nest insight

Our long-term programme works with real households across the UK to learn how financial volatility affects people's lives

Real Accounts

Impact brief #3

A methodological account of our approach to learning about people's real financial lives

Founding partner

AVIVA Foundation

Research collaboration with

GCU Glasgow Caledonian University

Aston University BIRMINGHAM UK

CPFW Centre for Personal Financial Wellbeing

Partners

fair4all finance

Money & Pensions Service

Powered by

moneyhub

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About Nest Insight

Nest Insight is a public-benefit research and innovation centre finding better ways to support people's financial wellbeing, now and in later life. We focus on understanding the lived experience of people on low and moderate incomes, learning about their financial needs, challenges and goals through rigorous and thoughtful analysis. We partner with employers, product providers, academics and policymakers to identify, invent, test and evolve practical solutions and see what works best for people in the real world. This builds the case for systems-level change. Our findings are shared widely and freely so that people around the globe can benefit from our work. For more information visit **nestinsight.org.uk**

About Nest Insight's strategic partner

The BlackRock Foundation

BlackRock is a global investment manager serving the UK market for more than 30 years with a purpose to help more and more people experience financial well-being. BlackRock's Emergency Savings Initiative is made possible through philanthropic support from The BlackRock Foundation and The BlackRock Charitable Gift Fund. The initiative brings together partner companies and non-profit financial health experts to make saving easier and more accessible for low – to moderate-income people across the US and UK, ultimately helping more people to establish an important financial safety net. For more information, visit **blackrock.com/corporate/about-us/social-impact**

Funding partners

fair4all finance

Fair4All Finance is a non-profit working to make the financial services system fairer for everyone. They exist to transform the system so that everyone has access to the right products and services, whenever they need them. Their funding comes from the Dormant Assets Scheme which makes it possible for money from forgotten bank accounts to be used to help good causes. For more information, visit **fair4allfinance.org.uk/about-us/**

AVIVA Foundation

The Aviva Foundation aims to help people and communities feel in control and positive about their financial futures. Millions in the UK are struggling and worried about money. The Foundation funds organisations working on new ways to help people prevent and prepare for financial challenges, or deal with and recover from financial setbacks. The Foundation gives organisations the support and stability they need so they can use their expertise to innovate and transform the lives of those who need it the most. For more information, visit **aviva.com/sustainability/aviva-foundation/**

Money & Pensions Service

The Money and Pensions Service (MaPS) vision is 'everyone making the most of their money and pensions'. MaPS is an arm's-length body committed to providing access to the information and guidance people across the UK need to make effective financial decisions over their lifetimes. For more information, visit **maps.org.uk**

Programme partners

Aston University BIRMINGHAM UK | CPFW

The Centre for Personal Financial Wellbeing at Aston University is an interdisciplinary, academic, research centre that seeks to get to the heart of the causes and consequences of personal and household financial insecurity. It focuses on providing accessible and timely insights to support a wide range of leaders and decision makers including those in the financial service industry, third sector organisations, academics as well as the general public. For more information, visit **aston.ac.uk/cpfw**

GCU Glasgow Caledonian University

Glasgow Caledonian University (GCU) is shaping society, influencing governments and transforming people's lives around the world. GCU delivers research with outstanding impact, and the 2023 UK Research Excellence Framework classified 91% of their health research as world-leading or internationally excellent for its impact. GCU's Yunus Centre for Social Business and Health runs the FinWell programme, a financial diaries research project evidencing how a better understanding of community-based and health-focused initiatives can improve lives. See **gcu.ac.uk**

moneyhub

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Introduction

Introduction – An innovative approach to investigating financial volatility: a methodological account of the learnings from Nest Insight's Real Accounts programme.

For millions of low – and moderate-income households, irregular income and expense volatility are the norm. But the complex challenge of collecting reliable data on financial volatility has meant that there is a gap in understanding on how volatility affects the financial lives of UK households. The opportunity to combine digital transaction tracking with in-depth first-hand stories through the use of financial diaries offers an exciting path forward for measuring and understanding the financial volatility experienced by low-to-moderate income households in the UK.

The Real Accounts research programme followed the financial lives of 51 low-to-moderate income households in the UK for up to 10 months. We collected both qualitative and quantitative data, the latter through **My Money Tracker** – a bespoke app designed for this project by MoneyHub which uses open banking and machine learning technology to capture and categorise income and expenditure transactions in real time. This innovation meant that we could see households' in-the-moment income, spending and money management strategies, and how these developed over time. This unprecedented view into money management was essential to revealing the real-life consequences of financial volatility on UK households.

This brief sits alongside four publications from our Real Accounts research programme:

- **Impact Brief #1** examined why understanding volatility matters, and introduced the 44 households who took part in the first six months of the study.
- **Impact Brief #2** explored the complex money management strategies that Real Accounts households have to employ to manage their volatile finances.
- The final report in this series, **Impact Brief #3**, delved into the nuanced impacts of the 'volatility premium', the effect it has on household costs for essential goods and services and the resulting mental load.
- Our **Toolkit** provides a guide for researchers on how to use the financial diaries method in research projects, including detailed examples from the Real Accounts study.

In this reflective brief, we'll focus on the study's research design and share the successes and challenges we've experienced as researchers conducting the study.

We'll first detail the methods we used and then highlight our key learnings in five aspects of project implementation: digital transaction tracking, in-depth interviewing, collaborative analysis, participant experience, and changes in households' financial behaviours.

Our aim was that these learnings could be both practically useful and insightful for anyone interested in understanding more about the challenges, opportunities and limitations of researching financial lives.

We invite you to consider if these learnings could be relevant to you, and if you could be part of the real-world impact of the Real Accounts research programme.

Key learnings

- Open banking data enhanced the accuracy and efficiency of how we collected data on financial volatility, but came with some practical challenges and limitations.
- Centring participants' voices and stories through in-depth interviewing was key to understanding the context and complexity of low-to-moderate income households' financial lives.
- A collaborative approach to data analysis helped to quickly structure and draw early learnings from a large qualitative dataset.
- Positive participant experience should be at the forefront of research design, not an afterthought.
- Participants did not report any substantial behaviour changes as a result of participating in the study.

Research design

The Real Accounts project used financial diaries to collect qualitative and quantitative data. Throughout the project, we gathered:

- Demographic information about the lead participants and their household members during the screening and onboarding process;
- Quantitative data on financial transactions generated from bank account connections to My Money Tracker;
- Qualitative data from monthly in-depth interviews.

You can find key definitions for the Real Accounts study in the Appendix.

What is the financial diaries research method?

Financial diaries studies are high intensity household surveys that track financial in – and outflows over several months or often a year. In most financial diaries studies, participants record their financial transactions and share them in regular interviews with a researcher. Often additional questions are discussed in these interviews, for example around life events or financial decision making. The transaction tracking, longitude of data collection, and frequency of interactions means that financial diaries studies paint a detailed picture how households manage their finances on a day-to-day basis, how their behaviour changes over time and how they respond to changes.

Sample overview – who are the Real Accounts households?

Real Accounts wasn't a nationally representative study, but through our small sample we aimed to capture the diversity of low-to-moderate income households across England and Scotland.

We delivered the study across two phases – phase 1 took place from July 2023 to February 2024 and phase 2 from March to July 2024. In total, 51 households participated in the study. Thirty-three households participated in both phase 1 and 2, 11 participated only in phase 1 and 7 only in phase 2.

Where were our participating households?

Area in the UK	
London	6
Midlands	12
North West England	6
Scotland	17
South East England	5
South West England	5
Total	**51**

Diversity – Age, gender, ethnicity and household composition of our lead participants

Age	
18-25	3
26-35	20
36-45	18
46-55	7
56-65	3
Total	**51**

Ethnicity	
Asian/Asian British	4
Black/Black British	13
White	32
Any other ethnic group	1
Prefer not to say	1
Total	**51**

Gender	
Female	33
Male	18
Total	**51**

Our households demonstrated that households come in all shapes and sizes, from couples, single parents and people living alone to extended families.

Living situation	
I am single and live with adults who are not my family	7
I live with my extended family and I do not have children	1
I live with my extended family and I have a child/children living at home	1
I live with my extended family and I have a child/children, but they do not live with us full-time	1
I live with my partner/spouse and we have a child/children living at home	9
I live with my partner/spouse and we do not have children	5
I live with my partner/spouse and we have a child/children, but they are no longer living at home	2
I am the only adult in my household and I have a child/children living at home	10
I am the only adult in my household and I have a child/children, but they do not live with me full-time	3
I am the only adult in my household and I have a child/children, but they are no longer living at home	1
I am the only adult in my household and I do not have children	9
My situation isn't listed above	2
Total	**51**

Employment and income of lead participants

The study focused on low – and middle-income households where the lead participant was working. But we found that income level and employment status would change depending on household circumstances. This was especially true for households on volatile incomes.

Employment status	
Employed full time	21
Employed part time	15
Zero-hours contract	8
Self-employed	3
Not working	2
Retired	1
Other	1
Total	**51**

Receiving benefits	
No	34
Yes	17
Total	**51**

Income level Monthly net income*	Low income < £2,500	Middle income < £3,750	High income => £3,750	Income unknown
At month 2/3 for participants who joined in phase 1, month 1 for participants who joined in phase 2	29	15	6	1

*Net household income equivalised by household size

Recruitment criteria

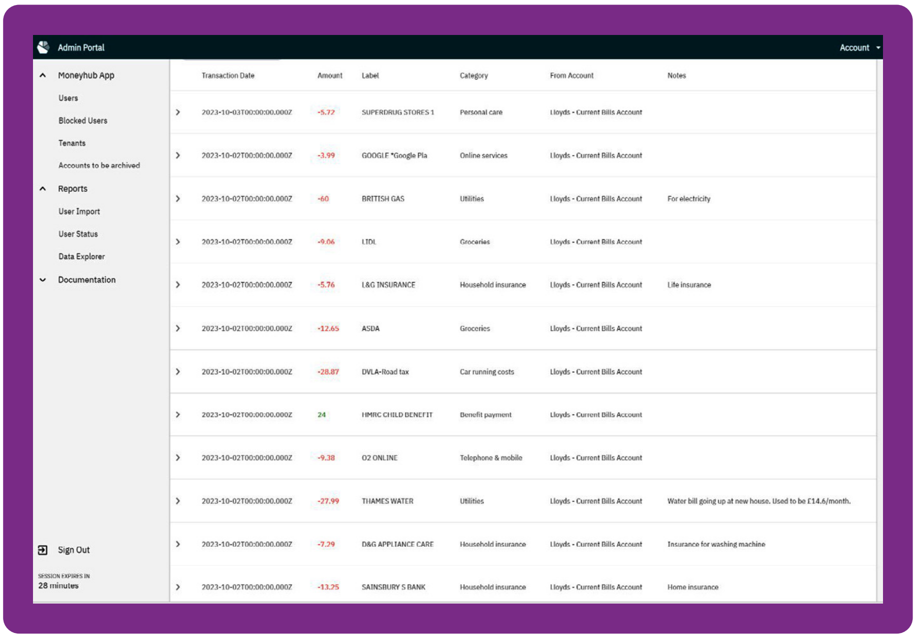
To recruit households for the study, we first recruited individuals from low-to-moderate income households to be lead participants. We did this by recruiting individuals that met two key criteria: their household income put them in the income deciles 2-5, and at least one person in the household needed to be earning an income through any form of employment, including casual work and self-employment.

Lead participants were then encouraged to invite members of their household to join the study.

My Money Tracker – beyond a snapshot view

To generate real-time transaction data, participants connected their financial products (current accounts, saving accounts, credit cards, etc) to the app, which generated a detailed list of categorised income and expenditure transactions that both the researcher and participants could see. Other household members could also consent to connecting their account(s), which could give us a wider view of the household's finances. We recommended that they connect at least one account that they used frequently, so that we could have a better understanding of their daily income and expenses. We found that most participants connected more than one bank account or financial product.

The My Money Tracker application enabled researchers to view the exact dates and times of each transaction, the accounts associated with each transaction, and internal transfers between their accounts.



Admin Portal

Account

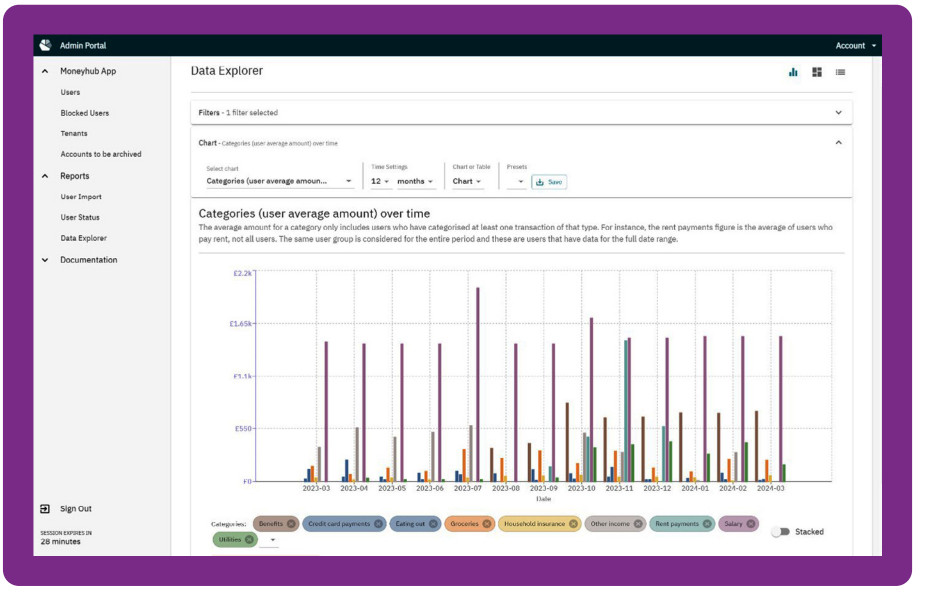
Moneyhub App
Users
Blocked Users
Tenants
Accounts to be archived
Reports
User Import
User Status
Data Explorer
Documentation
Sign Out
SESSION EXPIRES IN
28 minutes

Transaction Date	Amount	Label	Category	From Account	Notes
2023-10-03T00:00:00.000Z	-5.72	SUPERDRUG STORES 1	Personal care	Lloyds - Current Bills Account	
2023-10-02T00:00:00.000Z	-3.99	GOOGLE *Google Pla	Online services	Lloyds - Current Bills Account	
2023-10-02T00:00:00.000Z	-60	BRITISH GAS	Utilities	Lloyds - Current Bills Account	For electricity
2023-10-02T00:00:00.000Z	-9.06	LIDL	Groceries	Lloyds - Current Bills Account	
2023-10-02T00:00:00.000Z	-5.76	L&G INSURANCE	Household insurance	Lloyds - Current Bills Account	Life insurance
2023-10-02T00:00:00.000Z	-12.65	ASDA	Groceries	Lloyds - Current Bills Account	
2023-10-02T00:00:00.000Z	-28.87	DVLA-Road tax	Car running costs	Lloyds - Current Bills Account	
2023-10-02T00:00:00.000Z	24	HMRC CHILD BENEFIT	Benefit payment	Lloyds - Current Bills Account	
2023-10-02T00:00:00.000Z	-9.38	O2 ONLINE	Telephone & mobile	Lloyds - Current Bills Account	
2023-10-02T00:00:00.000Z	-27.99	THAMES WATER	Utilities	Lloyds - Current Bills Account	Water bill going up at new house. Used to be £14.6/month.
2023-10-02T00:00:00.000Z	-7.29	D&G APPLIANCE CARE	Household insurance	Lloyds - Current Bills Account	Insurance for washing machine
2023-10-02T00:00:00.000Z	-13.25	SAINSBURY S BANK	Household insurance	Lloyds - Current Bills Account	Home insurance

The app's automated function categorised each transaction, including loans, gifts, benefit payments, savings, and other types. Researchers could manually adjust these categories, as well as entering cash or in-kind transactions. The app provided a feature for researchers to take notes to explain transactions if necessary.

Researchers could view the built-in income and expense analyses, a feature only available to the researchers, allowing them to see each participant's monthly fluctuations in income and expenses. These transactional data and income and spending analysis were valuable tools that fed into the researcher’s interview preparation.

By gathering real-time financial transaction data this way, we were able to go beyond a snapshot view of household finances to build a more holistic picture of volatility and better understand how financial resilience can be supported. Our Toolkit on to using financial diaries in research lays out the important considerations for developing a data collection infrastructure and tracking transactions.



In-depth interviews – centring firsthand stories

We coupled this quantitative method with our monthly qualitative "deep dive" interviews to understand the stories, context, and financial journey behind the transactions. Each household was assigned a lead researcher, who conducted in-depth interviews with the lead participant every month. If multiple household members wanted to join the interview, we offered to do the interview separately. The interview mode, whether online, in person, or on the phone, was determined based on the participants' preferences. During the interviews, our researchers clarified details of the household’s financial transactions and asked about the purposes of internal and external transfers, to provide context and help re-categorise the automated categories generated by My Money Tracker.

In-depth interview timeline

Throughout the study, researchers covered a range of topics with participants to gain a deeper understanding of the nuances and complexities of household financial management:

Phase 1:

- **Onboarding interview:** Participants were prompted to reflect on 3-5 phases of their life that were important to understanding their experiences with money.
- **Month 1:** Intra-household roles and responsibilities
- **Month 2:** Work and income
- **Month 3:** Relationships, social networks & safety nets
- **Month 4:** Financial choices, instruments and knowledge
- **Month 5:** Debt and credit
- **Month 6:** Choice between pension saving or spending behaviours and choices. Household researchers could choose between these two topics, depending on what had been previously discussed with participants.
- **Wrap-up phase 1:** Participants who left the project at the end of Phase 1 were encouraged to reflect on their experience taking part in the research and how they viewed their financial life in the future.

Phase 2:

- **Onboarding interview** – New participants who joined the study for Phase 2 completed the same onboarding interview as Phase 1 participants.
- **Month 7:** Debt and credit part 2 – to understand debt and credit practices. For continuing participants, to build on what we learnt in Phase 1.
- **Month 8:** Savings part 2 – to understand savings practices and decisions. For continuing participants, to build on what we learnt in Phase 1.
- **Month 9:** Financial shocks
- **Wrap-up phase 2:** All participants were encouraged to reflect on their experience taking part in the research and how they viewed their financial life in the future.

After each interview, the researchers went through a process of cleaning, anonymising, and pseudonymising their transactional data, and created a monthly budget. To support ongoing analysis, researchers took interview notes and debriefed in an event log for each participant. This allowed for the capture of relevant quotes, the participants' thoughts, changes to their financial situation in that month, and their responses to deep dive topics. Researchers also completed a higher-level analysis tracker sheet that gave an overview of changes in income and expense volatility and responses to deep-dive questions across the whole sample. Every month, we ran a co-analysis session where all researchers gathered and contributed by sharing and collectively making sense of emerging themes and insights from monthly interviews and transactional data.

To learn more about our research design, our **Toolkit** clarifies how we came to the conclusions we did and provides a guide to how you could conduct your own study using financial diaries.

Methodological reflections and learnings

Digital transaction tracking

Key learning 1: Open banking data enhanced the accuracy and efficiency of how we collected data on financial volatility, but came with some practical challenges and limitations.

As described in our Impact Brief #1, one of the main difficulties in uncovering income and expense volatility is related to measurement methods and available data collection tools. Traditional income studies are typically conducted annually, focusing on year-to-year comparisons rather than within-year fluctuations. Collecting real-time transaction data can be time-consuming and labour-intensive. However, the increased prominence of open banking and machine learning technologies presents promising avenues to address this issue.

Open banking technology enables efficient capturing, storing and processing of data. While it holds transformative potential across various sectors, including finance and research, it also needs to be dealt with carefully and reflexively in terms of its purpose and ethical use. Open banking data and information is typically used by insurers, lenders, underwriters and others to make decisions that can sometimes result in detrimental effects on people like our participants (for example, loan declines, or higher insurance prices). In the Real Accounts project, we wanted to be mindful of this, and to ensure we were using open banking data to shed light on the ways in which financial systems and structures can be more equitable and work better for people with volatile pay.

Benefits of digital transaction tracking

We found that using My Money Tracker to generate real-time transaction data significantly reduced the burden on participants to remember the details of their transactions, such as the dates and times. Participants did not need to bring receipts and paper bank statements with them to the interviews, which facilitated and sped up the interviews, as researchers were able to pull up the app and go through the transactions with the participants. Most importantly, with less reliance on participants' recollections after the event, this method greatly improved the accuracy of our calculation of spikes and dips in their incomes and expenditures.

One of the things we did not anticipate, however, when we started using the tool, was the extent to which it revealed the interconnected, high-frequency internal transfers between the multiple accounts that participants connected to My Money Tracker. For example, Sofia made a large number of transfers, each of different amounts, between her own accounts and multiple savings pots. Sofia was one of many participants who used the strategy of transferring money between different accounts to prevent overspending.

These high-frequency internal transfers revealed the level of mental accounting that some participants engaged in daily. We do not think that participants would have reported these transfers (or even remembered to: as Sofia said in one of the interviews, these internal transfers felt like "second nature" to her) if we were to follow a self-report method or use individual bank statements, as these alone would not show this landscape of frequent internal transfers between their own multiple accounts. Without the accurate view of these internal transfers, we would not have been able to see the full complexity of their financial lives and the mental load associated with managing a volatile income.

Challenges and limitations

My Money Tracker also brought its own unique challenges and limitations. The automatically generated transaction categories (savings, loans, transfers, etc) do not always reflect the actual purpose of transactions, which would then require researchers to clarify with participants and re-categorise these transactions during or after the interview. However, this process can be insightful in terms of thinking about how quantitative and qualitative data are interacting in the context of a mixed-methods research.

For example, James' transaction data showed a regular transfer of £300 to his partner. Although the transaction showed it as a 'transfer', it was in fact James' share of his monthly utility bill which he transferred to his partner as his partner was the one responsible for paying the household's bills. In this case, this process of clarifying and re-categorising transactions with James in our monthly interviews helped us explore and shed light on his household's financial practices and how he and his partner paid their monthly bills. Similarly, some participants preferred to withdraw cash for their expenses, but My Money Tracker only categorised these transactions as cash withdrawals. It was therefore dependent on the researchers to ask about the ultimate purposes of these transactions during the interviews. For participants who frequently withdrew cash, we also developed a cash proforma that they could complete.

However, we had limited success with this approach as these sheets were not always completed before the interviews. The re-categorisation of transactions also required that researchers share the same understanding of what each category meant, to ensure consistency across the sample. An iterative research process, where researchers regularly check with each other to align their understanding, was an effective way to address this.

Not all household members in the study linked their accounts, which may have constrained our comprehensive understanding of the household's finances. Whether other household members decided to join the study and connected their accounts was also dependent on the lead participants' relationship with their household members. In the cases in which we did not get participation from other household members, we had to rely on the lead participants to relay necessary information.

In-depth interviewing

Key learning 2: Participants shaped their own narratives through in-depth interviews, providing insights into the context and complexities of their financial lives.

In-depth interviews were an integral component to our approach to financial diaries research. They were crucial to understanding the monthly digital transactions collected by My Money Tracker, but most importantly they centred participants' voices and lived experience of financial uncertainty. Without the monthly in-depth interviews, we wouldn't have learnt so much about the context and nuances of participants' financial lives.

Making sense of complexity and context

Interviewing participants regularly throughout the study meant that we could gain a more holistic understanding of our participants' financial experiences than in a single interaction. Household researchers could probe or dig deeper into important topics across multiple interviews whilst comparing, clarifying and interpreting what we were seeing in the transaction data. This back-and-forth between transactions and interviewing helped to provide context and nuance to participants' financial decision-making.

For example, in-depth interviews helped us to understand the complexities of informal borrowing and how it is experienced in participants' daily lives. In the monthly interviews, Fred explained how he regularly relied on informal loans to make ends meet due to a poor credit rating:

"Borrowing from friends and family is something I've had to do for a good chunk of my adult life...cause my credit rating has been so bad. I'd love take out more credit facilities or small loans. Sadly I've pushed the creditors too far to be offered anything like that at the moment."

Over the course of the project, he shared how his Mum was a stalwart in supporting him financially when times were tough, but when he lost his job, she was concerned that he wouldn't pay her back, putting a strain on their relationship:

"Well, she *[his Mum]* ***was helping me out mainly when I was working but when the job didn't work out she was very adamant about getting her money back so I paid her back some of the money that I got the other day. I try to pay her back as much as possible."***

Transaction data would only have told us that informal lending and borrowing is taking place, not how participants weigh up their options, the associated benefits or risks, and the sensitivities of informal borrowing between family and friends. The qualitative data helped us to understand how participants see the limitations of informal borrowing, but that restrictions on credit can make them feel like there are no other options.

Participants shaping their own stories

The balance between the more structured 'deep dives' and less structured monthly catch-ups allowed participants to shape their own narratives over the course of the project. This was particularly important for sensitive topics, such as experiences of debt or interpersonal relationships, where it was imperative to build trust and rapport and for participants to feel comfortable. Individuals from low and –moderate-income households rarely get to tell their own stories about their finances. The narrative about how people's financial lives should play out is often set by financial institutions and providers, rather than people themselves. Assumptions and judgements are made about behaviours or decisions that don't consider their perspectives, or their experiences of systems that aren't working for them.

For example, a conventional narrative would tell us that people should have direct debits and standing orders to make managing money easier. But the Real Accounts households told us through the monthly interviews that they couldn't always make use of automatic payment features like these due to their volatile incomes. When payments were coming in and out at different times of the month, they had to find other ways to keep on top of their monthly bills. For example, Jane explained that, for her, direct debits made her feel like she has less control over her finances: *"It makes me feel like I'm not in control of my money and that the other side is in control."*

Over the course of the project, we also saw participants gain confidence in sharing their perspectives and recounting important life experiences that affected their relationship and outlook on money. Several participants reflected on how they had never spoken to someone in-depth about their financial experiences before – talking to friends or family could be awkward or uncomfortable. They found it valuable to have an impartial, non-judgemental space to talk and be listened to. For example, Simone shared in her final interview how taking part in the study had been a positive experience for her:

"I've found it very helpful to discuss it and talk about it, 'cause there's not a lot of people that I talk about my financial issues with, so I'm glad that I've done it so I can express financially how it's been a struggle. It's been a good thing that I've enjoyed. It's been kind of therapeutic in a way, to discuss it and to let it out"

Anika shared similar sentiments on how she found it useful to speak to someone impartial, outside of her friends and family, who wouldn't judge her on her ideas or experiences about money:

"I think it helps...rather then people in your close circle. You're always scared of being judged..."

A key learning from the process of interviewing has been the value participants placed on having someone to share their financial experiences with. People want to talk about money when they are given a safe and non-judgemental place to do so. If we want to continue building an understanding of the lived experience of financial volatility, we need to consider how participant voices can be centred ethically and with care.

At first I felt a little guilty for asking so many questions about their transactions, but then I realised that participants liked talking to me. Those conversations about their finances were like a relief for them. There should be more spaces like this, where people feel safe to talk about their financial situation, without any judgment.

Elena Magli,
Research Lead, GCU

I've really enjoyed doing this research, the repeated monthly interviews have really provided a platform to get to know participants and understand their experiences of finance more deeply. It has been challenging at times, especially when they recount difficult experiences, but I think it's worthwhile to highlight those spaces where people are not being supported and served adequately.

Hayley James,
Research Lead, Aston University

Collaborative analysis

Key learning 3: A collaborative approach to data analysis helped us to quickly structure and draw early learnings from a large qualitative dataset.

Our monthly in-depth interviews created a large qualitative dataset. In ten months, we had carried out 375 interviews across the team. A particular challenge we faced was needing to make sense of the data as it was being collected. To do this, household researchers met online monthly to conduct collaborative analysis workshops. The key benefit to this approach to analysis was that we could structure and organise the data quickly, which helped us to draw insights from the data on particular themes at an early stage in the project.

In our study, all household researchers participated in the collaborative analysis of the qualitative data. Researchers' familiarity with the participants and interdisciplinary expertise in social research helped us to get started on the analysis process from the beginning of data collection.

During these sessions, we used an online interactive whiteboard to start grouping and pairing participants with similar experiences, and mapping potential themes and patterns we were seeing in the data collected each month.

Visually mapping 'the data'

Our monthly sessions helped to bring structure and familiarity to the large amounts of qualitative data we were generating each month. We knew that analysing such a large and growing dataset would be a time-consuming process, so we decided to begin with collaborative discussions and activities that helped the research team to get familiar with data from across the project.

For example, early in the project we used an interactive whiteboard to visually map the relationship between income level and volatility level. We then used this visual as a prompt for a discussion on the context behind participants' experiences that had been raised in the interviews. This visual mapping helped us to first understand that our participants with higher earnings tended to have a mix of stable and volatile income sources, and that they were using additional income sources, such as overtime or flexible part-time roles, to supplement stable income from a primary job or a pension. This contrasted with our participants on a lower income, who tended to rely on a mix of benefits and a single volatile income source.

This collaborative and visual mapping early in the project timeline kicked off the development of the seven profiles that we've referred to in our learning briefs. Collaborative discussions highlighted how the analysis could be framed. Researchers then went on to carry out further data analysis, looking in detail into each participant's income level and sources. These profiles detail the Real Accounts households' diverse experiences of volatility, based on the drivers and impacts they experienced.

Striking a balance

A challenge we faced in the collaborative analysis process was the trade-off between a more time-intensive inductive analysis and a need to structure and organise the dataset in a short space of time. We struck a balance by integrating both inductive 'ground up' and deductive 'top down' approaches to the early qualitative analysis.

In each monthly session we allocated time to discuss and map out participants' responses to each of our key deep dive topics. Our deep dive topics were central to answering our research questions so we needed to focus our analysis in a way that we could develop early insights in these topic areas. But we also wanted to ensure that there was space in the collaborative analysis process to identify and map new potential themes and patterns we were seeing in our monthly interviews. We called these emergent areas of analysis 'threads' and over six collaborative analysis sessions we developed 17 'threads' that helped to shape the findings in our impact brief series.

We also had to strike a balance between disciplinary perspectives, as our research team included social researchers from a variety of backgrounds, from economics to sociology. Having a multi-disciplinary research team meant that we could look at the issue of financial volatility in-depth and from multiple perspectives, but different disciplines come with diverse assumptions and expectations, so clear communication was key to the collaborative process. For example, we made sure to set out key terms and agreed in advance on which frameworks to use for discussion and analysis.

By the end of phase 2, we still had hundreds of hours of interviews to analyse in-depth, but our collaborative analysis process got us to a stage where we were able to publish our impact brief series shortly after the first phase of data collection had been completed.

Participant experience

Key learning 4: Positive participant experience should be at the forefront of research design, not an afterthought.

A considerable amount of effort went into planning the research project to take it off the ground. The majority of the work behind the scenes centred on ensuring a positive participant experience of the research itself. This entailed upfront work on building an effective incentive payment system, having a safeguarding process in place, and making sure the My Money Tracker app was user-friendly. This positive participant experience led to a high retention rate throughout the project. We only had five people dropping out after taking part in at least one interview.

A proactive approach to data protection concerns

A project of this nature involves participants sharing personal and sensitive information about their financial lives. With ongoing conversations in recent years about big data and security, we initially wondered if we would struggle to find willing participants. However, we found that providing clear information about data protection very early on was effective in addressing potential doubts or mistrust.

Before the project kicked off, we worked with a small pilot group who helped us to anticipate and address potential questions, leading us to develop a comprehensive and easily accessible FAQ page on our website to support participants throughout their journey with us. Before the onboarding interview, we shared with participants the link to the FAQ page, the project website, an information sheet that explained the project and how My Money Tracker worked, and our research assistant called participants to check whether they had any questions or concerns about participating.

During the onboarding process, we dedicated ample time to walk them through the research procedures and emphasised the importance of safeguarding their data. The participants were also guided through the process of linking their bank accounts to the app.

Significant effort went into testing the My Money Tracker app to ensure compliance with data protection regulations and enhance participants' experience using it. We wanted to optimise the experience by simplifying and streamlining the initial account set-up process and stripping away features such as notifications or alerts that participants might have find distracting.

Building trust

An aspect of building a trusting relationship with participants involved assuring them that we would not disclose their information to authorities (i.e., HMRC, DWP). This assurance was coupled with our safeguarding policy, developed in collaboration with our research partners, which gave researchers a channel to express their concerns if they were to have identified participants who were at risk of financial abuse. We viewed this process as essential to respecting individuals and protecting them, while also upholding the integrity of our research. We also extended our safeguarding measures to ensure the safety of our researchers in the field. For instance, pairs of researchers attending initial in-person interviews followed a check-in and check-out system for added security.

Flexible and transparent processes

Building a positive participant experience sometimes required that we, as researchers, struck a balance between being flexible and maintaining data integrity. We provided participants with the choice of conducting interviews online or in person, acknowledging the diverse demands of their schedules, including work commitments and childcare responsibilities. Despite initial concerns about the impact of online interviews on data quality, our findings reveal no significant differences between the two modes of interview.

We implemented a system where incentives were not processed by the researchers themselves. Instead, a research administrator in the team processed the payments using a third-party payment platform. We found that doing so helped us mitigate any potential power imbalances that may have arisen if the researchers were to be the ones processing and distributing incentives. We let the participants know upfront the amount of incentive they would be receiving and when to expect them. We did not observe that the amount of incentive or the process affected the quality of our data. In fact, we think that being open and transparent about the amount and the process helped communicate respect to the participants.

Changes in household behaviours

Key learning 5: Participants did not report any substantial behaviour changes as a result of participating in the study.

At the conclusion of our project, we asked participants if their behaviours had changed due to their involvement in the project. They did report some small changes. Knowing that they were to have monthly discussions with a researcher about their finances put them in a mindset to consider their financial situation, as indicated by Becky and Ben:

Real People

Becky

I think, yeah, I wasn't like bad with money before but I think the fact that you're speaking about it, it make me more aware and not in a bad way. Like, remembering that we're going to have the conversation as well, and sometimes even after the conversations, I'm looking and I'm reflecting and I'm like okay that's where most of your money goes.

Real People

Ben

The questions has made me think about how I've come to the decisions that I have, cause I've just sort of got on with them, but whereas when you've asking specific questions about them I think about what have I done this or what's influenced me about that, which I haven't done before.

We do not have any data to suggest that joining the project substantially changed participants' financial behaviours. We did observe changes that could be attributed to their life trajectory and circumstances at the time, which coincided with the project period. For instance, John, a participant in the final year of his studies, reflected on how he had been penny-pinching throughout his degree. Following a conversation with his household researcher, we observed slight changes in his spending habits, such as spending a bit more on eating out with friends. He indicated that these changes were due to his approaching graduation and the impending departure from his friend group.

The question of whether joining the project changed participants' financial behaviours may miss a crucial point: individuals cannot simply change financial behaviours in isolation when financial lives are so intricately linked to a broader life circumstances.

Appendix

Key definitions for the Real Accounts study

Income volatility

Income volatility refers to the variations and fluctuations in an individual's or household's income over time. To explore income volatility, we have used the coefficient of variation (CV). This is calculated by dividing the standard deviation of a household's monthly income by a household's mean monthly income. This measure means that all households in the study can be compared, even if their income levels are different. To learn more about how we've used this measure of volatility, our Impact Brief #3 on the 'volatility premium' explores how households on volatile incomes have to pay more for essential goods and services than households with a stable income, and experience an increased mental load resulting from having to manage finances in a world designed for regularity.

Income decile

We calculated household income deciles at the beginning, mid-point and end of the data collection. We found that many of our households changed income decile during the study period because of life events or changed circumstances.

To calculate each household's income decile, we calculated their take home pay (after tax and national insurance, but before housing). We then calculated the equivalising ratio[1] for each household member and divided household net income by the total ratio. We decided to include in the equivalising ratio any children under 14 who were financially supported by, even if not necessarily living full-time with, Real Accounts participants. We equivalised household income so that comparisons could be made across the different households in the study.

We then used equivalised household income to determine each household's income decile.[2]

1 Department for Work and Pensions, 2022. **Households below average income: an analysis of the income distribution FYE 1995 to FYE 2021 – GOV.UK (www.gov.uk)**
2 Department for Work and Pensions, 2022. **Households below average income: an analysis of the income distribution FYE 1995 to FYE 2021 – GOV.UK (www.gov.uk)**

Example equivalisation of household income data

The table below demonstrates how to equivalise income data for a household of four (two adults, two children):

	Household member	Weekly income	Equivalising ratio
Step 1 – calculate the weekly take home pay for each household member and assign an equivalising ratio.	Adult one	£500	0.67
	Adult two	£250	0.33
	Child 1 (aged 15)	N/A	0.33
	Child 2 (age 7)	N/A	0.2
Step 2 – divide the total weekly net income by the total of each household member's ratio.		**Total weekly income:** £750	**Total household equivalising ratio:** 1.53
		£750 ÷ 1.53 = £490 **Equalised household income for this household is £490**	

Household and Lead Participant

Throughout the brief we'll refer to both households and lead participants. Each household that participated in the study had a 'lead participant' who represented their household. Lead participants connected at least one bank account to My Money Tracker, and they were the only household member to participate in all the in-depth interviews. Other household members were invited to connect accounts and participate in interviews if they wanted to, but it was optional. We chose to have lead participants to ensure consistency in participant engagement and data collection across the project.

It was challenging to define a 'household' due to the diversity of household structures in the UK and the subjective nature of how participants viewed their household make-up and circumstances. It wasn't sufficient to define a household as simply a group of people who shared a living space, as this didn't accurately capture the financial lives of our participants. We left it up to lead participants to tell us who was in their household.

For example, when Ben joined the study, he was renting a room in a shared flat with friends, but he didn't consider his flatmates as part of his household. He considered himself to be managing his finances alone, as he did not share money or financial decision-making with any of his flatmates. To get an accurate picture of how Ben managed his money, it was important to understand how his finances were kept separate from the people he lived with. On the other hand, we had participants like Alexa – a woman in her 50s who split her time living with her mother and adult son, and living with her partner in a different home. To get an accurate understanding of Alexa's financial life it was important to understand how her financial life included both her family members and her partner, even though they were split across two locations.

This level of flexibility was important to reflect the diversity of low – and moderate-income households in the UK, from individuals and couples to extended families.

Find out more about the
Real Accounts programme at
nestinsight.org.uk/research-projects/real-accounts

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To find out more, visit:
nestinsight.org.uk

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