



**ONE GREAT GEORGE STREET, WESTMINSTER
8 OCTOBER 2008**

Attended:

Clive Cowdery, Resolution Foundation (Chair)
Caroline Gardner, Financial Services Consumer Panel
Chris Pond, Financial Services Authority
Francis McGee, Thoresen Review
Joanna Elson, Money Advice Trust
Mark Lyonette, Association of British Credit Unions
Sue Lewis, HM Treasury (Observer)
Victoria Nye, Investment Management Association
Wendy van den Hende, Personal Finance Education Group
Sue Regan, Resolution Foundation
Cara Brown, Resolution Foundation
Helen Aynsley, Resolution Foundation

Apologies:

Brian Pomeroy, Financial Inclusion Taskforce
Danielle Walker-Palmer, Friends Provident Foundation
David Harker, Citizens Advice
Faith Reynolds, Transact
Martin Lewis, Money Saving Expert
Michael Coogan, Council of Mortgage Lenders
Niki Cleal, Pensions Policy Institute
Stephen Haddrill, Association of British Insurers

Summary

- Terms of Reference for the Financial Health Forum were agreed and new members were suggested.
- It was agreed that the current economic climate is critical to the financial health agenda and made up a big part of the discussion. It was suggested that a social charter for the banks should be put in place in return for the recent rescue package.
- The Forum discussed how it could add value to the current programmes of work taking place in financial inclusion, financial capability and the financial services. Nine items were discussed as topics of discussion for future meetings:
 - o Money Guidance
 - o Retail Distribution Review

- Financial Education (Skills vs. Behaviour)
 - The Informed Consumer (price comparison web-sites, communications, etc.)
 - Credit and debt counselling, and credit exclusion
 - Impact of the current economic climate on financial inclusion, financial capability and the financial services
 - International practice and what we can learn
 - Sustainability of the financial health sector
 - Pensions Reform before 2012
- It was agreed that the next meeting would focus on credit and debt, covering both restricted availability of credit (and credit exclusion) and debt advice

Minutes of meeting

Welcome and Introduction

Chair of the Financial Health Forum, Clive Cowdery, welcomed everybody to the meeting. Clive spoke about the current economic situation and highlighted that the public are not always aware of initiatives available to help them with their finances. He also noted that sometimes the different sectors of financial inclusion, financial capability and the financial services are not always aware of the each others current programmes of work. He noted that there are many forums on financial inclusion and financial capability and that the Financial Health Forum seeks to add value by providing a summit which spans all the issues. It was suggested that it would be important to focus the Forum's activities on a number of key issues in order to add value. The Resolution Foundation's role is to act primarily as a facilitator of the Forum.

Terms of Reference

The role of the forum is to progress thinking and practice on issues relating to the financial health of the nation. The Forum will:

- Provide a strategic overview across financial inclusion and financial capability
- Identify gaps and overlaps that could contribute to improved delivery of financial health
- Make links with developments in the financial services industry
- Consider consumer awareness of financial health related issues

Clive noted the wide range of sectors represented in the membership and asked if there was anybody missing that should be invited as a member. Suggestions were made and the people and organisations identified will be invited to the next meeting. The Terms of Reference were discussed. Members agreed that the Forum should meet three times a year. It was suggested that a mapping exercise of work currently happening would be helpful.

One role of the Forum is to identify gaps. It was suggested that the Forum could investigate pension reform, the run up to 2012 and consumer awareness issues. Consumers will ask questions around whether they should stay auto-enrolled, where they should put their money

and how much money should they save. There is concern that they will not get answers to these questions.

The actual model of financial health was also discussed, including its three components of **preventative** (e.g. five fruit and vegetables a day), **primary** (your GP) and **remedial** (A & E). Please see attached handout for a chart on the financial health model. The members felt that the chart largely revolved around what the individual can do and that the industry's role should be added. This will be taken forward and presented at the next meeting as part of the requested mapping exercise.

Messages to people in current climate

The priority of raising the profile of the need to consider your financial health was discussed. Several methods were considered, with members pointing out that the Internet and comparison websites are currently popular methods of reaching consumers. Another suggestion was that the 'Jamie Oliver style' approach to healthy eating could be useful, but concerns were expressed about its effectiveness. It was pointed out that one difference in the current climate is that it is perhaps easier for people to share their thoughts and experiences on money as many people are in the same boat.

Activity Report

A review of recent activity in the sectors of financial inclusion, financial capability and financial services was given by Helen Aynsley, Research & Policy Analyst at the Resolution Foundation. The purpose of this section was to give an overview of current work and to provide an opportunity to members to give their input. Their additions are written here under the three main headings and please see the attached presentation for full information.

Financial Inclusion

- **FSA campaign:** In relation to the concern that people are not receiving messages, the members were informed that the Financial Services Authority is launching a campaign on guiding people to their website and helpline.
- **Banking:** The presentation included an update on the shared goal between the Government and Retail Banks to halve the number of adults without access to a bank account. It was pointed out that approximately 43% of accounts are dormant (meaning less than one transaction a month.) It was mentioned that the Government measures gross account opening activity and that unbanked figures are often criticised as inaccurate. It was also pointed out that there is a gap between what people can cope with and what is offered.
- **Social Charter:** The Forum decided that now presented an invaluable opportunity for the Chancellor of the Exchequer to attach a social charter to the public funding support of the banks. In particular it was felt that the charter could communicate: fair treatment of customers in mortgage difficulties, clarity on arrears policy, a commitment to improving financial education and inclusion, support of advice services and full engagement with existing codes of conduct and initiatives such as treating customers fairly (TCF). It was decided that in this instance Clive would write

in his capacity as Chair of the Resolution Foundation, until all Forum members had agreed terms of reference going forward.

- **Money Guidance Pathfinders:** Initially, they will be aimed at 750,000 people in the North East and North West of England.

Financial Capability

- **Financial Education:** Financial education was discussed, particularly financial education in schools. A number of different projects are currently taking place, and the first National Money Week is taking place in July 2009. It will encompass activities to engage pupils, parents and teachers.
- **Face to face money advice:** The Money Plan pilots run by Citizens Advice have proved so successful that they had trouble shutting them down. This raised concerns over provision of advice, in particular that Money Guidance will not be available for some time.
- **Three stages to the current financial situation:** rescue, recrimination and rebuild. We are in 'rescue' currently and we need to think about what people can do in the short term as regards issues such as pensions and annuities. At the same time, we should be formulating our response now for the 'rebuild' to come.

Financial Services

- **Comparison web-sites:** The FSA web-site cannot offer whole of market advice as providers are not obligated to give their information to the FSA. There is concern that comparison web-sites are a new way to mislead customers.
- **Reform of the Banking Code:** Reform of the Banking Code was discussed and the question of what will happen to the Banking Code going forward in light of recent economic developments was raised.
- **Pawn brokers:** the increase in pay day loan activity was raised as being even more of a threat.

Going Forward

The Forum decided that future meetings will follow a two-part structure: The first half of the meeting will provide an overview of what is new or what has changed since the last meeting in the areas of financial inclusion, financial capability and financial services. The second half of the meeting will examine one particular area in depth. Nine areas were put forward for topics of future discussion:

1. Money Guidance
2. Retail Distribution Review
3. Financial Education (Skills vs. Behaviour)
4. The Informed Consumer (price comparison web-sites, communications, etc.)
5. Credit and debt counselling
6. Impact of the current economic climate on financial inclusion, financial capability and the financial services
7. International practice and what we can learn
8. Sustainability of the financial health sector
9. Pensions Reform before 2012

After reviewing, the topics for discussion it was decided that there should be two topics per meeting in order to cover the most ground. Topics for the next three meetings are:

January 2009 topics for discussion will be:

- a) Debt advice
- b) Credit exclusion

The Resolution Foundation will have a Financial Health Map ready for this meeting.

May 2009 topics for discussion will be:

- a) Pensions reform
- b) Money Guidance

September 2009 topics for discussion will be:

- a) Financial education
- b) The informed consumer

It was decided that Discussion Item 6 (impact of the current economic climate on financial inclusion, financial capability and the financial services) will be an ongoing topic at each Financial Health Forum.