



Financial Inclusion in the UK: EdenTree's AAR Initiative

Every day, millions of UK households navigate sharp trade-offs between paying bills, managing debt, saving and building resilience. The UK's mature financial ecosystem conceals deep structural inequalities, including declining availability of face-to-face services, reliance on high-cost credit and vulnerability to the impact of financial shocks.

The strength of the UK's financial system depends on whether individuals and communities can access and benefit from essential financial services. Yet, against the backdrop of increasing cost-of-living pressures and a housing crisis, the core pillars of inclusion are all under strain.

These weaknesses do not only affect households. A system that fragments or fails to support financial participation is one that risks slower growth, lower productivity and diminished social stability – all of which undermine the UK's attractiveness to long-term institutional investors such as pension funds and charitable endowments.

With these tensions in view, EdenTree commenced a long-term stewardship initiative on Financial Inclusion in the UK in early 2025, anchored in three core pillars: **Accessibility**, **Affordability** and **Resilience** (AAR).

Accessibility	Affordability	Resilience
		

At each stage of our AAR initiative, we will focus our research and discussions on one pillar in depth, while continuing to seek progress across all three.

- **Stage 1:** Ensuring the **accessibility** of essential financial services for UK households.
- **Stage 2:** Supporting fair **affordability** and product innovation that widen opportunity.
- **Stage 3:** Strengthening **resilience** and capacity to withstand financial shocks.

Further supporting these stewardship efforts is the UK Government's new Financial Inclusion Strategy, published in November 2025. We welcome the renewed policy focus and are encouraged by its alignment with the key focus areas of our engagement. Notably, we were encouraged by the shared emphasis on widening access, improving financial capability and building resilience.

This first report introduces the background to our engagement, shares findings from the pilot phase with our building society holdings and outlines where we intend to focus our efforts going forward.

Defining the challenge: AAR in context

We believe accessibility, affordability and resilience form the three core dimensions of financial inclusion and capture the distinct barriers faced by UK households.

Accessibility refers to the ability to use and benefit from financial services, whether that be through physical channels (branches, ATMs, community hubs or Post Office counters) or digital channels (apps, web or assisted communications). On this front, the UK is in transition, with a widening accessibility gap. Between 2015 and 2024, more than 6000 branches were closed, leaving around 1,500 villages and towns without a single local banking facility.¹

At the other end of the spectrum, digital access has bridged the gap to an extent. However, capability remains a hurdle. An important consideration is that “online” does not equal “included.” The Lloyds Consumer Digital Index shows that 11 million adults lack basic digital skills, and 4 million remain “offline by choice or necessity.”² Such figures highlight the importance of a balanced approach to access.

Affordability concerns the ability to obtain appropriate products at a reasonable cost. Financial products must not only be available, but affordable and fair, so that financially vulnerable individuals are not forced into high-cost or exploitative options. In the UK, nearly 80% of adults use at least one regulated credit product. However, lower-income individuals rely disproportionately on high-cost credit.³ For example, 23% of all high-cost loans and 41% of pawnbroker loans are held by households with incomes below £15,000, compared to 10% of all credit cards.⁴

Roughly 9 million adults resort to credit cards or payday loans to cover essential food and energy bills,⁵ reflecting gaps in affordable credit provision and limiting upward

mobility for many. The UK government’s new strategy acknowledges these challenges, with action plans including the funding of credit unions and increasing the availability of affordable credit options.

Resilience captures the ability of individuals and communities to absorb and recover from shocks. Savings play a large part in this. However, resilience also relies heavily on other elements such as insurance, financial education and support services for those in difficult circumstances. Around 44% of UK adults are considered to be living in financially vulnerable circumstances, up from 35% five years ago.⁶

According to the Money and Pensions Service, 9 million people in the UK have no savings at all, and another 5 million have under £100.⁷ With virtually no safety net, these 14 million people are extremely vulnerable to sudden expenses or income shocks, leading many towards problem debt and hardship.

These dynamics are not static. Wealth distribution, innovations in financial technology and regulatory changes create both opportunity and displacement. Unless collective action is taken to explicitly embed accessibility, affordability and resilience into business and policy agendas, financial exclusion will deepen. That risk invites a coordinated, credited push from investors to drive long-term change.

A key insight from our pilot phase is that financial inclusion in the UK suffers less from unwillingness than from a lack of measurement and guidance. The sector’s social contribution is rarely quantified, meaning innovations and outcomes remain less visible to the market. We speak to how we intend to address this later in the report. However, we have included our baseline measures for each dimension below.

¹ [Over 6,000 bank branches closed since 2015 and counting - Which?](#)

² [Lloyds Bank 2024 Consumer Digital Index](#)

³ [Financial Lives 2024: Key findings from the FCA's Financial Lives May 2024 survey](#)

⁴ [Access-to-credit-and-illegal-lending-2024.pdf](#)

⁵ [One in five people now borrowing to pay for food and other essential bills, with half doing so for the first time | Money and Pensions Service](#)

⁶ [Nearly half of UK adults now living in financially vulnerable circumstances - Fair4All Finance](#)

⁷ [One in six UK adults have no savings | Money and Pensions Service](#)

Society	Locations	First-Time Buyer Lending**	Support for Those Facing Arrears
Leeds	56	47%	Yes
Yorkshire	231	33%	Yes
Skipton	82	44%	Yes
Coventry	64	24%	Yes
Nationwide	605*	33%	Yes
Newcastle	32	Not disclosed	Yes

* Location count reflects latest publicly available data. Location count for Nationwide excludes Virgin Money locations, which brings the total to 696 post-acquisition. ** First-time buyer lending estimated as a proportion of: new mortgages (Leeds, Yorkshire, Nationwide), new lending (Skipton) and house purchases (Coventry). Figures relate to the latest disclosed 1-year period.

These measures are not exhaustive, but they capture key aspects of accessibility, affordability and resilience in practice.

- Branch Coverage:** This metric provides an overview of where building societies are enabling access to financial services and, with more granular regional information, would help identify underserved areas where increased presence or service innovations would be most impactful. Current ONS figures show the UK now only has 1 branch per 10,000 people,⁸ which is far lower than peer countries.
- First-time buyer (FTB) Lending Share:** This metric looks at what portion of a lender’s new lending is going to first-time home buyers, a group often facing affordability hurdles and a financial milestone where wealth gaps manifest. We view such lending as a tangible outcome of strategically embedding affordability.
- Support for Those Facing Arrears:** This indicator reflects whether a lender has systems or policies in place to support borrowers facing arrears. Loans in arrears are loans that are significantly overdue (90+ days behind on payment). High arrears indicate an inability to withstand financial shocks and meet ongoing financial obligations, and can therefore serve as a direct indicator of low financial resilience. By establishing clear and accessible support avenues, building societies are set up to provide the right support for these individuals. This is particularly important where arrears rates are high or increasing.

Why accessibility and building societies first

In establishing the AAR initiative, we chose to start our engagement with building societies precisely because they have maintained, and often innovated, the provision of accessible financial services. Mutuality gives them both the purpose and flexibility to design products and delivery models that meet community needs.

In a landscape where commercial banks are retreating from physical presence, building societies are becoming the custodians of accessible finance in the UK. However, the sector does face challenges, including balancing digital transformation with community presence, ensuring accessibility for vulnerable customers and demonstrating measurable outcomes.

Understanding the spectrum of innovation and challenges faced by building societies serves a dual-purpose of informing our engagement and building momentum for a broader investor ecosystem to hold the financial sector to higher standards.



⁸ [UK bank branch network shrinks as lenders double down on digital - FStech](#)

Our stewardship approach: Using fixed income engagement to shift outcomes

Institutional investors, particularly those with long-dated liabilities such as pensions, charities and endowments, depend on the long-term health of the real economy. Inclusive financial systems underpin that stability by expanding the base of savers, investors and financially resilient households who sustain future markets.

However, stewardship around financial inclusion has historically been narrow and heavily equity-oriented, where access to voting rights and AGM dialogues hold reasonable influence. Alternatively, stewardship on the fixed income side remains nascent, despite the unique influence held in credit and debt capital. Because bondholders lack direct voting levers, engagement has often focused on covenant terms, credit metrics or discrete risk events rather than sustained outcome dialogues.

We believe that narrative needs to evolve. Debt investors may not always have a vote, but they do have a voice.

In establishing our approach to the AAR Initiative, we identified that our holdings in Permanent Interest Bearing Shares (PIBS), a form of subordinated debt issued by building societies in place of equity, could serve as an effective bridge between equity and fixed income stewardship. Holders of PIBS are considered members of the building society, providing a unique channel for investor engagement and influence that has historically been under-utilised by investors.

Lessons from our pilot phase

Over 2025, we engaged with our building society holdings. This was a collaborative exercise between our fixed income and sustainability team, involving pre-issuance dialogues, written communications and discussions with both treasury and Corporate Social Responsibility (CSR) representatives.

In addition to clearly highlighting a shared commitment to accessibility, these dialogues produced actionable insights across all three pillars, with a deeper lens on accessibility and forward lines to affordability and resilience. Several shared themes stand out, including:

- **Physical presence:** Each society emphasised the importance of maintaining physical branch presence and community outreach even as larger banks have retreated. They recognise their role in mitigating accessibility gaps in their regions, with the majority going beyond their reach through involvement in industry initiatives, policy engagement or community partnerships.
- **Product innovation:** We found that many societies have explored tailored products to meet underserved needs, including low-deposit mortgage offerings and subsidised financial advice services to vulnerable or low-income individuals. While the maturity and scale of these offerings varied widely, we welcomed the willingness to innovate.



Across the sector, building societies demonstrated the value of place-based accessibility and product innovations, but transparency around the geographic coverage of branches, hubs or cash access alternatives is limited. Better visibility here would help identify underserved areas and bridge the information gap required for market and policy-led initiatives to drive focused and successful solutions in these areas.

Nationwide Building Society (Nationwide)



Nationwide operates the UK's largest single-brand banking network, with 605 branches and a total of 696 locations, with Virgin Money sites included. At a time when more than 6,500 UK branches have closed since 2015, Nationwide has committed to keep every one of its locations open until at least 2030. Notably, the society is now the last remaining branch in 133 towns and villages. Nationwide reports an 11% year-on-year increase in customers using its branches, with particularly strong growth in current account openings and ATM usage in "last-branch-in-town" locations. This is one of the clearest examples of data-backed outcomes from across the sector, with Nationwide explicitly using physical distribution as a financial inclusion tool rather than a legacy cost base.

Nationwide discloses branch-level accessibility features, with advanced practices in mental-health accessibility and dementia support clinics. Nationwide also discloses outcome-style usage metrics, which are still relatively rare across the sector: in the 12 months to September 2025, it reported an 11% increase in customers using branches, alongside a material share of onboarding occurring in-person (e.g., 33% of current accounts and 22% of savings accounts opened in branch in the six months to end-September 2025, with year-on-year volume increases).

Skipton Building Society (Skipton)



Skipton stands out for treating financial resilience as a core member proposition. In 2024, it reported 39,216 advice conversations with members, framed as part of a commitment to make guidance broadly accessible. Its "My Money Review" is disclosed as a free service delivered through multiple physical and digital channels, which reduces barriers for people with mobility or digital accessibility constraints. Skipton also discloses a structured vulnerability partnership model, including its charitable giving commitment of 1% of pre-tax Group profit annually since 2022 and support for Refuge focused on economic abuse (helping survivors address coerced debts, secure accounts and engage with institutions regardless of postcode).

Separately, Skipton's publication of the Home Affordability Index and related parliamentary evidence positions it as a system-level contributor to affordability reform, including analysis relevant to first-time buyer constraints. The key gap is that Skipton's public materials emphasise advice volume more than advice outcomes (e.g., measurable improvements in savings buffers or debt positions).

Leeds Building Society (Leeds)



Leeds' strongest disclosed contribution to financial inclusion is expanding access to homeownership for groups constrained by deposits, income multiples and thin credit histories. In 2024, it reported 47% of new mortgages went to first-time buyers and that it helped 17,600 first-time buyers purchase a home. It also connects inclusion to distribution, stating strong performance has enabled continued investment in branches, including opening its 51st branch in Solihull. On accessibility to credit, Leeds was the first UK mortgage provider to integrate Experian Boost, allowing certain regular payments (e.g., council tax and subscriptions) to support credit scoring; it disclosed testing indicating 7.5% of applicants would have improved scores, with no score reductions from Boost.

On affordability, Leeds' "Income Plus" proposition is disclosed as enabling first-time buyers to borrow ~£66,000 more on average at up to 95% LTV, addressing a core barrier without relying solely on price cuts. Its targeted restriction of new holiday-let lending in selected hotspots, developed with local authorities as a trial, is a rare place-based attempt to support local access to housing stock. Leeds also participate in engagement with housebuilders and policymakers, which is commendable for its size. Although there is room to grow in producing affordability measures linked to outcomes, its strong strategic focus and proactive work on vulnerability have the potential to set an industry standard.

Yorkshire Building Society (Yorkshire)



Yorkshire provides a strong example of how physical presence can be repurposed from transaction handling into practical community support. As part of this move, Yorkshire has embedded Citizens Advice advisers in selected branches for free, confidential appointments, explicitly available to both members and the public.

To maintain face-to-face reach where full branches may be uneconomic, Yorkshire partner with local firms so customers can access accounts and arrange mortgages in more communities (with some service differences and cash limits). This approach is a pragmatic inclusion tool where a full branch may not be commercially viable, but where physical access still matters for certain customer segments. Compared with peers, Yorkshire's public disclosures rely more on community-based commentary rather than standardised information, which could be strengthened with the inclusion of clear branch-level accessibility features and public mapping of physical access against local vulnerability indicators.

Given its importance to both the context and direction of our AAR initiative going forward, we concluded our pilot engagements by conducting a review of the UK Government's Financial Inclusion Strategy. Building on this, we submitted a response to the Treasury Committee's ongoing review of the Strategy in early 2026.

The strategy outlines concrete measures to improve accessibility, such as making it easier to open bank accounts without standard ID and rolling out 350 in-person banking hubs to bridge the gap left by branch closures. On affordability, it commits £30 million to help modernise and expand credit unions and reduce reliance on high-cost credit or loan sharks. There is also a clear commitment to enhancing resilience, with the "Help to Save" program and pilot initiatives aimed at increasing insurance uptake among vulnerable groups.

Although more time is required to assess its implementation, we identified some opportunities for investor-led additions that the strategy leaves largely untouched. This includes methods to mobilise the institutional assets of charities and pension schemes, infrastructure investment facilitating financial service points in access deserts, and inclusion-linked standards investors can price. Going forward, we hope to review these opportunities and engage with both our financial services holdings and clients to assess their viability.

Our stewardship asks and ambitions

From our engagements, we have distilled a set of evolving expectations that we will progressively extend across our financial services holdings. These reflect our findings of a greater need for transparency and practical innovation.

Transparency

While recognising that disclosures and governance alone don't effect change, we view them as key enablers of action. Poor visibility is likely deepening the inequality experienced by underserved communities, who have suffered disproportionately from a lack of access to financial services. To effectively address this issue, the industry first needs sight of who these groups are and the unique set of accessibility limitations they face.

- Publish data on proximity to branches, hubs or alternative service points. This will help identify geographic or demographic financial deserts where new models are needed the most.
- Develop metrics that quantify how inclusion-linked solutions support community economic activity. For example, SME lending growth or local employment outcomes.

Innovation

The credibility and success of financial inclusion commitments are dependent on the accountability mechanisms underpinning them. The pockets of innovation we observed in our engagements confirmed that many mutuals are willing and capable of pioneering practices. However, to drive meaningful change in financial inclusion, scalability and collaboration will be essential.

- Establish a clear strategy geared towards maintained physical presence and enhanced digital access. These two types of access have been treated as mutually exclusive. However, both are essential to meet the needs of a diverging population.
- Seek opportunities for partnerships, industry initiatives and policy engagement. Such efforts will lay the foundations of collective action and systemic change.



The path ahead

Although accessibility forms a core part of addressing financial inclusion at the community-level, the equation is incomplete without considering socio-economic challenges. In recent years, financial outcomes for UK households have been shaped no more than by increasing cost-of-living pressures and the ongoing housing crisis. It is for that reason that the next phase of our engagement will focus on affordability, where we will look to explore product design, pricing fairness and access to affordable credit.

The third stage will shift to resilience and how financial institutions help individuals and communities weather economic shocks. This will include examining savings behaviour, financial education and debt-advice integration. This sequencing ensures that each year's work enables the next, rather than spreading efforts thinly.

Through our engagement, our efforts will be expanded to include additional groups in the ecosystem such as retail banks and housing associations. As we scale, we will also seek channels for industry initiatives and policy engagement to support alignment of disclosure expectations, encourage accountability standards and elevate place-based innovations.

Conclusion

Accessibility, affordability and resilience are the foundations of an investible and stable economy. The UK's new Financial Inclusion Strategy comes at a critical moment for these pillars and we welcome the needed policy frame. We now view there to be a clear opportunity for investors to provide the capital and influence needed to turn commitments into measurable systemic change.

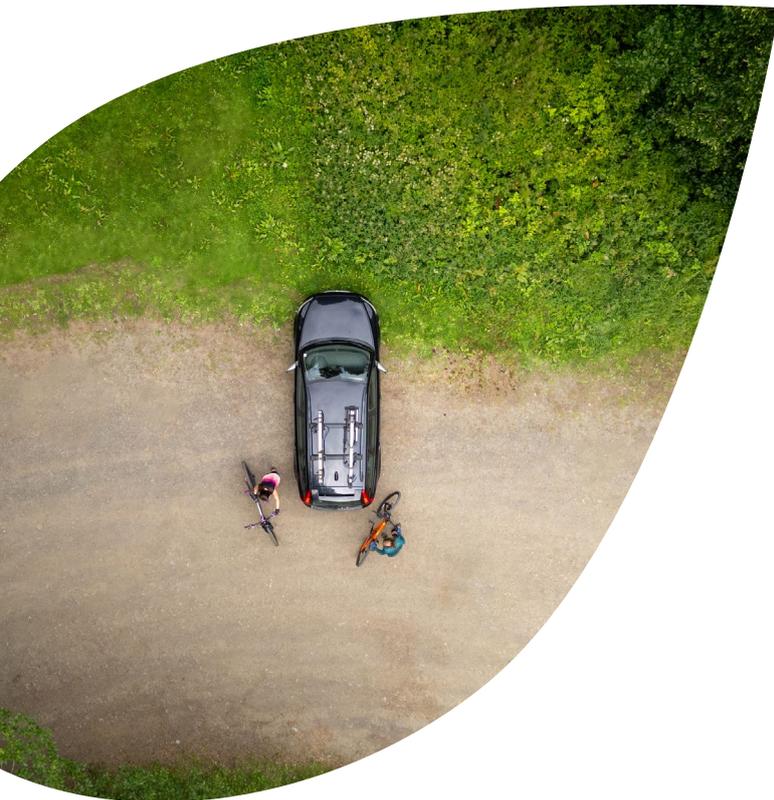
We recognise that many of our institutional clients (particularly across charities, endowments, foundations and pension schemes) have objectives aligned with financial inclusion, such as alleviating poverty and improving community wellbeing. With this in mind, we hope that our findings and ambitions support these objectives and present a practical path to align long-term capital with the UK's social and economic renewal. Funding shared banking where it is disappearing, scaling affordability solutions and credit access where it is needed, and building the capability required to make communities more resilient.



Hayley Grafton
Senior Sustainable
Investment Analyst



Michael Moir
Associate Fund Manager



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Our Sustainable Investment Team, made up of our fund managers and sustainability analysts, is united by four core beliefs that guide everything we do. **We invest for a better tomorrow**, acting as long-term, active investors who focus on businesses making a positive contribution to people and the planet. **We invest in quality**, combining rigorous investment and sustainability analysis to tilt our focus towards resilient and responsible companies. **We invest at sustainable valuations**, always considering the long-term value an investment can deliver for our clients. **And we engage for change**, maintaining an active programme of engagement and voting to ensure businesses are operating responsibly.

As of February 2026, every EdenTree fund carries an FCA Sustainability Disclosure Requirements (SDR) Sustainability label, reflecting the consistency and rigour that underpins our approach to sustainable investment. Our commitment to excellence in sustainable investing is further portrayed by our award wins, reflecting our leadership in sustainable finance and our inclusive culture. In 2025, we were awarded Best Ethical Investment Provider at the Investment Life & Pensions Moneyfacts Awards for the 17th year running. We also



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 **0800 011 3821**

 **clientservice@edentree.com**

 **edentreeim.com**

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