Student Diagnostic Tool

A YouthSight report for Money Advice Service
June 2018
Why read this report?
The business challenge and research objective

The Money Advice Service (MAS) has been working with the National Association of Student Money Advisers (NASMA) to help provide students with sound money advice and reduce student poverty. NASMA has been successful in this effort so far, being recognised as a leading authority on matters relating to student advice and funding.

MAS has previously created a financial segmentation of the general population. NASMA has found this useful in helping with its work. However, it could be further refined for students (who are NASMA’s core audience).

MAS therefore decided to commission an additional diagnostic tool to help NASMA achieve its aims.

YouthSight was contacted due to our expertise with students and award-winning research techniques.

YouthSight ran a survey on the financial capability and financial position of students for MAS and NASMA. The data was analysed to create 5 separate student groups to help NASMA understand and identify the subtle differences amongst the students it helps.

The overall research objective was to:

• Identify and create a diagnostic toolkit for NASMA and MAS, to help them understand the subtle differences between students’ financial capabilities and financial positions

Detailed methodology in the Appendix and separate technical report
Who is YouthSight?

We are an award-winning agency.

We help our clients become more profitable through actionable Gen Z and Millennial insights.

Our clients generally struggle with remaining relevant, targeting and growing market share.

We work with them to gain a competitive advantage by embracing fresh trends, understanding youth culture and trusting our knowledge of the youth market to solve their business problems.
Executive summary
The 5 student groups

- NASMA works with students, giving them advice on how to manage their finances in a healthy way. It works to combat student poverty through specialist advice and is recognised as a leading authority on matters relating to student advice and funding.
- MAS has previously developed a segmentation for the general UK population, which does not focus on students as a separate group. We therefore wanted to work with the best of MAS’ current segments and expand on them to see the unique characteristics of different types of students.
- This subtle distinction between students is important to help NASMA better help students through understanding their motivations, attitudes and behaviours. This student diagnostic tool is therefore crucial in helping to further the good work of NASMA.
- This work has identified 5 groups of students who have different money situations and ways of coping. These groups are:

<table>
<thead>
<tr>
<th>Group</th>
<th>Background</th>
<th>Financial Experience</th>
<th>Attitude</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supported and Sensible</td>
<td>Most affluent</td>
<td>Limited</td>
<td>Responsible</td>
</tr>
<tr>
<td>Confident and Thrifty</td>
<td>Least affluent</td>
<td>Extensive</td>
<td>Debt averse</td>
</tr>
<tr>
<td>Inexperienced and at Risk</td>
<td>Average affluent</td>
<td>Almost none</td>
<td>Well intentioned</td>
</tr>
<tr>
<td>Anxious but Spending</td>
<td>Average affluent</td>
<td>Moderate</td>
<td>Often heedless</td>
</tr>
<tr>
<td>Disengaged and Overwhelmed</td>
<td>Average affluent</td>
<td>Moderate</td>
<td>Fatalistic</td>
</tr>
</tbody>
</table>
Student groups by nation

England

- 81% of students
- Supported and Sensible: 25%
- Confident and Thrifty: 22%
- Anxious but Spending: 21%
- Inexperienced and At Risk: 17%
- Disengaged and Overwhelmed: 15%

Wales

- 6% of students
- Supported and Sensible: 25%
- Confident and Thrifty: 23%
- Anxious but Spending: 24%
- Inexperienced and At Risk: 13%
- Disengaged and Overwhelmed: 15%

Scotland

- 10% of students
- Supported and Sensible: 26%
- Anxious but Spending: 23%
- Confident and Thrifty: 17%
- Inexperienced and At Risk: 17%
- Disengaged and Overwhelmed: 16%

Northern Ireland

- 2% of students
- Supported and Sensible: 20%
- Confident and Thrifty: 32%
- Anxious but Spending: 20%
- Inexperienced and At Risk: 12%
- Disengaged and Overwhelmed: 16%

Green arrows indicate where a student group size is larger than average by 3% or more. Red arrows refer to where a student group size is lower than average by 3% or more.

Average across the UK: 25% Supported and Sensible, 22% Confident and Thrifty, 17% Inexperienced and At Risk, 21% Anxious but Spending, 15% Disengaged and Overwhelmed.
Body of the report
Throughout this report we will refer to students - by that we mean undergraduate students who are attending university full time in the UK.

We have structured this report to explain the characteristics of each student group we’ve identified. As a result, not all questions asked in the survey are visualised in this report.
Segmentation overview
How the segmentation was created
Methodology: 5 student groups were identified using several multivariate techniques

1. Online survey
   - An online survey was conducted with 5118 students in the UK
   - It was nationally representative by nation, university group and course year
   - It looked at their attitudes and experiences of money at university, along with demographic details

2. Selection of variables
   - We examined all the variables collected from the survey to identify which to use in the segmentation
   - This was a qualitative exercise based on our learnings from discussions with MAS and NASMA, combined with examining variables that showed a good differentiation across respondents

3. Principle Components Analysis
   - 23 variables were selected in stage 2
   - In order to simplify this to use in the clustering process, we ran a Principle Components Analysis with a Varimax rotation
   - This identified 7 factors that were distinct from each other, using all 23 variables

4. Convergent Cluster Analysis
   - Convergent Cluster Analysis was used to create a number of segment solutions
   - It works by generating clusters which contain similar respondents, using the 7 factors identified previously
   - Within a segmentation solution, the clusters are distinct from each other

5. Evaluation of segments
   - We evaluated the segment solutions that had been generated, to see which related best to real-life students
   - This segmentation was then discussed with MAS and NASMA, to ensure they also felt it correctly represented students
   - We found 5 student groups, which will be explained in this report

A detailed methodology is available in the Appendix and separate technical report.
The diagnostic tool explores 3 key aspects of students’ lives: Background, Experience and Attitude
The 3 key aspects explained the differences between the 5 student groups

### Background

The environmental factors that affect their relationship with money

- Students’ backgrounds will range considerably, with each type of background impacting on students in different ways.
- Students from affluent families are likely to have more support for any financial needs while at university. The same is true for those who are living at home.
- Students from less affluent families will have less of a cushion in place.

### Experience

The experience they have had with money, financial products and debt so far

- There is a wide range of experience with money and financial products amongst students, with some also experiencing debt and repayments.
- Some students are very money-savvy, knowing how to budget and manage their money effectively to save money and avoid falling into debt.
- However, other students may still rely on their parents for advice and income, or may be living at home so haven’t had to think about financial responsibilities yet.

### Attitude

The attitude they have towards money, from spending to saving

- Students’ relationship with money is impacted by their attitude towards saving and spending.
- Financially responsible students work out budgets and stick to them, monitoring their money and avoiding overspending. They may or may not be able to save money on top of avoiding debt.
- Other students can be less mindful of their budget, with their spending sometimes leaving them in debt. This could be due to outside pressures or their attitude to money.
Mapping the 5 student groups onto the current MAS segmentation
The current MAS segmentation identifies 3 types of financial situation: Cushioned, Squeezed and Struggling

**Cushioned**
- 48% of the UK population
- “The most financially resilient group with the highest levels of income and savings and the lowest proportion of over-indebted. They are the most highly engaged with their finances.”
- More likely to keep up with bills without difficulty
- More confident managing money
- Think they budget well

**Squeezed**
- 25% of the UK population
- “Working-age consumers with significant financial commitments but relatively little provision for coping with income shocks. They are digitally savvy and have high media consumption but this is more for entertainment than financial information.”
- Less likely to keep up with bills without difficulty
- Not confident managing money
- Least likely to think they budget well

**Struggling**
- 23% of the UK population
- “They struggle to keep up with bills and payments and to build any form of savings buffer. They are the least financially resilient and the most likely to be over-indebted.”
- Less likely to keep up with bills without difficulty
- Less confident managing money
- Unlikely to think they budget well

Source: Market Segmentation, An Overview - the Money Advice Service
The student diagnostic tool identifies 2 extra groups that fall on the existing scale:

**CUSHIONED**
- They are **cushioned** by their family's money, leaving them comfortably off
- They have the highest savings, and are unlikely to be in debt
- They find it easy to keep up with bills since their parents pay their bills

**SQUEEZED**
- They come from a less affluent background
- They budget well - their money saving skills mean that they have managed to save a lot of money
- They are comfortable, but need to stay on top of their money to keep this stability

**STRUGGLING**
- They are living at home, often in more expensive areas like London
- They don’t have to pay household bills but are still struggling to save, leaving them **squeezed**
- They are unaware of their financial situation and have no provisions for income shocks

**Supported and Sensible**
- Although they may come from a comfortable background, their university life is likely to feel more squeezed
- Outside pressures and difficulty budgeting may leave them in debt
- They struggle to repay debts, leaving them strapped for cash
- They don’t see the value in saving and budgeting, or why they should do it
Overview of the student groups
Each student group has unique characteristics according to their background, experience and attitude towards money.

**Supported and Sensible**
- **25%**
- This group is cushioned. They have support and advice from their parents meaning they’re unlikely to fall into debt. However, their experience with money is limited.
- **Background**: Most affluent
- **Financial Experience**: Limited
- **Attitude**: Responsible

**Confident and Thrifty**
- **22%**
- This group is money savvy. They come from less affluent families and have a responsible attitude to money. Their bills are paid on time and their savings are high.
- **Background**: Least affluent
- **Financial Experience**: Extensive
- **Attitude**: Debt averse

**Inexperienced and at Risk**
- **17%**
- This group is inexperienced. They live at home and their parents pay for all the household bills. They’re not in debt but are not managing to save, despite wanting to.
- **Background**: Average affluence
- **Financial Experience**: Almost none
- **Attitude**: Well intentioned

**Anxious but Spending**
- **21%**
- This group is impulsive. They have pressures and overspend, despite knowing they can’t afford it. This means they have debts and fall behind on payments.
- **Background**: Average affluence
- **Financial Experience**: Moderate
- **Attitude**: Often heedless

**Disengaged and Overwhelmed**
- **15%**
- This group is in trouble. They are deep in debt, using payday loans and overdrafts to get by. They are disengaged and have a fatalistic view – they feel change isn’t possible with the pressures they face.
- **Background**: Average affluence
- **Financial Experience**: Moderate
- **Attitude**: Fatalistic
Supported and Sensible
Supported and Sensible - Their finances are healthy thanks to parental support

- **86%** are satisfied with their life  
  vs **80%** average

- **77%** are satisfied with their financial situation  
  vs **56%** average

A typical issue...

"I'm not in debt and my parents deal with most of my bills. I save a bit and want to be able to afford a good life after Uni, but I could plan my finances better. I want to be able to save while still having fun."

Comfortable but sheltered

This group is cushioned - their parents are helping them with their university costs, from fees to accommodation and everyday bills. Even their mobile phone is paid for. As a result, they are highly dependent on their parents, both for money and advice.

They don’t have to worry about money on a day to day basis, and so aren’t used to adapting to a limited budget. Instead, they use some of their extra income for savings, thinking about their future homes and life after university. They recognise their advantageous situation, but may overestimate their financial expertise.

Note: ‘A typical issue’ is an example of the issues they may face, not a direct quote.
**Background:** Single, young students from affluent families, who are living with friends at university

### Who they are...
- Average gender split
  - 19 and under: 36% Male, 40% Female
  - 20 and over: 64% Male, 60% Female

### Younger than average
- More likely to be single
  - 94% vs 86% average

### University life...
- More likely to go to a Russell Group university
  - 27% vs 39% average
- More likely to live in university accommodation
  - 42% spend £1001 - £2000 on university accommodation per term vs 36% average
- More likely to live with students
  - 61% vs 68% average
- Most likely to live with student housemates or lodgers

### Family life...
- More likely to be affluent
- Family is more likely to own their own home vs 76% average
- More likely to have immediate family members who’ve been to university
  - 45% father/step-father vs 41% mother/step-mother
- 71% vs 64% average
- Least likely to receive a bursary AND parents are more likely to pay university fees

### Family life...
- 87%
Experience: They feel confident in their abilities but haven’t had to deal with credit or bills yet

Confident but reliant on parents...

- Feel confident managing their money, but only 87% vs 73% average.
- They feel confident making decisions on financial products, 55% vs 57% average.

Savvy with money but go to parents for advice...

- More likely to have any type of savings, e.g. savings account, ISA, investments, 69% vs 62% average.
- More likely to know about advice providers, but actually go to family for advice, 87% vs 81% average.

They keep up with bills because they don’t have to pay many...

- Find it easy to keep up with their bills and don’t shop around...
- Because their parents are paying for their bills, 96% haven’t fallen behind on bills vs 88% average.

No credit cards and no debt...

- Less likely to have a credit or store card...
- 26% have a credit card vs 30% average.
- 7% have a store card vs 12% average.

Have no outstanding debts...

- 75% have no outstanding debts.
- Unlikely to take out any loans other than student loans and pay bills in full.
Attitude: They feel happy and are able to save, but don’t properly plan how to achieve their goals

Keen on saving...

- Saving for a house and living expenses after university
- Goal for the next 5 years is to save money in general: 76% vs 71% average
- Only save in some months likely to have more savings than other groups: 10% have £3000 - £4999 in savings vs 8% average

Not big spenders...

- Buy things on impulse: 34% vs 46%
- More satisfying to spend money than save it: 28% vs 38%
- Feel under pressure to spend: 18% vs 33%
- Run short of money due to overspending: 9% vs 31%
- Buy things when they can’t afford them: 6% vs 27%

They keep track of their money but don’t need to adapt...

- Say it’s important to keep track of their money, but...: 98% vs 93% average
- Don’t change what they spend because of their tracking: 42% vs 35% average
- Have time to manage finances: 
- Would ask their parents for help with an unexpected bill: 

Great emotional health...

- Their financial situation doesn’t make them anxious
- Least likely to experience any negative moods or behaviours because of their financial situation

Say it’s important to keep track of their money, but...
Supported and Sensible - Recommendations

Problems they face now

• Saving consistently: This group tries to save but has trouble doing so regularly

• Building credit: They are in a position to build good credit, but need to understand credit referencing

• Preparing for the future: This group wants to achieve long-term goals like owning a house. However, since they are comfortable now they may not have started preparing for it beyond some savings

Problems they might face in the future

• Managing finances: They want to grow and become more independent in the future but are lacking experience in managing their finances

• Lack of financial product knowledge: They don’t have experience of choosing financial products, so may struggle with this in the future

• Shopping around: They haven’t had to think about how to get a good deal yet, meaning they may struggle when trying to get a good deal in the future, e.g. for utility bills

How to engage them

➢ Target through their parents: Parents are a huge influence in their lives. Convincing parents that NASMA is a reliable and trustworthy source will help with parental approval/recommendations

➢ Focus on achieving future goals: This group has high aspirations for the future. Focussing on goals like owning a house will help NASMA connect with them

➢ Aspirational online content: Engaging articles and content around how to achieve aspirational goals will be attractive to this group
Confident and Thrifty
Confident and Thrifty - They have their finances figured out

A typical issue...

I don’t come from a rich family, so I’ve had to learn the hard way how to get into good financial habits. I save regularly, and am reluctant to spend money. I have set financial goals, and rarely get into debt. Is there anything else I can do to set myself up for the future?

83% are satisfied with their life vs 80% average
62% are satisfied with their financial situation vs 56% average

Students in this group come from less affluent backgrounds and as a result have had to fend for themselves financially. They generally pay all their own bills and have a good degree of experience in financial matters. This has equipped them well for the future - they have healthy saving and spending habits.

Their financial situation doesn’t tend to have a negative emotional impact on them, and they put money into savings regularly. They think about the future financially, and have a clear plan of how they will achieve their financial goals. Of all the groups, they have the firmest grasp on their personal finances.

Note: ‘A typical issue’ is an example of the issues they may face, not a direct quote
**Background**: More experienced students from less affluent families, who are more likely to be paying their way at university

**Who they are...**

<table>
<thead>
<tr>
<th>Gender Split</th>
<th>Average gender split</th>
<th>Older than average</th>
<th>Less likely to be single</th>
</tr>
</thead>
<tbody>
<tr>
<td>19 and under</td>
<td>36%</td>
<td>27%</td>
<td></td>
</tr>
<tr>
<td>20 and over</td>
<td>64%</td>
<td>73%</td>
<td></td>
</tr>
</tbody>
</table>

**Family life...**

- **Family is less likely to be affluent**
- **More likely to rent from a private landlord**
  - 37% spend £1001 - £2000 on university accommodation per term vs 36% average
- **Most likely to live with their partner**
- **Least likely to have immediate family members who’ve been to university**
  - 57% vs 64% average

**University life...**

- **More likely to go to a Post-1992 university**
- **Group most likely to go to university in Northern Ireland**
  - 4% vs 2% average

**Family more likely to rent their home from a local authority or housing association**

**Most likely to receive a bursary AND parents are less likely to pay university fees**
Experience: They feel confident in their abilities and have a large amount of experience dealing with financial responsibility

<table>
<thead>
<tr>
<th>Confident and independent from parents...</th>
<th>Savvy with money and likely to shop around for deals...</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>87%</strong> Feel confident managing their money, and...</td>
<td><strong>67%</strong> correctly say less vs 62% average</td>
</tr>
<tr>
<td>vs 73% average</td>
<td></td>
</tr>
<tr>
<td><strong>73%</strong> feel confident making decisions on financial products</td>
<td><strong>83%</strong> correctly say £102 vs 81% average</td>
</tr>
<tr>
<td>vs 57% average</td>
<td></td>
</tr>
<tr>
<td>More likely to be financially independent from parents and less likely to get extra income from them</td>
<td></td>
</tr>
<tr>
<td><strong>92%</strong> don’t feel financially dependent vs 39% average</td>
<td></td>
</tr>
<tr>
<td>Pay for all their bills themselves...</td>
<td>Little debt and almost no short-term loans...</td>
</tr>
<tr>
<td>Find it easy to keep up with their bills, rarely falling behind on them...</td>
<td><strong>92%</strong> Haven’t fallen behind on payments in the last 6 months vs 88% average</td>
</tr>
<tr>
<td>...they are more likely to pay their own bills than every other group</td>
<td><strong>13%</strong> Owe less money than the same time last year vs 11% average</td>
</tr>
<tr>
<td><strong>70%</strong> pay their own mobile phone bill vs 56% average</td>
<td></td>
</tr>
<tr>
<td>Have no outstanding credit at all vs 56% average</td>
<td>Unlikely to take out any loans other than student loans and pay bills in full</td>
</tr>
</tbody>
</table>
**Attitude: They love planning and saving regularly, and are much less inclined to spend money**

**They are big savers...**
- Most likely group to put money in savings every month.
- Most likely group to be saving for a deposit on a home: 41% vs 31% average.
- Joint most likely group to know their account balance within a pound or two.

**Don’t like spending...**
- Buy things on impulse: 30% vs 46%.
- More satisfying to spend money than save it: 22% vs 38%.
- Feel under pressure to spend: 17% vs 33%.
- Run short of money due to overspending: 14% vs 31%.
- Buy things when they can’t afford them: 11% vs 27%.

**They like planning, and talk to their partner instead of parents about their finances...**
- Most likely group to have a plan of how to achieve financial goals.
- Important to shop around to make money go further: 85% vs 94%.
- Important to build a good credit rating: 77% vs 86%.
- Important to save money for a rainy day: 77% vs 83%.
- Most likely group to talk to their partner/spouse about their finances.
- Least likely to ask their parents for help with an unexpected bill.
- Important to save money for a rainy day.
- Important to shop around to make money go further.
- Most likely to talk to their partner/spouse about their finances.

**Good emotional health...**
- Less likely to suffer anxiety or stress because of their financial situation.
- Less likely to experience any negative moods or behaviours because of their financial situation.
- Most likely group to put money in savings every month.
- Most likely group to be saving for a deposit on a home: 41% vs 31% average.
- Joint most likely group to know their account balance within a pound or two.

**Confident and Thrifty**
- Important to build a good credit rating: 77% vs 86%.
- Important to save money for a rainy day: 77% vs 83%.
- Most likely to ask their parents for help with an unexpected bill.
- Most likely group to have time to sort out their finances.
- Most likely group to have a plan of how to achieve financial goals.
- Important to save money for a rainy day.
## Confident and Thrifty - Recommendations

<table>
<thead>
<tr>
<th>Problems they face now</th>
<th>Problems they might face in the future</th>
<th>How to engage them</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Preparing for the future: This group is focussed on future goals like owning a house. However, they may need advice on how to reach these goals and how to prepare for them now (beyond saving money)</td>
<td>• Evaluating when to pay off debt: Their debt-averse nature could sometimes lead to financially-disadvantageous decisions, e.g. overpaying a student loan</td>
<td>➢ Make their money ‘work harder’: Showing this group how they can use their savings to achieve the life they want e.g. which bank accounts to use to get the highest interest</td>
</tr>
<tr>
<td>• <strong>Building credit:</strong> This group is likely to be debt-averse, meaning they may need to better understand credit referencing and its value</td>
<td>• <strong>Lack of family knowledge:</strong> Their family may have less financial knowledge, e.g. since their family are renting, they may not have advice on buying a house</td>
<td>➢ <strong>Online content on reducing customer credit commitments:</strong> Showing them how to reduce their debt while making advantageous financial decisions will appeal</td>
</tr>
<tr>
<td>• <strong>Not investing money:</strong> They save regularly, but may need advice on effective ways to invest their money to achieve their goals</td>
<td>• <strong>Understanding the value in quality:</strong> They are always looking for a good deal and the best price. They might misjudge decisions where quality is more important than the cheapest price</td>
<td>➢ <strong>Target their partner as well:</strong> Since they are likely to be in a committed relationship, show them how their money can work together, e.g. joint accounts</td>
</tr>
</tbody>
</table>
Inexperienced and at Risk
Inexperienced and at Risk - They lack financial knowledge because they don’t immediately need it

80% are satisfied with their life vs 80% average

52% are satisfied with their financial situation vs 56% average

A typical issue...
I’ve just started university and realised everything is so expensive! How do my friends survive on just a student loan? I’m enjoying myself but I’m so glad I’m living at home and don’t have to think about finances yet.

Sheltered from any financial decision-making

This group hasn’t had to start thinking about their finances yet as they are still living at home and rely heavily on their parents. Their parents handle university costs, financial decision making and even credit card bills. This group is therefore less knowledgeable when it comes to money matters.

However, their situation isn’t completely easy. They have good intentions and recognise the importance of saving for their future, but currently haven’t made any changes in their life to reflect this. They need to start learning how to handle money before they move out and have to make decisions themselves for the first time.

Note: ‘A typical issue’ is an example of the issues they may face, not a direct quote.
**Background:** Young women from working class families, who are living with their parents during university

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**Who they are...**

More female than average

<table>
<thead>
<tr>
<th></th>
<th>19 and under</th>
<th>20 and over</th>
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<tbody>
<tr>
<td>Average</td>
<td>43%</td>
<td>57%</td>
</tr>
<tr>
<td></td>
<td>36%</td>
<td>64%</td>
</tr>
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</table>

Significantly younger than average

More likely to be BAME

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**University life...**

More likely to go to a Post-1992 university

More likely to attend university in London

13% vs 10% average

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**Family life...**

Less likely to be first in their immediate family to go to university

Most likely to live in London outside of term time

Most likely to not know whether they receive a bursary or financial aid for university

Less likely to be paying for their own university accommodation

44% vs 47% average

Family is more likely to be working class (C2DE)

31% vs 28% average

Most likely to live with parents during term time

23% vs 20% average

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Inexperienced and at Risk
Experience: Being dependent on their parents means they’re in the dark about financial situations

They are less confident and rely on their parents...
- Feel confident managing their money, but only 71% vs 73% average
- More likely to receive extra income from parents 53% vs 49% average

They have a lack of financial knowledge...
- Least likely to keep track of their money through any method, particularly mobile banking 55% correctly say less vs 62% average
- Least likely to know of any advice providers or use any of them, but are willing to go to university advisers 76% correctly say £102 vs 81% average

Keeping up with bills because they don’t have to pay many...
- They are less likely than average to be paying for their own bills, e.g. insurance and utilities.
- Living at home means that their parents are responsible for bills. 18% don’t have any bills or credit commitments 15% average

Unlikely to be in debt, but generally unaware of their situation...
- 13% don’t know which type of loans they currently have vs 8% average
- Have no outstanding debts 55% vs 56% average
- 31% have a credit card vs 30% average
- 19% don’t know how much of their credit card gets paid off each month, likely because their parents pay for it

Inexperienced and at Risk

55% correctly say less vs 62% average
76% correctly say £102 vs 81% average

If the inflation rate is 5% and the interest rate you get on your savings is 3%, will your savings have more, less or the same amount of buying power in a years time?

Suppose you put £100 into a savings account with a guaranteed interest rate of 2% per year. How much would be in the account at the end of the first year, once the interest payment is made?

They feel confident managing their money, but only 49% feel confident making decisions on financial products vs 57% average.
Attitude: They have good intentions about saving and achieving goals in the future

They realise the importance of saving, but don’t save much...

- 91% say it’s important to put money aside for after graduation... vs 82% average
- ...and 82% say it’s important to save money for a rainy day, but... vs 77% average
- 10% have no savings or investments vs 9% average

Their finances can easily become too much to handle...

- They are likely to experience stress or anxiety, difficulty concentrating or relaxing, or have panic attacks due to their finances
- Prefer to not talk about their finances vs 10% average

Sensible with their spending, but don’t look for deals...

- Buy things on impulse 14% vs 32% average
- Feel under pressure to spend 33% vs 32% average
- More satisfying to spend money than save it 38% vs 23% average
- Run short of money due to overspending 31% vs 22% average
- Buy things when they can’t afford them 27% vs 14% average

They don’t keep track of daily budgets, but do think about longer-term goals...

- Less likely than average to shop around for better deals on insurance and utilities etc.
- 35% would cut back on essentials in order to pay an unexpected bill themselves vs 33% average
- Don’t keep track of their personal income and expenditure 17% vs 15% average
- Least likely to set a personal budget
- More likely to have a plan of how to achieve their financial goals

Inexperienced and at Risk
## Inexperienced and at Risk - Recommendations

<table>
<thead>
<tr>
<th>Problems they face now</th>
<th>Problems they might face in the future</th>
<th>How to engage them</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Lack of knowledge about their finances: This group doesn’t know much about the money they owe or the products they have, despite being generally well-intentioned. Their parents take care of everything when they’re living at home</td>
<td>• Lack of experience for independence: This group may have the means to become independent in the future, but could lack relevant financial knowledge and skills at first</td>
<td>➢ Target through university staff: Equip university staff, e.g. student advisors, with information on financial advice. This group is willing to reach out, but doesn’t know who to reach out to</td>
</tr>
<tr>
<td>• Keeping track of savings: They’re unlikely to keep track of their money in general, so may miss opportunities to save more</td>
<td>• Advice on budgeting: This group doesn’t currently keep a daily budget, so may need help in the future when budgeting for the first time</td>
<td>➢ Advice on budgeting: This group doesn’t know how to budget and keep track of their money. Advice on this would be very helpful</td>
</tr>
<tr>
<td>• Don’t know where to look for financial advice: They’re unlikely to know financial advice providers if they’re in trouble</td>
<td>• Financial product decisions: Since they aren’t currently making financial product decisions, they may need support with these decisions in the future</td>
<td>➢ Target London: This group is likely to be in London, which has a different financial landscape and its own set of challenges</td>
</tr>
</tbody>
</table>
Anxious but Spending
Anxious but Spending: They struggle with budgeting and outside pressures

A typical issue...

I really want to go on holiday next year but I need to pay off my debts first. I've been spending too much recently. Being more restrained could help me build a savings buffer.

Falling into debt from overspending

This group can spend too much without keeping track of their spending habits. Their expenses are often more than they can afford, meaning they’ve ended up in debt and sometimes fail to keep up with payments.

They are anxious and stressed about their financial situation, knowing they should be saving but having difficulty keeping to a budget. They don’t have any clear plans in place to change their spending and saving habits, which means that their habits and debt could continue into the future. They are in need of financial help to reduce their debt and build healthy coping mechanisms.

Note: ‘A typical issue’ is an example of the issues they may face, not a direct quote
Background: Older female students from less affluent backgrounds, with financial commitments

Who they are...
- More female than average
- Older than average

University life...
- Most likely to go to a Post-1992 university, and least likely to attend a Russell Group university
- More likely to receive a bursary, which is most often a hardship fund bursary

Family life...
- Family is averagely affluent
- Family are more likely to rent their home from a private landlord
- If they had an unexpected bill...
  - 36% would pay for it using money from their parents
  - 33% 30%
  - 34% 32%
- Parents are less likely to have attended university
- Most likely to have fallen behind on or missed a university payment in the last 6 months
  - 19% vs 11% average
Experience: They have experience of financial commitments and debt, but don’t have the good habits to pay these on time

Struggling to keep up with bills...
- 40% say that keeping up with university costs is a heavy burden, vs 27% average
- More likely to take out any loans, and then fall behind on paying them back
- 7% have fallen behind on bills, vs 4% average

Less knowledgeable and don’t seek advice from established sources...
- More likely to pay the minimum on credit card bills
- More likely to have no savings, 25% vs 20% average
- More likely to talk to their friends about their finances

They’re not confident and rely on their parents...
- 58% are more likely to be financially dependent on parents, vs 49% average
- Less than half feel confident managing their money, or making decisions on financial products, 47% vs 73% average (managing money), 57% vs 73% average (financial product decisions)

They are susceptible to getting into debt...
- More likely to have a credit or store card...
  - 15% have a store card, vs 11% average
  - 31% have a credit card, vs 30% average
  - Also most likely to have 3 or more credit cards
- Anxious but Spending
  - 14% owe £1000 - £4999, vs 9% average
  - 36% go over overdraft limit, 15% vs 10% average
  - 20% overdrawn on any bank account, 20% vs 36% average
- 57% correctly say less, vs 62% average
- 81% correctly say £102, vs 81% average
- If the inflation rate is 5% and the interest rate you get on your savings is 3%, will your savings have more, less or the same amount of buying power in a year's time?
- 57% correctly say less
- Suppose you put £100 into a savings account with a guaranteed interest rate of 2% per year. How much would be in the account at the end of the first year, once the interest payment is made?
- 81% correctly say £102
- 36% go over overdraft limit
- 20% overdrawn on any bank account
- 57% correctly say less
- 62% average
**Attitude:** Given external pressures, they struggle with planning for tomorrow and keeping to budgets although they try their best

Spending and debts prevent them saving for goals...

- Most likely to be saving for a holiday: 55% vs 48% average
- ‘I prefer to live for today than plan for tomorrow’: 36% agree vs 19% average
- Most likely to never put money aside in savings: 86% vs 65% average
- ...however, they are keen to pay off their debts: 26% vs 17% average
- Run short of money due to overspending: 31% vs 75%
- More satisfying to spend money than save it: 38% vs 73%
- Buy things when they can’t afford them: 27% vs 70%
- Feel under pressure to spend: 33% vs 62%

They’re anxious about their situation...

- Their financial situation makes them anxious, stressed and depressed at times: 86%
- Most likely to drink more alcohol when they feel low: 15% vs 7% average

They love to spend...

- Buy things on impulse: 46% vs 86%
- Run short of money due to overspending: 31% vs 75%
- More satisfying to spend money than save it: 38% vs 73%
- Buy things when they can’t afford them: 27% vs 70%
- Feel under pressure to spend: 33% vs 62%

They recognise the importance of tracking their money, but fail to implement positive changes in their own life...

- Say it’s important to keep track of their money: 96% vs 93% average
- And they’re most likely to anxiously look at their bank balance every day...
- However, this doesn’t translate into action. They are unlikely to change their expenditure and least likely to keep track of their expenditure: 22% vs 15% average
- Of those who have set a personal budget, they are most likely not to stick to it: 36% vs 93%
- Less likely to have a clear plan on how to achieve financial goals: 26% vs 75%
Anxious but Spending - Recommendations

<table>
<thead>
<tr>
<th>Problems they face now</th>
<th>Problems they might face in the future</th>
<th>How to engage them</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Prioritising saving over spending: This group has difficulty in correctly prioritising what to do with their money. They know they should save, but spend instead</td>
<td>• Impact of their spending: This group will have to deal with the impact of unpaid debts on their credit scores and savings in the future</td>
<td>➢ Target through student websites: Student websites may be good places to reach these students - they’re unlikely to look for advice websites themselves</td>
</tr>
<tr>
<td>• Impulse control: They are likely to overspend on impulse, not because it is a thought out purchase</td>
<td>• Impact on independence: Low savings and bad credit scores mean they’ll find it harder to move out after graduation and become independent of their parents</td>
<td>➢ Make money engaging on their terms: Buzzfeed-style ‘money quizzes’ would be attractive to this group to present money in a fun way</td>
</tr>
<tr>
<td>• How to pay back their debts: This group struggles with missing payments for their debts. Their amount of debt therefore continues to grow and they may get into greater financial trouble</td>
<td>• Continuation of spending habits: They may continue to feel under pressure to spend but unable to keep to budget, lacking financial skills to help themselves</td>
<td>➢ How to save for the things they want: This group has shorter-term aims like holidays. Show them how to save for holidays to engage them and develop better habits</td>
</tr>
</tbody>
</table>
Disengaged and Overwhelmed
Disengaged and Overwhelmed - Feeling like they can’t change their finances, they let their debts spiral

A typical issue...

I’m in debt and have a tendency to go into unauthorised overdrafts or use short-term loans as a way to keep myself afloat. I can’t always see the value in planning for the future, so I don’t always save. I do worry about my finances, but is there any point in trying to improve them?

Deep in trouble

This group come from an averagely affluent background, but are more likely to be fending for themselves. They pay their bills themselves but are falling behind on payments. A lack of support from parents or part-time jobs means they use loans and overdrafts to help themselves cope.

Their financial situation stresses them out so they check their balance regularly. They are so embedded in debt and loans that they are fatalistic about their financial situation. They are in need of help – with advice about how to get out of debt and reengaging them with their finances.

Note: ‘A typical issue’ is an example of the issues they may face, not a direct quote.
**Background:** Male students who don’t depend on their families, and who are more likely to rent from a local authority or housing association

### Who they are...

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Male</th>
<th>Female</th>
<th>Average Student Age</th>
<th>Less Likely to be Single</th>
</tr>
</thead>
<tbody>
<tr>
<td>19 and under</td>
<td>36%</td>
<td>38%</td>
<td>62% vs 64% average</td>
<td>83%</td>
</tr>
<tr>
<td>20 and over</td>
<td>64%</td>
<td>62%</td>
<td>86% average</td>
<td></td>
</tr>
</tbody>
</table>

**More male than average**

### University life...

<table>
<thead>
<tr>
<th>Year</th>
<th>Pre-1992</th>
<th>Post-1992</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>21%</td>
<td>23%</td>
</tr>
</tbody>
</table>

**More likely to go to a Pre-1992 university**

**More likely to go to university in England**

### Family life...

- **Family is less likely to be affluent**
  - 13% spend £4001 - £5000 on university accommodation per term vs 8% average

- **Family more likely to rent their home from a private landlord**
  - 8% average

- **More likely to be estranged from their parents**
  - 10% are estranged from their parents vs 7% average

- **More likely to receive a bursary AND family members other than their parents are more likely to pay university fees**

**Most likely group to live alone**

- 8% average

- 6%
### Experience: They rely heavily on loans and credit, and lack basic financial knowledge and skills

#### Not confident with money and don’t ask for help...
- Only 65% feel confident managing their money, and only...
  - 65% feel confident managing their money, and only...
  - 65% feel confident managing their money, and only...
- ...have asked their family for advice about money
  - 49% have asked their family for advice about money
  - 49% have asked their family for advice about money

#### Keeping up with payments is a struggle...
- More likely to have fallen behind on payments in the last 6 months...
  - More likely to have fallen behind on payments in the last 6 months...
  - More likely to have fallen behind on payments in the last 6 months...
- ...and when they fall behind, they don’t do anything to deal with it
  - ...and when they fall behind, they don’t do anything to deal with it
  - ...and when they fall behind, they don’t do anything to deal with it
- 22% have fallen behind on university tuition fees
  - 22% have fallen behind on university tuition fees
  - 22% have fallen behind on university tuition fees

#### Lots of loans and lots of debt...
- Most likely group to owe a lot more than this time last year...
  - 15% have taken out a short-term loan
  - 6% have taken out a short-term loan
  - 6% have taken out a short-term loan
- Most likely group to have income from gambling or non-legal means
  - 3% have income from gambling or non-legal means
  - 3% have income from gambling or non-legal means
- Most likely group to have a loan from unregistered money lender
  - 15% have a loan from unregistered money lender
  - 1% have a loan from unregistered money lender

#### Not great savers and not knowledgeable about money....
- Least likely group to have money in a savings account, an ISA or a current account
  - Least likely group to have money in a savings account, an ISA or a current account
  - Least likely group to have money in a savings account, an ISA or a current account
- Most likely group to say they have no savings
  - 19% have less than £100 in savings
  - 11% average
- 58% correctly say less
  - 58% correctly say less
  - 58% correctly say less
- 73% correctly say £102
  - 73% correctly say £102
  - 73% correctly say £102
- Suppose you put £100 into a savings account with a guaranteed interest rate of 2% per year. How much would be in the account at the end of the first year, once the interest payment is made?
  - Suppose you put £100 into a savings account with a guaranteed interest rate of 2% per year. How much would be in the account at the end of the first year, once the interest payment is made?
  - Suppose you put £100 into a savings account with a guaranteed interest rate of 2% per year. How much would be in the account at the end of the first year, once the interest payment is made?
- 31% frequently go overdrawn
  - 31% frequently go overdrawn
  - 31% frequently go overdrawn
- 15% owe £1000 - £4999
  - 15% owe £1000 - £4999
  - 15% owe £1000 - £4999
- 12% average
  - 12% average
  - 12% average

---

**Disengaged and Overwhelmed**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owe £1000 - £4999</td>
<td>15%</td>
<td>9%</td>
</tr>
<tr>
<td>Income from gambling or non-legal means</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Short-term loan</td>
<td>15%</td>
<td>6%</td>
</tr>
<tr>
<td>Savings</td>
<td>19%</td>
<td>11%</td>
</tr>
<tr>
<td>Internet search engines</td>
<td>49%</td>
<td>56%</td>
</tr>
<tr>
<td>Financial confidence</td>
<td>65%</td>
<td>73%</td>
</tr>
<tr>
<td>Family advice</td>
<td>49%</td>
<td>56%</td>
</tr>
<tr>
<td>Payments</td>
<td>22%</td>
<td>12%</td>
</tr>
</tbody>
</table>
Attitude: They are aware of their financial problems, but cannot see how their situation can be changed

Don’t think saving for the future is important...

- Least likely to be saving for a planned expense
- Least likely to put money aside in savings every month (17% vs 26% average)
- Most likely to have less than £100 in savings and investments
- Important to save for after graduation (42%)
- Important to build a good credit rating (45%)
- Save money for a rainy day (77%)

Bad emotional health...

- Their financial situation makes them anxious and stressed
- Most likely group to experience increased use of illicit drugs as a result of their financial situation

Spend more than they should...

- Buy things on impulse (46% vs 48% average)
- More satisfying to spend money than save it (38% vs 48% average)
- Feel under pressure to spend (33% vs 44% average)
- Run short of money due to overspending (31% vs 40% average)
- Buy things when they can’t afford them (27% vs 37% average)

They try and keep track of their money, but are fatalistic...

- More likely than average to keep track of their spending very closely, but...
- 32% vs 30% average
- 15% fail to keep to budget vs 10% average

- They don’t talk to family about their financial situation
- Most likely to go into unauthorised overdraft to deal with an unexpected bill
- Feel they don’t have time to manage finances
- They are fatalistic about their situation

Disengaged and Overwhelmed
# Disengaged and Overwhelmed - Recommendations

## Problems they face now

- **Lack of motivation**: This group feel overwhelmed by their situation and like they’re unable to change it. They need encouragement to ask for help to try and change their situation.

- **How to pay back debt**: They have trouble paying back their debts, and if they don’t prioritise it their debt will continue to grow.

- **Don’t recognise the importance of saving**: Saving may not be possible for this group due to their financial burdens, so they struggle to see the importance.

## Problems they might face in the future

- **Financial habits could continue**: In the future, they could continue to rely on payday loans and unauthorised overdrafts to keep them afloat, leading to further debts and pressures.

- **Dealing with their debts**: Short-term loans and unauthorised overdrafts come with heavy charges. If they don’t pay them back, they will have substantial debts in the future.

- **Lack of goals for independence**: They will take a long time to become independent - it isn’t even a goal for them currently.

## How to engage them

- **Real-life, relatable stories**: This group needs to see it’s possible to change their situation. Real-life examples promoted on websites they already use could be a way to give them hope.

- **Achievable short-term milestones**: They need small goals they can achieve, e.g. paying £50 off debt is a great goal.

- **Appeal to the now**: They are thinking about their circumstances in the here and now. Long-term goals are unlikely to attract them.
Appendix
Student groups by Demographics
Student groups by nation

England
- 81% of students
- Supported and Sensible: 25%
- Confident and Thrifty: 22%
- Anxious but Spending: 21%
- Inexperienced and At Risk: 17%
- Disengaged and Overwhelmed: 15%

Wales
- 6% of students
- Supported and Sensible: 26%
- Confident and Thrifty: 17%
- Anxious but Spending: 23%
- Inexperienced and At Risk: 17%
- Disengaged and Overwhelmed: 16%

Scotland
- 10% of students
- Supported and Sensible: 25%
- Confident and Thrifty: 22%
- Anxious but Spending: 21%
- Inexperienced and At Risk: 17%
- Disengaged and Overwhelmed: 15%

Northern Ireland
- 2% of students
- Supported and Sensible: 20%
- Confident and Thrifty: 32%
- Anxious but Spending: 20%
- Inexperienced and At Risk: 12%
- Disengaged and Overwhelmed: 16%

Green arrows indicate where a student group size is larger than average by 3% or more. Red arrows refer to where a student group size is lower than average by 3% or more.

Average across the UK: 25% Supported and Sensible, 22% Confident and Thrifty, 17% Inexperienced and At Risk, 21% Anxious but Spending, 15% Disengaged and Overwhelmed.
### Student groups by university group

#### Russell Group
- **27%** of students

<table>
<thead>
<tr>
<th>Group</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supported and Sensible</td>
<td>36%</td>
</tr>
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</tr>
<tr>
<td>Anxious but Spending</td>
<td>17%</td>
</tr>
<tr>
<td>Inexperienced and At Risk</td>
<td>16%</td>
</tr>
<tr>
<td>Disengaged and Overwhelmed</td>
<td>14%</td>
</tr>
</tbody>
</table>

#### Pre-1992
- **21%** of students

<table>
<thead>
<tr>
<th>Group</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Anxious but Spending</td>
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<td>17%</td>
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<tr>
<td>Inexperienced and At Risk</td>
<td>14%</td>
</tr>
</tbody>
</table>

#### Post-1992
- **50%** of students

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Supported and Sensible</td>
<td>18%</td>
</tr>
<tr>
<td>Confident and Thrifty</td>
<td>24%</td>
</tr>
<tr>
<td>Anxious but Spending</td>
<td>24%</td>
</tr>
<tr>
<td>Inexperienced and At Risk</td>
<td>18%</td>
</tr>
<tr>
<td>Disengaged and Overwhelmed</td>
<td>15%</td>
</tr>
</tbody>
</table>

#### Small institutions
- **2%** of students

<table>
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<tr>
<th>Group</th>
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</tr>
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<tbody>
<tr>
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<tr>
<td>Inexperienced and At Risk</td>
<td>25%</td>
</tr>
<tr>
<td>Disengaged and Overwhelmed</td>
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<tr>
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</tr>
</tbody>
</table>

- Green arrows indicate where a student group size is larger than average by 3% or more.
- Red arrows refer to where a student group size is lower than average by 3% or more.

Average across the UK: 25% Supported and Sensible, 22% Confident and Thrifty, 17% Inexperienced and At Risk, 21% Anxious but Spending, 15% Disengaged and Overwhelmed
Student groups by current course year

Green arrows indicate where a student group size is larger than average by 3% or more. Red arrows refer to where a student group size is lower than average by 3% or more.

Average across the UK: 25% Supported and Sensible, 22% Confident and Thrifty, 17% Inexperienced and At Risk, 21% Anxious but Spending, 15% Disengaged and Overwhelmed

Note: Adds up to 101% due to rounding.
Student groups by gender

Females
68%
of our sample

Supported and Sensible
24%
Anxious but Spending
23%
Confident and Thrifty
22%
Inexperienced and At Risk
18%
Disengaged and Overwhelmed
14%

Males
32%
of our sample

Supported and Sensible
25%
Confident and Thrifty
23%
Disengaged and Overwhelmed
19%
Anxious but Spending
18%
Inexperienced and At Risk
15%

Note: This survey didn’t include quotas for gender, meaning the gender split fell out naturally. According to HESA 2016/17 data, the undergraduate students’ gender split is 56% female, 44% male. We ran a weighting scheme to check that our gender split had not affected responses. There were no significant differences between running the data with this gender split or with weighting based on the national split.

For further details, please see the separate technical report.
Methodology and Sample
Methodology

Online Survey May ‘18

Conducted with 5118 full-time undergraduate students in the UK. The sample was representative in terms of course year, university group and nation (England, Scotland, Wales, Northern Ireland).

The survey explored:

- Background and demographics, including bursaries and dependence on family
- Personal well-being, financial well-being and confidence
- Pressures and burdens they face with costs and debts
- Planning and goals
- Product holding and credit use
- Saving, spending and budgeting habits
- Knowledge and use of financial information and guidance sources
- Financial literacy

A detailed methodology of the statistical analysis used in the segmentation is available in the separate technical report.
Who we spoke to

Nation
- 81% England
- 10% Scotland
- 6% Wales
- 2% Northern Ireland

Gender
- 68% female
- 32% male

University group
- 27% Russell Group
- 21% Pre-1992
- 50% Post-1992
- 2% Small institutions and UCAS non-affiliated

Course year
- 38% 1st Year
- 29% 2nd Year
- 34% 3rd+ Year

All participants were full-time, UK undergraduates
Student Diagnostic Tool

For more information, please contact Helen.Lockett@YouthSight.com, Josephine.Hansom@YouthSight.com or Joseph.Surtees@moneyadviseservice.org.uk