

# Financial Capability in the UK

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**Financial Services Authority**



**National Strategy for  
Financial Capability**

- Main statutory regulator for UK financial services industry.
- Independent, non-governmental body.
- Funded by industry.
- Four Statutory Objectives:
  - Maintaining market confidence
  - Promoting public understanding of the financial system
  - Securing the appropriate degree of protection for consumers
  - Fighting financial crime.

**The FSA leads the National Strategy for Financial Capability.**

# The National Strategy

## Financial Capability is being able to:

- Make ends meet – manage your money
- Keep track of your finances
- Plan ahead
- Make informed decisions about financial products
- Stay up to date about financial matters.

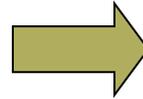
## National Strategy for Financial Capability



*(Financial Capability in the UK: Establishing a Baseline, FSA, March 2006)*

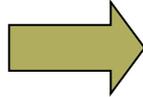
# The Survey results

Many people are failing to plan ahead adequately for retirement or an unexpected drop in income



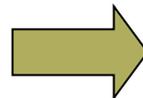
Unless action is taken, the UK population will store up problems for the future

Only a small proportion of people have debt problems. But, because they fail to plan ahead, many more could become over-indebted



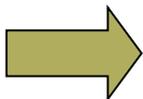
Many people could get into financial difficulties by a small change in their circumstances

People do not take adequate steps to choose products that meet their needs



Many people are not shopping around for good deals and are taking on risks of which they are unaware

The under-40s are less capable, on average, than their elders



The greatest demands are made on those least able to deal with them (particularly the under-40s)

# The challenges facing the UK

- Credit Crunch
- Increased variety & complexity of assets & products
- Younger group entering financial market
- Ageing population
- Many do not have access to advice
- Personal responsibility.

## Overall aims of the National Strategy:

- Consumers who individually
  - are financially capable
  - are able to take responsibility for their own actions.
- Consumers who, as a group, can influence the market.

***“..better informed, educated and more confident citizens, able to take greater responsibility for their financial affairs and play a more active role in the market for financial services“.***

# The projects of the National Strategy

Schools



Workplace



Online Tools



Young Adults



New parents



Consumer Communications

Money Guidance

**(New)**  
**More detail**  
**later in**  
**presentation**



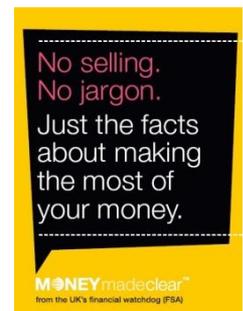
Partnership Development

## We have ambitious targets:

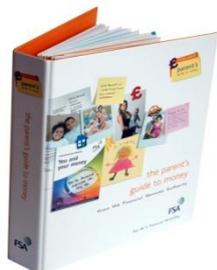
### We aim to reach 10 million people over 5 years

- 1.8 million children in 4,000 of the 6,000 schools in England
- Around 2 million young students in higher education
- Around 1 million young people not in training, education or employment
- 4 million employees in the workplace
- 1.5 million new and prospective parents
- 4 million annual visits to the FSA website.

MONEY FOR  
LIFE



# The two approaches



## Direct to consumers

- **Money made clear** consumer website
- **On-line tools** – Debt Test, Financial Healthcheck.
- **Make the Most of Your Money** in the workplace
- **Parent's Guide to Money**

## Through intermediaries

- Teachers in **Schools**
- Student support services at **Colleges and Universities**
- Voluntary and community workers with '**NEET**' **Young Adults**
- Support Groups with **People facing financial exclusion**



**THE  
MONEY  
DOCTORS**



# Working in partnership

- Reaching consumers through trusted intermediaries
- Delivering projects in partnership with other organisations
- Professional/personal development
- Partnership Development programme
- Staff and secondees
- Industry partners



WE ARE  
MACMILLAN.  
CANCER SUPPORT



LifeLine



- Financial Capability: The Government's Long-Term Approach
- Thoresen Review of Generic Financial Advice
- **FSA asked to lead 'Pathfinder' project for 'Money Guidance' service for all UK people.**
- The National Curriculum
- Government Financial Inclusion Fund

# Evaluation – the challenge

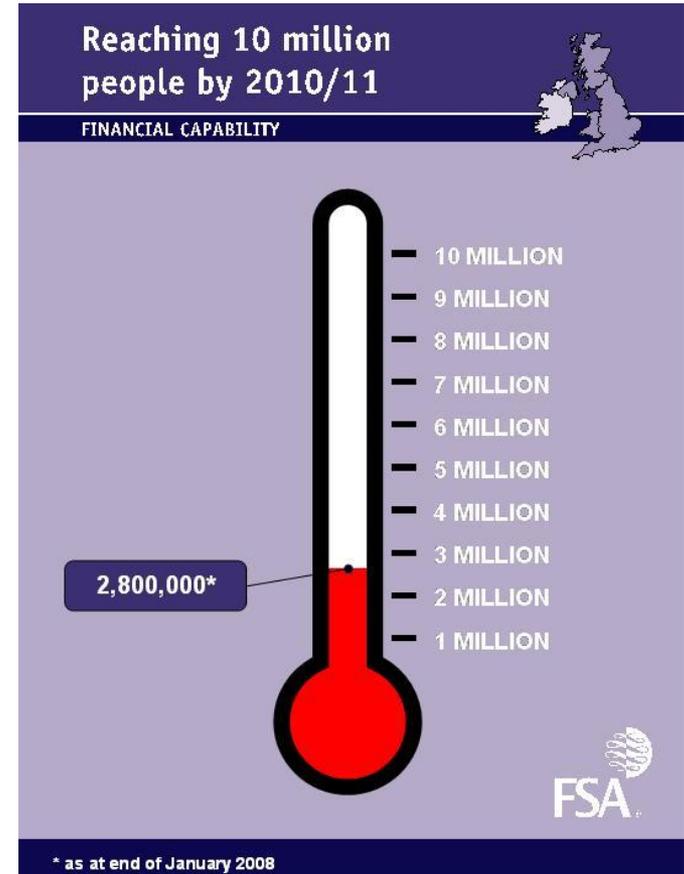
## Qualitative

We have already reached 3 million people.

## Quantitative

The key challenge is to prompt people to *take action and change their behaviour* as a result of the education they receive.

International co-operation essential to find the right measurement approach.



## Further information



[www.fsa.gov.uk/financial\\_capability](http://www.fsa.gov.uk/financial_capability)

Working in partnership to improve the UK's knowledge and understanding of personal finance.

[www.moneymadeclear.fsa.gov.uk](http://www.moneymadeclear.fsa.gov.uk)

No selling. No jargon. Just the facts.



**National Strategy for  
Financial Capability**