The Money Charity Response – DCMS Dormant Assets Funding (September 2022)

The Money Charity is a Financial Wellbeing charity whose vision is to empower people across the UK to build the skills, knowledge, attitudes and behaviours to make the most of their money throughout their lives, helping them achieve their goals and live a happier, more positive life as a result.[1]

We welcome the opportunity to respond to the Department for Digital, Culture, Media and Sport's consultation on the English portion of the Dormant Assets funding.

In this response, we answer the questions posed in the Consultation Paper.

[1] See box on back page.

Answers to consultation questions

Section 2 – Financial Inclusion

16. To what extent do you agree or disagree with the following statement?

“Financial inclusion should remain a cause of the Dormant Assets Scheme in England”. (select only one)

- Strongly agree

17. Please explain the reasons for the answer you have given.

While we strongly agree that financial inclusion should remain a cause of the Dormant Assets Scheme in England, we feel it is important to initially clarify that financial capability and financial education should be included within the definition of ‘financial inclusion’. Section 1.1 of the consultation paper defines the cause of financial inclusion “as the development of individuals’ ability to manage their finances or the improvement of access to personal financial services”. The DCMS have given evidence of the impact to date that funds from the scheme have made towards financial inclusion, including promoting the provision of fair and affordable credit, research into how to better support excluded customers, and supporting the development of new inclusive products. We absolutely welcome these developments; however, we are not satisfied that they have had any impact on the first half of the definition given in 1.1, which is the development of individuals’ *ability* to manage their finances. This is opposed to increasing the access that individuals have to digital and financial tools, which is arguably the traditional definition of ‘financial inclusion’. We believe that the development of the ability to manage finances, or the development of financial capability skills, is achieved through financial education. We are happy for financial education to be included within ‘financial inclusion’ when understood as a wider cause to which funds from the scheme can be put towards, though we simply ask that the DCMS honour the original definition given in 1.1, which clearly describes both financial education/capability and financial inclusion.

We are therefore calling for the Dormant Assets funding to be allocated towards financial education and capability in their widest sense, meaning that financial education and capability interventions should be delivered to people at each stage of life. We recognise and support the calls of other organisations within our sphere of work that the funding should be used for financial education within primary schools and other specific life stages, however we think there is a strong argument for financial education and capability interventions being made available to all ages, including students in secondary schools, to young people and older adults.

A survey from The Centre for Financial Capability has suggested that 96% of teenagers are worried about money daily, and over half of teenagers are set to be in debt by the time they are 17 (The Centre for Financial Capability, 2021). It is not surprising then, that young people have expressed overwhelmingly that they want to receive more financial education in school; 89% of 17–18-year-olds said that they wanted more financial education in school (Young Persons' Money Index 2020-2021). Young adults face specific financial challenges, many likely having to think about their own finances for the first time. For example, choosing to go to university, managing income from a first job or trying to get on to the property ladder are all important financial decisions often made at this stage which can go on to impact the rest of a young person's life. Financial education in secondary schools and for young adults (delivered in colleges, universities and community spaces) would not only help to alleviate the worry that young people feel about money, but also give them a strong foundation of financial capability skills which they can build upon throughout adulthood. While financial education has been a statutory part of the national curriculum for secondary schools in England since 2014, delivery remains patchy and inconsistent, with many teachers unaware that this requirement exists. Much more work needs to be done to make the delivery of financial education within secondary schools a priority, including identifying a sustainable source of funding. Likewise, there exists no statutory responsibility for the delivery of financial education to slightly older young adults in settings such as colleges and universities. Young people in these spaces are often reliant on getting this information from organisations such as The Money Charity. The Dormant Assets funding could and should be assigned to making financial education a priority within secondary schools, through the delivery of financial education by the limited number of charities that are working to tackle low levels of financial capability, such as The Money Charity.

Within later adulthood, there are many groups of people who deserve and desperately need access to high quality financial capability and wellbeing training. For example, 33% of UK adults from minority ethnic backgrounds do not have any kind of savings account, compared with 21% of white UK adults (FCA, 2020). Similarly, just 36% of women think they understand enough about pensions to make decisions about retirement, compared to 54% of men (MaPS, 2020). The 5.3 million adults in the UK who need debt advice are more likely to be struggling with their mental health, with 51% saying they have had mental health problems within the last 3 years (21% in the whole population). And they are more likely to have a disability (42% of those that need debt advice, 27% across the UK) (MaPS, 2020). While we recognise that financial capability can't be the answer to ending social injustices once and for all, we strongly believe that targeting these groups who typically display lower levels of financial capability can go a long way towards tackling entrenched social and financial inequalities. The Money Charity delivers financial capability and wellbeing workshops to a wide range of audiences, including those described here and other adults who may be described as vulnerable. We would like to see a portion of the Dormant Assets funding allocated to financial capability interventions through delivery by charities who are working within this space.

The existence of the Dormant Assets scheme speaks volumes about the importance of financial education – if more people had even a basic awareness about the importance of keeping track of their money, it is possible we would have no need for such a scheme. This is recognised by the financial services industry (the providers), many of whom strongly support the idea that the funding should be put towards financial education and the development of financial capability. The financial services sector clearly provides the funds but they also see first-hand on a daily basis the need for improved financial capability amongst their customers. In this sense, financial education is not only a worthy cause to which the Dormant Assets funding should be put towards, but undoubtedly the most relevant cause too.

The ongoing cost-of-living crisis means that more and more people are worrying about money. Over the past few months, we have seen an unprecedented surge in demand for our workshops, largely from groups who typically have secure jobs and haven't worried about money before. We think it is more important than ever that all people throughout the UK have access to high quality advice and information about managing their finances, which can provide immediate relief in the short term, but also help to prepare them for future economic shocks. Financial education and capability, though included within the 'financial inclusion' cause, so far has not seen any funding from the Dormant Assets scheme. We would like to see the fantastic work towards financial inclusion that the scheme has so far helped to fund extended into financial capability for children, young people and adults, as was originally defined by the Act.

The Money Charity is the UK's Financial Wellbeing charity providing education, information, advice and guidance to all.

We believe that everyone achieves Financial Wellbeing by managing money well. We empower people across the UK to build the skills, knowledge, attitudes and behaviours to make the most of their money throughout their lives, helping them achieve their goals and live a happier, more positive life as a result.

We do this by developing and delivering products and services which provide education, information and advice on money matters for those in the workplace, in our communities and in education, as well as through influencing and supporting others to promote Financial Capability and Financial Wellbeing through consultancy, policy, research and media work.

We have a 'can-do' attitude, finding solutions to meet the needs of our clients, partners, funders and stakeholders.

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