



**TISA Response to:**

**Children in Care and Financial  
Education**

**January 2019**

## About TISA

TISA is a unique, rapidly growing, consumer focused membership organisation. Our ambition is to improve the financial wellbeing of all UK consumers. We work with our members to deliver practical solutions and devise innovative, evidence-based strategic proposals for government, policy makers and regulators that address major consumer issues.

TISA membership is representative of all sectors of the financial services industry. We have over 200-member firms involved in the supply and distribution of savings, investment products and associated services, including the UK's major investment managers, retail banks, online platforms, insurance companies, pension providers, distributors, building societies, wealth managers, third party administrators, Fintech businesses, financial consultants, financial advisers, industry infrastructure providers and stockbrokers.

Complementing our consumer policy development, TISA has become a major industry delivery organisation for consumer focused, digital industry infrastructure initiatives (TeX/STAR, Digital ID, MiFID II and Open Savings & Investment). This reflects TISA's commitment to open standards and independent governance.

TISA's current strategic policy and industry solution developments include:

- **Financial Guidance:** Making guidance more widely available to support financial decision making for those consumers who currently do not have access to advice.
- **Digital ID:** Development of a secure Digital ID for consumers of UK financial services. This will be key enabler for the digitisation of financial services.
- **Open Standards Development - Digitisation:** Building on TISA's range of open standards development projects (inc TeX, MiFID II), TISA's members have launched a project to further open up UK financial services to consumers. This project - Open Savings & Investment – is aligned to the aims of Open Banking and has the core objective of enabling access to all savings and investments through the development/governance of industry open standards.
- **Financial education:** Helping young people manage finance, including KickStart Money - a three-year programme delivering financial education to 18,000 primary school children.
- **Retirement saving:** Strategic proposals for a holistic approach to saving for retirement.
- **Consumer engagement:** Focusing on vulnerable customers and millennials.

TISA also provides its members support on a range of operational and technical issues targeted at improving infrastructure and processes, standards of good practice and the interpretation and implementation of new rules and regulations. This work currently includes: MiFID II, CASS, SM&CR and addressing cybercrime.

## **Executive Summary**

TISA is supportive of this inquiry and believe improving financial knowledge and understanding at every stage of life is vital. To this end, TISA are strongly of the opinion financial education must begin at a young age. The evidence highlights that the delivery of effective financial education during childhood is of great benefit and enables later guidance and advice to be more effective. On this topic, TISA is continuing to work with the Financial Conduct Authority (FCA) and the Single Financial Guidance Body (SFGB).

TISA believe that the government can help by placing effective financial education on the National Curriculum for all ages. To help proceed with this desire, TISA facilitated a collaboration of industry firms who have come together to form KickStart Money. This initiative is currently delivering financial education interventions to more than 18,000 primary school children over a three year period. TISA has also established a Children's Financial Education Council involving representatives from a wide range of financial organisations and other interested parties. The Council will identify more ways our industry can extend the excellent work already underway. This submission has been informed by the expertise and experience of the members of this Council.

The Children's Financial Education Council are keen to work with the APPG on Financial Education for Young People Children to ensure that all children are equipped with the necessary skills and knowledge for every stage of their life.

### **1) Current challenges**

There are some sectors of society who have greater need than others. However, it is not always easy to identify these individuals or groups. TISA agrees that children in care are in a very vulnerable situation, facing many aspects of detriment. TISA believe that the most effective route of access to these children is via the schools they attend.

### **2) Specific stages of vulnerability**

Research from the Money Advice Service (MAS) has confirmed that many attitudes and habits are formed by the age of seven years<sup>1</sup>. Therefore, it is important to begin financial education at an early age. Providing a strong groundwork in the form of developing basic attitudes towards, and understanding of, managing money will enable better results from further learning experiences later on in childhood.

### **3) Access of young people in care to financial education**

Reaching young people in care as a distinct group for specific education is one of the greatest challenges. TISA believes there are three key routes to reaching the maximum number of children:

1: 'Habit Formation and Learning in Young Children' published in May 2013

- a) The education system through specific delivery in nursery, primary and secondary schools. This can be achieved by inclusion of effective financial education on the National Curriculum for all stages.
- b) Local government to support interventions through a variety of other routes. (two of which are detailed in our response to Q6 – The Money House, delivered by MyBnk and the Stepladder of Achievement delivered through the Share Foundation). The recently passed Children and Social Care and Homelessness Reduction Acts place legal duties on local authorities to protect young people’s economic wellbeing and ensure access to financial information. Initiatives such as those detailed below could help many local authorities better meet that obligation.
- c) Technology may provide new opportunities to reach greater numbers of children. With this in mind, investigating such initiatives is a new, developing line of work within TISA. There is little research currently available to evidence quality and effectiveness of current activities which are available so evaluation must go hand-in-hand with provision.

#### **4) Challenges for foster children**

N/A

#### **5) What more can schools do**

TISA is strongly of the view that financial education is a critical matter that has far-reaching effects on all aspects of life. We believe effective financial education should be one of the corner-stones of education at all stages.

Recent TISA research of 1,000 16-17 year olds has indicated only 33% of young people recalled having had any financial education in school. However, 70% of those who did recall such interventions said that it had changed their attitudes to money.

Furthermore, evidence from KickStart Money (details below) shows that even younger children aged 10 – 11 yrs change their financial habits following intervention in school.

It is imperative that schools and teachers place sufficient value on financial education.

## **6) Interventions that have improved access**

### **KickStart Money**

During 2015, TISA identified a need for improving financial education for children and that there was a particularly low level of provision in primary schools, partially as a result of it not being on the primary school curriculum.

Two of our members (Quilter Wealth and Columbia Threadneedle) worked with us in bringing together a number of investment firms to establish an initiative to deliver a programme of lessons across a range of primary schools. This was with a view to identify the difference dedicated financial education lessons could make. We engaged MyBnk to deliver the interventions. The firms presently involved have contributed sufficient funds to reach at least 18,000 primary school children, at Upper Key Stage 2 level, over a three-year programme which commenced delivery in 2017.

This initiative is called KickStart Money, and qualified for a grant from the Money Advice Service evaluation project: the What Works Fund.

The schools invited to participate have been those with a high number of children who receive free school meals. The greatest uplift in understanding was evident in those children who had the lowest level of understanding of financial concepts before receiving the lessons.

Establishing financial attitudes and habits is critical. Our delivery programme has evidenced that appropriate interventions can build understanding of:

- delayed gratification
- the value of saving
- the difference between need and want
- that financial decisions have consequences

These are all skills which can have a great impact during life, and which enable greater understanding of financial lessons later in their education.

Delivering education through schools is one of the best routes to reaching large numbers of children, including those in care. Our aim at the end of the planned three-year programme in 2020, is to deliver the evidence to government with a request to include effective financial education in the primary school curriculum.

### **Other educational initiatives:**

There are many very effective initiatives being delivered to children and young people. Two examples which exemplify good practice are included below:

#### **The Money House**

This is an initiative delivered by MyBnk. Particularly relevant to those just leaving care and targeted at those moving, or have recently moved, into independent living, this programme arms young people with practical financial and digital skills to pay their rent, bills and living costs whilst making informed positive choices about their future. The programme is

delivered in close collaboration with the relevant local authority departments such as child and housing services.

Since 2012 it has helped more than 1,000 young people leaving care, prison or in temporary accommodation, keep their first home. There are presently two Money Houses, one in Greenwich and one in Newham. A third will open in Westminster in spring 2019.

Findings from independent evaluators, ERS, part-funded by the Money Advice Service, found participants were three times less likely to have unsustainable rent arrears and there was a 64% drop in evictions for those 'at risk' of losing their home. There was a:

- 45% reduction in those incurring bank charges and missing bills.
- 22% increase in those borrowing safely, and therefore avoiding loan sharks.
- 27% increase in confidence managing money, to exceed the national average.

Every £1 spent on the programme generated £3.36 in social value (HACT model). MyBnk are submitting a response to the inquiry so more detail will be included there.

### **Stepladder of Achievement**

TISA is fully supportive of the program delivered through the Share Foundation which focusses on financial education for 15-17 year olds and is specifically aimed at children in care. This initiative is made available through local councils and is funded through charitable donations.

### **7) Measures in place to manage Child Trust Fund Savings**

The Child Trust Fund was a unique government initiative providing all children with a savings pot which could then be used as a foundation for financial education.

Sadly, this is no longer available to children, but we do have a cohort of children approaching the age of 18 yrs in 2020 who will be the first to access their funds. It is critical that we use the remaining time to help these young children manage their savings pot and understand their options at the point of CTF maturity.

TISA has produced a FAQ document which provides definitive information on managing a CTF and are looking at ways of making this document available to young people, possibly using digitalisation as a route of access.

TISA estimates there are over one million CTF accounts where the provider has never had details of or has lost track of the owners. It is of prime importance that the first step is to reunite these accounts with their owners.

TISA supported The Share Centre, who held a competition in a school to design a poster to inform children aged between 8 and 16 yrs old that they will have a CTF and gives them the details of how to find out where it is - see appendix 2. This poster was distributed to schools and also incorporated into the RBS/Nat West financial education programme MoneySense. Over 2,000 children viewed the poster and over 20 teachers and parents asked for more information.

If you would like more information on KickStart Money or other work which TISA is looking to develop in this field, please contact [carol.knight@tisa.uk.com](mailto:carol.knight@tisa.uk.com)