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Regional impacts of financial and digital exclusion (London)

Supplementary analysis to the '*Tackling barriers to financial and digital inclusion*' report

W wpieconomics.com
E info@wpieconomics.com

X [@wpi_economics](https://twitter.com/wpi_economics)
in [/wpi-economics.com](https://www.linkedin.com/company/wpi-economics.com)

WPI Economics Limited, registered address 28 Church Road, Stanmore, Middlesex, England, HA7 4XR.
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About this regional analysis

Virgin Money commissioned WPI Economics to undertake original research into the experience of digital and financial inclusion across the UK population. The research started from the basis of assuming some digital and financial capabilities, given detailed research already done on the most extreme forms of digital and financial exclusion.

The resulting report, *Tackling the barriers to digital and financial inclusion: exploring the generational experience*,¹ found that Gen-Z is the age group most likely to be digitally **and** financially excluded, and calls for Government to create a new Taskforce to ensure exclusion is tackled across all ages.

The report estimates that:

- Unbanked households face an additional £645 million per year in higher household bill costs.
- As well as directly felt financial costs, there are significant wellbeing impacts from digital exclusion to the value of £16.9 billion per year.
- Digital and financial exclusion could lead to an additional 633,000 scam victims each year, resulting in an additional £568 million stolen from consumers annually.

This regional analysis explores the experience of digital and financial inclusion and exclusion across the UK, with a focus on the findings for London.

Key findings of the regional analysis (London)

The regional analysis finds that Londoners run the highest risk of experiencing both digital and financial exclusion in England, with 40% lacking confidence in money management.²

Key findings include:

- Londoners are more than twice as likely to experience both digital and financial exclusion than those living in the South East (5% compared to 2%).
- 1 in 4 Londoners say they have very low knowledge of financial matters (26% compared to 18% UK average).
- Londoners report higher levels of difficulty using current accounts, overdrafts, online savings and credit cards compared to the rest of the UK despite reporting higher confidence in their digital skills.
- Along with those living in the North East, Londoners are jointly most likely to say they have been victims of an online scam (26% compared to 19% UK average).

¹ The main report is published at: <https://wpieconomics.com/publications/digital-and-financial-exclusion/>

² The research included a survey on the different experiences of 3,000 people across the UK, with 448 of those surveyed resident in the Greater London area.

- Those living in Greater London are also the most likely in England to want help and support to make financial decisions (78% compared to 70% UK average).

The analysis also finds that 37% of Londoners want help boosting their digital skills to be more confident online compared to 25% across the UK. Londoners were also the most worried about being a victim of an online financial scam or fraud, with close to 6 in 10 (56%) expressing concern. This is despite 7 in 10 Londoners saying they are confident in recognising an online

This supplementary analysis note also shares the findings of the focus group sessions attended by Londoners of all generations.

Londoners' experience

As part of the research WPI Economics conducted focus groups across different generations and regions of the UK. Below are the key experiences shared by those living in the Capital. The age and location of each participant has been provided, with their names changed to preserve their anonymity.

Anna, 28 – London (Gen-Z):

Sources of information: "I think for me it would be like not knowing which places you can trust the information from. I think there are sources that I see that feel like they could be legit and then I don't know. Sometimes I will over research and then I end up more confused because someone else has said something. Different or, you know, sometimes completely opposite. So, then I end up just not doing anything because I don't know which is the right advice to follow. Especially when it comes to savings accounts and that kind of thing – sometimes it feels like you go with one thing and then be surprised by hearing about another thing that's supposedly better. And it's like, oh, I've already gone with this thing like, do I switch? Do I like stay with that? Yeah, it can be a bit like not knowing who you should follow whose advice you should follow."

In person vs app: "For me, I would always prefer to try to do something either on an app or on the phone, but I would be wary on the phone because of scams. I think that would probably be the best option, but the only thing I find [with] apps is like if you do have a question then you end up going through a chat bot. Sometimes you're actually speaking to a person and then it can end up, you know you just end up frustrated because you want a specific question answered and you're just getting all these non-answers. From this robot, that's not helping you. So, I think being able to talk to an actual person through an app would be like the best of all worlds for me personally."

Credit score: "I was always told, oh, you should stay away from credit cards, stay away from loans like don't want to incur any interest. As I've been able to do my own research and learned a bit more, I'm like OK, actually there are some things that are like somewhat safe to do and then it's not knowing like what is fully safe and what you can kind of dip your toe into and then also trying to get my head around the fact that your credit score can only grow if you've got good

credit, but then all my life I was told don't take things out on credit. So, it's like how am I supposed to grow this?"

Scams: "My mum's just not very computer literate. She doesn't have to use a computer at work or anything like that. So, she's never had to tap into, like, the digital world, really. So, everything is pretty new to her. But now I've pretty much become like her online. Which is a little bit scary for me as well, because I don't want anything to be my fault. And my brother, even though he's younger than me, he's even more clueless. So, between us, we like trying to help her out, but it's tricky."

Role of support through workplace: "My company do a drop-in session. They have someone come and talk about a different topic and sometimes it's something related to money. I've joined it before, and it was so boring. I couldn't get to the end. I mean they do offer something, but it's not really that effective."

Andrew, 34 – London (Millennial):

Previous financial decisions: "I would say that I made some terrible financial decisions when I was younger. I've not buried my head in the sand; I've been much better with managing my money. But I've actually not looked at my credit score since. I've got this fear at the moment where on paper I've got the cash to get a mortgage, but whether I can or can't I do not know. I know how I got there and really it was just stupidity and laziness, not necessarily knowing what to do. It was just being an absolute idiot is the simplest way to put it."

Scams: "I had a family member who got done for £2,000 and it is what it is, she ended up getting it back. It made me think that maybe I could get the wool pulled over my eyes as well. But as a general rule, I just don't trust anything or anyone when it comes to you know me moving my money or anything along those lines. I just can't see the circumstance where this bank is going to say move £10,000 from here to there."

Peter, 56 – London (older generations):

Financial decision making: "It is a minefield out there trying to find out the best options depending on my circumstances and I struggle to work out what would work best for me and there's so many different things attached to different accounts and things. I'm not very well educated with all the ins and outs."

"I'm just not particularly good at picking out what's best. I mean, there's so much information that maybe even hidden in the details as well that I may not be aware of, so it's probably partly my fault, and partly it's quite complicated as well."

Online scams: "I'm scared of emails, always very careful to open up any emails if I'm not going to recognise if it's from. Also, if I don't recognize, I'll just delete it."

Katherine, 50 – London (older generations):

Financial confidence: It just seems a bit like the Wild West out there. You know, if you're OK and you're paying your bills, you're fine. If you're not, you know you're in trouble. And I know it's always been like that. It just seems even more so now.

Scams: I used to get phone calls from people posing that they worked at Amazon. And I was like, look, you don't, this isn't real. This is a con. But then it's heartbreaking because my Mum got a similar call and she was in bits. [There's] just a lot of scamming going on and it's very clever. And you know, they sort of prey on the vulnerable, don't they?

Exploring the data (London comparison)

The tables below draw out the English regional comparisons across digital and financial exclusion; confidence levels; ability to use financial products; the need for help and support; and scams.

Digital and financial exclusion:

Region	Sample Size	Both digital and financial exclusion (%)	Digital exclusion only (%)	Financial exclusion only (%)
East Midlands	190	4.7	7.1	1.1
East of England	236	2.5	5.2	1.9
Greater London	448	4.7	3.0	3.1
North East	114	3.6	8.3	2.1
North West	301	4.6	3.1	1.2
Scotland	512	2.3	3.5	1.9
South East	343	2.1	3.9	2.3
South West	206	1.3	5.1	2.5
West Midlands	256	3.9	4.1	3.4
Yorkshire and The Humber	221	3.4	4.3	2.5
National (UK)		3.5	4.3	2.3

Confidence levels:

Region	Sample Size	Confident managing finances online (%)	Low confidence in money management or using financial products (%)	Very low knowledge of financial matters (%)
East Midlands	190	71.7	27.5	17.4
East of England	236	71.9	21.0	16.7
Greater London	448	75.1	39.9	26.0
North East	114	75.5	33.0	19.2
North West	301	74.3	28.7	16.9
Scotland	512	76.6	28.1	17.3
South East	343	79.9	22.5	13.1
South West	206	75.6	24.4	19.5
West Midlands	256	72.0	34.8	17.7
Yorkshire and The Humber	221	73.4	24.2	16.9
National (UK)		74.6	28.5	18.3

Ability to use financial products:

Region	Sample Size	Has difficulty using Current Accounts online (%)	Has difficulty using Credit Cards online (%)	Has difficulty using Savings online (%)	Has difficulty using Overdrafts online (%)
East Midlands	190	5.7	11.2	6.7	18.1
East of England	236	3.9	7.2	6.3	13.5
Greater London	448	9.8	10.3	13.1	17.0
North East	114	5.1	8.4	12.8	13.5
North West	301	3.9	6.1	8.2	11.6
Scotland	512	4.9	4.8	4.9	9.2
South East	343	2.6	4.9	8.2	10.6
South West	206	3.1	3.9	5.1	5.3
West Midlands	256	8.7	12.3	11.1	15.8
Yorkshire and The Humber	221	4.1	6.1	8.6	9.1
National (UK)		5.1	7.5	8.4	12.6

Need for help and support:

Region	Sample Size	Want any type of help and support to make financial decisions (%)	Want help understanding which products and services might benefit them (%)	Want help choosing the specific product that benefits them the most (%)	Want help boosting their digital skills to be more confident in managing finances online (%)
East Midlands	190	65.6	33.1	31.5	28.6
East of England	236	61.8	29.8	31.7	18.2
Greater London	448	77.8	43.1	35.5	36.8
North East	114	66.2	32.1	28.3	25.2
North West	301	70.4	37.3	33.0	25.3
Scotland	512	72.8	39.0	39.1	26.4
South East	343	68.0	36.2	29.8	21.4
South West	206	65.1	34.7	29.3	16.8
West Midlands	256	69.0	31.7	30.4	25.0
Yorkshire and The Humber	221	73.5	36.0	27.9	24.9
National (UK)		69.6	36.0	31.6	25.1

Scams:

Region	Sample Size	Worried about being victim of online financial scam or fraud (%)	Confident in recognising online scams (%)	Victim of online scam (%)
East Midlands	190	53.4	66.4	19.6
East of England	236	53.9	69.0	15.4
Greater London	448	56.0	71.6	25.8
North East	114	55.8	69.8	26.4
North West	301	54.8	73.3	23.7
Scotland	512	55.3	73.9	20.8
South East	343	53.7	74.1	15.2
South West	206	50.3	65.7	15.9
West Midlands	256	54.4	68.4	21.0
Yorkshire and The Humber	221	55.6	69.0	12.6
National (UK)		54.2	70.3	19.3

