

Background

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

Since 2007, our charity has reached 100,000 11 to 25 year olds in over 500 schools and youth groups with a range of 100 minute sessions and academic year long projects. These programmes covers topics such as saving, borrowing, pensions, careers, public finance, social enterprise, budgeting and university finance.

We 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. MyBnk also provides the financial literacy element of the government's National Citizens Service and face-to-face side of the Money Advice Service.

Programmes are delivered within PSHE, Citizenship, and Business Studies as well as cross-curricular. Up to 40% of our work is with vulnerable young people in non-school environments such as Leaving Care & Looked After youths, young parents, those in sheltered housing, Special Educational Needs (SEN) students, NEETs, young offenders or those on probation and unaccompanied asylum seekers.

Workshops are created in-house by former teachers, finance sector and youth workers and young people via a Youth Advisory Panel. Our Education Officers are paid professionals who are rigorously trained in core subject knowledge and classroom techniques. They are assessed by young people and teachers after every session and sit regular exams. In 2013/14, 98% of young people and teachers rated our trainers three to four out of four for effectiveness.

Young people are at the heart of everything we do and we take a holistic approach to education, engaging participants using behavioural management techniques and audio, visual and kinaesthetic learning styles. We use extensions for SEN, dyslexic students and for those whose first language is not English. Our educators use real life case studies, colourful resources, games and videos drawn from participant's age group and popular culture, enabling young people to relate, explore and form their own opinions.

We are meeting a growing national and international demand for our expertise. This has led to us training educators in Europe and Africa and consulting institutions in Asia and South America. There is also a growing demand from housing associations and local authorities for our services such as creating Hyde Housing's, The Money House, for young tenants in rent arrears.

MyBnk recently won an Evidence Award via London Metropolitan University and the Mayor's Office's Project Oracle initiative. It recognised the high standards we place on effective and impactful financial education for young people. MyBnk have also received a Centre for Social Justice Award for Preventing Poverty.

MyBnk welcomes the opportunity to contribute to this study.

Our observations are in the context of us delivering financial and enterprise education to young people. We have collaborated closely with the Youth Financial Capability Group, a cross-sector financial education delivery group, on this consultation, but our submission is our own.

Executive Summary

MyBnk is fully supportive of a financial capability strategy aimed to equip the people of the UK with the skills, knowledge, attitudes and motivations to act in a financially capable way. The draft Strategy provides an excellent basis for further refinement.

The focus is too narrow by cohort and issue. The Strategy must specifically consider the largest sector of the population, working age people. It is overly concentrated on dealing with problem debt and preparing for retirement. Financial capability is much more than this.

In contrast the objectives are too general. Resources will be limited. Although well-being is the ultimate aim of the Strategy, it is imperative that there are specific, time-defined objectives in the final draft which link closely to the baseline research. What is to be done and who is to do it, needs to be clearer.

We agree with the majority of points in the comprehensive young person section but not all the priorities. Higher priority than primary school students are young people experiencing financial pressures now, such as those entering independent living, not in employment, education or training, taking on credit for the first time and students taking on debt. Seeing through the work now being done with secondary school students is critical for the young people concerned and to demonstrate that preventative financial education can be effective.

We support the Strategy's initial focus on establishing baselines, undertaking research into what is effective and work to aid standardisation of monitoring and evaluation. MAS asks for all stakeholders to support the Strategy. For broad buy-in, the quality measures should be specific and focused to allow for flexibility and innovation in approach and a broad range of providers to sign up. Outcomes targeted and evaluated should be relative to the length and cost of the inputs. The cost of and who pays for elements of the Strategy cannot be divorced from the Strategy itself.

MAS is a well-funded, state-backed, independent actor in the sector. The half of MAS' budget aimed at dealing with problem debt is, by majority, allocated to third party advisors. MAS takes a different approach to financial capability, spending the vast majority of the budget internally, mainly addressing incoming enquiries. MAS looks to the commercial and social sector to provide financial education. For financial capability to take root, successful financial education must be engaging, unbiased and relevant to be effective. The commercial sector by definition seeks advantage and is not a low cost solution to meet all needs; the social sector is independent but needs to be supported. MyBnk and others' tried and tested capabilities in delivering and developing programmes and training others could be significantly and cost-effectively scaled with additional funding. There is no need to reinvent the wheel.

1. What time period should the Financial Capability framework cover?

We believe it is imperative that the Money Advice Service (MAS) facilitates the broader sector through providing a long term vision, clear and time-defined objectives, and an evaluation framework. MAS needs to present this Strategy in the context of funding.

MyBnk agrees that a step-change is required in the level of activity. This must be with consistent engagement from the charitable and commercial providers, regulators and the government as well as a range of other organisations such as the housing sector and utility companies. We support the principal of greater coordination around a set of agreed of priorities and best practice based on evidence and better exploiting existing programmes and activities.

However, we find MAS's assertions on page five of the Strategy too broad and feel they need tightening considerably. We propose a three tier approach:

- A 10 year 'vision' of UK financial capability:
- A five year Strategy against that vision with specific objectives in the general population and categories of groups identified in the report plus the cost of implementation.
- An inaugural year that concentrates on evidence gathering and supporting and improving existing provision.

2. What is your view of the Financial Capability framework?

We believe the framework as illustrated in the diagram featured on pages 9 and 10 is a useful way of representing the factors which will influence an individual's financial capability. MyBnk appreciates and concurs that there is much more to financial capability than developing skills and acquiring knowledge; the presumption being this leads to 'good' behaviours.

The framework neatly encapsulates the interconnection of emotional and societal influences as enablers and inhibitors, as well as ability, as factors that influence capability.

3. How far do you agree with the objectives of the Financial Capability Strategy?

Dividing the objectives of the Strategy into Individual, System and Environment is useful but the objectives listed are too wide-ranging and general and read more as an elongated vision statement. On page 13 the Strategy considers improvements in financial wellbeing - is wellbeing now the objective?

Our view is the Strategy needs much clearer prioritised and time-lined objectives defined around specific improvements in capability. The factors in the Financial Capability framework should link to objectives and on to outcomes. Complexity, applicability and impact should be taken into account. We offer detailed comments related to this point in our response to Question 8, relating to young people.

4. What is your view of the financially capable behaviour domains?

We concur it is a good addition to define financial behaviour domains which are facilitated by financial capability, in turn leading to informed decisions. We have some minor points of drafting:

- The only domain that reflects problem solving is 'Tackle Problem Debt'. We suggest it more appropriate to mention other issues and be more general in the title: for example 'Tackle

Money Problems' Specific points such as 'identify areas where money could be managed better or saved' could be included.

- For consistency, 'seeking debt advice' in the 'Tackle Problem Debt' domain could be rewritten 'Proactively seeking debt advice and guidance'.
- All these behaviour domains are 'positive' – the behaviours shown by financial capable people. We suggest defining the inverse – a set of behaviours of non- financially capable people. This would help in identifying and tackling behavioural change issues for those most in need.

5. How important is it to measure financial wellbeing to help measure the impact of the Financial Capability Strategy?

We believe that wellbeing rightfully sits as the overall indicator for success in the proposed framework. However, we would not endorse a large scale, continuous measuring of wellbeing for the following reasons:

1. Strong, rigorous, meaningful and useful wellbeing data will be difficult and costly to collect and interpret. Given scarce resources, a focus on capability would allow a stronger link between activity and outcomes to be forged.
2. There should be a clearer staircase for tracking developments in capability before measurements in wellbeing are considered.
3. The wellbeing staircase implies the progression up the wellbeing scale is linked directly with financial capability. While this applies to those suffering from deprivation, research conducted by The New Economics Foundation, and others, suggests the direct link between income and wellbeing stops around the average UK salary.

6. What are your views on the priorities for action that have been identified as a focus for the Strategy? Should any additional areas be added?

We concur with most of the priorities in the Strategy with the following comments:

1. The current strategy doesn't consider the majority of the population ('Average Joe, or 'working age people managing day-to-day money') as a priority – it jumps from young people to people preparing for later life. The Strategy should reference the whole population and therefore cover 'working age people managing day-to-day money' as the largest group, even if this group is not seen as in pressing need. This group is the group most likely to make bad decisions and then get into financial difficulties – prevention work is important.
2. Whilst important, we do not believe ease and accessibility to financial services is a priority. The commercial sector will compete to provide such products. We would however expand evidence and evaluation gathering to include support to groups providing cost-effective interventions.
3. Groups of people and issues are grouped together in the priorities which is confusing, we think it would be better presented by separating them out.

We suggest a re-working the priorities as below.

Priorities for action:

Groups:

- **Children and young people** up to the age of 24.
- **People in Financial difficulties (including the unemployed)** of working age.
- **Working people** managing day-to-day money (as the largest group so important).
- **Working people** needing to prepare for later life.

Issues:

- **Evidence, evaluation and supporting existing and planned cost-effectiveness interventions.**
- **Influencing social norms (subject to more clarification)**

7. How far do you support the Strategy's aim for children and young people?

We endorse the strategic aim for children and young people to continuously build financial capability. Our points are in the context of the present environment.

MAS cannot presume to build on existing 'excellent' work in schools. Our experience is there are significant differences in the quality and spread of financial education in schools in different parts of the UK. Enterprise education has been removed from the national curriculum and financial education was only added in September 2014. Not all children and young people are benefiting from the recent curriculum changes which exclude academies, free schools, post-GCSE pupils and Primary schools. There should be more time and definitions in the objectives and effectiveness in the outcomes. We would remove 'wellbeing' from this set.

The Strategic Vision should be that:

- Young people receive the relevant financial education referencing both age and key life factors. For example, going to university, accessing credit and moving into independent living.
- There should be an emphasis on the quality, consistency, and cost effectiveness of interventions.
- Education should be non-biased, impartial and free from commercial marketing.
- Aimed at all young people across the UK, not just referencing secondary ages up to 18 including sixth forms colleges and alternative education providers.
- A system is needed to check standards and consistency or quality of what is being delivered.
- Enterprise and employability, which have a direct link to financial capability, should be explicitly referenced for, in the same way that the JET framework can link to financial capability.

8. What is your view of the recommendations for action relating to children and young people? How could they be improved?

Although all the recommendations for action are of merit, we generally do not agree they are the priorities if resources area constrained. Our priorities would be:

By age group:

- *Secondary school children:* The first priority is to make sure financial education is ubiquitous and effective in schools including supporting teachers and organisations who support and or deliver cost-effective financial capability programmes.
- *Young people typically aged 18-24:* Those entering independent living, those taking on university-related debt and facing real money issues. Vulnerable young people as a group face real capability challenges now and hence are higher priority than primary schools.

By activity:

- *Direct provision:* Education delivered directly to young people can be quality controlled, is less likely to be distorted through a mixed delivery channel by non-experts, is more scalable and likely cheaper to deliver and therefore more cost-effective.
- *Developing simple key money messages:* We agree with MAS this will support all age groups. We also agree that more opportunities for young people to manage their own money is important, especially with the decline in participation rates for part-time work for children. This could be achieved through banking products or real entrepreneurial experiences.
- *Establishing:* A base line, monitoring and evaluation framework to support quality.

We believe lower priorities include:

- *Parents and Children together:* We accept research that shows money habits developing early. Once there is a clear, resourced path to meeting the needs of the older groups, then we should look to home and primary provision.
- *Primary Schools:* We believe that putting financial education on the primary curriculum should wait until there is evidence that the intervention in secondary is working. This does not mean we do not agree with interventions and support to primary.
- *Focussed research to help young people to be 'proud to be good with money':* There is some but not compelling evidence presented to show this to be a major factor in financial capability. We believe the research needs to examine *X to do Y*. We don't think that the research in itself would be significant enough to warrant its own recommendation.
- *Research into issues such as:* What interventions or messengers are most impactful? What work has the best long term results? Are interventions best spread out evenly or targeted at transitional moments? Where are the best settings or locations for young people to learn about money?

The above actions need to be in the context of what needs to be achieved, who needs to do what and how they are to be completed. Who is funding what needs to be more explicit. These objectives will need timelines following a period of further evidence gathering.

14. What is your view of the recommendations for action relating to people with financial difficulties? How could they be improved?

We generally agree with the recommendations, however, we feel that this section is too focused solely on those in debt.

- *Recommendation 10* - we agree with this recommendation, however it could be extended to include the education sector for guidance as well as the advice sector. This point states that the sector should 'extend effective methods to reach people' – we feel a stronger recommendation would read 'to reach, educate and advise people'.
- *Recommendation 11* - The term 'key creditors' should be defined more clearly – debt doesn't only occur as a result of credit, but also unpaid bills, unpaid rent and benefit overpayments – creditors extend to utility and housing providers (e.g. housing associations), and DWP.

15. How far do you support the Financial Capability Strategy's aims in relation to the ease and accessibility of products and services?

We support the general aim but believe the strategy should concentrate on improving the clarity and quality of information around products and advice given, rather, than increasing provision. The financial and commercial sectors are very motivated to make financial services available.

16. What is your view of the recommendations for action relating to the ease and accessibility of financial services? How could they be improved?

The actions should be more specific and concentrated. MAS should be much clearer as to what constitutes (generic) guidance and what constitutes (specific) advice and the demarcation as to who is qualified to give it. MAS should be rigorous in not encouraging guidance to replace advice.

We believe the Strategy should concentrate on Point 17: Helping consumers understand the consequences of the choices they are making. We agree with the three sub-points of clarity in terms of, for example, the cost of credit, simplifying and standardising terms and the development of simple behavioural messages.

Point 18 needs to be more specific and concentrate on where advice really does make a difference. The Strategy should concentrate on the relatively few key financial decisions that require specialist advice and illustrate the potential consequences of not following (good) advice. Generic advice from unqualified sources should not be relied upon. Regulated Independent Financial Advisors should be used and will charge for their services. The benefits of taking independent advice must be shown to clearly outweigh the cost.

We believe there are a plethora of tools available of the like mentioned in Point 19 and that this is not a priority.

17. How far do you support the Strategy's aims in terms of influencing social norms?

The Strategy's overall aim is to challenge societal norms which undermine financial capability, yet, the only social norm mentioned is 'spending for the moment' in particular in reference to young people. MAS states that half of adults across the UK admit falling into debt as a direct result of their social lives.

We do not find the evidence presented regarding the incidence of profligate spending as compelling and it is somewhat at odds with MAS's commissioned study '**Indebted Lives**'. The single biggest influence increasing the number of young people in debt has been the introduction of student loans and higher university tuition fees.

MAS references 90% of the £17.9 bn of advertising spend in the UK is focussed on encouraging spending. Directly advertising to counter this is unlikely to be successful.

We support nudge policies to encourage, for example, saving and clear money messages.

18. What is your view of the recommendations for action relating to influencing social norms? How could they be improved?

The cross-sector work is not specified and there is only one behaviour, socially-influenced spending, highlighted.

MyBnk agrees with the approach of developing simple money messages. We recommend the fewer the better, concentrated on relevant life events and an emphasis to 'stop and question' before making a financial decision.

19. How far do you support the Strategy's aims relating to evidence and evaluation?

Broadly we agree with this aim but have some points of note which would influence our ability to fully endorse it.

We believe more evidence is needed on *what works* as well as the impact of financial interventions as a whole. Within this we think there should be sections on quality, cost effectiveness and relevance as well as impact of education pedagogy, messaging and advice on developments in capability.

While much progress has been made towards creating a coherent framework to monitor progress against, much more work is needed:

- We would like to see a stronger link between the capability tracker and the outcomes framework and have the capability tracker include young people and those 18+ in education.
- The outcomes framework is a useful document mapping sections, indicators and age appropriate levels. However, for organisations to feed into some sort of industry wide measurable tracker, there would need to be some quantitative indicators to allow progress to be measured. We believe that this would best be achieved through the creation of a few (under ten) outcomes and standardised tests. This would allow the sector to jointly support common standards and progress against them but allow innovation and variety in approach to suit different needs and circumstances.
- Some central common evaluation should allow 'consistent evaluation of interventions' and allow organisations to evaluate their own projects to some extent as well as through a common system.

20. What is your view of the recommendations for action relating to evidence and evaluation? How could they be improved?

We broadly agree with these recommendations. We think the creation of an active and reflective research movement within the sector will benefit developments in capability as a whole. The key point within all the recommendations is how and by whom they would be coordinated and how outreach to stakeholders would encourage engagement and buy-in. Our main point for improving these recommendations would be an improvement in the framework to track developments in capability as expressed in Question 19.

21. How would your organisation like to be involved in the further development of the Strategy?

MyBnk has devoted considerable time and effort to the Strategy drawing on our expertise in developing and delivering finance and enterprise programmes to more than 100,000 young people during the seven years since our inception. Our recent award from The London Metropolitan University and Mayor's children and youth evidence hub, Project Oracle, recognised the high standards we place on effective and impactful financial education for young people. We also contributed directly to MAS's young people stream within the Strategy in the period prior to official consultation.

MyBnk are passionate to reach as many young people as possible but only if what we do 'works'. We believe a major influence on effectiveness is the quality of those delivering the materials and how they engage with the young person.

We would like to continue to be involved in:

- Overall prioritisation.
- The young person streams.
- Monitoring and evaluation.
- Training and competencies of those delivering financial education.

22. What role do you see your organisation playing in the implementation of the strategy?

Subject to our opening comments and our points in each of the questions, MyBnk would wish to support the objectives and the strategy. In particular to:

- Further scale the delivery of our existing high-impact and evaluated financial and enterprise education programmes delivered by acknowledged experts to young people in school and non-school environments. (In 2013/14 alone we reached over 33,000 young people and we plan to reach more than 40,000 this year. We operate out of four hubs in England but could expand to another 3-4 to be national). We will only be able to maintain or increase our provision if we are funded to do so.
- Leverage our development team, potentially in partnership, to design, develop, test and introduce further education programmes aimed at those of specific ages and/ or of specific needs sharing the core characteristics of our existing programmes. (We are currently developing a primary offering and an enhanced enterprise offering). We see the need for more provision to the 50% of young people who go on to higher education and are incurring substantial debt to do so.
- Leverage our training, quality and evaluation capability further. This could be with MAS or like-minded organisations within and beyond the sector committed to effective financial education. 'What works' is key to what we do.

Leveraging the above existing capabilities should be a cost-effective way for MAS to grow financial education in the UK. MAS should be funding the financial capability sector as it does the debt advice sector.

ENDS