

Financially excluded households include 'a higher number of ethnic minorities'

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ARE you a female, white, educated, homeowner from London?

Then you are more likely to have access to credit than your black male colleagues.

This is one of the statistics uncovered in a paper written by academics at Hull University Business School and the University of Bangor.

Using data obtained by the Living Costs and Food Survey from 2001-2009, Dr Alper Kara of Hull University Business School concludes that "financially excluded households" include a disproportionate number of ethnic minorities.

The research looked at household characteristics such as race, education, gender, employment, and household spending and income.

The measure of access to credit is judged by whether a household has a credit card or loan, including a mortgage.

Dr Kara said: "There is extensive research on this topic on the US, but it is less prevalent in the UK.

Overall our findings show that consumers applying for credit may be disadvantaged because of their racial origins. And it is households of black and Asian origin which are most affected.

"We find that Asian households are more likely to have less access to loans, but the relationship between being Asian and access to credit cards is not significant.

"On the other hand, households of black origin are less likely to have access to credit cards but they are not disadvantaged with regard to access to loans compared to whites."

The results also suggest that "financial exclusion" occurs even when the economy is doing well. According to the researchers, there was an unexpected rise in cases of discrimination in the con-

sumer credit markets during the boom years of 2004 to 2007.

Dr Kara added: "Households

with a racial origin other than white seem to face difficulty in accessing credit, even though they have comparable economic statistics.

"This suggests that the well publicised relaxation in lending standards by banks to take on more risky credit during this period only applies to white households, which is unacceptable.

"However, during the years of economic crises, we observe that the probability of there being no access to credit for non-white households actually drops. The possible reasons behind financial exclusion in the UK are unclear and beyond the scope of this research.

"However, being aware of the link between access to credit and social exclusion, policy makers should seek to develop policies and mechanisms aimed at reducing such inequalities."



DR ALPER KARA: Households with a racial origin other than white seem to face difficulty getting credit.