



Financial Capability Strategy in Northern Ireland

Context

The Northern Ireland Executive's 2011-15 Programme for Government included a commitment to develop a Financial Capability Strategy for Northern Ireland consumers. A draft Northern Ireland Financial Capability Strategy and Action Plans has been submitted to the Northern Ireland Executive for approval. A public consultation on the draft Strategy took place in 2013.

The UK Financial Capability Strategy

The UK Financial Capability Strategy commits to the establishment of a range of Steering groups to take forward its priorities, including the establishment of Steering Groups for each of the three Devolved Regions. In taking forward this commitment in Northern Ireland, the Money Advice Service has established a forum of stakeholders to share and co-ordinate their activity on Financial Capability issues. This forum includes financial services organisations, charities and other non-governmental organisations (a full list of forum members is included in Appendix). As well as understanding the current landscape of existing interventions, this group also identified a number of areas that it would like to address in support of the UK Financial Capability Strategy. These areas have been informed by the findings from the recent Financial Capability Survey from the Money Advice Service.

Levels of Financial Capability in Northern Ireland

The Financial Capability Survey, run by the Money Advice Service, is a nationally representative survey of adults aged 18 and over in the UK. Some of the key findings from the 2015 Survey for Northern Ireland are:

- 59% of people feel that they have an approach to budgeting that works;
 - 65% know their current account balance to within £50;
 - 54% of people say they are keeping up with their financial commitments without difficulty;
- and

- 63% could pay an unexpected bill of £300 from their own money or from savings without having to cut back.

Overall, people in Northern Ireland are better at managing money well day to day than they are at planning ahead.

- 57% of people have financial goals and only 52% are paying into a pension or have a previous pension plan;
- Only 23% of working-age adults have savings equal to at least 3 months household income; and
- Only 22% of people over 50 have any sort of plan for long-term care.

The Survey also found that overall 18-24 year-olds scored less well than the working-age population on 'managing money well day to day', highlighting specific issues for 18-24 year-olds around budgeting and use of credit. Compared with the working-age population, 18-24 year-olds are less likely to think their approach to managing income and expenditure works very well (38% of 18-24s score their household budget approach 8 or more out of 10, compared with 54% of working-age adults).

In addition, 21% of the population of Northern Ireland are over-indebted¹.

Areas that the stakeholder group want to work on

Support for greater evaluation of interventions in schools and sharing of what works

- Work with key partners across the sector to build a common approach to evaluation and sharing of best practice
 - Put in place a mechanism to map existing interventions in schools
 - Promote the use of the outcome framework and evaluation toolkit developed by the Money Advice Service
 - Promote the use of the Money Advice Service Evidence Hub as a mechanism for sharing what works
 - Work with financial services partners to develop, map and evaluate existing and emerging schools based education programmes
- Work with Credit Unions in Northern Ireland to support the work they do in schools for example Clued In for schools personal finance initiative and savings schemes
- Work with Young Enterprise/ pfeG to explore opportunities for incorporating elements of financial capability into existing interventions
- Collaborate with funders (including financial services organisations) to encourage an element of financial capability to be integrated into funded initiatives

Support for teachers to deliver financial education in schools

¹ Money Advice Service/CACI 2015

- Work with CCEA to support the continued development of the CCEA financial capability curriculum microsite that supports teachers in delivering financial education. In particular develop an understanding of how the site is being used and consider how best to engage teachers and financial services in content and resource development to support the curriculum.

Support for interventions targeted at parents, carers and vulnerable groups

- Take the learnings gathered from parenting pilots being conducted in Wales and the Ulster Bank pilots in Northern Ireland and share the evaluation of these with the wider funder and provider sector
- Work with Ulster Bank to support and evaluate the proposed pilot extension of their Money Sense programme to primary schools. In particular focus on the parenting, home learning and online resource aspects of this programme and linking this work into the parenting pilots in Wales, ensuring evaluation takes place.

Evaluation of existing interventions targeted at further and higher education students

- Work with the sector to undertake a mapping of existing interventions in order to understand gaps and prioritise areas for more targeted interventions
- Work with the NASMA, educational institutions and delivery organisations to build a common approach to evaluation of interventions and sharing of best practice
 - Promote the use of the outcome framework and evaluation toolkit
 - Promote the use of the Evidence Hub as a mechanism for sharing what works
 - Establish working group to share best practice and co-ordinate

Greater understanding of the needs of and support for vulnerable young adults

- Research into the needs of different vulnerable groups and particularly the most effective methods of engagement for them
- Work with the sector to devise tailored interventions for different vulnerable group, understand organisations best placed to deliver these interventions and to ensure equality of access and outcomes

Design provision of money guidance based on what has proven to work and engage young adults

- Understanding what interventions and channels work for young people
- Understanding existing evidence and research to engage young people in money advice
- Work with the sector to build the evidence for the effectiveness of peer to peer interventions, using findings from the 'Money Regrets' research undertaken by MAS
- Work with the sector to identify peer to peer interventions that work and seek to expand their reach
- Work with educational institutions to encourage greater evaluation of financial capability interventions in order to understand which methods of engagement work

Support for interventions targeted at key points in a young adult's life

- Work with the NASMA and educational institutions to consider the opportunities to develop targeted interventions at key points during a student's life:
 - Determine the most appropriate touchpoints during a student's career

- Consider interventions during the first few weeks of starting a course – e.g. Fresher’s stalls
- Consider interventions as a student approaches completion of their studies
- Consider the opportunity to work with a large employer (perhaps public sector) to pilot inclusion of financial capability interventions in workplace induction
- Collaborate with Student Finance NI to evaluate existing provision and assess the potential for providing more interventions targeted at the point a student applies for a grant and /or receives their grant
- Work with partners to understand the potential for including money advice as a student is about to leave school. Ulster Bank’s Money Makes Sense Module ‘Planning Your Future’ provides resources which could be used by schools at this point

Promote Greater evaluation and co-ordination of intervention targeted at working age people

- Carry out evaluation on Civil Service Money advise workplace programme and share the learnings
- Explore opportunity for further workplace based financial education programmes

The impact of digital exclusion on older people’s financial capability

- Explore option for collaborating with DETI, PSNI and Trading Standards to communicate the risk and current scams to older people
- Pilot and evaluate the impact of approaches to empowering older people to use the internet for financial activities safely.
- Understand the priorities for Commission for Older People/ Age NI (and other key stakeholders) – what are their research plans / priorities for the next year in relation to financial capability?
- Money Advice Service to develop an evidence base to understand how financial capability declines in older people.
- Consider the implications of relevant research findings on older people’s financial capability.
- Build the sectors understanding of older peoples’ financial capability as the evidence base grows via the planned financial capability insights hub
- Participate in the UK wide priority identified for Older People to explore options for research to fill evidence gap identified in the Strategy, for example, how does our ability to manage our finances decline with age in retirement and what can the sector can do to limit the effects of this on financial capability?

Improving the availability and take up of debt advice

Money Advice Service is currently working with DETI to provide a multi-channel debt advice for those facing severe hardship and struggling to makes ends meet. In April 2016, Money Advice Service Northern Ireland will be the primary funder for debt advice services and with this funding will provide a nationwide service. These three year grant agreements include provision for projects designed to engage traditionally hard to reach clients and the most vulnerable in our society with advice.

Through the work of the partners in the Forum we will look to initiatives that will:

Supporting those coming out of debt

For example Money Advice Service is also working with Grant Thornton to improve financial capability and resilience of clients managing an Individual Voluntary Arrangement (IVA).

Support for more interventions to help prevent people from falling into debt

- Development of an assessment tool which can be adapted for the use of creditors enabling them to refer a customer to the most appropriate advice provider.
- Work collaboratively with creditor organisations to develop the process of “warm transfers” so this is used more consistently by creditors.
- Explore the opportunities for improved referral processes with organisations such as Housing Associations, Unions, Macmillan Cancer Support, Relate and the NHS
- Work with creditor organisation to improving the content of their written communication and frequency of proactive communications for those showing signs of being in financial difficulty.

Improved processes and support for the rehabilitation of those in debt

- Examine existing data sources / commission research to better identify target groups and understand the link between financial exclusion and over indebtedness.
- Deeper analysis of the data supplied by our funded organisations on their repeat client rate.
- Monitor the impact of the compulsory money advice introduced BADAS regulation in Scotland and assess the potential benefits
- Maximize the use of nudge techniques within the debt advice process and related tools.
- Work with Christians against Poverty to better understand their model and include as part of planned Social Return on Investment (SROI) research
- Consider the role the county court system might play in embedding financial education into process that debtors expected to follow post hearing / court action.
- Collaborate with financial services organisations on an approach to rehabilitating those coming out of debt with regard to repairing credit history, opening bank accounts etc.

Appendix - Members of the Northern Ireland Forum

A4E (Skills training)

Advice NI

Allied Irish Bank

Apex Housing

Bank of Ireland

Christians Against Poverty

Clanmill Housing Association

Commissioner for Older People

Consumer Council

Council for the Curriculum, Exams and Assessment

Danske Bank

Department for Enterprise, Trade and Investment

Department for Social Development

The Charity for Civil Servants - ForYouByYou

Irish League of Credit Unions

National Education Association

NI Local Govt Association

Now Project

Queens University Belfast

Start360

StepChange

Turn2us

Ulster Bank

Ulster University Students Union

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