

(BEGINS)

Real Pay Growth Recovering in Positive Outlook for Financial Resilience
The Money Statistics August 2023

Small but significant increases in real terms pay growth may be contributing to improving levels of Financial Resilience, according to the August 2023 Money Statistics, produced by The Money Charity.

Recent months have seen pay growth rates continually failing to keep up with inflation, resulting in real terms pay cuts for many workers across the UK. However, there are indications that this trend may finally starting to reverse. In the three months to June 2023, regular pay increased by **7.8%** on the year before, the highest annual growth rate since records began in 2001. Pay including bonuses increased by **0.5%**. Average weekly pay was **£613**, or **£663** including bonuses; an annual salary of **£31,964**, or **£34,571** with bonuses. In real terms, for the year to June 2023, regular pay increased by **0.6%**, while total pay increased by **1.2%**. However, due to pay growth being lower than inflation for most of the last fifteen years, total real pay (**-1.3%**) was below the pre-financial crash peak in February 2008 while regular real pay fell by **0.9%** over the same period¹.

Research has suggested that this may be improving worker's ability to save, and in turn increase their levels of Financial Resilience. Nearly **two-thirds (65%)** of adults report that they have been putting money into savings over the past six months. 18-24 year olds were more likely to say they had been purposefully putting money aside than any other age group, with **four in five (80%)** saying they had made savings in the last six months².

However, there is other evidence to suggest that people in the UK are still struggling with other aspects of their financial lives. **81,900 (0.93%)** of homeowner mortgages had arrears equivalent to at least 2.5% of the outstanding mortgage balance in Q2 2023, **6.9%** up on the previous quarter. Over the last year, mortgages in arrears have increased by **20.5** a day³. For the **10.88** million households with mortgage debt in the UK, small increases in real terms pay growth are unlikely to be making a noticeable difference as interest rates continue to rise⁴. On a different note, **48.2** cash machine transactions (including balance enquiries and rejected transactions) were made **every second** on average in July 2023, a decrease of **13.3%** on July 2022. The total value of transactions decreased by **6.1%** over the same period⁵. While this could be linked to

¹ (The Money Statistics August 2023 Full Report, P19)

² (The Money Statistics August 2023 Full Report, P4.1)

³ (The Money Statistics August 2023 Full Report, P13)

⁴ (The Money Statistics August 2023 Full Report, P9)

⁵ (The Money Statistics August 2023 Full Report, P14)

consumer's inhibited spending power due to the rising cost of living, it may also be to do with the reducing level at which consumers in the UK are choosing to use cash.

Michelle Highman, Chief Executive of The Money Charity says:

“It is heartening to see signs that real terms pay growth may finally be starting to recover after a long period of being suppressed by high inflation rates. One of the main drivers of the cost of living crisis was the failure of pay rates to keep up with the sharply rising costs of energy, food and housing. We can remain hopeful that pay rates will continue to improve, meaning that workers in the UK will less and less be faced with the frustrating choice between affording essentials, and saving money for the future.

However, it would be premature to declare that the crisis is over. Securing good levels of Financial Resilience across the UK will require more than just increases in pay growth. It is our call that the Government must support and foster Financial Resilience through interventions at each life stage, and for there to be clear accountability and responsibility for funding this.”

Other Striking Numbers from the July Money Statistics:

- **2,580** Consumer County Court Judgements (CCJs) were issued every day in England and Wales in April to June 2023. (P8.)
- Average house prices in the UK increased by **1.7%** in the year to June 2023 to **£287,546**. (P11.)
- In the year to June 2023, outstanding consumer credit increased by **5.97%**. (P14.)

Get the full picture and many more fascinating facts about money in the UK in our monthly Money Statistics.

Notes to Editors

- For over 25 years, The Money Charity has been the UK's Financial Capability charity. We proactively provide education, information, advice and guidance to people of all ages, to reach our vision of seeing everyone achieving Financial Wellbeing by managing their money well. We empower people across the UK to develop the skills, knowledge, attitudes and behaviours to make the most of their money throughout their lives. Find out more at <https://themoneycharity.org.uk/>
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