Financial amnesia costs us £2,000 a year

The hidden cost of 'invisi-bills'

Brits spend an average of £2,000 in cash a year on everyday items they have forgotten to budget for according to new research by Visa Europe. Worse still, some are literally throwing money in the bin because they find it an inconvenience to carry around.

Two thirds of the nation claim to have a monthly budget, yet nearly half (42 per cent) don't factor in small purchases such as coffees, magazines, newspapers, lunch and snacks. With the average person spending anything from £38 a week on lunch, drinks and snacks and £150 a year on coffee alone, these forgotten items or 'invisi-bills' are the reason two thirds of us (66 per cent) go over budget every month.

The research commissioned by Visa Europe shows that carrying around cash is one of the reasons why we are overspending. This is one reason why contactless card technology which is becoming increasingly widespread is likely to have an impact over the next year. This enables shoppers to pay for low value items by simply holding a card over a reader at the till. Easier and quicker to use than loose change, but with spending information recorded on cardholders' statements, contactless payment ensures the 'invisi-bills' won't be hidden any more so people can track their spending better.

Financial amnesia is one thing, but when you add 'penny rage' into the equation, our small scale spending habits are even more concerning. One in ten men and one in five 18-24 year olds admit to throwing loose change in the bin because it annoys them. And one in five people (20 per cent) deliberately buy things they wouldn't normally buy just to get rid of unwanted change. This figure jumps to 40 per cent among 18-24 year olds.

Commenting on the findings, independent finance expert Alvin Hall said: "It's easy to start off the day with £10 in your purse or wallet and end up with a few loose pennies without remembering where it has all gone. Add this up over the course of a year and you'll be surprised how much you could be saving yourself by simply keeping track of your smaller purchases."

Lewis Nolan, Visa Europe said: "Our research shows that more than half of us would find it useful to have a log of small purchases made. Contactless technology will make it easier to track how much is being spent on a daily basis and will speed up the process of buying a lunchtime sandwich, drink, or snack without the hassle of carrying loose change in your pocket."

Currently contactless cards can be used to pay for items at several high street retailers including Pret A Manger, Coffee Republic, Caffe Nero, EAT, Krispy Kreme, Subway, Boots (selected outlets), Yo Sushi, Ikea and the National Trust; as well as a variety of small convenience stores. Other retailers are continuing to sign-up to receive contactless payments and a full list can be found at http://consumer.visaeurope.com. At present there are over 23,000 enabled locations and this is growing each day.

Further statistics:
More than half of Brits (51%) would find it useful to have a log of small purchases that they make.
The majority of us underestimate how much little every day costs add up to. Over a third of Brits (34%) admit to losing track of how much they spend on small day to day purchases such as lunch and coffees and nearly a third of us (29%) are shocked at the amount it adds up to when they break it down.
One in four people go more than £30 over their budget allowance each month.
More people factor in toiletries (35%) into their monthly budget than they do lunch (22%).
Key areas that people factor into their monthly budget in order of priority are: holidays, transport/travel, big occasions, rent, nights out and toiletries.
People in Liverpool spend the most money on small purchases a year. The average person in Liverpool spends £3,120 a year on snacks, lunch and coffees and over one in ten (12%) throw away coins that they find an inconvenience to carry around.
People in Cardiff spend the least on small purchases a year. The average person in Cardiff spends £1,092 a year on snacks, lunch and coffees.
People in York spend the most on coffee each year. They spend £250 a year in comparison to people in Bristol who spend £125 on coffee each year.
Notes to Editors:
This research was carried out on behalf of Visa Europe by Lightspeed Research. Questions were asked of a nationally representative sample of 1,000 adults.

Additional information
Contactless is a function that can be incorporated onto many debit, credit and prepaid cards that allows you to pay for everyday items simply by holding your card over a contactless reader in a shop.
Contactless is also a safer way to pay than using cash. Contactless cards have inbuilt security functionality, such as once the card has been used a certain number of times, you will be asked to enter your PIN before it can be used again.
A range of banks and credit card companies are already offering contactless cards to their customers. To see whether your card is contactless or not, look out for the symbol (below) in the top right hand corner. Alternatively, ask your bank about their plans for contactless.
About Visa in the UK
In the UK, Visa is the leading debit card with over 58 million debit cards issued. In the 12 months ending June 2009, these cards were used to make 3.7 billion purchases. In the same period, there were 618 million purchase transactions on Visa UK credit cards. Visa has unsurpassed acceptance and purchase protection at approximately 29 million retail locations worldwide.

Visa Europe is a membership association that is the leading European payments system, developing innovative products and technologies to benefit its 4000 plus member banks and their customers (cardholders and retailers). In October 2007, Visa Europe became independent of the new global Visa Inc., with an exclusive, irrevocable and perpetual licence in Europe.

For more information, visit www.visaeurope.com

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