TISA

Response by TISA to Fair4All Finance's Consultation on building financial capability

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About TISA

Supporting the financial journey through life

The Investing and Saving Alliance (TISA) is committed to improving the financial wellbeing of all UK consumers by working collectively with the financial services industry to deliver solutions and champion innovation, for the benefit of people, our industry, and the nation.

We do this by working with our member firms to deliver practical solutions and devise innovative, evidence-based strategic proposals for government, policy makers and regulators that address major consumer issues.

We care about the entire financial life of consumers: from their first savings account opened to ensuring people can age and retire with dignity. TISA believes that savings and investments play a significant role in the lives of people and small businesses. Consumers benefit when they put aside money for their future. Saving and investing can provide a buffer for emergencies; help people achieve big and small goals throughout their lifetime; and give people quality of life in later years.

TISA is a not-for-profit membership organisation and a trusted partner of key industry stakeholders in helping shape the future of the UK financial services and the environment in which we operate. We have approximately 270 member firms involved in the supply and distribution of savings and investment products and associated services.

Our work, your influence

Our policy work reflects TISA's broad scope of interests and aims on meeting the needs of UK consumers, members and our industry. From improving financial education, inclusion and accessibility, right through to savings, investments and retirement planning, the work we do with our members to **influence policy** is crucial in enhancing the industry we operate in and driving positive change.

As part of our commitment to delivering focused and impactful consumer outcomes, TISA's policy working groups have been structured into **four distinct workstreams**:

1. **Consumer Protection -** *Protecting the best interests of UK consumers in their financial journeys.*
2. **Consumer Access -** *Considering issues that could directly impact access to financial products.*
3. **Effective Products -** *Examining key considerations and legislation relating to products across the investing and saving landscape.*
4. **Corporate Responsibility**
   Exploring issues that directly impact society, the environment, and the economy.

All groups focus on both strategic and technical elements of policy/regulation. We provide a channel for firms to have their say on the policy we develop and present, contribute to our technical and regulatory interpretation work and, importantly, gain insights from other TISA members, policy makers, government and regulators.

Find out more about TISA here: **www.tisa.uk.com/about-tisa**

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Responses to Consultation Questions

1. **What initiatives, services or approaches have you seen – either in the UK or internationally - that make a measurable positive impact on financial capability for people in financially vulnerable circumstances?**

TISA members have delivered workshops and support to improve peoples' financial capability and literacy. From discussions with TISA members, they have identified the following approaches as being effective:

- Bitesize, digital resources can provide an accessible and easy way for financial education and capability training to be delivered.
- In-person delivery continues to play a string role, building connection and helping to achieve meaningful discussions, conversation and leaves a lasting impact. For example, the KickStart Money campaign successfully delivered high quality, expert-led, financial education to over 20,000 young people across the UK. Through the support of the Money Advice Service 'What Works Fund' and independent evaluation, it was established that the KickStart programme had the following impacts:
    - 68% of young people who would not delay gratification before training now do
    - 70% of young people work towards a savings goal, 3 months after finishing the programme
    - 70% stick to their money plans a year after the programme
    - Teachers said 87% of pupils now know financial decisions have consequences.
- There are many employers who are providing their staff with mental wellbeing support programmes, as a part of their overall benefits programmes. Providers such as Better with Money, Wealth with Work and Octopus Money all offer such services via employers. This can work well, but is currently feasible for large employers with competitive job markets. Ideally, people should be entering the workplace with a basic level of information and capability, rather than requiring employers to do this. Such an approach will also mean that self-employed people, or people working for smaller firms, or people on zero hour contracts are unlikely to receive this support.
- Television and the arts can also provide an effectively delivery mechanism. For example, many consumers are aware of and trust Martin Lewis. In addition, TV soaps and dramas can often raise issues and awareness levels.

We would also like to bring attention to the work of the All Party Parliamentary Group on Financial Education, including their report Laying Firm Foundations: Financial education in schools and colleges across the UK and the opportunities of devolution. The report highlights what is working well and could be expanded in order to improve financial capability and education. We support their findings.

2. **What factors make these approaches effective? If available, please include the type and standard of evidence that shows the impact and factors driving this.**

We would draw attention to the financial education provision mapping report 2024, which is a nationwide mapping exercised, commissioned by MaPS and conducted by Pye Tair Consulting to provide an in-depth analysis of financial education programmes for children and young people across the UK. The report supports our recommendation that bitesize, digital resources are effective, but are also currently in short supply. We agree that these resources should be more widely available and present a scalable solution for increasing financial capability and literacy. The MaPS report also notes that charities are great at delivering financial education, but not at scale, which substantiates the gaps that the report outlines. Volunteers can help scale delivery and we recommend that dormant asset funds support the set up of a volunteering hub, which can be used to connect volunteers with volunteering opportunities. At present, there are no, publicly available financial education and financial capability (or even financial inclusion) specific volunteering hubs. Dormant assets could be applied to create this hub and leverage the wide population of UK citizens that can volunteer. TISA stands ready to support this hub through its members and our organisations' employees.

In March 2016, the Financial Advice Working Group was tasked by HMT and the FCA to consider how employers could provide better support to their employees with respect to managing their personal finances. They published a report in March 2017. This work included qualitative and quantitative research and supports our recommendations that this is an avenue for support, but it does have limitations. The report also outlines potential solutions to scale this delivery route.

3. **Where do you see the biggest gaps in provision for those in financially vulnerable circumstances?**

The biggest gap is their access to a consistent and meaningful financial education from a young age. At present, financial education is not taught in a meaningful way at school. This means that this knowledge is passed on by relatives or friends. This has a large impact on social mobility, as those that are financially astute and confident will pass on this information, but those that do not poses this knowledge or do not feel confident talking about money will not. The current limitations on this transfer of knowledge entrench social immobility, which compounds with every generation.

This has led us to a situation where 1 in 7 16-24 year olds are not in education or employment – the highest level of inactivity for a decade. Research by GoHenry shows that adults who did not receive financial education as children are more likely to be unemployed or earning less today than those who did, while 40% of these adults have no savings at all. Conversely, this research also showed that children who do receive financial education are 46% more likely to start a business than those who do not and could be £70,000 richer in retirement. This presents a very large gap that is recognised by kids, parents and teachers. For example, research has shown that only 1% of primary school teachers in English schools believe that their students' level of financial literacy is adequate and 84% of kids and teens would like to have more financial education.

We would also note the work of the All Party Parliamentary Group on Financial Education, including their report Building Beyond Barriers – A roadmap for enhancing financial education in schools. The report highlights extensive gaps, as well as poses solutions. The report also provides a more effective model for the application of the additionality principle that is outlined in the consultation. We strongly recommend that the additionality principle is applied in a way that actually aligns with the approach taken by the Department for Education in the curriculum, including the timing for the implementation of any curriculum changes. One way to do this would be to focus the use of dormant asset funding to ladder up to Autumn 2028, where the planned curriculum changes will take place. Up until this point, it is not accurate to say that the use dormant asset funding for financial education of school-aged children and young people does not meet the additionality principle. This provides a fruitful and vital opportunity for the dormant asset funding to bridge the gap in the current lack of financial education (as laid out above), prepare for larger changes and create a lasting impact by preparing schools and young people for these longer-term changes. It is also essential that teachers have confidence to deliver financial education, once it is added to the curriculum, so we would recommend prioritising this as an area for funding.

We would also note that ensuring there are multiple touchpoints for delivering financial education is also important. As the Government's Financial Inclusion Strategy notes, learning about money – whether at school, home, or in the community – is a key part of building young people's knowledge and shaping their attitudes to finances as they move into adulthood. Maximising learning opportunities is vital to ensure effective change.

The statistics demonstrate that this is one of the biggest gaps which prevents people from being financially independent and confident and ultimately, leads to an increased number of people becoming financially vulnerable.

Many young people are still entering the world of work not being prepared for the money-related realities that lie ahead. This can lead to debt problems, affect their mental health which can impact productivity and lead to increased reliance on the social welfare system. The Mental Health Foundation has reported that over 40% of UK adults have experienced financial worries and nearly a quarter of them said that these worries had a significant impact on their mental health . The LSE has found that mental health problems cost the UK economy at least £117.9bn annually.

Every choice an individual makes has financial consequences: their choice of career, whether to pursue further education, where to live, whether to have children, what to buy, how to provide for themselves in later life. Understanding money is a fundamental life skill that every person needs and without it, people cannot successfully navigate life in our society.

The dormant assets funding can kick start a generational shift by intervening to provide all children and young people with the tools and the knowledge about money which can set them up for a financially resilient life. Ensuring that the financial education charities and organisations that are essential to delivering the DfE's new curriculum, continue to receive funding during this interim period is crucial. Otherwise, there is a major risk that the Government does not achieve its

objectives, as teachers are not given the support needed to deliver the curriculum because the organisations that can facilitate this have ceased to operate. This issue is compounded by the ongoing teacher recruitment crisis. These organisations and charities are an essential lifeline that can ensure the curriculum changes are successful. In light of this, we urge Fair4All Finance to prioritise the funding of these organisations during this interim period.

We would also like to note that the Financial Inclusion Strategy notes, parents are also a vital source of information and ensuring they have the tools and confidence to have money conversations is key. While MaPS' will be conducting its trial, we would encourage Fair4All Finance to consider initiatives that seek to improve the financial capability and literacy of parents, so that they can improve their own financial wellbeing and decision-making, whilst also supporting the next generation.

Finally, while it may not be the largest gap, we would like to raise the following financial capability and vulnerability issue: there are a number of matured child trusts funds, where the matured funds belong to a beneficiary that has a mental capacity issue. The problem arises where the beneficiary is incapable of claiming the matured fund, because of their mental capacity issue. In this scenario, the parents or carers need to obtain a court order in order to receive the funds on the beneficiary's behalf. The court process can be complex, costly and stressful and often the sums of money contained within these funds mean this route can be unproductive, as the court process costs can cost more than is ultimately due to the beneficiary. Whilst these sums of money may seem small, the beneficiaries are entitled to them and they may be substantial amounts on a personal basis. We would welcome Fair4All Finance considering ways in which dormant assets can be applied to help people in these circumstances navigate the court process and release matured funds that can improve the financial wellbeing of some exceptionally vulnerable individuals. Linked to this, support that is targeted at carers would also be beneficial.

4. **What barriers prevent people in financially vulnerable circumstances from accessing or benefiting from current support?**

People often do not have the confidence or bandwidth to access or benefit from current support. There is a social stigma attached to not being financially capable. This underpins our recommendations that:

i. Increased number and scalability of existing digital, bitesize resources. These resources are easily digestible and do not include a degree of "human judgement". TISA research has shown that consumers can feel more confident asking money questions to AI chatbots than a human, because of the stigma and judgement they can sometimes feel or perceive when discussing money with humans.
ii. Delivery through employers can be effective. By including financial capability and wellbeing training in employee benefit or employee induction programmes, you are able to remove any social stigma. Instead, accessing and benefiting from support is normalised. We have already noted some of the shortcomings of this delivery route, for example, it does not reach unemployed or self-employed people and relies upon the ongoing generosity of employers.

We are also aware that there is a portion of society who are digitally excluded – i.e. they do not feel comfortable or are unable to access digital content. However, we would note that many financial education and capability resources are available in non-digital formats and in person delivery continues to play an important role. It will be vital to strike a balance that augments the digital offerings in order to address the biggest gaps, whilst also ensuring that non-digital options remain available.

Please also see our response to question 3, in respect of the court process barriers to enabling child trust fund beneficiaries to receive matured funds, where they have mental capacity issues.

5. **Are there any particular demographics or geographic areas that are not currently being reached or supported effectively?**

We would note MaPS' financial education provision mapping report 2024 and the All Party Parliamentary Group on Financial Education's report Laying Firm Foundations: Financial education in schools and colleges across the UK and the opportunities of devolution. Both reports provide useful details of demographics and geographic areas that are not currently being reached or supported effectively. We welcome the DfE's decision to include financial education on the curriculum for primary and secondary schools, although we would note that this change is not expected to apply until the start of the 2028 school year.

6. **How could existing effective initiatives, services or approaches be strengthened or scaled to address these gaps?**

The dormant assets funding can kick start a generational shift by intervening to provide all children and young people with the tools and the knowledge about money which can set them up for a financially resilient life. As outlined in our response to question 3 the impact of financial education on children and young people is well-evidenced, sustainable and a preventative approach to boost the nation's financial capability. Ensuring that the financial education charities and organisations, that are essential to delivering the DfE's new curriculum, continue to receive funding during this interim period is crucial. Otherwise, there is a major risk that the Government does not achieve its objectives, as teachers are not given the support needed to deliver the curriculum because the organisations that can facilitate this have ceased to operate. This issue is compounded by the ongoing teacher recruitment crisis. These organisations and charities are an essential lifeline that can ensure the curriculum changes are successful. In light of this, we urge Fair4All Finance to prioritise the funding of these organisations during this interim period, these include members of the Youth Financial Capability Group, charities: Young Enterprise, Money Ready, The Money Charity and Just Finance Foundation.

The Youth Financial Capability Group believes that there are credible and compliant ways to fund impactful financial education for young people within the dormant assets framework in a way that complies with the additionality principle. Financial education is central to economic inclusion,

resilience, and long-term prosperity—particularly for those from disadvantaged backgrounds. We therefore urge Fair4All Finance to take a more ambitious, inclusive approach and work collaboratively with sector experts to ensure children and young people are not excluded from this once-in-a-generation opportunity to strengthen financial capability across the UK in this next phase of the consultation. Examples of specific solutions or existing initiatives that could be scaled up can be found in our answer to question 7.

At present, volunteering hubs that advertise volunteering opportunities do not filter opportunities by relevant to financial inclusion, capability and education purposes. Financial education charities and organisations will often organise this on an individual, siloed basis, which is inefficient. Overall, the current approach can make it difficult to connect volunteers with volunteering opportunities. It is often the largest, predominantly London/SE based firms that have large volunteering programmes, albeit again, their volunteering opportunities are often broader than purely seeking to improve financial inclusion, capability and education. This limits outreach and impact. If dormant assets were applied to enable the creation of such volunteering hub that only advertised volunteering opportunities that furthered financial inclusion, capability and education purposes, firms and individuals across the country could use it. Financial capability and education organisations could post their volunteering opportunities on one, central location which would maximise coverage and outreach. The hub would act as a central focal point for all such volunteering opportunities, helping to increase awareness and take up. This initiative would also make the sector more efficient, meaning more funding could be used on delivery, enabling the delivery to be strengthen and scaled across the country. TISA stands ready to support this work and can leverage its membership to commit to volunteering targets.

7. What solutions, delivery models or partnerships could effectively close these gaps?

As noted, we strongly welcome the DfE's decision to add financial education to the curriculum, ensuring that children receive an effective financial education starting from primary school age. We note that these changes will not come into effect until 2028.

To help kickstart this generation shift in financial capability and literacy, we strongly recommend that the dormant assets are focussed on funding financial education organisations that strive to provide children and young people with the tools and the knowledge about money which can set them up for a financially resilient life. Ensuring that the financial education charities and organisations, that are essential to delivering the DfE's new curriculum, continue to receive funding during this interim period is crucial. Otherwise, there is a major risk that the Government does not achieve its objectives, as teachers are not given the support needed to deliver the curriculum because the organisations that can facilitate this have ceased to operate. This issue is compounded by the ongoing teacher recruitment crisis. These organisations and charities are an essential lifeline that can ensure the curriculum changes are successful. In light of this, we urge Fair4All Finance to prioritise the funding of these organisations to close this gap.

This includes scalable interventions and solutions which meet the additionality principal, such as:

National Money Award

This proposal is for a nation-wide initiative that builds a financially confident generation by equipping young people (ages 9-30) with essential money management skills. Delivered through schools, youth groups, employers and digital platforms, the Award uses interactive, youth-led learning to promote saving, budgeting and financial capability as young people move towards independence. Mirroring the collaborative models of Five a Day and the London 2012 Olympics, it unites government, financial institutions, and youth organisations under one national framework. The programme would roll out in three phases: pilot, national launch and growth, aiming to reach five million young people within five years, through a mixture of direct delivery, practitioner training, resource development and campaigning. We suggest sequencing these phases to focus on school-aged children first, helping build up to more permanent changes being made to financial education in schools in 2028, and then proceed to young adults and youth settings outside of schools in the latter phases. We feel this model uses proven strategies in other policy areas to make an impactful and long-lasting change, draws on expertise and evidence across the financial education sector, and creates a holistic approach to building young people's financial capability, while abiding by the additionality principle and complementing wider changes, such as the implementation of the new Curriculum in England, as this Award could drive a national campaign focused on this topic and raising awareness of it in schools. A full proposal of this intervention can be provided upon request.

Financial Education Academy

Evidence consistently points to the lack of knowledge of curriculum requirements, confidence in delivery and access to quality resources teachers and practitioners have in delivering financial education (Breaking Down Barriers) . Evidence from What Works in Financial Education finds that students taught by teachers trained in financial education were significantly more confident in managing money across all five themes of fraud, budgeting, financial implications of work, seeking financial advice and choosing financial products when compared to a control group. Teachers reported feeling more confident in delivery, able to assess the effectiveness of them, increasing their use of technology and were more likely to tailor the session to their students' needs. In roundtable discussions and focus groups run by Young Enterprise and the APPG on Financial Education for Young People, teachers consistently raise the difficulties in finding and navigating financial education resources (Building Beyond Barriers and follow up roundtable discussion). One proposal for the dormant assets scheme would be to create a centralised hub for educators and youth practitioners with quality assured resources on a range of topics for different learners with intuitive filtering options and easy-to-use guides to reduce preparation time. This would involve the scaling of the Young Enterprise Quality Mark system which includes some of these capabilities, but not all, a variety of teacher training options and a campaign alongside to raise awareness of the resource for teachers. Similar precedence has been set for these kinds of initiatives in other curriculum areas, such as in relationships, health and sex education and climate education, which are resource centres not funded by the Department for Education. This has been recommended in reports from the APPG and the Education Select Committee inquiry into financial education, and is not something that the government is committing to.

Please also see our response to question 6 in respect of a volunteering hub, which could be used to connect volunteers across the country with volunteering opportunities, helping to scale and strengthen delivery. Volunteering opportunities could be specifically geared at furthering financial inclusion, capability and education. This solution could close geographical and demographic gaps, enabling more people to participate in volunteering.

8. **Are there key life moments or service touchpoints when offering financial capability support is especially effective?**

Entering the workforce is a key life moment, where individuals often become financially independent and are required to make financial decisions. The ability to offer financial capability support at this stage, or before this, is crucial in preparing people for success.

Similarly, people can often obtain a degree of financial responsibility and independence when they enter higher or further education. They may need to obtain credit in order to do this and may be responsible for sourcing housing and budgeting. The point at which someone becomes financially independent is a key touchpoint to provide support and information when people will value and need it most.

We would also like to draw attention to research conducted by MaPS and the University of Cambridge, Habit Formation and Learning in Young Children. This research found that children form their habits and behaviours towards money between the ages of 3 and 7. These years are formative in developing good behaviours and habits that can shape a person's financial capability for life.

Finally, an increasing body of evidence is demonstrating that children are leading financial lives at an earlier and earlier age. For example, Vodafone estimates that almost 1 million children have been targets of fraud and research conducted this year by the UK Safer Internet Centre found that 46% of young people have been scammed online and 9% – including eight-year-olds – have lost money in the process. Children are targeted in online gaming platforms and apps. They are also increasingly accessing debt products at an early stage; for example, Tesco Bank has found that half of 18-24 year olds are in debt and credit cards are the main source. This means that providing financial education to school children can be a point in time service that can instil vital financial awareness and capability at a critical juncture when children are first being exposed to scams and financial products.

9. **What innovative or technological solutions could enhance financial capability in the near-to-medium term?**

Please see our responses to questions 1, 2 and 4 which note our views on digital, bitesize financial education and capability support. This could include videos, AI chatbots, social media campaigns and in app experiences.

10. **Are there approaches from other sectors or contexts that could be adapted or scaled?**

In line with our response to question 9, we are aware that social media can provide a powerful tool to reach and connect with people. It is estimated that over 80% of the UK population (roughly 57.6 million people) are using social media, spanning all demographics. Social media can be used to find out more about a particular topic or life skills (e.g. cooking demonstrations, DIY projects). There has also been a rise of money and finance content on social media, with the increasing prevalence of "finfluencers". Whilst the FCA has raised concerns and has taken enforcement action against bad actor finfluencers, there are some good actors who could provide a route to scaling digital content and delivery. We are aware that HMT, DWP, the FCA and the Bank of England have all partnered with social media finfluencers to increase outreach and accessibility. Easy to understand, accessible and bitesize videos are their forte. Adopting this approach and even partnering with carefully selected finfluencers could be an interesting delivery route to consider.

11. **What level and type of resource would be needed to deliver these financial capability solutions effectively and ensure long-term impact?**

It is essential that any initiative to improve the financial capability of children and young people be sustainable, co-designed, national, ambitious and adaptable to different settings and community needs. Therefore, we would look for a level of resource committing to five years of funding at £5m per year, ring-fenced for initiatives of children and young people. This is a modest proportion of the financial capability tranche of the scheme, but would be able to support and improve financial education for school aged children and young people in advance of wider government changes without impacting the additionality principle, aligning with existing provision to enable schools to prepare for these changes in the first three years, and in the final two look to extend these interventions to reach children and young people outside of education (such as through youth work settings, reaching young NEET people or through community initiatives). This funding could either be administered into a national programme (as per initiatives outlined in our response to question 7), or through a grant-making system to organisations working in the financial education space on specific projects with specific settings or groups of children and young people.

Commented [AC1]: I saw your email previously about is this ambitious enough - happy for you to alter figures to suit!

12. **What are the opportunities to ensure interventions are sustainable and what ongoing funding and support would be required over the long term?**

The Department for Education can provide clarity on ensuring interventions in relation to financial education of children via the school system are sustainable and ongoing.

13. **Are there any risks, dependencies, or policy factors we should be aware of?**

The outcomes of the Department of Education's Curriculum & Assessment Review is a key linked policy. The detail that underpins the Department for Education's decision to add financial education to the primary school curriculum remains unknown. It is also clear that any changes will come into effect from the start of the 2028 school year. We recommend that the additionality principle is applied in a way that aligns with the approach taken by the Department for Education, so that

funding is made available to financial education delivery organisations to deliver financial education from 2026-September 2028. We would also note that the Department for Education's decision should not preclude dormant asset funding being made available to financial capability and financial education that have delivery methods that take place outside of schools. We think the exclusion of all children and young people from benefiting from financial capability and education support that is funded by dormant assets is an incorrect application of the additionality principle. This would prevent children and young adults in need from receiving assistance and support. For example, this extra-curricular support could be particularly beneficial to children who may be in care system, or who have carer responsibilities, or have mental capacity issues that mean they are unable to access small pots contained in matured child trust funds. We strongly recommend that Fair4All Finance adopts a narrow, contained interpretation and application of the additionality principle.

HM Treasury's Financial Inclusion Strategy is another dependency and policy factor. Again, Fair4All Finance will need to be mindful of the additionality principle and ensure that the application of dormant asset funding is complementary and not duplicative.

14. What other emerging trends or new evidence should we consider in developing this work?

The FCA's Consumer Duty has now been embedded by firms. However, we expect firms to iterate and improve their approaches, products and services over time. This includes in respect of vulnerable customers. HM Treasury and the FCA are also looking to implement a regulatory framework for Targeted Support. If this is effectively and clearly defined and delivered, then we can expect firms to provide additional, less limited forms of Guidance and information to customers. In addition, firms may wish to obtain separate regulatory permission to provide Targeted Support to customers. This will enable firms to give customers recommendations based on a limited set of information. It is expected that these policy changes will augment the Consumer Duty, enabling firms to provide more tailored information to get consumers better outcomes. This includes improving consumer financial literacy, capability and confidence. While this policy has yet to be implemented, we can expect the availability and access to greater levels of support made available to UK consumers to increase over time.