



Under embargo until 00:01 Wednesday, 28 October 2015

**Four out of 10 adults are not in control of their finances –
new strategy launched to improve UK's financial capability**

- *Around four out of ten adults are not in control of their finances*
- *One in five cannot read a bank statement*
- *Four in ten adults have less than £500 in savings*
- *One in three cannot calculate the impact of a 2% annual interest rate on £100 in savings*

Leading figures from across the financial services industry, government, third sector organisations and charities have come together to launch a major initiative to address the stubbornly low levels of financial capability in the UK.

The Money Advice Service, in conjunction with the UK Financial Capability Board, has today published a 10 year Financial Capability Strategy which aims to improve people's ability to manage money well day to day, prepare for and manage life events, and deal with financial difficulties. Its focus will be on developing people's financial skills and knowledge as well as their attitudes and motivation.

Based on extensive research among 5,000 people and consultation with key organisations and institutions, the Financial Capability Strategy spells out in stark terms the problems the nation faces and the approach we must take to resolve them.

Key research findings include :

- Only half of families have any life cover
- 21 million don't have a modest £500 in savings to cover unexpected bills like replacing the fridge or mending the car
- 19 million don't have an approach to budgeting that they feel works
- Around 8 million have problems with debt : of those, just one in six is seeking help

In practice this means a "spend today rather than save for tomorrow" culture, limited financial resilience to deal with unexpected life events, and financial difficulties that are closely associated with mental health problems.



To address this, the strategy focuses on every key life stage and challenge: children and young people, young adults, working age people, savings, retirement planning, older people, and people in financial difficulties. Specific actions for the devolved nations will be delivered in Scotland, Wales and Northern Ireland.

The strategy is built around two key concepts :

- i. collective impact and cross-sector co-ordination rather than isolated interventions
- ii. testing and learning to determine what works in order to deliver evidence-based interventions : resources will be steered towards activities on the basis of what is proven to work.

Overall progress will be monitored by a Financial Capability Survey and ongoing evaluation of specific interventions.

Commenting on the launch of the Strategy, Andy Briscoe, Chairman of the Financial Capability Board said:

“Four out of ten adults are not in control of their finances, so for a great many people money is a constant source of worry and stress. This is a problem first and foremost for the individuals concerned and for their families, but it also has wider implications for society and the economy. The stubbornly low levels of financial capability in the UK can no longer be tolerated. Today we are calling for a fully collaborative approach to ensure we achieve the goals set out in the Strategy over the next decade.”

ENDS

To read the Financial Capability Strategy in full please click [here](#)

NOTES TO EDITORS

Top-line consumer research findings:

- 36% of the UK population cannot calculate the impact of a 2% interest rate on £100 in savings
- 22% cannot read a bank balance.
- 14% of people don't agree that it's important to track income and expenditure.
- 20% often buy on impulse.



- 28% prefer not to discuss money openly with anyone

People who talk to their partner are most financially astute:

- 53% keep up with bills without difficulties, compared with 48% of all UK adults

18 – 24 year olds are lacking financial skills across the board:

- 24% do not keep track of their income and expenditure, compared with 19% of all UK adults
- 29% buy on impulse, compared with 20% of all UK adults
- 59% cannot calculate basic interest compared with 40% of all UK adults
- Only 45% are confident managing money, compared with 57% of all UK adults

Why is the strategy needed?

- The UK's financial skills remain low – 22% of the population cannot read a bank statement.
- Poor results among 18-24 year olds highlight the importance of financial education in schools.
- Skills and knowledge, and ease and accessibility of financial products and services, are less of a barrier to financial capability than motivation/attitudes.
- Managing money day to day is an important pre-requisite for budgeting and saving
- Focus on positive goals rather than dangers to encourage positive savings habits.

What is the strategy about?

- Improving people's ability to manage money well, both day to day and through significant life events, and to handle periods of financial difficulty.
- The strategy is built around the concept of cross-sector co-ordination to achieve collective impact.
- The focus of the strategy will be to test and learn to determine what works and to deliver evidence based interventions.

How will the strategy be taken forward?

- Steering groups of experts from across the relevant sectors will guide and support delivery of the Strategy in key areas of focus – children and young people, young adults, working age people, savings, retirement planning, older people, and people in financial difficulties.



- Specific actions for the devolved nations will be delivered in Scotland, Wales and Northern Ireland.
- Progress monitored by the Financial Capability Survey.
- Testing and learning to determine what works is key. One example of this approach is Money Advice Service's partnership with the Education Endowment Foundation to fund and evaluate the effectiveness of school-based financial education programmes.

Financial Capability Board

The Financial Capability Board's membership includes senior and influential representatives from government, regulators, the financial sector and key charities from across England, Scotland, Wales and Northern Ireland, who together can deliver maximum impact. The Financial Capability Board is chaired by Andy Briscoe and the Money Advice Service acts as the Board's secretariat.

Membership:

1. Andy Briscoe, Chair, the Money Advice Service (Chair of the Board)
2. Jasper Berens, Head of UK Funds, JP Morgan
3. Sir Sherard Cowper-Coles, Senior Advisor, HSBC and Chair of the Financial Inclusion Commission
4. Benny Higgins, Chief Executive Officer, Tesco Bank
5. Professor Elaine Kempson, Emeritus Professor, University of Bristol
6. Lily Lapenna, Founder & Co-Chief Executive Officer, MyBnk
7. Phil Loney, Group Chief Executive Officer, Royal London
8. Eleanor Marks, Deputy Director Communities Division, Welsh Government
9. Louise Macdonald, OBE, Chief Executive Officer, Young Scot
10. Gwyneth Nurse, Director of Financial Services, HM Treasury
11. Steve Pateman, Executive Director, Head of UK Banking, Santander
12. Caroline Rookes CBE, Chief Executive Officer, the Money Advice Service
13. Roger Sanders OBE, Managing Director, Lighthouse Group
14. Sir Hector Sants, Chair, Archbishop of Canterbury's Task Group and StepChange Debt Charity
15. Otto Thoresen, Chair, National Employment Savings Trust
16. Sian Williams, Head of National Services, Toynbee Hall
17. Chris Woolard, Director of Strategy and Competition, Financial Conduct Authority
18. Tom Wright CBE, Group Chief Executive Officer, Age UK



**Financial Capability
Strategy** for the UK

About the Survey

The Financial Capability Survey is a key component of the evidence base underpinning the development of the strategies for both the UK as a whole and the devolved nations. Much work has gone into the 2015 survey, building on previous research both here and in other countries, to ensure that the questions elicit as accurate and meaningful responses as possible. The questionnaire was developed via an extensive programme of in-depth qualitative work, cognitive testing and piloting of specific questions. More than 5,000 people in the UK took part in the research using a combination of online and face-to-face interviewing in both English and Welsh to ensure maximum inclusiveness. The resulting data has been weighted by experts at the Money Advice Service and its research partner GfK to ensure it represents the adult population of the UK. The research has been designed to provide an overview of adult financial behaviour and the facility to analyse the extent to which consumer skills, knowledge or mindset (attitudes and motivations), or the ease and accessibility of the financial services system, act as barriers or enablers to more capable behaviour.

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