

Regular Assessment Of Finances ‘Can Help Consumers Manage Debts’

Companies need to do more to help their employees manage their money, it has been suggested.

September 24, 2007 (FPRC) -- According to research carried out by Axa, by allowing staff an hour every month to assess their finances, businesses could assist their workforce in adopting a more responsible attitude towards their monetary situation which in turn could help them be able to search for cheap loans more effectively. In addition, companies who give their employees such time could find their workers' general motivation improving as they feel that they are working for a firm which is concerned about their general wellbeing.

The news comes as the financial services company is to launch My Budget Day in November, which will encourage more Britons to devote a regular amount of time each month to sorting their money. Earlier this year, Axa trialled the scheme among its own employees working in Bolton and Bristol, during which they researched savings accounts, set up a monthly budget and investigated borrowing options such as cheap personal loans.

David Fleming, national officer for trade union Unite, commented: "The link between workplace stress and money is established. Indeed, the biggest cause for the UK's stress and depression is money worries. Stress affects around 20 per cent of employees in this country, so helping employees to get to grips with their finances will improve a company's chances of enjoying the benefits of a stress-free workforce."

Richard Lambert, director general for the Confederation of British Industry, said: "Stress-related illness accounts for almost three-quarters of all workplace absence and is believed to cost UK plc around £3.7 billion a year in lost productivity and healthcare costs, so anything that can be done to reduce it is to be welcomed."

Meanwhile, Sonia Wolsey-Cooper, human resources director for Axa, pointed to research from the company's Avenue project which revealed that "people really needed to spend just one hour a month on their finances to gain a clear understanding of their budget and how they can make the most of the money they have". The experiment analysed the effects of the provision of financial advice for ten households and for another ten which did not receive any guidance.

Those receiving help were some 50,000 pounds better off as they appeared to be in a better position to pay off loans and other demands on their finances "with massive savings increases and encouraging levels of debt reduction" by the scheme's conclusion. On the hand the consumers not getting any help with their money saw their net wealth fall by three per cent as they used up a quarter of the money they had put away into savings schemes.

Earlier this month, Chris Tapp, deputy director of Credit Action, reported that those particularly struggling to manage their finances and who are thinking about filing for bankruptcy, or an individual voluntary arrangement, should be aware that taking up such options can impact on their ability to access cheap loans in the future. As a result taking out a debt consolidation loan could be a wise way for those wishing to get back their financial feet and avoid unnecessary damage to their credit

history and their future spending situation.

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