

Vanquis Financial Wellbeing Index

Q1 2023 vs Q1 2025

Foreword

People who feel confident with numbers are consistently better at budgeting, building savings, and avoiding problem debt. Strengthening numeracy skills is therefore not simply an educational exercise - it is a direct route to greater financial inclusion.

Financial wellbeing is the cornerstone of a resilient economy, yet our latest Vanquis Financial Wellbeing Index reveals that many people earning up to £40,000 a year still walk a financial tightrope.

Nearly one-in-three respondents to our survey (29%) relied on credit to cover everyday costs - more than the 23% who expected to do so. At the same time, too much spare income is sitting idle in low-interest current accounts rather than being channelled into savings or debt reduction.

Our findings spotlight a powerful lever for change: numeracy. People who feel confident with numbers are consistently better at budgeting, building savings, and avoiding problem debt. Strengthening numeracy skills is therefore not simply an educational exercise - it is a direct route to greater financial inclusion and resilience for almost half of the UK's working population.

Vanquis is committed to turning these insights into action - supporting individuals, communities and partners in empowering Working Britain to make smarter financial decisions and secure a stronger future.



Ian McLaughlin,
CEO Vanquis

At National Numeracy, we believe that everyone should feel confident and capable with numbers, because the ability to understand and work with numbers isn't just a skill, it's a pathway to greater control, opportunity and financial resilience.

Too often, poor numeracy silently limits people's potential - undermining confidence, constraining opportunity, and contributing to persistent challenges like financial insecurity, poor health, and unemployment.

The Vanquis Financial Wellbeing Index highlights a clear and urgent connection between number confidence and financial wellbeing. While many are motivated to improve their numeracy, driven by a desire for personal growth and better money management, others still don't see the benefit or feel held back by anxiety and self-doubt. That confidence gap can make the difference between staying afloat and building real financial security.

At National Numeracy, we believe that everyone should feel confident and capable with numbers - because the ability to understand and work with numbers isn't just a skill, it's a pathway to greater control, opportunity and resilience.

Improving numeracy at a national level can unlock brighter futures for individuals and stronger foundations for the UK economy. With the right support, change is not only possible - it is transformative.



Sam Sims,
CEO, National Numeracy

The Heart of Working Britain: Financial reality for workers earning up to £40k a year

Executive summary

The latest edition of the **Vanquis Financial Wellbeing Index** explores the financial realities of UK workers earning up to £40,000 - a group we define as the Heart of Working Britain. These are the people powering key sectors like healthcare, education, retail, transport, and public services. They form the backbone of the economy and represent around half of the UK's working population*.

It uses detailed spending data to analyse key trends in income, spending and savings, and maps this against survey data that provides insights into what this group is thinking and feeling about their finances. Published in partnership with National Numeracy, this quarter's Index also explores attitudes towards numeracy and how this shapes financial wellbeing.

This edition reveals cautious but meaningful progress among people earning under £40,000. Despite rising essential costs, more are ending the month with more spare cash, an encouraging sign of growing financial resilience.

Yet beneath these improvements lie persistent vulnerabilities: low savings rates, underestimated financial stress, and increased reliance on credit. Structural challenges, particularly high housing, insurance, and transport costs, continue to strain household budgets. Many are working longer hours or taking second jobs just to stay afloat, often underestimating the risk of missed payments.

A critical, often overlooked factor in financial wellbeing is numeracy confidence. This quarter's index shows people earning up to £40,000 a year are less confident with numbers, more likely to feel anxious about maths, and less likely to recognise its value — all of which can hinder financial capability, job prospects, and long-term planning. While many are motivated to improve their number skills for personal growth or better money management, a significant perception gap persists.

Key findings:

- **More money left over each month:** The amount of money left over each month ('spare cash') has risen this quarter to 12%, (from 2.9% in Q4 2024), supported by steady income gains (2%) and recent reductions in expenses (-5%).
- **Savings:** Despite having 12% of income left after bills and spending, those earning up to £40,000 save on average just 1.33% of their income. Ongoing financial stress and low confidence mean it's often kept in current accounts rather than used to build savings or reduce debt.
- **Consumers are adapting to make their budget work:** People earning up to £40,000 a year are switching to own-label groceries, changing supermarkets, and cutting back on extras. 42% are working more hours and 35% have taken second jobs to make ends meet. (Mintel)
- **Money worries remain:** Despite some financial breathing room, missed bill payments and reliance on credit are higher than expected. Stress about money is only easing slightly for people earning less than £40,000 a year. (Mintel)
- **Confidence with numbers is lower amongst people earning up to £40,000 a year, impacting money management:** Low earners feel less confident with numbers compared to higher earners¹ (64% rate themselves 8+ out of 10 vs 75%). Many feel anxious or say they are "not a numbers person", which leads to confidence gap. (Mintel)
- **Most want to improve their maths skills:** 52% of workers in our cohort want to get better at maths for personal growth (52%) or to manage money better (41%). Yet nearly one-third [of people earning up to £40,000 a year don't see how better maths skills would help them, showing a gap in perception. (Mintel)

¹Employee earnings in the UK - Office for National Statistics | Representative of the Vanquis customer base: AVG income £32,000 a year.

Growing financial headroom

This quarter, the Heart of Working Britain has seen a rise in leftover income to 12%, up from just 2.9% in Q4 2024. This shift reflects a 2% increase in average incomes and a 5% drop in overall spending.

This trend highlights growing financial headroom for people earning up to £40,000.

Quarterly surplus*: 12% (up from 2.9%)

- Income growth: +2% (quarterly)
- Expense growth: -5% (quarterly)

One-year surplus*: 9% (up from 4.7%)

- Income growth: +7% (YoY)
- Expense growth: +3% (YoY)

Two-year surplus*: 10% (up from 4.9%)

- Income growth: +19% (two-year)
- Expense growth: +19% (two-year)

* Income surplus is calculated by subtracting essential expenses from total income, then dividing that remainder by total income to get a percentage.

Essential spending

Spending on essentials has risen sharply in the short term, increasing by 13% this quarter alone. Year-on-year, spending is up 8%, with a 17% rise over the past two years, highlighting a steady upward trend in the cost of everyday necessities.

- **Quarter-on-quarter: +13%**
- **Year-on-year: +8%**
- **Two-year trend: 17%**

Key highlights

- Energy bills up 17% over two years, are but down 1% year-on-year.
- Water bills surged 36% in two years and 18% year-on-year.
- Mortgage and rent up 30% over two years, with 10% year-on-year growth.
- Insurance premiums rose 31% in two years, and 8% year-on-year.

**Vanquis' decline referral partnership with Fair Finance has identified £7.6 million in annual benefit entitlements since December 2024.

Savings levels remains low

The average savings rate of people earning up to £40,000 a year remains strikingly low at just 1.33% in Q1 2025 (1.16% in Q4 2024).

Even though many people across Working Britain have around 12% of their income left after essential bills and spending, much of this isn't being directed into savings.

For some, this may reflect a deliberate choice - prioritising ease of access and flexibility amid ongoing financial stress and uncertainty. For others, it may signal a lack of awareness, confidence or support in knowing how best to use what's left over.

While having money left at the end of the month can indicate careful budgeting, leaving it in low-interest current accounts may limit long-term financial resilience.

This highlights the need for greater support in helping people feel confident using spare income to build financial security - whether through saving, budgeting, or managing debt.

Many people are doing the hard part, budgeting carefully, yet still miss out on the benefits of saving or reducing debt. By boosting numeracy, building confidence with numbers, and clearly signposting trusted tools, benefit entitlements**, and simple actions like automating savings, we can help turn good money management into lasting financial resilience.



Ian McLaughlin,
CEO Vanquis

Tight budgets, tough choices

Despite the increase in financial headroom for workers earning under £40,000, survey data undertaken with research partner Mintel reveals that this group continue to feel under significant financial strain and are making tough choices to improve their finances.

Financial stress remains high. Those reporting a negative impact on mental wellbeing fell slightly over the quarter, from 44% to 40%, suggesting a modest improvement, although levels remain high.

To stay afloat, people are making significant lifestyle adjustments. 42% are working longer hours in their main job, 35% have taken on second jobs, 78% have cut non-essential spending, 61% have switched to cheaper supermarkets and 62% are buying more own-label groceries, indicating feelings of financial stress.

Missed bill payments were significantly underestimated. In January, just 11% of this group expected to miss a payment over the next three months — yet by May, nearly 1 in 5 (21%) had done so.

Rising credit use. Rising credit use is another pressure point. Three months ago, 23% of respondents had expected to rely on credit to pay everyday bills, but in our latest study the proportion of people who had actually done so was as high as 29%.

42%

are working longer hours

35%

have taken on second jobs

78%

have cut non-essential spending

61%

have switched to cheaper supermarkets

62%

buying more own-label groceries

Encouragingly, outlook is improving. 32% expect to be better off in the year ahead, up from 26% at the start of 2025, pointing to a slow but hopeful shift in sentiment.

Nearly 1 in 5 lower earners missed a bill payment this spring, almost double the number who expected to.

People across all income levels tend to rate their reading and writing skills more highly than their maths ability. This gap is more pronounced in lower-income groups.

Low earners¹ show lower confidence with numbers in daily life. 36% of those earning under £40,000 rated their numerical confidence below 8 on a scale of 0–10, compared to 25% of those earning over £40,000.

Reading and writing are rated more highly than numeracy by everyone. 57% of those earning under £40,000 pounds rated their reading and writing skills as “very good”, with 64% of those over £40,000 doing the same. By contrast, 43% of higher earners¹ rated their maths and numeracy skills as “very good” compared to just 33% of lower earners.

Math anxiety is more common among lower earners. 24% of people earning up to £40,000 a year agreed that using maths makes them anxious, versus 20% of higher earners¹. 11% strongly agreed with the statement, “I don’t think that I am a numbers person.”

Nearly 3 in 10 are put off jobs involving numbers. 28% say they would avoid applying for a job if it required using numbers and data.

Motivations to improve numeracy are strong but vary: Personal growth (52%) and better money management (41%) are top reasons for wanting to improve maths skills. However, 31% of lower earners say they don’t see the benefit of improving their maths (vs 26% of higher earners), and only 54% feel they don’t need to improve, compared to 61% of higher earners¹.

The Vanquis Financial Wellbeing Index shows just how powerful number confidence can be in shaping our financial lives. While many are motivated to improve their numeracy for personal growth or better money management, too many still feel anxious or unsure of its value. Bridging that confidence gap isn’t just about maths - it’s about giving people the tools to move from just getting by to building real financial security.



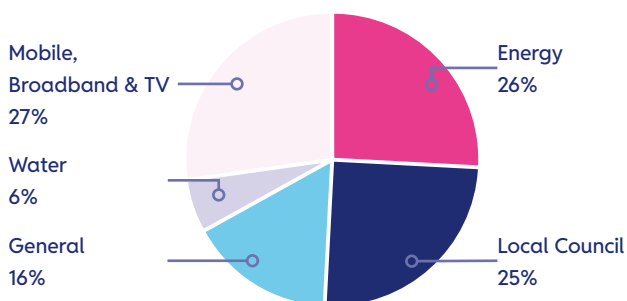
Sam Sims,
CEO, National Numeracy

Deep dive: Essential spending

Essential spending has climbed significantly across all timeframes, pointing to sustained pressure on household budgets. Over the past quarter, spending rose by 13%, a sharp increase likely driven by winter-related costs and seasonal demand. Year-on-year, spending is up 8%, and over the past two years it has grown by 17%, underlining a longer-term trend of rising costs for everyday necessities.

- **Quarter-on-quarter: +13%**
- **Year-on-year: +8%**
- **Two-year trend: 17%**

Household bill breakdown over 2 years



Energy

- **2-Year Growth: +17%**
- **YoY Growth: -1%**
- **Quarterly Growth: +4%**

Energy bills have increased 17% over the past two years, reflecting the sustained impact of energy price inflation. Despite this long-term increase, there was a modest 1% decline year-on-year, suggesting some price stabilisation. In the latest quarter, costs rose by 4%, driven by higher seasonal usage during the colder winter months.

Water

- **2-Year Growth: +36%**
- **YoY Growth: +18%**
- **Quarterly Growth: -10%**

Water bills have increased sharply by 36% over the past two years, making it one of the fastest-rising household expenses. The 18% year-on-year growth highlights continued upward pressure. However, the most recent quarter saw a 9.9% drop, likely reflecting seasonal usage patterns or billing cycles. Despite the short-term dip, water costs remain on a strong upward trajectory longer term.

Mobile, Broadband & TV

- **2-Year Growth: +6%**
- **YoY Growth: -1%**
- **Quarterly Growth: -5%**

Spending on mobile, broadband, and TV services has grown modestly by 6% over the past two years, but recent trends suggest a downward shift. A 1% drop year-on-year and a sharper 5% quarterly decline indicate that consumers may be cutting costs through plan downgrades, switching providers, or cancelling non-essential services.

Supermarket

- **2-Year Growth: +17%**
- **YoY Growth: +5%**
- **Quarterly Growth: -7%**

Supermarket spending rose 17% over two years and 5% year-on-year, reflecting steady growth. However, the 7% decline in the latest quarter likely reflects seasonal adjustments following elevated spending during the Christmas period. Supermarkets continue to capture the majority of food spend, as consumers increasingly consolidate their shopping in search of convenience and value.

Convenience store

- **2-Year Growth: -11%**
- **YoY Growth: -15%**
- **Quarterly Growth: -7%**

Spending at convenience stores has declined significantly, down 11% over two years and 15% year-on-year. The continued quarterly drop (-7%) suggests that consumers are actively reducing reliance on higher-cost convenience purchases in favour of more economical supermarket shopping. This category reflects a clear shift in behaviour toward cost-efficiency and value-seeking.

Vehicle/transport

- **2-Year Growth: +6%**
- **YoY Growth: +5%**
- **Quarterly Growth: +6%**

Vehicle and transport costs have grown steadily, rising 6% over two years and 5% in the last year. The most recent quarter also saw a 6% increase, suggesting persistent upward pressure across fuel, maintenance, and travel-related expenses.

Mortgage & rent

- **2-Year Growth: +30%**
- **YoY Growth: +10%**
- **Quarterly Growth: +3%**

Housing costs have climbed sharply, with a 30% increase over the past two years driven by rising interest rates and rent inflation. Over the last year, growth slowed to 10%, and quarter on quarter indicate a moderating but persistent upward trend. While the steepest hikes may be behind us, affordability remains stretched for many people earning up to £40,000 a year.

Car & home insurance

- **2-Year Growth: +31%**
- **YoY Growth: +8%**
- **Quarterly Growth: -6%**

Car and home insurance costs have risen sharply, with premiums up 31% over the past two years and 8% year-on-year. The 6% decline in the most recent quarter may reflect seasonal renewal patterns and increased consumer switching in response to high prices. This dip could indicate early signs of market adjustment or price sensitivity among policyholders.

Conclusion

This edition of the Vanquis Financial Wellbeing Index highlights cautious optimism among the Heart of Working Britain. Many people earning up to £40,000 are seeing more money left over each month, adapting spending habits, and reporting a modest easing of financial stress. The rise in spare income, from 2.9% to 12%, marks real progress.

But beneath the surface, vulnerabilities remain. Savings rates are strikingly low, surplus income is often left idle in current accounts and reliance on credit is growing faster than expected. High costs for essentials such as housing, insurance, and transport continue to stretch household budgets. For many, financial stability still comes at the cost of long hours, second jobs, and difficult compromises.

One often overlooked barrier to lasting financial resilience is **numeracy confidence**. Lower earners are more likely to feel anxious about maths, less likely to see its relevance, and less equipped to apply numbers in daily life. This confidence gap

limits not just budgeting and saving, but career progression, informed decision-making, and long-term planning.

The solution isn't just better financial advice, it's building everyday number confidence. People are motivated to improve, often driven by the desire to manage money better. But many don't know where to begin, or doubt that stronger number skills will make a real difference.

Building numeracy and confidence with numbers must go hand in hand with practical support. That means clearly signposting trusted financial tools, helping people identify any unclaimed benefit entitlements, and promoting simple, effective actions (like automating savings) that turn good budgeting into real financial progress. With the right support, more people can convert careful money management into long-term financial resilience.

As Andy Haldane recently argued, we are a global financial centre built on shaky foundations of everyday numeracy. With over 40% of young people failing GCSE maths, the skills gap continues into adulthood - constraining financial capability across the workforce.

This is a national issue and a shared responsibility. Financial institutions, employers, educators, and policymakers must come together to embed numeracy support where people live, work, and make financial choices. Building number confidence isn't just a personal benefit, it is a foundation for a more resilient, capable, and productive society.

Now is the moment to turn short-term resilience into long-term financial security. That means:

- Investing in everyday numeracy to support confident financial decision-making
- Backing organisations like **National Numeracy** that help people overcome maths anxiety and build vital number skills
- Ensuring financial services, employers, educators, and government all play their part in closing the confidence gap

Improving numeracy in the UK is essential. Because when people feel confident with numbers, they're more likely to take control of their money and their future.

About the Vanquis Financial Wellbeing Index

This report examines income, expenses, and overall financial wellbeing of people earning up to £40,000 a year, offering a timely snapshot of the financial resilience of this income group.

- **Data Source:** Snoop / SpendMapper
- **Data:** The analysis is based on anonymised transactional data from a stable cohort of 2,508 people, covering a two-year period from Q1 2023 to Q1 2025. The data reflects consistent transaction and income history over this time frame. Within this broader cohort, a focused subset of 1,263 participants earning up to £40,000 annually provides targeted insights into the financial behaviours and pressures faced by lower- to moderate-income earners.
- **Mintel:** Consumer Financial Wellbeing Survey on behalf of Vanquis - 2025
 - Fieldwork dates: 26 April – 6 May 2025
 - Source: Kantar Profiles/Mintel
 - Market: Great Britain
 - Base: 1000 internet users aged 16+
 - 583 earning less than £40k pa
 - 369 earning more than £40k pa
 - 48 preferred not to disclose earnings
 - 'Earning over/under £40,000. Higher/lower earners refers to household income when referring to the Mintel data.

About Vanquis

- Vanquis is the UK's largest specialist finance provider for financially underserved customers and one of the biggest financial services businesses outside the Southeast.
- Headquartered in Bradford and listed on the London Stock Exchange, Vanquis serves 1.69 million customers through core banking services and Snoop, a platform that helps individuals save up to £1,500 annually on spending and household bills.
- Committed to financial inclusion and social mobility, Vanquis provides tailored products and services that empower customers to take control of their financial futures. This aligns with our mission: to deliver caring banking so our customers can make the most of life's opportunities.

About National Numeracy

- National Numeracy is a charity dedicated to helping people feel confident with numbers and using everyday maths. We empower people to thrive by using numeracy to open up opportunities and access brighter futures, targeting communities where the need is greatest.
- National Numeracy is a registered company (company no: 7886294) and charity (charity no: 1145669).
- Visit: www.nationalnumeracy.org.uk

The next Vanquis Financial Wellbeing Index will be published in September 2025.