The Money Charity Response – Money and Pensions Service Listening Document (June 2019)

The Money Charity is a financial capability 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.[1]

We welcome the opportunity to respond to the Money and Pensions Service *Listening Document*, which we see as making a vital contribution to a successful strategy to improve financial capability in the UK.

We look forward to working with the Money and Pensions Service in the coming years, to play our part in achieving the challenging goals set out in the Listening Document.

In this response, we first set out our Key Points then answer the questions posed in the Listening Document.

[1] See box on back page.

Key Points

Overall

1. MAPS should facilitate and support sustainable funding for those working in financial capability to achieve:

- Substantially upscaled financial education in schools. This will require government and private sector funding with support from the Department for Education and Ofsted.
- Leveraging pensions advice to build a large-scale financial capability intervention among working age people.
- A communities-based strategy with UK and local groups representing people with particular characteristics, including people in vulnerable situations. (Q1)

2. MAPS should adopt a broad definition of vulnerability, similar to that adopted by charity and consumer groups, the FCA and providers of essential services. (Q2)

3. MAPS should explore ways of increasing funding to financial capability, so there is a better balance between debt advice and financial capability work overall, appropriate to achieving MAPS's population-level goals. (Q4)

4. MAPS should lead the development of quality standards for financial capability work, including accreditation, programme evaluation and practitioner competency. (Q5)

5. To help close the advice gap, MAPS, working with FCA, should develop a clearer regulatory boundary between advice and guidance that would allow organisations like The Money Charity to give general advice tailored to individual circumstances. (Q7)

6. To help maximise the resources committed to financial capability work, MAPS should promote a 'financial capability charter' among employers, committing employers to funded financial capability support for their employees. (Qs 9 and 31)

7. MAPS should enable referrals between advice and support organisations to enhance the client experience. These can be progressed in steps, starting with manual referrals between known entities leading to providing technology infrastructure that facilitates referrals and enables sharing of client data in a GDPR compliant way. (Q11)

The UK money guidance landscape

8. Priorities include: fraud and scams, online gambling and the risk of financial capability applications (including pensions dashboards) being diverted into cross-selling or mis-selling of financial products. (Q14)

Children and young people

9. To achieve its Young People targets, MAPS should develop a strategy to win support and funding from all the relevant government agencies (particularly DfE, Ofsted and HMT) for expanded financial education in schools, with a clear ‘home’ in PSHE, and to coordinate the efforts of all interested external funders and delivery bodies. The young people financial capability sector needs a plan with clear goals and milestones. (Q18)

Working age people

10. MAPS should leverage its coverage of pensions to promote all aspects of financial capability. Pension planning is an ideal entry point for financial capability work amongst working-age people. (Q21)

11. MAPS should ensure that financial capability work recognises the particular experiences of women and the structural issues facing them in families, the workplace, access to financial services, career path, pension accumulation, etc. (Qs 2, 6, 19, 21, 29)

12. MAPS should work with a wide range of community groups around the country who already have access to people with particular characteristics and needs (including people in vulnerable situations) and who know the financial capability needs of their constituent populations. (Q21)

Working age people dealing with financial difficulties and debt

13. Expansion of debt advice needs to be within parameters that enable increased funding for financial capability, that build a financial capability aspect into recovery from unmanageable debt and which enable MAPS to achieve its population-level targets for improvement in financial capability. (Q25)

Pensions and planning for retirement

14. The MAPS pensions strategy should include (a) ways of extending pension coverage to the remaining uncovered part of the UK workforce, and (b) raising contribution rates toward a level that will generate an adequate pension in retirement. (Q29)

15. PensionWise should extend its coverage to include members of DB schemes. (Q29)

People in retirement

16. Social care needs to be a priority in financial strategies for later life. (Qs 32-37)

Northern Ireland, Scotland and Wales

17. MAPS's strategy should be called the 'UK strategy' to avoid confusion with the identities of individual nations. The UK strategy should have distinct national strategies for Scotland, Wales and Northern Ireland. (Qs 38 and 39)

Lessons learned from the Financial Capability Strategy for the UK

18. The next phase needs to be about turning evidence into action. There needs to be a step-change in delivery and there should be specific goals and targets with a clear timescale and roadmap. (Q40)

19. MAPS should look to the FCA and DWP models for partnership management. (Q42)

Bringing together MAPS's direct services

20. MAPS should develop a vivid consumer-facing brand that will enable it to be seen by the public as the authority and 'go to place' for money and pensions guidance. (Qs 44 and 45)

Our priorities for research, insight and evaluation

21. MAPS should facilitate the evaluation of scaled-up programmes, moving beyond the pilot or small-scale stage to interventions of greater intensity and duration, which could plausibly achieve larger results. (Q47)

Responses to Consultation Questions

1. What are the top priorities the Money and Pensions Service should focus on over the next three years?

For MAPS to have impact on population-level measures of financial capability, it needs to support programmes with population-level reach. This means moving beyond pilot and small scale interventions to programmes that engage a significant proportion of the UK population. In particular, facilitating and supporting sustainable funding for those working in financial capability to achieve:

- Substantially up-scaled financial education in schools. This will require government and private sector funding with support from the Department for Education and Ofsted.

- Leveraging pensions advice to build a large-scale financial capability intervention among working age people.
- A communities-based strategy with UK and local groups representing people with particular characteristics, including people in vulnerable situations.

Schools-based financial education is a key need and a key priority. In terms of building lifetime skills, school is the place to start. Financial education in schools within the PSHE curriculum needs to be seriously scaled up. The economic and financial content of PSHE needs greater attention, with Ofsted inspection and more opportunity for examination,[2] to ensure it is taken seriously and invested in. There are also opportunities for work with young people in non-school settings, e.g. via parents, community groups and youth programmes.

Second, we think there is a major opportunity to leverage pensions guidance into a population-level financial capability intervention. Many employers have engaged with pensions advice as part of their HR programmes. Many employees have attended pensions sessions when these have been offered and there is a large pool (more than ten million people) of new pension 'recruits' who have begun contributing to a pension as a result of auto-enrolment, though mostly at a contribution rate that is too low to deliver an adequate pension. This is fertile territory for financial capability work. Given the need for MAPS to achieve population-level impact, we suggest that enhanced pensions guidance – delivered within a framework of lifetime financial planning – is an essential priority for MAPS to pursue.

Finally, we know from our communities programme that there are many people with particular needs in accessing the financial system and financial services, and in learning the basics of money management in the UK context. Many of these people can be accessed via institutions (e.g. prisoners) or through their own community associations (e.g. Travellers, migrants, refugees), and we recommend that MAPS includes this in its strategy, with both a local and national aspect.

MAPS as facilitator and leader

MAPS should be a facilitator, leader and convener to advance the financial wellbeing agenda, signpost employers, consumers and practitioners and provide accreditation and kite mark schemes for those in the sector.

We support the changes taking place in MAPS and welcome the new culture reflecting the ambitions and strategies of the new organisation.

[2] See: https://themoneycharity.org.uk/media/The-Money-Charity-Response-Ofsted-Education-Inspection-Framework-Apr-19.pdf

The language of financial capability

In some forums the terms 'financial education' and 'financial capability' are used interchangeably. The Listening Document uses the terms differently and we agree with this. We see financial education as one of the methods of delivering financial capability and use the term mainly in relation to our Young People programme. We support MAPS in viewing financial capability as the core concept.

Another popular term is 'financial wellbeing' and we suggest MAPS establish a clear definition in consultation with the sector and develop metrics to measure it, e.g. Happy City's Happiness Pulse or other wellbeing indices.

As we say regarding branding (Question 44), MAPS should take the lead in developing consumer friendly terminology, adopting terms that energise people as well as being easy to understand.

2. We are required to help those 'most in need' and those who are 'in vulnerable circumstances'. How can we best identify and reach them? What evidence do you have to help us target these groups effectively?

We recommend that MAPS not develop a new definition of vulnerability, but adopt the same broad definition that has been developed by regulators, charities and consumer groups, recognising personal, situational and structural aspects of vulnerability and potential vulnerability.[3] There is no clean distinction between vulnerable and non-vulnerable people and, generally speaking, anticipating potential vulnerability should be part of all financial capability work. That said, certain groups have a higher exposure to vulnerability, for example offenders or ex-offenders, homeless or ex-homeless, migrant and refugee groups and groups with a particular ethnic, linguistic or gender identities.

In its Workplaces and Communities Programme,[4] The Money Charity reaches out to such groups, offering tailored financial capability workshops, programmes or modules. By working with experts such as ourselves, we believe there is scope – with sufficient funding – to reach large numbers of people in vulnerable situations. The key thing is to work with those who are already embedded in local communities and who know the context and needs of the groups in question.

Where there are national organisations with a local presence (such as The Money Charity) we suggest that MAPS develops a delivery partner model similar to the debt

[3] For example, the FCA definition published in 2015 and re-adopted in 2018: 'Someone who due to their personal circumstances is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care.' See: https://www.fca.org.uk/publication/corporate/approach-to-consumers.pdf.
[4] https://themoneycharity.org.uk/work/adults/

advice commissioning model that combines the best of national co-ordination with local presence and delivery.

Regarding Employee Assistance Programmes, MAPS should help persuade employers and providers that EAPs should not be confined to debt advice but should promote and support financial wellbeing in the broadest sense.

3. For each area of our remit, how should we balance maximising impact with 'most in need' and 'vulnerable' groups (even if that means reaching fewer people overall), and reaching as many people as possible (even if that means we have less impact on each individual reached)?

The consensus among firms, regulators, charities and consumer groups is to see vulnerability not as a fixed aspect of a certain demographic (or certain individuals) but as a shifting state. People can move in and out of vulnerability, and vulnerability can also arise from abuse of trust, for example in the case of the 'loyalty penalty' in pricing of services.[5] This means that it is not possible to make a clean distinction between vulnerable and non-vulnerable people, and we believe it would be a mistake to try to draw too sharp a distinction or trade-off between the two.

We recommend that:

- Anticipation of vulnerability should be part of all financial capability work.
- Groups at particularly high risk of vulnerability should be approached via community networks and community organisations. The Money Charity's communities strategy, which reaches prisoners, ex-homeless people, Travellers, victims of domestic violence, people in supported housing, women from minority ethnic groups and migrant and refugee associations, is a model for this approach.

4. How should we balance Money and Pensions Service resources between preventing financial difficulties occurring in the first place, and helping people who are in need or crisis right now?

For historical and institutional reasons, the bulk of the resource at present goes into debt advice. Important though this is, we believe there should be significant rebalancing toward financial capability, including a funded financial capability aspect to recovery from unmanageable debt.

It is important not to wait until people have fallen into difficulty before providing financial capability support. Financial capability – in the work done by The Money Charity and

[5] Xia, Lan, Kent Monroe and Jennifer L Cox 2004, 'The Price is Unfair! A Conceptual Framework of Price Fairness Perceptions', *Journal of Marketing*, Vol. 68 (October 2004), 1-15, page 5.

other financial capability practitioners – is not confined to financial literacy or financial skills, but is about attitudes, behaviours and life goals. Our experience is that it is the emotional and psychological context that determines whether, and to what extent, financial skills are applied.

Further, the remit of MAPS is to have a population-level impact. This is unlikely to occur if work is confined to helping people in crisis. To achieve its statutory goals, MAPS needs to reach a significant proportion of the UK population with well-planned and well-delivered financial capability interventions.

MAPS should leverage its relationship with the FCA to require lenders and public sector agencies that create consumer debt to fund debt advice through the fair share scheme. Public sector and currently non-participating private sector debt creators should be required to participate. MAPS should look at ways the fair share funding stream can be allocated to financial capability as well as to debt advice.

5. How should we facilitate the improvement of quality, efficiency and capacity within the money guidance, financial capability, debt advice, or pensions guidance sectors?

At present there are many organisations and individuals delivering products labelled 'financial capability' and even more web offerings, but no system of quality indicators or quality control. The Money Charity has for some time advocated the creation of such standards, including quality marks and accreditation.

The creation of MAPS provides an opportunity to establish quality standards and we recommend that MAPS leads the development of UK standards for financial capability work, including accreditation, programme evaluation and practitioner competency. These should cover accreditation schemes offered by other bodies, such as universities and institutes. MAPS should clearly identify its preferred accreditation scheme rather than leaving the sector to guess which scheme is the most appropriate. To ensure impartiality, we would like to see MAPS itself provide accreditation, ideally for free, or at least with a price structure that means it can be afforded by small organisations and charities.

Regarding efficiency and capacity, we think progress can be made through MAPS facilitating a holistic approach to debt advice and financial capability. Similarly, pension saving is a core part of financial capability and can be leveraged to create a larger-scale financial capability intervention among working-age people.

6. What are the most significant gaps for public financial guidance to fill?

Surveys of financial capability carried out by the Money Advice Service and the Financial Conduct Authority show a wide range of needs across a significant part of the UK population. There is a substantial advice gap, with many people who might benefit from professional financial advice not able to afford it and many transactions taking place unadvised, even when considerable sums of money are involved.[6]

Given the broad range of needs, we propose the following priorities:

- Maintaining an objective, balanced public financial guidance offer across all key personal finance issues. The different aspects of financial capability are interrelated, so the offer must present an integrated whole, beginning with the basic strategies and heuristics that lead to sound financial management.
- Substantially upscaling financial education in schools. This will require government and private sector funding with support from the Department for Education and Ofsted. Building a base level of financial capability at school age is a foundation for accessing financial guidance and advice in later life.
- Leveraging pensions advice to build a large-scale financial capability intervention among working age people.
- Offering support to employers looking to address the financial wellbeing of their employees. This could be supported by tax incentives or other forms of support from government.
- Developing a communities-based strategy to access groups with particular characteristics and people in vulnerable situations.
- Addressing the particular needs of women, for example the financial challenges of taking family time away from paid work. See our March 2019 policy paper, *Women and financial wellbeing.*[7]

Most UK people do not have the level of assets and income to justify paying for an Independent Financial Adviser, so public, free advice must cover all the basics, including basic advice about savings and pension products. Such advice must cover the chief pitfalls, including how to avoid investment products with excessive costs, how to avoid scams and how to avoid uncovered risks.

[6] For example, the FCA found in 2018 that 32% of people entering pension drawdown did so unadvised: FCA 2018, *Retirement Outcomes Review, Final Report*, page 4.
[7] https://themoneycharity.org.uk/media/The-Money-Charity-Policy-Paper-Women-and-Financial-Wellbeing.pdf

7. Do you have any reflections on the current regulatory boundary between guidance and advice? What experience do customers have of this in practice?

We have long been concerned about the current boundary, which we think leaves a gap between generic 'guidance' and regulated advice. What sits in the gap is 'general advice tailored to individual circumstances'. In financial capability work, people frequently ask questions relating to their specific situation, for example to do with credit card debt, savings products, pension contribution rates etc. To answer these questions effectively, the workshop leader has to give a personalised answer, along the lines of 'if you pay £x a month off your credit card, you can save £y in interest' or 'you can repay your loan in z months instead of p months'. This is not making a decision for a person, or taking over their financial decision-making, but providing them with a specific answer to a specific question in a way that allows them to weigh up the options.

It is in the nature of financial advice/guidance, that to be understood, answers often have to be specific. An excessively general answer, treating the advice/guidance boundary in a conservative manner, may leave the questioner simply not knowing what the answer was. We appreciate the reasons for there being an advice/guidance boundary, but we think the current interpretation of the current boundary leaves a gap, and it is a gap we encounter frequently in our work. We urge MAPS, working with FCA, to develop a clearer boundary that would enable organisations like The Money Charity to provide personalised answers to the questions we are regularly asked.

As long as there is a lack of clarity, there is an opening for potentially risky interpretations in the financial guidance space.

Any risks of a new approach can be mitigated by moving forward with the quality standards we recommend in our answer to question 5 above.

8. How can we achieve our target outcomes at scale by working with different sectors (e.g. employers, financial services firms)?

As indicated above (Questions 1 and 6) we think there are major opportunities for working at scale with:

- Expanded financial education in schools.
- Leveraging pensions guidance to build a large scale financial capability intervention for working age adults.
- Utilising community networks and community organisations, allied with financial capability charities such as The Money Charity, to reach large numbers of people with particular needs, including those in vulnerable situations.

9. How could we maximise funding in the sector and attract new sources of funding?

Although government at present is not providing increased resources for financial education in schools, we believe the need for this will eventually be recognised, if financial capability targets are to be met. MAPS can assist though advocacy with DfE, Ofsted and government more broadly.

Some funding for financial capability in schools is provided by corporates and financial service firms. MAPS can encourage this to be sustained or increased.

With private and public sector employers, progress can be made by making sure that financial capability is included at the heart of HR, employee training and employee assistance. For example, MAPS could promote a ‘financial capability charter’ among employers, which would commit employers to funded financial capability support for their employees, including time to attend financial capability sessions/courses as part of normal employee personal development.

Positive impacts of such programmes would include:

- Less employee absenteeism/sickness related to financial stress or other consequences of financial difficulty.
- Stronger support for the workplace pension scheme.
- Easier transitions to retirement at the end of working life.
- A greater understanding of financial basics, which would improve interactions with clients/customers of the business.
- An improved image for employers actively supporting such programmes.

10. If you are not already involved, what would motivate you or your organisation to support people to make the most of their money or pensions? What is currently stopping you and how can we reduce those barriers?

From our discussions with clients and prospective clients, typical barriers are:

- Perceived cost
- How to demonstrate a return on investment
- Not understanding the importance of financial capability
- Pressure on school timetables
- Lack of teacher confidence in teaching financial capability
- Other priorities
- Taboos about talking about money

To make progress, the above barriers must be overcome. This involves a combination of increased resourcing, changes in attitude, effective advocacy and better training.

11. What more could we do to make best use of the different channels through which consumers could access information and guidance about money and pensions?

The amalgamation of money and pensions advice within MAPS creates an opportunity to leverage additional impact. For example, by using workplace pensions advice to develop a comprehensive financial capability offering, delivered by organisations like The Money Charity.

Depending on resourcing there is both a need and an opportunity to upscale existing programmes from a reach of thousands, to hundreds of thousands and ultimately into the millions, for example with the ten million new participants in pension schemes via auto enrolment.

At school level, reach also needs to be scaled up, from the tens of thousands at present to the millions. In England alone in 2018, there were 8.7 million school pupils.[8] There is potential to reach parents and children in joint ways, for example by involving parents in school or community-based programmes in which parents help improve their children's financial capability and succeed in improving their own at the same time.

Digital channels have a role to play in reaching such large numbers but, as with other aspects of education, there is a key role for face-to-face delivery in both individual and group contexts.

MAPS should develop an accessible and engaging website for its consumer offering.

MAPS should leverage its relationship with the FCA, for example by getting MAPS signposting included in standard FCA-mandated consumer notices.

MAPS should enable referrals between advice and support organisations to enhance the client experience. This can be done in multiple steps starting with manual referrals between known entities leading to providing technology infrastructure that facilitates referrals and enables sharing of client data in a GDPR compliant way.

[8] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/719226/Schools_Pupils_and_their_Characteristics_2018_Main_Text.pdf

12. What opportunities are available to address issues around money and pensions in a holistic way now that three organisations have been brought together into one?

We believe there are significant opportunities in schools, workplaces and communities. See our answers to Questions 1, 6, 8 and 11 above.

Three other avenues to explore:

- In-home support for financial capability.
- Making use of community and business assets in rural areas.
- Financial capability support for people with English as a second language.

The UK money guidance landscape

13. How would you characterise your local area – what does the landscape look like, what are the challenges and opportunities?

The Money Charity is a UK charity with delivery in England, Wales and Northern Ireland. We support a combined local/UK approach which achieves the best of national co-ordination (e.g. through the development of materials, recruitment of financial capability consultants/educators) and local delivery. Locally-based consultants are well placed to identify clients and deliver programmes. Working through a UK-wide organisation improves quality and consistency and ensures the use of methods that are proven to work.

MAPS regional managers, while highly focused on their local areas, should ensure that services are aligned to the national strategy. To deliver effectively, regional managers must be able to navigate MAPS and the voluntary sector.

14. What are the priority gaps in consumer protection that the Money and Pensions Service is uniquely placed to fill?

From what we hear at our workshops, key current issues in consumer protection are:

- Scams: how to identify, avoid and report them. The anti-scams 'space' is getting crowded, so it is important to identify clearly who does what in this space.
- The rapid growth in online gambling, with companies using highly addictive methods (including with children) to encourage gambling.
- The risk that financial capability applications may be diverted into mis-selling of financial products.

- The use of financial capability for commercial gain, for example through commercially-influenced rankings on price comparison sites or cross-selling of debt products.

On the latter point, we are concerned that there may be a mis-selling risk with the Pensions Dashboard project, arising from the Government's choice of the 'many dashboards' model. Our industry soundings suggest that some commercial providers see the Dashboard as a means of selling pension consolidation, with the risk that consumers may be steered toward overpriced or inappropriate pension products. We understand that the ABI is concerned about this too.

As MAPS will be leading the Pensions Dashboard project, it will need to ensure that dashboards are designed and managed in ways that minimise the risk of mis-selling.

On the gambling point, it may be that further regulation will be required, especially of on-line gambling and in-game gambling-like activities.[9] MAPS will have an important role in this, especially in identifying which risks can be addressed by financial capability work and which risks will require regulation.

Children and young people

15: Do you agree with our analysis of the issues?

Broadly, yes, with the additional point that financial education needs to be examined and Ofsted-inspected. In our work in schools, we find that financial education is usually at the margins, depends on the enthusiasm of particular PSHE or other teachers and sometimes is relegated to 'off-timetable' days. The way to bring financial education centre stage in schools is to require it to be examined and inspected, so there are actual consequences of not providing learners with effective financial education.

In April 2019, we made this point to Ofsted in our response to Ofsted's consultation on its Education Inspection Framework.[10] In preparing this response, we reviewed Ofsted's draft inspection handbooks and found that not only is financial education underplayed, but the economic side of PSHE in general is underplayed. The cultural, social and political aspects of UK society are approached as if they do not have economic foundations, such as the freedom to contract, enforceability of contracts, freedom to travel, rent and buy property, freedom to change employers or start up a business,

[9] For example, the in-game selling of icons that give the player a chance of earning a reward.
[10] https://themoneycharity.org.uk/media/The-Money-Charity-Response-Ofsted-Education-Inspection-Framework-Apr-19.pdf

freedom to choose where to live, to borrow money, etc. This is a strange omission in a country with a strong policy commitment to a market economy.

We suggest that MAPS couples its call for more financial education in schools with the need to educate about this broader economic context.

MAPS should see itself as the guardian for financial education in the school curriculum in partnership with the Department for Education.

16: Are we focusing on the right outcomes?

We welcome the young people targets set out on page 26 of the Listening Document, though we note there may be some ambiguity in the meaning of the phrase ‘receive the key elements of financial education’. The education delivered needs to be meaningful and substantive, as with other important subjects in the school curriculum.

To make the MAPS goal more concrete, we suggest that MAPS calculates the funding and resource requirement (including teacher training and the funding to engage outside experts such as The Money Charity) for comprehensive financial education in schools and colleges and makes this figure the centre of a campaign for proper funding and resourcing. As the Listening Document points out on page 30, the UK education system does not currently have a plan that will meet the targets MAPS is setting. This will have to be remedied if the targets are to be achieved. It is important to know what is expected from each contributor (public and private) and how all the contributions fit together to achieve the goals.

The £10 million estimate on page 32 looks too small to us. It involves reaching half a million children and young people each year, but there are 10.3 million pupils in the UK school system.[11]

It is important to couple the call for enhanced financial education in schools with adequate resourcing, as trusts and foundations are reluctant to fund activities that are seen as a statutory obligation. The obligation to teach financial capability and the resourcing for it must go together.

Our views on this are shared with other members of the Youth Financial Capability Group. See the Appendix to this response: Joint Statement by Youth Financial Capability Group, March 2019.

[11] https://www.besa.org.uk/key-uk-education-statistics/

17: Have we highlighted the right priorities for action?

We agree with MAPS's analysis overall and are pleased to see the priorities identified, such as working with parents and children, using teachable moments,[12] starting early, training trainers and making the best use of external experts. We like the fact that MAPS's approach is evidence-driven. We use the MAPS evidence hub and we are keen to see research continue where it is focused on evidence gaps. At the same time, we believe enough is known for financial capability programmes to be scaled up. Indeed, the scaling-up of programme delivery is necessary for the next phase of evidence gathering.

In scaling up, the core secondary school programme should play a key role. We suggest this be added explicitly to the list of priorities (page 31 of the Listening Document). Financial education for young people at secondary school is one of the areas with the most current activity and evidence behind it, yet it has not yet been expanded enough to ensure that many more than half of young people receive a meaningful financial education. It is therefore not job done and it is concerning to see it not mentioned in the list of priorities. For MAPS to reach its ambitious targets, it needs to ensure that this more established and low-cost channel of delivering financial education is not ignored in favour of testing new interventions for smaller groups. It is through core financial education delivered within PSHE with proper resourcing and prioritisation that most secondary school age learners will be reached.

We welcome the idea of using volunteers (page 31), a means of tapping the energy of those who wish to contribute, which may be necessary to achieve MAPS's goals. However, we note that in our experience there are challenges in training volunteers to the necessary standard. Volunteer delivery needs to be brought within the overall MAPS quality framework, which should cover all practitioners, volunteer or professional. Practitioners need to have a combination of teaching skills, financial knowledge and person-to-person communication skills. Having good financial knowledge does not necessarily mean a volunteer will be good in the classroom – it could actually create more fear and confusion. A key delivery skill is making the material consumer-friendly and engaging.

We suggest that MAPS explore savings auto-enrolment schemes for young people. Having an account with money paid into it would provide a natural focus for financial capability work.

[12] We think it is acceptable to use this term in a young people context, but we suggest it be avoided in adult contexts where it can sound patronising. A better term in the adult context would be 'solution moment' or similar, meaning 'a moment when someone is looking for a solution to a problem.'

18: Should we seek to influence the wider policy and regulatory context, and in what areas?

There is strong public support for more financial education in schools, established by survey evidence from young and older adults who say 'they wish they had received more financial education when they were at school',[13] but this support has not yet translated into a significant upgrading of financial education in the school curriculum and actual teaching. For this to happen, MAPS will need to campaign with government, parliament and all UK educational authorities including DfE and Ofsted.

To build the case for financial education we suggest that MAPS emphasise the need for financial education to have a clear 'home' within PSHE and a designated responsible leader within the school. We find that young people approach financial education with enthusiasm when it is presented in the context of life goals and the psychology of money. We think there are many opportunities for synergy with other aspects of education, particularly as schools are preparing young people for further education and a lifetime of living and working in a market economy.

MAPS should encourage policy makers to ensure that financial education is also delivered to young people in vulnerable situations, such as in care, in pupil referral units and in prisons.

Working age people

19: Do you agree with our analysis of the issues?

Broadly, yes, though we think that more consideration should be given to the sub-segments within this group including life stage, life events, salary, and employment type, especially self-employed and those with irregular income. By itself, 'working age' is a very broad category.

We note that MAPS has identified pressures in the wider economic environment that impact on individual financial behaviour, such as poverty, low/variable pay, changing structures of working lives, benefit changes including Universal Credit and the regulatory context.[14] This matches the research findings of leading UK debt charities such as the Money Advice Trust and StepChange, which have drawn attention to the effects of a decade of austerity and, for many, falling real wages. The Chancellor of the

[13] Money Advice Service 2018, *Young adults and money management behaviours, attitudes and useful rules of thumb*, page 3.
[14] Listening Document page 38.

Exchequer has also recently drawn attention to these pressures.[15] This makes improvement in financially capable behaviour in some respects harder, but at the same time more necessary.

We suggest that the term ‘teachable moment’[16] be avoided in the adult context because it can sound unintentionally patronising. A better term would be ‘solution moment’ or similar, meaning ‘a moment when someone is looking for a solution to a problem.’

20: Are we focusing on the right outcomes?

We agree with MAPS’s focus on increasing saving and reducing the use of credit for day-to-day expenditures (page 35 of the Listening Document). These are two key indicators of improved financial capability and issues we focus on in our financial capability work.

That said we make two observations:

1) Achieving a shift in behaviour at the whole population level may be challenging. We agree with setting ambitious targets, but achieving them will require an unusual degree of mobilisation of many governmental and non-governmental organisations, as well as the willing engagement of the population. We look forward to playing our part in this, but we are conscious of the degree of additional resourcing and society-wide commitment that will be required to reach MAPS’s targets.

2) While the credit goal[17] can be tested by research, it may be difficult to establish the saving goal beyond the margin of error. In many surveys, a margin of error of 2-3% is common (it can be significantly greater depending on how the data are cut), so it may be difficult to establish a shift from 58% to 62%.[18]

For a goal to be meaningful, it needs to be sufficiently different from the baseline to be capable of being evidenced.

21: Have we highlighted the right priorities for action?

We welcome MAPS’s proposed integration of financial capability with debt advice (page 39) and the proposals on page 41, such as local area pathfinders, under-25s support, and accredited practitioner training. These priorities match the approach of our

[15] https://www.bbc.co.uk/news/uk-politics-48503170
[16] Listening Document page 38.
[17] A reduction in the number of people relying on credit for everyday spending from 21% of financially struggling/squeezed working age adults to 12% by March 2023.
[18] The goal is: an increase in the number of struggling/squeezed working age people saving regularly from 58% to 62% by March 2023.

workplace and communities programme and we look forward to the opportunity to bid for delivery.

Additionally, we think that workplace-based pension workshops are a great opportunity to extend financial capability to a significant proportion of the UK population, especially as over ten million people have joined pension schemes for the first time under auto-enrolment. Auto-enrolment provides a minimum level of retirement savings, but the process of looking at savings levels and retirement outcomes in a workshop context is a great way of raising awareness of positive long term financial behaviours and the ways of achieving long term goals. We urge MAPS not to confine its work to the struggling/squeezed segments, but to take this opportunity to extend financial capability work across most of the working age population.

MAPS should ensure that financial capability work recognises the particular experiences of women and the structural issues facing them, in families, the workplace, access to financial services, career path, pension accumulation, etc.[19]

22: Should we seek to influence the wider policy and regulatory context, and in what areas?

Yes, this will be necessary. Financial capability work needs to be complemented by regulations that make behaving in financially capable ways easier rather than harder. We note MAPS's proposal[20] to work with financial services providers on building financial capability into services, and we welcome this. At the same time we note that this has not always been how financial service providers have behaved in the past. There have been too many examples of firms taking advantage of consumers' financial weaknesses rather than seeking to remedy them or supporting financial capability for PR purposes rather than substantively.

MAPS should advocate for financial regulations that create choice architectures favouring financially capable behaviour.

MAPS should promote the adoption of design principles for mental health and disability access to financial products as these will make all products better for everyone not just the intended groups.

The changing nature of work (self-employment, gig economy, part-time, etc.) needs to be recognised in every intervention from persona development by pension providers, to pensions dashboards, to development of apps and interventions. More of society will

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[19] See: https://themoneycharity.org.uk/media/The-Money-Charity-Policy-Paper-Women-and-Financial-Wellbeing.pdf

[20] Listening Document, page 40.

continue to be missed if we only look at traditional workplace channels, e.g. employee benefits.

Working age people dealing with financial difficulties and debt

23: Do you agree with our analysis of the issues?

The Money Charity is not a specialist debt advice agency, so we will leave it to those who are to comment on the analysis of the issues.

24: Are we focusing on the right outcomes?

Broadly yes, but from estimates we have heard in MAPS forums, the target of 500,000 more people accessing free debt advice each year[21] feels too low. Our understanding is that this is less than the unmet need in London alone.

25: Have we highlighted the right priorities for action?

We are particularly interested in the financial capability aspect of the debt advice strategy. Our main concern is that expansion of debt advice, which is already better funded than financial capability work, might draw resources away from the latter. Any expansion of debt advice needs to be within parameters that enable increased funding for financial capability, that build a financial capability aspect into recovery from unmanageable debt and which enable MAPS to achieve its population-level targets for improvement in financial capability.

26: Should we seek to influence the wider policy and regulatory context, and in what areas?

Yes. We believe it is necessary for MAPS to influence the wider policy and regulatory context, as this context has a powerful influence on the accumulation of debt in the first place, the management of debt and means of reducing excessive debt.

If MAPS finds there are aspects of financial market behaviour, or regulations, that frustrate the achievement of its debt and financial capability targets, it should advocate strongly for the necessary policy and regulatory changes, to create a joined-up consumer environment favourable to the improvement of financial capability across the UK population.

[21] Listening Document, page 45.

Pensions and planning for retirement

27: Do you agree with our analysis of the issues?

Broadly, yes, we agree with the analysis on pages 53-54 of the Listening Document, but there are two additional points we would like to see added:

1) The minimum contribution rate under auto-enrolment has a powerful anchoring effect. Many people contribute at the minimum rate, often thinking that this is a recommended or sufficient rate for pension saving, not realising that it is too low for a reasonable pension under most scenarios. In our view, more needs to be done to show contributors the effect of various levels of pension saving and the different retirement income experiences that can result. It would be particularly useful to propagate rules of thumb on adequate pension contribution rates, so that these become part of a new social norm for the UK.

An important consideration is the length of time it takes for a DC pension system to mature. For new pension recruits under auto-enrolment, the first full-career pensions will be drawn around 2060. If there is a delay in increasing saving to an adequate rate, it may be the end of the twenty-first century before new pension recruits enjoy full-career pensions at an adequate payment level.

2) Because of the threshold rules for auto-enrolment, millions of workers are still not covered: according to the latest compliance report from the Pension Regulator, there were 9.4 million unenrolled in April 2019. In our view, government needs to look again at the rules and framework for pension participation and to take steps to substantially reduce the uncovered number, many of whom may be part-time, gig economy, low income or self-employed workers.

28: Are we focusing on the right outcomes?

We agree with the points made in the Listening Document, but would emphasise again the need for more information and education about adequate contribution rates. We find in our workshops that people have a low awareness of their likely total pension (State Pension plus workplace pensions) and how this relates to contribution rates. We take people through an exercise using digital pension planning tools, in which they set various income goals and try out various contribution rates. Because the contribution rate is central to proper pension planning, we think it needs to be an explicit aspect of a financial capability strategy on pensions and planning for retirement.

MAPS should highlight the assumptions used in its calculator tools, state pension tools, and those provided by others. Many pensioners make decisions based on model assumptions that are not representative of their own situation e.g. gaps in NI, different planned retirement age, etc. To give a correct assessment, the default settings need to be adjusted to reflect the actual situation of the user.

The goal ‘two million more working age adults could say they understand enough to make informed decisions about their retirement’ (page 51) is ambiguous and incomplete in its present form. We suggest it be strengthened by adding relevant measurable outcomes including wellbeing outcomes.

29: Have we highlighted the right priorities for action?

We agree with the priorities highlighted on page 55 of the Listening Document, i.e. guidance on using pension freedoms, final default guidance, the pensions dashboard, improved advance communications around accessing pension savings and improved annual benefit statements. In addition, we think that to be complete, a pensions strategy must address the two issues addressed in our answers to questions 27 and 28, namely:

- Extending pension coverage to the remaining uncovered part of the UK workforce.
- Raising contribution rates toward a level that will generate an adequate pension in retirement.

We agree with the Listening Document (page 55) that financial capability support will be needed for people to make full and positive use of the pensions dashboard.

In the pensions consolidation space we think MAPS should provide guidance, recognising the complexity surrounding DC schemes, especially for those without access to paid-for advice. The goal should be to reduce complexity as well as enabling better decisions. DB schemes should be covered as well, as there are many consumers who are under-pensioned even though being a member of a DB scheme. Firms are presenting consumers with offers for DB transfer and considerable numbers of transfers are taking place, even though the FCA advises that in the great majority of cases DB transfers are likely not to be in consumers’ best interests.[22] PensionWise should give advice to people who are members of DB schemes as well as of DC schemes.

MAPS should commission research into financial capability interventions including pension advice when key work events occur, e.g. application for maternity/paternity leave, return from maternity/paternity leave, change from full time to part time, etc. These are potential decision moments when people’s engagement with pensions could be increased.

[22] https://www.fca.org.uk/publications/multi-firm-reviews/defined-benefit-pension-transfers

We suggest that MAPS research whether a 'retirements triage' similar to the Common Initial Assessment (CIA) in debt advice could be used to guide retirement planning interventions. This might also be used for financial capability interventions at both the personal and employer level.

Specific retirement interventions should be developed for women, carers or those that take extended breaks to care for children, elderly parents, or others (e.g. foster carers).

30: Should we seek to influence the wider policy and regulatory context, and in what areas?

Yes, the issues identified inherently involve other actors such as HMT, HMRC and the FCA, as well as government ministers and parliamentary committees that have a responsibility for pensions and planning for retirement. It will be necessary for MAPS to use its position and understanding of the issues to influence policy makers to assist the achievement of its priorities.

For example, we think MAPS should ensure that financial capability interventions are not used by commercial providers for lead generation, e.g. debt consolidation loans being offered to participants in financial capability activities.

31: How do we get consumers to engage actively in pensions and planning for retirement?

1) Auto-enrolment has created an opportunity for greater engagement, mediated by workers' employers, who are partners in the pensions of their employees. MAPS should support a workplace-based strategy, using in-house resources and specialist financial capability organisations such as The Money Charity to reach all employees who are members or potential members of pension schemes.

2) MAPS should promote the concept of financial capability being at the heart of human resources, employee training and employee assistance programmes. For example, MAPS could promote a 'financial capability charter' to be signed by employers, which would commit employers to funded financial capability support for their employees, including the time to attend financial capability sessions/courses as part of normal employee personal development.

3) MAPS should work with the FCA to define and close the advice gap through funded and/or affordable advice.

4) MAPS should fund and develop tools (e.g. calculators) that can be used by all providers.

5) MAPS should work with DWP, HMRC and others to incentivise employers to promote pension engagement to younger employees.

6) Holistic advice and guidance such as mid-life MOTs incorporating finance, health, and other areas should be tested

7) MAPS should take the lead on lobbying DWP and others to find better names for pensions and tax relief, that are less technical and more engaging for consumers.[23]

8) With NEST and others, MAPS should work to ensure that DC schemes default to best outcomes in the accumulation and decumulation phases. Ideally the DC system should match the automatic character of the DB system.

People in retirement (Questions 32-37)

As The Money Charity is not currently active with this age group, we will not comment in detail on these questions. Specialist ageing charities such as Age UK and Independent Age will be well placed to answer these questions.

However, one observation is that the impact of social care is almost completely absent from retirement and pensions planning as well as the support offered to those in retirement. This area must be addressed with a matter of urgency.

Northern Ireland, Scotland and Wales (Questions 38 and 39)

The Money Charity delivers workshops in Wales and Northern Ireland and our web and printed resources are available UK-wide. In content, we do not distinguish greatly among the nations as we find that most issues are common to each. It is necessary, of course, to take account of differing local laws and institutions. For example, the policy and rules around student finance are different in England, Scotland, Wales and Northern Ireland.

We agree with the approach set out in the Listening Document of continuing to work with devolved governments, to conduct locally-focused research and to run forums and steering groups in each of the devolved countries. Strategies and programmes should reflect locally-determined needs and priorities.

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[23] See for example Australia's practice of using active verbs and colloquial expressions, e.g. 'FindMySuper'.

Regarding the strategy itself, we suggest that it be called the “UK strategy” to avoid confusion with the identities of the individual nations. We do not see any problem in principle with having a UK strategy that has distinct national strategies for Scotland, Wales and Northern Ireland.

Lessons learned from the Financial Capability Strategy for the UK

40: What are your reflections on the recommendations from the Financial Capability Strategy for the UK ‘lessons-learned’ report?

We particularly agree with the following conclusions:

- The next phase of the strategy needs to be about turning evidence into action.[24]
- To achieve population-level impact, there needs to be a step-change in approach.[25]
- There should be greater use of branding and terminology that engages consumers.[26]
- The strategy should have specific goals and targets, with a clear timescale and roadmap attached to them.[27]

41: How do we ensure that organisations other than the Money and Pensions Service deliver on the plans and towards the coordinated goals of a National Strategy?

In our view, the best way to do this is to show how improving financial capability can help those organisations achieve their primary objectives. This means approaching financial capability not in isolation, but in its deep connections to the commercial goals of private sector firms and the policy and social goals of the government and community sectors. Reflecting our strategy as a financial capability charity we see the priorities as being:

- Working with schools, the DfE and Ofsted to radically expand the teaching of financial capability in schools.
- Working with employers to embed financial capability in staff pension, HR and employee assistance programmes. Pension planning is a key entry point for workplace-based programmes.

[24] *The Financial Capability Strategy for the UK: three year review of lessons learned and recommendations*, page 9.
[25] Ibid, page 12.
[26] Ibid, page 27.
[27] Ibid, page 37.

- Working with existing community groups who know the financial capability needs of their constituents.

42: We have outlined some design principles and suggestions for possible governance models. Do you agree with these design principles? What other governance models do you think could be effective in helping to deliver the National Strategy?

MAPS should look to the FCA and DWP models for partnership management. The DWP model could be leveraged for MAPS use, given the new structure and the strong links already in place between DWP and the voluntary sector. This would help DWP be seen as a department for everyone and remove the stigma that DWP is only for vulnerable, disabled, those on benefits, or older people.

MAPS should focus on diversity. At the moment those shaping the future both in MAPS and within the wider financial capability network are not representative of the people served by the sector. We need to close this gap.

43: We recommend that the National Strategy needs a sustained, long-term perspective if we are truly to achieve a transformation in financial capability. Short timescales may only lead to tactical efforts, but long timescales may dilute the sense of urgency and responsibility from senior leaders. What is the right planning horizon for the National Strategy: 5, 10 or 20 years?

The international evidence on planning suggests that plans should have short, medium and long-term aspects. See for example the Singapore national savings strategy[28] or the South Korea industrial development strategy.[29] The long-term aspect involves being clear about the ultimate vision and destination of the project. The short and medium term aspects set out the more detailed steps and waypoints required to arrive at the long-term destination. Short- and long-term planning are complementary to each other.

Bringing together MAPS's direct services

44: What are the advantages and disadvantages of keeping specialist brands, compared with one overarching customer-facing brand?

As would be expected after an amalgamation of several organisations, MAPS currently has too many brands and websites. In our view these need rationalising. As an organisation that steers people toward MAPS resources, we think that MAPS should

[28] http://pensionresearchcouncil.wharton.upenn.edu/wp-content/uploads/2015/09/WP2014-18-Koh.pdf
[29] https://en.wikipedia.org/wiki/Five-Year_Plans_of_South_Korea

develop a vivid consumer-facing brand that will enable it to be seen by the public as the authority and ‘go to place’ for money and pensions guidance.

The consumer-facing brand should be different from the official name of the organisation and from the professional contact point (which also needs to be clear). The key thing about a consumer-facing brand is that it should have the desired effect on the intended consumer. We suggest MAPS explore brands that use active verbs and nouns closely associated with natural search activity. Examples are the New Zealand site ‘$orted’, which is the consumer-facing site of the New Zealand Commission for Financial Capability, and the Australian official money advice site ‘MoneySmart’.

Once a consumer has landed on the site, they can be offered a high-level subject choice such as general money advice, pension advice, debt advice, or a series of subject tabs, depending on which approach consumer-tests the best. People should be encouraged to view their finances as a whole.

We agree with the Listening Document (page 79) where it says ‘base changes on customer research and customer testing.’ This is the key thing.

45: How can the Money and Pensions Service best support other providers of guidance, help and information through different channels?

1) By having a vivid consumer-facing brand that is easy for other providers to refer and link to.

2) By quality marking tools developed by MAPS (e.g. pension calculators) that are incorporated in other organisations’ web sites and advice offerings.

3) By leading the development of UK standards for financial capability work, including accreditation, programme evaluation and practitioner competency.

Measuring Success

46: What are your views on the issues we have set out in relation to outcome targets, and accountability, for a National Strategy?

Broadly speaking, we agree with targets and accountability set out in the Listening Document. We agree that the targets should be population-level targets, not purely targets for MAPS own direct activities. On this point we think it would be prudent to collect results data in such a way that they can distinguish between the direct impact of MAPS activity and the aggregate impact of developments within society as a whole.

On a technical point, as we said in our answer to question 20, it may be hard to evidence the savings goal[30] beyond the margin for error. Whether this can be done depends on the scale of data collected and its representativeness. This is an issue that should be considered by MAPS and its evaluators when evaluation is planned.

Also, we recommend that MAPS not confine itself to working with the struggling/squeezed groups, but endeavour to raise financial capability across the population. This particularly applies to pension participation and lifetime financial planning.

Our priorities for research, insight and evaluation

47: What should the Money and Pensions Service do to promote the use of evidence in funding decisions and service design across the sector?

We agree with the points made on page 87 of the Listening Document.

In our work, we do not encounter resistance from funders on the grounds of insufficient evidence of effectiveness. On the contrary, we find there is sufficient evidence of effectiveness at the current levels of intensity and duration.

A key priority from our point of view is for MAPS to facilitate the evaluation of scaled up programmes. Much UK financial capability work to date has been on a pilot or small scale and this is also true of the international literature on evaluation of financial capability interventions.[31] We now need to see interventions scaled up in intensity and duration to a level that could plausibly achieve larger results.

These scaled up interventions should then be evaluated, building the sector's understanding of the best ways to achieve population-level impact.

MAPS should promote the evidence hub and provide additional signposting on how to use the evidence. Research findings need to be presented in clear ways via multiple channels, not just written reports, assisting financial capability leaders apply the findings in designing their services.

[30] An increase in the number of struggling/squeezed working age people saving regularly from 58% to 62% by March 2023.
[31] For example, Tim Kaiser and Lukas Menkhoff 2016, *Does Financial Education Impact Financial Behaviour, and if So, When?* DIW Berlin, Discussion Paper 1562, page 27.

Appendix: Joint statement by Youth Financial Capability Group, March 2019

A fresh approach by Ofsted and the newly-formed Single Financial Guidance Body (SFGB) offer two routes to UK youths finally receiving a meaningful financial education.

Members of the Youth Financial Capability Group (YFCG), an alliance of the UK's leading providers of financial education, who last year reached nearly 500,000 young people, share what they think it will take to forge a financially capable generation.

It's a mystery to most that despite virtually unanimous support for all young people learning how to bank, budget, save and borrow, it has not happened. We, members of the YFCG, believe, with active support, it can.

The need is abundantly clear.

From as young as 16 or 17, young adults make significant financial decisions including choosing whether to go to university and consequently building up to £50,000 of debt. They are likely to live lives of heightened uncertainty, and risk with their increased personal responsibilities. Those working in the gig economy will have more flexibility but less security. Those on low or no pay will have to navigate the fledgling Universal Credit system. 'Generation rent' become the victims, not the beneficiaries of 30 years of house price inflation. All are exposed to the UK's £21bn yearly advertising spend, a voracious gambling industry, peer pressure, and FOMO.

What exactly to do about this is not an unknown. There is more than enough evidence and capability to help plot a course towards financial literacy.

Better financial products and protection are necessary, but education from an early age is the key. We need to prepare young people to gain the skills, knowledge and motivation to use money constructively and avoid the significant negative consequences of poor financial decisions.

A meaningful financial education is one that is relevant at specific ages, helping to build capability as freedoms and responsibilities increase. Very young children at primary school don't generally make money choices. Their 'wants' and 'needs' are met by adults. But habits build early: as young as seven according to the Money Advice Service

(MAS). This is the perfect time to introduce concepts, get children comfortable talking about money and develop positive behaviours that can become lifelong habits.

At secondary school, children make decisions using their own pocket or birthday money, or even a part-time-job, to act on their ‘wants’. We can introduce more detailed knowledge and skills in the context of their lives and choices, building capability to prevent future problems and the resilience to cope with the unexpected. Those 16 and above and approaching adulthood must consider ‘needs’ as well as ‘wants’. More specialised knowledge, practical skills and strategies are introduced to enable and support independent living.

Quality marked resources are freely available. Thanks to ‘Money Saving Expert’ Martin Lewis, every school received a financial education text book and the YFCG created planning frameworks covering every age group from 3 to 18. We know that to improve impact, effectively engaging young people is vital. In group sessions in familiar settings, outside experts or trained-teachers make a big difference and, for young adults, peer-led sessions supported by trained advisors are effective. In contrast, the evidence is that unsupported resources and technology have limited impact.

Time, scale and ensuring consistent quality are the main barriers.

Schools struggle to prioritise the time to prepare and deliver a specialist subject that is not examined, inspected or required to progress to the next stage, especially when the Department for Education (DfE) give little mandatory time to it in the curriculum. It becomes vital that the limited time available is used effectively through concentrated, relevant sessions using experts or well-supported teachers. We must further look to extend time outside of school hours through supported, external content accessed directly by students.

It is hard for schools to ensure consistent quality in a minority specialist subject. According to MAS offshoot, the UK Financial Capability Strategy, only 52% of 5-17 year olds say they have had *any sort* of financial education, let alone something meaningful. Provision is mixed and uneven, in particular, for the 16+ group. It is not sustainable to expect unsupported teachers to continue to go above and beyond in the classroom. Unlike in academic subjects, most will lack the deep and relevant specialised subject knowledge. Nor can we rely on well-intentioned but lightly-supported volunteers who lack teaching skills and life-stage-relevant expertise.

A YouGov study by YFCG member MyBnk and funder MUFG Bank found that 54% of parents agreed that schools should spend more time teaching personal finance, and

56% would cut time from the core national curriculum to ensure their child received more money lessons in things such as budgeting and how to avoid unnecessary debt.

A way forward

Members of the YFCG bear the cost of the investment needed in quality across tens of thousands of teaching hours. We have well-developed systems to select, train, test, support and monitor expert trainers, support teachers, and evaluate outcomes. Programmes are built with young people and monitored to ensure relevant and high-quality materials.

Last year, the DfE decided not to allocate specific time and resources to money lessons as part of *Personal Social Health & Economic education.* Instead it made other life skills such as sex and relationship education compulsory. We can't afford to wait for a change of mind so must do the best we can within the constraints.

Schools must consider whether and how they prioritise investment in their own staff. Those that choose to have resources and support at their disposal, if not there are outside experts available. Ofsted's proposed new inspection framework, presently under consultation, should help. In making a judgement about personal development under the proposed new framework, inspectors will seek to evaluate the intent and quality of what a provider offers, but will not attempt to measure the impact of the work on the lives of pupils. The framework suggests "outstanding" schools must "consistently go the extra mile" for the personal development of pupils.

The new SFGB, soon to be rebranded Money and Pensions Service, must not lose momentum. With a renewed mission to help everyone manage their personal finances and a solid strategy including 'financial education for all children and young people' they must build on the excellent work of the MAS and Financial Capability Strategy for the UK. This leads logically to commissioning what works and influencing others to get behind validated strategies. We stand ready to work cross-sector to help make this happen.

Learning about money still costs money. Corporates, trusts and foundations who care about making a real and significant impact can support what is proven to work at scale, breaking down practical barriers and unlocking meaningful financial education for all young people.

The formation of SFGB is a unique opportunity to challenge the assumption that all that can be done to improve people's financial literacy has been done. Armed with evidence, purpose, funds and resolve, this coalescence represents the best chance in a generation to tackle the traditional and evolving challenges of managing money in our society.

Authored by:

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To find out more about the work of the YFCG, please contact info@mybnk.org.

Does financial education work?

SFGB entity the *Money Advice Service*, spent £12m via it's 'What Works' Fund: a two-year investment programme designed to test and pilot potential new financial capability solutions, scale up interventions and evaluate existing projects across the UK.

Core findings, after YFCG projects:

- A 68% increase in 7-11 year olds delaying gratification and 70% actively pursuing a savings goal. (MyBnk – ERS/Ipsos Mori 2018).
- 100% of teachers agreed the money topics was relevant to 14-18 year old students. (The Money Charity – NFER 2018)
- Debts of vulnerable young people dropped 60% compared to control groups of their peers, who saw average debts grow by 50%. (MyBnk – Substance / Ipsos Mori 2018).
- Teachers that take part in dedicated financial education training are more confident in delivering and evaluating the effectiveness of money lessons, compared to teachers who had not been trained. (Young Money - University of Edinburgh Business School 2018).

The Money Charity is the UK's financial capability 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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