



NOVA
CREDIT

10 Million UK Immigrants:

A Market Opportunity
Hiding in Plain Sight

2023 UK Market Research Report





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Executive Summary

Every year millions of people make their home in a new country and they leave behind years — sometimes decades — of hard-earned credit history in the countries they've left. Without access to their past credit history, lenders in the applicants' new country have no choice but to automatically decline or offer higher APRs or deposits.

Now operating in the UK, Nova Credit commissioned independent research in Q2 2023 to examine the stress, strain and challenges this archaic system of siloed credit bureaus creates for the millions of immigrants that are living and working in the UK today.

Key Findings

66%

of working immigrants living in the UK today find the process to receive credit products takes longer than it should on account of a lack of UK credit history.

55%

feel they have been treated differently on account of their lack of UK credit history.

59%

have been told by lenders and financial services providers that they would have to be treated differently.

73%

of immigrants believe credit history is part of their financial history and they have a right to it wherever they choose to live.

53%

of immigrants expect to apply for additional credit in the next 12 months.



Introduction

280 million people worldwide — or rather, one in 30 of all people globally — live in countries they weren't born in.¹ And every year millions more people around the world make their home in a new country.

All these people have different reasons to move. They all have different expectations about what life will be like in the new countries they call home. They all arrive with different amounts of financial stability. Every immigrant has a different story, but there is one great leveller that unites every single one of them. And that's credit history.

Whenever an immigrant moves from one country to another, they leave behind years — sometimes decades — of hard-earned credit history 'stuck' in the country they've left. Without access to their past credit history, lenders in the applicants' new country have no choice but to automatically decline or offer higher APRs or deposits.

Hamstrung by this archaic system of siloed credit systems that do not speak to one another across borders, newcomers struggle, amid long delays, to access fairly priced credit-based products like credit cards, car finance or phone contracts — all products that many of us take for granted.

A photograph of three young women walking and smiling in a city street. The woman on the left has blonde hair and is wearing a grey blazer over a white top. The woman in the middle has red hair in a braid and is wearing a black leather jacket. The woman on the right is partially visible, wearing a striped shirt. The background shows a blurred city street with buildings and lights.

66%

of working immigrants living in the UK today find the process to receive credit products takes longer than it should on account of a lack of UK credit history

One in seven people living in the UK today was born overseas², and that proportion is growing. By 2035, the UK's Office for National Statistics estimates that 100% of net population growth in the UK will come from immigrants³. The UK remains an important destination for immigrants of all ages, of all socio-economic demographics, and at all stages of their careers or education. Immigrants form an essential, integral part of the country's rich social, economic and cultural tapestry.

As lenders and financial services providers across the country evolve their own practices to come in line with the Financial Conduct Authority's Consumer Duty guidelines, now is a wise and appropriate time to examine the way credit products are sought by and provided to such a deep and integral portion of the UK population.

To better understand UK immigrants' experiences of accessing credit products and services as well as the feelings and opinions they form in response to the challenges of accessing credit, we commissioned a survey with independent research agency Opinium who interviewed 1,000 working age individuals who moved to the UK in the last 10 years.



UK immigrants: a 10 million strong market opportunity

The disparity between the experience of credit applicants newly arrived in the UK and that of people who have lived and worked in the UK for many years creates different customer experiences and unequal access to credit products amongst credit applicants based on circumstances beyond their control.

It would be easy — and erroneous — to lay fault for this problem of financial exclusion at the door of lenders. Instead, at the heart of this problem lie segregated domestic credit reporting systems that have been built piecemeal and have until now not been subject to the same degree of globalisation that has transformed other facets of financial services. For decades there has been no standardised way for lenders to communicate with credit bureaus around the world, or share credit history between countries in formats and templates that one another can understand.

Working out how best to serve this rising population of people who traditionally are excluded from basic financial services needs to become a priority for the financial services industry. For, while creating ways to improve the way UK immigrants is an example of great financial inclusion in action, this is also good commercial sense. Lenders are continually seeking entry points into new markets. Here's one that has been hiding in plain sight.

Our research confirms that a significant number of the working age adults who move to the UK every year are creditworthy and credit hungry. Work is the primary reason why nearly half (45%) of working immigrants move to the UK — either for their own jobs or those of their partners.

Two thirds (66%) of immigrants have received higher education qualifications of a Bachelor's degree or higher and over a quarter (26%) of them earn more than the UK national average wage of £40,000. These figures align with the Migration Observatory's independent research findings that foreign-born workers in the UK tend to earn high incomes, with the top 25th percentile of workers from some regions earning around 50% more than top native UK employees⁴.

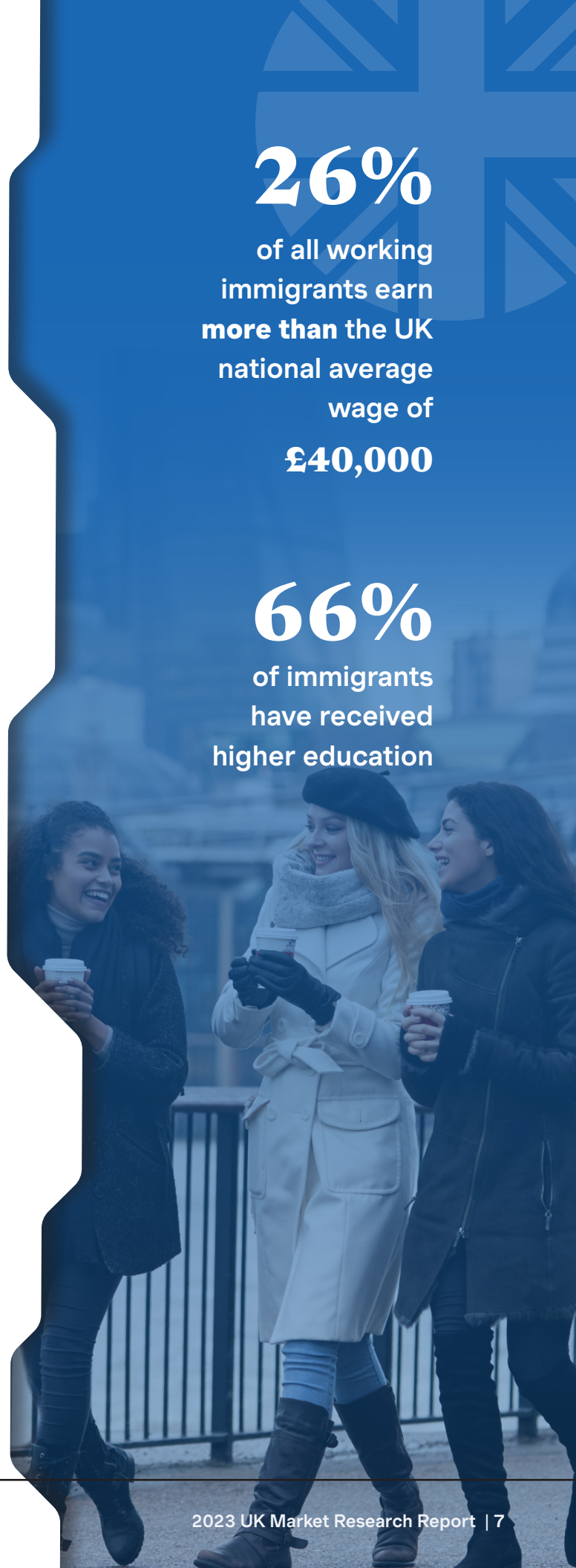
While 80% of those we surveyed indicate plans to stay in the UK for at least four years, half (50%) of them plan to be in the country for a decade or longer and almost half (43%) own their own homes in the UK.

26%

of all working
immigrants earn
more than the UK
national average
wage of
£40,000

66%

of immigrants
have received
higher education



43%

of immigrants
own their own
home in the UK

50%

plan to be in the
UK for at least
10 years

This indicates a strong investment in their future lives in the country, an indication that is borne out of historic fact. Further data from the Migration Observatory chimes with our findings: out of the 9.5 million foreign-born people living in the UK in 2019, 5.8 million (or 61%) had lived in the country for 10 years or more⁵.

Continual growth and market share accretion are integral to financial services lenders' ability to compete domestically and internationally. Lenders, like almost any other type of enterprise, are continually searching for new markets to serve because that's where and how growth is achieved. The immigrant population is one such market — but one that's stubbornly out of reach.

As other borrower markets contract, the creditworthy immigration population is only becoming larger. For those financial services players that could or do serve this community, the rewards could be enormous.

Long delays and different treatment — an immigrant's first taste of UK Financial Services

The credit needs of a newcomer to the UK are typically no different from those of someone who's lived in the UK all their life. But the experience of accessing that credit— whether it's a mobile phone contract, property rental agreement, car loan or mortgage — can feel entirely different.



For **66%**
of immigrants, the process to
receive credit products takes
longer than it should on account
of their lack of UK credit history

55%
of immigrants feel
they have been
treated differently on
account of this lack
of UK credit history

Our research finds that UK immigrants have poorer experiences from their would-be financial services providers than UK-born counterparts as a consequence of their lack of available credit history.

For two in three (66%) immigrants, the process to receive credit products takes longer than it should on account of the applicants' lack of UK credit history. Over half (55%) feel they have been treated differently on account of this lack of UK credit history and an even higher proportion (59%) have been told by the lenders and financial services providers that they would have to be treated differently.

Getting Connected

How to access a mobile phone contract is something seven in 10 (69%) immigrants will research before moving to the UK. For a similar proportion (61%) getting some sort of mobile phone service is a priority product they need upon arrival into the country. Our research found that 60% of immigrants sought mobile phone services within a week of arrival (95% sought a service within six months).

The urgency and priority of mobile phone contact with friends, family, current and would-be employers is essential for these individuals. However, our data shows that mobile phone services are considerably easier to achieve than other key credit services, given the easy accessibility of 'pay as you go' phone services that immigrants may use while waiting for contract applications to be accepted. This easy access to non-contractual mobile phone services likely contributes to our finding that 54% of immigrants are able to achieve some form of mobile phone service within a week of arrival. A cost implication should be considered, however, given that these sorts of temporary, immediate services are typically more expensive than the contract alternative. Consequently a third (33%) of immigrants agree that their lack of UK credit history made it more difficult to access fairly or competitively priced mobile phone services.



Only one in four (24%) immigrants who moved to the UK in the last ten years have experienced fully online processes to access credit products and services.

Across all credit products, more immigrants agree than disagree that their lack of UK credit history made it more difficult to access fairly priced or competitive credit products and services. Specifically, half (47%) of immigrants say they have found it difficult to get fairly priced credit cards; half (49%) found it difficult to find fairly priced loans; and half (47%) found it difficult to find a fairly priced rental property. One in two (50%) struggled to make fairly priced house purchases; and 41% found it hard to get fairly priced car finance. The data found that mobile phones are an exception to this rule, given the easy accessibility of typically more expensive 'pay as you go' phone services of which immigrants may avail themselves while waiting for mobile contract applications to be accepted.

On the Move

For some, access to a car is a lifeline. It makes commuting more comfortable, allows less-able people to reach their places of work, and ferries children to and from school. Within three months of moving to the UK, 49% of immigrants seek a car to lease, and 53% a vehicle purchase. Yet, significant hurdles remain. Only one in five (20%) immigrants who tried to lease a car say that their lack of UK credit history did not make it more difficult to access car rental credit that was fairly or competitively priced. Similarly, among those who tried to buy cars after moving to the UK, only a quarter (27%) consider that accessing fairly or competitively priced car finance was not more difficult on account of their lack of UK credit history.



The discrepancy between expectation and experience also extends to the time taken to access credit services. Three in five (59%) immigrants start to look for a credit card within three months of moving to the UK; two thirds (65%) will look for a rental property within one month; and 60% seek mobile phones within a week.

A roof over your head

Almost half (43%) of the immigrants interviewed for our research now own their own homes in the UK. But it wasn't always this way. Our research uncovers a stark reality that upon moving to the UK, finding accommodation for you and your family continues to be a bureaucratic hurdle created for immigrants because of their credit profiles. Finding a home to rent long term or buy is the second most important finance-related product for immigrants after bank accounts, yet for half (47%) of them, finding rental property that was fairly or competitively priced became problematic upon arrival. The reality for these individuals is that, without access to their past credit history, rental agencies demand that newcomer tenants pay six months' rent upfront, else find a UK-based guarantor to guarantee their tenancy. 80% of immigrants seek a home to rent long term within three months of moving to the UK, and 38% seek a home to buy in that time.



A woman with dark hair, wearing a grey hoodie and a blue backpack, is shown in profile, looking out over a city street. The background is slightly blurred, showing trees and buildings. The image is overlaid with a blue semi-transparent shape that contains the text.

The emotional, mental impact of 'lost' credit history

Moving to a new country will often be one of the most stressful and complicated life challenges most people will face. Add to this potentially months of long struggles to access credit products that may have been commonplace and easily accessible in their previous countries, and the experience deteriorates further.

Our research sought to explore the impact of credit problems on immigrants' early experiences of settling in the UK. The resulting data depicts a scene in which the challenge of securing credit in the UK negatively influences those important first few months.

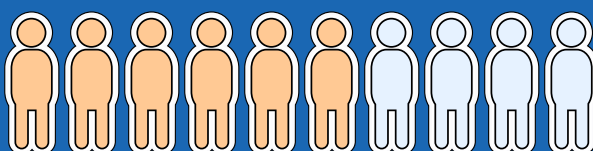
Asked where the greatest impact of credit challenges was felt, a trio of responses stands out predominantly. Without credit, 39% of immigrants have experienced a feeling of isolation and difficulty making friends; 37% have been unable to afford a good enough standard of accommodation for themselves and their families; and a similar proportion (35%) have been forced to endure long commutes to work or study.

The knock-on effect of these challenges are keenly felt in immigrants' overall feelings about life in the UK. While two in three (64%) cite feeling more welcome than they expected, three fifths (59%) have found life in the UK is harder than they expected. For a clear majority (71%) credit difficulties have exacerbated their belief that life in the UK is more expensive than they expected too.



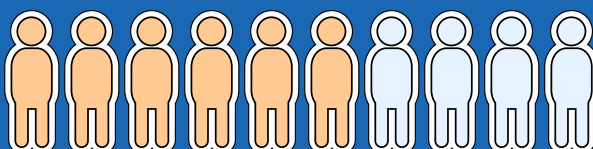
What has been your personal experience since you arrived in the UK?

Life in the UK is
harder (59%)



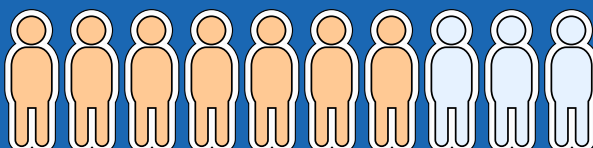
easier (41%)
than I expected

Life in the UK is
better (60%)



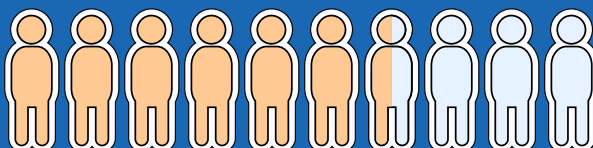
worse (40%)
than I expected

Life in the UK is
more expensive
(71%)



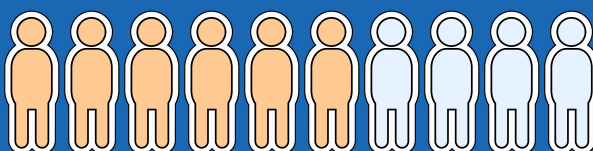
less expensive
(29%)
than I expected

I feel
more welcome
(64%)



less welcome
(36%)
than I expected

I feel
more positive
(61%)



less positive (39%)
about my future
financial wellbeing
in the UK than in my
previous country

Looking forward: immigrants' positive outlook

Despite the challenges of a protracted high inflation environment and their experience of complicated journeys to accessing credit, UK immigrants are positive about their own financial outlooks, reinforcing the belief that they constitute an attractive market opportunity for financial services providers to serve.



53%

of immigrants expect to apply for
additional credit in the next 12 months

Only one in 10 (10%) immigrants believe access to credit has not become harder as a result of the current challenging economic conditions; and over half (55%) worry that, in light of these conditions, any further credit applications they make will be refused on account of being a newcomer with limited UK credit history.

Despite these concerns, the majority (53%) expect to apply for additional credit in the next 12 months. An even higher proportion (56%) are confident they would be able to access affordable rates if they need to apply for more credit amid the current financial climate.

While for a third (35%), the reason for further credit is to cope with the rising cost of living, one in five (21%) of these likely applicants require credit in the form of mortgage finance specifically to buy new homes.





Q:

If you expect to apply for more credit in the next 12 months, what are the main reasons?



35%

To cope with the rising cost of living



21%

To apply for a mortgage to buy a new home



20%

To be able to afford increasing rent or mortgage costs



18%

To support family members who will join me in the UK from my previous country



18%

To finance a new car



16%

To consolidate debt



13%

To pay for childcare



12%

To pay for home renovations



Accessing immigrants before they make the move

Before moving to the UK, some preemptive research into credit options is not uncommon. Our research found that the majority of immigrants enquire about how to secure UK credit services and products before travelling to the UK, indicating the importance of credit to their immediate needs after immigration.

Eight in 10 (78%) of immigrants researched how to find somewhere long term to live before making the move to the UK; seven in 10 (69%) explored mobile phone services. Half (50%) of immigrants researched credit cards and a third (31%) looked into financial loans.

This prior research tallies with what immigrants in our survey consider to be priority financial products and services that they will need upon arrival. 80% say bank accounts are most needed, followed by 61% citing a home to rent long term, and 61% again needing a mobile phone service. Credit cards were a priority to one in five (17%) of respondents, while financial loans are deprioritised with only one in 20 (6%) seeking to secure one after immigration.

Only one in 10 (10%) immigrants appreciate, however, the relevance of their credit history to securing these new credit services in a new country. Specifically two thirds (63%) of immigrants aren't aware that their past credit history won't transfer overseas with them when they move.

Q:

Before moving to the UK, did you research how to do any of the following in the UK?

Finding somewhere to live long term

78%

Getting a mobile phone service

69%

50%

Getting a credit card


43%

Buying or leasing a car

31%

Getting a financial loan



Furthermore, the failure of credit history to travel across borders is not something they agree with. Three quarters of immigrants (73%) believe credit history is part of their financial history and they have a right to it wherever they choose to live. And, while three in five (59%) say the UK government's visa and immigration services were supportive to them when they moved to the UK, three quarters (76%) say immigrants should be given more information about the importance of their previous credit history before moving. 

Only
10%
of immigrants
appreciate the
importance of
their past credit
history to getting
access to credit
in the UK

63%
of immigrants aren't
aware that past credit
history won't transfer
overseas with them
when they move

Methodology

Nova Credit commissioned the survey with independent research firm Opinium, which surveyed 1,000 individuals who immigrated into the UK in the last ten years during Q2 2023.

Sources

- 1 United Nations data
- 2 United Kingdom Census 2022
- 3 Office for National Statistics
- 4 The Migration Observatory
- 5 The Migration Observatory

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** The Migration Observatory ** The Migration Observatory*