Digital divide

The persistent and periodic digital exclusion
faced by people in financial difficulty, and
how we can close the divide

December 2021

always hope.

The UK's digital divide

The internet has become a central part of most people's lives. Today, 95% of UK adults use the internet.[1] However, according to the 2021 Lloyd's UK Consumer Digital Index, only three in five people are thought to have a high level of digital capability.

We use the internet for a whole host of tasks and activities, the most common being email, online banking, buying products and paying for services.[2] Our experience of the COVID-19 lockdowns in the UK also highlighted the increasing role of the internet at school and work, and our reliance on it to connect with people and services. However, **2.6 million people in the UK remain offline** (having not used the internet in the past three months) and **14.9 million have very low levels of digital engagement.**[3]

The digital divide is concerned with those who remain offline, as well as those who have limited ability to make the most of online activity. This matters because **people who remain offline or have limited ability to make the most of online activity face increasing financial and social disadvantages**. The Centre for Economics and Business Research identifies five types of benefits realised by people who have digital skills[4] – people who don't use the internet miss out on:
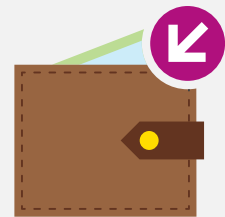
Higher earnings (of between 3% and 10%)

Improved chances of finding work

Retail savings (on average, online shopping is 13% cheaper than shopping in store)

More frequent connection with family and friends

Time saved when accessing government and banking services (estimated to be a saving of 30 minutes per transaction)

1 | Lloyds Bank (2021) UK Consumer Digital Index 2021: The UK's largest study of digital and financial lives
2 | Lloyds Bank (2021) UK Consumer Digital Index 2021: The UK's largest study of digital and financial lives
3 | Lloyds Bank (2021) UK Consumer Digital Index 2021: The UK's largest study of digital and financial lives
4 | The Centre for Economics and Business Research (CEBR) (2015) Web article: Providing Basic Digital Skills to 100% of UK population could contribute over £14 billion annually to UK economy by 2025

'I have cheap broadband to help me keep in contact with family. It helps keep my anxiety and depression at bay.'
CAP client

'I can't afford my own laptop or computer – I need a PC/laptop for my online homework.'
CAP client

The UK's digital divide

Digital inclusion is also a key contributor to financial wellbeing. People who are online are more likely to have savings, find ways of saving money, and access tools and resources to manage their wider wellbeing.[5]

In 2017, research found that one in five (22%) CAP clients did not have access to the internet on a smartphone or a personal device.[6] At the time this was twice the UK average.[7] Since then, rates of internet use have increased, especially during the COVID-19 lockdowns.[8] However, there is an ever increasing gap between those who can get online and those who can't or who lack the confidence and skills needed to do so, perpetuating significant inequalities in areas from employment to education.

In this paper we present the level of digital engagement amongst people in financial difficulty, and the barriers which make this difficult or completely impossible.

The data used in this report, unless otherwise stated, is from a survey of 897 CAP Debt Help clients conducted online and by post between October and December 2020. For the purposes of this paper, this data set is assumed to be representative of all CAP clients and referred to as 'CAP clients' throughout the report.

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This data is supplemented by UK population data kindly provided by Experian from Mosaic, which uses insights from several sources to segment the UK population into 66 detailed types. Insights from Experian are shown in blue boxes throughout the paper.

31%
of people who are unemployed
have low or very low digital capability, versus 19% of people in the workforce.[9]

23%
of people with disabilities
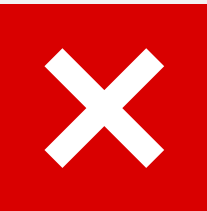are internet non-users compared to 6% of non-disabled adults.[10]

People on low incomes and those who live alone
are least likely to have an internet connection.[11]

9 | Lloyds Bank (2021) UK Consumer Digital Index 2021: The UK's largest study of digital and financial lives
10 | Office for National Statistics (2019) Exploring the UK's digital divide
11 | Office for National Statistics (2019) Exploring the UK's digital divide

5 | Lloyds Bank (2021) UK Consumer Digital Index 2021: The UK's largest study of digital and financial lives
6 | Christians Against Poverty (2017) Offline and shut out: Digital exclusion in an increasingly digital landscape
7 | Office of National Statistics (2017) Internet access - households and individuals: 2016 statistical bulletin
8 | Lloyds Bank (2021) Essential Digital Skills Report 2021: Third Edition - Benchmarking the Essential Digital Skills of the UK

Types of online tasks

15% of CAP clients have never accessed a service online

18% of CAP clients find solving a problem online difficult, very difficult, or never do this

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For this report, CAP clients were surveyed about five types of common online tasks, based on the essential digital skills framework developed by the Tech Partnership and Lloyds Banking Group. This defines five categories of online skills that are important for life and work. As well as foundational skills such as being able to turn on a computer, this includes communicating, handling information and consent, transacting, problem solving, and being safe and legal online.[12]

Type of task (Ranked in order of difficulty, with 1 being the most difficult)	Example	Percentage of CAP clients who find this difficult, very difficult, or never do this
1. Accessing a service	Completing an application form online or updating your Universal Credit journal.	28%
2. Solving a problem	Using online help or checking information.	18%
3. Making a purchase	Buying an item online or installing an app.	16%
4. Finding information	Using a search engine to visit a website you have not visited before.	16%
5. Staying in touch	Sending an email or using social media.	15%

23% of the UK population or 15 million people are uncomfortable using online banking. The most common groups affected are:
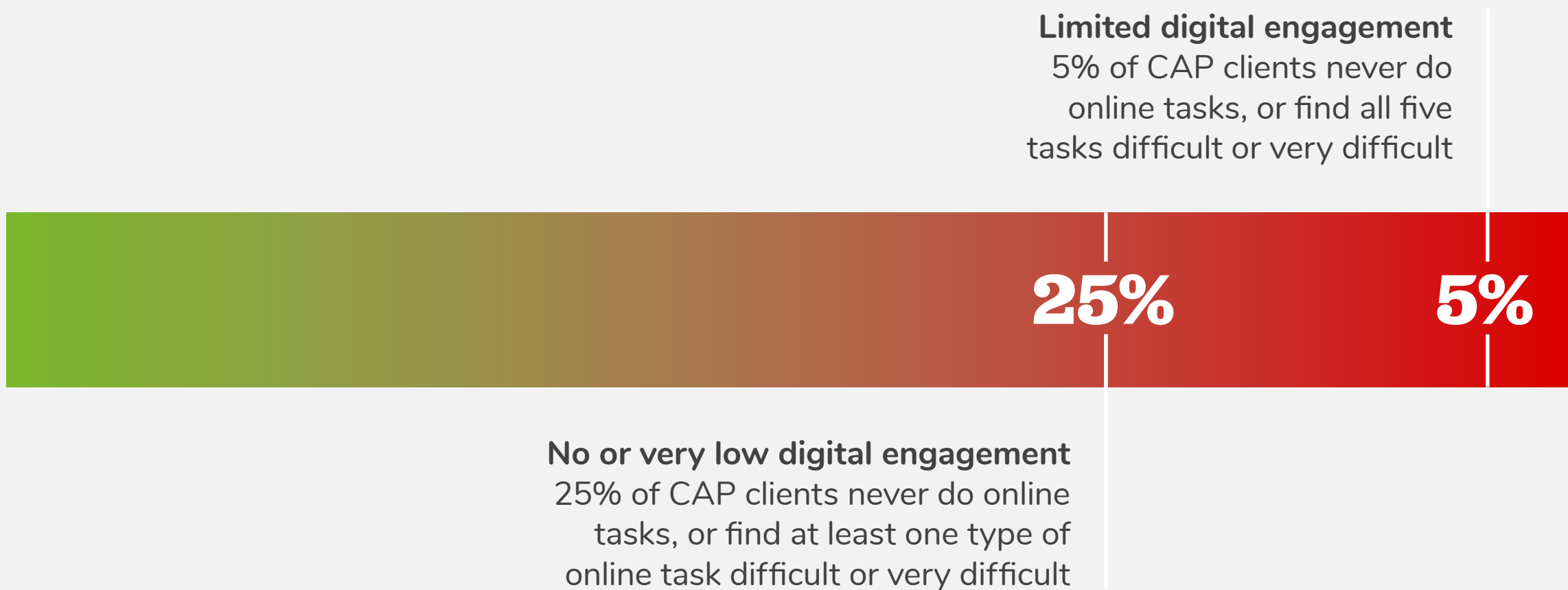
'High Rise Residents'
Tenants in social flats located in high rise blocks and living alone. (Age: 26-35, Household income: under £15,000)

'Solo Retirees'
Senior singles owning affordable but pleasant homes, whose reduced incomes are satisfactory. (Age: 66+, Household income: under £15,000)

'Classic Grandparents'
Lifelong couples in standard suburban homes, often enjoying retirement through grandchildren and gardening. (Age: 66+, Household income: £20,000-£29,999)

12 | *Department for Education (2018) Essential Digital Skills Framework, published on GOV.UK*
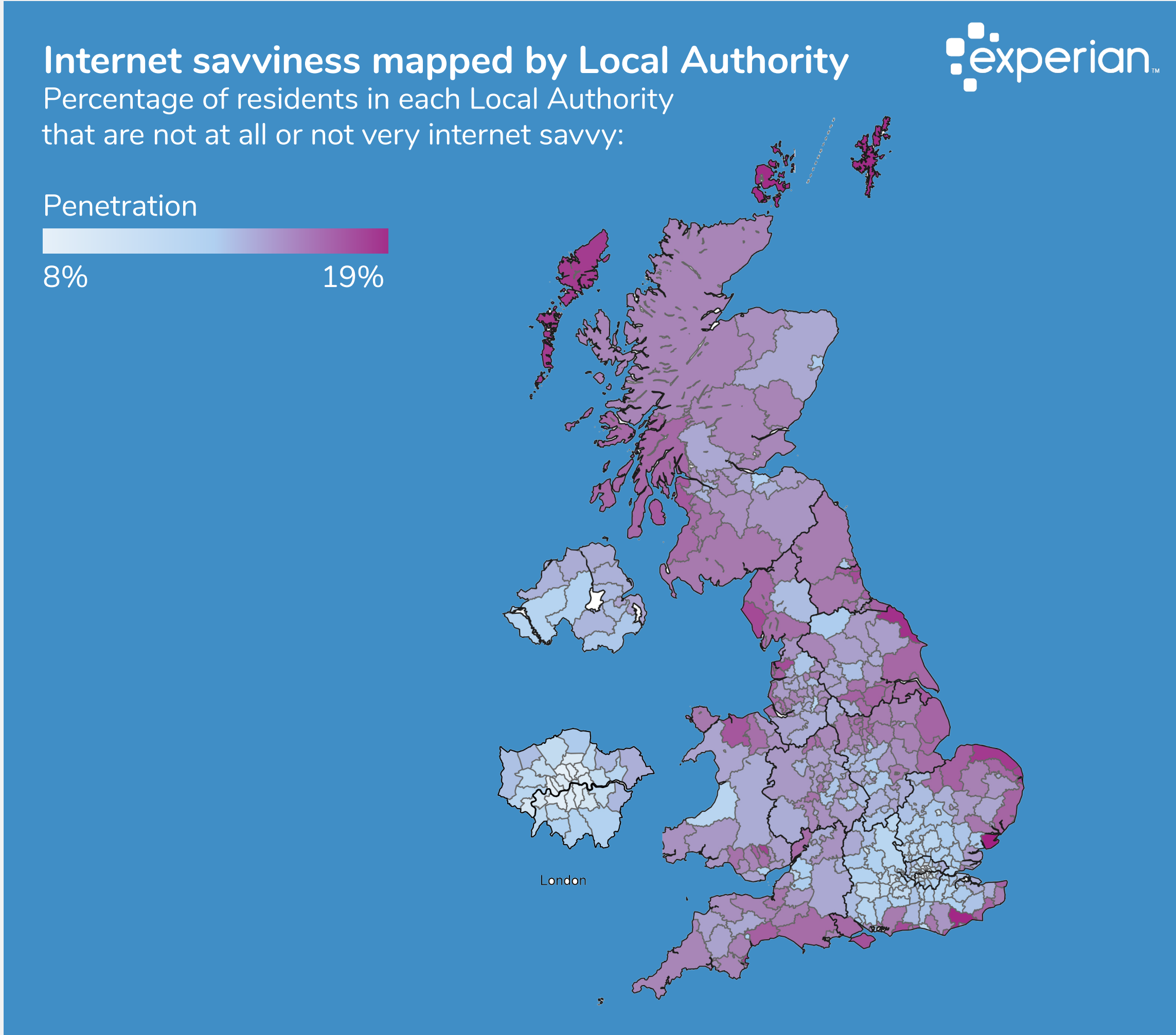
Spectrum of digital engagement

A quarter (25%) of CAP clients have limited digital engagement, saying they find at least one type of online task difficult or that they never do tasks online. A fifth of this group (5%) have no or very low digital engagement.

This is similar to the levels identified by the Lloyds Essential Digital Skills research which found that in 2021 6% of the UK population were unable to do foundational tasks. A further 16% had at least some ability to complete foundational tasks but not the full range of essential digital skills for life and work.[13]

Limited digital engagement
5% of CAP clients never do online tasks, or find all five tasks difficult or very difficult

25%   **5%**

No or very low digital engagement
25% of CAP clients never do online tasks, or find at least one type of online task difficult or very difficult

13 | Lloyds Bank (2021) Essential Digital Skills Report 2021: Third Edition - Benchmarking the Essential Digital Skills of the UK

Internet savviness mapped by Local Authority
Percentage of residents in each Local Authority that are not at all or not very internet savvy:

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Penetration

8%   19%

London

Spectrum of digital engagement

Digital engagement spectrum of UK population

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Very internet savvy
39% of the UK population or 26 million people.
The most common groups:

'Learners & Earners'
Inhabitants of the university fringe where students and older residents mix in cosmopolitan locations. (Age: 26-35, Household income: £20,000-£29,999)

'Flying Solo'
Independent young singles on starter salaries choosing to rent homes in family suburbs. (Age: 18-25, Household income: £30,000-£39,999)

'City Diversity'
Households renting social flats in busy city suburbs where many nationalities live as neighbours. (Age: 26-35, Household income: £30,000-£39,999)

Not very internet savvy
12% of the UK population or 8 million people.
The most common groups:

'Seasoned Survivors'
Single elderly who are long-term owners of their low value properties which provide some financial security. (Age: 66+, Household income: <£15,000)

'Village Retirement'
Retirees enjoying pleasant village locations with amenities to service their social and practical needs. (Age: 66+, Household income: £30,000-£39,999)

'High Rise Residents'
Tenants of social flats located in high rise blocks, often living alone. (Age: 26-35, Household income: <£15,000)

39% **56%** **12%** **2%**

Fairly internet savvy
56% of the UK population or 37 million people
The most common groups:

'Penthouse Chic'
City professionals renting premium-priced flats in prestige central locations. (Age: 26-35, Household income: £150,000+)

'Retirement Communities' *Elderly living in specialised accommodation including retirement homes, villages and complexes. (Age: 66+, Household income: <£15,000)*

'Estate Veterans'
Longstanding elderly renters of social homes who have seen neighbours change to a mix of owners and renters. (Age: 66+, Household income: <£15,000)

Not internet savvy at all
2% of the UK population or 1 million people
The most common groups:

'Large Family Living'
Large families living in traditional terraces in neighbourhoods with a strong community identity. (Age: 36-45, Household income: £20,000-£29,000)

'Solo Retirees'
Senior singles owning affordable but pleasant homes, whose reduced incomes are satisfactory. (Age: 66+, Household income: < £15,000)

'Inner City Stalwarts'
Long-term renters of inner city social flats who have witnessed many changes. (Age: 66+, Household income: less than £15,000)

Types of barriers

24% of CAP clients only access the internet via a smartphone

9% of CAP clients face a financial barrier to using the internet

Confidence and capability are just two of the reasons people remain digitally excluded. The Good Things Foundation stresses the importance of affordable internet, digital skills and community support to enable people to bridge the digital divide.[14]

For this report, CAP clients were surveyed about four types of barriers (see table on the right). Nearly half (48%) of CAP clients face at least one barrier to using the internet.

Access to devices is the most common type of barrier, experienced by three in ten (28%) clients, but nearly one in ten (9%) face an ongoing financial barrier that prevents them from using the internet. While not a complete blocker, the pressure of keeping up with internet costs puts a strain on other households. UK-wide, two million households struggle to afford internet access, and between 100,000 and 300,000 households say this is the reason they are unlikely to gain digital access in the next year.[15]

It is also common for people to face multiple barriers to accessing the internet. Nearly one in five (17%) CAP clients experience two or more types of barrier.

Type of barrier (ordered by prevalence)	Percentage of CAP clients who face at least one barrier of this type	Most common reason
1. Device	28%	*Only having access via a smartphone.*
2. Capability	22%	*Being unsure or worried about doing certain things online, or not having anyone to help or answer questions.*
3. Financial	9%	*Being unable to afford the ongoing cost of broadband or data packages.*
4. Infrastructure	9%	*Having poor signal where they live.*
5. Other	6%	

14 | *Good Things Foundation (2021) Digital Nation UK 2021 infographic; facts, stats and fixing the digital divide*
15 | *Ofcom (2021) Affordability of communications services*

Types of barriers

Type of barrier	List of barriers	Percentage of CAP clients
Device	'The only device I have to access the internet is my smartphone.'	24%
	'I can only access the internet in a public place (e.g. library).'	3%
	'I don't own a device with internet access.'	3%
Capability	'I'm unsure or worried about doing certain things online.'	15%
	'I don't have anyone to help me or answer my questions.'	13%
	'I can't do everything I want to do online without someone's help.'	5%
Financial	'I can't afford a broadband contract.'	6%
	'I can't afford the data on my phone.'	5%
	'I can't afford a device to get me online (e.g. smartphone/laptop/tablet/PC).'	3%
Infrastructure	'There is poor signal where I live.'	9%
Other[16]	'I borrow a device to access the internet (from a friend or service).'	2%
	'I find technology is difficult to use.'	1%
	'I lack the confidence to use the internet.'	1%
	'I have difficulty using the internet due to health issue(s), illiteracy or a learning disability.'	1%
	'My device is slow or broken.'	<1%

16 | Note: 'other' barriers were collected as open text responses and the statements in this section have been constructed to summarise the themes identified and were not put to respondents to identify against.

Persistent vs periodic barriers

Digital exclusion isn't always a permanent state and not everyone who is online can access the internet at all times.
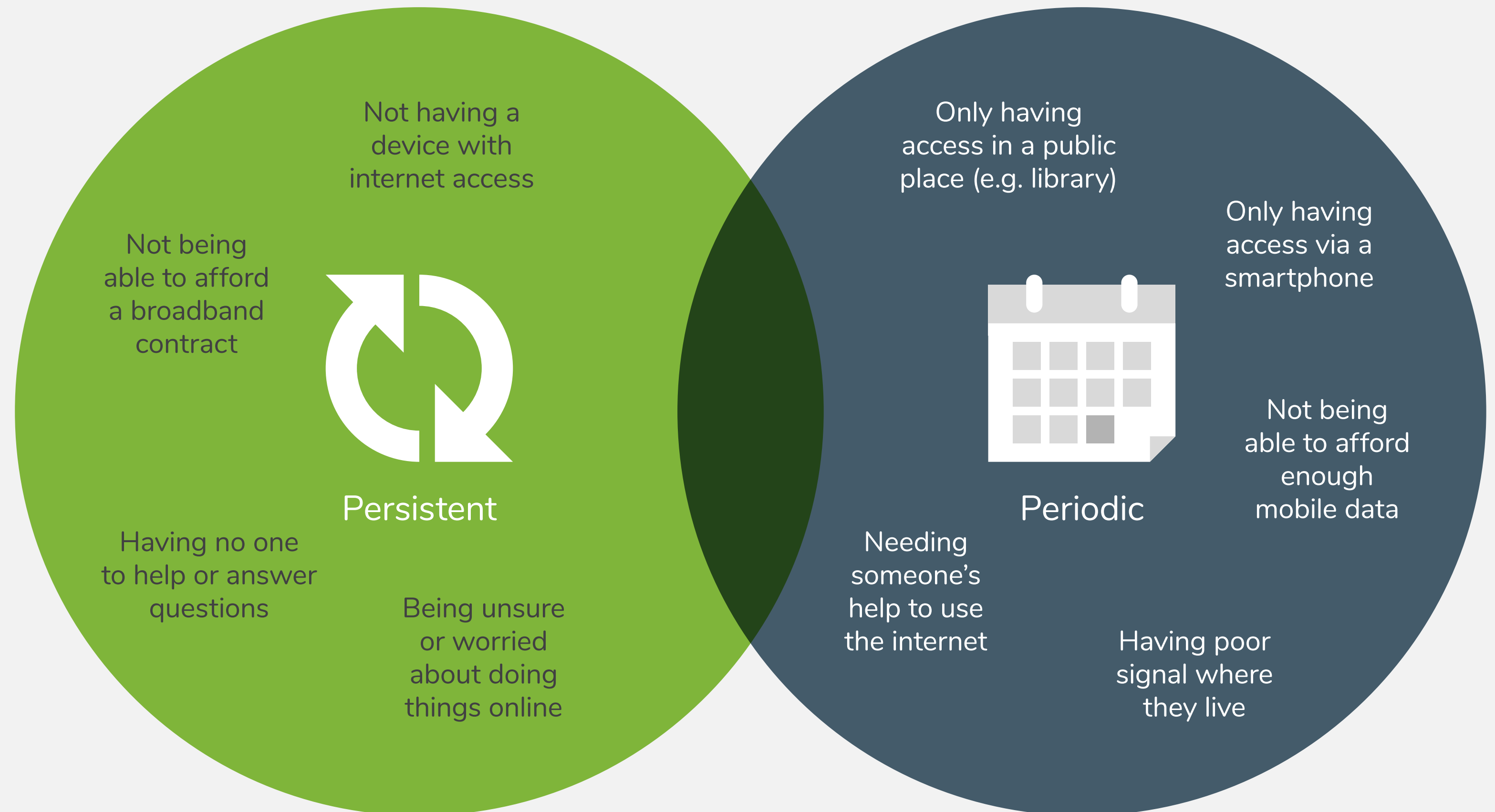
It is important to understand the dynamics of people's online engagement. Periodic digital exclusion is when someone doesn't have consistent internet access or isn't able to do certain things online.

8% of CAP clients face at least one persistent barrier to using the internet, but 25% face periodic exclusion. This could be because they can only access the internet in a public place or via a smartphone, which makes certain online tasks difficult. Certain groups are particularly susceptible to periodic exclusion, for example:

- 44% of CAP clients who are **single parents** can only access the internet in a public place like a library.
- 69% of CAP clients who have **mental ill-health** don't have anyone to help them with online tasks or answer their questions.

'I sometimes pawn my phone for £40 for food or things. I did it last time because my shoes broke.' - CAP client

'I can't read and write very well so I am very limited online.' - CAP client

Persistent

Not having a device with internet access

Not being able to afford a broadband contract

Having no one to help or answer questions

Being unsure or worried about doing things online

Periodic

Only having access in a public place (e.g. library)

Only having access via a smartphone

Not being able to afford enough mobile data

Needing someone's help to use the internet

Having poor signal where they live

Spotlight on devices

28% of CAP clients face a device-related barrier that makes using the internet more difficult.

Most commonly, this is only having internet access via a smartphone (24%), although 3% of CAP clients do not own any device with internet access. This number is much higher amongst people in receipt of means-tested social security payments. Seven in ten (71%) CAP clients who don't own any device with internet access are in receipt of means-tested social security payments and 85% who can't afford a broadband contract are also in receipt of means-tested social security.

Device-related barriers particularly affect people's ability to access services and find information online, increasing the likelihood that they never do online tasks. For example, of the CAP clients surveyed:
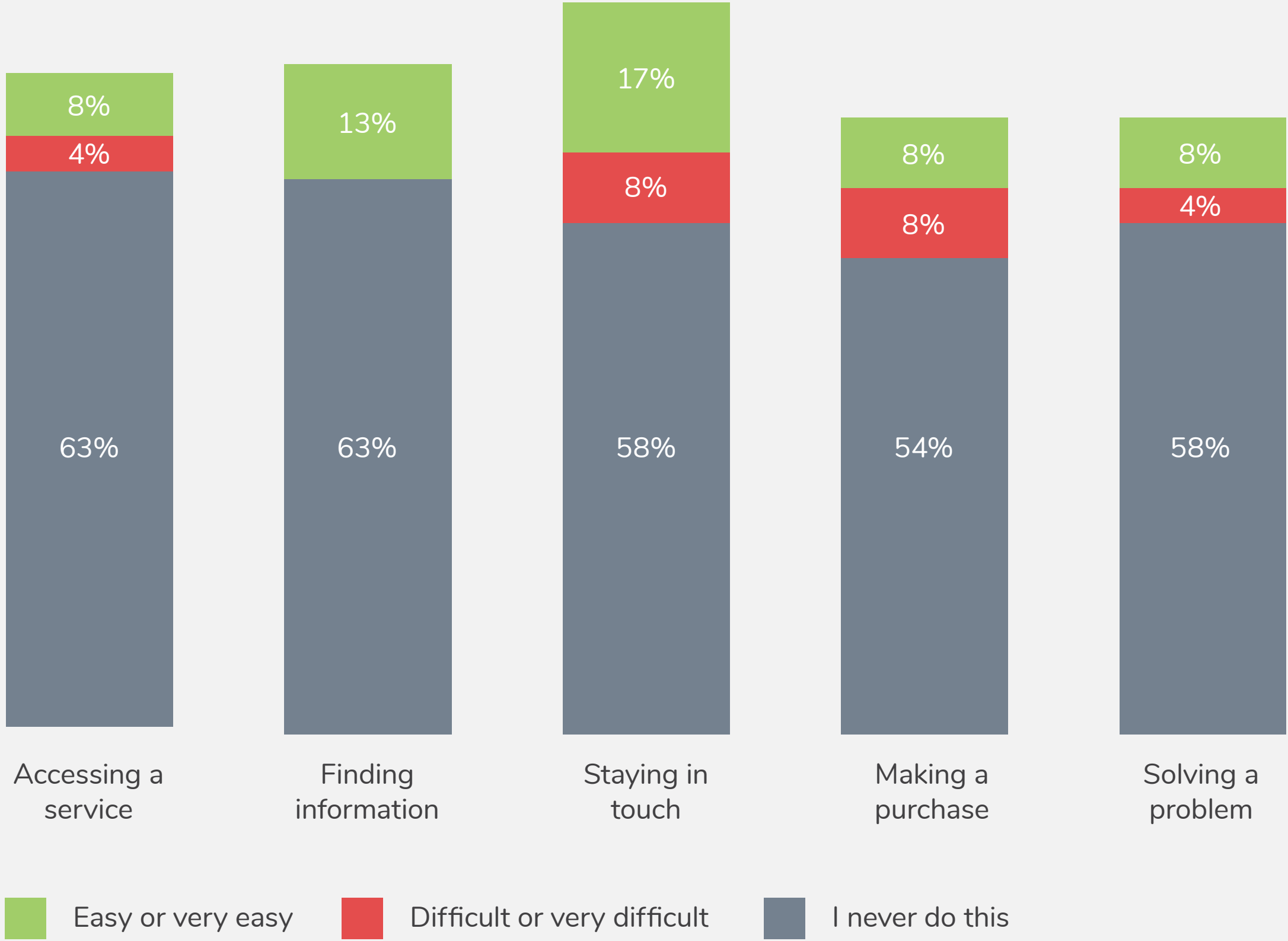
People who **do not own any device with internet access** are four times more likely to never do any type of online task. 54% to 63% find each of the five online tasks difficult or very difficult, compared to 14% to 18% of all respondents.

People whose **only device with internet access is a smartphone** find it most difficult to access services online. 21% find accessing a service difficult or very difficult, compared to 14% of all respondents.

People who **only access the internet in a public place** stay in touch online just as much but find it more difficult to do so. 19% find staying in touch difficult or very difficult, compared to 9% of all respondents.

'I don't own a device with internet access'

The percentage of CAP clients who do not own any device with internet access and find the following online tasks easy or difficult:

Task	Easy or very easy	Difficult or very difficult	I never do this
Accessing a service	8%	4%	63%
Finding information	13%		63%
Staying in touch	17%	8%	58%
Making a purchase	8%	8%	54%
Solving a problem	8%	4%	58%

■ Easy or very easy **■** Difficult or very difficult **■** I never do this

Spotlight on devices

Real lives: Trevor

A joiner by trade, Trevor began working a series of jobs to get by when his tools were stolen and he could not afford to replace them. When Trevor broke his knee in a fall early last year, he was bed-bound for three months. Lost earnings and depression made it difficult for him to manage his money and the repayment plans he had arranged with his creditors began to unravel. He is still awaiting two operations for his knee and has been lodging with a family member, but will need to move into his own place soon and will then rely on public Wi-Fi hotspots to complete online tasks.

'I have got to use the internet as I claim Universal Credit and that's all done online. It's OK because we have Wi-Fi at home which my mum pays for and I pay her for lodgings. If I had a laptop it would be easier but I can't afford one at the moment.

My phone is quite old and so it can be slow and takes a while to load. It's also difficult when applying for jobs because I'm not able to see the information on a big screen and fill out the application properly. I think having a laptop would give me a better chance of finding future employment once I'm well enough. It would be extremely difficult to do a CV on my phone and it's difficult to find documents and things on my phone.

I'm about to move into my own house or flat as my mum is selling her house. I currently use the Wi-Fi for emails, documents, websites and social media, but when I'm in my own place I'll need to be going to lots of different Wi-Fi hotspots to do these. I have a little bit of data on my phone contract, but not a large amount.'

Trevor is in his thirties and accesses the internet on his smartphone. He finds this can be slow and has limited functionality for certain tasks.

Spotlight on capability

22% of CAP clients have a capability-related barrier that makes using the internet more difficult.

Most commonly this is being unsure or worried about doing certain things online (15%), although 5% of CAP clients need someone's help to do everything they want to do online. This is particularly problematic because three in four (75%) of those clients also report that they have nobody to turn to when they have a problem.

These concerns transcend age groups. For example, 7% of CAP clients over 61 say that they are 'unsure or worried' about doing certain things online, as do the same proportion of clients aged 40-61. 2% of CAP clients aged 26-40 report the same. Furthermore, a higher proportion of clients aged 40-61 say they can not do everything they want to online without someone's help than respondents aged over 61 (7% compared to 5%).

Capability-related barriers make all types of online tasks more difficult, but particularly affect people's confidence in making online purchases and accessing services online. For example, of the CAP clients surveyed:

People who **are worried or unsure about doing things online** find it more difficult to do any type of online task. 25% find making a purchase difficult or very difficult, compared to 7% of all respondents.

People who **don't have anyone to help them or answer their questions,** find accessing a service and solving a problem online most difficult. 48% find accessing a service difficult or very difficult, and 43% find solving a problem difficult or very difficult.

People who **can't do everything they want to do online without someone's help** are most likely to not access services online. 27% never access a service online, compared to 15% who never stay in touch online.

17% of the UK population or 11 million people say that computers confuse them and feel they will never get used to them. The most common groups affected are:

'Flatlet Seniors'
Ageing singles with basic income renting small flats in centrally located developments. (Age: 66+, Household income: <£15,000)

'Classic Grandparents' Lifelong couples in standard suburban homes, often enjoying retirement through grandchildren and gardening. (Age: 66+, Household income: £20,000-£29,999)

'Seasoned Survivors'
Single elderly who are long-term owners of their low value properties which provide some financial security. (Age: 66+, Household income: <£15,000)

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Spotlight on capability

Real lives: Richard

Previously Richard worked three jobs to make ends meet. He sold his house to cover his living costs when worsening mobility meant he could no longer continue to work. Now these savings have run out, he claims Universal Credit and can't afford a device or internet contract as his social security payments barely cover essentials.

'I don't use the internet, it doesn't interest me. I don't even like texting! I did go on a twelve-week course to learn the basics, but even at the end of that it took me 20 minutes to turn the computer off.

If I need to do something online, my neighbour helps me. It's not very often, but if I get something through the post – like I got the census through and you could only answer that online so they had to do that for me. It was the only way you could answer, and that wasn't good for me.

It's been difficult over the last 18 months when you couldn't have anybody in the house. I couldn't even ring people for a chat because I can only afford £10 phone credit a month and it doesn't stretch very far.

My mobile is only a basic one. I can't afford a device even if I wanted to use the internet more. If I was to get a broadband contract, I'd have to take out a landline and that's another expense which I can't afford at the moment. I run out of money around the 18th of the month, and I just make sure I have gas and electricity, there's no room for extra expenses.'

Richard is in his sixties and has little interest in using the internet. Despite attending courses, he finds using technology difficult and too expensive.

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Spotlight on financial barriers

9% of CAP clients have a financial-related barrier that makes using the internet more difficult.

Most commonly, this is being unable to afford ongoing data or broadband costs, but 3% also can't afford any device to enable access to the internet. Most people who can't afford devices or broadband have a household income of under £1,349 a month.

Financial-related barriers don't cluster with a particular inability or lack of confidence to complete online tasks, but are more likely to affect certain groups. For example, of the CAP clients surveyed:

The vast majority of people who **can't afford a broadband contract** are in receipt of means-tested benefits.[17] 85% of people who can't afford a broadband contract are in receipt of a means-tested benefit.

People who have financial barriers also report **loneliness and social isolation** in greater numbers. 63% who couldn't afford enough data on their phone always or often had not had a meaningful conversation in over a week, compared to 31% of all respondents.

Almost everyone **unable to afford enough data on their phone** for online tasks is in a vulnerable circumstance. 98% of people who can't afford enough data on their phone have a vulnerability indicator including:
- Being a single parent
- Physical disability
- Learning difficulty
- Mental ill-health
- Serious or terminal illness

'I can't afford the data on my phone.'
The percentage of CAP clients who can not afford enough data on their phone in each income bracket:

Net monthly household income	Percentage
Under £900	49%
£900-£1,349	32%
£1,350-£1,799	7%
£1,800-£2,249	0%
£2,250-£2,700	0%
Over £2,700	5%

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17 | *This includes Jobseeker's Allowance, Employment and Support Allowance, Tax Credits, Universal Credit and Income Support.*

Spotlight on affordability

Real lives: Andrew

Dad, Andrew, needed support from CAP when his debts and mental health had spiralled out of control. He has been able to get his finances back on track through a Debt Relief Order (DRO), a form of insolvency for people living on a low income. Since then, he has had to say that he has been declared insolvent in the past when buying certain products and services. This has made it difficult to secure contracts, especially for telecommunications.

'I'm dyslexic so I find it difficult to use computers and tablets. I do sometimes have to use the internet with the doctors or job centre but I don't know how to use the internet and I've had to go to a lot of trouble to get someone to help me in the past.

When I became debt free through a DRO, it felt so good! It's lifted a weight off my shoulders, but now I can't get any credit from anywhere. You need credit to get phone or broadband contracts.

I was thinking of getting broadband but I can't because I'm blacklisted. I had been through a DRO. I'm on pay-as-you-go at the moment as I can't get a contract phone, and I get a certain amount of data each month but it's nowhere near enough to last for the whole month.'

Andrew is in his forties and can't take out a contract for mobile data or broadband because of his financial history. He also finds completing tasks online difficult because of dyslexia and doesn't have anyone to help him.

Conclusions

Digital exclusion is no longer a simple split between people who use the internet and those who don't, nor is it a problem contained to older generations. The range and complexity of online tasks, coupled with the cost of data and devices, means that people fall foul of the digital divide for a whole host of reasons.

Right now, the ongoing cost of data and broadband contracts is a challenge for too many households, especially those on means-tested benefits and who are single parents.

It's right that the response to the digital divide is to increase inclusion by removing the barriers that stop people using the internet in their lives and work. However, in our current context, **non-digital alternatives remain important to allow everyone to participate fully in society**, and people shouldn't be forced to pay a poverty premium for not being online.

Traditionally, the response to digital exclusion has focused on improving capability, yet during the COVID-19 pandemic we have seen greater understanding of the financial barriers people face. The response has largely been to distribute devices, but there have been innovative initiatives like the National Databank, piloted by the Good Things Foundation. **We need more action on all fronts to achieve digital inclusion for more people.**

The internet has become the default vehicle to support us in all aspects of daily life. Without the ability to access the internet, people are unable to manage their money online, they cannot update their Universal Credit journal, they cannot run a price comparison to save money on their bills or find answers to questions they may have. **Being on the wrong side of the digital divide has never been so damaging.**

There is also more that we can do to stop people being penalised by a 'digital world' that they can't benefit from. Firms and government have the ability to mitigate the gap so that the disadvantages experienced by people who cannot always engage digitally are reduced. **For this, we recommend the following digitally inclusive design principles (next page).**

'Digital inclusion means everyone can access a device, data and digital skills and is supported to live well and safely in a digital world.'

Good Things Foundation[18]

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18 | *Good Things Foundation (2021) A blueprint to fix the digital divide*
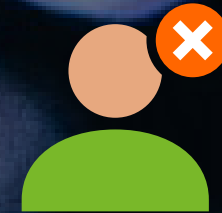
Eight digitally inclusive design principles
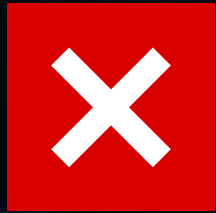
1
No sudden cut-off
Telecommunications firms should provide more forbearance and affordable catch-up plans before cutting off services to customers in arrears on data contracts.

2
No blacklisting
Telecommunication companies should base affordability assessments on the current financial situation of a customer, and not automatically exclude or charge a premium to people because of a previous bankruptcy or County Court Judgment when applying for a contract.

3
Zero-rate the essentials
Essential and government services should work with telecommunications firms to allow free access on mobile devices to web pages needed to access key services like Universal Credit, debt advice and support for self-disconnection.

4
Inclusive design
Firms and public services should take into account the needs of people who are persistently and periodically digitally excluded when designing products, service offerings and pricing.

5
Design for mobile
Digital services should be designed to be easily completed by people using a mobile device, and all tasks that can be completed via internet banking should be built into firms' mobile applications.

6
Omni-channel by default
Firms should allow customers to switch between communication channels depending on their evolving needs and circumstances.

7
Enable third party support
Digital journeys should not rely on self-service models only, but mirror face-to-face and telephone services in enabling third parties to easily support people who need extra help to engage.

8
Offer help
Firms should support the digital inclusion of their customers by being a trusted source of support and help for digital questions, especially about accessing services and making payments online.

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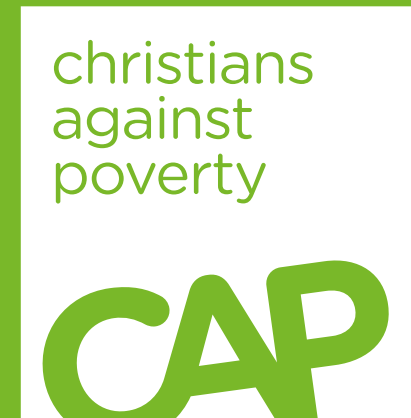
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