

Background

MyBnk is a charity that designs, develops and delivers financial and enterprise education programmes for 11-25 year olds. Our experts deliver these workshops in schools and youth organisations in England.

Our vision is 'to create a financially capable and enterprise-driven generation'. Our mission is 'to empower young people to take charge of their future by bringing money and enterprise to life'.

Our Theory of Change focuses on the development of an individual's financial and career wellbeing through the provision of financial and enterprise education.

Approximately half of our work is with:

- All young people aged 5-18, but particularly those aged 11-18, accessed through schools, predominantly for financial capability.

Approximately half of our work is with:

- Vulnerable young people aged 16-25, primarily accessed outside of schools, for financial capability, enterprise and employability.

Since inception in 2007 we have worked with more than 135,000 young people through 750 host organisations.

We evaluate every programme we deliver for impact across a range of skills, knowledge and behaviours. MyBnk also tracks how effective participants thought sessions were and the value teachers placed on our aims, outcomes and methodology.

Our flagship schools programme, Money Twist, has been given the UK's highest effectiveness rating of any youth financial literacy project by the Money Advice Service's (MAS) Evidence Hub. MyBnk also received the Impact Award from Project Oracle, The Mayor of London and Metropolitan University's children and youth evidence hub. In 2015 our survival money management programme, Money Works, won the Leaving Care Award from leading youth sector publication, Children and Young People Now.

Throughout this response we have concentrated on giving insights based on our own direct experience of designing and delivering financial education programmes.

Youth Financial Capability Group

MyBnk is a founding member of the Youth Financial Capability Group, comprising of organisations committed to unbiased, relevant and effective financial education. We have worked together to help shape the government's Money Advice Service Financial Capability Strategy for the UK, with a particular focus on the children and youth strand. MyBnk is joined on the group by ifs University College, Personal Finance Education Group, National Skills Academy for Financial Services, The Money Charity and Stewart Ivory (Scotland).

Our programmes:

Financial Education

Money Twist (Key Stage 3 & 4+5)



Award-winning programmes covering practical and relevant everyday financial matters including budgeting, needs vs wants, tax, consumer choice, interest, pensions and inflation.

Sporty Money Twist



An innovative blend of active games and discussion that communicates key financial messages like budgeting, tax and consumer choice in a physical, fun and effective way.

Uni Dosh



A targeted two-hour workshop for those about to leave school or college and considering moving on to university. Offers a comprehensive overview of student finance, bursaries and the cost of living.

Money Works



Money Works is a four-part programme for young adults moving into independent living to confront their money worries.

Money Advice Service



A one-to-one advice service offering independent, sales and jargon-free advice on all matters relating to personal finance.

Enterprise Education

Back My Business



A school-based enterprise experience using real money where young people are challenged to create businesses. They compete for 0% interest loans and MyBnk support in making their idea a reality.

Enterprise-in-a-Box



Featuring exclusive ethical products, this is a step-by-step guide to setting up a social enterprise. Workshops take participants on the journey of making a profit whilst helping people and the planet.

Business Battle



From drawing board to market in one week. Young people create, implement and evaluate their own business in a competitive environment using real money in a real community marketplace.

Mind Your Own Business



An entrepreneurial journey to rocket boost employability skills. This unique accredited programme gives young people hands on experience of developing an idea from conception to marketplace alongside corporate challenges.

Youth-led banking scheme

MyBnk-in-a-Box



Young people are trained to run their own online and on site school bank. A safe, accessible place to save regularly and borrow interest free loans to set up enterprises.

Summary and general comments

MyBnk welcomes the opportunity to respond to the call for input for HM Treasury/ FCA consultation on the Financial Advice Market Review (FAMR).

Our observations are in the context of us delivering financial and enterprise education to young people. In coming to our views we have consulted and collaborated closely with Youth Financial Capability Group. The views in our submission are our own.

Our input

MyBnk welcomes the Financial Advice Market Review. With the scale of change to the market set out in the review, it is clear that regulatory action is necessary to ensure that everyone, regardless of their financial circumstances, should have access to financial advice suitable for them.

1. We agree with the desire to *'...focus on where we can make the greatest difference in terms of meeting needs for advice and for those products and people where advice can have the greatest positive impact'*. We question the focus should only be *'...where complexity of decision making is greatest and advice could make the biggest difference e.g. Savings and investment, pensions and retirement planning'* and further do not agree with the almost exclusive concentration on a relatively small *middle-income group with some money who are priced out of current regulated advice*. We would put more emphasis on the much larger group of those with limited assets.
2. We believe that the terminology used to describe various forms of financial advice ought to be based on common sense terms that are best understood by the public. Throughout this consultation we refer to advice, from the regulated kind, through generic money advice (often referred to as guidance), to consumers' use of price comparison websites as 'advice'.
3. The FCA segmentation is useful in that it is very granular. In our view, three broader groups are sufficient to illustrate key points:
 - a. A (large) group without the savings or income to make it commercially viable for IFAs to offer advice. (This includes those under 18 years of age not considered by the review). This group needs to be served by alternative advisors.
 - b. A (relatively small) group representing a middle market of people with some money who are priced out of current regulated provision or who would not receive significant added value from it to justify the cost.
 - c. A (relatively small) group of wealthy consumers who are well served by the existing regulated advice market.

As a youth-focused charity with programmes aimed at the vulnerable, MyBnk deals almost exclusively with those within group a.

4. The focus of the questions posed are almost all concerned with improving access to regulated advice through IFAs. This results from the concentration on consumers with some money but not significant wealth (group b above). This is a real gap and we support considering the needs of this group, but we argue that the gap cannot and should not be met only by making it cheaper for regulated advisers to provide services. So as well as group a, group b also benefits from alternative providers being encouraged and allowed to go further with their advice offering.
5. We suggest group a. is the more significant group to consider for advice in all its forms. This group is making significant financial decisions with very little advice. Decisions could include whether to access student loans and whether to participate in workplace pensions. In both cases the government is in effect advising, through using implicit or explicit nudges to encourage participation. For example, the default option is set as participation for workplace pensions. As well as the positives, the financial negative implications to the individual of their decisions can be significant, in the case of student loans a future higher tax liability and for workplace pensions savings that may not be accessed for many decades.
6. The review states that people's need for financial advice starts with 'saving for short term needs' and looks largely at investment advice. In reality, need begins with much more basic financial challenges such as budgeting. In order to attract people in all groups, financial advice needs to speak to these everyday needs and treat people's finances more holistically than simply discussing where best to make an investment. Currently alternative, online and not for profit (NPF) providers are meeting these needs better than IFAs will ever have an economic incentive to. A focus of the FAMR should be ensuring that this group has the non-regulated advice from alternative providers it needs.
7. The focus should be on positively defining what alternative providers can do. Currently, in each market (credit, mortgages, savings...) organisations are told what they cannot do. The extent of this varies from product to product, so organisations find it very difficult to know what they are able to say to consumers. These organisations are the future of financial advice for all but those with large investments to make, so what they are allowed to do must be defined positively, and rules should be in one place, not regulated from market to market.
8. MyBnk calls for an approach that tackles advice gaps from the bottom (low savings, relatively simple financial needs), as well as the top (with savings and complex financial decisions). There should be rules that allow regulated advisors to offer a form of advice at a cost that is appealing to more of the middle market, b, but also a single, easy to understand set of rules that lays out not only what alternative providers of advice cannot do, but gives them a positively defined role (whilst making clear that this sits outside the regulated perimeter). Through this approach, the aims of the FAMR could more easily go well beyond those with 'some money' and produce an advice market capable of meeting the needs of everyone
9. Regulated IFAs are of particular relevance to those with substantial investible assets in particular owing to the complexity of taxation and regulation around pension and investment products. The FCA may be over-estimating the complexity of basic investment choices – equities, property, fixed income securities and cash for example. It has been our experience

that the vast majority of young people can grasp the differing risks and returns of each asset class. The complications of tax and regulation are very significant for richer groups but unlikely to be so for those in group a on lower incomes and with few assets.