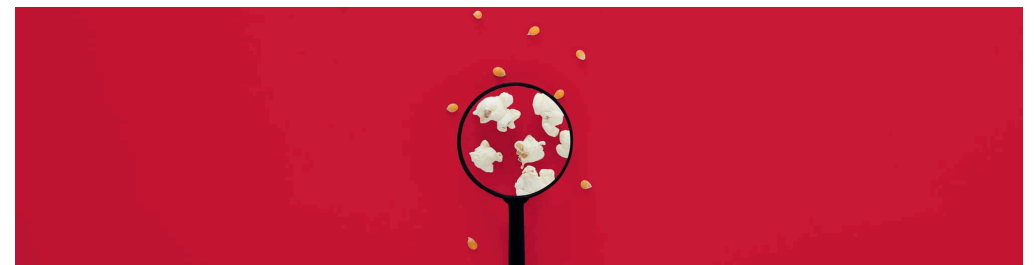
If we focus our attention on **debt**, and the harrowing personal impact it has, as well as its effect in the workplace, then we see

that one in eight employees in the UK reported debt as being a significant issue for them. Such financial worries contribute to being one of the single biggest causes of stress, according to new research from Close Brothers which assessed the financial wellbeing of employees.

In a recent study by Salary Finance, those who are financially worried are taking, on average, at least one or more sick days a year linked with their financial issues.

The consequences span much further when you take into account that stress is the leading cause of unhealthy behaviours such as smoking, weight gain, alcohol and drug abuse – not to mention the cost of your relationships breaking down too. Those with high levels of debt suffer more health problems like migraines, ulcers, back pain, depression, high blood pressure and insomnia.

It can be hard to truly quantify the impact debt has on the employee and the employer, but by the looks of the statistics, the impact isn't small.



So why are we becoming over-indebted in the first place?

It's a million dollar question and one that certainly doesn't have a straight-forward answer. Sopra Steria's Chemistry team aimed to unpick the underlying reasons and zoomed in on one specific topic – payday loans.

With nearly 7 out of 10 payday loan borrowers being over-indebted, compared with 15% of UK adults, it's safe to say that it's a good indicator for someone experiencing financial difficulties. We hosted a workshop with guests from The Carnegie UK Trust, StepChange, Money Advice Scotland and the Edinburgh Food Project to explore what's driving people to apply for payday loans. Our focus was on employees in Healthcare, the Armed Forces, Councils, Retail and the Gig-economy as these industries employ the largest proportion of payday loan applicants.

No 'one size fits all'

As the workshop progressed, we realised that within each of the industries, the root causes may be very different. Below is an example of our many assumptions against each industry:

- **Armed Forces** – Financial literacy may be a key factor here, as highly skilled personnel transitioning out of the army with little knowledge or experience of managing their finances in civilian life.
- **Healthcare** – A larger concentration of staff may work irregular hours and within major cities and so understandably, expenses such as rent, utilities, childcare, travel and food among others, are significantly higher.
- **Councils** – Roles ranging from waste collectors to social workers to teachers – all of which are more likely having to work unpaid overtime. A broader reasoning for this was attributed to cuts in public spending.
- **Retail & Hospitality** - staff are more likely to have zero-hour contracts and irregular shift patterns to accommodate for the demand for shopping by consumers, making it difficult to predict outgoings and budgeting for the following month.
- **Gig-economy** - workers are effectively 'self-employed', they aren't entitled to sick pay or holidays. Put simply, if they don't work, they don't get paid. Additionally, the cost of their capital is high. It isn't within the employers 'right' to cover the cost should their car or motorbike breakdown whilst they're out on a job for example.

While the characteristics of workers differ across sectors, we identified some further underlying behavioural and social trends that may drive people from all walks of life to make questionable financial decisions.

Accessibility & Convenience

Payday loans offer a quick and easy fix which perfectly suits the 'here and now' expectations of the modern customer. They are simple to apply for, provide quick if not instant access to money and allow you to hide behind a screen without having to answer any difficult or embarrassing questions.

Accountability

The digital world has brought about the concept of 'distance' between ownership and accountability. Removing the need to physically hand over your money and truly feel its weight plays a role in overspending. This mentality, often fuelled by 'buy now, pay later' offers in the market can perpetuate in falling into severe debt.

Taboo

Money can be considered a vulgar topic. When you struggle to make ends meet, talking about it and asking for help isn't easy. It hits your pride and your self-esteem. That's why we still order that £10 glass of chardonnay instead of tap water when we're out with friends, knowing full well that it will end up adding another zero on our credit card debt.

Okay, so what can be done?

Employers have a real opportunity to create better ways of supporting those who might be experiencing financial difficulties. The fintech market specialising in this space is booming and the financial services companies as well as policy influencers are actively looking for ways to collaborate to address this challenge together.

Not only is it a good thing to do, but it also makes business sense. It helps maintain motivation, productivity and wellbeing at work contributing to positive performance.

People are what makes or breaks a business after all – as an employer you can take a step in making sure that your people do not reach their breaking point.

About Chemistry

Sopra Steria launched Chemistry, an ecosystem bringing together established financial services organisations, fintechs, academia, charities and subject matter experts to solve the biggest consumer challenges using technology. With half of UK adults displaying a behaviour characteristic of a potentially vulnerable customer, Chemistry focuses on using the power of data to identify, prevent and mitigate vulnerable situations.

Interested? Click [here](#) for more information or contact Kerry Nicolaides who is leading the Chemistry Programme - Kerry.Nicolaides@soprasteria.com.

Delivering genuine change for good

Welcome to Chemistry

The Sopra Steria ecosystem



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Thank you for reading

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