

**Customer success story:**

Helping make financial services fairer for everyone



## Highlights

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- Developed a bespoke segmentation to better understand and help the millions of people in financially vulnerable circumstances in the UK
- New segmentation will enable Fair4All Finance to collaborate and deliver more applicable financial products and services to those usually excluded
- Consolidation and blending of data from multiple sources to provide a detailed view on financial situation across the UK

## About Fair4All Finance

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Fair4All Finance is a not-for-profit organisation driving change in financial services to help millions of people in vulnerable circumstances. Founded in 2019, Fair4All Finance programmes increase access to fair and affordable financial products and services in some of the most deprived areas of the UK. It works with organisations who offer these products and helps deliver new products and services.



**It will help us be more effective in the work that we do. With a better understanding of who the customers are and what the customers' needs are, we'll be able to better tailor and prioritise activity that needs to happen.**

**Lauren Peel**, Head of Markets, Consumer Insights and Product Design, Fair4All Finance



# The challenge

**To gain an in-depth understanding of the financially vulnerable population and their financial needs, and support Fair4All Finance and financial service providers in ensuring access to fair, affordable and appropriate financial products and services**

Depending on the definition across the industry, up to 21 million people in the UK are thought to be in vulnerable financial circumstances. To fulfil their remit, Fair4All Finance aims to better understand this broad group of people and their different needs.

Most off-the shelf segmentations pull apart the population based on age and affluence. By segmenting this group along more behavioural lines, Fair4All Finance aims to develop strategies and work with the industry to make financial services more applicable and accessible to the financially vulnerable population.

**“Huge parts of the financial system don’t work for large portions of society. Products and services are designed around people with predictable lives and predictable incomes. There’s a huge chunk of the population that doesn’t work for,”** explains **Lauren Peel**, Head of Markets and Consumer Insight, Fair4All Finance.

**“The organisations we work with know their customers well, but we wanted to validate that and see who else could be their customers, who else could they be serving and to help organisations like banks and insurers get a deeper understanding of financially vulnerable groups.”**

Fair4All Finance also hopes that by helping organisations, such as credit unions and other community finance lenders, better understand their customers, there is an opportunity to grow their own businesses, through understanding the different needs, propositions and services required to help them.



**The first step was really to find out what it was we needed to know.**



**Lauren Peel**, Head of Markets and Consumer Insight, Fair4All Finance



## The solution

### To develop a distinct segmentation that defines target consumer groups and their needs, that can be used across the industry

Fair4All Finance partnered with CACI and Trajectory, a research agency, to develop a segmentation solution tailored specifically to Fair4All Finance's objectives, through consolidating and blending data from multiple sources.

**"During scoping of work we were thinking not only do we need to understand who these customers are, what their needs are and who they are interacting with today, but we need to make sure the work is really usable - not just an academic exercise,"** says **Lauren**.

**"What we were looking for was both an in-depth view of customers, and to be able to map that nationally, with really clear data behind it that we would have a lot of confidence in,"** says **Lauren**.

The first stage of the project was for Fair4All Finance's research partner, Trajectory, to run a survey across 3,900 financially vulnerable people (Fair4All Finance Consumer Insight Survey). This gathered detailed insights to aid understanding across Fair4All Finance's key priority areas (credit usage, savings, banking and insurance usage and needs).

CACI worked with Fair4All Finance and Trajectory to ensure that the most relevant questions - around precarious financial situations, such as usage of food banks, and access to credit etc - were posed, that could not be answered through data available elsewhere. This ensured a complete view of Fair4All Finance's target population, both to drive and describe the segments.

**"It's been really good to have CACI and Trajectory on the project throughout, working together as one team,"** says **Lauren**.

To build a segmentation at a UK-wide level, the solution made use of CACI's two market leading datasets, Fresco and Ocean. Fresco is CACI's powerful individual-level segmentation tool. It classifies every adult in the UK population into segments, based on similar characteristics - in particular their financial behaviours, channel usage, life-stage and affluence. Ocean is an attribute-rich consumer universe for the UK, containing over 500 variables on demographic, digital, lifestyle and attitudinal characteristics of individuals within a household.

To identify key segments within the financially vulnerable population, a number of statistical methods, including correlation and principal component analyses, were applied to identify core features of importance. These driving variables showed discrimination and relevance across the financially vulnerable population.

Fresco segments the population based on age and affluence. At the most granular level, this divides the UK adult population into 130 micro-segments, which - using the driving variables - were grouped together to form a set of new, bespoke segments focussed on financial vulnerability and exclusion.

**"We haven't focussed on the traditional age and wealth approach, more behavioural and needs-based approach,"** explains **Lauren**.

**"It's also the thinking and the processing that CACI has done, to take that data set and be able to identify the driving variables at a national level."**

**"We wouldn't see this segmentation being actionable without supporting data."**

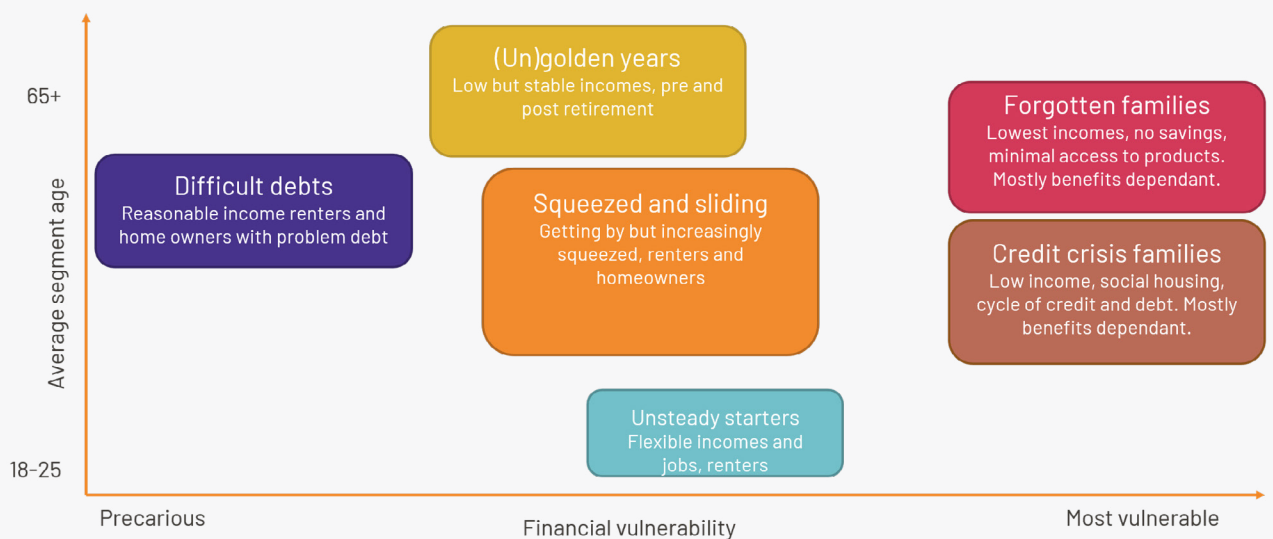
# The results

## Creating assets and personas based on the data, to aid understanding

Six new segments of financial vulnerability were created using the data and then sized across the UK population to understand the spread of segments across geographies. The iterative process taken to develop the segments, ensured the final solution could be constantly adapted to make sure it was meeting Fair4All Finance's end goals and aligning with its objectives.

## Segments of those in financially vulnerable circumstances

Six segments show the breadth of financial vulnerability – the size of the box represents the size of the cohort



**“It got us to a good place. We’ve shared versions internally and externally and it really resonates with what people see in the people they serve and people’s understanding of customers in vulnerable circumstances,”** says **Lauren**.

**“There have been complexities to work through, but we have worked through them. It’s always been how do we do this rather than we can’t do this.”**

As with any segmentation, the key to the solution’s success, was ensuring it was actionable and useable, both through being applicable to Fair4All Finance objectives and strategies, as well as the financial services providers Fair4All Finance work in collaboration with.

To support with this and to bring these segments to life, pen portraits – two-page summaries with core data points, giving key characteristics across the segments – were created, along with personas, which provided a deep-dive into a representative person in each segment.



## 1 Unsteady starters

1.3m 7.5%  
Financially Vulnerable Population

Younger people with flexible incomes establishing their home, work, and financial lives. They often use shorter-term credit in smaller amounts

Demographics: Age range (20-24: 40%, 25-29: 40%, 30-34: 10%, 35-39: 10%), Gross household income (£25k+), Financially dependent children (51%), Type of work (Full and part time, zero-hour contracts), Income source (Salary, Benefits, Over-indexing), House Tenure (Privately rent or staying with friends/family)

Debt and savings: Level of debt (<£5k), Level of savings (<£5k)

Sources of debt: Annuity, Overdraft (unarranged), Credit card

More likely to: Have lived without permanent housing in the last 12 months, Seek debt advice in the next 12 months, Have been rejected for credit in the last 12 months

Circumstances which could put them in trouble: Increase in their monthly rental payments or if the landlord asks them to leave, Informal renting arrangements, If their 0 hours contracts do not offer enough hourly income, or if they fall ill, Redundancy

Channel: Preferred way to research/apply for/manage financial services: Online, price comparison sites, email

Finance products and behaviours: Savings, Short term high cost credit, Personal loans, Recent credit card, Car insurance policy

Key Considerations: Lack of income protection, or workplace benefits for illness and unstable work contracts, Revolving credit solution for regular, lower value borrowing would suit consumer need, Debt consolidation for multiple smaller debts to improve short-term financial position, Some higher, more stable earners within the segment, potential for sending larger sums over longer terms for one-off purchases

CAI TRAJECTORY

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CAI TRAJECTORY

## 2 Squeezed and sliding

3.9m 22.2%  
Financially Vulnerable Population

People with less certainty around their finances and increasingly squeezed. Most are just about managing their debts, but some are using savings or borrowing more to make ends meet.

Demographics: Age range (30-34: 20%, 35-39: 20%, 40-44: 20%, 45-49: 20%, 50-54: 20%), Gross household income (£30k+), Financially dependent children (61%), Type of work (Full time, Part time), Income source (Salary, Benefits, Over-indexing), House Tenure (Home owner with mortgage, Some private renters)

Debt and savings: Level of debt (<£5k), Level of savings (<£5k)

Sources of debt: Credit card, Overdraft, Buy now pay later

More likely to: Have used an arranged loan in the last 6 months, Have seen their level of debt increase over the last 12 months

Circumstances which could put them in trouble: Increases in the interest rate affect their mortgage payments, Redundancy/income shock, Rising childcare costs impacting ability to work

Channel: Preferred way to research/apply for/manage financial services: Online, Chatbot/webchat, face to face, via an app

Finance products and behaviours: Savings, Short term high cost credit, Personal loans, Recent credit card, Car insurance policy

Key Considerations: Depleted savings and increased debt in the last year and struggling with rising bills, Managing multiple sources of debt. Could benefit from consolidation to free up money for essential costs, Medium term opportunity to help re-build a savings buffer, Awareness raising of community finance providers needed as likely to have used prime or near-prime lenders previously - overcoming perceptions may be challenging

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CAI TRAJECTORY

A knowledge sheet was also created, which profiled each segment across more than 900 demographic, lifestyle and attitudinal variables from CACI data and specific behavioural characteristics from the research data, giving detailed insights into the key characteristics of each segment compared to the financially vulnerable population as a whole.

“This allows the segmentation to be truly actionable as any organisation using it can delve into the detail and understandings that will help inform business decisions or product development,” says Lauren.

The publicly available supporting resources, as well as a webinar introducing the segmentation in more detail, can be accessed via here.



We didn't have a view of what we wanted it to look like. It was a very open problem to solve, where there wasn't a single right answer.



Lauren Peel, Head of Markets and Consumer Insight, Fair4All Finance

# The benefits

## Enabling internal and external insights

The findings will enable Fair4All Finance to share insights in three different ways:

### 1. Credit unions and community finance providers

The new segments will aid understanding of who credit unions and community finance providers are serving today, and which segments they could be serving in the future. Fair4All Finance will work with them on marketing, product, and operational strategies that help them achieve this, while enabling them to become more financially sustainable by diversifying their portfolios to target new customers.

### 3. Internally

**“Our internal team have diverse backgrounds,” says Lauren. “The segments create a single shared understanding of the customer groups we are serving and an understanding of who the end user is when we are working with all those organisations, how to deliver things and what strategies to use.”**

The segmentation will provide a common language for Fair4All Finance and the rest of the industry to understand the population they are serving, and a consistent lens on which to base strategy and initiatives.

### 2. Mainstream banks

Many people in vulnerable circumstances use the main high street banks, and building awareness of possible customer problems with these providers is a key issue for Fair4All Finance.

**“We’d love to see them integrate or overlay our segments with their existing data sets, so they can say ‘we already have this many of this kind of people within our customer book and what are we doing to serve them’,” says Lauren.**

**“How do they serve them effectively and are they designing propositions to meet those customer needs? For banks that do want to take it that step further, how do they reach some of those more excluded groups?”**



This segmentation identifies **millions of people in vulnerable circumstances who financial service providers are already serving**, including those on higher incomes with significant debts, and those who have previously been getting by and will be increasingly squeezed with the cost of living crisis.

Fair4All Finance are working with banks, and with other financial services providers, to apply the segmentation to customer books, and to devise targeted growth and retention strategies through proposition development - please get in touch to find out more.

Fair4All Finance would be happy to run a joint session with anyone looking to do more on financial inclusion.

**If you'd like to learn more about Fresco, or would like to talk about your own segmentation needs, [get in touch](#) with one of our experts.**







To find out more about how CACI can help you support your organisation, please get in touch.

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