

VocaLink Take Home Pay Index Slumps To Lowest Level On Record



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The VocaLink Take Home Pay Index for February has continued January's downward spiral to hit an all-time low of 1.0%. The combination of the two recent consecutive falls has nearly halved the index during that period, taking it from 1.9% in December to 1.0% in February, signifying the Index's lowest level since its inception in September 2004.

A slower than expected recovery in manufacturing production has contributed to the significant decrease in the VocaLink manufacturing index which also fell to its lowest level on record by tumbling from 1.1% in January to 0.4% in February. Services sector pay growth followed the downward trend with the index recording a drop of 0.3 percentage points to reach 1.3% in February. Though the reduction is relatively modest, a fall of this size is still significant given the index's current low level.

The bleak news reflects the fragile state of the labour market which is showing few signs of recovery.

The latest official labour market statistics show that unemployment rose in January offsetting the falls seen in November and December. Specifically, the claimant count measure of unemployment increased by 23,500 in January from December which represents its biggest monthly increase since July 2009. The current doubts around economic recovery are exacerbated by the uncertainty caused by the impending general election with employers waiting to see what fiscal policies are put in place by the new government before making significant decisions regarding employment and compensation.

Marion King, chief executive officer at VocaLink, said: "The fact that the VocaLink [Take Home Pay Index Report](#) has reached the lowest level in its history reflects the gravity of the current economic situation. The Index has now fallen below the previous low of 1.1% reached in May of last year when we were still in the depths of the recession. This continued fall in wage growth rates combined with rising inflation means that household finances are still under great pressure. Either the recovery will have to strengthen significantly or it will take a long period of slow growth before upward

pressure on wages begins to build and the spending power of households begins to recover."

VocaLink processes more than 90% of UK salaries and the VocaLink Take Home Pay Index, established in 2004, provides the most timely and accurate disposable income data available in the UK. It is based on [salary payments](#) made to employees on a three-month moving average compared with the same continuation measure a year earlier. It is affected by changes in tax rates, National Insurance and other employer payments or deductions.

About

VocaLink

VocaLink is a specialist payments partner to banks, their corporate customers and government departments. It designs and delivers smarter domestic and international automated payments systems, and smarter ATM switching solutions.

VocaLink's switching platform connects over 60,000 ATMs, the world's busiest network, while the [euro payments](#) platform processes more than 500 million payments per month.

VocaLink's Real-time Payments Platform is the central infrastructure for the UK's [Faster Payments](#) Service, whilst it has partnered with BGC, Sweden's leading payments provider, who now outsource the majority of Sweden's domestic payments to VocaLink.

VocaLink platforms operate on never-fail technology to ensure total reliability and availability 24 hours a day allowing the company to meet our customer needs.

VocaLink's smarter payments capabilities offer banks, corporates and government departments reach throughout [SEPA](#) and beyond.

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