

## Journey to Financial Exclusion and Vulnerability: UK Immigration Policy and the Lives and Livelihoods of Displaced Migrants

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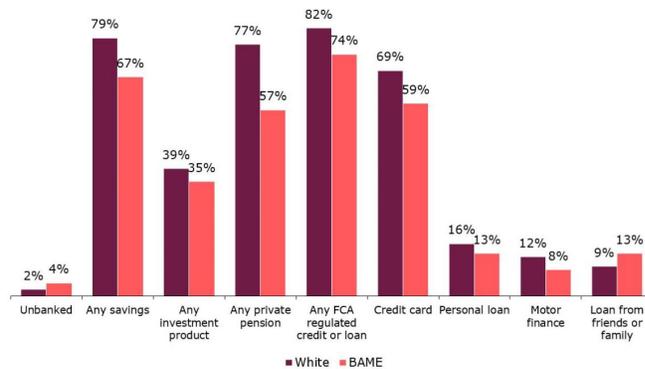
### Introduction

As the Nationality and Borders Bill is going through its 2<sup>nd</sup> reading in the House of Lords, its proposed anti-immigrant measures have come under increasing scrutiny, shedding light on the injustices and suffering of displaced migrants in need of protection. The deaths in November 2021 of 27 people who drowned while attempting to cross the Channel to reach the UK has also put the government's 'draconian' immigration and border policies – policies which push people to take ever more dangerous migration journeys with great risk to their lives – into sharp focus. Indeed, since the government's closure of the safe routes (such as ending the Dublin agreement, which allowed family reunions from the EU countries, and the Dubs route for unaccompanied children and youth) last year, the number of children, adults and families crossing the Channel has increased considerably (Home Office, 2021). With its main objective being to deny many migrants the very right to seek asylum and to legalise their removal from the UK – against international law – the Nationality and Borders Bill is the government's most recent articulation of a long-established hostile policy environment which puts at risk the lives and livelihoods of many asylum-seekers, refugees and undocumented migrants on the move and in the UK.

Hidden from view in the current debates is the implication of this tougher immigration and border policy in driving migrants into over-indebtedness. Often, migrants are forced to pay a substantial amount of money to human traffickers and smugglers to be able to cross international borders to reach their intended destinations. In most cases, they finance these migration journeys by liquidating their assets, depleting their savings, and borrowing from their families and friends (Bohoslavsky, 2021). As such, the more severe the border and immigration policies get, the higher the migration-related costs accumulated by migrants to fund their journeys, with wide-ranging implications for their future risk of poverty and marginalisation. Once in the UK, displaced migrants are further exposed to financial exclusion because of restrictions imposed by immigration policies and processes of the asylum system, compounding their socio-economic and financial vulnerabilities (Datta, 2018).

## The UK Asylum System & Immigration Legislation: A journey to compounded vulnerabilities

The crucial role of financial and economic inclusion and work for all in society is recognised as being a key factor in relieving poverty and inequality, as well as creating inclusive and sustainable economies (UN, 2020; World Bank, 2014). Accessing a bank account is central to this, and the first step to financial inclusion in advanced economies such as the UK. However, despite the fall in recent years, in the UK there are still almost one million unbanked people in 2019/20 (McKay and Rowlingson, 2021). The percentage of these who are classified as being from Black, Asian and Minority Ethnic groups (BAME) is reported to be twice as high when compared to the overall and white populations (FCA, 2020). Financial vulnerability amongst BAME households is also reported to be higher when compared to the wider population and has increased due to the COVID-19 crisis (McKay and Rowlingson, 2021).



Source: Financial Lives survey 2020 – Base: All UK consumers (16,190)

The currently available data for those ‘unbanked’ (and without other financial products and services) cannot tell us about the situation for displaced migrants (asylum-seekers, refugees and undocumented migrants), but recent reports and research has identified them as being amongst the most financially vulnerable groups and as facing many barriers to accessing the financial system (Datta, 2012; FCA, 2016; Rahim *et al.*, 2009).

Displaced migrants who reach the UK are processed within a highly complex asylum system, characterised by protracted uncertainty and precarity, producing high rates of refusal when granting refugee status. According to Home Office figures, the rate of refusal for asylum applications at the initial decision stage was at its highest figure of 88% in 2004, falling in subsequent years until 2014 (59%) then growing again until 2019 (UK Parliament, 2021). In addition, the current backlog of asylum cases has increased twofold since 2014 (*Ibid*). During such a challenging and protracted asylum process, asylum-seekers are mostly excluded from financial services and are only allowed to have a basic bank account (but not a current account) with no right to work and a weekly allowance of £39.63 on which to survive (Mayblin, 2019; Refugee Council, 2021). In the case of their claim for refugee status being refused, asylum-seekers are categorised as ‘illegal’ under the Immigration Act 2016 and are prohibited from accessing all banking services or housing, obtaining a driving licence and other services, making their conditions precarious as they become undocumented.

Individuals who are granted refugee status can access financial services and the labour market without restrictions. However, recently recognised refugees often face many challenges after enduring such long periods of ambiguity, destitution, and exclusion because of their protracted experiences and constraints within the asylum system. Being exposed to multiple barriers, and compounding vulnerabilities as asylum-seekers, refugees are more likely to struggle to integrate into socio-economic structures and to access financial services and the labour market, resulting in them being unable to pay off their debts or provide for their households and families (Datta, 2018; Parker, 2021). By facing these traumatic experiences on the move and their subsequent post-settlement difficulties, resettled refugees are pushed into a pathway of long-term financial hardships and anxieties, elevating their risk of ongoing psychological problems and financial adversities (O'Donnell *et al.*, 2020).

### **Empowerment rather than Poverty and Precarity Valuing and Inclusion rather than Exclusion and Discrimination**

Already facing the challenges of being forcibly displaced and rebuilding a new life, the asylum system and border and immigration policies expose displaced migrants to a state of limbo for indefinite periods with no rights to access financial services, to work or own a business. Going through such an asylum system and living within a hostile policy environment compounds their socio-economic vulnerabilities, well-being and further undermines their financial lives and livelihoods with lasting material and psychological effects and implications. Living under such conditions without a stable immigration status worsens their situation and leads to further over-indebtedness (Data and Aznar, 2019), impoverishment (Mayblin, 2019) and exploitative practices in the labour market (MacKay and Wright, 2008).

Displaced persons bring with them many skills and capacities (Phillimore and Goodson, 2006) and can generate significant economic benefits for local economies in their host countries (Clemens *et al.*, 2018). Allowing full access to financial services and the labour market from the beginning is vital in enabling asylum-seekers and refugees to resettle, to feel belonging, to become financially resilient and to contribute to their local economies (UNHCR, 2021). Immigration and border control regulations and policies need to move beyond creating hostility and enforcing exclusion and exploitation of migrants.

The empowerment and inclusion of displaced migrants seeking protection in the UK is in the interests of the UK economy, which is currently facing multiple economic challenges and struggling to fill job vacancies in several sectors due to COVID and Brexit. Removing barriers and constraints and addressing the challenges that displaced migrants face in accessing financial services and formal labour markets, or in setting up a business, is crucial not only in creating a more inclusive society and economy (Clemens, *et al.*, 2018) but also a more sustainable one.

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