Money and Pensions Service

Listening Phase Report

Summary of discussions with stakeholders about our evidence base, priorities and ambitions

Money & Pensions Service

Contents

Executive Summary

Between April and June 2019, the Money and Pensions Service (MaPS) conducted an intensive listening phase across the UK to engage with a wide range of stakeholders and levy payers. The objective of the listening events and other activities was to help MaPS to formulate a new UK Strategy for Financial Wellbeing (published alongside this document), and our three-year Corporate Strategy.

Since we embarked on the listening phase, we have decided to publish:

- a one-year Corporate Plan for 2020/21 in Spring 2020, and
- our three-year Corporate Strategy for 2021/22 – 2023/24 in Autumn 2020.

This will ensure that the MaPS Corporate Strategy is aligned to the UK Strategy for Financial Wellbeing (UK Strategy) delivery plans to be developed by challenge groups in the activation period following publication of the UK Strategy.

Feedback provided by stakeholders during the listening phase has been a vital ingredient in developing the UK Strategy and our one-year Corporate Plan. It will also greatly inform our three-year Corporate Strategy.

We surveyed those who attended the regional roadshows, and received a very positive response from stakeholders all across the UK. Those who took part in the listening phase appreciated the fact that senior leaders took time to listen. They also particularly appreciated the opportunity to hear about emerging thinking on future priorities, as well as a sense that messages were being actively heard from a wide range of audiences and incorporated into the strategy development process. Emerging content shared during the listening phase was also generally welcomed by stakeholders.

This document summarises the feedback received from stakeholders during our listening phase.

Given the wealth of input we received[1], this document can only be a selected summary of stakeholder comments and suggestions that ranged across a very broad financial capability and wellbeing landscape.

We aim to present a fair and balanced view of what stakeholders told us, including areas where there was consensus; where there was disagreement; and where we considered a single comment, or a couple, particularly noteworthy contributions to the debate.

We hope everyone who contributed to the listening phase will find this document useful in understanding the general consensus and our response to what we heard.

[1] More than 1,000 stakeholders - from a range of backgrounds including employers, business groups, policy makers, local government, current and potential delivery partners, educators, front line charities and local practitioners - attended events during the listening phase, and more than 600 pages of written responses were received from 39 different organisations.

Core principles

What stakeholders said in the listening phase

Put the customer first

A clear and consistent message throughout the listening phase was that both the UK Strategy and the MaPS Corporate Strategy should start from the needs of customers and the customer outcomes that we want to affect. Services should be designed with the most vulnerable in mind, which would result in services that work for everyone. As one stakeholder commented, *"we must put the client at the centre of the service delivery"* (**Community Advice and Law Service**).

Outcomes and target customer groups

While there was considerable comment about specific outcomes (for example some respondents questioned the debt advice target of 500,000 more people obtaining debt advice), there was relatively little feedback about the process for prioritising *competing* outcomes and goals. As a result, the MaPS Board has had to exercise judgement in order to prioritise.

"MaPS should focus on increasing reach across money, pensions, and debt guidance and advice service… any targets set should be made in consultation and flexible to the way people seek advice and the need to continue to improve the quality of help people get… MaPS should also continue to measure the quality of delivered and commissioned services… MaPS should set realistic targets for its impact at a general population level. In the first instance MaPS should set outcome targets for the population it reaches. In combination with the reach measures this should ensure both an increasing number of people helped with targets that MaPS can easily hold itself and its partners to account against" (**Citizens Advice**).

With regard to target customer groups, many stakeholders urged MaPS to consider the broad socio-economic context in which target customer groups are living. *"People in the 'financially squeezed' and 'financially struggling' segments are unable to achieve financial resilience because they simply do not have enough money coming in due to changes in work and the economy"* (**Citizens Advice Scotland**).

People in vulnerable circumstances / most in need

With regard to establishing vulnerability and most in need customer groups, the key points raised by stakeholders were:

- Strong consensus that MaPS' approach to vulnerability should be aligned to the FCA definition of vulnerability that is generally understood and accepted. *"MaPS should align to the FCA's definition of vulnerability"* (**UK Finance**).
- People can move in and out of a vulnerable situation, and vulnerability can occur suddenly. "*It is not strictly possible to make a clean distinction. Financial capability efforts should contain an element of 'risk of vulnerability'…*" (**MyBnk**).
- The Money Advice Service's focus on vulnerable groups for debt commissioning was seen as being too narrow, and MaPS was encouraged to ensure that the segmentation model address vulnerability more broadly, and not just vulnerability relating to low incomes.
- Mental health difficulties are seen as a leading area of vulnerability. The UK and MaPS Corporate Strategies must meet the needs of consumers with mental health difficulties across both money and pensions.
- Economic abuse is widespread – people often fall into financial difficulties because they're in a coercive / abusive relationship.
- Consider the needs of digitally disengaged customers, especially considering more and more products and services are provided digitally / via digital platforms.

- MaPS must reach consumers in vulnerable circumstances where they are, through partnerships with trusted intermediaries and community groups, rather than expecting them to come to MaPS. *"The best way to reach the most in need and most vulnerable is to deliver advice to people where they need it. That means co-locating, investing in partnerships, and promoting referrals between agencies"* (**Citizens Advice**). *"MaPS cannot reach those most in need or in vulnerable circumstances by itself because primarily it is a strategic body and not a delivery organisation. MaPS needs to work with existing organisations who are already engaged with this demographic…who can best identify and reach them"* (**Citizens Advice Scotland**).
- At the same time, MaPS service design must build in the needs of consumers in vulnerable circumstances.

Treat needs holistically

A consistent message from the listening phase was that money, pensions, debt and financial education are not totally separate topics – people's lives don't work like that. Both the UK Strategy and the MaPS Corporate Strategy should therefore offer support across the whole spectrum of money issues people face, when and where they need it.

"*[The creation of] MaPS is an opportunity to commission and support more holistic services*" (**Citizens Advice**).

"*We would encourage MaPS to prioritise a whole-of-life approach to advice and guidance, in which considerations about short-term financial resilience are integrated with long-term pension saving to achieve good outcomes over the course of a consumer's life*" (**NEST**).

"*[We] would encourage MaPS to consider the opportunities for data sharing between advice and guidance providers, such that providers have more holistic views of client need and can tailor information and advice appropriately. We believe there is significant potential for an API-based ecosystem for advice and guidance, through which consumers consent to share data with providers in order to receive more tailored guidance and, where appropriate, advice*" (**Barclays**).

This approach involves much greater integration of money and pensions guidance and debt advice. It also means recognising that people aren't only individuals – they have relationships with others in families and communities too. All of this can have an influence on how people interact and how they deal with money.

Moreover, while people may initially present with issues relating to money or pensions, the underlying causes might be entirely different – for example gambling, mental health issues, or the breakdown of a relationship. If we want to improve money and pensions outcomes for customers, we have to help people address these root causes. This may mean developing partnerships, training, better referrals or integrating services and support across the sector.

More prevention

There was a clear message from stakeholders that there is an urgent and increasing need for what some described as "crisis support" (mainly debt advice).

One stakeholder noted that *"more and more people present to debt advice because of an unforeseen (and unmanageable) event, or because their level of income cannot sustain an acceptable living standard. MaPS' ability to influence these structural socio-economic issues is likely to be limited. [People coming to debt advice] are well aware of the benefits of having savings to fall back on…but many of them just don't have the means to save"* (**Money Advice Scotland**).

"Growing numbers of people also need to be supported right now [by debt advice]. The budget for crisis debt advice needs to be sustained at the current level as a minimum or increased" (**The Money Advice Trust**).

At the same time, there was general support for the view that, in order to truly move the dials and achieve the UK Strategy and Corporate vision, a much greater focus on prevention is required. Improving access to high quality financial education, getting better at identifying people who are likely to fall into debt, and helping people to plan for retirement before it is too late, are all aspects of this shift towards prevention.

"MaPS will fail to achieve its aim of positively impacting the whole population if support is restricted to 'crisis' work…MaPS should allocate a higher proportion of its budget to preventative work…Within the preventative budget there should be a relative move from further evidence gathering and piloting (although this remains important), towards funding proven interventions that can be expanded at scale and with the infrastructure to ensure high and consistent quality" (**MyBnk**).

"As with health services, we believe prevention should take priority over cure given the scope to help greater numbers of people and the limited resources MaPS has at its disposal" (**Just Group**).

Specific recommendations

Specific recommendations that were proposed by stakeholders at listening events and in written submissions included:

- Education at the point of taking out credit (using behavioural insights or compulsion)
- Earlier, more sensitive, signposting to support

Change the culture

Stakeholders encouraged us to help build a culture of openness where people are much more comfortable talking about issues relating to money and pensions with friends and family. We were for example urged to consider education campaigns to reduce the stigma of debt and financial difficulties, to influence attitudes to saving, and to promote planning for retirement and thinking about pension options.

"MaPS should continue to maintain a public-facing element with the aim of increasing the social acceptability and confidence of 'talking about money' and the public support of financial education to improve financial and general well-being" (**MyBnk**).

"MaPS should look to influence the background cultural environment of attitudes to investing. The UK is held back from securing better financial futures by excessively conservative attitudes to investing and a propensity to hold long term savings in cash" (**Hargreaves Lansdown**).

Respect devolution

Stakeholders strongly emphasised the importance of developing strategies and plans that fit with the different legislative and policy environments in all the nations of the UK. Even where legislation is not devolved, policies and approaches may vary, and this should be taken into account. Detailed plans should be produced and be specific to the conditions of each nation.

As one public sector organisation commented, *"this does mean that [MaPS] needs to be willing to be sufficiently flexible about differing priorities and delivery [across the UK]"* (**National Advice Network, Wales**).

Similarly in Northern Ireland, the Strategy should reflect the specific needs of consumers in Northern Ireland, for example *"Northern Ireland specific baseline figures and specific Key Performance Indicators (KPI), which seek to have a real impact for consumers in the region"* (**Consumer Council NI**). MaPS was also urged to continue to have a local presence *"to best understand the specific needs of Northern Ireland consumers"* (**Consumer Council NI**).

MaPS was also urged to forge close working relationships with governments and key stakeholders, and to ensure that sufficient staff and resources were dedicated to *"retaining relationships, working closely with and influencing…Government and other…national stakeholders"* (**National Advice Network, Wales**).

In Wales, the importance of making sure that strategies, delivery plans and services fully embrace the Welsh language was highlighted. This would not merely meet legislative requirements but also *"ensure that any service delivery is appropriate and relevant for people in a bilingual nation"* (**National Advice Network, Wales**).

Specifically with regard to debt advice, stakeholders pointed out that MaPS needed to achieve a careful balancing act. *"Whilst MaPS has a responsibility under the Act to have a national debt strategy it will have to be very careful that the strategy sits lightly enough to enable the devolved authorities to make their own decisions on the appropriate use of the funding, without restraint. If it sets a debt strategy that doesn't meet the needs of the different nations in the UK MaPS risks irrelevance given that the money already sits with the devolved authorities. So it is very much up to MaPS to ensure that it does not side-line itself by not being cognizant of the sensitivities in the devolved nations around this issue"* (**Citizens Advice Scotland**).

Stakeholders encouraged us to call the strategy the "UK Strategy" rather than the "National Strategy" to avoid confusion.

Complement rather than duplicate

(This is a core principle relevant to both the UK and Corporate Strategies, but perhaps more applicable to the MaPS Corporate Strategy).

Stakeholders were very clear in the listening phase that MaPS must recognise what is already happening in the wider sector and seek to complement and improve on what exists. Only where there are clear gaps should MaPS seek to create new initiatives. Even then, MaPS should first look to define the problem and fund others to find solutions, before resorting to delivering services itself.

There was a strong consensus among stakeholders that MaPS *"should not 'reinvent the wheel' and should share effective good practice that works by promoting stakeholders' activities and working in partnerships with existing organisations"* (**Fairbanking Foundation**).

"The default assumption should be that for many customer needs, an external solution already available is likely to be better than MaPS building a new one from scratch. There will always be exceptions, such as the pension dashboard, however a solution delivered by MaPS is always likely to be more expensive, and slower to deliver, than one developed in partnership with an external organisation" (**Hargreaves Lansdown**).

Go to where people are

Many stakeholders expressed the view that in order for MaPS to help more people make the most of their money and pensions, support should be embedded where consumers already go physically or virtually, rather than MaPS investing heavily in getting people to go to MaPS. *"We would encourage MaPS to seek to work with sectors with existing reach, architecture and consumer touch points to land messages at scale"* (**UK Finance**). This might include working with employers (see section below), housing associations, GPs, retailers and others (including hyper-local community based organisations). It might also involve providing syndicated online content and tools where people are already engaging online – for example through banking, gaming or intranet sites. Finally it was also seen as important for MaPS to develop a local presence, rather than relying solely on national initiatives.

Employers

"Creating a culture of financial health at work could have a profound impact on outcomes for consumers" (**Association of British Insurers**).

"There is substantial potential for MaPS to improve financial capability by working closely with employers and workplace pension schemes" (**Pensions and Lifetime Savings Association**).

Employers generally focus on what the law says they must do (for example, auto-enrolment), whereas staff tend to be more concerned about borrowing, debt consolidation, building savings, and protection.

Many employers want to provide more help to their staff, but are concerned about over-stepping the regulatory boundary. This is particularly the case with smaller employers.

There was particular enthusiasm for MaPS to work with and support smaller employers around financial wellbeing. "*MaPS should invest in digital tools and other means to reach the small employer community, and help them to* *find ways to support their staff with both pension saving and broader financial wellbeing*" (**NEST**). "*MaPS needs to work in partnership with a wide range of organisations. Employers are particularly important here and we think more emphasis should be placed on SME employers who now employ 60% of the private sector workforce*" (**Financial Resilience Task Force**).

Specific recommendations

Some specific recommendations that were proposed by stakeholders at listening events and in written submissions included:

- Create an employer platform to provide seamless access to affordable credit, pay advances and insurance – and to consolidate debts, repay loans or build savings (e.g. through payroll deduction schemes).
- Redesign and promote the employer portal built by MAS but little used.
- Develop a peer-support training package within the workplace (e.g. financial first aider).
- Instill a culture of financial wellbeing within the DNA of the workplace – for example by developing a framework or charter: "*MaPS should promote a 'financial capability charter' among employers, committing employers to funded financial capability support for their employees*" (**The Money Charity**).
- Improve communications between employers and government to boost understanding and take-up of beneficial policies.
- Engage government to introduce tax incentives for employers to offer payroll saving.
- Normalise employer reporting on financial wellbeing in annual reports

How we're responding

Put the customer first

Customer outcomes are at the heart of the UK Strategy. The UK Strategy sets five key outcomes, each with a priority measure and a 2030 National Goal. It also sets out the customer groups we believe are most in need for each priority measure.

We will align the MaPS definition of vulnerability to that used by the FCA.

Treat needs holistically

We fully agree that customer needs should be addressed holistically in relation to service design and delivery, because very often financial issues are part of a complex mix of considerations. In practice the priorities of the UK Strategy ("Agendas for Change") will not be treated as separate silos. At the same time, we felt that it was important to articulate the strategy by clearly setting out the distinct customer outcomes that we are driving towards in order to achieve the overall financial wellbeing vision.

More prevention

The public health model pyramid of prevention, early intervention, and crisis support has been a helpful stimulus to our thinking about the UK Strategy. This has raised the question of where the balance lies across the range of total provision within the system, and whether MaPS should focus particularly on any specific level of the pyramid. This latter question will be addressed in the MaPS three-year Corporate Strategy.

Change the culture

We have developed five Agendas for Change as part of the UK Strategy to drive change at scale. These are broad campaigns or programmes that mobilise a wide range of organisations. Achieving the ambitious goals set out in the Agendas for Change will have a transformative effect on the culture of financial wellbeing. Moreover, the UK Strategy has a strong focus on financial education, and encouraging children and young people to be open about talking about money.

Respect devolution

We have named the strategy the “UK Strategy”, rather than the more ambiguous “National Strategy”. The UK Strategy has been developed with a view to making sure that legislative and policy differences in different nations are taken into account from the start, and MaPS has kept national governments fully updated as the work has progressed.

The activation period which follows the publication of the UK Strategy will involve the creation of separate and detailed delivery plans that are consistent with the overall UK Strategy but adapted to the specific needs and circumstances of each nation.

The UK Strategy has been translated into the Welsh language.

Complement rather than duplicate

MaPS will focus on gaps in provision/networks and work collaboratively with a wide range of organisations across the sector. This will form a core theme of the MaPS Corporate Strategy.

Go to where people are

In every Agenda for Change we have identified asks to key partners that will deliver services to where people are.

In relation to employers in particular, a challenge group will drive forward the thinking during the activation period, to establish a “workplace proposition”. The group will consider: best practice; issues and barriers to adoption across the UK workplace; innovations for driving the five National Goals of the UK Strategy; how to scale and how to build the business case; the role of government; and what support is needed to drive this forward.

Start young

What stakeholders said in the listening phase

Stakeholders agreed that:

- starting early and involving parents is critical to providing children and young people with a meaningful financial education and setting them on the path to financial wellbeing as adults
- too few young people are receiving financial education
- and there are huge variations in the quality and consistency of what is currently being delivered.

There was general support for the priorities MaPS proposed for action:

- "*We absolutely support the importance of using both teachable moments and just in time education to maximise the impact of financial education on children and young people, however this should not be at the expense of schools developing a progressive programme of financial education across the whole school*" (**Young Money**).
- "*We strongly support starting financial education as young as possible. We feel that parental influence in early years is crucial, as is consistent provision through primary education. It is [however] also important that focus on secondary education…is not forgotten*" (**Young Money**). This was echoed by other stakeholders: "*In scaling up, the core secondary school programme should play a key role. We suggest this be added explicitly to the list of priorities*" (**The Money Charity**). The need to maintain momentum in financial education throughout the years of schooling was a common theme echoed by stakeholders attending the listening events.
- "*We see the use of industry experts as a hugely valuable way of engaging young people in real life experiences of the financial services sector and making effective use of expert knowledge and experience…To make the most of volunteer opportunities within schools these should be facilitated by an educational intermediary. The intermediary can support the school to make the most of the volunteer opportunity to support existing provision, but can also support the volunteer to prepare them for how to engage effectively, create the most impact, and importantly, how to get the most out of the experience for themselves*" (**Young Money**).

Financial education in schools

Positive engagement from government departments across all UK nations (for example including support for the Financial Education Conference for School Leaders in England, held in July 2019), indicates strong support for financial education.

There is also a strong appetite from teachers and education professionals to learn from each other and share approaches through professional bodies, unions and other channels. There is support from the teaching community for the co-ordination of high-quality teaching resources across financial education. There was a perception, particularly at the listening events, that many educators lack confidence in delivering financial education, and that this was an important area of focus for the future, perhaps by encouraging and promoting 'teacher evangelists' who do have the confidence to speak about the topic.

At the same time, concern was expressed that support for the principle of financial education did not seem to have translated into a significantly increased focus on the topic in the classroom. One stakeholder suggested that MaPS would need to *"advocate with government, parliament and civil society with UK educational authorities including DfE and Ofsted. To build the case for financial education we suggest that MaPS emphasise the need for financial education to have a clear 'home' within PSHE and a designated responsible leader within the school"* (**MyBnk**).

Moreover, it was remarked that *"the absence of [a] plan within the UK education system to meet the targets MaPS is setting needs to remedied if these goals are to be met. It is important to know what is expected from each contributor (public and private) and how all the contributions fit together to achieve the goals"* (**MyBnk**).

Home and community settings

While it was agreed that schools are the place to start, the importance of non-school settings was also highlighted in relation to new legal requirements of local authorities to provide financial guidance to care leavers and to prevent homelessness. In addition, as numerous participants at our roadshows noted, some of the young people most in need of support are not engaged in the school system, so an exclusive focus on financial education in schools would not reach or engage them.

Funding and the case for financial education

In relation to the challenge of how we can fund financial education, *"MaPS needs to support programmes that can be scaled to engage a significant proportion of the UK population. This means facilitating and supporting sustainable funding to up-scale financial education in schools. A cross government departmental effort with the Department for Education, incorporating Ofsted and HM Treasury supported by private sector funding"* (**MyBnk**). It was suggested by other stakeholders that MaPS should focus on improving awareness and uptake of existing scale programmes and supporting providers of those programmes to fill gaps in provision. *"Key to this is supporting marketing of resources to educators and helping educators understand how financial capability can be embedded in a wider range of subjects beyond maths and PHSE"* (**Barclays**).

The need to build a compelling case for the wider benefits of financial education was also made by stakeholders. *"Unless we are able to show the benefits of embedded, high-quality, financial education to…stakeholders there will remain children and young people who are not effectively reached"* (**Young Money**).

Other specific recommendations

Some specific recommendations that were proposed by stakeholders at listening events and in written submissions included:

- Influence the Ofsted Inspection Framework: "*The way to bring financial education centre-stage in schools is to require it to be examined and inspected, so there are actual consequences of not providing learners with effective financial education*" (**The Money Charity**) – *"[this] could be a game changer in how schools treat the subject*" (**MyBnk**)
- Develop an over-arching framework that creates cultural change, embedding financial education across all school ages.
- 'Auto-enrol' children and young people into a basic bank account / savings account.
- Find ways to harness the influencing power of social media (including to talk about digital money topics) – this was a common theme across the listening events.
- Use young people as ambassadors to promote the importance of financial wellbeing.
- Collaborate with UK Finance and others to ensure accessibility for all children and young people to bank accounts and saving products.
- Coordinate a plan for maturation of Child Trust Fund for first cohort of young people (September 2020).
- Seek to influence policy priorities appropriate to the specific circumstances of each UK nation (e.g. ensuring participation in the OECD PISA financial literacy test, encouraging addition of financial education in the primary school National Curriculum, collaborating with DfE to ensure all T-levels contain a financial education element) (**Young Money**).

How we're responding

We have developed a 'Financial Foundations' Agenda for Change in the UK Strategy. Its aim is to make sure that children and young people get a meaningful financial education, so that they become adults able to make the most of their money and pensions. This builds on the comprehensive Commissioning Plan for Children and Young People developed by the Money Advice Service in 2018.

In particular it will focus on three areas:

- **Schools and further education colleges** – we want more teachers to have the confidence, skills and knowledge to teach financial education. We also want more schools and colleges to be able to deliver memorable financial education, to different year groups, as part of a coherent 'whole school' approach.
- **Home** – how parents show, teach and talk about money has a huge influence on children. We want more children to get experience and responsibility for managing money at home. This includes opportunities for spending and budgeting (such as using a bank account). Every child should receive or handle money regularly, even if only a very small amount.
- **Community** – extra help is needed to make sure children in more vulnerable circumstances get a meaningful financial education. This means targeted support for children in care and leaving care, young carers and disabled young people. We want to see leaders of organisations that work closely with children and young people trained and supported. They can then deliver effective financial education for children and families.

We believe that priorities for the UK Strategy Financial Foundations work are to:

- Boost funding from a range of sources into evidence-based approaches to financial education
- Scale up effective financial education solutions by providing a supportive infrastructure of networks, tools and frameworks
- Communicate and engage with educators, parents and community services to promote practical opportunities for children to learn more and gain valuable experience in managing money.

MaPS' immediate focus will be to bring together influential and relevant stakeholders and partners. They will be set the UK Strategy challenge of how to make sure that 2m more children and young people receive a meaningful financial education. They will also consider specific, short and medium-term proposals such as:

- Planning a new collaboration on financial education between UK Finance and MaPS. This will involve bringing together financial services firms to develop shared priorities that secure high-quality learning about money for all children and young people.
- Developing a collaborative pocket money campaign to reach children and parents, focusing on giving children and young people more responsibility for their money and opportunities to make age appropriate money decisions.
- How to further develop MaPS' existing work on three 'pathfinder' projects that increase the scale of financial education. These pathfinders will build more evidence and experience where we know the biggest impact can be made. They fill gaps in provision for parents, teacher-training and support for 16- to 17-year olds.

Some stakeholders were keen for MaPS to act as a vocal advocate with Government departments. Lobbying is not within the remit of MaPS. But we do see it as our role to collaborate with DfE and devolved nations, to move forward the financial education agenda in an impactful and sustainable way, including advising on where the evidence points in policy development.

Put savings first

What stakeholders said in the listening phase

There was broad agreement from stakeholders that *“not enough people are saving and do not have enough financial resilience as a result”* (**Pensions and Lifetime Savings Association**).

The importance of building up a liquid savings buffer and developing a regular savings habit was agreed on by stakeholders, especially as this has a positive knock on benefit for other customer outcomes and on overall financial wellbeing. *“A lack of financial resilience causes misery for thousands of households across the country. An inability to cope with income shocks or unexpected bills can lead to a debt spiral and severe financial detriment”* (**Association of British Insurers**). Saving provides some resilience when financial shocks happen to individuals so it is less likely they will need to seek debt advice.

Some stakeholders made the point that savings and credit are closely related, and that savings should be seen as both short- and long-term saving (to include saving for retirement through pensions). Other stakeholders pointed out the importance of protection products that help to safeguard income, mitigate the impact of shocks such as serious illness, bereavement or redundancy and generally improve financial resilience.

Other specific recommendations

- Encourage policy change towards savings auto-enrolment: “*Similar nudge-based approaches [to pensions auto-enrolment] can help some of the population to save, making them more resilient when a crisis happens, thus freeing up resources for those most in need*” (**Citizens Advice Scotland**).
- ‘Pledged Savings Accounts’ are a useful tool to promote savings – this is where an individual taking out credit also commits to saving at the same time.

How we’re responding

We have developed an Agenda for Change in the UK Strategy to build a ‘Nation of Savers’. Its aim is to make sure that people get a savings habit, build cash reserves to help with short-term emergencies, and have a clearer future focus in their financial lives.

We recognise that savings and credit are often, but not always, closely linked. So this strategic priority (Agenda for Change) is closely connected to the ‘Credit Counts’ Agenda for Change. It is also linked to the ‘Future Focus’ Agenda for Change, which focuses on planning for, and in, later life – although getting people to save into very long-term products, such as pensions, requires a different set of enablers and measurements.

We do not ignore the fact that for many people, insurance and life assurance products are the only things that can protect them against catastrophic, rather than small, risks. However, we still believe that the overall call for a regular savings habit is the most important message.

In particular the UK Strategy ‘Nation of Savers’ work will focus on four areas:

- Getting more people to save every or most months.
- Encouraging changes in websites, apps and other systems that people use daily to make saving simpler. We want it to be much easier to put money into savings, no matter how small the amount, and for people to have to think twice about taking it out.
- Encouraging more people to engage with the future as saving requires. We want them to be confident that saving is worthwhile and secured by the financial system.
- Changing the national conversation, so saving is seen as valuable and attractive. We also want to focus that conversation on banked savings, rather than on

money-saving tips. Otherwise, money saved tends to be spent on other items.

We believe that priorities for the UK Strategy are to:

- Achieve a game-changing shift in the ease of saving (money in the bank) driven by automation, integration and technology. Changes to systems could make significant differences to the rates of saving by providing nudges and even auto-enrolment schemes. One of the most significant areas is payroll savings. The 'sidecar savings' field trial, co-funded by MaPS and JP Morgan and delivered by NEST Insight, is central to our thinking on automated savings. This concept of a savings buffer being built up by people auto-enrolled in pensions savings seems promising. If evidence demonstrates it has a positive impact on financial wellbeing, it could be adopted voluntarily by employers. It could even be taken up as a development in law and policy. This could bring about massive change that is easy and manageable for millions of working people.
- Develop a sector-wide programme, including multiple forms of messaging direct to consumers, to promote a savings habit and say why it is valuable. This could occur at many levels. The rollout of the Standard Financial Statement in debt advice, with its savings element, is a good example. This is challenging the idea that people who are overindebted don't have the capacity or will to get a savings habit. Over the long-term in the national media, we want to persuade influencers to start focusing on the habit and value of banking savings, rather than spending them elsewhere.
- Encourage Government initiatives focused on savings. Help to Save is a major initiative for people on low incomes. Six million young adults will have access to savings from the former Child Trust Funds over the next seven years. Both provide infrastructure that can extend the reach of a savings habit into new sections of the population.

MaPS' immediate focus will be to bring together a group of influential and relevant stakeholders and partners. They will be set the UK Strategy challenge of how to make sure that 2m more 'struggling' and 'squeezed' people save regularly. The group will also consider specific, short and medium-term proposals such as:

- Greatly increasing the scale and take-up of payroll saving schemes. If employees opt to have their savings deducted from payroll at source, it is easy for them to get the habit. Although payroll deducted savings are available, take-up is low. We would like to explore proposals to bring this offer to hundreds of thousands more employees within two years.
- Planning an impactful social campaign. What is the 10-year plan to change the national conversation about savings in the media?

Make the credit market work for everyone

What stakeholders said in the listening phase

Many stakeholders broadly welcomed the proposed focus on making the credit market work for everyone.

At the same time, some organisations, particularly those involved in providing credit, emphasised the need for a more nuanced understanding of the varied reasons consumers use credit; an appreciation that credit may, in certain circumstances, be the most appropriate product solution; and careful positioning of proposed solutions.

*"Credit is a legitimate way for individuals and householders to smooth income and expenditure….In addition to tight budgets, there are many other reasons why customers may use credit on a regular basis. Credit can be beneficial to individuals who can borrow money to buy goods such as a car or white goods when they are needed, using credit to smooth their income. Customers may also use credit when they want to avoid digging into savings which are for a specific purpose. As a result of increasing flexibility in labour markets and new ways of working, not all individuals receive their income in the same way…Increasing numbers of consumers have lifestyles based on uneven earnings and access to different types of credit products is needed to meet their needs. The alternative for some consumers might be no credit available to them. Inability to access credit can push consumers into avoidable debt. Given that a proportion of customers are in a situation where their finances are stretched to the limit, an objective of increasing saving and reducing the use of credit for everyday spending is unlikely to be realistic or achievable in the short-term" (**Consumer Finance Association**).*

"MaPS will need to work closely with the FCA around inappropriate credit use to ensure its approach aligns to regulatory interventions around persistent debt and high cost credit. Further, MaPS will need to ensure its messages reflect that customers may be using credit for sound reasons (e.g. to iron out uneven income/expenditure), or because they have no other option and in reality need debt advice" (**Barclays**).

Support a broader role for credit unions

Credit unions have a higher policy profile with devolved governments as well as higher customer numbers as a percentage of the population than is the case in England. At the same time, credit unions face strong competition from firms offering better headline rates, incentives and/or eligibility criteria on loans, insurance or savings products. They also struggle to engage employers on loan-repayment or savings payroll-deduction schemes.

Some stakeholders felt that MaPS should take steps to support credit unions, for example to help:

- Engage employers about the benefits of financial wellbeing, in particular for frictionless payroll deductions for loan repayments and savings.
- Improve customer journeys for affordable credit and insurance and for savings schemes.
- Persuade the FCA and government to allow credit unions to expand the range/supply of their product offer to consumers (for example to offer secured loans or mortgages).

How we're responding

We have developed a 'Credit Counts' Agenda for Change in the UK Strategy. Its aim is to make sure that more people access affordable credit, and that more people make informed choices about borrowing.

In particular it will focus on four areas:

- Making new forms of low-cost credit available in the market, and making existing forms of low-cost credit more accessible.
- Focusing consumer interfaces with credit more on repayment, the total cost of credit, and building in elements of savings and budgeting.
- Helping consumers to become more mindful about the pros and cons of credit, and savvier shoppers on price.
- Encouraging creditors to support borrowers more, through a wider range of interventions at an earlier stage when bills and commitments are missed.

We believe the priorities for the UK Strategy 'Credit Counts' work are to:

- Continue to support advances made by the FCA to protect consumers from harmful lending practices, in particular those in vulnerable circumstances as we understand more about their lives.
- Use technological advances to design products to better support the needs and preferences of consumers and their choices and behaviours. This will help drive longer term financial wellbeing.
- Increase consumer awareness of the options they have. Choices need to be presented more clearly, making decisions easier.
- Increase availability of affordable credit choices. This will make a significant difference to the financial wellbeing of those in the most vulnerable circumstances in society.

MaPS' immediate focus will be to bring together influential and relevant stakeholders and partners. They will be set the UK Strategy challenge of how to make sure that 2m fewer adults use credit for everyday essentials.

They will also consider specific, short and medium-term proposals such as personalised payment schedules in social housing. How we can build on the Rentflex concept? (This is the proven principle of a personalised schedule for social housing costs, offered alongside free financial guidance). Could we develop proposals for scaling it to hundreds of thousands of tenants within two years? And how could the principle be seeded into the private rented sector, student accommodation marketplace, and other sectors, such as utilities and Council Tax, that serve our target audience?

Fair4All Finance has been set up to increase the financial resilience and wellbeing of those in vulnerable circumstances in England and Wales. The initiative makes suitable, affordable financial products and services readily available, with a focus on increasing access to affordable credit. Fair4All Finance are creating a sector Theory of Change with stakeholders. During the activation period, Fair4All Finance will develop a detailed action plan with stakeholders to deliver the key outcomes identified. MaPS will support this exercise, and will look in particular at how awareness of credit choices and suitable debt advice can be developed to support the delivery of outcomes in the Theory of Change.

With regard to credit unions, we will encourage them to contribute to the goals of the UK Strategy, in particular in relation to achieving a credit market that is fair, sustainable and affordable.

Some stakeholders felt that MaPS should actively lobby Government departments to highlight the impact of policies such as universal credit and wider austerity measures are having in relation to credit use. However the MaPS Board is clear that lobbying is not within the remit of MaPS.

Make debt advice work better for consumers and funders

What stakeholders said in the listening phase

Debt advice is a key priority

"MaPS main priority must be supporting people in crisis-need to get debt advice when they need it, in addition to the MaPS pension work…we know that debt advice works and helps to improve people's financial capability, that there is currently considerable unmet need and that the future outlook is that more people will find themselves in financial difficulty. With existing services at capacity, it is important that there is a safety net there for everyone who needs it now. To achieve the needed increase in capacity, MaPS must focus on supporting collaborative working, building on existing expertise and investing in shared technology" (**The Money Advice Trust**).

"…the demand for debt advice is and will remain high in the foreseeable future and the provision of debt advice must remain a top priority" (**Community Advice and Law Services**).

Intervene early

Stakeholders agreed that the UK Strategy should encourage organisations to identify and support people before they get into debt. A utility company for example highlighted their work to identify customers who they believe are on the verge of getting into debt, as well as helping customers already in debt and fuel poverty.

"Consumers need to be encouraged to seek debt assistance as early as possible, as evidence suggests that early intervention generates the most effective and sustainable benefits to consumers, creditors and our wider society" (**Gregory Pennington Ltd, part of Think Money Group**).

Balance requirements for volume and quality

Stakeholders felt that in relation to debt services it funds, MaPS put too much emphasis on numbers and not enough emphasis on the quality of interactions and the types of clients, and that as a result there were unrealistic targets for funded organisations, and excessive pressure on individual advisers already dealing with benefits changes, regulatory and other requirements, and the immediate and often complex needs of clients.

"We urge MaPS to avoid getting caught up in a numbers game as they seek to demonstrate an increase in outputs" (**The Money Advice Trust**).

A more collaborative approach to setting targets and managing performance was urged, as well as greater focus on customer outcomes rather than volumes.

Many stakeholders felt that MaPS should focus on quality and impact, rather than total numbers of people reached by debt advice. MaPS was asked to give greater trust to debt providers, and to introduce longer term sustainable funding that reflected a more joined up approach, so that frontline providers could offer holistic support and address the root causes of debt problems as well as presenting issues.

Improving collections practices

Stakeholders highlighted the need for a change in practices of local councils so that they looked to provide help and referred to debt advice when people fall into arrears, rather than referring immediately to bailiffs. There is also a significant cross-departmental agenda to improve Central Government debt collections and enforcement practice, led by the Cabinet Office.

Creating a sustainable long-term model, and broadening the funding base

There was broad agreement on the need to evolve the funding model to ensure all creditors play a fair and reasonable role.

"MaPS' key priority must be establishing an equitable and sustainable model for funding free debt advice" (**Finance and Leasing Association**).

"MaPS should focus on broadening the funding for debt advice and ensure that the burden of funding does not fall primarily on financial services firms" (**Consumer Finance Association**).

"Debt advice delivers financial benefits for creditors outside of the financial services sector, and their contribution to the cost of providing advice should a factor of funding discussions…MaPS should look to build a more holistic funding model that reflects drivers of demand for debt advice and broadens funding base" (**UK Finance**).

"The current funding settlement for debt advice is inadequate; it does not provide for sufficient capacity in the sector and the funding that it does provide is too narrowly drawn from financial services, failing to reflect that demand for debt advice is often driven by other sectors…MaPS should work with HM Treasury, Department for Work and Pensions and the Financial Conduct Authority to create a new funding settlement which increases available funding and, critically, broadens the funding base to all sectors who drive demand for debt advice" (**Barclays**).

Other specific recommendations

Some specific recommendations that were proposed by stakeholders at listening events and in written submissions included:

- Engage with employers and with other organisations who see people who may be in financial difficulty presenting with other issues (e.g. GPs).
- Leverage technology, social media and influencers (e.g. Martin Lewis) to disseminate the right messages and tackle the stigma around debt and talking about money issues generally.
- Enable delivery organisations and practitioners to make choices and decisions about service and quality (for example allowing organisations to offer light-touch interventions where they feel that would be more impactful for consumers).
- Proactively send sensitive letters when people are starting to fall into difficulty, signposting where they can get help.
- Discuss the funding challenges with the CEOs of key firms, and/or with member organisations via trade bodies, with a view to encouraging an increase in voluntary funding for debt advice in the short term. If additional voluntary funding isn't forthcoming, MaPS and Government should consider other options.
- Consider engaging independent consultancy support to help design long term funding options for debt advice. This might include basing funding on measures of impaired lending/arrears, or harnessing funding mechanisms for SDRP.
- Develop mechanism (with published metrics) to establish whether debt advice given is effective or provides value for money.
- Introduce a standard debt qualification for advisers.

How we're responding

We have developed a 'Better Debt Advice' Agenda for Change in the UK Strategy. Its aim is to make sure that people can access and receive high quality debt advice when they need it, because of stronger and earlier engagement, and because funding, supply and services more closely match need.

In particular it will focus on five areas:

- Bringing supply and demand closer together. Delivering on the direction set by the Wyman Review, to ensure that debt advice is available to more of those who need it, underpinned by a fair and sustainable funding model.
- Ensuring everyone who seeks help gets high quality advice, and there are appropriate options for every person advised, including those whose essential expenditure is higher than their income.
- Building on the Breathing Space scheme, making it the norm to get help with debt problems. Ensuring that more customers seek or are referred into appropriate support at an earlier stage.
- Developing and implementing a sector-wide approach to data, evidence and reporting. The aim is to reduce duplication, enable a coherent understanding of impact, and foster improvement at all stages of the client journey.
- Encouraging progressive creditor practices. The aim is to encourage creditors to design products and services in a way that reduces the likelihood of over-indebtedness occurring in the first place. And for it to become the norm for creditors to make effective referrals to debt advice and engage collaboratively with the debt advice process when people do fall into arrears.

We believe that priorities for the UK Strategy 'Better Debt Advice' work are to:

- Implement the target operating model agreed with the sector in late 2018 through sector-wide infrastructure and approaches. These will include PACE (Piloting Adviser Capacity and Efficiency), the Breathing Space scheme and the move to a more sustainable long-term funding model.
- Ensure a coordinated, coherent plan for delivery across the sector.
- Keep and recruit the required skills in the sector. This includes making sure that being a debt adviser continues to be an appealing, aspirational profession, and providing adequate training, development and good practice sharing.
- Reduce the number of customers needing debt crisis support in the long run. This requires shifting the negative culture around seeking advice to a positive one, and delivering preventative measures set out in the UK Strategy. It also requires better designed services, built around more rounded advice, including enhanced money guidance and onward referrals from debt advice to help people deal with other underlying issues. Promoting creditor good practice in supporting those at risk of, or experiencing, financial problems, will also be needed.

MaPS' immediate focus will be to bring together a group of influential and relevant stakeholders and partners. They will be set the UK Strategy challenge of how to make sure that 2m more adults can access debt advice. The group will also consider specific, short and medium-term proposals such as:

- Developing a set of recommendations for a new funding model. A joint Financial Conduct Authority/MaPS taskforce will produce a set of recommendations on a fairer and more sustainable funding model – seeking input from the sector throughout the process.
- Setting out how to deliver the new debt advice target operating model, including establishing action plans for the elements of the PACE model that haven't yet been mobilised. The PACE model will be built and delivered in collaboration with the debt advice and creditor sectors, and will put the client at the heart of services.
- Working with HM Treasury and the Insolvency Service, we will ensure that this Agenda for Change aligns with Breathing Space and the Statutory Debt Repayment Plan.
- Measuring the need for debt advice. This is a complex task, different from assessing supply or demand. Different measures and opinions exist across the sector. MaPS will undertake a major review of all the available statistics and make recommendations to share with the sector.

The appropriate trade offs between quality and volume of debt advice will be addressed further in the MaPS Corporate Strategy.

Embed pensions and retirement planning as a lifelong issue

What stakeholders said in the listening phase

Consumer engagement

Stakeholders were generally agreed on the need to increase consumer engagement with pensions. *"Whilst auto-enrolment has been a success, more needs to be done to ensure consumers are fully engaging with their pensions and decisions about retirement"* (**Barclays**).

"It is important to encourage the perception that retirement saving is something which needs to be seriously addressed well before one perceives oneself to be getting old, by which time it can often be too late to address inadequate contributions… the need is to embed pensions as a life-long issue, relevant to all ages. We suggest that this should start in the early 20's, through Pension Wise or another route" (**Society of Pension Professionals**).

Engagement in pensions and planning for retirement is seen as a long-term project, requiring focus and repeated interaction on the part of pension providers, the wider financial services industry, government and guidance providers.

"*Retirement engagement needs to be normalised and seen as something everyone should think about. Trustees, IGCs [Independent Governance Committees], pension providers should all be challenged to show what they are doing to actively promote customer engagement in retirement planning."* (**Hargreaves Lansdown**).

There was however general support for more consumer-facing communications and consumer-friendly language, including:

- Developing a standardised communications campaign led by MaPS to build trust and engagement with the pensions industry – there is widespread industry support for this.
- Continuing to work with the pensions industry, Government, regulators and consumer groups to simplify pensions language – "Clear and consistent language should be used across the pensions sector, as this will make communications more easily understandable to the saver" (**Pensions and Lifetime Savings Association**).

Role of advice and guidance

There was debate about the role of advice and guidance in supporting consumers to consider the issues around pensions and retirement.

"Advice and guidance alone won't meet the needs of millions of savers approaching and entering retirement. As was the case with auto enrolment, 'smart defaults' that get most people to the right answer most of the time are also essential… We would encourage MaPS to invest in longitudinal analysis of the impact of pensions guidance, in order to track where it is having a positive impact, and where it is less impactful. We would suggest that whilst guidance can be a very helpful tool in guarding against obvious vulnerabilities – including to fraud and scams – the complexity of choices that consumers are required to make throughout their retirement cannot be supported by a single guidance appointment. The bulk of academic research in this area shows that behavioural biases mean that advice and guidance do not necessarily improve outcomes for consumers." (**NEST**).

At the same time, there was a recognition that more tailored and personalised guidance, possibly including digital pensions tools delivered via employers, could increase engagement and help consumers make effective decisions. As one stakeholder commented, *"one of the main priorities for MaPS should be to increase the uptake of pensions guidance"* (**LV=**). Another stakeholder commented that "*the Pension Wise guidance service surely represents the jewel in the MaPS crown given the consistently positive evidence of its impact on users…MaPS must prioritise the high quality of service provided by Pension Wise to users, and scale up delivery"* (**Just Group**).

Complexity and changing nature of the labour market

Many stakeholders highlighted the changing socio-economic context impacting the pensions and retirement planning landscape, in particular labour market uncertainty and its impact on work patterns, increased numbers of people in self-employment and the gig economy, and people working longer into later life. According to the latest compliance report from the Pension Regulator, there were 9.4 million people unenrolled in April 2019. Some stakeholders suggested that the government *"needs to look again at the rules and framework for pension participation and to take steps to substantially reduce the uncovered number, many of whom may be part-time, gig economy, low income or self-employed workers"* (**The Money Charity**). One implication of this was that pensions guidance should *"…take account of the complexity of peoples' financial lives, and be sufficiently broadly drawn to allow them to consider the interactions between pensions and other forms of assets; and between pensions and state benefits"* (**NEST**).

Pensions dashboard

The pensions dashboard was widely seen as an important and positive development with *"the potential to be a 'game changer' in terms of engagement with pensions"* (**Aegon**). There was also recognition that the implementation of the dashboard needed to be accompanied by an appealing, user friendly campaign of education and awareness raising about the purpose, scope and benefits of the dashboard. Several stakeholders suggested that the dashboard should include state, private and workplace pensions, that pension providers should be legally obliged to provide data, and that the design principles and infrastructure for the non-commercial dashboard should be relevant and applicable to commercial dashboards.

Two specific suggestions were made with regard to the dashboard:

- build tools that analyse an individual's dashboard data to indicate whether the person is heading for a 'champagne, wine, beer or dry bread and water' retirement. This idea is originally based on an Australian concept about choosing the lifestyle level you aspire to in retirement
- calculate the pension contributions required to enable an individual to achieve a particular lifestyle in requirement; if their salary can support this, the individual can then instruct their employer automatically to start deducting the required level of contribution.

Other specific recommendations

Some specific recommendations that were proposed by stakeholders at listening events and in written submissions included:

- Encourage Government and regulators to consider the role of fully governed retirement pathways similar to the Comprehensive Income Products for Retirement in Australia.

- Promote a modification to existing auto-enrolment rules so that individuals “*can take control of their retirement savings and dictate to their employer the pension provider to which they wish to have their auto-enrolment contributions sent*” (**Hargreaves Lansdown**).
- Address the significant gender gap in pensions.
- Expand Pension Wise service to cover Defined Benefit pensions.
- Develop rules of thumb for pension savings and sustainable draw down rates.
- Provide people exercising pensions freedoms with advice (to include tax implications), either by expanding Pension Wise service or subsidising provision of advice through the creation of a charitable body to which financial advisers might give some time for free (similar to how the tax profession provides access to professional tax services for those who cannot afford it via charities Tax Help for Older People and TaxAid) (**Low Incomes Tax Reform Group**).
- Embrace technology to drive increased engagement by making user journeys smoother and more intuitive (e.g. SmartPension have integrated their app with Amazon Alexa allowing savers to use voice commands to quickly make changes such as increasing contributions) and by making pensions more visible (e.g. integration of pension apps with personal finance apps, such as PensionBee’s integration with Yolt place pensions alongside the rest of savers’ finances on a more regular basis) (**Share Action**).

How we’re responding

We have developed a “Future Focus” Agenda for Change in the UK Strategy. Its aim is to make sure that people engage with their future and are empowered to make informed decisions for, and in, later life.

In particular it will focus on:

- Enabling people to make active choices and get help at the right time and different life stages.
- Removing barriers which prevent people from making decisions and taking action. Enabling people to access the services and products they need, when they need them.
- Making conversations about pension savings normal so people take ownership of their pension and build trust between consumers and industry.

(The “Future Focus” Agenda for Change will also focus on enabling people facing issues arising in later life to do so with more knowledge and confidence – see next chapter).

We believe that priorities for the UK Strategy ‘Future Focus’ work are to:

- Develop guidance packages that work alongside tools like the proposed Pensions Dashboard to help people take action when needed. These guidance packages should be delivered across all channels, focused on specific life events such as parental leave and divorce that could be touchpoints to engage people about long term savings.
- Work with industry, regulators and government to translate standards and regulations for consumers, to leverage all opportunities for engagement. A range of organisations should support the industry to develop products and services with the customer at the heart of design, and help create systems and exploit new technologies that are accessible and meet consumer needs.

(A further priority within the “Future Focus” Agenda for Change will be to work with partners on campaigns to increase confidence, engagement and trust in systems and processes that are there to help in much later life – see next chapter).

MaPS' immediate focus will be to bring together influential and relevant stakeholders and partners. They will be set the UK Strategy challenge of how to make sure that 5m more say they know enough to make decisions in and for later life. They will also consider:

- Proposals focused on people accessing their long-term savings (short-term focus of the work), especially implementing the consumer-focused recommendations from the FCA's Retirement Outcomes Review, and through work such as the 'stronger nudge' trials, to look at scenarios for pension savers in ten years' time to anticipate their changing needs.
- Improving engagement with long-term savings (medium- to long-term focus of the work). Alongside the development of the proposed MaPS Pensions Dashboard, other ideas to be considered include: mid-life MOTs (looking at life events and stages that could be touchpoints to connect people with their long term savings); a simplified annual statement so that people can understand what they have and what they might need, to help them make informed retirement decisions; and improving consistency of language across the sector to help demystify pensions saving and retirement options.

Address unique needs of people in later life

What stakeholders said in the listening phase

Broad agreement on the issues

Stakeholders generally agreed on the issues relating to people in later life. The nature of retirement is changing significantly. People are living longer, but this also means more people in residential care, more dementia and more financial challenges. There is also a psychological challenge around accepting mortality – most people don't want to think about issues associated with ageing and dying. There was a general acceptance from stakeholders that the specific needs of people in later life should be addressed through the UK Strategy, but no clear view on what the best guidance or support solutions would look like.

Specific recommendations

Some specific recommendations that were proposed by stakeholders at listening events and in written submissions included:

- Raise awareness of the need to make provisions to meet social care costs. A recent survey found that 9 out of 10 individuals have made no plans to meet social care costs in the future. *"MaPS should work to help individuals holistically plan their future finances to ensure care provision is considered"* (**Association of British Insurers**).
- Develop partnerships with care agencies / personal care providers (and encourage them to signpost to and provide support).
- Ensure people are made aware of relevant state benefits such as attendance allowance and funded nursing care.
- Raise awareness of the benefits of lasting powers of attorney, to allow a nominated individual to make decisions on their behalf. Research from Zurich in 2018 found that around 1.7 million retirees could be at risk of a later life financial crisis by 2025 because they have not set up a lasting power of attorney. *"MaPS should work with the Office of the Public Guardian to ensure the website and forms to register an LPA are clear and accessible for all. Furthermore, while registering an LPA is relatively affordable (£82) the cost of legal advice, which many choose to seek, is substantially more, and this should not be seen as a barrier to registering"* (**Association of British Insurers**).
- "*Recognise that older consumers have significant amounts of equity in property and there is a lack of holistic information about how to manage this effectively*" (**Barclays**)

How we're responding

We have developed a 'Future Focus' Agenda for Change in the UK Strategy. Its aim is to make sure that people engage with their future and are empowered to make informed decisions for, and in, later life.

Specifically with regard to the needs of people in later life, this Agenda for Change will focus on:

- Making sure that people face issues that arise in much later life with more knowledge and confidence. This means understanding what they need to consider (especially over the age of 75); what options are available to them; and putting later-life financial and health choices in writing while they still have the physical and mental capacity to do so.
- Enabling people to make active choices and get help at the right time and different life stages.
- Removing barriers which prevent people from making decisions and taking action. Enabling people to access the services and products they need, when they need them.

We believe that a key priority for the UK Strategy in relation to the needs of people in later life is to:

- Work with partners on campaigns to increase confidence, engagement and trust in systems and processes that are there to help in much later life.
- Make it normal to have conversations about planning for illness, bereavement, cognitive decline and death. Part of this work will be ensuring consistent and simple language is used across the sector to communicate with consumers consistently in a way that is understandable and relatable.

MaPS will bring together influential and relevant stakeholders and partners. They will be set the UK Strategy challenge of how to make sure that 5m more people say they know enough to make decisions in and for later life. They will look at the unique needs of people in later retirement, especially key needs for later life decisions, and how to drive positive outcomes.

Prioritise gender and mental health gaps

What stakeholders said in the listening phase

Gender

Women face financial disadvantages at every stage of their lives. The gender pay gap and often bearing the brunt of caring responsibilities can have a significant impact on women's careers, earnings and pension contributions. As a result, there is a significant pensions gap between men and women. Financial wellbeing is one factor of overall wellbeing for women, intersecting with physical and mental health.

"The manifestation of gender inequalities in financial products and services is one of the issues that concerns us most as an industry and organisation. Women face structural inequalities through every part of their financial lives resulting in a situation where the average 65 year old woman has only a fifth of the retirement savings of her male equivalent" (**Association of British Insurers**).

"Women need to be a major priority for MaPS…We would…like to see more initiatives to help women. For instance, women are more likely to pay a motherhood penalty in respect of career progression, earnings and retirement outcomes. Women are more likely to take on caring responsibilities for a partner or an elderly relative. Women are more likely to live longer and suffer a bereavement of a partner or infirmity. MaPS could look at all of these areas and prioritise more interventions for women and important life moments" (**Pensions and Lifetime Savings Association**).

Stakeholders therefore pointed out that MaPS *"is in a key position to effect change in this area and should set improving women's financial literacy and resilience as one of its strategic priorities"* (**Association of British Insurers**).

Specific recommendations

Some specific recommendations that were proposed by stakeholders at listening events and in written submissions included:

- Ensure outcomes of MaPS' commissioned research/interventions are monitored by gender – *"a first step…would be to close the gender gap in the MaPS evidence base. For example, future financial capability data collections and analysis of the use of MaPS services and channels should be disaggregated by gender"* (**NEST**).
- Women should be a focal point of the UK Strategy, recognising that women have tended to be the gatekeepers to the wellbeing of families.
- Recognise that women are not a homogenous group – analyse and respond to diverse circumstances and needs within the female population.
- Engage with women (directly or through partnerships) to encourage more engagement with pensions at all life stages, and prioritise pensions advice for women, based on the pensions gap and women living longer and therefore needing to ensure that their pension pots go further.

Mental health

Mental health emerged as a strong theme from the listening events, although we received fewer comments in written submissions. As noted earlier, mental health difficulties are seen as a leading area of vulnerability. People with mental health problems are three and a half times as likely to be in problem debt as those without, according to analysis of NHS survey data for the Money and Mental Health Policy Institute. Based on further analysis of this data, the Money and Mental Health Policy Institute also reported that over 420,000 people in problem debt consider taking their own life in England each year, while more than 100,000 people in debt actually attempt suicide. Both the UK and MaPS Corporate Strategies must therefore meet the needs of consumers with mental health difficulties across both money and pensions.

"We would…recommend that more support is given to those people in work who have disabilities, existing health conditions or mental health issues to help improve their financial resilience and ability to withstand income shocks" (**LV=**).

Specific recommendations

Some specific recommendations that were proposed by stakeholders at listening events and in written submissions, from the **Money and Mental Health Policy Institute** and others, included:

- Design universal services with the needs of people with mental health issues in mind, to ensure that they are truly accessible to all.
- Create partnerships with those organisations best placed to identify and reach out to people with more severe mental health issues and to provide them with tailored support. For example health and social care services are often already in touch with people with mental health problems, and want to be able to support them with financial topics because they recognise the impact this has on their recovery. Partnering with mental health services to make high quality money and debt advice available to this group would be an effective and efficient way to reach this group.
- Ensure that advice services are equally accessible to people with mental health problems. This includes ensuring flexibility in the timing and location of advice, the communication methods available to everyone, and making sure that advice providers have appropriate mental health training.
- Work with banks and fintechs on the development of technologies that make it easier for anyone to manage their money, including people with mental health problems, such as budgeting apps, browser plug-ins to add friction and help control online spending, or opt-in alerts and controls that banks could provide. These should be developed in partnership with people with experience of mental health problems.
- Routinely collect data on how people with mental health problems use MaPS services and those MaPS commissions, and use this data to improve practice and push for improvements across the sector from partners, firms and regulators.

How we're responding

Our listening phase and evidence review both pointed to the significant gaps in financial outcomes between women and men. The same is true for people who are experiencing mental health problems, compared to those who are not. Although we believe the data is incomplete, we are sure each of the five Agendas for Change should look carefully at gender and mental health in the first phase. Challenge groups will look at these issues during the activation period.

Digital engagement

What stakeholders said in the listening phase

A number of stakeholders discussed the impact of digital, for example around leveraging fintech to help young adults manage their money, and the digital skills and inclusion agenda.

Digital skills

Digital is significantly changing how people manage money, pensions and welfare benefits, how people spend, save, buy and sell, and how they develop the financial behaviours that make money work for them. This affects everyone, including people who have least money and who need to claim state benefits such as Universal Credit; or who risk paying more because they're not accessing cheaper deals online (part of the 'poverty premium'). Mobile banking for example can enable low income people to have more control and less stress about money. But according to the Lloyds Bank Consumer Index 2019, 22% of the adult population do not have essential digital skills required for day to day life in the UK.

We received one written submission that focused specifically on the importance of building essential digital financial skills at all ages, including the confidence and motivation to apply such skills safely and effectively as digital technologies become more embedded in everyday money matters.

A lack of digital skills can also lead to financial harms (for example scams, fraud, problem debt through online credit and gambling), so building skills around safety as well as transacting is essential.

Building basic digital skills and confidence is about ensuring *"that everyone can benefit from online resources already available, and be equipped to know which sites and sources to trust, and how to use them safely for transactions and finding information"* (**Good Things Foundation**).

Digital inclusion

Digital inclusion unlocks significant opportunities for people to maximise their income (such as through digital apps for money management, or cheaper goods and services online), and enables people to be more in control of their finances. We were encouraged to promote and support digital inclusion, and to explore the role of person-led interventions in improving digital skills.

Specific recommendations

Some specific recommendations that were proposed included:

- Supporting people with no, low or limited digital skills to develop digital financial skills, confidence and motivation - including through working in partnership with a national network of local organisations that can do this.
- Equipping money guidance practitioners with the clarity, content and confidence they need to support people (especially those already at greater risk of social exclusion) to develop digital skills, especially financial skills.

How we're responding

We see digital engagement as a key enabler to achieving the National Goals of the UK Strategy. While MaPS is not the right organisation to build all digital skills as this is beyond our legal mandate, we do view digital skills and inclusion as essential to delivering the goals of the UK Strategy at scale. For example, we have included a digital element in the competency framework we are developing for frontline practitioners of money guidance, as part of a broad set of skills and knowledge that guidance providers need to know. We expect that as our challenge groups consider how to achieve the National Goals, they will consider digital as an enabler, or address where poor digital skills or exclusion might be a barrier to success. In addition, a digital strategy will be a key enabler of the MaPS Corporate Strategy.

Make the business case to engage retail financial services

What stakeholders said in the listening phase

During the listening phase we engaged with a wide range of financial services organisations, and held one event specifically focused around retail financial services.

‘Financial wellbeing’ resonates with Financial Services sector

Feedback from retail financial services made clear that financial capability and financial wellbeing are not in themselves intrinsic goals for firms. There are also significant obstacles to understanding the impact of products and services on customers’ financial wellbeing and capability. Nevertheless, “financial health and wellbeing” resonated much better than “financial capability” as a stand-alone agenda as it was seen as broader in scope and more holistic.

Specific recommendations

Some specific recommendations that were proposed by stakeholders at listening events and in written submissions included:

- Build a clear and compelling business case for financial wellbeing.
- Work with the retail financial services sector to create new solutions to help improve customers’ financial wellbeing.
- Help retail financial services firms understand who is most in need and how to engage them, including making the link to the wider vulnerability agenda.
- Help retail financial services overcome practical obstacles to evaluating impact of products and services on the financial wellbeing of their customers.
- Facilitate a community of evidence and knowledge sharing about what works (and what doesn’t) to improve financial wellbeing.

How we’re responding

MaPS will work with the financial services sector to build greater and more consistent understanding of financial wellbeing being a mainstream focus in the business. It will also support the sector with tools and resources to achieve this.

Be the backbone

What stakeholders said in the listening phase

Stakeholders provided a wide range of comments and recommendations about the role MaPS should play to most effectively support the UK Strategy.

1. Build the evidence base

Build the evidence base about the issues, and about the effectiveness of different solutions and delivery methods (including building evidence about 'What Works'). Then share this evidence continuously with others in different forms, with a focus on enabling others to apply it to their strategies, interventions, products and services.

2. Act as the 'backbone' organisation

- Bring together sectors such as local authorities, housing associations, employers and others; make the case financial wellbeing, share evidence and support them in delivering services. This might include creating tools and collateral such as a financial health check or mid life financial MOT for organisations to use with their employees and customers.
- Offer different ways for organisations to engage, participate and show support for the strategy. Make a clear business case for why organisations should care about financial wellbeing, and explain "what is in it for me" for partner organisations.
- Build a network of practitioners, equipping them with the right skills and knowledge about 'what works'; boost the credibility of their work and help them to connect with and learn from one another. Drive up standards and quality, perhaps through an accreditation system.
- Connect local and national agendas and facilitate more effective hand offs.

3. Drive efficiencies in the sector

- Identify and promote technological advancements which can make interventions cheaper to deliver (e.g. open banking to pre-populate financial information).
- Create or promote common platforms across different organisations (e.g. common customer relationship management systems).
- Act as a trusted intermediary to encourage people to access digital solutions that make a difference (e.g. promoting particular fintech products and services).
- Create and/or host content and collateral for organisations to use with their consumers.

4. Influence the influencers

Engage and secure the support and interest of the organisations that are influential to the stakeholder group being targeted to drive change. For example, approach the major shareholders of institutions to seek their buy in and support to leverage change. This involves making a strong and effective business case for why financial wellbeing matters in general, and to the particular organisation(s).

How we're responding

Having published the UK Strategy, MaPS is developing a Corporate Plan for 2020/21 and a Corporate Strategy for 2021–24. This will set out how MaPS will support the Agendas for Change and develop a toolkit for the UK Strategy. The toolkit will provide easy-to-use support services, which will help a wide range of organisations from the public, private and third sectors to be as effective as possible in delivering the UK Strategy. It will also support organisations to undertake even more small-scale initiatives in local communities, applying the Agendas for Change to local needs.

Views on MaPS Corporate Strategy

What stakeholders said in the listening phase

Lobby on poverty

There was a repeated message throughout the listening phase that the UK Strategy should not ignore the fact that many people simply don't have enough money, and that without addressing this issue, no amount of information, guidance or advice is going to help them improve their financial wellbeing. Many people argued that MaPS therefore ought to have a role in seeking to influence Government policy around issues such take up of benefits, minimum wage levels and Universal Credit levels and rules.

"MaPS should clearly call at a Government level issues that require policy change rather than relying on tactical support through your own or partners' services to address these. [For example], if financial pressure is caused by changes to or ineffective support from benefits then this should be taken up at a policy level, not addressed through a tactical response" (**Fairbanking Foundation**).

Lobby on advice/guidance boundary

Others encouraged MaPS to take a clear position on the regulatory boundary between advice and guidance.

"The current regulatory framework often leads firms to produce overly generalised guidance, with which consumers can find it difficult to engage. Greater clarity around the boundary between advice and guidance will help to ease this and lead to greater consumer engagement through providers" (**Association of British Insurers**).

"MaPS should work with the FCA and commercial organisations to look at consumer guidance needs and from there to build out a regulatory framework for guidance…Financial services firms in particular already have well-established relationships with their customers, giving them an opportunity to deliver guidance at the point of need…Financial firms are actively seeking ways to help their customers but are at times held back from doing so. MaPS can be the key to unlock this potential" (**Hargreaves Lansdown**).

"The boundaries of advice and guidance need to be redefined to allow guidance to go further in helping individuals make a decision. [Our experience…] is that people are reluctant to make a decision without some form of recommendation or prompt to take a particular course of action. A particular focus should be on measures to help employers and workplace pension schemes engage with employees and on the use of fin-tech guidance solutions" (**Pensions and Lifetime Savings Association**).

"To help close the advice gap, MaPS, working with FCA, should develop a clearer regulatory boundary between advice and guidance that would allow organisations…to give general advice tailored to individual circumstances" (**The Money Charity**).

"We strongly believe commercial firms, be they advisers or providers, should be able to offer the same services [as MaPS] under the same definition of guidance. This will also enable greater collaboration and help deliver target outcomes at scale" (**Aegon**).

However this was not a universal view, as one stakeholder commented that *"we do not believe that MaPS has a responsibility to consider this, although we recognise that the advice / guidance split makes little sense to consumers. We would suggest MaPS engage with HM Treasury and the FCA on this question"* *(***UK Finance***).*

"By virtue of its role as an impartial guidance provider, MaPS will invariably be drawn into [the] advice-guidance debate. But we would encourage it not to, simply because the benefits of time lost to this activity are unclear and it is likely to prove a distraction from MaPS' more important work" (**Just Group**).

Similarly while it was agreed that MaPS might play *"a helpful convening role for industry, consumers, regulators and others…[we] would not see lobbying government or regulators as a MaPS area of responsibility"* (**UK Finance**).

Focus consumer protection work

Stakeholders agreed that MaPS should adopt a very focused approach to the consumer protection function, and should avoid replicating the work of other agencies and regulators with a role in consumer protection and regulation of consumer detriment.

At the same time, stakeholders did agree that MaPS has an important role to play in providing information and raising awareness of scams and other risks to consumers, both directly and through work with other organisations.

Stakeholders highlighted some areas where they felt MaPS could play a useful role:

- Disseminating existing consumer protection messages (such as Take Five) to other channels and sectors, where MaPS may already have better links than financial services firms or the police.
- Considering what role sectors outside financial services (for example social media, telecommunications, online retailers) could play to protect consumers from fraud and scams perpetrated via their systems and platforms. As part of this, MaPS should encourage organisations in those sectors to consider what messages they should land with consumers to alert them to risk of fraud. Unlike financial services, there is a lack of clear consumer protection messages around fraud in other sectors, which means that fraudsters are able to exploit weaknesses in these sectors to target and defraud victims.
- Consider commissioning a review of unsolicited direct marketing and sharing findings.
- Collate evidence from financial services and advice sectors to be used by the FCA to close regulatory loopholes.
- Build consumer protection awareness into the development of the Pensions Dashboard to ensure it is not used by providers to mislead and cross sell.
- Address imitation websites, where lead generators may attempt to impersonate free-to-client debt advice agencies, and may put forward misleading claims, such as promising to get someone 'debt free' immediately.
- One stakeholder suggested that MaPS should, as part of its consumer protection function, provide guidance to consumers about the perceived risks and limitations of Key Information Documents (KIDs) (**Association of Investment Companies**).

Simplify brands

Differing views were offered by stakeholders about whether MaPS should have a single or multiple customer-facing brands.

"MaPS currently has too many brands and websites. In our view these need merging. MaPS should develop a consumer-facing brand that will enable it to be seen by the public as the authority and 'go to place' for money and pensions guidance" (**MyBnk**).

"Whilst there would be advantages to having a unified MaPS brand, this needs to be done in a manner that does not waste existing brand strength and recognition. One example of this would be the Pension Wise brand. The service evaluation has shown that consumers value this brand, and it would be preferable if it were kept. Given the very positive feedback received from users identified in the DWP's user evaluations, the high level of recommendations by users is itself an argument for maintaining this brand" (**Association of British Insurers**).

"We wouldn't support efforts to create a single brand that tried to duplicate or replace existing providers… Where it delivers services directly, MaPS should work with its existing brand assets and maintain brands that are well regarded by consumers. Where it commissions delivery of services MaPS should support well known consumer brands. As a coordinator and strategic hub for public financial guidance, MaPS should focus on being sector facing in order to add value to the infrastructure and efficiency within the sector" (**Citizens Advice**).

"We…urge the new body to learn the lessons of the past and resist making any significant investment in developing a consumer facing brand" (**The Money Advice Trust**).

"We would welcome an overarching customer-facing brand that is a 'cradle to grave' service. This would ensure that the maximum number of people would use the service because they would know where to go for all money issues throughout their lifetime" (**LV=**).

On a practical level, stakeholders urged clear and early communication about the future of the brand(s). *"It will also be important to tell stakeholders how the former brands united under MaPS (for example, the former Money Advice Service), will be phased out, as it will require some changes to referrals on stakeholder websites and their client communications. MaPS must give enough warning for their phasing out, and clearly communicate how their replacement will be different and what value this change will bring"* (**Finance and Leasing Association**).

How we're responding

Lobby on poverty and advice/guidance boundary

Lobbying is not within the remit of MaPS. However we do see it as our role to collaborate with UK and devolved governments to move forward the financial wellbeing agenda in an impactful and sustainable way, including using our data, insight and experience to advise on where the evidence points in policy development and implementation.

Focus consumer protection work

We will work across all the Agendas for Change to identify and build in opportunities to protect consumers from fraud and scams.

Simplify brands

We will address this in the MaPS Corporate Strategy.

Next steps

We have used stakeholder input from the listening phase to develop the UK Strategy for financial wellbeing, which we are publishing along with this document. Many of the comments received related to the role of MaPS specifically, and we will address this in our three-year Corporate Strategy, to be published in autumn 2020.

Appendices

Roadshow attendees – sector breakdown

- Voluntary/Not for profit – 262 (36%)
- Public sector – 145 (20%)
- Financial services – 142 (19%)
- Other – 44 (6%)
- Private sector (excluding financial services) – 40 (5%)
- Industry group/member organisation/professional body – 32 (4%)
- Financial education 27 (4%)
- Housing 27 (4%)
- Commercial debt management – 15 (2%)

Roadshows

- Cardiff
- Belfast
- Birmingham
- Bristol
- Dartford
- Edinburgh
- Leeds
- London
- Manchester
- Peterborough

Deep dives

(These sessions gathered experts to explore a specific topic in greater detail)

- Credit unions
- Debt advice funding
- Employers
- Financial education
- Pensions
- Retail banking
- Vulnerability
- Women's finances
- Lessons learned from the Financial Capability Strategy
- Game-changing ideas

Written submissions received

1. Association of British Insurers (ABI)
2. Aegon
3. Association of Investment Companies (AIC)
4. Barclays
5. B&CE
6. Citizens Advice
7. Citizens Advice debt adviser, Leighton
8. Citizens Advice debt and benefits adviser, West Yorkshire
9. Citizens Advice, Scotland
10. Community Advice and Law Service
11. Consumer Council, Northern Ireland
12. Consumer Finance Association (CFA)
13. Fairbanking Foundation
14. Finance and Leasing Association (FLA)
15. Financial Inclusion Support (FIS) adviser, Nottingham
16. Financial Resilience Task Force
17. Good Things Foundation
18. Gregory Pennington Ltd
19. Group Risk Development (GRiD)
20. Hargreaves Lansdown
21. Just Group
22. Low Incomes Tax Reform Group
23. LV=
24. Money Advice Scotland
25. Money Advice Trust
26. Money and Mental Health Policy Institute
27. MyBnk
28. National Advice Network, Wales
29. Nest
30. New Skills Consulting
31. North Staffordshire Financial Inclusion Group
32. Pensions and Lifetime Savings Association (PLSA)
33. RBS
34. Share Action
35. Society of Pension Professionals
36. Swiss Re
37. The Money Charity
38. UK Finance
39. Young Money