Barclays reports fall in profits as customers feel the impact of ‘harder conditions’

Banking giant Barclays has reported a 7% fall in quarterly profits, flagging the “impact higher prices are having” on its customers during the cost of living crisis.

The lender posted pre-tax profits of £2.2bn for the first three months of this year, down from £2.4bn at the same time last year.

CS Venkatakrishnan, chief executive of Barclays, said: “We remain focused on the impact higher prices are having on our customers and our small business and corporate clients, all of whom are facing far harder conditions this year as a result of inflation, supply chain issues and higher energy costs.

“We will support them through this difficult period wherever we can, and support the wider economy just as we did through the pandemic.”

On Wednesday, rival Lloyds gave a similar warning, noting that customers were being more cautious with spending as they found themselves facing higher bills.

Millions of people in Britain are facing big increases in energy bills, council tax, and a national insurance tax rise – as well as inflation hitting a 30-year-high of 7%.

And pay is not keeping up – employers offered an average 4% annual pay rise in April.

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"Uncertainty persists"

Barclays said it had booked a charge of £141m for borrower arrears – more than double the £55m a year ago, but it expected arrears to remain below the levels seen earlier in the coronavirus pandemic, due to lower levels of unsecured lending.

The banking group forecast an improvement in the UK economic outlook, saying that lower unemployment could see growth reaching 5.7% in 2022 and 2.5% in 2023 – compared to previous expectations of 4.9% and 2.3%.

But it added: “Uncertainty persists.

“The ongoing geopolitical situation could put further pressure on already high levels of inflation which may weigh on corporate profitability and consumer affordability levels.

“In addition, COVID-19 infection rates have started to increase across the globe which could result in (among other things) labour shortages and supply chain constraints.”