Follow the money – An Introduction to Financial Education in the United Kingdom

Introduction

The lessons learned about the need for a financially capable population in the UK have emerged only fairly recently. This can come as something of a surprise to those outside the UK as it has for many years been seen as an important world centre – some would like to say, *the* world centre – of finance. The vigorous borrowing habits of the British population have been well known abroad for some time and the UK residential property market has seemed to many beyond our shores to be a rather strange national obsession about something that is, after all, meant to be for living in.

Englishman, "Guess what, property prices went up 15% last year!"
German: "Oh, I'm sorry to hear that."

In European circles, the UK has often been seen as rather wild and unruly centre of financial innovation and experiment. Quite how we acquired this reputation will be the subject of a PhD at some time, no doubt. However, if we look back over the last thirty years or so we can certainly see some of the main milestones on the road we have travelled. Many of these milestones seem to share the characteristic of being about the breaking down of old certainties and replacing them with new and exciting uncertain opportunities.

In the 1960s and 1970s, older ways of investing directly in equities, property and bonds were challenged by the introduction of Unit Trusts that pooled many of these assets together so that even investors of modest assets could have a "piece of the action". This was later taken up by new insurance companies, based on US models, that introduced the idea of "unitised" life assurance policies where a large element of the risk and reward were transferred from the insurance company to the policyholder. This trend increased in the 1990s when those insurance companies that still maintained the "with profits" traditional form of policy, supported by strong guarantees from the company, came under sustained attack from consumer groups and financial advisers for being opaque and supposedly hiding their inefficiencies from the public.

Further weakening of old certainties came during the 1980s when the Conservative administration of Margaret Thatcher brought in the deregulation of the City of London, breaking down the old boundaries between retail banking, stock broking and insurance. Very quickly the old image of the bank manager as trusted guide and adviser was replaced in many people's eyes by the new image of a bank manager as company salesman, aiming to cross-sell as many as he or she could of the bank's new range of financial services to its customers.

This move was further fuelled by the creation of new pension and investment products. The introduction by the Government in 1988 of Personal Pensions was accompanied by "marketing" from the Government encouraging everyone to move away from the dull reliance on old-fashioned final salary schemes and embrace the exciting (and profitable) world of taking responsibility for one's own financial future. This was also supported by the introduction of new savings and investment vehicles such as Personal Equity Plans and Individual Savings Accounts. These were given the added incentive of generous tax reliefs on investment gains.

This great surge of new products and services both encouraged and also exploited the view that making money was easy. Admittedly, a property "crash" in the early 1990s did cast some doubts on this but not for long. The internet boom was gathering pace and soon replaced the dark memories of people losing their homes in the "negative equity" early years of the decade. If you had spare money, it seemed impossible not to make money with it. It seemed that everyone was at it. The writer remembers conversations with other members of his village football team in the changing room – plumbers, electricians and farm workers all swapping stories each week about how much their Individual Savings Accounts had gone up in value the previous week!

However, when the new Labour Government was elected in 1997, many of their new policies were based on the observation that not everyone was enjoying the party. There were still alarmingly low levels of literacy and numeracy among many of the adult population. Child poverty was a hidden disgrace. Many communities had not recovered from the shock of losing their old nationalised industry bases in the privatisation of coal, steel and rail in the previous decade. This had not only led to increased unemployment but also to the breaking down of traditional community organisations and affiliations.

Exclusion

The term that came to define much of the domestic policy making of the Labour Government in its early years was "social exclusion". It was clear that much of the population was experiencing higher incomes and higher standards of living but significant sections of society were not. The term social exclusion came to describe a collection of experiences and conditions associated with low incomes, poor housing, and inadequate education and other public services. Government policies were created to attempt to remedy these conditions.

One aspect of these exclusions that was noted was termed "financial exclusion". It was observed that social exclusion was not an individual condition but applied to whole communities. These communities were also often excluded from the financial services that were coming to be seen as an essential part of modern life. While better off households were able, for example, to acquire credit cards to fund an increasingly aspirational lifestyle, it was felt that poorer homes were often forced to borrow from more expensive – sometimes even illegal – sources. Moreover, faced with increasing competition for more profitable business, many banks had closed their branches in poorer areas thereby depriving lower income or less mobile people of access to banking. Similarly, insurance companies that had previously provided "home visit" services, where a company representative would visit all the customers in a particular area to collect their weekly insurance premiums, abandoned these services when faced with regulatory demands for increased training and competency for their workforces.

After various investigations and reports, the Government went on to create a Financial Inclusion Task Force, chaired by Brian Pomeroy, which took as its tasks to increase the availability of low-cost banking, affordable credit and free face-to-face money advice. These aims have been developed since the first published paper in 2004 and are now expressed on the HM Treasury website as:

The Government's key goals for financial inclusion are about ensuring that everyone has access to appropriate financial services, enabling them to:

- ***manage their money on a day-to-day basis,*** *effectively, securely and confidently;*
- ***plan for the future and cope with financial pressure,*** *by managing their finances to protect against short-term variations in income and expenditure, and to take advantage of longer-term opportunities; and*
- ***deal effectively with financial distress,*** *should unexpected events lead to serious financial difficulty.*[1]

It is worth noting that the statement implies not only that the provision of modern financial services is a precondition for being to handle personal finances effectively but also that these capabilities will flow from having access to these products and services. The alignment of financial capability and financial products and services is a subject we shall return to.

Education

The year 2000 was in many ways the year in which financial education found a place within the education system. Before then, financial education had been very much a minority activity, albeit with a fairly long history. In 1979 the writer helped deliver an educational programme of the Life Insurance Association, giving presentations about the history of life assurance in secondary schools. These presentations were based round the light-hearted account of the subject "Safety in Numbers" by Tessa Morrison[2] and were mainly delivered to 15-16 year olds.

Over the years since then, various financial institutions had produced books and pamphlets for the use of teachers but take up was generally determined by the level of interest of the individual teacher.

However, in 2000 a number of key events occurred. Firstly, in February the then Secretary of State for Education and Employment, David Blunkett, called together representatives of a wide range of interest groups to discuss the issue of "adult financial literacy". This group was known as the Adult Financial Literacy Advisory Group (AdFLAG). In the report that it produced in December 2000, it made it quite clear that its work was related to the financial inclusion agenda, in a sense, being the other side of the coin:

"*Use of and access to financial services raises questions of both supply and demand. There has been much work to begin to address the supply of appropriate products including the Social Exclusion Unit Policy Action Team 14 report. However, people need to be equipped with the skills, knowledge and confidence to ensure they make informed judgements and take effective decisions regarding their own financial circumstances".*[3]

The report went on to make a large number of recommendations, many of which went on to be taken up by the members of the Advisory Group and other groups.

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[1] http://www.hm-treasury.gov.uk/fin_inclusion_index.htm viewed11th November 2009
[2] Morrison, T *Safety in Numbers* (1978) Hutchinson Benham
[3] Adult Financial Literacy Advisory Group: Report to the Secretary of State for Education and Employment (2000) DfEE

Two other events of the year 2000 deserve mention as well. In that year, a registered charity was formed called the Personal Finance Education Group, later to be known more widely by its initials *Pfeg*[4]). This group was set up with the mission of promoting financial education in schools and of providing the resources to help teachers with this work. AdFLAG had noted that by 2000 a very large number of different programmes and initiatives of financial education had grown up in schools but they lacked co-ordination or any form of quality control. Pfeg took it on itself to provide both guidance and quality control.

Guidance was provided by means of support to teachers, delivered through the means of written materials and lesson plans. Quality control was provided by means of the "Pfeg Quality Mark", a form of accreditation of teaching materials and resources, very many of which were now being produced by organisations from the financial services sector and the voluntary sector as well as some well-meaning individuals.

The Quality Mark is awarded to resources that:
• are accurate and up-to-date,
• match curriculum requirements,
• are easily available, adaptable and low cost,
• cover an appropriate range of financial topics and
• have been developed in partnership with teachers and tested in schools.[5]

Pfeg was supported in its work by the publication in 2000 of guidance from the Department for Education and Employment regarding the teaching of financial education in schools[6]. The newly created National Curriculum for Schools was due to be implemented in September 2000 and the Government had made it quite clear that they thought that financial education should be included in the Personal, Social & Health Education component of the National Curriculum. This was not a compulsory element of the National Curriculum at that time and the emphasis on delivering financial education was through "embedding" or "contextualisation".

The Financial Service Authority

The first attempts to adapt regulation of the financial services industry to the needs of a modern age had been commenced in the Financial Services Act 1986[7]. Rapidly changing circumstances in the industry and, it has to be said, pressure from the industry to change some of the more challenging aspects of the law led to various revisions and eventually to the bringing together of a number of regulators in the Financial Services Authority, created under the terms of the Financial Services and Markets Act 2000[8] (that year again!)

The regulatory objectives of the new body were defined as:
(a) market confidence;

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[4] http://www.pfeg.org viewed 15th November 2005
[5] http://www.pfeg.org/teaching_resources/about_the_quality_mark/index.html viewed 15th November 2005
[6] Financial Capability through Personal Financial Education - Guidance for Schools at Key Stages 1& 2 (2000) DfEE (http://publications.dcsf.gov.uk/eOrderingDownload/Financial_capabilty-KS1&2.pdf) viewed 15th November 2009
[7] Financial Services Act 1986 (http://www.opsi.gov.uk/RevisedStatutes/Acts/ukpga/1986/cukpga_19860060_en_1)
[8] Financial Services and Markets Act 2000 (http://www.opsi.gov.uk/ACTS/acts2000/ukpga_20000008_en_1)

(b) public awareness;
(c) the protection of consumers; and
(d) the reduction of financial crime

The second of these objectives was further defined as “promoting public understanding of the financial system” which was said to include “the provision of appropriate information and advice”.

Over the following three years, by means of internal deliberation and external consultation, the Financial Services Authority (FSA) developed this “public understanding” remit into a National Strategy for Financial Capability. In the course of this, the FSA commissioned an exhaustive piece of research into levels of financial capability in the UK[9] that has gone on to set a number of agendas both for the FSA and for other organisations working in this area. The research examined financial capability under four headings:

- Managing Money – which was subdivided into:
    - Making ends meet or living within ones means
    - Keeping track of one’s finances
- Planning ahead
- Choosing financial products and
- Staying informed

These indicators have since become, in effect, the definition of Financial Capability in the UK. Moreover, other countries have taken up this type of survey-based research and used similar questions and definitions.

The survey was based on over 5,000 individual interviews and questionnaires and forms a very rich seam of knowledge about the British public. Some of the main findings flagged up by the FSA included:

- Many people could be tipped into financial difficulties by a small change in their circumstances.
- Many people are taking on inappropriate risks and not shopping around to get a good deal.
- The greatest demands are placed on those least equipped to deal with them.

One of the key results of the FSA’s research was to show that financial capability was not just an issue for the socially excluded. Many sections of British society were performing very badly at managing their finances. It was partly this discovery that encouraged the FSA to target its work not solely on low income families and other groups considered to be actually or potentially socially excluded. The challenge was more about how many people could be reached with the message that sound financial management was critically important. Programmes were developed that would reach large numbers of people, often at important times of change in their lives when their finances were likely to be subject to change as well.

These main themes taken up by the FSA were:

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[9] *Financial Capability in the UK: Establishing a Baseline*, (2006) FSA (available at http://www.fsa.gov.uk/pubs/other/fincap_baseline.pdf).

- Schools – picking up on the Government's intention to have high quality personal finance learning in schools.
- Young adults – people under the age of 40 were generally found to be one of the groups facing most challenges – and not very successfully.
- Workplaces – this is the nearest approach for adults to that of using schools in reaching large groups at once.
- New parents – recognised as being one of the most financially challenging life changes.
- Consumer communications and online tools
- Generic financial advice available to all who need it.

Space does not permit a detailed analysis of all these strands of work in our section on the lessons learned. It is, however, important to appreciate that the FSA's work on financial capability, as indeed is its work on regulating the industry, is all funded from fees, levies and fines it raises from the financial services industry. So, in a sense, funding financial capability has become a compulsory moral obligation on the industry. At a societal level, having a major education project funded through an industry regulator by a section of private industry clearly raises some interesting questions about possible bias towards a purely consumer-based educational experience and the focus on the products and services of the industry funding the initiative.

Central Government

Aside from the guidance to schools referred to above and the work of AdFLAG, central Government has not had a strong presence in the financial education landscape until the last couple of years. One might expect that an Education Ministry would be taking a lead in such an important educational area. However, in terms of real spending, the various Education Departments have lagged behind the FSA for many years. In part, this seems to have been because of the geography of Government and the fact that the FSA took on the mantle of the National Strategy.

The FSA is a statutory body responsible to the Treasury and, for the a large part of time since 2004 when the FSA's first thoughts on the National Strategy appeared, it has been common to hear officials from other Departments commenting privately that the FSA is responsible for financial capability. The implication has been that this means that their own Departments did not really need to be involved. This has been reinforced by the perception that Treasury is a powerful Department that decides how much money my Department is going to receive.

However, other Government Departments had not been entirely absent from the financial learning landscape but not necessarily sporting the same title. It was evident for some years that issues of personal financial skills and management had a profound impact on other areas of public life.

The Department for Work and Pensions (DWP) had long been aware that stress associated with over-indebtedness could be factor in mental illness leading to absence from work – and claims for State Incapacity Benefit. In addition to that, the Department was also responsible for the implementation of Government policy on retirement pensions. Since the 1980s it had become apparent that changes in the demography of the United Kingdom were going to force changes in the State Pension system. The basic State Pension in the UK has not been regarded as sufficient for a dignified lifestyle for many years. Successive Governments have tackled this by a succession of secondary schemes, all of which have eventually proved unworkable or too expensive for the State. It has been evident for many years that, without the unpalatable solution of higher taxes, the population was going to have to take on more responsibility for saving for their own retirement. In 2005 The DWP allocated a fund to research whether “hard-to-reach” adults could be encouraged to take more responsibility about saving for pensions by means of educational schemes. The fund was divided among a number of third-sector (not-for-profit) organisations to see what impact they could have by encouraging lower income workers to learn about the need for saving.

These projects showed that it was possible to reach these groups although long-term impact was often inconclusive. Any influence that the findings might have had was somewhat undermined by the publication in 2005 of the Government White Paper from its independent Pensions Commission. The Commission had been unconvinced about the effectiveness of voluntary arrangements supported by education and had been impressed by the thinking of behavioral economists in the USA that this was not a situation where people were going to voluntarily learn their way into a saving habit and they really needed a “nudge”. This led to a new Pensions Act with a key policy component of “auto-enrolment”, whereby the default arrangement for the new breed of “Personal Account” pensions would be that everyone in the workforce would be automatically enrolled by their employers and would have to make a conscious decision if they wished to opt out of the new arrangement.

Another Government Department which has been involved with financial education has been the Home Office and its recent incarnation, the Ministry of Justice. The UK has for a long time had a high population of offenders in prison compared to some other European neighbours. Many studies have documented that the prison population is characterised by very high incidence of poor literacy and numeracy and also of mental health problems. A high proportion of inmates have previously been in the care system when young. Indeed, the penal system sometimes can look like a net to catch the majority of failures of our social welfare provisions.

Poor personal financial management skills among those going into prison have been compounded by a regime that effectively cuts the prisoner off from his or her previous financial life and it has been argued that this can often lead to homelessness on release. Over the last decade, a number of financial education programmes have taken place in prisons, mainly delivered by third sector organisations but some have been funded by agencies of the Ministry of Justice.

The Third Sector

Great Britain has a rich history of voluntary social care stretching back over many centuries. This is delivered by a range of organisations. Some are registered charities, often very large bodies with a national reach while some are local informal organisations operating on a more self-help basis. There are literally hundreds of the large national charities, serving the interests of a very wide range of groups. Among these would be such organisations as:

- Mencap – helping those with mental health problems
- Help the Aged – looking after the interest of older people
- National Society for the Prevention of Cruelty to Children
- Unlock – working for better treatment of offenders
- Diabetes UK – working to help those with Diabetes and to fund research

and many, many more!

Of all these organisations, the one that has probably had the greatest impact on financial capability programmes is Citizens Advice. Formed during the Second World War, this charity has since then been a source of free advice for the public on a range of legal, financial and personal issues. This advice is currently delivered through a network of over 400 independent local Bureaux by over 26,000 staff, of whom over 20,000 are volunteers. Much of the financial advice delivered is concerned with overindebtedness. Bureau clients often arrive asking for advice and help when their financial position has reached breaking point and much of the effort of the Bureau consists of drastic repair work or, indeed, helping clients to reach arrangements with their creditors.

Over recent years since about 2000, Citizens Advice has been changing its pattern of activity to include an educational function. Faced with the realisation that many of their debt clients were "repeat offenders" who appeared on the Bureau doorstep every six months or so, the organisation started to consider whether it could reduce this level of distress by helping clients to manage their financial affairs more effectively. Their Chief Executive, David Harker, describes this as "working at the top of the cliff and not at the bottom of the cliff", that is, working to prevent disaster rather than after the disaster has happened.

Over the last 5 years, Citizens Advice has trained many of its advice workers and others to provide financial education directly to groups of clients. This plan has been so successful that over half of all the Bureaux now have access to this type of education for their clients. Perhaps, even more successful has been the providing of training to other public officials and voluntary workers to help them understand their clients' financial issues and help them deal with them. So, for example, managers of Registered Social Housing organisations[10] have found that providing financial education to their tenants has not only improved the lives of the tenants but has also improved levels of responsibility shown by tenants and improved the rate of collection of rents.

This joining of interests between Citizens Advice workers and other public officials has been so successful that Citizens Advice has now created a network of 14 Regional Financial Capability Forums[11] where the Citizens Advice staff can network with professionals from other areas of work – housing, social work, youth work, mental health – to discuss how financial education can best be planned and implemented. These Forums have also acted as a focus for other organisations with an interest in the nation's financial skills. Indeed, some public campaigns from non-departmental Government organisations such as the Office of Fair Trading, have also used the Forums as the base for implementing public information programmes to do with, for example, saving for Christmas (rather than borrowing) or seeking better deals on the prices of household fuel.

[10] Over the last 20 years most publicly owned housing stock, formerly owned and managed by Local Authorities, has been transferred to new independent Housing Associations.
[11] http://www.citizensadvice.org.uk/index/partnerships/financialskillsforlife/fsfl_forums.htm

What has been learned?

To date, no comprehensive study has been attempted to look at the lessons of the last ten years of financial education in the UK. The following thoughts are best considered as an introduction to the process!

The importance of a national strategy

The British people do not take easily to national strategies. There is a long and strong tradition of private independence – the rights of people to do as they please within the law – has always been an important part of the way we see our society. By the year 2000, there was what our European colleagues have referred to as "a rich and confusing diversity" in the British personal finance landscape. This diversity existed both in the products and services on offer, the ways in which they were sold to the public, the ways in which the public made use of them and also the initiatives set up to help the public understand financial management.

We can argue about whether it was the best solution to appoint a financial regulator to "increase public understanding of the financial system" or whether this was really an educational imperative that should have been owned by Government from the outset. Consumer bodies frequently questioned whether FSA could really be on the side of the public if it gained its revenues from the financial services industry and these questions also became linked to the questions that inevitably arose from time to time about whether the FSA was *regulating* vigorously enough.

The Government always veered towards a mixed economy approach to this – as in many other areas of policy. Over the years this has come to be articulated through the language of "partnership", asserting that in a society where there is very little compulsion, significant progress can only be made through partnerships between organisations and sectors. It was clear from the start of the AdFLAG deliberations that the Government were committed to a partnership approach with little or no compulsion on anybody.

All this said, the FSA's bold stand with the launch of its National Strategy for Financial Capability has provided by far the largest focus for financial education in all its facets. Some may argue that the FSA's approach has concentrated excessively on numbers of people reached and easy targets but it is hard to make a case that any other organisation would have been able to carry out some of the most important steps taken by the FSA. And what were these?

From the outset the FSA has been committed to the principle of commissioning independent research and basing its strategy work on that research. The research conducted by the Personal Finance Research Centre at Bristol that became known as the "Baseline Survey" (see footnote 9) has provided us with a wealth of valuable information that is proving of use to Government, the financial services industry as well as those concerned with the nation's financial capability. It is hard to see what other organisation could have commissioned this research.

Another extremely helpful piece of work from the FSA has been the publication, with the Basic Skills Agency (now part of NIACE), of the Adult Financial Capability Framework[12]. In the absence of any overarching national framework for adult learning, this was an

[12] Available as a free download from the NIACE bookshop http://shop.niace.org.uk/adult-financial-capability-download.html

attempt to create in effect a curriculum framework for learning about personal financial capability. It has since become the staring point for much of the curriculum development in the field of state-funded education and also among voluntary organisations, such as Citizens Advice.

Words matter

As in all areas of public life, situations change, policies change, public perceptions change and there is a tendency also for people to change their language to reflect the meaning of these new realities. We have written elsewhere on the meanings of some of the terms in use in the field of personal finance learning[13] so we shall not go into detail here apart from to stress how important it is that terms in use are well defined by those using and promoting them. In the 1990s the prevailing term in use was *financial literacy.* In the early 2000s this term lost favour and was replaced by the term *financial capability* and this became the term used in the FSA's strategy. The FSA was quite clear about its reasons for the change, saying that using the word *literacy* had unhelpful connotations with *illiteracy* and they wanted their strategy to use language that was less associated in the public mind with reading and instead use terminology that had connotations with skill and achievement.

The two "policy" terms most frequently in use in this field currently are *financial inclusion* and *financial capability.* Once thought of as quite separate issues, the first to do with the degree of *access* available to financial products and services and the second to do with skills and knowledge being put into practice, there has been a tendency in recent years for them to merge. It has come to be recognised that mere access to financial services is not sufficient to produce good outcomes for the individual without the skills and knowledge to select and manage these products effectively.

Transact, an organisation based in London's Toynbee Hall was an early player involved in obtaining access to financial services for its local, mainly low-income, communities. It described itself as working for financial inclusion but a PowerPoint presentation from 2005 shows that they had already seen the linkages with capability and were reflecting that in their terminology when they defined financial inclusion as:

"A state in which people have access to appropriate, affordable and desired financial products and services. It is achieved by ***financial literacy*** *and* ***financial capability*** *on the part of the consumer, and access and products on the part of financial product, services and advice suppliers."*[14](Our emphasis)

This flexibility of language, inevitable in a modern society, has often led to confusion when insufficient care has been taken over choice of words or consultation with other stakeholders. When the FSA wished to promote the idea of a universal advice service which the public could use to seek help about managing their personal finances, the term that had been used during the research phase of this was *generic financial advice*[15]*.* The view was taken that this was not a term that would appeal to the public

[13] Gannaway, H *Financial this, financial that…* (2007) unpublished paper but available on the Spondoolies forum website. You will need to register on the site in order to download file attachments. http://www.niace.org.uk/spondoolies/forum/viewforum.php?f=17

[14] www.toynbeehall.org.uk; www.transact.org.uk; www.transact.org.uk/core/core_picker/download.asp?id=672

[15] As the FSA was also the industry regulator, there was a pre-existing term in use in its dealings with financial services companies of *regulated financial advice.* The term *generic financial advice* had been used as a working title for the new concept to distinguish it from the regulated version

so a (unilateral?) decision was taken to use the term *money advice.* This caused some dismay in the voluntary advice sector, where the term *money adviser* already had a clear and long-established usage to mean an adviser, usually from the voluntary sector, who gave advice to individuals experiencing financial distress, usually through over indebtedness. This linguistic "branding" issue is still not really resolved at time of writing!

Partnerships work

Any attempt to talk to the British public about their personal finances has to take account of a cultural context in which, traditionally, people do not generally talk to others about their financial affairs. It is considered to be a private matter. Talking to others will inevitably reveal how successful or unsuccessful one has been in managing one's own affairs. Parading one's success in front of others only causes embarrassment to others, suggesting a difference in status. Revealing one's lack of success is embarrassing.

However, there is a feeling that people do talk with others in situations where they consider they are all "in the same boat". In the workplace, people will talk about expenses or pensions or negotiated wage rates as these are features of working life that apply to them all. Groups of young people in youth clubs will talk about the money issues that are common to that group. Young parents know that the financial stresses of having a first baby are common to most. People dealing with a sick or disabled relative are more able to understand the challenges, personal, emotional and financial, that dealing with this involves.

For some time it has been recognised that attempts to help people develop their skills and understanding with money if these initiatives can be undertaken with groups of people where such feelings of communality exist. However, those with the skills and the knowledge to deliver such education are not necessarily from any of those groups. As a response to this, partnerships between those with the skills, knowledge and the ability to communicate them and those organisations whose purpose is to provide support for a particular group of the public have become common in the UK. We referred earlier to the work of Citizens Advice in making relationships with the professional and voluntary workers in a range of organisations were opening the doors for financial educators to talk to groups of people they would not have otherwise been able to meet.

Other organisations have also used this approach. One of the main work strands of the FSA's strategy has been to deliver seminars in workplaces. These seminars have not generally involved a great deal of interactive learning but nevertheless it has been concluded that being in a group of people one knows and is comfortable with makes it easier to be receptive to ideas that have a more directly personal relevance.

The FSA also used the idea of partnerships with "trusted others" in its work with new parents. Recognising that becoming a parent for the first time presented one of life's great shocks to the system and that it was not a period when young parents-to-be had time to attend formal sessions, the decision was made to produce a handbook that would be made available to all new parents[16]. In early discussion in the FSA Families Working Group, it was recognised that the best "trusted other" for new parents was the midwife. However, the political and logistical challenges of engaging the support of

[16] Parent's Guide to Money (FSA) is available to all new parents in a book-bound paper version but is also available online at http://www.fsa.gov.uk/financial_capability/pgtm/

midwives were considerable so the first pilot of the "Parent's Guide" was conducted in large employers through the medium of Human Resources Departments. Subsequent research revealed that HR departments were not all "trusted others"! Mothers-to-be did not necessarily tell their employer as soon as they knew they were expecting a baby. Indeed, some, anxious about possible repercussions on their employment status, did not tell their employers until just before they were due to take maternity leave.

Meanwhile, negotiations had been taking place with the Royal College of Midwives and other agencies in the baby-chain and agreement was finally reached that midwives would indeed become the main mechanism for distribution of the Parent's Guide. This has been a challenging exercise but it has now become one of the FSA's most successful programmes.

Conclusion? Work in progress!

The development of financial education in all its forms in the UK has been an exciting process for over ten years now. The writer has been in the privileged position of having a remit to study this for the National Institute of Adult Continuing Education (NIACE) as their Research Fellow in Financial Education for over five years. There has clearly been enormous progress but there are still daunting challenges.

One challenge to the advocates of education comes from the thinking of behavioural economists who say that people are creatures of ingrained habits that are very hard to change. For many years Government policy has recognised that learning your way to a better outcome is appropriate in some areas but not in others. Some desirable social changes have had to be enforced by law, for example, the requirement to use seatbelts in cars or the moves to ban smoking in public places. Others are not susceptible to compulsion and the public are encouraged to learn their way to better health, for example, in the "five-a-day" campaign that encourages people to eat at least five portions a day of fruit or vegetables[17].

So where will learning about one's personal finances sit in this landscape? The British way is generally to allow for flexibility and different approaches. On the one hand, we are keen that people should learn more but, on the other, we are comfortable with the idea that people should be "auto-enrolled" into a pension scheme. Questions that remain to be tackled in this context include the role of the media. It could be argued that the present recession and the media coverage it has received has led to a greater reduction in personal borrowing and increase in personal saving than has been achieved in a decade of financial education! It is clear that we still have a great deal to learn!

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[17] http://www.5aday.nhs.uk/topTips/default.html

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www.niace.org.uk
www.moneymatterstome.co.uk
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