



# Payroll Savings Schemes in Northern Ireland

Evaluation Report

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# 1. Executive summary

## Overview of the project

The Behavioural Insights Team (BIT) was commissioned by the Money and Pensions Service (MaPS) to conduct a process evaluation following the launch of employee payroll savings programmes at two Small and Medium Enterprises (SMEs) in Northern Ireland. We reviewed how the payroll savings scheme was set up by employers and Credit Unions (CUs), how the scheme was communicated to employees, and how users signed up to the payroll savings scheme. Using a mixed-methods approach comprising both semi-structured interviews and survey data, we evaluated facilitators and barriers to take-up.

We envisage that this report will add to the evidence base on payroll savings, specifically on how such products work in UK nations outside of England. The report should serve as a useful guide for both policy makers and employers on how to design and deliver financial wellbeing products, particularly in Northern Ireland. We hope it will aid the rollout of other payroll savings products by signposting key considerations for employers to keep in mind, and factors that facilitate or act as barriers to take-up.

## Key findings

**People found both the ‘set and forget’<sup>1</sup> nature of payroll savings and the flexibility to withdraw or modify their contributions to be appealing**, suggesting that schemes should continue to highlight both of these aspects in their communications.

**Trust and word of mouth are important facilitators in boosting take-up of payroll savings.** Users of the payroll savings scheme reported high levels of trust in their employers. This may be a factor that is particularly relevant for SMEs. Users also reported high levels of familiarity and trust in the CUs. It should be noted that membership of CUs is relatively high compared to the rest of the UK, with 37% of people in NI signed up to a credit union, against a figure of around 3% for the rest of the UK.<sup>2</sup>

**Some non-users were already saving and were happy with their existing savings arrangements and did not feel the need to sign up to a payroll savings scheme to boost their savings.** This was similar to findings from another MaPS payroll savings project with Capita, where one of the barriers to people signing up or making the most of the scheme was that they were already using other products to save.<sup>3</sup>

**The biggest barrier to take up for people who weren’t already saving was concern about whether they would be able to afford to save every month.** They didn’t feel that they could make consistent payments and felt embarrassed about having to potentially communicate this to their employers.

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<sup>1</sup> The concept of device settings, a strategy, etc. that is configured a certain way and then left without further attention.

<sup>2</sup> Money and Pensions Service, 2020. *Nation of Savers Engagement Session Report*. <https://moneyandpensionsservice.org.uk/wp-content/uploads/2020/08/Nation-of-Savers-Report-Northern-Ireland.pdf>

<sup>3</sup> The Behavioural Insights Team and MaPS, 2022. *Using Behavioural Science to help employees save*. <https://maps.org.uk/wp-content/uploads/2022/06/Using-behavioural-science-to-help-employees-save-evaluation-of-a-payroll-savings-scheme.pdf>

**Take-up of payroll savings at both companies was around 5-10%**, which is relatively high compared with evidence of take-up rates in other schemes in the UK (which tend to be between well below 5%). While employers and CUs expressed disappointment with this take-up rate given that many more people had expressed interest in the scheme during initial surveys, 5-10% seems to be a relatively high level of take-up. All stakeholders planned to continue running the scheme and ongoing costs appear to be low.

Users and non-users alike felt that **take-up would be higher if an incentive were offered**, which is corroborated by findings from other studies. We recommend that, if possible, employers offer an incentive to boost take-up of payroll savings and incentivise regular savings behaviour rather than incentivising saving a particular amount.

## 2. Payroll Savings in Northern Ireland

### What are payroll saving schemes?

Payroll savings schemes allow employees to make automated regular savings contributions directly from their salary payments. Since payroll savings accounts are linked with payroll, the user only has to enable the savings feature once, after which an employer automatically deducts the amount the employee wishes to save directly from wages via the payroll. Similar to automated pension savings, the 'set and forget' nature of this process makes it easier for people to save by making it habitual and effortless. Payroll savings schemes have the potential to reach a large number of people and can help achieve one of MaPS' UK Strategy national goals, of encouraging 2 million people to save regularly (35,000 more people in Northern Ireland). Despite the potential benefits, they have not been widely adopted so far; payroll savings are only offered by about 3% of UK employers with over 100 employees.<sup>4</sup>

### Evidence for the impact of payroll savings

There is emerging promising evidence on the impact and appeal of payroll savings. A recent study reported findings from payroll savings schemes at two large employers. Members who had been part of a payroll savings scheme for longer were less likely to feel financial anxiety and appeared to have greater financial resilience than newer members.<sup>5</sup> The scheme also appeared to successfully target and help employees who are on lower incomes. Interim findings from another study of payroll savings shows promising results, with people who sign up saving regularly and over a quarter of savers making deposits in addition to their automatic payroll saving amounts.<sup>6</sup> A MaPS-funded research study with Leeds Credit Union found that payroll saving schemes appear to be an effective mechanism for attracting non-savers, and converting them into regular savers. It also reported that members of a Credit Union tended to have higher levels of financial anxiety and lower incomes than the rest of the workforce, however membership of the payroll savings scheme helped mitigate that anxiety.<sup>7</sup> Another MaPS-funded study with professional services firm Capita found that a payroll savings scheme was associated with improved financial wellbeing and was most attractive to employees who earn under £25,000 each year, have little or no savings, and find it difficult to save consistently.<sup>8</sup>

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<sup>4</sup> McAteer, M. (2021). *How payroll saving schemes can increase financial resilience*. <https://www.reward-strategy.com/news/top-stories/how-payroll-saving-schemes-can-increase-financial-resilience--18912>

<sup>5</sup> Inclusion Centre, 2021. *Getting Workforces Saving: Payroll Schemes with Credit Unions*. [Getting Workforces Saving: Payroll Schemes with Credit Unions](#)

<sup>6</sup> Jo Phillips, Annick Kuipers and Will Sandbrook, Nest Insight. 2021. *Supporting emergency saving: Briefing Paper 3 - early learnings of the employee experience of workplace sidecar saving*. <https://www.nestinsight.org.uk/themencode-pdf-viewer/?file=https://www.nestinsight.org.uk/wp-content/uploads/2021/07/Supporting-emergency-saving-early-learnings-from-the-employee-experience.pdf#zoom=auto>

<sup>7</sup> Financial Inclusion Centre, 2021. *Getting Workforces Saving: Payroll Schemes with Credit Unions*. <https://moneyandpensionservice.org.uk/wp-content/uploads/2021/04/getting-workforces-saving-payroll-schemes-with-credit-unions-final-publication-report.pdf>

<sup>8</sup> The Behavioural Insights Team and MaPS, 2022. *Using Behavioural Science to help employees save*. <https://maps.org.uk/wp-content/uploads/2022/06/Using-behavioural-science-to-help-employees-save-evaluation-of-a-payroll-savings-scheme.pdf>

Evidence suggests that payroll savings may be a benefit that can help attract and retain employees. In 2015, the Chartered Institute of Payroll Professionals showed that 55% of employees aged 16-65 would like their employer to offer a payroll savings scheme.<sup>9</sup> Two 2020 surveys led by Cushon, the workplace saving specialists, have also shown that 72% of employees surveyed want access to a workplace savings scheme and 92% of employers would implement a workplace savings scheme.<sup>10</sup>

## **Main challenges previously identified in payroll savings schemes**

Despite the high levels of support for payroll savings from employees and employers, only a minority of people are enrolled in such schemes. While national data on take-up doesn't currently exist, conversations with payroll savings providers suggest that sign-up rates with employers who do offer such schemes are in the single digits and on average less than 5%. There are therefore key challenges both in encouraging and supporting employers to offer payroll savings schemes and supporting employees to sign up to the schemes when they are offered.

## **Payroll savings in the context of Northern Ireland**

Individuals in Northern Ireland have lower incomes than the UK median, with one in five living in households with less than 60% of the median income in the UK (before housing costs), compared to 16% of individuals in low-income households in the UK overall.<sup>11</sup> The relatively high proportion of individuals living in low-income households in Northern Ireland highlights that financial wellbeing is an especially important topic here. A MaPS delivery plan for Northern Ireland published in 2022 outlined that promoting opt-in payroll savings schemes and developing a case for alternatives will be a priority activity for the next 2-3 years.<sup>12</sup>

Membership of credit unions in Northern Ireland is higher than in the rest of the UK, with 37% of people signed up to a credit union, against a figure of around 3% for the rest of the UK.<sup>13</sup> As noted by a MaPS report in 2020, credit unions are uniquely placed in Northern Ireland to implement savings initiatives. The report also suggested that there was merit in extending payroll savings schemes to Northern Ireland through credit unions.<sup>14</sup> This project aimed to fill a gap in the evaluation evidence for payroll schemes delivered through credit unions in Northern Ireland.

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<sup>9</sup> Chartered Institute of Payroll Professionals (CIPP). Retrieval date 27/04/2022. *Saving through payroll. Payroll financial education.* <https://www.cipp.org.uk/financial-education/savingthrough-payroll.html>

<sup>10</sup> Cushon, 2020. *The Coronavirus (Covid-19) crisis and financial resilience. An opportunity for employers to introduce a holistic approach to pensions and workplace savings.* <https://cushon.co.uk/docs/Cushon-B2B-Financial-Resilience-Research-Paper.pdf>

<sup>11</sup> Northern Ireland Statistics and Research Agency, *Personal Finance.* <https://www.nisra.gov.uk/statistics/uk-national-wellbeing-measures-northern-ireland-data/personal-finance>

<sup>12</sup> Money and Pensions Service, 2022. *Delivery Plan for Northern Ireland.* [https://maps.org.uk/wp-content/uploads/2022/03/northern\\_ireland\\_delivery\\_plan.pdf](https://maps.org.uk/wp-content/uploads/2022/03/northern_ireland_delivery_plan.pdf)

<sup>13</sup> The membership rate for adults in NI is 32.3%. Including adults and juvenile members is 37.8%.

<sup>14</sup> Money and Pensions Service, 2020. *Nation of Savers Engagement Session Report.* <https://moneyandpensionsservice.org.uk/wp-content/uploads/2020/08/Nation-of-Savers-Report-Northern-Ireland.pdf>

## **Background to this research project**

MaPS commissioned the Behavioural Insights Team (BIT) to conduct a process evaluation following the launch of two employee payroll savings programmes in Northern Ireland.

The payroll savings pilot scheme launched with two companies in Northern Ireland, which we will call Employer A and Employer B for purposes of anonymity; Employer A has over 150 employees, while Employer B employs 120 people. Both employers offered employees the opportunity to set up a payroll savings account with a Credit Union (CU). Two CUs were involved in the payroll savings schemes, with one CU (CU1) providing payroll savings for both employers, and the other (CU2) only providing payroll savings for Employer B. Employer A is in the technology sector and Employer B in the construction sector.



### 3. Evaluation approach

#### Objectives

The objective of this research was to understand how payroll savings had been implemented by employers and employees in Northern Ireland. The study was focused on understanding the experiences of the key stakeholders (CUs, employees, and employers) in the process of launching a payroll savings initiative. We analysed the user journey for both employers and employees to understand what behavioural dynamics may have facilitated or prevented stakeholders from using and benefitting from the product.

The research questions for the project were:

- What were the employers' aims and motivations for setting up a payroll savings scheme and what was their experience of setting up and running the scheme?
- What is the profile of payroll savings users at these companies and their experience and expectations of the product?
- What is the user experience of signing up and how might this be improved?
- How do we increase interest and sign-ups for payroll savings within employees?

Since the evaluation was conducted soon after the launch of the programmes, this report does not touch upon potential financial wellbeing outcomes for users. However, in the interviews we explored employers' and users' expectations of potential financial wellbeing outcomes.

#### Methods

Our mixed-methods evaluation involved in-depth qualitative interviews with a range of stakeholders, including two employers who had launched payroll savings programmes, two CUs that offered payroll savings services at these two employers, employees at both firms who had signed up to payroll savings accounts, and employees at both firms who had not signed up to these accounts. In addition to these interviews, we also conducted a short survey with employees at one organisation, and analysed data from a previously administered survey at the other firm. Details of the methods are available in Appendix 1.

We should note that this is a small-scale study centred on qualitative interviews, meaning we cannot draw causal inferences about specific behavioural outcomes and cannot generalise the findings. The results from this study allow us to highlight factors that are worthy of consideration and further exploration. The results from the survey conducted by Employer A also showed that all respondents reported having savings, with a vast majority reporting that they are somewhat satisfied with their financial situation. Therefore, these findings may not be representative of the wider population of Northern Ireland or the UK as a whole.

## 4. Evaluation findings

In this section we review the findings from our interviews with employers and credit unions, users and non-users as well as the survey data. First, we explore the context in which employers set up the scheme, their motivations, and how the partnership with the CUs worked. Second, we review the scheme from the employees' perspective looking at their financial situation, their relationship with their employer, and current approaches to saving. Finally, we examine how the schemes were communicated to employees and the actual sign-up process.

### Setting up the scheme

**Setting up the scheme was motivated largely by the COVID-19 pandemic. Employers found it easy to work with CUs and the partnership facilitated by MaPS was found to be mutually beneficial.** MaPS was instrumental in setting up the partnerships between the employers and CUs. Both companies initially engaged with MaPS when looking for ways to support their employees' finances amid the Covid-19 pandemic. MaPS introduced the companies to payroll savings and to a number of providers of payroll savings products from the two companies could choose; MaPS also facilitated the partnership with the CUs that the employers selected to deliver the scheme. One employer noted that engaging with CUs felt more aligned with their company values than setting up payroll savings via a traditional bank.

*“The onset of Covid has really elevated the importance of (employee) wellbeing for us. We had been thinking about what we can do to improve financial wellbeing for a while, when the pandemic started it was a further motivation to launch a programme. That’s when we decided to get in touch with MaPS to discuss our options.” - Employer A*

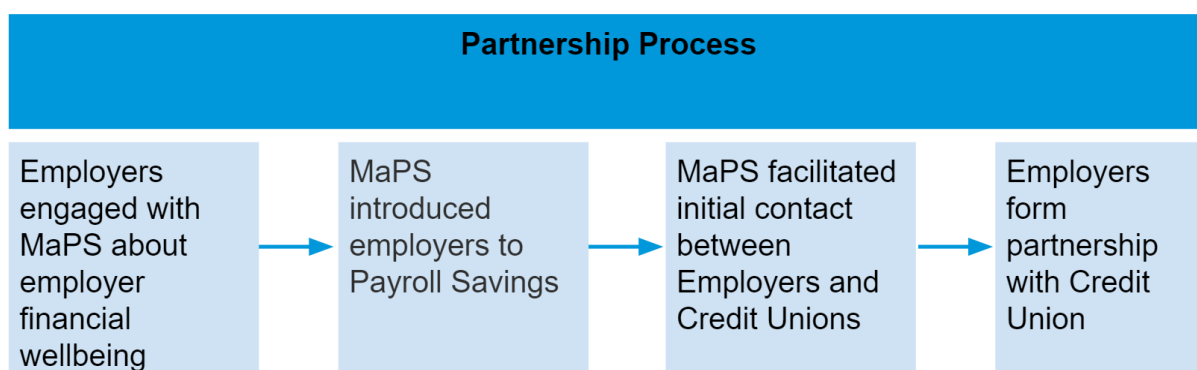


Figure 1: The Partnership Process

A survey to estimate the appetite for payroll savings at one employer found that 60% of employees would be interested in opening a payroll savings account (52 employees participated in the survey).

**Employers felt the partnership with CUs worked well and was mutually beneficial.** Employees preferred the online sign-up option that one CU offered, rather than the face-to-face meeting needed, but neither sign-up process was reported to be onerous.

*“You know most people were comfortable using the app. But the Credit Union was quite happy to help. They offered the possibility of coming in and instructing employees on how to sign up. They said they could do it face-to-face or online. They were more than willing to do that” - Employer B*

Employers initially reported concerns about the administrative hassles of setting up the scheme and having to take something from people’s salaries, but found that these concerns were unfounded, and both said partnering with the CUs was relatively smooth.

The fact that the companies in the study were SMEs appears to have also made it easier for employers to respond to the specific needs of their employees, including responding to questions about signing up to the scheme, or arranging for the documentation required to sign up to CUs.

## **Employees’ financial situations**

**Employees at both firms reported high levels of trust in their employers and high levels of familiarity and trust in CUs, which facilitated take up of the scheme.** Both users and non-users reported high levels of trust in their employers. In interviews, employees felt that their employers had their best interest at heart, that communications regarding benefits available to them were clear, and that they were supported by their HR department. This is likely to have also been supported by the smaller size of the SMEs, which meant employees had a direct rapport with management and HR personnel.

Employees at both firms were familiar with the CU system and saw them as trusted institutions. Many employees (72% at one of the employers) had accounts with CUs. This meant that employees did not fear that saving with CUs would be risky and did not have any concerns sharing their personal and financial information with them. Even non-users felt that trust in, and understanding of, the CU system was not a barrier to sign-up.

*“Most people are very familiar with Credit Unions, I had no concern when sharing my information with them.” - Payroll savings user*

*“No, I have no concerns with the Credit Union, that was not [trust in CU] the reason why I decided not to sign up” Payroll savings non user*

## **Employees reported feeling under some pressure financially, and wanted to save more.**

Nearly a quarter of employees surveyed at one organisation reported feeling unsatisfied with their financial situation, while users of payroll savings in particular (at both firms) were more likely to report feeling under pressure financially in the interviews. All employees surveyed said they wanted to save more, and this was supported by the qualitative findings where both users and non-users echoed these aims, with some saying that the existing economic situation was making it hard for them to save.

People had a range of goals or reasons for saving, from saving for a rainy-day fund to budgeting for a house or a holiday. Similarly, people reported using a variety of products to save including pensions, ISAs, savings accounts, as well as using a variety of digital tools such as Plum, an AI-based savings app that analyses your spending and suggests an amount you can save each month. We should note that all survey respondents reported having some level of savings (which suggests that these respondents were not representative of the general

population). Some payroll savings users had other savings products in place already (ISAs), while some reported having no other savings other than the payroll savings product. Employees also had a good understanding of payroll savings schemes across both organisations.

## **Signing up to payroll savings**

**Information that employees received from their employer was seen to be clear in communicating the benefits of the product and what they needed to do next.** Employees received information about the payroll savings scheme via emails from their employers, and via announcements made at company-wide meetings. After receiving the communications, some interviewees also reported talking to their HR coordinator or a colleague about it.

**The information offered by the CUs was sufficient to help users sign up easily.** Whilst all communications came directly from the employer, one CU shared a short guide to setting up an account which employees found useful. CUs also noted that they were keen to visit employees at their offices to market the product and answer any questions, but the COVID-19 pandemic restrictions in place precluded this. One barrier to signing up for some potential users was that a CU they were already a member of was not part of the scheme; and they did not want to sign up to another account with a new CU. In recognition of the common bond of association for a given CU, it may be preferable for employers to partner with more than one CU in their local area when setting up a payroll savings scheme. CUs could also explore data sharing partnerships to enable an account with a new CU to be set up easily, in cases where partnering with multiple CUs is not possible.

**The sign-up process varied, partly due to the CU's onboarding process and whether an individual has a previous account with the CU.** Before signing up to payroll savings with their employer, employees needed to set up an account with the relevant CU. The onboarding process for setting up a new account is either fully online (in the case of one of the CUs who worked with employers on this scheme) or requires new customers to come into a branch for 10-15 minutes (in the case of the other CU involved in the project) to set up a savings account with the CU. People who already have an account with that CU can skip this process. This is also one of the motivations of CUs in setting up the relationship - the potential to build a larger active client base.

CUs had limited interaction with employees themselves: they just needed to complete the onboarding process to open an account with the CU, and employees then had to speak to the payroll department at their employer to set up the payroll savings account. CUs noted that they were somewhat disappointed with the take-up (see below). One CU executive suggested that they would have liked more opportunities to speak with employees to popularise the product, and thought this may boost take-up. CUs noted that the process of offering payroll savings was essentially automated and involved a low administrative burden for CUs. There may be more opportunities for CUs to engage with employees as more return to work in the office.

Awareness campaigns	Sign up process	Savings start	Changing savings
Employers share communication with employees. The scheme was advertised with employees in company meetings and by email.	<p>Employees contact their chosen CU. Depending on the CU, sign up was online or face to face.</p> <p>Both processes required:</p> <ol style="list-style-type: none"> <li>1. Photographic ID</li> <li>2. Letter of proof of address or a payslip (if employee does not reside in the catchment area for that CU branch)</li> </ol>	<p>Employees filled in a savings mandate with the amount they would like to save and shared with their employer. The employer set up the payments savings arrangement with the CU.</p> <p>For one of the CUs, there was a maximum savings cap of £3,000 per annum.</p>	<p>Savings are automatically taken out of employees' payslips.</p> <p>Employers can contact CU directly if they want to stop savings.</p>

Figure 2: Employee Journey to Payroll Savings

## Take up of Payroll Savings

**Take up is considerably higher than what has been observed in similar opt in schemes<sup>15</sup> however, it did not match employer expectations.** In the first three months after the products were launched, 10-15 employees at Employer B signed up for the service, while at Employer A 4 employees signed up with Credit Union A and another 5-10 signed up using Credit Union B. These numbers suggest that around 5-10% of the workforce have signed up to payroll savings programmes. Both employers (Employer A in particular) and CUs have said that they considered the initial take-up rates to be low, but all stakeholders noted that now that it has been set up they plan to continue to offer the benefit to employees, and that they may seek to popularise it more through various internal channels.

Employers felt that sign-up rates may increase as the programme became more integrated in the wider benefit offer. For example, they felt that offering payroll savings to new joiners could help more and more people take up the product. They also felt that as more employees witnessed the benefits of the programme, and they could communicate these improvements, more employees would be persuaded to join the scheme.

**People found the “set and forget” aspect of payroll savings and the flexibility to withdraw or modify their contributions most appealing.** People were motivated by the fact that the money is taken straight from payroll and appreciated the ability to instantly access their savings. They felt the account provided some disposable money to them if they required it. While some people liked the flexibility of being able to access the money whenever they wanted and the ability to increase or decrease the amount of money they put in twice yearly, others also said they considered these savings money they couldn't touch and that they will not miss.

<sup>15</sup> See for example Nest Insight's Sidecar project, <https://www.nestinsight.org.uk/themencode-pdf-viewer/?file=https://www.nestinsight.org.uk/wp-content/uploads/2020/10/Supporting-emergency-saving-policy-considerations-and-questions-for-future-research.pdf#zoom=page-fit>



### Case study: User of payroll savings

Jessy is a young woman in her 20s who is completing a one-year student placement before returning to university to complete her final year. She lives with her parents and depends on them financially.

When asked to describe her financial situation she said: “it’s tough and getting harder”. She feels like the past few years have been difficult since it has been hard for her to get part-time work while studying.

When she first heard of payroll savings, she thought it was a great idea, and she was sold when she realised how saving just a few pounds a week could really add up.

*“You know, even saving what you spend on a cup of coffee a week can just really add up”*

Jessy is determined to change her saving habits. She has signed up for payroll savings and is saving £20 a month, she has also set up a standing order to her savings bank account in her other credit union account. Last Christmas, Jessy had to spend almost all of her savings. She is hopeful that having set-up these systems this year will be different.

*“My idea is to save until Christmas, every year I dip into my savings but this year it will be different”*

Some non-users were already saving in a different way, either through other savings schemes or with a partner in a joint savings account, and said they did not feel this product was relevant to their needs. **For those not already saving, the biggest barrier to signing up was concern over whether they would be able to make consistent payments on a monthly basis.** Some of these non-saver non-users reported feeling embarrassed about having to communicate their lowering of contributions or withdrawal from the scheme to HR or payroll administrators. Clarifying the ease with which one can access these funds or making the process of changing their monthly contributions more anonymous might also help ease these concerns.

**There were fears that this might affect employees’ future creditworthiness.** One other barrier that appears to have arisen is the assumption that employees thought that signing up to payroll savings may make their take-home pay appear lower than it is, and impact their ability to get a mortgage or borrow money in the future. For these employees, it was unclear whether lenders (either the CUs or third-party banks) would take their payroll savings accounts into consideration when making lending decisions; as such this is worthwhile clarifying to employees to assuage these concerns.



### Case study: Non-user

Daragh is a man in his 30s with no children, who works as a mid-level manager in his company. When he was younger, he was not a very effective saver, but in time he has put in place various systems to help him save. He has a standing order every month that goes to his savings account and regularly uses the AI-powered savings app, 'Plum'.

He is currently in the process of buying a house with his partner. The couple have been saving money in a joint savings account for years in anticipation of getting a mortgage and buying their first home.

Daragh felt payroll savings would not work for him for two reasons. First, he already has a joint savings account with his partner, and feels that he wants to keep contributing his savings to that joint pot. Second, he feels that if he was putting money into a payroll savings scheme, his salary would appear to be lower, and it would mean the amount he could borrow on a mortgage would be lower since the bank would only see the income that comes into his current account.

*“The bank won’t be able to see your savings to check that you are putting money away. There’s no actual proof that you have them put money away, and it just looks like your wages are lower.”*

Overall Daragh feels that the initiative is a good idea and has high levels of trust in both the credit unions and his employer. But, given his existing saving arrangements and potential backfire effect he does not want to sign up to the scheme.

**Non-users who were interviewed felt take-up would be higher if there was an incentive provided**, either in terms of an attractive savings interest rate, a tax break similar to what is received on ISAs, or with the employer contributing a small amount to incentivise people to save.

**Response to a mooted opt-out scheme was mixed.** We asked interviewees what they thought of a situation where everyone at a firm was signed up to a payroll savings scheme, similar to pension auto-enrolment. Amongst employers the view was that this was near-impossible to implement, that it would need legal consent from employees to share their information with the CUs, and that they lack knowledge on employees current saving arrangements. Generally, employers felt the closest they could come to this was to offer information about the payroll savings scheme to new joiners by default as part of their orientation. Amongst employees, some felt one could not make assumptions about employees’ financial situations and called it paternalistic. However, many users and non-users did think it would be a good idea to have this as a default as long as opting out was an easy process.

## 5. Conclusions and recommendations

Payroll savings schemes can be an important pillar in achieving MaPS’ strategic goal of developing a ‘Nation of Savers’ - encouraging 2 million more working age people who are

'squeezed' and 'struggling' to become regular savers<sup>16</sup>. Currently payroll savings schemes are only offered by about 3% of UK employers with over 100 employees<sup>17</sup> and take-up rates are estimated to be in the single digits.

A number of the findings presented here are consistent with findings from previous evaluations of payroll savings schemes in the UK. For example, in a recent payroll savings research project with Capita, a large professional services firm, we also found that the primary motivation for the employer to set up a payroll savings scheme was to promote employee financial wellbeing.<sup>18</sup> Other similarities included that the Capita project identified the 'set and forget' nature of the product as a large motivator for users to sign up. Already saving in a different way was also a key barrier for those who didn't sign up for Capita's payroll savings scheme.

A key difference for the employers in Northern Ireland that participated in this study, however, was that trust and word of mouth were important facilitators that boosted take-up. This was not found in studies with larger employers, suggesting that these facilitators may be especially important in SMEs. Engagement strategies may therefore benefit from being tailored to the size and context of the organisation.

In this project, participants felt that take-up would be higher with an incentive offered, which has been corroborated by findings from other research projects. In the Capita project and another payroll savings evaluation project with NHS York Teaching Hospital and Leeds Credit Union, financial incentives increased the take-up of payroll savings. In the latter, offering a prize-draw incentive was the most effective of four tested campaigns at attracting staff to join the credit union and start saving.<sup>19</sup>

## Key findings

- The two employers were well placed to launch a payroll savings scheme given the high levels of trust that employees reported in them, and their strong motivations to support employee financial wellbeing.
- In the context of Northern Ireland, CUs were good partners to launch the payroll savings products with, given that potential users were familiar with CUs and had high levels of trust in them.
- Setting up the scheme itself does not appear to have been onerous, and all employers and CUs plan to continue to offer the scheme going forward. MaPS played a key role in facilitating these partnerships.

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<sup>16</sup> Money and Pensions Service, 2020. *The UK Strategy for Financial Wellbeing*. [The UK Strategy for Financial Wellbeing 2020-2030](#)

<sup>17</sup> McAteer, M. 2021. *How payroll savings schemes can increase financial resilience*. <https://www.reward-strategy.com/news/top-stories/how-payroll-saving-schemes-can-increase-financial-resilience--18912>

<sup>18</sup> The Behavioural Insights Team and MaPS, 2022. *Using Behavioural Science to help employees save*. <https://maps.org.uk/wp-content/uploads/2022/06/Using-behavioural-science-to-help-employees-save-evaluation-of-a-payroll-savings-scheme.pdf>

<sup>19</sup> Evans, G. & McAteer, M., The Financial Inclusion Centre (2021). *Payroll Schemes with Credit Unions*. <https://moneyandpensionsservice.org.uk/wp-content/uploads/2021/04/getting-workforces-saving-payroll-schemes-with-credit-unions-final-publication-report.pdf>



- Around 5-10% of the workforce at each employer signed up to payroll savings programmes in the first three months. This may be because the high levels of employer trust at SMEs, and the role of word-of-mouth, are key factors in encouraging take up.
- While employers and CUs expressed some disappointment in this level of take up, it should be noted that it is relatively high compared to other similar schemes launched elsewhere in the UK. However, the lower sign-up than expected may be explained by the fact that employees at the two employers included in the study had relatively high levels of financial wellbeing and already had other saving methods that worked for them. This may mean that the appetite and need for the product was limited.
- The suite of communications was effective in making sure people understood how payroll savings worked, and how it might support their financial wellbeing. The sign-up process was easy and well understood.
- People liked both the “set and forget” aspect of payroll savings, as well as the flexibility to change their contribution or withdraw their money whenever they needed it. People who had signed up expected that it would have a low to medium impact on their savings. This was due to a variety of factors including the fact that they were saving with other tools or because they had started by saving a relatively small amount to see whether the product worked for them.
- Some non-users were already saving significant amounts using other tools or products and did not feel the need to sign up to a payroll savings scheme to boost their savings.
- For non-users who were not already saving, the main concern was whether they would be able to afford saving the same amount every month. Despite the easy access to their funds and the ability to make changes to their contributions, they felt they would be embarrassed if they had to tell an HR officer or payroll administrator that they wanted to reduce their contribution or withdraw from the scheme.

## **Recommendations**

- Trust and word of mouth were important facilitators that likely contributed to sign-up rates for payroll savings. We recommend that employers choose who they partner with to deliver payroll savings, keeping in mind the context of their employees, and choose engagement strategies that are tailored to the size and context of the organisation. Employers would benefit from involving their partners (for example, financial institutions / CUs) in their outreach to employees.
- Employers and CUs offering payroll savings should make the sign-up process to both the CU and payroll savings as easy as possible.
- Employers should be intentional about communicating about payroll savings to their employees, and frame the benefits of payroll saving proactively, for example by compiling a Q&A to add to their intranet, and for the CUs to visit once a year to update employees on the benefits of payroll savings and to dispel any myths about their particular payroll savings scheme.

- We recommend that employers consider both opt-in and opt-out payroll savings schemes, and base their decision for one or the other on organisational culture and workforce preferences. Based on emerging evidence from a recent trial led by Nest Insight, participation in opt-out schemes is likely to be considerably higher.<sup>20</sup>
- In our study, users and non-users felt that take-up would also be higher if an incentive was offered, and this is corroborated by findings from other studies. We recommend that, if possible, employers should offer a prize-draw incentive to boost take-up, and incentivise persistent savings behaviour rather than savings amounts.
- In Northern Ireland, employees are more likely to be signed up to a CU already. In recognition of the common bond of association for a given CU, it may be preferable for employers to partner with more than one CU in their local area when setting up a payroll savings scheme. CUs could also explore data sharing partnerships to enable an account with a new CU to be set up easily, in cases where partnering with multiple CUs is not possible.

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<sup>20</sup> <https://www.nestinsight.org.uk/research-projects/workplace-emergency-savings/opt-out-payroll-savings-trial/>

## Appendix 1 : Methods

We conducted in-depth semi-structured qualitative interviews and a short survey. We also analysed data from a short survey administered by one of the participating employers.

### Interviews

In March 2022 we conducted 24 semi-structured interviews. The interviews aimed to explore users' attitudes to payroll savings and explore barriers and facilitators to engagement. Summary information about the interviews is shown in Table 1.

**Table 1. Sample of interview participants**

Stakeholders	Sample size
Credit Unions <i>Two credit unions implementing the scheme</i>	2
Employers <i>Two employers implementing the scheme</i>	4
Users of payroll savings	9 (4 for employer A 5 for employer B)
Employees who had not signed up to payroll savings	9 (4 for employer A 5 for employer B)

### Analysis

Interviews were recorded and transcribed. The content was thematically analysed using a framework approach.<sup>21</sup> A team of three researchers worked on the analysis and made use of inter-rater coding to reduce researcher bias.

### Composite case studies

Composite case-studies are a method used to present qualitative data with the aim of preserving anonymity and highlighting important details across multiple interviews.<sup>22</sup> We made use of composite case studies merging 2-3 interviews to create a case study. We did this to preserve the respondents' anonymity, given the small sample size and small overall study population in the two firms.

### Survey

We analysed the responses from two surveys. One was administered by BIT among employees of Employer A. This survey had 33 respondents<sup>23</sup>. Most respondents were aged 26-35 (70% of those surveyed) and had annual incomes of £21,000-£30,000 (64% of those surveyed)<sup>24</sup>. The respondents comprised 18 men, 14 women and 1 person who chose to self-describe in another way.

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<sup>21</sup> Gale, N.K., Heath, G., Cameron, E. et al. (2013) Using the framework method for the analysis of qualitative data in multi-disciplinary health research. *BMC Med Res Methodol* 13, 117

<sup>22</sup> Willis, R. (2019). The use of composite narratives to present interview findings. *Qualitative Research*, 19(4), 471–480.

<sup>23</sup> Out of circa 100 employees in 2022.

<sup>24</sup> This is in line with the overall salary distribution at the company, where 28% of employees were on salaries between £22,500-£25,000, and 42% were on salaries between £27,500-£35,000.

Employer B had also administered a survey to employees prior to the launch of the payroll savings scheme. This survey comprised two questions on whether employees would be interested in payroll savings (52 respondents) and whether they were already members of a credit union (51 respondents). No further demographic information was collected in this survey.

#### Limitations of this evaluation and interpretation of findings

**Small-scale study:** This is a small-scale study centred around qualitative interviews. Due to the sample size and methods, we cannot draw causal inferences about specific behavioural outcomes, and we cannot generalise the findings. The results provide information about stakeholders' views of payroll savings soon after implementation. From this we can highlight factors that are worthy of consideration and further exploration.

**Representativeness of the survey:** It is important to note that our survey of Employer A employees shows that all respondents reported having savings and the vast majority were somewhat satisfied with their financial situation, which may therefore not be representative of the wider NI or UK population.

## Appendix 2: Survey Design

### Northern Ireland Payroll Savings - Survey

#### Saving Behaviours Baseline

- 1) How do you find saving?
  - a) Very difficult
  - b) Difficult
  - c) Neither easy nor difficult
  - d) Easy
  - e) Very easy
- 2) Overall, thinking of your assets, debts and savings, how satisfied are you with your current personal financial condition?
  - a) Extremely satisfied
  - b) Satisfied
  - c) Neither satisfied nor dissatisfied
  - d) Not satisfied
  - e) Not at all satisfied
  - f) Prefer not to say
- 3) Do you currently use any tools that help you save for the future? (Tick all the apply)
  - a) Savings account connected to my main bank account
  - b) Separate savings account
  - c) Pension
  - d) I don't have any savings
  - e) Other (please specify):
- 4) Do you have ambitions to save more?
  - a) Yes, I would like to save a lot more
  - b) Yes, I would like to save some more
  - c) No, I am not interested in saving more

#### Reasons for wanting to save

- 5) Which of the following statements best sum up why you would want to save money?  
Please select up to 3, choosing the most important reason to save for you, followed by the second and third most important reasons for saving.
  - a) To be able to treat myself to something enjoyable such as a holiday
  - b) To be able to reach a goal such as moving home
  - c) To have an emergency safety net for unexpected bills or costs, for example if something breaks down
  - d) To have a buffer for the future even if I don't need to use it
  - e) To help people I love if they need financial support
  - f) Other (please explain in your own words)

#### Enrolment in Payroll Savings

- 6) Are you enrolled in payroll savings?  
N.B. Payroll is a saving scheme offered by your employer which withdraws an amount from your pay slip each month and deposits it into a savings account with a credit union. You can find more about what this entails here.

- a) I am enrolled
  - b) I have heard of it but I am NOT enrolled
  - c) I am NOT enrolled, and I have never heard of it
- 7) Right now, employees need to opt-in the payroll savings scheme. Imagine all employees were enrolled by default in this pension scheme, and had the option to opt-out very easily? Would you like this system?
- a) Yes, I would be in favour of an opt-out system of payroll savings
  - b) I am not sure
  - c) No, I would not be in favour of an opt-out system of payroll savings

#### Payroll savings appetite

- 8) How likely are you to enrol in payroll savings in the future?
- a) Very likely
  - b) Quite likely
  - c) Quite unlikely
  - d) Very unlikely
  - e) Not sure

#### For those likely to sign up to payroll savings

- 9) You said you would be likely to sign up to payroll savings – we'd like to understand more about your reasons for that. Please select any of the following that apply to you.
- a) I can see the benefits of this product over other savings products
  - b) I like that it is provided by my employer
  - c) I am interested in trying out a new savings tool
  - d) I like that the money goes into savings straight from payroll before it hits my pocket
  - e) I like that I can get to my savings instantly if I need them
  - f) I have never been able to save before and would like help to do this
  - g) I am already saving in other ways, but I would like to save more
  - h) Other (please specify):

#### For those unlikely to sign up to payroll savings

- 10) You said you would be unlikely to sign up to payroll savings or that you are not sure – we'd like to understand more about your reasons for that. Please select any of the following that apply to you.
- a) I am too busy or stressed to think about it
  - b) I don't know enough about the scheme
  - c) I can't afford to save
  - d) I am already saving in a different way
  - e) I don't want to join a credit union
  - f) I don't understand what the product does
  - g) I don't see benefits of payroll savings over other savings products
  - h) I do not want to save via payroll/my employer
  - i) I am confused by how it works
  - j) Other (please explain):

### For those enrolled in payroll savings

- 11) You said that you are enrolled in payroll savings, what were the reasons that led you to enrol? (Tick all that apply)
- a) I like that the money goes into savings straight from payroll before it hits my pocket
  - b) I am already saving in other ways but I would like to save more
  - c) I am interested in trying out a new savings tool
  - d) I like that it is provided by my employer
  - e) I can see the benefits of this product over other savings products
  - f) I have never been able to save before and would like help to do this
  - g) I like that I can get to my savings instantly if I need them
  - h) Other (please explain):

### Last section! A few questions about you

- 12) What gender do you identify as:
- a) Male
  - b) Female
  - c) Prefer to self-describe another way
  - d) Prefer not to say
- 13) What is your age group?
- a) 25 or under
  - b) 26 - 35
  - c) 36 - 45
  - d) 46 - 55
  - e) 56 or over
- 14) What is your annual salary?
- a) £20,000 or under
  - b) £21,000 - £30,000
  - c) £31,000 - £40,000
  - d) £41,000 - £50,000
  - e) £51,000 or above