

MyBnk's insights into MAS review September 2014

Background

MyBnk is the UK's leading direct deliverer of financial education and enterprise experiences for young people.

Our charity has reached 75,000 11-25 year olds in over 450 schools and youth groups with a range of 100 minute to all-day sessions covering topics such as saving, borrowing, pensions, budgeting and university finance.

We also give young people access to interest-free loans to set-up their own enterprise in their local community and have created the first ever online and in-school youth-led banking scheme - run by young people for young people, allowing them to save and develop positive habits around money.

Young people are at the heart of everything we do and we take a holistic approach to education, catering for audio, visual and kinesthetic learners. Our team is made up of teachers, youth workers and people who have worked in the financial sector.

We use real life case studies, colourful resources, games and videos drawn from their age group and popular culture, enabling young people to explore and form their own opinions. Our team is made up of teachers, youth workers and people who have worked in the financial sector - most of who are in their twenties and share their university experiences with pupils.

Programmes are created in-house by teachers, former finance sector workers, youth workers and young people via a Youth Advisory Panel. Our Education Officers are rigorously trained in core subject knowledge and classroom techniques over two weeks, are assessed by young people and teachers after every session and sit exams every six months. In 2012/13, 97% of young people and 100% of teachers rated our trainers three to four out of four for [effectiveness](#).

MyBnk has a growing [national](#) and [international](#) demand for our expertise, this has led to us training educators in Europe and Africa and consulting others in Asia, South America and beyond. There is also a growing demand from [housing associations and local authorities](#) for our services.

Earlier this year MyBnk trained staff members of West Wales and Merthyr Tydfil Credit Unions to deliver our financial education workshops to schools, reaching hundreds of young people. A pilot project is now underway.

We also recently won a [Centre for Social Justice Award](#) for Preventing Poverty, were named [Charity of the Year](#) by Children & Young People Now magazine and provide the financial literacy element of the government's [National Citizens Service](#) and face-to-face side of the [Money Advice Service](#).

MyBnk welcomes the opportunity to contribute to this study.

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Our observations are in the context of us delivering financial and enterprise education to young people.

Opening comments

MyBnk's interaction with the Money Advice Service (MAS) has been primarily concerned with consumer financial education and the young person stream within it. We restrict our comments to that aspect. The Money Advice Service is the largest independent factor in this sector but its mission has drifted, evolved and refocused over the period of its existence contributing to it, at least historically, being a challenging organisation to effectively engage.

We discussed our response with the Youth Financial Capability Group (MyBnk, pfeG, The Money Charity, NSAFS, IFS University College and Stewart Ivory) but the views expressed are our own.

Acknowledgement: MyBnk is currently sub-contracted to deliver the face-to-face element of MAS via A4E in London.

1. In what areas do consumers' awareness and understanding of financial matters most need to be enhanced? Where is detriment most prevalent and most material?

Currently, the sector lacks proactive consumer engagement that is positive and independent. MAS has demonstrated it is effective as a first port of call to deal with consumer problems.

The role of education in our view is to proactively engage, ideally around significant financial lifestyle choices. For example going to university, entering independent living, buying a home, taking out a pension, financing a car. Awareness is too narrow a word. Consumers need knowledge, skills, confidence and often need to be encouraged to consider the consequences of actions. Key among categories are short and long-term costs (or for savings products) returns, risks and understanding the obligation of contract. Alternatives should also be considered for example, without going into detail it is uncontroversial to advocate saving for a pension.

However there are real disadvantages in pension saving including the lack of access for up to 30 years. This could be a major problem for an individual that then needs to take out a high cost loan to deal with insufficient cash flow.

2. What evidence is there for how consumer capabilities have changed – and what has led to this change?

We agree with the general point that industry should make products less complex and more understandable. However industry will and should seek to innovate and to obtain commercial advantage hence complexity will always exist.

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MyBnk does not agree that industry should be taking the lead in education which in our view should be independent and unbiased.

We believe schools need support to teach these lessons but it doesn't require a big brand to make it effective – there is more than one way to teach financial education.

One of the first big financial decisions a young person makes is 'who do I bank with and why?' MyBnk helps them make that decision by equipping them with the skills to make an informed choice. Corporate logos and marketing materials should never be put in front of a young person in the classroom. There is nothing bad about the banking sector being involved in financial education efforts. If it is unbranded and effective we support it.

However, rather than having a multitude of banks duplicating efforts, as has been the norm for years, the sector can better help by supporting and funding research and delivery of independent, expert-led and certified programmes.

We bring together experts in all fields – education, finance, youth workers and young people themselves, to design and deliver workshops on everything from borrowing responsibly to student finance. This way we can help young people make informed decisions, arm them with key skills like budgeting and address the attitudinal imbalance between needs and wants.

A database of providers is an excellent idea.

Giving teachers and schools more choice is something we have been pushing for years. This was mirroring a now side-lined kitemark project of providers that was underway by the Money Advice Service.

With the introduction of financial education into the National Curriculum for the first time, we have a big opportunity to embed effective financial capability in young people and we need policymakers to see there is another way, a third more collaborative way, not just the highway.

5. How has the provision of consumer financial education developed over the past 5-10 years? What are the opportunities for the future?

In the last 5-10 years the focus has changed from raising awareness of need to a focus on what should be done and how. Provision is disaggregated and uneven and its impact is unproven. The risk is that financial education becomes viewed as not useful. We believe quality is the issue and relevance, engagement, behaviour as well as knowledge and skills must be considered. Interventions need to be measured and not just by number of participants or hours of instruction.

MyBnk develops and delivers four programmes aimed at young people at different transformative stages of their lives (prevention) and to those facing different needs (intervention). We are passionate that the education is attractive – we aim to wow every young person. Our trainers must be conversant with the relevant financial knowledge of the cohort they are working with and they

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are trained and tested to be so. Most of all they need to be able to engage and interact with the young person. In our view this aspect is not sufficiently appreciated in the quest to make education efficient. Too much financial education is delivered by un-trained or poorly trained private or corporate volunteers or, in some cases, teachers. In effect we have teachers who are not experts and experts who are not teachers operating in a niche area with acute sensitivities to consumerism compounded by attitudes, behaviours and habits.

Education delivered by corporates does not intrinsically prioritise the interest of the young person but that of the corporate. Education needs to be independent, impartial and unbranded. Corporates especially financial institutions should provide funds for third-party independent providers. Funding should be at arm's length through an industry body or grouping rather than one-on-one where active or tacit influence will be an issue. MyBnk is strictly impartial and does not accept direct funding from, for example, high street commercial banks, as they have a direct interest in promoting products to young people.

We agree there is tremendous potential for digital technology and social media to drive change but the starting point must not be the efficiency of the media but the attractiveness and effectiveness of the offering to the consumer, in our case young people. Gamification is still something of a holy grail, but there is no point in attempting to compete with Grand Theft Auto. There are many online budgeting tools, financial games and so on but little evidence that young people use them. Engagement will rise in our experience if they are relevant, engaging and potentially fun and stimulating. Even in this situation the consumer will likely need a 'push' through advertising or direct contact. Some commercial digital pocket money operators like GoHenry and Osper and youth-friendly, parental restricted cash cards offer incentives to save, though most are not free and link to advertising and other commercial brands.

7. Do you think that the strategy set by MAS for interpreting its legislative remit remains appropriate? What improvements could be made?

We believe the education remit is insufficiently emphasised and funded and has become less clear as MAS has evolved. The kitemark of providers was a promising development that would be invaluable to teachers and school – alas, it has been shelved.

9. What role should MAS play in supporting the provision of education in schools? Do you agree that MAS should limit (as now) the role it plays in or should it divert resources to this area?

Schools are already tightly guided and regulated while enjoying discretion as to how they budget and operate. MAS in our view should continue to support financial education in schools through the provision of useful tools e.g. the budget planner that are independent and of quality. MAS should not get directly involved in, for example, curriculum development or white-labelled content as there

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is existing good quality provision. MAS should avoid direct delivery which requires the skills and training outlined in the answer to question 5.

The financial education sector requires independent surveys of financial capability, evaluation of impact and quality and a champion to advocate best practice. As far as we are aware there have been no large-scale assessments of the sector in the UK. MAS is still to build an advocacy capability.

MAS could fund third party providers similar to the model it employs for the provision of debt advice which would allow charities such as MyBnk or members of the Youth Financial Capability Group to expand their tested offerings. Schools have direct access to (young) consumers and allow the opportunity to be proactive. MAS is weak in this area.

12. How effective is MAS's model of directly providing consumer financial education to meet its objectives?

The MAS model is, in the vast majority of cases, a response to a consumer that is already facing difficulties or challenges. The model has been much less effective in preventing those difficulties occurring in the first place.

As per question 9, we do not see the need for MAS to white label. MAS could work on accreditation but only once MAS can demonstrate detailed knowledge, insight and thought-leadership in the sector which demands an advocacy and/or research role to be developed. We have not seen, for example, any comment by MAS on the recent PISA report into financial education or on the impact of the new national curriculum which includes financial education. Such executive and qualitative guidance would be invaluable to providers.

Financial education is often described as knowledge, skills and confidence/behaviour. We would add relevance and engagement. MAS is good at knowledge and can demonstrate tools to help skills. The model is to respond to incoming inquiry so by selection is relevant to the consumer. This does not mean that the interaction was at the optimum time or took account of consumer behaviour. We reiterate MAS should adopt the model it uses for debt advice and support groups that have developed expertise.

14. How effective is MAS in engaging with stakeholders in the money and debt advice sectors? Are there ways in which this could be improved and if so, what are they?

In our view MAS has been poor at engaging and seemed not to appreciate the nuances of the sector and those most active and experienced within it. We note MAS has recently become more proactive especially in regard to consulting to develop proposals for a UK financial capability

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strategy. In this MAS worked more closely and at an earlier stage with the Youth Financial Capability Group.

15. Is the current £81.1 million annual budget for MAS appropriate, given the remit of the organisation and its objectives? If not, should it be more or less and how should it be allocated? What is your judgment on where to draw the line?

More of the £43m allocated to consumer advice should be directed to education through third parties for the reasons given in questions 5 and 12. There should not be exclusive focus on what can be measured easily.

18. What sort of people skills and experience do you think MAS needs over the coming period, in order to be effective?

As per question 5, 9, 12 and 14 MAS needs to better demonstrate understanding of the sector and be able to assume an advocacy role when appropriate. The alternative is a pure advice service responding to incoming inquiry and MAS's remit for education should be transferred to an organisation with such skills.