CSJ Submission

Do people living in areas of high deprivation face particular challenges regarding financial literacy? How might financial education services for people on low incomes be improved?

As a youth-focused organisation, our comments are concentrated on question 1 and 2.

MyBnk is a UK charity that delivers expert-led financial education programmes to 5-25-year olds in schools and youth organisations – directly, virtually and online. Together with young people, we have created innovative, high impact and high energy workshops that bring money to life. By spend, we are the UK's largest charity dedicated to this cause, and the leading specialist working with young adults who cannot afford mistakes. Work with young adults is three quarters of the training we deliver. We operate to the highest standards of evidence of impact.

MyBnk cover topics such as saving, budgeting, debt, independent living and public and student finance. We also design projects and training programmes for others. Since 2007 we have helped over 290,000 young people learn how to manage their money. Our expert-led programmes build financial capability at key transitional moments, addressing mindsets, attitudes and behaviours to help young people form an understanding of the wider world of money and make the right choices for themselves.

Outcomes sought are relevant to age and situation, through habit setting at early ages, preventative knowledge in teenage years, transitional skills for ages 16-18, through to practical ways to survive and thrive for those entering independence. See programme range, here.

The need for effective financial education is universal. However, provision and resource should focus on those who need it most. We define need in two ways: as low financial capability and/ or a lack of financial resilience influenced by low income, wealth and weak support networks. Our evidence supports the view that young people living in areas of high deprivation do face particular challenges regarding financial literacy on both of these measures.

MyBnk published a study in 2021 which considered the incidence of low baseline financial capability of children attending the primary schools with which we work (Young people most in need or YPMIN). We found approximately 1 in 3 YPMIN in schools characterised by above the national average of pupils eligible for free school meals and located in areas of multiple deprivation. This compared to 1 in 4 or 5 for primary schools in general.

However, YPMIN make the largest percentage point increase in money knowledge, skills and confidence as a result of our intervention (Money Twist KS2 Upper and Lower), often outpacing more able peers from more affluent areas. Across three multi-year independent evaluations, progress for all young people has averaged 7% against a range of financial capability indicators, while for YPMIN it has averaged 56%.

We believe our initial study provides enough evidence to suggest a link between young people most in need of financial education and financial deprivation. A next phase of research would be to include more schools and young people, break down the relative need categories into smaller groupings to identify whether the YPMIN deprivation correlation follows a larger trend line and to corroborate this quantitative analysis with qualitative findings.

By definition, those on low incomes and with limited financial resilience cannot afford to make money mistakes: immediately on becoming independent they must be financially capable whereas those with a ‘safety net’ can afford some learning through error and experience.

MyBnk’s Money Works programme for young people not in education, employment or training is delivered across the UK but is concentrated in areas of higher deprivation where the incidence of NEET young people is higher. Similarly, our homelessness prevention project The Money House is located in areas of higher deprivation and/or where councils assume responsibility for young people in need, for example through asylum. It is part of the moving-on provision for London local authorities including Greenwich, Newham, Westminster and Haringey and is focused primarily on care leavers. As family is the most important influence on financial capability in children (source MaPS), it is not surprising that those in care tend to have lower financial capability than the average. MyBnk’s submission to the APPG Financial Education for Children in Care Report looked specifically at the challenges faced by this group. The Money House is designed to improve financial capability, help young people manage and prioritise debt, and to prevent homelessness, with a 64% reduction in evictions for those ‘at risk’ of losing their home.

We believe services can be improved and would be pleased to discuss this in detail (please see suggestions in question 2). We would like to emphasise that a solution based on producing educational materials and training a teacher/ youth worker to deliver a programme or lesson is not the only or best solution in many cases.

Although the principles and objectives of sound money management are constant, context rapidly evolves, especially for young adults. MyBnk continuously develops and delivers financial education and has the resources and focus to continually update provision. For example, we recently introduced content covering scams, gambling and crypto currencies to add to content on tenancies and universal credit. It is important to be current to be an expert and learners respond to those they perceive as experts.

Finally, consideration of access is vital in areas of high deprivation. MyBnk’s The Money House is flexible to the needs of young people. We consider access to transport, childcare, language and other needs. We offer both virtual and in-person versions and work closely with local authorities and partner organisations to tailor deliveries to the young people attending. We incentivise and encourage attendance through evidence of impact, recommendation, accreditation, and social media. We also work with local authorities to require attendance for participants to obtain a bidding number for social housing applications.

Do you have suggestions for how government policy can improve financial education in school and/or at home to ensure young people enter adulthood financially capable?

Government policy should and does include consumer protection and legislation, positive nudges, such as into pension saving and fiscal policy to promote financial wellbeing for society as a whole. Financial education is concerned with improving the financial capabilities of individuals to make the best choices for themselves.

We believe that the government should not rely on the commercial sector; there is no shortage of free money guidance, including approximately £20 bn pa spent on advertising. But too often guidance is linked to selling and the educational merit is unproven. ‘Just-in-time’ information and guidance does not prepare and contextualise and does not address lifetime money considerations. The government should support independent financial education that is proven and trusted, such as that from MyBnk, to prepare and help young people make the right choices for themselves.

There has been some progress. In September 2014, after a campaign by the financial education sector, supported by Martin Lewis of MoneySavingExpert and MPs from the All Party Parliamentary Group on Financial Education for Young People, the government made financial education a statutory part of the national curriculum in England for ages 11-16. However, it is included within Mathematics and Citizenship, rather than into PSHE (the most appropriate place, in our view, for financial education) and money and time resources were lacking, implicitly expecting teachers and schools to absorb the new responsibilities without support. Furthermore, less than half the schools in England must follow the national curriculum. Financial education in (English) schools remains inconsistent and of low priority.

We find four key drivers affecting the financial capability components of Ability, Mindset, Connection and Behaviours. These are: prevalence of existing financial behaviours; length of intervention; degree of money independence and the opportunity to act (See Making a Meaningful Impact, MyBnk 2021).

Our conclusion is that the most impact can be made at primary age to build familiarity with money and to instil positive money habits. Secondly, we recommend concentrating on ages 16-18 at school and 18-25 out of school, as part of the transition to independence with objectives to help young people survive and thrive. We further suggest focusing on relative need (see question 1). Ages 11-16, mandated in England, is a relatively less impactful time and a very busy academic period of education. The objective should always be to improve the capability and motivation of young people to make good money choices.

Secondly, delivering financial education should not fall solely on teachers. The principles of sound money choices are constant but context changes rapidly, giving the advantage to outside experts. Expertise at both content creation and delivery level is key. With competition for young people's time, it is important that education is delivered efficiently. On behalf of MaPS, MyBnk led a research project to compare different ways of delivering financial education to 16 and 17 years olds – through MyBnk or The Money Charity's experts, through MyBnk training a commercial organisation and through Young Money training teachers. The study was conducted through the period of the pandemic and showed that direct delivery from a specialist is more robust to evidence impact for the young person.

Independent evaluation by Substance of MyBnk's secondary school programmes showed 73% of teachers believe outside experts are better placed to deliver the subject than other teachers and 70% thought they were more effective than volunteers. The input of young people in the creation of materials and methods is also desirable. MyBnk involve young people to help us to test the effectiveness of our programmes and to ensure they appeal to this age group.

Along with our colleagues at the Youth Financial Capability Group (MyBnk, The Money Charity, Young Money and London Institute of Banking and Finance), we recommend that schools adopt the approach that suits them best and that they can draw from a variety of help.

To improve financial education significantly, the minimum is to ensure age-and circumstance-appropriate content. Then access, expertise and practical issues must be considered, as well as where to target resources to make the most difference.

Factors to consider include:

- **We find around 3 in 4 young people are reasonably financially capable at baseline –** Interventions for them are about achieving some improvement. It is the 1 in 4 we really need to help.

- **The time available/ length of intervention possible** - For example the flexibility in the school day at different Key Stages.

- **The number and incidence of young people in the cohort** - A specialist programme for 12,000 young adults leaving care every year in the UK, is a very different consideration to a mass programme for everyone at secondary school.

- **The local situation of the young people involved –** The principles of financial capability are common but context varies significantly; London examples are not always appropriate for Glasgow.

- **How to attract or compel attendance** - The incentives for and the barriers to participation.

- **The sustainability of the intervention used** - For example 'train the trainer' is not efficient or effective when staff turnover is high and context changes rapidly but can be very effective in other situations.

- **The measured impact of the intervention, cost and return on investment** - MyBnk publishes independent impact covering all our programmes and ROI for those with young adults. Most organisations do not.

Considering these factors we recommend that government policy should:

- **Ensure all young people receive an effective financial education appropriate to them**. It should be mandatory at primary school and for ages 16-18, potentially as a statutory part of the PSHE curriculum (applied to all types of school - local authority, free and academy schools).

- **Estimate and allocate a budget specifically to financial education** to allow schools to resource.

- **Require schools to demonstrate how the money was used**, for example, to train teachers/ compensate for their time, develop or buy resources and/ or to use outside experts. We would be pleased to discuss estimates based on our model.

- **Require Ofsted to inspect and report on the quality of financial education provided**.

- **Include financial education as a module in the new T-levels and in apprenticeships**.

- **Require that organisations used can demonstrate impact.**

- **For the mainstream - train the teacher, financial sector volunteers and the provision of resources may be adequate** to underpin and modestly improve already adequate financial capability.

- **For the 1 in 4 most in need at school the government should support specific interventions with evidence of impact**. Similarly for young adults most at risk of money mistakes.

- **Be aware that money context changes all the time –** far more than for academic subjects. Teachers are not finance experts. Outside support is needed but the support must have impact and longevity.

Finally, MyBnk accepts that parents are the most significant influence on young people's financial capability. However, there are significant, practical challenges of reaching young people through their parents and this is not our area of expertise. We concentrate on reaching young people through intermediaries such as schools, youth organisations and local authorities alongside reaching them directly.