

4 April 2007

*The Resolution Foundation is an independent research and policy organisation which is currently focusing on how people on low incomes access and use financial services*

## **TIME FOR FINANCIAL SERVICES INDUSTRY TO ENGAGE IN GENERIC FINANCIAL ADVICE FUNDING DEBATE**

The Resolution Foundation today welcomed the Government's response to the Treasury Select Committee reports on financial inclusion, which reaffirms the commitment to develop a national approach to generic financial advice (1).

Following the establishment of the Thoresen Review (2), the response agrees with the Committee's view that funding arrangements for generic financial advice should recognise the benefits it will deliver both to the State and the financial services industry. In light of this, the Foundation has called on the industry to engage positively in the debate about how to fund these proposals.

The Foundation has consistently called for a national generic financial advice service to be jointly funded by the Government and the industry. A consultation exercise on its proposals last year revealed widespread support for this. However, some within the industry were sceptical at the time, calling on the Government to clarify its strategy on financial capability before funding issues could be discussed. Since then, the Treasury has published strategies on financial capability and financial inclusion, as well as setting up the Thoresen Review.

The Foundation has also published research confirming that increased access to financial advice among people on low incomes will deliver long term benefits to the industry (3). The research found that the outcome will be to increase take up of savings and insurance products and reduce levels of debt and credit. The Foundation argues that this will promote a more sustainable financial services market and support public policy goals by increasing savings and reducing over-indebtedness.

**Sue Regan, Chief Executive of the Resolution Foundation**, said: 'Last year, feedback from the industry suggested that the Government should clarify its priorities before its role in funding generic financial advice could be discussed. Now that this has happened, the industry should engage positively in this discussion.'

For further information, please contact:

### **Temple Bar Advisory**

Alex Child-Villiers

07795 425580

### **Resolution Foundation**

Patrick South, Director of External Affairs

020 7489 4520 / 07855 324704

### **Notes to editors:**

(1) Responses from the Government, the FSA and the Banking Code Standards Board to the Committee's reports on financial inclusion were published by the Committee today.

(2) The Thoresen Review of Generic Financial Advice was announced by the Economic Secretary to the Treasury on 15 January.

(3) See *The advice gain*, published by the Resolution Foundation on 14 March 2007:  
[http://www.resolutionfoundation.org/research\\_reports.shtml](http://www.resolutionfoundation.org/research_reports.shtml)