

FINANCIAL CAPABILITY : Delivering Change

March 2008



**Building financial
capability in the UK**

Jonathan Chapman

Financial Capability Department, Financial Services Authority

The FSA leads the National Strategy on Financial Capability



National Strategy

- Launched in Autumn 2003

Key Aims of the National Strategy:

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

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

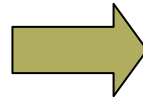
National Financial Capability Survey

- Rigorous large-scale study in 2005, to set a baseline against which we can measure progress
 - over 5,300 in-depth interviews
 - representative of the UK population
 - covering people’s understanding, attitudes and behaviour
- We will repeat every 4 to 5 years
- In March 2006, published results of survey together with action plan to improve current levels of financial capability

Main themes emerging from the survey

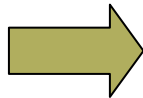
People are increasingly being asked to make provision for their future but many are not equipped to do so

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



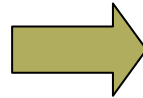
Unless action is taken, the UK population will store up problems for the future

Only a small proportion of people have debt problems. But, given the failure to plan ahead, many more could be tipped into over-indebtedness



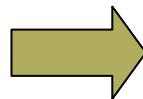
Many people could be tipped into financial difficulties by a small change in their circumstances

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



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

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



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

Our programme of action is being delivered

Schools



Workplace



Online Tools



Young Adults



New parents



Consumer
Communications



Money Advice

Two approaches

Direct to consumers

- **Money Made Clear** – consumer website
- **On-line tools**
 - Financial Healthcheck
 - Debt Test
 - Comparative Tables
 - Calculators
- **Make the Most of Your Money** - workplace seminars
- **Parent's Guide to Money** - aimed at new parents and distributed through health service

Supporting with intermediaries

- **Schools** – teachers
- **Colleges and universities** – student support services
- **Young adults who are not in education, employment or training** – voluntary and community workers
- **Support Groups** – e.g. those who support offenders, people living in social housing, cancer patients, the elderly

We have ambitious targets:

The FSA intends to reach more than 10 million people over 5 years

1.8m children in 4,000 of the 6,000 schools in England

Around 2 million young students in higher education

Around 1 million young people not in training, education or employment

4m employees in the workplace

1.5m new and prospective parents

4m annual visits to the FSA website

We've Come a Long Way..... And We Are In This For The Long Haul. What's Next?

- Continue to deliver, building on success to date
- Dedicated Financial Capability Division established
- Challenges include:
 - implications for FSA of a generic advice service.
 - evaluation – measuring actual changes in behaviour is inherently difficult



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