Background

MyBnk is a UK charity that delivers expert-led financial education programmes to 5-25-year olds in schools and youth organisations – direct, virtually and online. Together with young people, we have created innovative, high impact and high energy workshops that bring money to life.

By spend, we are the UK's largest charity dedicated to this cause.

MyBnk cover topics such as saving, budgeting, debt, independent living and public and student finance. We also design projects and training programmes for others. Since 2007 we have helped over 250,000 young people learn how to manage their money.

Our expert-led school age programmes aim to build financial capability at key transitional moments, addressing mindsets, attitudes and behaviours to help young people form an understanding of the wider world of money.

These financial education workshops help form positive habits like saving and delayed gratification, connect the dots between public and personal finance and arm young people with practical money skills. This teaches them how to navigate the system and make informed decisions. Topics range from budgeting, banking and borrowing to student finance, tax and pensions. Programme range, here.

Call for Input

MyBnk is limiting its submission in relation to Section 2.5.

The FCA references a meta-analysis using 201 prior studies and found interventions that attempted to improve financial literacy had 'very little effect on behaviour…and that…well-chosen defaults and timely information…are more effective that education programmes…'

We disagree with the implication that financial education is necessarily not impactful and that programmes have recorded zero medium and long-term effects in past studies. We believe it is unwise to rely on the outdated and contested 2014 report by Fernandes et al when there has been an explosion in research on financial literacy since its publication, which has led to most OECD member countries implementing policies to enhance financial education.

In particular, a new meta-analysis released in April 2020, with a total sample size of over 160,000 individuals, directly contradicts the report by Fernandes et al., finding financial education programmes have, on average, positive causal treatment effects on financial knowledge and downstream financial behaviours.

In addition our evidenced view is that good financial education works. Regrettably much education is of poor quality, linked to selling and unproven.

At MyBnk we offer independent, relevant, timely and proven financial education and guidance, trusted by young people to help them to make the right choices. Programmes are continuously updated and evaluated and are subject to rigorous external evaluation. They work.

Financial wellbeing, including through better engagement with consumer investments, is helped by better products, consumer protection and positive nudges and we all of this should be done. However, the individual ultimately chooses actively or passively what is right for them. They need support.

We start early. For ages 5-11 we have two overriding but profound objectives – helping young children get comfortable talking about money and setting positive habits. Habits are maintained through life. Confidence in talking about money (asking questions) and positive habits (sensible saving and spending) will be directly relevant to the Consumer Investments markets of the future.

Right now, for young adults, especially those in the greatest need who can't afford mistakes, we cover consumer investments within a wider concept of debt and savings. We highlight considerations including return and risk, but additionally incentives, benefits and restrictions. We aim to build inquisitive minds that seek out trusted information. We can measure changes in behaviour in lower debts, better prioritisation of spending and higher savings.

Although just-in-time is often effective in guiding and educating it is not always appropriate. For example, we know woman that take career breaks in their 30s find it challenging to catch-up on missed pension contributions. Education and guidance to consider additional contributions to a pension in their 20s could result in significant benefits.

Financial education is one crucial contributor to greater financial wellbeing but it needs to be relevant, timely, not linked to selling, accurate, available and trusted.

Question 2:

The lack of financial capability and resilience of consumers is a significant issue that needs to be combated by financial services and regulatory industry. Prior to COVID-19, 11.5 million people already had less than £100 in savings. It is essential that future generations are prepared for unpredictable economic shocks in addition to increasingly complex financial decisions and the responsibility of investment judgements and risks.

We believe preparation begins with the development of positive attitudes towards money and behaviours when habits are first formed, which impact decisions in later life.

Research from the Money and Pensions Service has found that by the age of seven most children are able to recognise the value of money, what it means to earn money and that it can be exchanged for goods. By this age children are also capable of complex functions such as planning ahead, delaying decision making and understanding the irreversibility of some choices. Whilst consumers can lose financial knowledge over time, the habits and attitudes formed towards money at a young age has far reaching impact.

The effective financial education of children and young people should be prioritised by the industry to build the financial resilience of future consumer investors.

Question 3

As 'just in time' financial education has an important role in equipping consumers for financial decisions, so too does financial education for children and young people which shape attitudes towards money at the same time as they are formed.

MyBnk uses an outcomes-based monitoring and evaluation system with teachers, facilitators and young people, employing a range of data-collection methods to evaluate the effect of our workshops. We collect data at baseline, endline, and follow up points, comparing to control data from non-participants. Quantitative data is supplemented with qualitative interviews and focus groups with a range of stakeholders. Where possible, we access data associated with individuals, such as their rent arrears, evictions and movement into employment and training. Programmes are also scrutinised by external evaluators who set their own impact measurement criteria and have access to our sessions and stakeholders.

Our core projects have been independently evaluated as part of the Money Advice Services' (MAS) £12m 'What Works' Fund to test, pilot and scale financial capability solutions. It evaluated two programmes that are primarily delivered to those in schools and two that are delivered in non-school settings with young adults, testing theory, outcomes, causality and value for money. Independent evaluation was conducted by ERS Limited and Substance.

Primary School Age

The most recent yearlong independent evaluation of this provision by Substance demonstrates the clear positive impact of financial education for primary aged children. It found two out of three were actively working towards a savings goal three months after receiving MyBnk lessons.

Furthermore, 12 months after delivery, 70% of pupils who participated in the programme would stick to money plans to achieve a goal. This is in stark contrast to the national average of 34%. 77% also reported an ability to delay rewards for longer-term benefits after the sessions, with 48% of those who showed no ability pre-intervention able to do this after the sessions. 75.4% of pupils who received delivery in 2017/2018 demonstrated this ability 12 months later.

Key documents: Report – Infographic – Press Release – Blog.

Secondary School Age

After expert-led sessions 11-16 year olds were found to be 22% more capable of managing money and understanding personal and public finance than control groups. An 11 month study analysed data from 2,287 pupils and 231 teachers at 86 schools participating in our Money Twist Key Stage 3 & 4 programmes and 4,797 pupils in control groups.

After MyBnk's expert-led intervention there was a:

- 44% increase in resisting 'instant gratification' spending.
- 45% shift in extreme spending habits to moderation.
- 31% increase in fraud awareness, such as spotting fake money.
- 22% increase in understanding government finances.
- 20% increase in making informed financial decisions.
- 34% increase understanding banks ethical polices.

Key documents: News story – Executive Summary – Full report & Appendix – Press release.

Young Adults – Elevating the Playing Field

Independent evaluators, ERS, examined the effectiveness of MyBnk's 'survival' money management programme, Money Works, with over a thousand 16-25 year old NEETS and care leavers, who are on average more likely to be in poverty and have problem debt.

The report showed:

- £1 spent on the programme created £5.57 in social value and the impact increased as time went on.
- Debts dropped 60%. This compared to control groups of their peers, who saw their average debts grow by 50%.
- The number saving regularly increased by 23%.

- Over half would now seek specialist advice, up from 32%, from the likes of StepChange or Citizens Advice.
- Capabilities of young people in saving, financial confidence, life satisfaction and digital literacy, which were below the national average, are now above it.

National Averages

The study found vulnerable young people were below the national average for their peers across a range of indicators, but after intervention, exceeded their more capable peers in the long term.

Other statistics showed:

- Life satisfaction increased by 28%.
- There was a 24% improvement in financial confidence.
- More now go online to make government transactions, such as paying tax, than the national average – boosting digital literacy.

Young Adults – Leaving Care

Nearly a thousand 16-25 year olds, in care or sheltered accommodation, took part in a two year impact study of 'The Money House' project in London.

Findings from independent evaluators, ERS, found participants were now three times less likely to have unsustainable arrears and there was a 64% drop in evictions for those 'at risk' of losing their home. Only 1% of attendees have ever been evicted compared to the national average of one in three.

Key documents: News story – Executive Summary – Full report & Appendix – Cost Benefit Analysis – Press release.

To find out about the UK's frontline of financial education for young people, contact info@mybnk.org.