

Money and mental health: how financial wellbeing impacts students

**A Blackbullion
whitepaper,
in association
with Censuswide**





Contents

03	—	Foreword
04	—	Key findings
05	—	Can students afford to study in 2021?
09	—	How big is the gap between what students need and what they have?
15	—	How has financial wellbeing affected students' mental health?
24	—	Conclusion

Foreword

Mental health and financial wellbeing, especially in the lives of students, influence and crucially impact each other. Yet they are rarely addressed as equals.

While many students faced significant financial pressure long before, COVID-19 has amplified the precariousness of their finances. This financial unease has come into sharper focus as traditional sources of income for students, such as family supplements or paid work, can no longer be relied upon.

We wanted to better understand how money worries and uncertainty about available support impacts students and their wider physical and mental health, seeking answers to three key questions:

- Can students afford to stay at university? Do they need to defer or drop-out?
- How big is the gap between what students need and what they have?
- How has financial wellbeing affected students' mental health?

This report explores the findings from a 2021 survey, conducted by Censuswide on behalf of Blackbullion, and completed by 1,000 university students across the UK.

It aims to help university and college leadership, support staff, and other HE providers gain a better understanding of the impact that money worries (exacerbated by COVID-19) are having on the student experience.

It also explores the opportunities this presents in terms of practical steps that can be taken to protect students' financial wellbeing, improve their overall health, reduce dropout rates, improve attainment standards and attract new students.



Vivi Friedgut

Founder & CEO, Blackbullion

Key findings



48% of students surveyed say they either have previously considered, or are considering, dropping out of university or deferring a year due to financial constraints.

On average, students say they need

£329 extra

a month, compared to what they actually have, to feel confident they will be able to complete their degree.



75% of students surveyed say they worry about finances.



67% say that worrying about finances negatively impacts their mental health¹.



35% say it negatively impacts their ability to focus and study².

¹ Of 746 students who say they worry about finances

² Of the original 1,000 student sample



44% of students surveyed received financial support from parent(s)/guardian(s), which changed their minds about dropping out or deferring a year due to money constraints³.



62% would turn to parent(s)/guardian(s) for advice and support if they had financial difficulties – proving the ‘bank of Mum and Dad’ still reigns.

³ Of the 392 students who have previously considered dropping out or deferring a year due to money constraints but not anymore

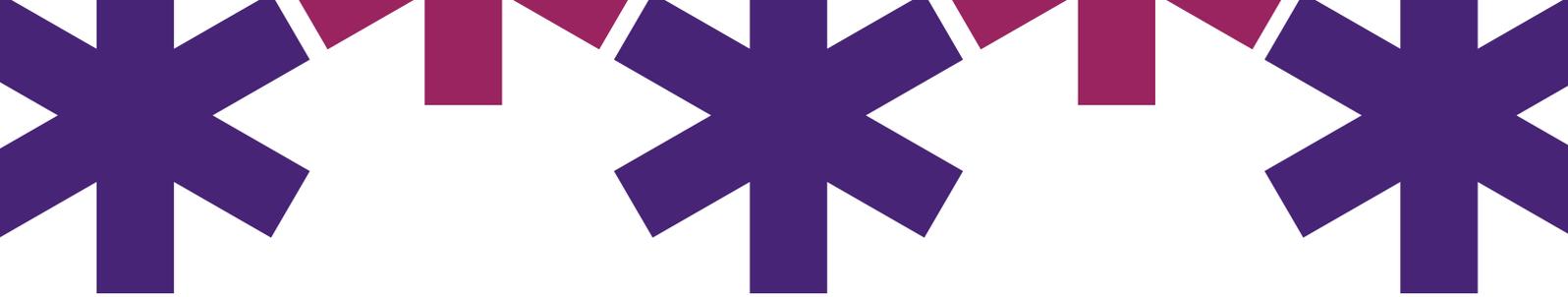
There’s a gap between how positively female students surveyed relate to money, compared to their male counterparts. This starts when deciding whether to attend university:



86% of female students surveyed consider the cost of living.



78% of males surveyed consider the cost of living.

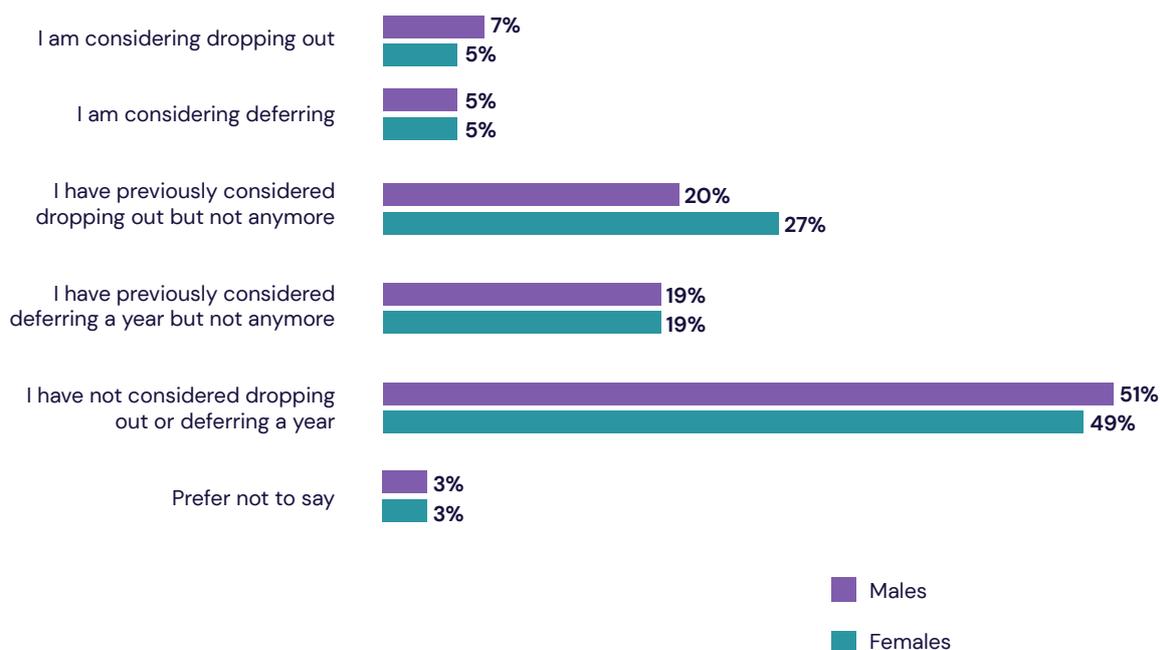


Can students afford to study in 2021?

Just under half (48%) of all students surveyed said they either have previously considered, or are considering, dropping out of university or deferring a year due to money constraints.

48% of students have considered, or are considering, dropping out or deferring due to money constraints

Have you thought about dropping out of university or deferring a year due to money constraints? (Tick all that apply)





A lack of money means just under half of all students surveyed are rethinking their options, but many still choose to continue their studies despite tough financial times.

Students surveyed who had previously considered dropping out or deferring a year, but had changed their minds, cited a variety of different factors for this change:

- **Over 2 in 5** had received financial support from their parent(s) or guardian(s).
- **Just under a third** had taken on paid work.
- **A fifth** had received additional funding from their university.
- **1 in 7** had found a way to generate money online, for example via Instagram, TikTok, OnlyFans, etc.
- **21% of male** students surveyed found a way to generate an income, compared to **11% of female** counterparts. This tallies with reports on the difference between male and female entrepreneurship⁴.

⁴ The Alison Rose Review of Female Entrepreneurship



Students say:



I considered deferring a year this year, with everything going on and not having a part-time job and my maintenance loan not covering my rent I worried about finances, but I realised if I deferred this year, I would struggle to go back into education.



The coronavirus outbreak had a negative impact on the economy, but I didn't want to delay my studies, although I was worried about the financial aspect.



I decided the degree and experience is worth the expense.

The opportunity:

A whole institution approach to financial education at every step of the student journey

COVID-19 will leave lasting scars on students; emotionally, financially and career-wise. On top of this, the affordability of higher education is front of mind for students before even arriving on campus; over 4 in 5 students surveyed considering this when making their decision about attending university.

There's a plethora of information, and opinions, on the cost of degree study from past and current students on chat rooms, message boards and social media channels. The concern here is that it can be just one individual's circumstance and not a collective experience.

Providing prospective students with clarity, guidance and a realistic view of the full cost of funding a university degree (including accurate data on average living, course, materials and accommodation costs), establishes trust with students early on, reduces misunderstandings later down the line, and, in turn, minimises potential dropouts.

Peer-to-peer campaigns have proven the most powerful way to engage students with financial education. Deploying student ambassadors, in addition to staff and university resources, could be even more effective.

Many young people lack the skills required to navigate an increasingly complex financial world, and helping students become financially savvy is a worthwhile, lifelong skill that will benefit young people long after graduation. This is especially so in the aftermath of COVID-19.

One student told us: "The reasons why students are struggling isn't completely down to not knowing how to budget. In order to budget, you need the money in the first place." While some students certainly have far less than they need, all students can benefit exponentially from knowing how to maximise the money they do have and keep debt manageable.

We see real success when universities take a whole institution approach to financial education. This means making it a key part of recruitment strategies, with consistent messaging across multiple departments. In addition, ensuring that support is available before and for the duration of study, as well as after graduation.

Wherever there is finance, chances are students would benefit from financial education.

How big is the gap between what students need and what they have?

Students believe they need an additional £329 each month to feel confident they can complete their degree

To cover all expenses, including rent, our research found an average monthly gap of £329 between how much students surveyed currently have and what they believe they need to feel confident they will be able to complete their degree (£909).

While the figure varies widely across the country, students say they currently have an average of £580 per month, with male students surveyed having slightly more (£622) than females (£562).

While arguably many students have 'enough' and we have to allow for some financial mismanagement, it is concerning that 22% of students surveyed say they have £100 or less per month, and 9% have less than £50.

With such limited funding for some, stretching money an entire month can be incredibly challenging, if not impossible. It's this that leads to feelings of helplessness and despair. It is also why students may feel their only option is to take on dangerous financial activities or high-risk work.

The darker side of financial hardship: payday loans and adult content

- 5% of students surveyed said taking out a payday loan changed their minds about dropping out or deferring a year due to money constraints.
- 4% of students surveyed, whose financial situation has been affected by COVID-19, have started an OnlyFans account as a result; a content subscription service where people get paid for images and videos they share – often of an intimate nature.
- 2% of students surveyed, whose financial situation has been affected by COVID-19, said they have taken on sex work as a result.



Students say:



I would be reluctant to turn to my university because I have dealt with them in the past and they haven't been supportive. They make you jump through so many hoops that there is no wonder students engage in risky behaviour to earn money which is what I did.



Payday loans have been the only option.



...I have considered escorting.



The opportunity:

Taking a preventative approach to high-risk activities, while supporting those who use these options

Thankfully the number of students undertaking high-risk activities is relatively low, but the popularity of sites such as OnlyFans is growing rapidly. At first glance it seems less dangerous than other options. One respondent commented: **"I don't think it's appropriate for you to include OnlyFans and sex work in the same category as 'dangerous financial activity' and gambling."**

However, the long-term consequences of participation in such sites can be hugely damaging in our digital age. OnlyFans may give the illusion of safety and even anonymity, but selling explicit content could well hinder students' ability to get a job in the future, negating so much of the hard work of students and staff!

This raises two questions:

- How can universities support students so that high-risk activities don't become the preferred options?
- How can universities best support students who do use these options?

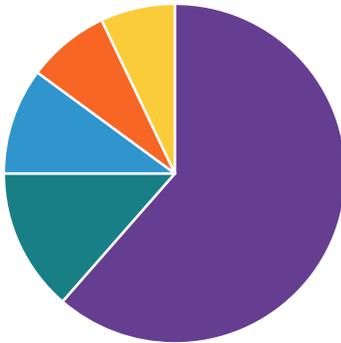
Most universities have counsellors and financial advisors to help students in serious financial difficulties, but these services can often be oversubscribed. Utilising technology where it can automate functions such as administration can unlock support staff's time, adding much needed capacity, so they can care for the most in-distress students.

We also propose taking a pre-emptive route. Supporting students to find suitable work is empowering as well as financially rewarding. COVID-19 again presents an opportunity for senior leadership, who already seek to build strong community connections, to deepen partnerships with businesses of all sizes, as well as large enterprises and public and third sector organisations in the region, to create more work experience, student friendly jobs and enterprise opportunities.

While providing safe income sources enhances employability and workplace skills, this is more powerful still when coupled with a longer term, preventative approach of access to financial education and advice. This equips students with necessary skills and confidence, which can reduce anxiety and help them make safer choices.

62% of students rely on financial support outside of the loans and grants system⁵, and don't think they would be able to complete their degree without this help

Which of the following options best describes your financial situation?



I receive financial help and I don't think I would be able to complete my degree without this help - **61.7%**

I don't receive financial help and I think this will impact my degree result - **7.7%**

I receive financial help but I think I would be able to complete my degree without this help - **12.9%**

Other (none of the above/prefer not to say) - **7.2%**

I don't receive financial help but I don't think this will impact my degree result - **10.5%**

— **3 in 5** students surveyed say they receive financial help and they wouldn't be able to complete their degree without this additional financial support. This could be income from paid work or supplements from their parent(s), guardian(s) or partner.

— This situation is more pronounced for students surveyed who attend university in Scotland; **79%** of students rely on financial help compared to just **44%** of those who go to university in the East of England.

— Overwhelmingly, students believe that additional financial support is critical to their academic success, with only **11%** of students surveyed who receive no financial help believing this will not impact their degree results.

— **66%** of female students surveyed receive financial help and feel they wouldn't be able to complete their degree without this help, compared to 51% of male counterparts.

⁵ Based on those who answered: "I receive financial help and I don't think I would be able to complete my degree without this help", where financial help was defined as "income that supplements student loans or grants e.g. income from your parent(s)/guardian(s)/partner/work."



Students say:



My internship and most of my part-time jobs were cancelled due to COVID-19. As well as this, my parents, who are in the tourism sector, do not work and earn as much, hence making it a big problem.



Both my parents are now out of work.



I was out of work for some time last year due to COVID-19 and had to rely on credit cards for some time which has created more debt.





The opportunity:

Signposting students to available financial support and additional funding

Of great importance, both now and in the future, is how to simplify the process for students to access financial support.

This includes getting urgent funds to those most in need, making sure the remote funding application process is accessible for every student, and supporting others to balance the need to work with their studies.

It's clear that students appreciate a proactive approach, with one student telling us: **"I was notified from my uni that I was entitled to a uni bursary because of my parents' income. This was so simple and really great of them to contact me saying I am entitled to it, rather than me having to find out by chance."**

To avoid this becoming too resource-intensive for universities, it could be as simple as ensuring all available support services and financial support are understood by student-facing roles across the whole organisation. Giving these staff members a seat at the table when it comes to discussing support provisions will also help.

Providing students and staff with a centralised, online location to discover potential support options will help minimise student uncertainty about how to get started in seeking support. It will also enable staff to provide a consistent message about where to go in the first instance.

How has financial wellbeing affected students' mental health?

32% of students surveyed, who say worrying about their finances negatively affects their mental health, regularly have feelings of hopelessness

The research shows that worrying about finances is taking a significant toll on students' wellbeing.

Aside from the disruptive impact of COVID-19 in terms of closed campuses, lost learning time, missed social connection and friendships, the pandemic has also exacerbated money worries for many students.

Part of these worries include losing their jobs, as students often work in the heavily affected sectors of hospitality and retail, while many are also feeling the effects of increased strain on the finances of parent(s) and guardian(s).

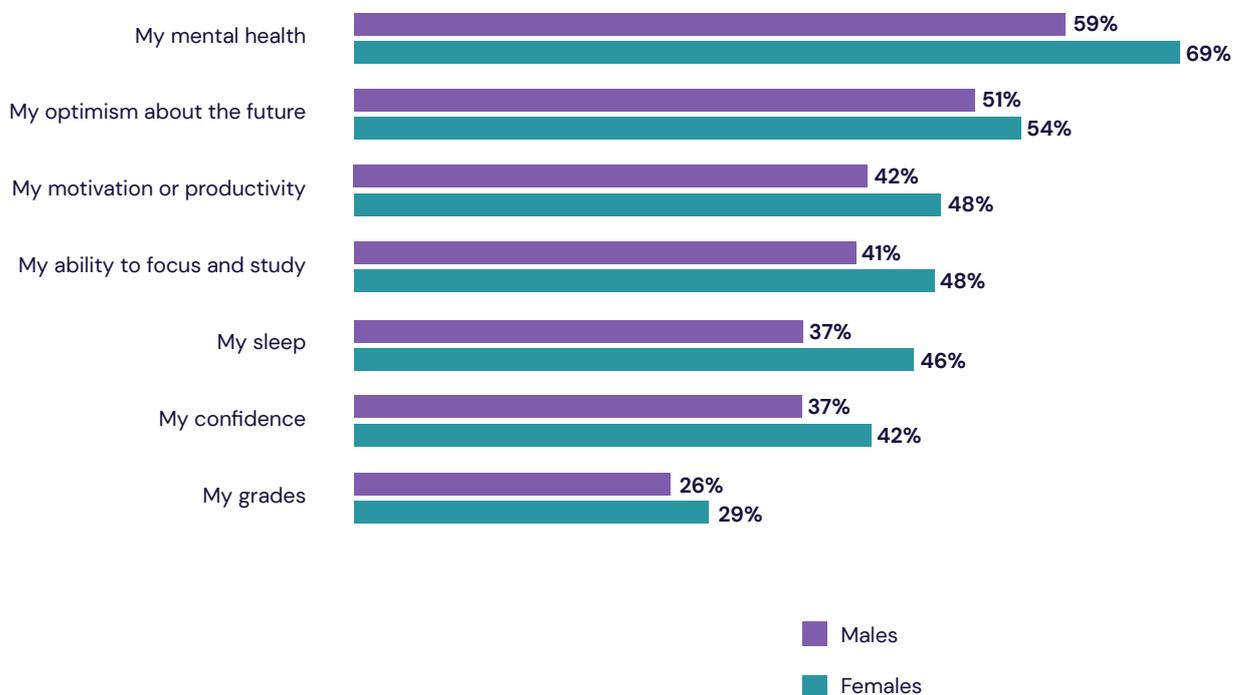
Feeling powerless, coupled with being overwhelmed by money problems, is leading to worrying levels of desperation. This is further worsening students' mental health.



67% of students surveyed who worry about their financial situation say this negatively impacts their mental health

What, if anything, does worrying about finances negatively impact for you? (Tick all that apply)

*Of the 75% of students surveyed who say they worry about their finances



Other impacts include affecting their optimism, motivation and focus, and it's females that worry most

Unsurprisingly, money concerns are having a substantial impact across all elements of student wellbeing and **75%** of all students say they worry about finances.

All aspects of student life from productivity to sleep, physical health, relationships and grades are being impacted. Mental health, optimism, motivation and the ability to focus and study are taking the biggest hit.

— **Over 3 in 4 (78%)** female students surveyed admitted to worrying about their finances, compared to **two thirds (66%)** of male students. There is a disparity between the genders:

- **57%** of female students surveyed, who say worrying about finances negatively impacts their mental health, say financial worries regularly triggers **anxiety**, compared to **30%** of males.
- **66%** of female students surveyed, who say worrying about finances negatively impacts their mental health, say financial worries regularly triggers **stress**, compared to **43%** of males.

— Of the students surveyed who say worrying about their finances negatively affects their mental health, **53%** say this regularly triggers anxiety, stress (**63%**) and feelings of hopelessness (**32%**). Just **over 1 in 6 (18%)** students say these worries trigger self-harming behaviour, either regularly or sometimes.

— **78%** of students surveyed, studying in Scotland, said financial worries were impacting their mental health, compared to just under **60%** in the South East.

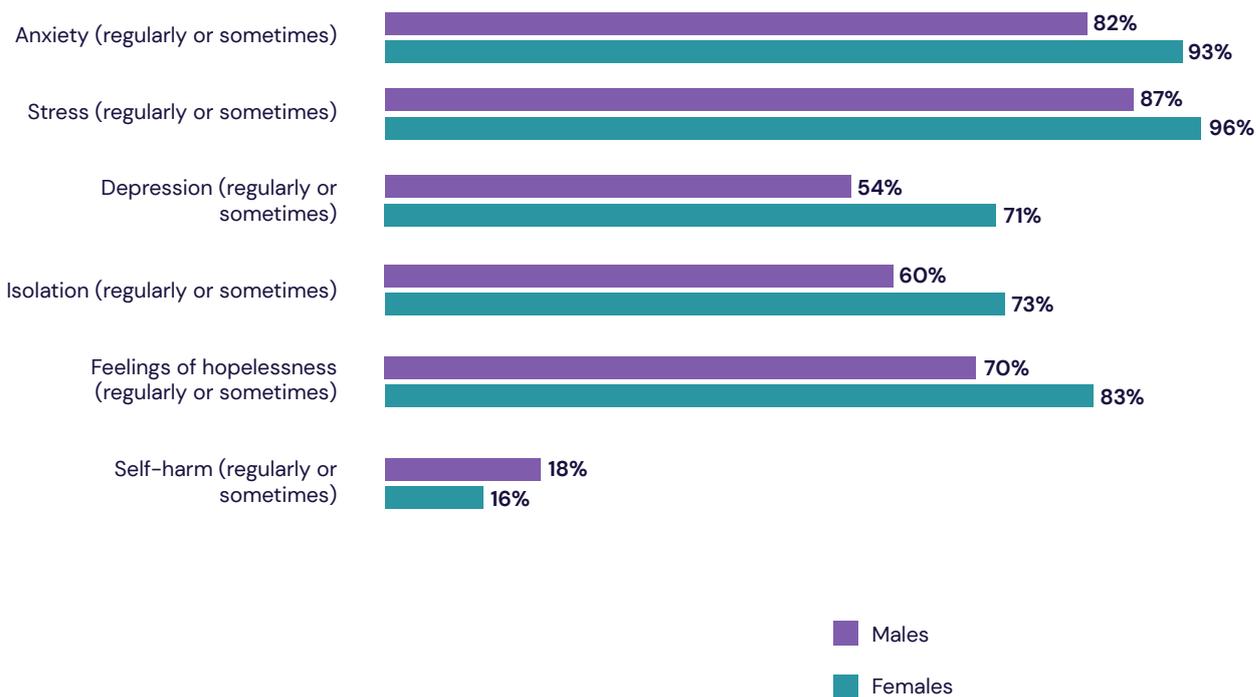
— **63%** of first-year postgraduate students surveyed, who worry about their financial situation, said financial worry impacted their optimism about their future, compared to just over **52%** of first-year undergraduates.

— And **over half (56%)** of students surveyed who worry about their financial situation aged 22–25 said it was impacting their motivation or productivity, compared to **45%** of those aged 18–21.



You said worrying about finances negatively impacts your mental health, how often have financial worries triggered the following for you, if at all?

*Of the 67% of students surveyed who say worrying about finances negatively impacts their mental health





Students say:



My mental health has been impacted seriously.



I lost my mom who was sponsoring me two months ago and it has been tough on me.



Really struggling to concentrate with the pandemic going on and other family issues and commitments. It has felt like there is no help as a single parent student trying to homeschool and having to work alongside a full-time masters degree.





The opportunity:

Cross-channel support that's accessible and approachable for every student

Greater collaboration in the provision of information can only be achieved if we recognise that, while the impact of the pandemic is real, the 'old normal' was already difficult for students – financially and mentally.

As we look towards the 'new normal', universities have a unique opportunity to consider how they can best protect their students and change the narrative around wellbeing to help students become stakeholders in their overall wellbeing.

The direction is being set, with moves being made to provide better mental health support for students. The Government is providing additional funding to leading charities and the Office for Students has committed £3m of funding for Student Space, a new mental health platform.

The right technology solutions can also add capacity, provide new opportunities to identify students in distress, and signpost to a variety of support centres including the NHS, public health bodies, the third and private sector organisations, as well as key partners.

Peer to peer support and connections can also be invaluable.

Over 1 in 3 students have had to skip a meal due to a lack of money

46% is the figure for those on a placement year

On average, **35%** of students have had to, on occasion, sacrifice eating a meal due to a lack of finances, with undergraduates on their placement year being worst-hit.

25% of students surveyed have been unable to purchase a book for their course, **25%** have been unable to buy equipment needed to study, and **21%** have had to turn their heating off due to a lack of money.

- As a result of lack of money, **19%** have moved back in with parents(s)/guardian(s), and **21%** have considered dropping out altogether.
- Skipping meals through a lack of money is more common in female students surveyed (**36%**) compared to males (**26%**), and it is older students (**those aged 22–25**) who are more likely to have had to turn off the heating compared to those aged 18–21 years old.
- Those that go to university in the North East and North West of England are more likely to have had to forgo a meal (**46% and 42%**), compared to those who go to university in the East of England (**29%**) and Wales (**28%**).

29% of students surveyed, whose financial situation has been affected by COVID-19, said they haven't been able or felt able to ask their parent(s)/guardian(s) for money

3 in 5 students surveyed say COVID-19 has impacted their financial situation and almost **3 in 10** have not been able or feel unable to turn to their parent(s)/guardian(s) for money. This may be why a number of students are seeking alternative income sources.

- **18%** have prioritised paid work over their studies⁶
- **17%** have taken on a side hustle⁶
- **10%** have started making money online via social media⁶

⁶ Of students whose financial situation has been affected by COVID-19



Students say:



I now manage social media accounts for companies on a contractual basis. I've considered OnlyFans, and I'm trying to build a presence on TikTok.



I make things to sell on eBay/Depop and have sold a lot of possessions.



I've entered competitions to try to win money, radio competitions, and the lottery, which has increased my mobile phone bill.



The opportunity:

Removing the stigma around asking for help and encouraging honest financial conversations

While clearer direction towards available support is needed, there's also scope to remove the stigma around asking for financial help. This can only be done by shining a light on the issues, encouraging others to speak of their challenges and how they are overcome.

Universities have an army of potential ambassadors who can encourage open and honest conversations. Bringing financial wellbeing to the fore, with no judgement, and making the process of getting help as easy and unobtrusive as possible, is the only way to crack open the 'financial anxiety' conversation.

It's when we acknowledge that financial distress and anxiety is a far broader problem that we can address it.

Many students have negative feelings, including shame, desperation and frustration, towards applying for financial support from their university:

"I have applied for digital bursary and annual bursary. I did not apply for further financial support as it feels shameful to have to submit my bank statements for scrutiny when I have already submitted universal credit statements. I would rather rely on the food bank!"

"I felt desperate and ashamed because when I worked on it a 3rd night I thought, god - what have I been reduced to 😞"

"As a mature student of 50yrs old I'm finding my university experience stressful. I've found out about hardship funds etc quite late on in my studying - I feel a guide or pack should be given to students at the start of their university journey so they're fully informed of everything that is available to them whether they need it or not. I don't feel it's made clear at the beginning."

It is the process that needs review, not the personnel who are so often empathic and genuinely concerned with the immediate, and long-term welfare of the student before them (whether digitally or face-to-face).

Conclusion

While we weren't surprised to discover that students are concerned about their finances during this trying period, we were disturbed by the depth of their concerns and the impact this has on other aspects of their life and their overall wellbeing.

The research findings show that the impact of COVID-19 on the student experience goes far beyond the evident financial pressures. In fact, it is putting students' mental health at risk, as well as threatening their future financial wellbeing and the completion of their degrees.

During the past year students have adapted well in the face of adversity, and we see a student cohort more determined than ever to create a better future for themselves and their communities.

They are weighing up the costs against the opportunities provided by higher education, but while (yet again) COVID-19 was the accelerant, it wasn't the catalyst. For many students, these calculations started long ago, and universities now have an incredible opportunity to reimagine what the higher education journey should look like.

To succeed in the knowledge economy, graduates will need to have resilience and a growth mindset, both of which are harder to develop if suffering with ongoing financial distress.

To mitigate this, universities should take a holistic view to focus on supporting students' financial wellbeing alongside their mental health. Key opportunities include:

- Providing impactful education around money management and budgeting that fits into students' lives.
- Innovating the funding application process to be less intrusive and more aligned with student expectations.
- Providing students with access to financial help and mental health support for those struggling as a result of money concerns.

Universities have the power to improve overall student wellbeing and now is exactly the right time. In doing so, in taking advantage of this moment to change the wellbeing narrative, universities can impact student satisfaction and outcomes, improve attainment and reduce dropout rates, all while creating a positive reputation to attract future students and staff.

Please get in touch if you have any comments or questions about the findings in this report.

hello@blackbullion.com

business.blackbullion.com

Vivi Friedgut

Founder & CEO, Blackbullion



About Blackbullion

Blackbullion is the financial wellbeing company for students. We partner with universities and colleges to equip students with the financial skills and confidence to create a money-smart future, and help deliver funding to students in need. The award-winning startup has 40+ partners across the UK, Australia and NZ.

About this research

The research was conducted by Censuswide, with 1,000 students between 12.01.21 – 19.01.21. Censuswide abide by and employ members of the Market Research Society which is based on the ESOMAR principles.

The student quotes in this report were collected via an additional survey, sent to Blackbullion student users between 22.01.21-27.01.21.

When referring to males and females, these are people who have chosen to identify as either male or female at the beginning of the survey.