MyBnk Autumn Budget 2024 / Spending Review Stakeholder Representation

About Us

MyBnk is a financial education charity dedicated to creating a financially fluent population where financial literacy is considered a right for all.

Everyone needs to be able to manage their money. Yet almost two-thirds of young adults do not recall receiving any financial education at all, and 53 per cent are worried that they will never be financially secure. Poor financial literacy is central to many problems people face today, including rising mental health issues, homelessness and unemployment.

MyBnk aims to bridge this gap, working with over 40,000 individuals across the UK every year, delivering expert-led, high-impact financial education programmes on topics such as saving, debt and student finance. We want to bring the language of money to life so that everyone can navigate their money with confidence, no matter where they started.

Our Work in Context

Since 2007, MyBnk has empowered over 300,000 individuals, helping them learn how to manage their money and live independently. We realise that themes such as saving, budgeting and taxes can be boring or overwhelming, so our programmes use innovative, engaging teaching methods to bring these topics to life.

Financial education is a crucial life skill which must begin at an early age. Many life habits are formed from the age of 7, so fostering financial literacy and cultivating positive money habits should also start from that age. In 2011, MyBnk successfully campaigned alongside others for money lessons to become part of England's national curriculum in secondary schools, however financial education has not been properly embedded across the curriculum and too many young people still leave school without any of this teaching at all.

Furthermore, important though it is, financial education in schools is just the beginning. Teaching a 10-year-old about mortgages won't help them if they won't purchase a home until the age of 37. Instead, financial education must be recognised as a life-long skill, particularly important during significant transitional moments such as leaving home, going to university, and entering the workforce. Alongside our work with schools, our young adult programmes have shown significant impact, highlighting the fact that financial education is most needed for those that can't afford to make mistakes.

Our Submission – Abstract

MyBnk urges the Treasury to put financial literacy and fluency at the heart of cross-governmental efforts to kickstart economic growth, break down barriers to opportunity and tackle poverty and inequality. This should begin with ensuring that financial education is properly embedded across the curriculum in schools, with a comprehensive approach that encompasses both practical skills and theoretical understanding. It must also include supporting initiatives at the national, regional and local level targeted at young people and adults who are experiencing critical financial transitions such as entering the workforce or buying homes, and who are therefore most at risk of the consequences of poor financial literacy.

We believe that a long-term strategy to boost financial literacy would support the Labour Party's long-term missions for government as part of a decade of national renewal. It would honour a pledge the Party made in opposition to put increasing access to financial literacy education in schools and colleges

at the heart of a national financial inclusion strategy.[1] In addition, since projections have indicated that improved financial literacy rates could deliver a significant boost to economic growth, reduction in unemployment and would likely serve to tackle other societal problems which result in substantial long-term costs for the Exchequer,[2] MyBnk believes that any additional upfront costs of implementing our recommendations would represent overwhelmingly good value for money, driven by a more financially fluent and empowered population. This echoes the oral and written evidence MyBnk submitted to the Education Select Committee's inquiry into financial education in schools earlier this year.

Our Submission – Full

Financial education in schools

As the Education Select Committee noted in its recent report 'Delivering effective financial education,'[3] there has long been cross-party agreement on the benefits of improved financial literacy for children and young people. As Chancellor in 2014, George Osborne expressed strong support for financial education in schools, noting that 'one of the big problems we have in this country is that not enough people understand how important it is to save, understand the details of credit card statements, to be able to compare different APRs and the like.'[4] As Prime Minister, Rishi Sunak also emphasised the link between financial literacy and economic growth, particularly in the context of numeracy skills.[5] Meanwhile, as noted above, the Labour Party recognised as part of its financial services policy review, published in January 2024, the importance of improving financial literacy to boosting financial inclusion.

However, despite this cross-party agreement, progress on embedding financial education across the national curriculum and ensuring that pupils leave school equipped with the tools to manage their money has been frustratingly slow. Although financial education became part of the national curriculum for secondary schools in England in 2014, a combination of the fact that many schools are not currently required to follow that curriculum and a lack of subject expertise, time and resources devoted to delivering money lessons means that many pupils continue to leave school without receiving any. A research study MyBnk commissioned alongside Compare the Market in 2023 found that fewer than four-in-ten young people recall receiving any financial education lessons during their schooling.[6]

It is therefore welcome that the Government brought forward the Children's Wellbeing Bill in the King's Speech, which will require all schools to teach the national curriculum. In addition, it is also welcome that the Secretary of State for Education, Bridget Phillipson, has announced that Professor Becky Francis CBE will be tasked with leading a Curriculum and Assessment Review, designed to deliver a curriculum which ensures that young people leave compulsory education 'ready for life and ready for work, building the knowledge, skills and attributes young people need to thrive.'[7] MyBnk believes it is now essential that the Department for Education, backed by the necessary funding from the Treasury

[1] 'Financing Growth: Labour's Plan for Financial Services'
[2] GoHenry study, commissioned in partnership with Development Economics
[3] House of Commons Education Select Committee, 'Delivering effective financial education'
[4] Money Saving Expert, The Big Interview Transcript: George Osborne
[5] Rishi Sunak speech on building a better future
[6] MyBnk & Compare the Market, 'Financial Education in Secondary Schools in the UK: Summary of findings'
[7] Department for Education, Curriculum and Assessment Review: Review Aims, Terms of Reference and Working Principles

in the Budget and Spending Review, uses this legislation and review to ensure that financial education is fully embedded across the national curriculum in a once-and-for-all manner, with teaching adopting a comprehensive approach that encompasses both practical skills and theoretical understanding.

In a recent study conducted in partnership with Development Economics, GoHenry found that teaching school children financial education from a young age would inject an extra £6.98bn into the UK economy, make recipients £70,000 richer in retirement and could boost annual business formation, amounting to an additional 76,400 businesses per year.[8] Meanwhile, those who leave school without financial education are more likely to be unemployed or earning less than others and have no savings to draw upon in times of hardship. For this embedding of financial education across the curriculum to have the maximum impact, funding resources must be allocated to ensure that teachers are given the training they need to teach money lessons in a way that brings the subject to life. MyBnk stands ready to support teachers and schools as they do this. However, the resources required of the Exchequer to do this are dwarfed by the potential long-term benefits it will accrue because of improved financial literacy rates, meaning that the policy would represent overwhelmingly good value for money.

Financial education for young adults

As noted above, financial literacy is a crucial life skill which cannot end at the school gates. When, on average, people now purchase their first home at the age of 37,[9] they are likely to have long since forgotten about any lessons on mortgages whilst in school. MyBnk also knows from first-hand experience that young people and adults aged 18-35 are most at risk of the consequences of poor financial literacy, since they are experiencing crucial financial transitions such as leaving home, going to university and joining the workforce. We so often encounter people in this age bracket who are unemployed, have fallen into debt, and may even have become homeless in part as a result of a basic lack of financial understanding.

As a result, in addition to properly embedding financial education across the national curriculum in schools, MyBnk urges the Government to go further and put boosting financial literacy at the heart of one of its five core missions to break down the barriers to opportunity. It can best do this through funding targeted initiatives for young people and adults in collaboration with regional and local government, who already have statutory duties to support vulnerable young people such as care leavers and who are therefore best placed to compensate for the presently inadequate provision of financial education in schools. By way of example, MyBnk runs The Money House, a directly delivered and accredited financial literacy programme aimed at preventing youth homelessness in London, Glasgow and Birmingham. These are courses delivered to small groups of young people and adults in challenging circumstances, covering topics such as tenancy agreements, banking and avoiding eviction. The impact is tremendous: fewer than 2% of attendees have faced eviction, and up to £2.92 of social value is delivered for every £1 spent.[10]

Currently, MyBnk relies on the generous funding of our corporate partners, as well as cooperation with councils, charities and non-mainstream education institutions, to deliver these programmes. UK Finance's Financial Education Report 2024 demonstrates the commendable contribution of the financial services sector to the financial education of children and young adults, with over 4.1 million lessons provided to children and young people in 2023.[11] However, without more concerted and coordinated action from central government, the impacts of these private initiatives will be limited

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[8] GoHenry & Development Economics Research Study
[9] Mortgage Strategy, House Buyer Bureau
[10] MyBnk, The Money House
[11] UK Finance, Financial Education Report 2024

and disconnected, disparate and poorly disseminated. That is why MyBnk calls on the Government to address this through a coordinated programme of targeted initiatives for young people and adults which builds upon and goes beyond those delivered through charities and private partners, such as the example cited above.

Aside from being crucial to breaking down the barriers to opportunity faced by many young adults, delivering this programme as part of wider efforts to boost financial inclusion would deliver on a pledge the Labour Party made in opposition with respect to a national financial inclusion strategy.[12] By ensuring that financial education is accessible to all, particularly underserved communities, it will support social mobility and provide young people and adults with the knowledge and tools they need to feel financially empowered and resilient. In turn, more will be positioned to benefit from the range of consumer-friendly initiatives likely to come forward in the financial services world over the coming years, including Open Finance. Whilst as part of its financial services policy review Labour was correct to highlight the need for support for the 3.9 million digitally excluded individuals,[13] even with greater digital inclusion they are unlikely to be in a position to benefit from these initiatives without sufficient financial literacy skills.

Conclusion

Extensive research has demonstrated the long-term economic, societal and human benefits of improved financial fluency. However, the true scope of these benefits may be incalculable. Poor financial literacy is a structural driver of long-term costs to the Exchequer, manifesting in areas such as unemployment, social security benefits, financial instability, and other forms of social failure. The upfront costs of the policy proposals outlined in this submission are far outweighed by the long-term revenue benefits that the Treasury would gain from alleviating – not to mention the profound social and human advantages for wider UK society. Therefore, MyBnk urges the Treasury to prioritise financial literacy as a central element at the heart of cross-governmental efforts to kickstart economic growth, remove barriers to opportunity and combat poverty and inequality, with a focus on both school children and young adults at key transitional life moments.

[12] Financing Growth: Labour's Plan for Financial Services
[13] Financial Conduct Authority, Financial Lives 2022