

Young Adults' Financial Capability

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Executive Summary

This report builds on the Money Advice Service (MAS) UK Financial Capability Survey (2015). It specifically explores the 'young adult' lifestage in relation to the Financial Capability Strategy Framework to better understand the ability of young adults in managing day-to-day finances, planning ahead and negotiating financial difficulties. To date, young adults have not been a key focus of policy and recently MAS has highlighted that many young adults feel they experience financial difficulties in taking responsibility for their own financial management. This report explores young adults' financial capability in detail via a 'deep dive' into the survey data which encompassed 744 young adult respondents from across the UK between the ages of 18 and 24. In parallel, five focus groups were commissioned to challenge and further understand the nuances of the quantitative data. The focus groups comprised nine males and 14 females between the ages of 18 and 24¹ years from a variety of educational, work and domestic situations. Data analysis addressed the following key areas:

- financial goal-setting and planning;
- confidence in managing money day to day and making financial decisions;
- engagement and barriers to engagement; and
- opportunities to help support young adults' financial capability in the future.

Goals and planning

Young adults were both more likely to have financial goals over the next five years (69%) and to have plans to achieve those goals (41%) (compared to all adults aged 18+). Yet, the gap between having goals and having plans to achieve them was wider than for all other age-groups, suggesting a difficulty in financial planning. Overall young adult planning profiles were divided into three groups: Planners, Dreamers and Drifters. The Planners were the most independent and showed confidence and foresight in planning and tended to save for the future. The Dreamers, although having financial goals, were less able to make financial plans, were less confident in managing their money and tended to be anxious about the future. The Drifters were less likely to have any financial goals, had little confidence with their money and tended to be the most dependent on family financial support. Planning in the main tended to be focused on the achievement of short-term goals and 'save-to-spend' planning; even the Planners tended to set only short-term goals and juggled the demands of planning for the future with more immediate pressures. The Drifters tended towards passive acquiescence – accepting that dreams would not be realised and long-term financial comfort would never happen to them. Young adults preferred to keep day-to-day money management simple. This led to a (potentially false) sense of financial confidence in the present, but coupled with longer-term fears for financial security.

Financial confidence

Young adults had the lowest levels of financial confidence compared to other age groups. Only 45% rated themselves as 'very confident' (compared to 58% of all adults aged 18+) and females generally rated themselves as less confident than males. Young adults who were in full-time employment and no longer living at home expressed more confidence in managing money and making financial decisions than students or young adults living in the parental home. Young adults with savings, credit cards and mortgages were more confident than those without, and over-indebted young adults were less confident than those who were not over-indebted.

Confidence seems to come from experience rather than age alone and exposure to a wider range of situations, financial products and decisions. Many young adults talked of learning by experience. Both positive and negative experiences could have a beneficial impact on financial capability, especially learning from mistakes. Some transitions provided more opportunities to experience financial products, such as the transition into the workplace compared with full-time education which possibly explains the lower levels of confidence expressed by students.

¹ One participant has recently turned 25.

Barriers to engagement

There were notable barriers to engagement with information and guidance sources. For all young adults, whether working or in education, the main trusted sources of information and guidance were parents or family. Beyond this, there was little understanding of where to go for financial guidance – this was particularly true of females and Drifters.

The bank was often accepted as the only other avenue but this was a reluctant relationship and banks were mistrusted by most. Young adults were confused about financial guidance and advice, were unable to distinguish between money guidance and regulated advice and perceived it all to be expensive and either for those with a lot of money to invest or conversely for those in financial crisis. Similarly, other providers of guidance – such as the Money Advice Service and the Citizens Advice Bureau – were typically seen to be for those struggling financially.

Young adults did discuss finances with peers when there was a shared reason, such as comparing insurance for holidays or on passing their driving tests. There was also evidence of individuals self-advising via the internet, particularly Google. However, many of the young adults felt overwhelmed by the quantity of information available and experienced difficulty filtering the good from the bad.

The nature of engagement was influenced by financial confidence. Financially confident young adults were more likely to consult professional sources of information and guidance, such as banks, compared with young adults who were not financially confident who tended to rely on informal sources of information, such as family and friends. The qualitative research suggested that a level of understanding was necessary to engage with certain sources of guidance.

Young adults were more likely to be over-indebted than other age groups, yet over-indebted young adults were less likely to seek debt advice compared with other age groups. The reasons for the lack of engagement with debt advice largely depended on whether young adults lived at home, whether they were in full-time education and gender. Male young adults tended to have a more over-optimistic view that they could sort it out themselves, whereas female young adults tended to acknowledge that they needed help but didn't know where to turn.

Opportunities to engage young adults

In summary, the findings pointed to the following opportunities to engage and support young adults:

- pinpointing 'teachable moments' at key points of transition;
- identifying peer, 'near-peer' or nominated experts for advice as points of transition are reached;
- highlighting 'unbiased' guidance and explaining what that means – as young adults do not trust or understand such terms in the light of their views on the financial services industry;
- developing education-based practical skills from childhood – the importance of this was stressed by many participants;
- building on family trust as this was by far the most important avenue for information and guidance (albeit complicated by low levels of parental financial capability);
- highlighting an increased role for employers (possibly via apprenticeship schemes and graduate employment schemes) in the provision of guidance or targeted interventions to support key transitional financial needs;
- building on online opportunities while addressing or avoiding the problem of overwhelming choice leading to anxiety.

Introduction

The period spanning the late-teens through to the late-twenties represents a transitional period in the life course, between adolescence and early adulthood, in which individuals often move into greater independent living and take on greater responsibility for their financial affairs (Arnett, 2015). This stage of young adulthood is a time when:

“most young people in this age period feel like neither adolescents nor (fully) adults, but somewhere in between.”
(Arnett, 2006: 113).

Young adults today are experiencing a very different set of personal, economic and financial circumstances from those of previous generations. There is an increasing need for individuals to take more responsibility for their own financial future. Yet, changes in the housing market, pensions and employment patterns have combined to make the decisions individuals face more complex.

The ability of young adults to cope effectively in this context has frequently been raised as a concern. Lusardi et al. (2010: 375) describe young adults' financial knowledge in the UK as:

“dangerously low and potentially inadequate to deal with the complexity of current financial markets and products.”

Despite government architecture being introduced to improve consumer financial capability in the UK (Atkinson et al. 2010; MAS 2012), young adults have not previously been a key focus of policy and potentially are in danger of falling through a financial capability gap.

Recent evidence from the Money Advice Service suggests that the young are far more likely to say they experience financial difficulty 'all the time'; and around three-quarters of individuals in their twenties admit to making money mistakes in their first years of financial independence which have an impact on their lives for years to come.²

Set against this backdrop, this report aims to understand young adults' financial capability, what contributes to it and how it can be supported and developed. Young adults are a key focus of the current Financial Capability Strategy for the UK.³

This report provides insights into the factors that influence young adults' financial goals and planning, financial confidence and engagement in financial matters. Such insights help inform how to improve young adults' ability to manage money well day to day; prepare for and manage life events; and deal with financial difficulties.

To complement this report, the Money Advice Service commissioned Family Kids & Youth to conduct a literature review of available evidence on the effectiveness of different methods and interventions for engaging young adults.

² It's Time to Talk: Young People and Money Regrets.

https://masassets.blob.core.windows.net/cms/mas_money_regrets_online.pdf

³ Financial Capability Strategy for the UK. <http://www.fincap.org.uk/>

Method

The analysis was based on both quantitative and qualitative methods including:

- secondary data analysis of the quantitative data set from the Money Advice Service 2015 Financial Capability Survey;
- primary analysis of focus groups conducted specifically to inform this work; and
- insights from a review of published research specifically on young adults and financial services.

The Financial Capability Survey comprised a total of 3,461 respondents drawn from across the UK, of which 744 were young adults aged 18–24. Additionally, five focus groups were conducted, specifically for this report, comprising a total of 23 young adults aged 18–24.⁴ Full details of the method and samples are shown in the Appendix.

Aim and objectives

The overall aim of the report is to provide a detailed understanding of the factors that promote or inhibit financial capability among young adults, thus contributing directly to the Financial Capability Strategy for the UK.

The Money Advice Service defines financial capability as:

“a person’s ability to manage money well, both day to day and through significant life events, and to handle periods of financial difficulty.”⁵

To better understand financial capability in young adults and how to improve it, requires an understanding of the underlying factors that promote or inhibit it. With this in mind, the key objectives of the report are to understand the skills, knowledge, attitudes and motivations of young adults and how these contribute to financially capable behaviours. Accordingly, the report covers the following main themes:

- young adults’ financial goal setting and planning;
- factors affecting young adults’ confidence in managing money well and making financial decisions;
- factors affecting engagement of young adults; and
- opportunities to increase engagement.

⁴ One participant recently turned 25.

⁵ Financial Capability Strategy for the UK, p.7. <http://www.fincap.org.uk/>

Goals and planning

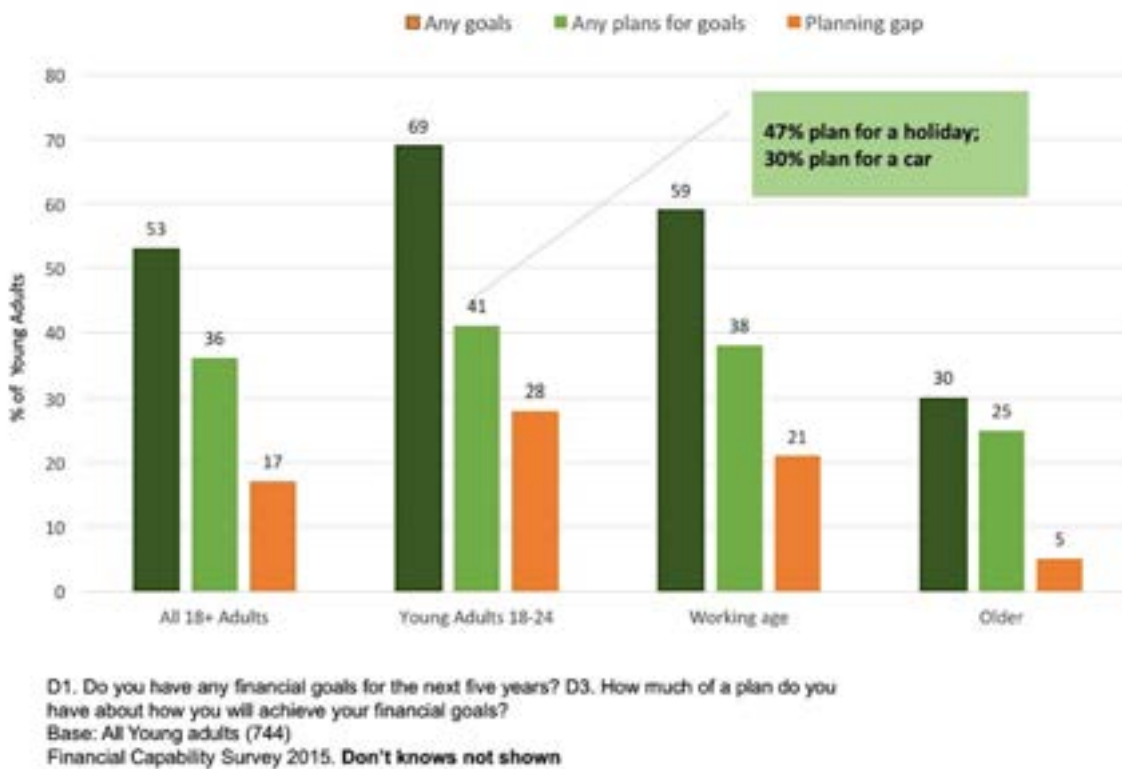
Nearly seven in ten (69%) young adults reported having financial goals over the next five years (compared to 53% of all adults aged 18+), and 41% had plans for their financial goals (compared to 36% of all adults 18+). It is perhaps not surprising that a higher proportion of young adults, compared to other age groups, had financial goals: as individuals move through the life stages, financial goals – for example, for getting married, starting a family or moving house – are realised.

What is worth noting is the relationship between financial goals and planning for financial goals. The gap between goals and planning was greatest among young adults (see Figure 1). This suggests that although young adults have financial goals, they seem less able to plan for those goals.

Using regression analysis, the factors that exert an influence on young adults' ability to plan for their financial goals included: attitudes, working status, extent of over-indebtedness and educational qualifications.

Specifically, young adults who were most likely to have plans to achieve financial goals disagreed that they 'prefer to live for today rather than plan for tomorrow', felt it was important to keep track of income and expenditure, were employed (especially employed full-time), were not over-indebted, and had higher qualifications.

Figure 1: Gap between financial goals and plans for financial goals



Given the diversity among the young adult age group, cluster analysis was used to identify potential sub-groups of young adults with similar characteristics according to attitudes, goals and planning, financial confidence and financial dependency. A three-cluster solution was produced.

The primary classification variables were: the extent to which young adults have any financial goals for the future and the extent to which they have any plans for those financial goals. Based on the profiles, the three young adult groups were labelled: Planners, Dreamers and Drifters (see Figure 2).

Figure 2: Three young adult sub-groups



Cluster analysis based on: B3. Confidence managing money, B4. Confidence making financial decisions, D1. Any financial goals, D3. Any plans for financial goals, O2. – O4. Attitudes, P7. Financially dependent on your parents.
 Base: All Young adults (744)
 Financial Capability Survey 2015. Don't knows not shown

- **Planners** were the only group that had any financial goals that were also supported by plans to achieve those goals. They were the most confident in managing their money and in making financial decisions, and the least likely to be financially dependent on parents. In terms of attitudes, they were most likely to see saving for the longer term as important (including saving for a rainy day and also for retirement). They were also more likely to perceive that they saved more than others on average (see Figure 3).
- **Dreamers** all had financial goals for the future but generally did not have plans in place to achieve those goals. They were less confident in managing their money and making financial decisions compared to Planners, but more confident than Drifters. In terms of attitudes, they were most likely to feel anxious about their financial situation. They were also most likely to perceive that they saved less on average than others (see Figure 3).
- **Drifters** were the least likely of all three groups to have any financial goals for the future or any plans to achieve them. They were the least confident of all groups in managing their money and making financial decisions and the most likely to be financially dependent on parents. In terms of attitudes, they were the least likely to see saving for a rainy day as important.

This shows a complex picture of financial dependence/independence and financial planning: clearly the extent of financial dependency has an impact on young adults' ability to have financial goals and plan for them. However, living in the parental home, but having some level of financial independence, can be beneficial. Further details on the individual characteristics of the groups from the survey data are provided in Table 1.

The three groups were also evident in the qualitative research: of the 23 focus group participants, 11 were identified as Planners, 6 as Dreamers and 6 as Drifters (see Table A3 in the Appendix).

Engaging in certain types of financial products can also be associated with planning. For example, young adult homeowners with a mortgage were most likely to plan for financial goals. Having a mortgage was likely to lead to the necessity to plan for other things. Almost two-thirds (63%) of young adults with a mortgage also had plans for financial goals, compared with 60% and 63% of young adults respectively in private or social rented accommodation who did **not** have a plan for financial goals.

Table 1: Characteristics of Planners, Dreamers and Drifters

	Planners	Dreamers	Drifters
Sample size	37% (278)	36% (264)	27% (202)
Any financial goals	90% had financial goals	100% had financial goals	Zero had financial goals
Any plans for goals	All had plans for goals	99% <u>did not</u> have plans for goals	<u>Did not</u> have plans for goals
Confidence managing money	Very confident managing money (60% score 8–10) ⁶	Fairly confident in managing money (63% score 4–7)	Fairly confident in managing money (52% score 4–7)
Confidence making financial decisions	Very confident making financial decisions (48% score 8–10) ⁶	Fairly confident making financial decisions (69% score 4–7)	Fairly confident making financial decisions (61% score 4–7)
Financial dependency	Least likely to be financially dependent on parents (20% not at all dependent)	Most likely to have medium financial dependency on parents (42% score 4–7) ⁷	Most likely to be financially dependent on parents (33% score 8–10)
Attitudes	<p>52% agreed it is important to keep track of income and expenditure</p> <p>50% agreed they do not prefer to live for today rather than plan for tomorrow</p> <p>45% agreed it is important to shop around to make money go further</p> <p>37% agreed it is important to save money for a rainy day</p>	<p>54% agreed that thinking about their financial situation makes them feel anxious</p> <p>50% agreed that they do not prefer to live for today rather than plan for tomorrow</p>	<p>Only 20% agreed that saving for a rainy day is important</p>
Tenure	31% lived with parents; 30% rented privately	35% lived with parents; 37% rented privately	45% live with parents; 25% rented privately
Employment status	43% worked full-time; 35% in full-time education; 25% unemployed	36% worked full-time; 35% in full-time education; 42% unemployed	22% worked full-time; 29% in full-time education; 33% unemployed
MAS Segment	26% Struggling; 30% Squeezed; 43% Cushioned	22% Struggling; 28% Squeezed; 50% Cushioned	23% Struggling; 28% Squeezed; 50% Cushioned

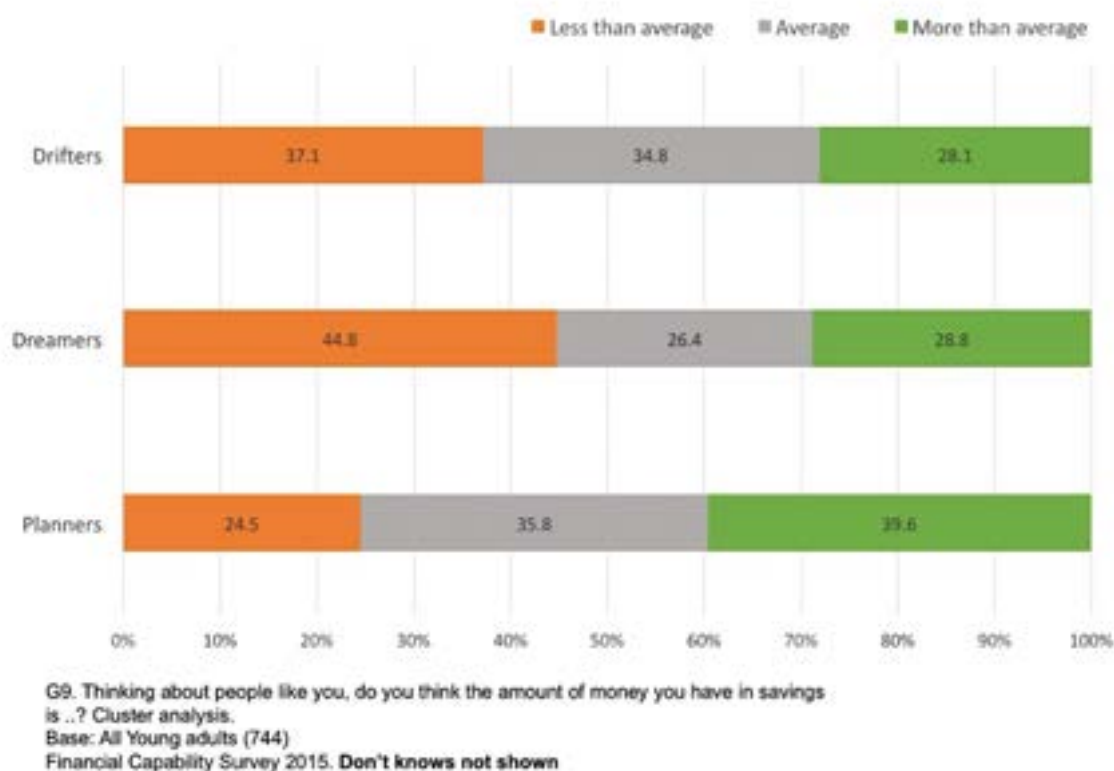
⁶ Confidence in managing money and confidence in making financial decisions were measured on a 10-point scale: 0–3 = not at all confident; 4–7 = fairly confident; 8–10 = very confident.

⁷ Degree of financial dependency was measured on a 10-point scale: 0–3 = low financial dependency; 4–7 = medium financial dependency; 8–10 = high financial dependency.

The focus groups further explored the extent of financial goals and planning amongst young adults. Five key themes emerged:

- the gulf between short-term goals and long-term dreams;
- hedonistic attitude – ‘you’re only young once’;
- comfortable between transitions – ‘I’ll cross that bridge when I come to it’;
- delegate to employers – ‘they will sort me out’;
- passive acquiescence – ‘it will never happen for me’

Figure 3: Planners’, Dreamers’ and Drifters’ perceptions of their level of saving



Short-term goals with a gulf to long-term dreams

In the main, young adults’ goals and plans towards those goals were largely focused on the short term, and primarily focused on ‘save-to-spend’ goals – such as saving for a holiday, a car etc. Nearly half (47%) of young adults in the survey reported saving for a holiday and 30% were saving for a car.

“I manage to save every month but it’s always to pay something... I’m one of these people who has to go on like two or four different holidays a year so I’ll always save like money at the end of the month, but it literally goes straight out again to pay for all these holidays.” Nicky (22, Focus Group 2, Dreamer)

Goals seemed to be driven by short-term planning horizons, even amongst ‘Planners’. Young adults seemed to plan to the next major event in life or purchase goal as illustrated by Kitty (19, Focus Group 1, Planner):

“When I come back from Australia, my goal is to get a car and pay the insurance.”

or Vicky (20, Focus Group 5, Dreamer) who was saving for a trip to the USA for her 21st birthday and was giving a family member her monthly savings so she was not tempted to dip into them. But even saving for the short-term can be difficult, as outlined by Harriet:

"I set myself small goals for like holidays or whatever. So I'll save ... a couple of months and I'll only save for that. I'm trying to save to go travelling, but it's hard." Harriet (21, Focus Group 2, Dreamer)

This short-termism seemed to lead to limited experience of products beyond the simple savings account, general insurance or current accounts. For some, especially 'Dreamers', the future seemed a long way off and there was evidence of delaying focus on the longer term (such as mortgages, retirement and pensions) in favour of the present.

Even Olwyn (21, Focus Group 5, Planner) a 'Planner' who wanted to buy a house and was saving had no practical idea of what to do next. This was also particularly true amongst 'Dreamers' like Penny:

"When I worked at the library I paid into a pension there, but I wanted to go to Ibiza so I stopped and I took all the money out, but then I started it up again when I moved to the council, but then I just stopped it last month because I am skint this year." Penny, (21, Focus Group 2, Dreamer)

Penny's dream was to buy a house with her boyfriend and she was trying to plan, get rid of her debt and save, but short-term temptation was getting in the way:

"I owe my boyfriend money. I owe my sister money. I owe everyone money, but I'm actually hating it now. But it doesn't cause me any stress or that, to be honest, like I just think I don't care. But I do want rid of it ... I've worked out that I can be debt-free by October ... and I should have my credit card and everything else paid off by then. But now that I'm going to Croatia..." Penny, (21, Focus Group 2, Dreamer)

This contrasts with her friend Gina who was clearly more of a 'Planner'. She worked as an administrator in a pensions company which had given her some exposure to pensions and had possibly contributed to her heightened awareness and engagement compared to other young adults:

"I know a bit about pensions. So I put 4% and my company match it and also contribute 9%, so my pension pot is not too bad." Gina (21, Focus Group 2, Planner)

Guided by her boyfriend she also managed her monthly finance schedule as she strived to save for a deposit. Yet even for the 'Planners' the difficulty of self-control was still evident as Gina notes, she is "terrible" with money:

"I use a spreadsheet for everything! Just to get the chance to save, I'll never probably do it. I live with my boyfriend but he owns his house, but I want to save up so I can own one with the Help to Buy ISAs and actually get a house as well, but that's going to be a long, long way away because I am terrible with money so..." Gina (21, Focus Group 2, Planner)

This temptation, focus on the short term and the desire to live whilst young, is discussed further in the next section.

Pleasure-seeking attitude – 'you're only young once'

The focus on minimal, short-term planning seemed to be fuelled by the attitude that this is the time for fun and a 'you're only young once' attitude. This was particularly true of the 'Dreamers' and 'Drifters'. Here the temptations of hedonism seemed to be stronger than saving for the future, and the short-term priorities such as the 'need' for 'at least' one foreign holiday a year, for example. For many participants there seemed to be 'plenty of time' to be sensible, as Donna suggested:

"I feel like I'm only 21, I want to have fun, I don't want to sit in the house on a Saturday night and that, like I'd rather go out and be with my friends, I've got plenty of time to start saving." Donna (21, Focus Group 2, Planner)

Some participants had debts that they perceived were controllable, such as Nicky who would rather have fun now and pay back debts more slowly:

"I'm not really one to save for like any sort of future plans right now but I've still got quite a bit of debt that I'm trying to pay off and I could easily pay it off so quickly but I'd rather not." Nicky (21, Focus Group 2, Dreamer)

Similarly, Lara (21, Focus Group 5, Dreamer), despite finding it difficult to move back home would rather do that to avoid expensive rent and enjoy more fun, delaying her independence. Most young adults seemed to have a self-awareness and seemed to be able to regulate their spending to avoid real financial issues at the end of each month to ensure they (nearly) balanced the books.

Even if they were spending too much they seemed to be aware that it wasn't sustainable. For many young adults, their hedonistic lifestyle was tinged with an ever-present fear that spending might get out of control, so needed close monitoring, but in the belief that they will become more sensible in future. For many there was the general feeling that they couldn't afford to save anyway, which perhaps legitimised the focus on the present and short-term save-to-spend behaviour evident from both the survey data and the focus groups. This was particularly the case amongst the 'Drifters'.

Managing fine between transitions – *'I'll cross that bridge when I come to it'*

This stage of young adulthood is characterized by transitions and change: leaving school, going to university, starting a job, leaving home, renting/buying a home etc. Young adults' planning horizons appeared to be focused on the next transition or change point in life. Between transitions, however, young adults were happy to avoid pro-active change in their financial situation; comfortable in the knowledge that, in the short term at least, they felt that things were in control. Consequently, it was common for many to delay or avoid certain transitions so as to escape any associated financial change. Helen (18, Focus Group 1, Planner) noted that she planned to live at home again in the second year of her university degree to avoid financial change: *'so I'm just leaving it this year.'*

Delegate to employers – *'they will sort me out'*

Frequently participants assumed that planning and financial decision making could be delayed until they were in employment and some of these decisions could possibly be delegated to an employer. For example, nursery nurse Vicky (20, Focus Group 5, Dreamer) assumed: *"we could ask the nursery's accountant, [or] our boss might know that"*, or Oscar, (18, Focus Group 1, Drifter) who believed that when he joins the army they will sort everything out for him *"if he asked them"*, delegating his financial planning to his prospective employer.

Many of the working young adults knew they had pension arrangements but could not articulate their employer's involvement and the many 'Drifters' in Focus Group 3 felt that their low-paid hospitality work negated employer support or any help with their finances. In contrast, their short-term contracts led to their sense of insecurity and ongoing 'drifting' which will be discussed further in the next section.

Passive acquiescence – *'it will never happen to me'*

Not surprisingly, those exhibiting passive acquiescence tended to be the 'Drifters' in lower-paid jobs, often relying on family to make ends meet. Sometimes participants were content with lower incomes, enjoying their job or following ambitions to travel and delaying financial/other life decisions.

Others were more downbeat about the future, taking a depressive view, expressing limited expectations of being able to fund their goals, dreams or reach their potential – such as feeling that they might never afford a house or launch their own business:

"Yes, short-term is fine, it's the long-term that you just don't see a goal at the end of it, that's the only thing."
(Doug, 23, Focus Group 3, Drifter).

A few participants who were working in the hospitality sector were particularly downbeat about the long term, citing "lottery wins" as their only way out, or accepting the need to change the career that they enjoy to a better-paid job that they might not like as much just to be able to fund their dreams of owning a home or running a business.

Most participants expected instability in their circumstances and finances for some time with a reluctant acceptance that they may have to either live at or return home at some point or keep "throwing money away" on renting.

Financial confidence

The Financial Capability Survey measures two aspects in relation to financial confidence: confidence in managing money and confidence in making financial decisions. In general, for all adults (18+) as well as for young adults specifically, confidence in managing money is higher than confidence in making financial decisions. There is evidence from the data analysis that certain factors impact differently on these two elements of financial confidence.

We explored the link between financial confidence and a number of factors individually and in combination. The findings revealed that young adults' financial confidence (both in managing money and making financial decisions) is associated with:

- age;
- gender;
- education;
- financial dependency; and
- financial goals and planning.

It should be noted that many of the variables are highly correlated. Hence, when used in combination, the effects of some individual variables are diminished.

Confidence and financial goals and planning

The survey measured the extent to which individuals had any financial goals over the next five years and the extent to which they had plans for those goals. In terms of having any financial goals, the analysis revealed no statistically significant relationship between financial goals and confidence, mainly because most young adults had some sort of financial goal.

There was, however, a difference between those who simply had financial goals and those who had active plans to achieve their financial goals. Young adults who had plans to achieve their financial goals were more confident than those who did not. Whilst this was also true for all adults aged 18+, young adults with high financial confidence (both in managing money and making financial decisions) comprised a higher proportion of individuals who had plans to achieve financial goals: 57% of young adults who had plans for their financial goals scored 8-10 (out of a 10-point scale) for confidence in managing money, compared with 45% of all adults aged 18+.

The focus groups explored possible explanations for the quantitative findings related to financial confidence and highlighted the difference in confidence between managing day to day and planning for the longer term.

Day-to-day confidence versus long-term fears

Young adults expressed general confidence with day-to-day money management and actually a sense of pride in being able to manage often limited resources 'somehow' from pay-cheque to pay-cheque. Even when faced with unexpected expenses, they did feel they could cope, despite a general lack of savings, sometimes by borrowing from family or peers to get them to the end of the month. They all seemed to accept that they would not go out at the end of the month if money was tight.

The relative confidence expressed in managing money day-to-day may be high due to limited financial responsibility at this stage in life, reflecting what could be described as 'false confidence' or a lack of really being tested yet financially. By contrast, though, most young adults appeared to be much less confident about the long term, partly driven by a lack of experience or understanding of products and situations that they have not yet encountered.

Moreover, they reflected on their current incomes and expenditure and inability to save. Many participants could not see how they could build savings for the future. Beyond the short-term comfort blanket of family, there was a sense of lives being on hold until they received a sum of money from somewhere – family inheritance (or lottery win). This was the only way some saw of ever having enough money to buy a house or start a business.

Long-term confidence seemed to be low due to a lack of consideration beyond the short term; a lack of experience or understanding of financial decision-making beyond basic spending and saving; and sometimes an apathy towards the future or general fear of an uncertain future.

There was a sense of reacting to changes as they happen with short-term life and career planning, for example Gemma who notes:

"I moved to Edinburgh about 2 years ago. I studied Zoology at Exeter University before that and now I'm a chef, which was a bit of a change but a good one." Gemma (25, Focus Group 3, Dreamer)

or the more laissez-faire approach of Peter, who had got bored with his homeland of Sweden and was working in Edinburgh to raise money before embarking on further travel:

"I don't know exactly what my future is going to hold ... it's excellent." Peter (24, Focus Group 3, Drifter)

This short-term vision of the future is consistent with the academic views of a generation of 'emerging adults' (Arnett 2000) moving through numerous transitions in their twenties with conflicting desires between travel, freedom, settling down and career. Such conflict either limits young adults' ability to engage in long-term planning or creates a fear or ignorance of trying to plan into an uncertain longer term – both of which affect confidence.

Confidence, age and experience

According to the survey, young adults were the least confident overall in managing their money and in making financial decisions compared with the other age groups: 45% of young adults rated themselves as 'very confident' (a score of 8–10), compared with 58% for all 18+ adults and 74% for those of retirement age.

Within the young adult group, confidence in managing money does not appear to increase across the ages from 18 to 24. (see Figure 4). In fact, there was a slight dip (not statistically significant) in confidence in managing money between the ages of 19 and 20. For example, 33% of 20-year-olds rated themselves as 'very confident' (score 8–10) against 44% of 18-year-olds. This may be explained by those young adults in (higher) education and the dynamic between education, work, experience and confidence discussed further below. In terms of confidence in making financial decisions, Figure 4 shows an increase in confidence across the ages from 18 to 24, although this increase is not statistically significant.

Around one third (38%) of young adults in full-time education rated themselves as 'very confident' in managing money compared with half (50%) of all young adults in full-time employment. In terms of confidence in making financial decisions only 28% of young adults in full-time education rated themselves as 'very confident' compared with 38% in full-time employment.

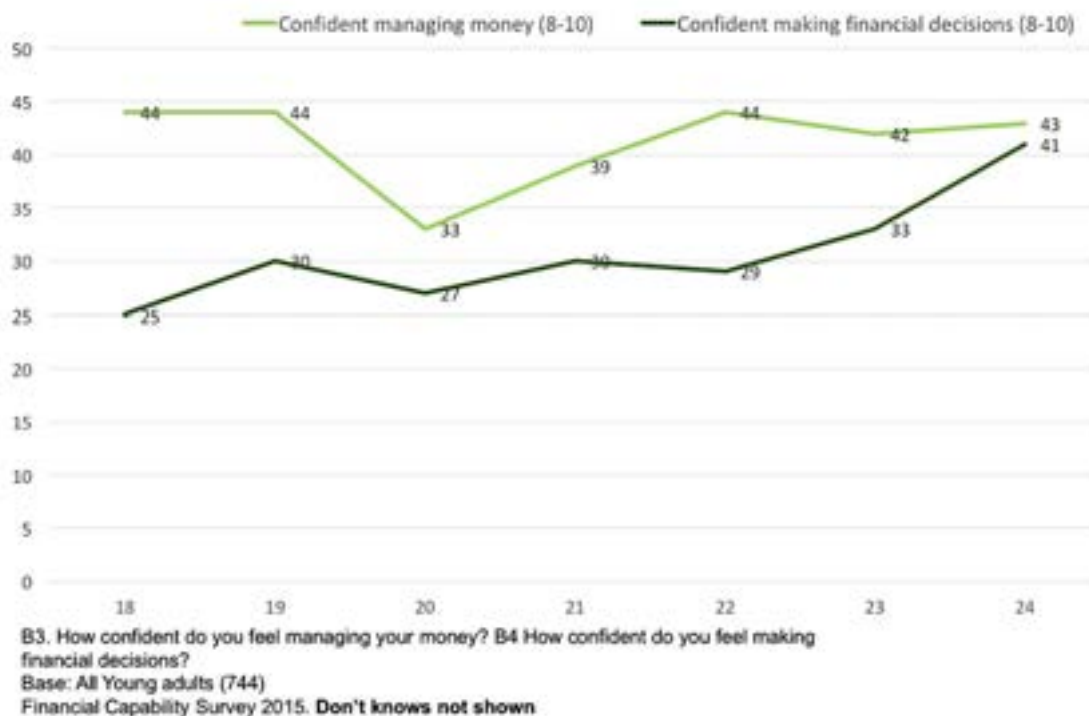
With regards to experience of financial products, the ownership and use of financial products was limited among young adults in the survey data, which constrained the extent to which the link between experience and confidence could be tested. However, there was some evidence of a link: for example, young adults who had a savings account and credit cards were more confident than those who did not.

Young adults who perceived they were saving more than others on average were more confident. It is not possible to ascertain whether increased confidence leads to greater engagement in saving behaviour or whether engagement helps to build confidence. Confidence possibly works as both an antecedent to engagement and an outcome. By comparison, young adults who were not confident in managing money (score 0–3) were three times more likely to be over-indebted than those who were very confident (score 8–10).

Young adults who owned property with a mortgage were more confident than those in rented property (46% very confident against 31%). Having a mortgage often leads to engagement in other types of financial products and increases experience.

A possible explanation could be that with time (and age) individuals have more exposure to and are more likely to use more financial products.

Figure 4: Confidence and age



The qualitative research takes this further showing a more nuanced picture, in particular highlighting how experiences can contribute to developing financial capability. Positive or negative experiences, particularly at points of transition into adult life, shape confidence in future financial matters, e.g. leaving home, renting a home, starting a job, going to university. For example, Doug (23, Focus Group 3, Drifter) talked of how he “*learned the hard way*”. He did not realise he had to pay council tax when he first rented at 18 and the bailiffs ended up knocking on his father’s door to gain payment. Learning by watching others’ mistakes, both from the family and from peers, also led to greater confidence in their own ability to avoid the same problem.

Overall there was a feeling that during transitions they “*muddle through*” (Gemma, 25, Focus Group 3, Dreamer). The financial ramifications of change and parallel experiential learning gave them confidence for the next time, as expressed by Kitty (19, Focus Group 1, Planner): “*I know a bit about tax. I learned more about tax when I started to work*”; or Lara (21, Focus Group 5, Dreamer) who learned how to control her finances when she moved out aged 18 with her boyfriend.

Learning by experience was particularly true of those who had been in the working environment since age 16–18 rather than remaining in education. A job had led to greater knowledge of pensions, savings, tax and even products such as the Help to Buy ISA.

Students, however, seemed to gain comparatively less experience, often remaining more financially dependent on family, such as Helen (19, Focus Group 1, Planner), a first-year student, who still lived at home because it was cheaper, was insured on her parent’s car insurance, had inherited a small amount of savings and was dependent on parents to support her education. Such delayed financial responsibility seemed to create a lack of confidence in financial matters and may help to explain the dip in confidence in the quantitative results.

Many students also tended to defer personal responsibility to the future, confident in the moment as they managed day to day. Again, transition is important here, students tended to only work towards the next life transition – the end of their education – which could be several years away.

To summarise, Dan, a second year undergraduate student, brings together these two key dynamics: the need to experience change to really understand financial implications; and delaying decisions between transitions; he is *"just thinking this year"*:

"... [E]xperience kind of tells you. I have no idea, because no-one really knows unless you go through it yourself, do you? So like at the moment I'm just thinking this year, probably next year, because I have a five-year degree, so I've got three years ahead of me, so I'll probably get to 4th year and be thinking about... well, I want to go to Australia afterwards and then I'll start budgeting for that and I'll decide from that." Dan (20, Focus Group 1, Planner)

Confidence, parental support and financial dependency

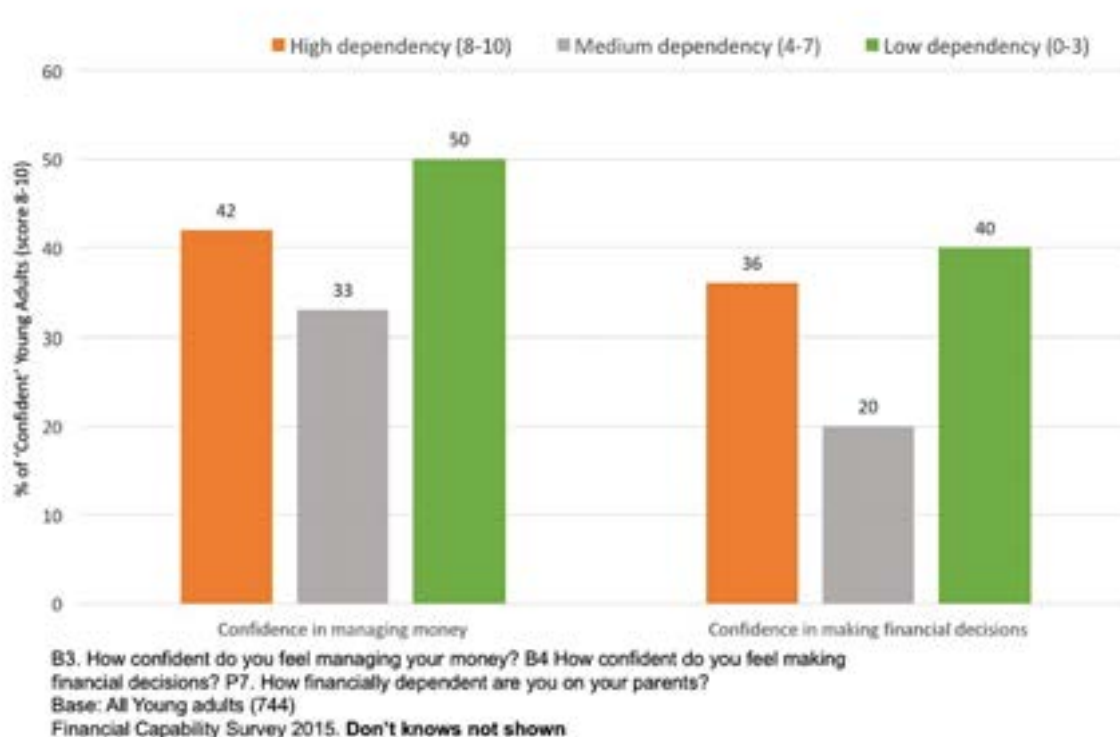
Young adults who lived with their parents were least likely to feel very confident (a score of 8–10) in making financial decisions (24%) compared with those who lived in private rented accommodation (31%) and those young adults who were home owners with a mortgage (46%). The explanation could be that whilst living in the parental home young adults do not need to make many financial decisions. This is explored further in the qualitative analysis on confidence.

The relationship between financial dependency on parents and financial confidence is not straightforward or linear (see Figure 5). Young adults who were at the extreme ends of dependency (ie, both those expressing high financial dependency and those with low financial dependency) demonstrated higher financial confidence than those who had moderate financial dependency on parents. This relationship holds true for confidence in managing money and for confidence in making financial decisions. Just considering those young adults who perceived themselves to be highly dependent financially on their parents, only four in every ten (42%) were living in the parental home, whereas more than half (58%) were not living at home, mainly students in full-time education.

Young adults in education were generally less confident in making financial decisions than those who were not (only 28% in education rated themselves as 'very confident' against 34% not in education). There was no statistically significant difference in terms of confidence in managing money. There was also no statistically significant difference in terms of financial confidence for young adults aged 18–21 in education compared to those that are not. This suggests that the issue of confidence is mainly with young adults over 21 years of age and in education, most likely students in higher education.

Other research suggests that parental support and dependency can have an impact on the ability of young adults to develop financial independence. For example, young adults' financial independence has been linked to the economic status of their parents. Young adults who have been raised in homes with more wealth are more likely to experience positive outcomes leading to financial independence (Xiao et al. 2014).

Figure 5: Confidence and financial dependency



Confidence through trust in and reliance on the family

For most young adults, the family, particularly parents, was considered to be the only real trusted source of information and guidance, and an **assumed** source of ongoing financial support for most if required. This belief seemed to give most respondents a confidence that all was well with financial matters.

“I go to my mum quite a lot. I needed a new phone and so my mum lent me the money and I’m paying her back a wee bit at a time, stuff like that.” (Harriet, 21, Focus Group 2, Dreamer)

The general belief that the family would be there on call ready with advice or funding seemed to contribute to a greater sense of confidence. Surprisingly, this seemed to be the case even where the family had made financial mistakes in the past or where there was limited financial resource in the family; even in these situations, the family would be consulted first.

On one hand, the reliance on the family presents an opportunity for ‘teachable moments’ through this particular channel. However, with varying levels of adult financial capability, this may not be straightforward and suggests that developing young adults’ capability depends at least in part on the development of parental financial capability.

Most participants considered themselves to be financially independent on a day-to-day basis and proud of that. Only the youngest participant still saw himself as *“...still kind of based off my parents but that’s only because I’ve just finished school”* (Oscar 18, Focus Group 1, Drifter) and as he did not have a job yet he still lived at home and was financially dependent on his parents. Despite this independence, a general sense of confidence seemed to come from knowing that the family would be their personal lender of last resort.

Despite the survey revealing a high proportion of financially dependent young adults were in full-time education, the focus groups revealed an uneasiness in relying on parents for financial support. Some young adults were even adamant that they would not approach their parents for financial support, not because their parents could not support them but because they felt morally that they should no longer do so.

Yet even these participants acknowledged that their family was the best option in a crisis as was clear in the following exchange between Eric (24, Focus Group 3, Drifter), Doug (23, Focus Group 3, Drifter), Peter (24, Focus Group 3, Drifter) and Gemma (25, Focus Group 3, Dreamer) who were over 20 and had been living and working away from home for some time. Some did not want to approach their families due to “pride” or doubts about whether their parents were in a position to help them; clearly Doug had more of a sense of entitlement. All gained a sense of security in knowing that they are luckier than others who did not have familial support:

Eric: ... I mean I'd probably seek assistance from family first, no matter how much my pride would hate that. But that's probably what keeps me in the sort of clear.

Researcher: Is that the same for all of you?

Doug: Yes, family would be the first port of call.

Peter: Yes.

Researcher: And are you comfortable that they can support you if you needed to or that they're not going to say “actually, no”..?

Gemma: I think they'd try. But whether they actually can is another issue.

Doug: My dad is buying a brand new motorbike this week so if he can't just lend me £100 I'll be really [annoyed]!

Researcher: And are you the same?

Peter: Yes, they would be able to.

Researcher: So you've got a sort of underpinning level of comfort then?

Peter: Which we're really lucky for. Because a lot of people don't have anything.

Other participants, mainly students, who had borrowed from parents during their time at university, talked about how they were actively trying to pay back their debts and reduce their financial dependence. This was described as a key transition to financial independence. Despite this apparent striving for independence, like the quote above, many students took comfort from knowing that ultimately their parents could help them if really needed as ‘lenders of last resort’.

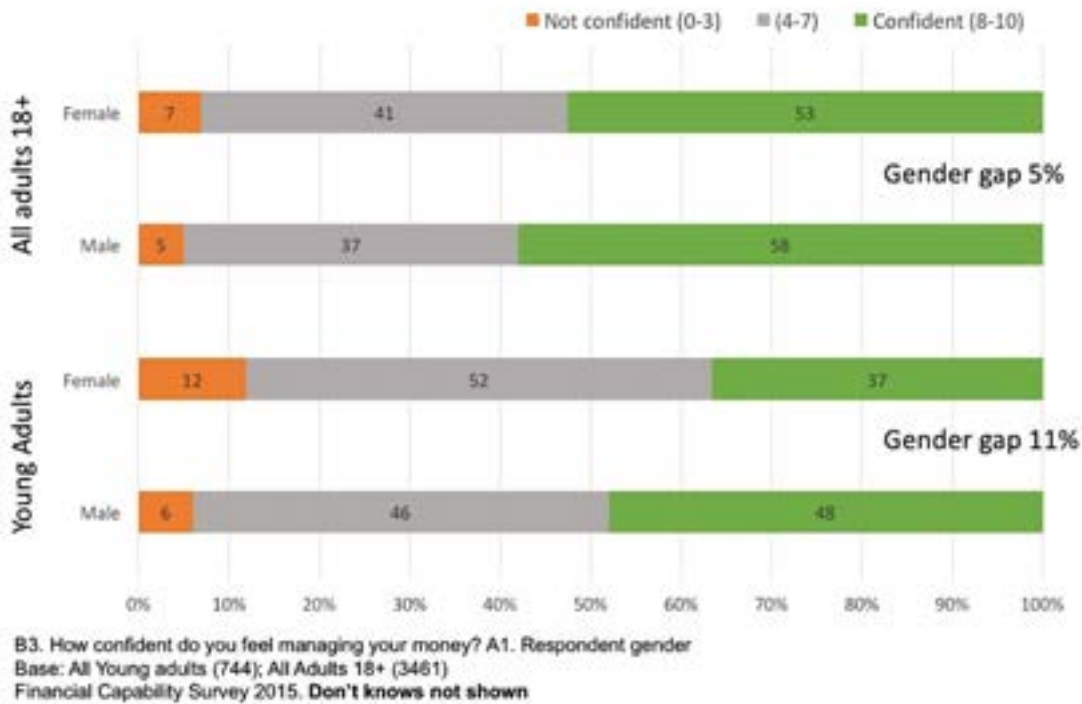
Interestingly, most participants assumed that they could move back to the parental home if they ever went through a tough period, such as Lara (21, Focus Group 5, Dreamer) who returned home a year ago when she split up with her boyfriend or Harriet (21, Focus Group 2, Dreamer) who had enjoyed renting with friends but moved back home to save money in order to travel. This ability to move home (or the comfort that they felt they could) also created a sense of security and confidence for many participants. However, the likelihood of returning home and relying on parents for support depends on parental income (Mulder and Clarke, 2002). This is not an option for all young adults whose parents are not in a position to financially support them and can have detrimental consequences for those young adults, increasing their financial vulnerability.

Confidence and gender

Females are less confident than males

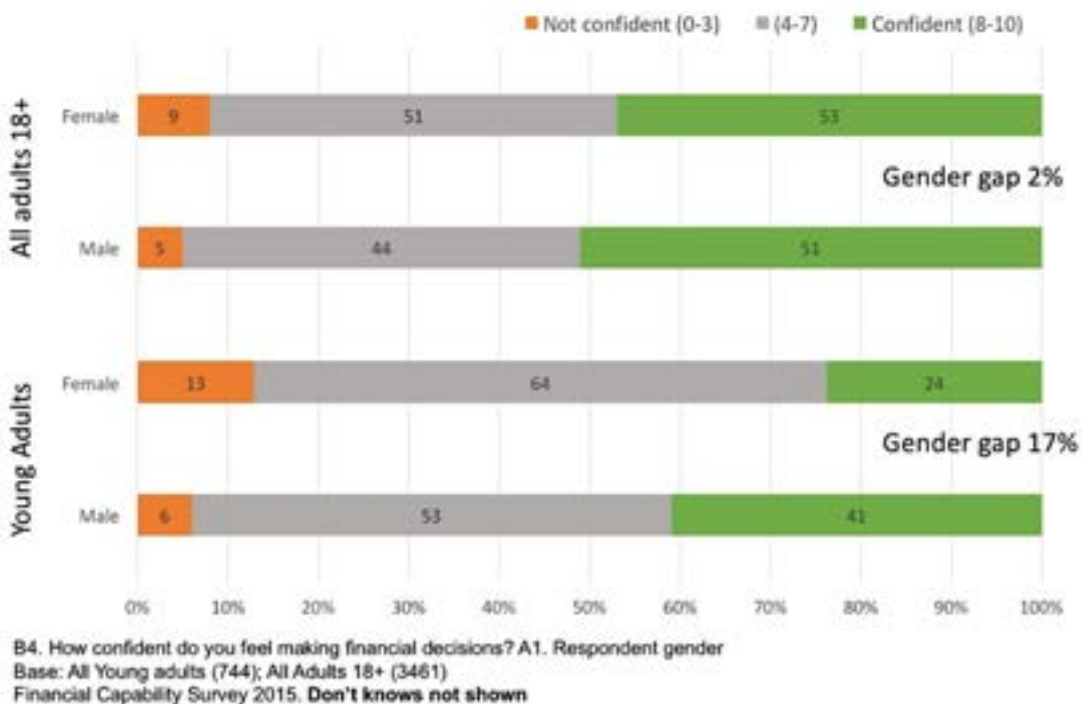
The gender gap in financial confidence is widest among young adults compared to all adults aged 18+ (see Figures 6 and 7). Almost half (48%) of young adult males rated themselves as ‘very confident’ in managing their money compared to 37% of females. Moreover, young adult males were almost twice as likely (41%) to rate themselves as ‘very confident’ in managing financial decisions compared to young adult females (24%).

Figure 6: Confidence managing money by gender



Chen and Volpe (2002), in a study of college students in the U.S., found that female college students were less knowledgeable about, had less confidence in, and were less willing to learn about personal finance topics. They also found that female college students were more likely to engage in higher-cost borrowing. The extent to which this gender gap in confidence is important in terms of influencing downstream financial behaviours is, however, less apparent in the Financial Capability survey (i.e., there were no major discernible differences between male and female young adults with respect to financial goals and planning and financial product use).

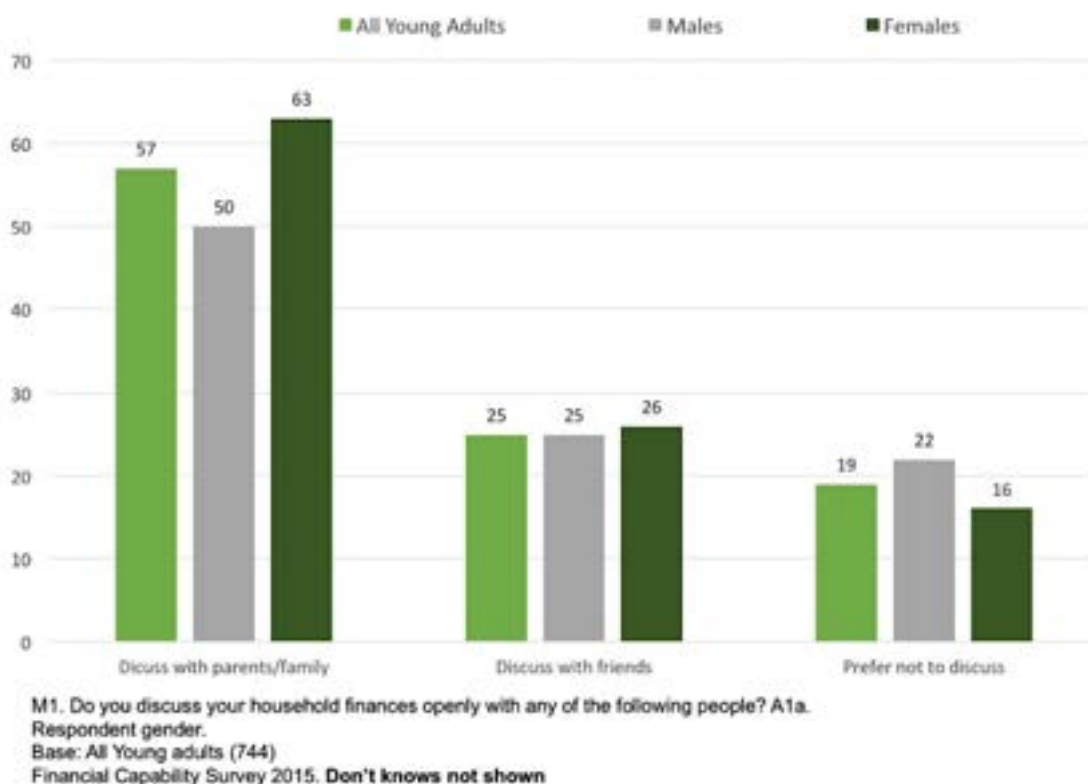
Figure 7: Confidence making financial decisions by gender



One area where gender (in combination with confidence) seems to exert an influence is in relation to the propensity to discuss financial matters openly with others and to seek advice. Young adult females were more likely than males to discuss their finances with parents/family (see Figure 8). Whilst this difference is statistically significant, the differences between males and females in their propensity to discuss finances with their friends, or to prefer not to discuss their finances openly with anyone, were not statistically significant. This pattern, though, is consistent for all adults aged 18+.

Oscar (18, Focus Group 1, Drifter) suggested that money discussions were uncomfortable. When asked if he would discuss any financial difficulties with a friend, he replied: *“Not really. It’s kind of a touchy subject if someone is struggling”*. Perhaps men tend to be less open to discussing financial matters than women, or may be more reluctant to reveal gaps in their understanding; this may be worthy of further research focus in the future.

Figure 8: Gender and the propensity to discuss household finances with others



Gender gaps?

Whilst the quantitative analysis highlighted that young adult males expressed higher levels of financial confidence than females, there was limited evidence of this from the focus groups. One example, though, perhaps illustrates how males may portray (or assume) superficial confidence which may not necessarily be supported by greater experience or understanding.

Dan (20, Focus Group 1, Planner) was the oldest and *“the clever one”* in his group. His friends assumed he knew the most about finances and he was happy to let this assumption continue. However, his contribution to the discussion suggested limited financial understanding. At the end he did note that he had learnt from the discussion about tax and travel costs:

- Dan: *Kitty has taught me a lot.*
- Kitty: *Have I? About yourself?*
- Dan: *About finances and stuff.*
- Kitty: *What have I taught you?*
- Dan: *Lots.*
- Kitty: *Like?*
- Dan: *Like having more than one job you pay more tax.*

Engagement and barriers to engagement

The survey revealed that young adults are much more likely to discuss their finances with parents/family (57%) and friends (25) than any other age-group, especially female young adults. Moreover, family and friends were the most used sources of information and advice by young adults in the last 12 months: four in every ten (40%) young adults consulted family and around a quarter (26%) consulted friends, compared with 22% and 15% respectively of all adults aged 18+ (Table 2).

Table 2: Sources of information/advice used in the last 12 months
(Figures in percentages)

	All 18+ (3,461)	Young adults (744)	Working age (2,786)	Retirement age (680)
Family	22	40	25	11
Friends	15	26	18	4
Internet search	24	29	26	17
Price comparison sites	24	18	25	22
Moneysavingexpert.com	25	18	25	22
Bank/building society	20	18	20	22
Insurance company	6	6	6	6
Financial adviser	7	4	5	11
Have not accessed information/advice in the last 12 months	34	27	31	46

The literature on financial socialisation highlights the key role of parents as socialisation agents for children and young adults (Kim and Chatterjee, 2013). Parents can influence young adults through attitudes, values, direct financial teaching and through observation of modelling behaviours, thus influencing engagement of young adults. Parental financial socialisation has been found to be related positively to financial learning which, in turn, is related to financial attitudes and financial behaviour (Shim et al., 2010).

Research among youths aged 15–21 found that when their parents discussed financial matters with them there was a weak but clear impact on their economic behaviour. Conversely, it has been found that young adults whose parents avoided talking about finances were more likely to display problematic credit card use (Webley and Nyhus, 2006).

Confidence and engagement

Young adults who expressed higher confidence in managing money and in making financial decisions were more likely to have used a bank or building society as a source of information, whereas young adults who expressed lower levels of confidence were more likely to have used family and friends as an information source (see Figures 9 and 10).

Almost a quarter (23%) of those who had used a bank or building society for information reported that they felt very confident (score 8–10) in managing money compared to only 8% of young adults who said they did not feel confident in managing money (score 0–3).

Figure 9: Confidence managing money and information sources used

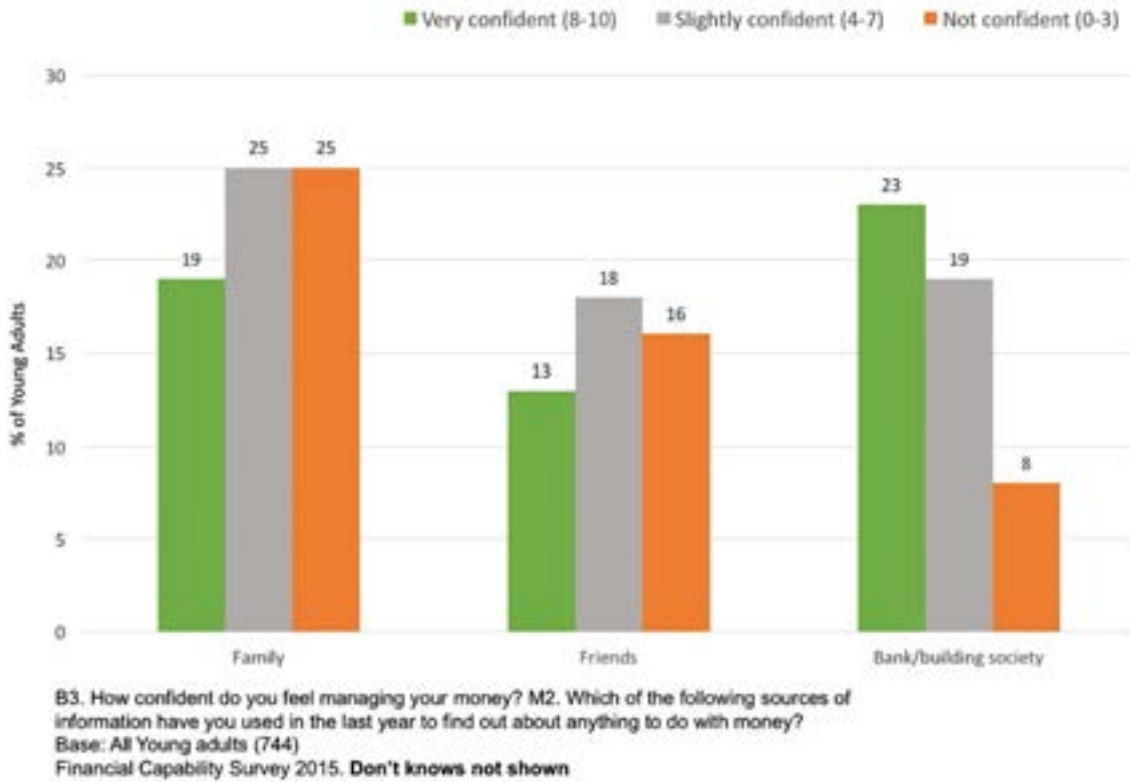
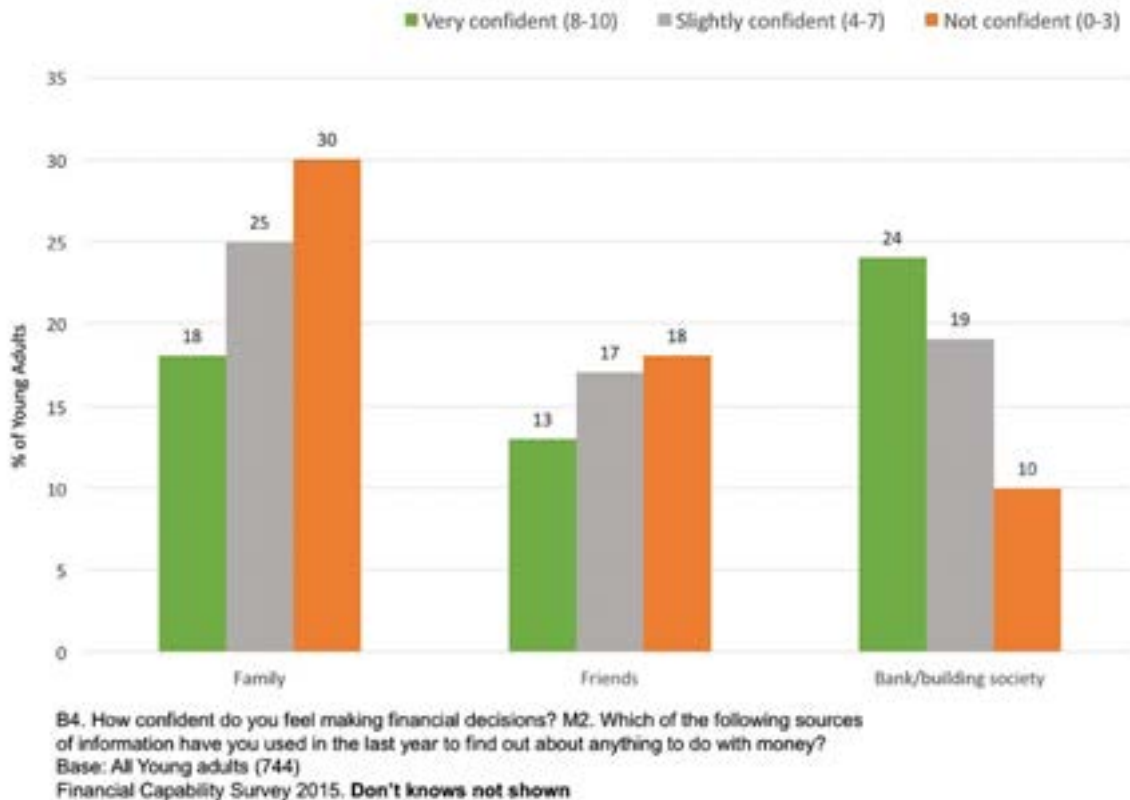


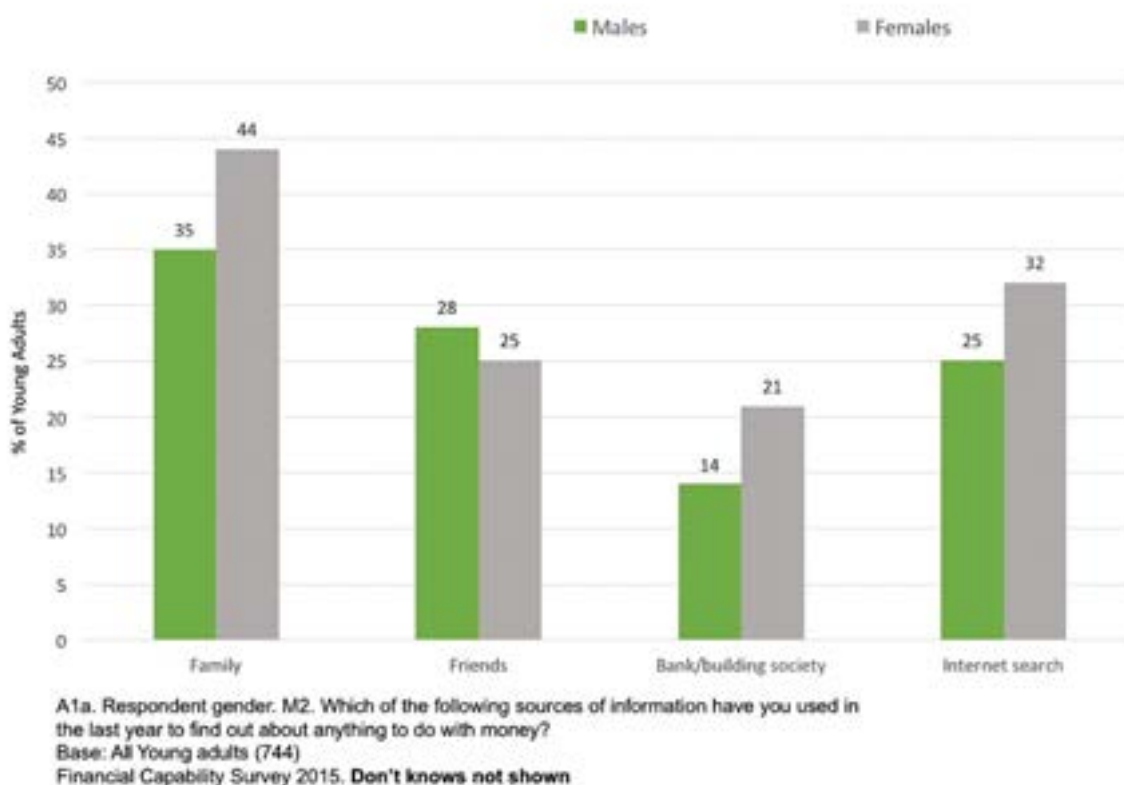
Figure 10: Confidence making financial decisions and information sources used



Gender and engagement

Differences were evident between the genders in terms of information sources they used. In general, female young adults were more likely to consult information sources than male young adults. Higher proportions of young adult females, compared to young adult males, made use of family, bank/building society and internet searches to find out about anything to do with money (see Figure 11). Young adult males were slightly more likely than young adult females to consult friends. The lower use of information sources generally by young adult males may relate to the higher levels of reported confidence in males: male young adults may perceive that they do not need to consult information sources as much as female young adults do. This is an area that would be worthy of further exploration.

Figure 11: Information sources used by gender



Knowledge gap: nowhere to go beyond the family

The qualitative research provided further insight into the possible reasons for reliance on family and friends for information and the possible under-use of other sources of information and guidance.

Reliance on the family for information seemed to be driven by a 'knowledge gap'; outside the family, young adults did not know where to turn for trusted guidance/advice – creating a fundamental barrier to engagement for most participants. When asked where he would go for advice outside the family Eric summed up the feelings of many young adults:

“Outside of family, no-one really. Like friends obviously but then you can’t really call that a role model because it’s people in the same situation who are trying to sort something out and figure out a best sort of way of dealing with it. But outside of family there’s no-one. Sort of like back in the ’60s or ’50s where you had a local bobby who knew everyone by name, used to know all the families around, like actual community spirit and values, which doesn’t really exist anymore, it’s not like you have that, friends of family, sort of acquaintances like you’re used to.” Eric (24, Focus Group 3, Drifter)

There was a worrying sense among young adults of not knowing where to turn for advice and guidance beyond asking the family or other individuals known to them who appeared to be knowledgeable about financial matters – such as “*the man in the pub who has investments.*” (Doug, 23, Focus Group 3, Drifter) or older friends or family.

Even among friends there seemed to be limited discussion of money matters. Discussions with peers seemed to occur when it was relevant to their shared current situations or experiences. For example, Kitty (19, Focus Group 1, Planner) and Helen (18, Focus Group 1, Planner) passed their driving tests at the same time and discussed the high cost of car insurance. Also, Kitty did not realise how expensive travelling was until she had to plan for it and through chatting to friends who had done it before, learnt about insurance, phone charges, airport taxes, visas and so on:

“I don’t even know, you know, I found out the other day that you get charged when you go overseas with your card, I didn’t even know that at all.” Kitty (19, Focus Group 1, Planner)

There was very little understanding generally of the money guidance landscape and of regulated advice, specifically the role of financial advisers. Many young adults assumed that advice was mainly for those in trouble or conversely for those wishing to invest substantial sums; participants did not see themselves in either situation. More cynically, some young adults felt that financial advisers were “*not like us*” but “*men in suits*” who would charge a lot but give little help. Limited sharing of experiences also reinforced the perception of high costs of accessing guidance.

The information paradox: too little, yet too much information

Although young adults did not seem to know who to go to or who to trust regarding information and advice beyond their family, paradoxically they found there was too much information available which they perceived to be ‘overwhelming’ in terms of volume. They were also unclear how to judge good or bad information. Gemma was keen to begin understanding how to set up her own business but did not know where to go for best advice:

“There is that but there’s just so much information that it’s quite difficult, like I’m actually in the process of writing a business plan, well I started it for setting up the restaurant but it’s just like, just so much information and everyone says the same but not quite the same stuff ... and they expect, a lot of what was out there expects a certain level of understanding to begin with as well. So to get something that’s really basic it’s quite difficult I think.” Gemma (25, Focus Group 3, Dreamer)

Outside of family and friends, the internet was very much the first choice for information, with casual mentions of “Googling” financial information from all groups, regardless of whether they fully understand the information they received or not.

Table 2 confirms that young adults were more likely than other age groups to use internet searches, such as Google, for information on money matters, but were less likely than working-age adults to use more specialised forms of internet information such as price comparison sites and MoneySavingExpert.com. This is perhaps not surprising as use of such sites is likely to be associated with a specific purchase or intention to purchase financial products that young adults may not have a current need for.

In terms of more professional sources of information and guidance, such as that provided by banks, building societies, insurance companies and regulated financial advice, these sources were used far less by young adults than other age-groups. The main professional source of information or guidance that seemed to be used by young adults was banks. This finding from the survey was also supported by the qualitative research that provided insights into why other forms of information or guidance were not used.

Trust gap: the dilemma of the 'untrusted' bank

There was a consistent yearning for unbiased information that was not out there as far as young adults could tell, or if it was they did not know how to access it. They only visited a bank if they felt in some way caught in a situation that forced them to and there were real trust or fear issues in all groups. Laid-back traveller Peter (24, Focus Group 3, Drifter) kept his money in his guitar case to avoid the banks due to an *"in-built mistrust"* which was strongly supported by his friends in the following exchange with Eric (24, Focus Group 3, Drifter), Doug (23, Focus Group 3, Drifter) and Gemma (25, Focus Group 3, Dreamer):

Peter: In-built mistrust against the financial sector?

Eric: Yes, and personal banking wise, you make a phone call to like HSBC and it's great for making payments, phone banking, but to actually ask them for advice it's just...

Doug: They don't know. They sit in front of a computer, they type your name into their screen and then they read out the response, which comes up on the screen. That's what they do.

Gemma: And suggest that you get a credit card.

Doug: Yes.

Eric: Credit cards, just the worst invention in the world, you can't get a credit score unless you have a credit card but you can't have a credit card unless you borrow money you don't have. And then pay back that money you don't have with interest on top just so you can get a credit score so you can borrow more money. This is why we don't trust banks. Everything they do is to take our money and keep it, or to try and screw you over in the long run. But then they falsify information and not actually telling you the full story.

Interestingly it is their perception of a bank's ability to give trusted guidance and advice which was questioned rather than the bank's management of their personal banking. Also, Eric and his friends were talking generally about the "financial sector" or "banks" and their desire to "screw you over in the long run" which may also suggest a societal barrier to trusting in the outcome of long-term financial planning. It is worth noting that four out of the five focus groups quoted examples of being confused around credit card guidance. Kitty recalled the guidance received in school:

"in school we were told 'don't get a credit card' because apparently it gets you into so much debt and stuff."
(Kitty, 19, Focus Group 1, Planner)

Yet, when Kitty went to the bank to open a savings account she was offered one, which she found confusing.

Beyond this confusion and fundamental lack of trust, participants such as Gemma (25, Focus Group 3, Dreamer) also felt "judged" when she went into a bank and all groups either bemoaned a lack of or struggled to imagine a credible alternative.

Doug (23, Focus Group 3, Drifter) also mentioned how *"they sit in front of a computer"* and this lack of personalisation was discussed in Focus Group 2, one of the more confident groups, yet still mistrusting of bank engagement. Shaped by previously positive experiences, Joe visited his bank to *"actually speak to them"* for *"financial reviews"*; a real planner, he still worried about their interference in his affairs:

"Every couple of months the bank sort of phone me up and go 'you've got a financial review', so I'll go in and actually speak to them and they'll go 'well actually this account is better for you'. But because, like I know I've got a couple of holidays coming up and different things, I've got like 12 different bank accounts. But every time I go in to open up they're like 'oh, you've got lots of bank accounts', and I'm like 'no, please don't touch them because...'"
Joe (22, Focus Group 2, Planner)

Yet even confident Joe was concerned about lack of personalisation as bank staff were bound by computer scripts when answering questions. They could not tell him how much to save to buy a house so he reverted to what most young people did in this study – he asked his father for advice when it comes to mortgage planning:

“...because although I’ve got a Help to Buy ISA the bank manager couldn’t tell me if I saved x amount then I would be able to buy after this. And then I got my dad to work it out and he was like ‘that’s your figure and it’ll take you three years’ or whatever.” Joe (22, Focus Group 2, Planner)

Worryingly this lack of trust in banks started from a young age. Even school-leaver Oscar (18, Focus Group 1) was cynical: *“banks are biased and they will always be biased.”*

Barriers to engaging in debt advice

Young adults were more likely to be over-indebted than the overall population. But over-indebted young people were less likely to seek debt advice. The survey revealed that 24% of young adults were over-indebted (compared to 20% of all adults aged 18+), yet only 10% of over-indebted young adults were seeking debt advice (compared to 17% of all over-indebted adults aged 18+). Table 3 shows the reasons for not engaging in debt advice. One in every four (43%) young adults who were over-indebted and were not seeking debt advice felt that they could sort their own money and debt issues out and 23% felt that things will get better soon anyway. This sentiment is summed up by Nicky:

“I’m not really one to save for like any sort of future plans right now but I’ve still got quite a bit of debt that I’m trying to pay off and I could easily pay it off, so quickly. I would rather not, I would rather go out and spend it. Like, people say you can just pay it off whenever...” Nicky (22, Focus Group 1, Dreamer)

Around one-fifth (21%) of over-indebted young adults who were not seeking debt advice stated that they haven’t had time to and whilst 18% realised they needed advice, they also didn’t know where to start.

Table 3: Reasons for not engaging in debt advice

Figures in percentages (based on those who are over-indebted and not engaging with debt advice)

	All 18+ (525)	Young adults (146)	Working age (502)	Retirement age (23)
I can sort my own money and debt issues out	39	43	40	30
Things will get better soon anyway	19	23	20	0
I might have to pay in order to access advice	15	17	15	13
I haven’t had time to	13	21	14	0
Their services are not for someone in my financial situation	11	17	11	13
I realise I need advice but don’t want to think about it	11	14	11	0
I realise I need advice but don’t know where to start	10	18	10	0
I have tried getting advice before but it was not useful	8	8	8	8

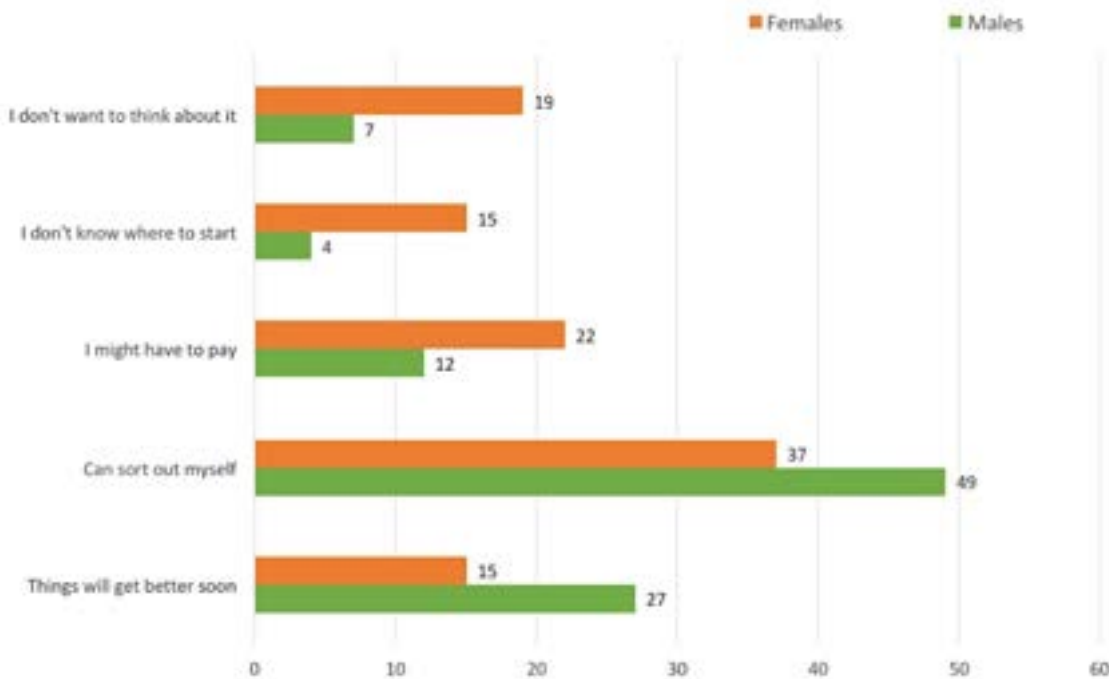
The reasons why some over-indebted young adults sought debt advice, and others did not, can be partially explained by:

- whether young adults lived with parents/family;
- whether young adults were in education;
- gender.

The main differences of statistical significance are:

- Young adults living with parents were more likely to feel that they can sort their own money and debt issues out. This may be explained by increased confidence that comes from reliance on the family as indicated earlier.
- Young adults not in education were more likely to say they realised that they needed advice but didn't know where to start.
- Young adults in education were more likely to say they realised they did need advice but didn't want to think about it.
- Male young adults were more likely to have an over-optimistic or confident view that they can sort it out themselves or things will get better, whereas female young adults were more likely to say they realised they needed help but either didn't want to think about it or didn't know where to start, and were also concerned that they might have to pay to access debt advice (see Figure 12).

Figure 12: Reasons for not engaging in debt advice by gender



C4. You said that you are not consulting an external advice organisation about debt. Why is that? A1a. Respondent gender.
 Base: 146 over-indebted young adults who have not engaged with debt advice
 Financial Capability Survey 2015. Don't knows not shown

Opportunities to engage young adults

Drawing on the evidence from the survey and the qualitative research, a number of opportunities emerge to engage young adults in money and develop their financial capability, including:

- identifying 'teachable moments' at key points of transition;
- making use of peer, near-peer and nominated experts;
- developing education-based practical skills beyond the formal school environment;
- building on the role of the family as a key socialization agent;
- addressing young adults' (mis)perceptions of unbiased guidance and advice;
- harnessing the potential of the online environment to engage digital natives.

Identify teachable moments at key points of transition

There is an opportunity to identify key points of transition and develop interventions to assist at these key points.

Key transition points could be going to college or university, moving out of the family home, moving city or country or starting a job. The needs for information and guidance will vary according to each transition point. Young adults moving to

I'm going to be earning a bit more than what I have been before, it's my intention, whether or not I will actually do it, is to put a wee bit away each pay, depending on what I've got. I was going to try for £50 each pay, and I get paid weekly, but whether or not I will be able to do that is ... or I will do it and then I'll end up going right into it. But I'm going to attempt it.

Donna, (21, Focus Group 2, Planner)
just started a new job.

university may need more support in how to manage bills and a student loan whereas those moving into work may also need greater help with savings,

understanding tax or even encouragement for longer-term planning. Depending on the nature of the transition (into work or college, for example), there may be an increased role for key 'agents' in delivering effective interventions. For example, there may be an increased role for universities and employers at key transition points.

... if you go to uni straight from school and you move to another city, you've not got a clue about bills and rent and stuff like that, like it would be really difficult.

Penny (21, Focus Group 3, Dreamer)

Peer, near-peer and nominated experts

Whilst most young adults, especially the younger individuals, are enthusiastic about peer and 'near-peer' guidance there was also a recognition that peers often are not more knowledgeable. Peer and near-peer support seems to be most effective when the peer has already been through a similar situation recently and is able to talk authoritatively on their experience, giving guidance on what to do – or what not to do. Other nominated experts could be individuals of similar age who understand the situation of young adults, but may have greater experience and responsibility, such as a supervisor or manager at work. Kitty (19, Focus Group 1, Planner) stated she would "probably" have used someone to talk to about the cost of travelling abroad and young adults were very enthusiastic about near-peer not just in relation to financial capability but "life skills" in general as discussed between Donna (21, Focus Group 2, Planner), Nicky (22, Focus Group 2, Dreamer) and Gina (21, Focus Group 2, Planner):

...because our manager has been through what we've been through, like she kind of knows the struggles that we go through with money. She knows our savings, what we've saved up for, what we're saving for, like what we've got going on. She kind of like gets – not involved – but she knows what we're going through so she just wants to help out...

Vicky (22, Focus Group 5, Dreamer)

- Donna:** *I think if you got people out from like different work areas, like young people, because they'll interact with more young people than older...*
- Researcher:** *Like you almost?*
- Donna:** *Yes, someone like our age.*
- Nicky:** *Peer mentoring sort of thing.*
- Gina:** *Yes, so like people can look and see their career path and be like "oh if they can do that then I can do that", and give them like life skills, like interview skills ...Workshops and stuff, like just when you go out for a day and you get like, you know...So it's less like formal, it's more sort of like interactive as well, like you get to actual situations and you can say what you would do and they can actually tell you, well that's actually quite good but the way to do it would be this, or to work on that more. Actually getting them more involved rather than just talking at you, saying "this is what you need to do, write this down".*

Importance of education-based practical skills

Young adults who had recently left school were frustrated that there was not more done in school to prepare them for the transition out of school. Gemma (25, Focus Group 3, Dreamer) commented: *"all I learnt was how to change a plug"*; others noted that learning how to manage money and finances was *"more useful than Pythagoras"*.

Oscar (18, Focus Group 1, Drifter), just leaving school, reflects: *"It would be good to learn at school, it definitely would give you a help. Can you do it at school? I don't know"*. The lack of understanding and/or regret at no formal education in "life skills" was often passionately felt and recognised by all, particularly within Focus Group 2 suggesting a focus at 6th form would be most effective. It is interesting that they highlight this time of change and suggest practical help from near-peers who have just been through this major transition – neatly combining two suggested possible interventions: near-peer guidance at points of transition.

I think it should be something that's brought into schools, because like you're taught all this stuff that you're never going to use. But when do you learn about mortgages and stuff?"

Gemma (25, Focus Group 3, Dreamer)

Build on family trust

There is a need to build on the family as the key trusted source of information and the first port of call for many young adults. However, the family does not always know best, and adult financial capability varies enormously. Thus addressing young adult financial capability requires addressing parental financial capability as well. There was evidence of sharing experiences within the family. However, these did not necessarily lead to an enhanced understanding – as Helen (19, Focus Group 1, Planner) noted: *"I don't really understand though."* Hence modelling behaviours and practices from family members also require support in the form of education to address knowledge and understanding. Interventions could be designed and aimed at the family in supporting parents to support young adults. Clearly, support for family members and guardians of young adults is necessary to enable them to support young adults in developing their financial capability. There are, however, a number of challenges to consider:

I'm kind of learning what I'm doing because my brother's just moved up from London and he's just bought a flat ... so I go out with him and my mum to all his bank appointments about paying stuff off and ... I don't really understand though.

Helen (19, Focus Group 1, Planner)

- First, is the assumption that family members are effective role models – often young adults learned through the mistakes of family as much as the positive behaviour.
- Second, is how to engage families in discussions around family finances, financial planning and decision-making, thus engaging young adults.
- Finally, although the family is the most obvious avenue for young adult engagement due to its influence in terms of socialisation, it may also be the most difficult to get right.

Address young adults' (mis)perceptions of unbiased guidance/advice

Young adults talked generically about 'advice'. They perceived that both guidance and advice providers exist primarily for those who are in trouble. Young adults tended to view guidance and advice in one of two ways. On one hand they viewed it in a very reactive sense – in response to times of trouble or money problems: 'debt advice'. Hence, those who were not experiencing debt problems did not feel that advice was for them. On the other hand, they viewed advice as 'investment advice' for the wealthy. Hence, they did not perceive they would be of interest to financial advisers.

Guidance or advice was not typically viewed in a more proactive way as a means of developing capacity and supporting good financial behaviour. Young adults also tended not to trust that guidance or advice would be impartial or unbiased and perceived a lack of 'unbiased' guidance and advice. Some young adults suggested that general information and guidance on managing money could be provided by the Citizens Advice Bureau. This only demonstrates the lack of awareness of young adults in terms of what guidance is currently available and through which channel.

There are opportunities, therefore, to strengthen the communication and signposting of the guidance and advice that is available and attempt to dispel the myths of impartiality. In this regard, there are opportunities to address the differences between debt advice, money guidance and regulated advice. There are also opportunities for a more expanded role for employers in the workplace environment, for other potential agents of money information and guidance (such as schools, colleges and universities) as well as for banks and other financial institutions.

Debt advice/money guidance versus regulated financial advice

Many young adults were not able to distinguish between debt advice, money guidance and regulated advice and the respective providers of each. For those young adults who were aware of regulated financial advice, they mainly perceived it to be available only to individuals who had "a lot of money" to invest and felt that financial advisers would not be interested in them.

Regardless of the nature of guidance and advice, young adults perceived there would be costs associated with accessing it that could be prohibitive. Indeed, 17% of young adults in the survey who had not accessed debt advice thought they might have to pay to access it. This figure is higher than for other age groups.

There is therefore the need to provide greater clarity around the role, accessibility and affordability of different types of guidance and advice, which could significantly impact engagement.

I know when I went for my house back in Glasgow the mortgage advisor wanted £99 before they'd even talk to you.

Joe (22, Focus Group 2, Planner)

Employers

The assumed role of the current (or future) employer should not be ignored. Young adults seem to place a great deal of trust in the employer. There seems to be an expectation by young adults that the employer will inform and guide employees in financial matters, not only in dealing with pensions, regardless of whether employers perceive themselves in this role.

There may be opportunities to work with employers to harness and channel best practice and encourage better financial management as well as long-term planning and saving. Apprenticeship schemes or graduate employment schemes may provide useful avenues through which young adults experiencing particular transitional needs can be targeted with specific interventions and support, linking to the identification of 'teachable moments' at key points of transition.

Banks

It is evident that there are many issues to overcome for the banks themselves. In relatively smaller measure young adults do turn to banks for guidance and advice, but mainly because they do not perceive an alternative. Young adults generally acknowledged a level of trust in the bank as reliable and trustworthy in managing their personal banking, but were less convinced that the bank could be trusted to provide impartial advice, perceiving them as *"self-serving"*.

Some young adults recounted *"computer-led"* discussions in bank situations and a perceived lack of real personalised attention. Others voiced the feeling of being *"judged"*. Addressing attitudes and service in banks could go some way towards rebuilding trust. However, positive experiences over time can help to address this issue. Beyond the channels mentioned above, other guidance and advice channels such as Money Advice Service and Citizens Advice Bureaux are perceived by young adults to be for those in trouble rather than those seeking pro-active or ongoing support and guidance.

Opportunities online but choice and fear are overwhelming

Most participants used online banking (partly to avoid contact with the banks) and used the internet to search for information. However, the range of information available was perceived to be overwhelming and, due to a lack of understanding, there was a definite fear of getting it wrong.

Appropriate websites and channels for guidance need to be well signposted, widely promoted, easily navigated and must be perceived to be 'unbiased' by young adults to gain usage and credibility amongst these 'digital natives'. Again there may be the opportunity to package guidance around key transitions or points of change, rather than around financial products, to acknowledge a range of specific needs for financial guidance during these changes. Further credibility could be achieved by using the experience of 'near-peers' in any materials, forums or helplines.

Conclusion

Drawing on data from the Money Advice Service 2015 UK Financial Capability Survey and additional qualitative research, this report provides an overview of key factors affecting the ability of young adults to manage money day to day, to plan ahead, and to negotiate difficulties. This has been achieved by examining young adults' financial goal-setting and planning, confidence in managing money and making financial decisions, engagement and barriers to engagement. The report ends by outlining a number of opportunities for engaging young adults in money and improve their financial capability.

The first objective of understanding goals and planning led to the identification of three young adults' groups: Planners, Drifters and Dreamers. Each group approaches money management differently but all have largely short-term goals around the next transition in their lives, rather than longer-term planning. The Drifters and Dreamers in particular are torn between pleasure-seeking now and planning for a future which may or may not materialise.

In terms of the second objective of financial confidence, the survey data shows that confidence increases with age. The qualitative data, however, suggests a more nuanced picture of confidence increasing with experience as individuals progress through the life course and are exposed to a range of financial responsibilities and products.

The more financial decisions are taken, the more confident young adults are about making and managing further financial decisions. This explains why students and those living at home, often still dependent on parental financial support, express less confidence than those working and living away from the family home. Differences were also evident between male and female young adults and their perceived level of confidence in managing money and in making financial decisions.

In terms of engagement, young adults exhibited limited involvement and were most likely to engage in discussions with family members and seek guidance from family and friends. Regarding the barriers to engagement, it is somewhat concerning that the main trusted sources of help are parents and family, particularly as family members may not be financially capable themselves. Although peers were consulted, the use of peers was limited and mainly related to a shared financial experience. Beyond these two sources, banks were reluctantly used as the other main perceived option.

Young adults were more likely to be over-indebted compared to other age-groups, but less likely to seek debt advice. The reasons for the lack of engagement seemed to relate to an over-optimism that things will improve in the future and an over-confidence in being able to manage debt problems on their own, especially amongst male young adults. Young adults are more likely than other age-groups to perceive they have to pay to access debt advice.

Young adults make more use of the internet and reliance on self-research, usually via Google, compared to other age groups, leading to the perception of an overload of information, and a lack of confidence or experience to navigate through the quantity of material a search provides.

The findings highlight practical suggestions to engage young adults by identifying transitions and 'teachable moments' which can be shared via trusted sources of information such as the family, peers and 'near-peers'. The need to regain trust and demonstrate 'unbiased' guidance is paramount for banks or other financial institutions, and the desire for education-based learning in schools was voiced by participants in the qualitative research in response to the perceived lack of financial education whilst at school. There are also opportunities to work with key 'agents' such as employers, colleges and universities to support young adults with targeted information, guidance and interventions at appropriate transition points.

The main opportunity, or challenge, may be to engage and build on the family as the primary supporter, adviser and trusted source of information for young adults by harnessing the positive experience of family members, providing tools and support in a culture where 'it is just not the British way' to discuss money pro-actively, within or beyond the family.

The key challenge is the perception of young adults generally that financial matters are boring, as suggested by Penny (21, Focus Group 2, Drifter):

"I don't think they're ever going to be engaging for young people. I don't think people are interested in engaging with them in the first place. I don't think they have as much of a need to engage with them. I just think, no offence, but I think people have to sort of get over trying to make finance fun for young people because it's not fun and never will be. I'm not saying that to be negative."

Young adults may not be "interested in engaging" and may not find finance to be "fun" but there are clear anxieties within this age-group and the imperative to support and build financial capability is strong.

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Appendix

Research Method and Samples

The quantitative analysis of the Financial Capability Survey included a range of descriptive and multivariate techniques to explore relationships between variables. The analysis sought to understand the unique characteristics and behaviour of Young Adults as a group and in comparison to other relevant groups in the data set. The characteristics of the young adult sample in the UK Financial Capability Survey data are set out in Table A1.

Table A1: UK Financial Capability Survey Young Adult Sample

Survey Participant Characteristics		Count	Percentage
Gender	Male	336	45
	Female	407	54
Marital status	Single	552	74
	Married/living together	176	24
Employment status	In full-time education	309	42
	In full-time employment	248	33
	In part-time employment	135	18
	Unemployed	72	10
Housing tenure	Living with parents/family	271	36
	Renting privately	233	31
	Renting social housing	106	14
	Homeowner with a mortgage	80	11
Total		744	100

The aim of the qualitative research was to complement and inform the quantitative analysis, to bring the quantitative findings to life and offer explanations of the findings. Five focus groups were conducted between 19 February and 13 March 2016. Focus groups were chosen to encourage social interaction, sharing of ideas and experiences amongst peers. For this reason, friendship focus groups were used to enable a relaxed, comfortable environment in which to facilitate secure and open discussions.

All participants were resident in central Scotland and their cultural backgrounds were predominantly British and European. Groups were purposively recruited from the researchers' personal and professional networks; one group was sourced via the Young Scot charity. Whilst qualitative research cannot attempt to be representative, we nonetheless made efforts to ensure that the groups accounted for the diversity of Young Adult backgrounds and situations. The groups included a total of 23 Young Adults between 18 and 25 years of age with a variety of educational, domestic and socio-economic situations (Table A2). All were either working or in full-time education. Table A3 provides detailed individual participant information.

Group discussions were based on a semi-structured format guided by an aide-mémoire that was flexible enough to encourage the development of emerging themes which were then discussed between all three researchers on the project and used to inform each successive focus group and the quantitative research process. Similarly, themes emerging from the quantitative analysis were fed into the focus group discussions. All discussions were recorded and fully transcribed. The University of Edinburgh's ethics procedures were followed at all times. Participants signed consent forms which assured confidentiality and permission to use anonymised participant quotes. All participants received a voucher for taking part.

Table A2: Overview of Focus Group Sample

Summary of Focus Group Participants	
Gender	9 males and 14 females, 18–25 years old
Personal circumstances	8 full-time students in higher education (from undergraduate year 1 to PhD)
	11 working, straight from school
	2 working, graduated from university
	2 school-leavers, one intending to join the army; one taking a gap year before university
Living arrangements	10 living with parents; 13 living away from parents in rented accommodation

Table A3: Individual Focus Group Participant Information

Pseudonym and Focus group	Background and details
Kitty Focus Group 1 Planner	Aged 19, lives with Scottish mother and younger brother in Edinburgh having moved permanently from Kenya five years ago; state educated in Edinburgh from that point. Left school June 2015 and has been working in cafés and bars since to raise money to travel for six months before starting university in the city in September 2016.
Helen Focus Group 1 Planner	Aged 18, Edinburgh-born and bred, state-educated. Left school June 2015 and in first year of degree at a university in Edinburgh. Lives at home still and travels daily, getting used to having her own finances but probably not moving out until 3 rd year to save money and to ensure she feels comfortable with the friends she wants to move in with.
Dan Focus Group 1 Planner	Aged 20, 2 nd -year engineering undergraduate in Edinburgh. Born in UK and brought up in Kenya from age of 9 and boarding school in South Africa. Classed as an international student so fees/costs paid by parents although he works in the summer to earn money. He wants to travel to Australia after his degree and does not like being back in the UK.
Oscar Focus Group 1 Drifter	Aged 18, Dan's brother (above). Left school in June 2015, born in UK but moved to Kenya at age of 7 and went to boarding school in S Africa. Back in UK now living with grandparents and applied to join the army in next 6 months, still dependent on family for funding and does not feel independent at all. He expects the Army will look after him once he has signed up.
Gina Focus Group 2 Planner	Aged 21, left school in 2012, first full-time job as admin assistant in architect office but not challenging, so changed to estate agency and now works for large insurance company in the pensions department. Still figuring out what she wants to do "keeping eyes open", "keeps changing". Lives at home and is saving. She has a serious boyfriend who is good with money/planning and ideally they would buy a house via Help toBuy ISA eventually.
Nicky Focus Group 2 Dreamer	Aged 22, left school in 2010, halfway through 6 th form as "more learning was not for me". Had a part-time job since 15. Worked in retail at first but now thanks to SVQ, quick promotion and works for an insurance brokers who are putting her through further exams which she is enjoying. Rents with a friend.
Harriet Focus Group 2 Dreamer	Aged 21, left school in 2012, did part-time work whilst at school and worked for car sales company where she did her SVQ, now working in accounts and finance for a charity and they are putting her through an accountancy technician course this year. She is hoping to travel soon and has moved back home with parents to save money although enjoyed renting with friends before that.
Donna Focus Group 2 Planner	Aged 21, left school in 2012 – last two years there "my heart wasn't in it" and "there for an easy life" – did work during school to raise money. After a number of different jobs in hospitality and social care, she has just started working at a large bank which she sees as a "career" rather than a "job". She has always lived at home and pays digs, enjoys living at home. Feels strongly that once left school you should be financially independent from family though.
Joe Focus Group 2 Planner	Aged 22, left school, took a year out but never came back to education. He has worked at the local council since coming back, initially in admin roles but since doing SVQ3 he is working with audit and European funding. Lives at home and is happy doing so as he pays no "digs". He hopes to travel again in the near future. Nearly bought a house last year and hopes to buy one soon.

<p>Penny Focus Group 2 Drifter</p>	<p>Aged 21, left school in 2012 a few months into 6th year “it just wasn’t for me”. She did an apprenticeship in libraries and an SVQ3 business admin and now works at the Council with Joe. Lives and rents with boyfriend but would love to buy own home although admits she is not good at saving money and enjoys spending and holidays.</p>
<p>Doug Focus Group 3 Drifter</p>	<p>Aged 23. Originally from Midlands, England. He moved to Edinburgh two years ago following his girlfriend up here. He has worked largely in hospitality – bar work – since leaving school, with a six-month stint helping with admin/sales secretary for a small financial advisers firm which he hated. His plan is short term to get a job in beer sales and then eventually own his own pub.</p>
<p>Gemma Focus Group 3 Dreamer</p>	<p>25 years old. Grew up in England and moved to Edinburgh two years ago after studying Zoology at Exeter. She is now a chef – “a bit of a change but a good one”. Her friends were in Edinburgh so she had spent time here and just liked it. Someone offered her a catering job and she tried it for a while and then decided she liked it and stayed. She wants to have a farm with a restaurant attached and have everything straight off the farm. Starting to think about a business plan but not sure how to do it.</p>
<p>Peter Focus Group 3 Drifter</p>	<p>24 years old. Grew up in USA and moved to Sweden for university doing BA Urban Planning. Moved to Edinburgh after university as his friend was here and said he would like it and could live rent-free for a couple of months until he got settled. He was tired of Sweden. He has been in Edinburgh 18 months, working in hospitality and saving up to travel again “pretty soon”. He doesn’t plan and beyond saving to travel he does not have many plans as “they never really work out” and “I don’t know exactly what my future is going to hold”.</p>
<p>Eric Focus Group 3 Drifter</p>	<p>24 years old. Born in south of England, moved to Midlands when he was 12 and started working in bars and restaurants then and has done ever since. Tried doing a chemistry degree but “really didn’t enjoy it” so left after 18 months and went into pub management. Currently a Bar Supervisor in Edinburgh having moved up here six weeks ago because his friend (Doug) said it was great here. He wants to own his own self-sufficient gastro-pub in the future and now getting experience and saving up (although he can’t afford to save anything at the moment).</p>
<p>Mark Focus Group 4 Drifter</p>	<p>23 years old. 5th-year undergraduate student studying Computer Sciences from Highlands of Scotland, only child.</p>
<p>Bethany Focus Group 4 Planner</p>	<p>22 years old. 4th-year business student from England, started university in London and then changed degree and moved to Scotland, currently applying for Masters/PhD and looking for funding. Tends to worry and save a lot, very organised with finances and never wants to rely on parents. However, does not really plan for the future yet.</p>
<p>Colin Focus Group 4 Planner</p>	<p>23 years old. Lived in Edinburgh for last 4 years and currently in first year of doctoral programme in Robotics. Originally from Aberdeen and the second eldest child of four, two younger brothers and an older sister.</p>
<p>Vince Focus Group 4 Planner</p>	<p>23 years old. From Romania. He came to Edinburgh four years ago to do a Computer Science degree and is now in the first year of a research degree. He is the only child in the family.</p>
<p>Cheryl Focus Group 4 Planner</p>	<p>21 years old. 3rd-year undergraduate Philosophy student, from London, youngest of five. Concerned about caring for her parents who are approaching retirement and not in good health. She feels she has been supported by her parents and older siblings and now it’s her turn to look after them.</p>

<p>Mandy Focus Group 4 Planner</p>	<p>23 years old. 4th-year full-time Economics undergraduate student, originally from Hungary. Lives in rented accommodation with her Scottish boyfriend.</p>
<p>Olwyn Focus Group 5 Planner</p>	<p>21, nursery nurse. Left school at 18 and went to college to train as a nursery nurse, gaining work experience and has just officially qualified. She lives at home with her parents and works close by so is able to save money – hoping to buy a house one day to live in and rent out a room to friend.</p>
<p>Vicky Focus Group 5 Dreamer</p>	<p>20, nursery nurse, single and lives at home with parents with no plans to leave in the near future. She struggles to balance low income with costs of travelling to work. Saving up for her 21st birthday to go to Las Vegas and California.</p>
<p>Lara Focus Group 5 Dreamer</p>	<p>21, lives at home but did leave home at 18 and rent with her then boyfriend, returning a year ago. She finds it difficult to live back there although it is financially easier – she does not know how she afforded to live 'out'. She left school at 16 and was a hairdresser but changed career a year ago and loves nursery nursing. She has her own car but money does not stretch further than that.</p>

Financial capability qualitative questions: aide-mémoire for focus groups

INTRODUCTION

- Ask each participant to introduce themselves by name, age and brief background, family, work etc, ambitions

Warm up questions:

- How does money make you feel?
- Is it important to you? Does it interest you?
- How well informed are you about finance/money matters in general?
 - Where has this come from?
- What is your previous experience of financial services?
 - Explore which financial services they have used

CONFIDENCE

- How 'good' are you with money? – if not, why not, if so how?
- Do you feel confident with money? Managing your money?
- How confident are you in making financial decisions?
- What are the things that influence your feeling of confidence?
 - what makes you feel confident?
 - what makes you feel less confident?
- Have you experienced a change in confidence?
 - becoming more confident or less confident?
 - what do you attribute this to?
- Are there any external factors that have a bearing on how confident you feel with money/making financial decisions? Such as the economy, job market, education, political situation etc.
- Do you feel more confident in some financial situations/with some financial products than others? why?
- How do you feel your confidence compares to others?
 - People of the same age in different situations?
 - People of older ages? If so, how?
- What would make you feel more confident in making financial decisions? Is there something that you could do, or that can be done for you?
- Who do you think is confident with money/financial decisions?
 - can you describe these people?
 - what makes them confident?

SEEKING INFORMATION AND ADVICE/BARRIERS TO ENGAGEMENT

- Who do you talk to about your money, financial decision making? Why them, why not others – what would trigger change?
- Are there any role models you listen to/would listen to about financial matters? Whose advice would you listen to?
 - Peer/near-peer ideas possibly mention them here?
- Where would you go or who would you talk to if you wanted information on any financial products or financial decisions?
 - Who do you talk to about finances with anyone? Family? Friends? Banks etc?
 - Where would you go to ask questions and why? Any examples?
- What sources of advice and information do you use/have you used?
 - name them? Examples?
 - what have they been used for?
- And not used – what are the barriers to taking up support/advice?
 - what is it that prevents you from making use of financial advice/support?
 - (do those who take up the support look different to those that don't but potentially need to?)
- Who do you feel the advice is for? for what purpose?
 - what types of people use financial advice?
- Where would you go for advice if you needed to buy a house? or save up? or were experiencing debt/money problems?
- To what extent do you feel using financial advice can help you make effective financial decisions?
- Is there anything that could be done to make financial advice easier to use
 - or more relevant for you?
- What questions would you ask a financial expert now – if one was here?

PLANNING FOR FUTURE

- What does the future mean to you? How long from now?
- What are your goals for the future?
- To what extent are you actively planning towards those goals?
- To what extent have you set yourself financial goals for your plans/for the future?
 - How is this organized?
- How far into the future do you look? plan?
 - what are you planning for?
- If not planning much, at what point do you think you will start to plan more?
 - under what circumstances is planning more likely to happen?
- What would encourage you to plan more for the future?
 - what would help you to be more organized in setting financial plans for the future.

- What would make you take notice of financial services, planning, money more?
- How important do you think it is to plan for your future financially?
 - Do you find it interesting? relevant? important? why? why not?
- How important is financial advice in planning for the future?
- Do you feel in anyway excluded, isolated or separate from financial services? How does that make you feel? How could this be changed?
- What impact does the external environment have on you and your financial situation? Government policy etc? What are you aware of? – policy changes and how these will impact on you into the future?
 - sense of increasing responsibility?

FINANCIAL DECISION MAKING: Attitudes and transitions

- Exploring any differences in attitudes and financial decision making across situations.
- Thinking about what we've been talking about in relation to confidence and planning and managing money, have you experienced any changes:
 - comparing living in the family home vs living away from home
 - going to university/starting work/leaving home/lost your job etc – ie times of transition?
 - between being in education versus working
- Have you experienced any change as a result of having your own independent sources of income (compared with being dependent on parents?)
- Or having dependents to look after?
- To what extent do you feel financially dependent or independent?
 - what contributes to this?

AND FINALLY

- What do you think is the most important aspect of finances?
- Do you worry about your finances? Future? If so, what scares you?



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Typetalk **1800 1 0300 500 5000**

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