



**Hong Kong  
Financial Literacy Forum  
10 March 2017**

**How to raise effectiveness of financial  
education programmes by articulating  
return on investment  
- The UK experience -**

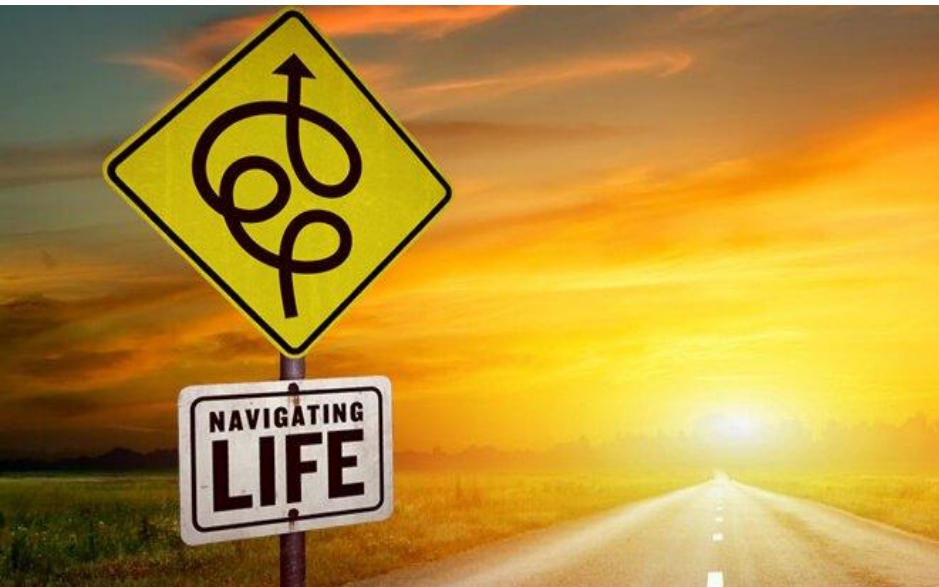
Helen White  
Head of Financial Capability  
The Money Advice Service (UK)  
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# Aim of the UK Financial Capability Strategy

**Empower people to make the most of their money**

- through informed & considered decisions
- to cope with the financial impacts of planned & unplanned changes through life.



# How we define financial capability

## BEHAVIOURS

1. Managing Money well day to day

2. Planning for future life events

3. Dealing with financial difficulties

## ENABLERS & INHIBITORS

**SKILLS & KNOWLEDGE**

**ATTITUDES & MOTIVATION**

**EASY TO ACCESS & USE FINANCIAL PRODUCTS**



# Life stages / Themes



**Children & Young People**



**Young Adults**



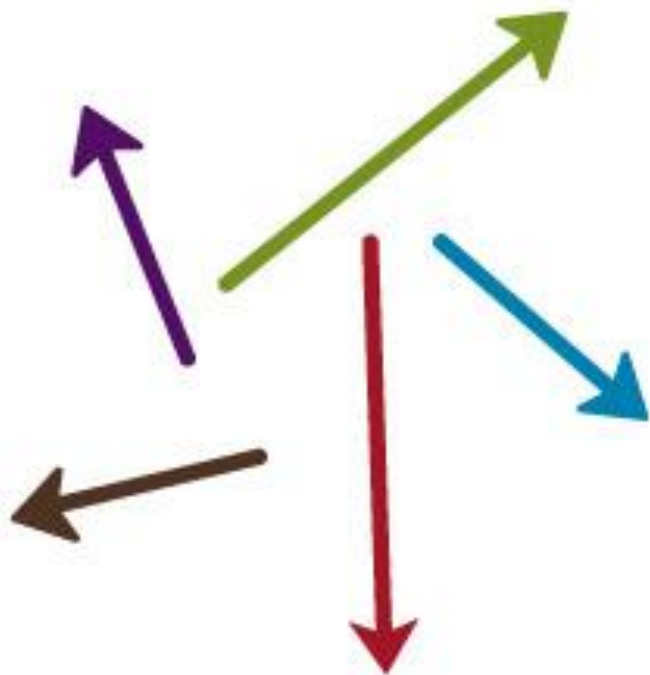
**Working Age Adults**



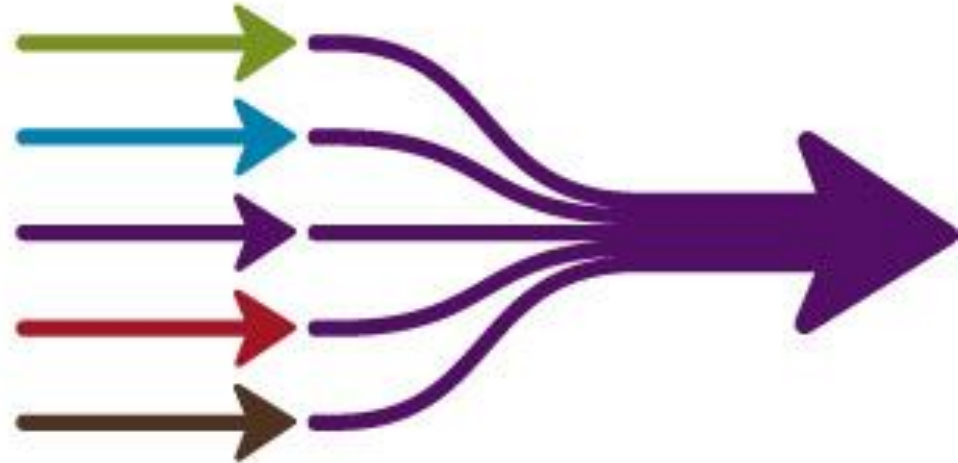
**Older People in Retirement**



**COLLECTIVE IMPACT** is more effective in solving complex social problems than isolated, uncoordinated impact



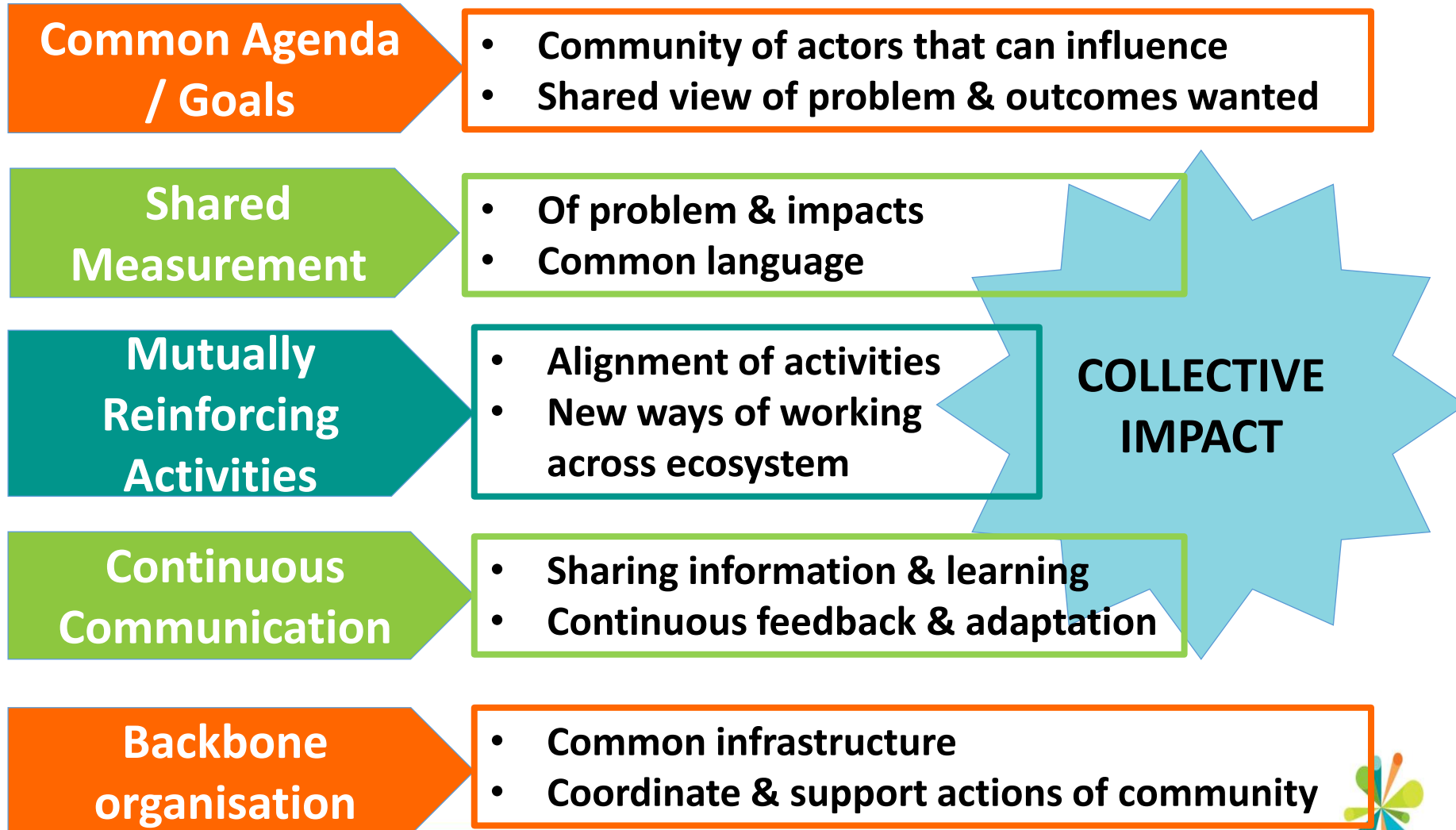
**BEFORE**



**AFTER**



# 5 elements of collective impact







The London Institute  
of Banking & Finance



J.P.Morgan  
Asset Management



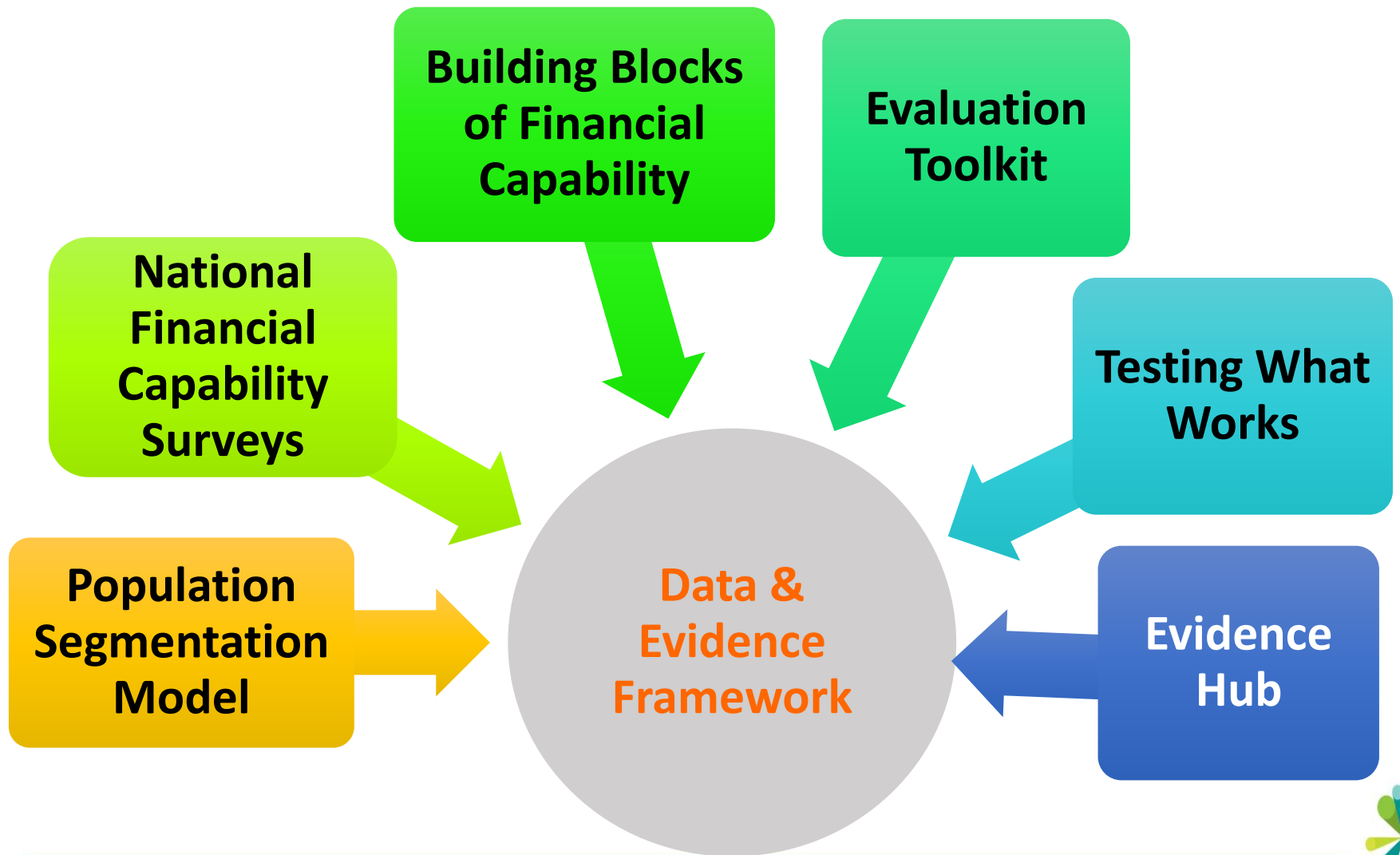
HM Treasury



LIGHTHOUSEGROUP

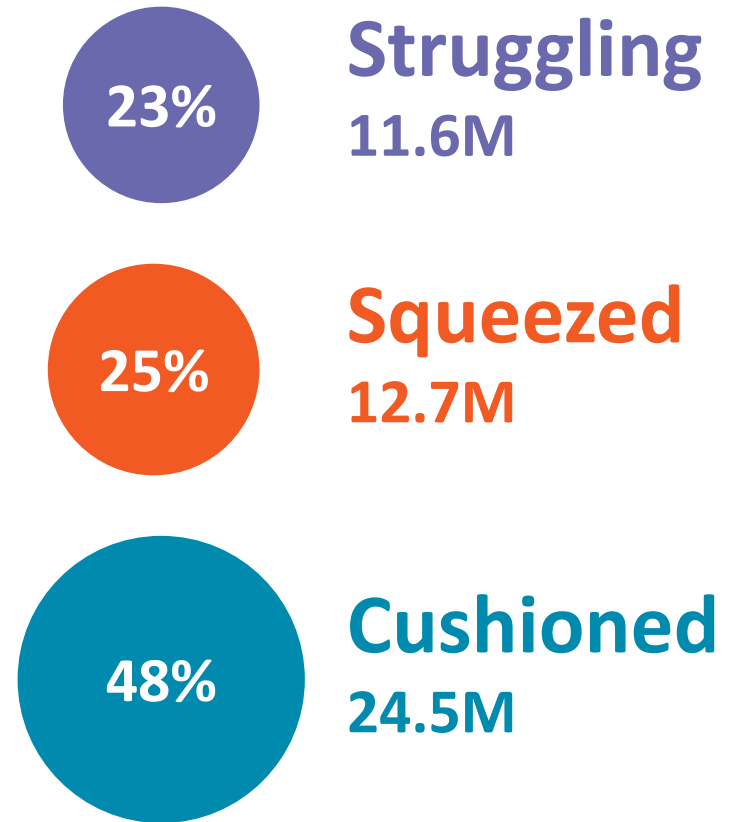
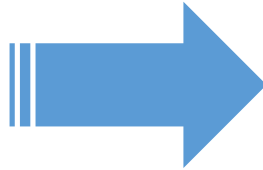


# DATA & EVIDENCE: The UK Framework

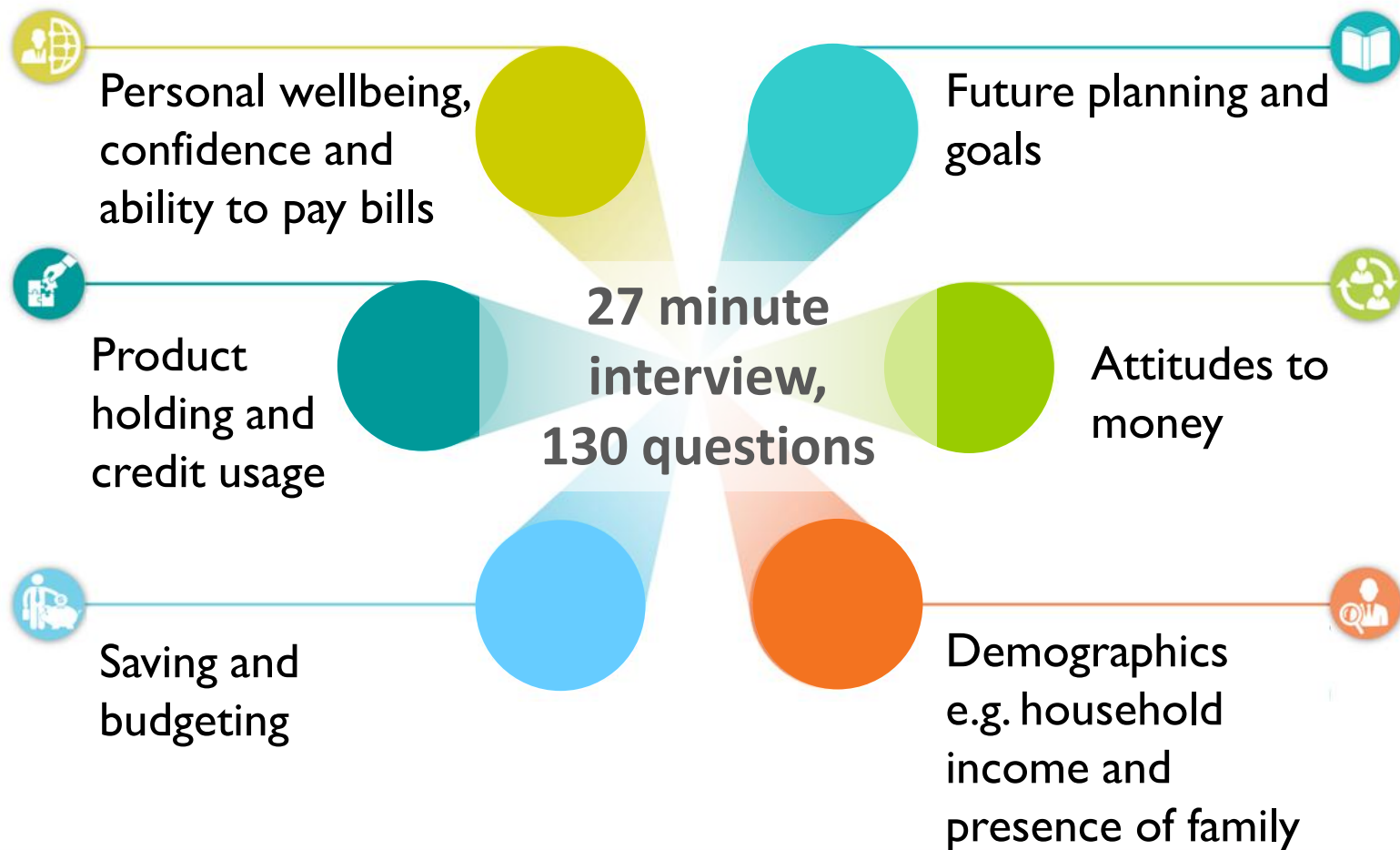




# The UK Population Segmentation Model



# The UK Financial Capability Survey



# Insights from 2015 Survey

- Most people are relatively good at **managing money day to day**
- But far fewer are preparing well for **future life events**
- Focusing people on **goals for the future** motivates saving
- **Low motivation** is more of a barrier for most people than low skills & knowledge
- But there are groups with **low skills and knowledge**



# The Building Blocks of Financial Capability

**BEHAVIOURS**

**ENABLERS & INHIBITORS**

## FINANCIAL WELLBEING

Current Wellbeing\*

Longer term financial security

## FINANCIAL CAPABLE BEHAVIOURS

Managing money well day-to-day

- Managing credit use
- Active saving
- Keeping track

Managing and preparing for life events

- Building resilience
- Working towards goals

## FINANCIAL ENABLERS & INHIBITORS



### Mindset

Savings mindset

Financial confidence

Considered spending



### Ability

Financial numeracy



### Connection

Digital engagement

Financial engagement

# The key building blocks of **CURRENT FINANCIAL WELLBEING**

Behaviours

Managing  
Credit

Active  
Saving

Enablers &  
inhibitors

Confidence

Engagement

Considered  
Spending

Demographics  
& other  
characteristics

Working  
Status

Household  
makeup

Home  
owner or  
renter

Income

# The key building blocks of **LONGER TERM FINANCIAL SECURITY**

Behaviours

Managing  
Credit

**BUILDING  
RESILIENCE**

Enablers &  
inhibitors

Confidence

Engagement

**NUMERACY**

Demographics  
& other  
characteristics

Working  
Status

Household  
makeup

Home  
owner or  
renter

Income





**Behavior  
Change  
Ahead?**

# What methods change behaviour?

## Example 1: Home Visits for Older Adults

- Designed to reduce illness, injuries from falling, and premature death
- Program involves visits from health professionals involving:
  - Health check ups
  - Balance training
  - Referrals to specific services

**Positive impact:  
reduced risk of  
premature death**

**No impact**

**Negative impact:  
increased risk of  
premature death**



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# What methods change behaviour?

## Example 2: Teenage Pregnancy Prevention

- Designed to reduce teenage pregnancies
- Program involves:
  - Dolls which simulate the needs of a new baby
  - Education about sexual health, contraception
  - Education about the financial costs of having a baby

**Positive impact:  
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# What methods change behaviour?

## Example 3: Discouraging Young Criminals

- Designed to discourage young people caught for criminal activity from committing further crimes
- Program involves:
  - Visiting adult prison
  - Supervised meetings with adult prisoners, hearing their experiences
  - Education on adult prison & life impacts of prison

**Positive impact:  
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NEW INTERNATIONAL EDITION

'Hot stuff'  
SUNDAY TIMES

'Hugely influential'  
GUARDIAN

# nudge

Improving decisions  
about health,  
wealth and happiness

THALER & SUNSTEIN 

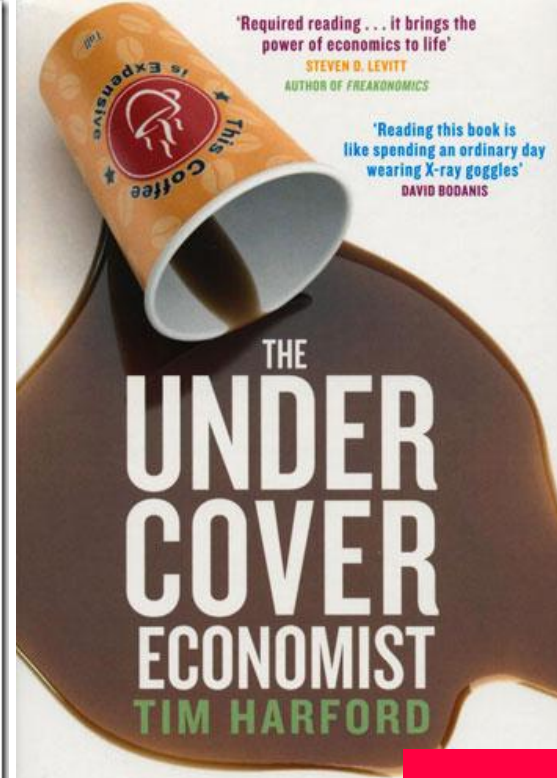
THE NO.1 INTERNATIONAL BESTSELLER

'Packed with surprises' GUARDIAN

'Comes exuberantly close to ... what goes on  
inside other people's heads' DAILY TELEGRAPH

# Malcolm Gladwell

WHAT THE  
DOG SAW  
and other adventures

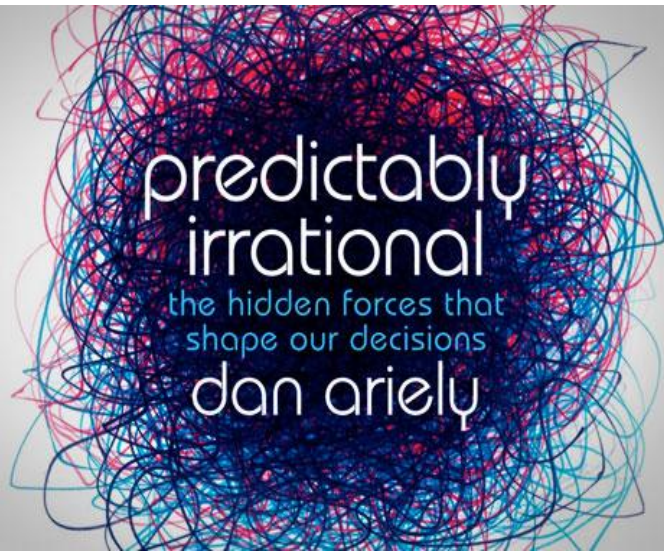


'Required reading ... it brings the  
power of economics to life'

STEVEN D. LEVITT  
AUTHOR OF FREAKONOMICS

'Reading this book is  
like spending an ordinary day  
wearing X-ray goggles'

DAVID BODANIS



predictably  
irrational  
the hidden forces that  
shape our decisions  
dan ariely

THINKING,  
FAST AND SLOW



DANIEL  
KAHNEMAN

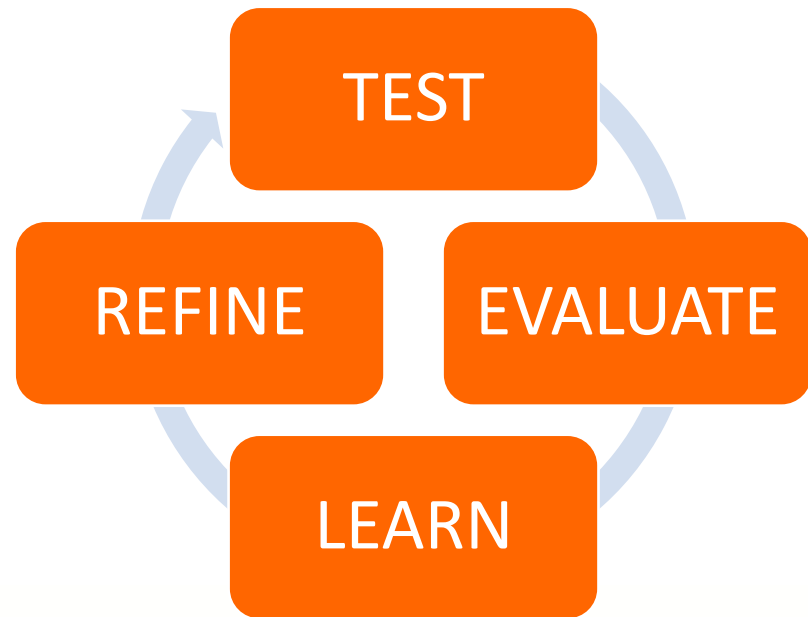
WINNER OF THE NOBEL PRIZE IN ECONOMICS

THE SMALL  
B!G

small changes that spark big influence

STEVE J. MARTIN, NOAH J. GOLDSTEIN,  
AND ROBERT B. CIALDINI

To understand  
what works we  
must:



# Financial Capability EVALUATION TOOLKIT

**Guidance**



**Tools**  
(incl. outcomes  
frameworks)



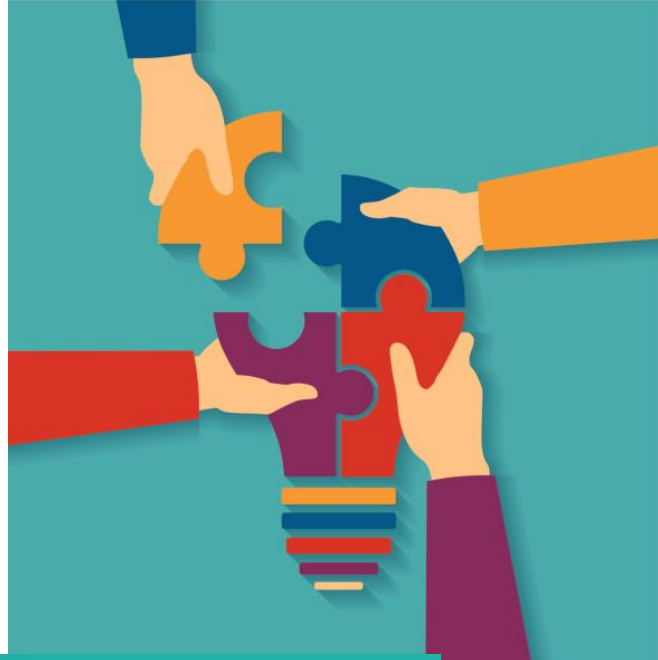
**Templates**



**to help you evaluate  
your programme**

# Evidence Hub

Brings all evidence on WHAT WORKS together in one place



Translates evidence to make it easy to use



Enables sharing of evidence & insight by all interested in financial capability







the Money  
Advice Service™

# 'WHAT WORKS' Fund

## Target groups



13

Children and young people



11

Young adults



21

Working age adults



6

People in financial difficulty



11

Older people

## Types of organisation involved



47

Charities  
and social  
enterprises



4

Professional  
bodies



4

Housing  
associations



3

Universities



2

Local  
authorities



2

Think  
tanks

## Types of intervention to be tested



School workshops



1:1 youth workers



Health centres



Peer education with  
older people

**Will tell us** what impact different methods have on financial capability & behavior - what works and what does not



# Return on Investment in Financial Capability



**Financial**

**Quantitative**

**Short term**

**The Economy**

**Business**

**Government expenditure**

**Social**

**Qualitative**

**Long term**

**Society**

**Individuals / Households**





# DEBT

- ≥ 8.2 million people in the UK are over-indebted
- ≥ 3 million people in the UK are in severe problem debt
- ≥ £8.3 billion = social & economic costs of problem debt

## Positive impacts of reducing problem debt:

### **SOCIAL & HOUSEHOLD:**

- Lower unemployment
- Greater family & home stability
- Less crime
- Improved mental & physical health

### **FINANCIAL:**

- Reduced **Government / taxpayer expenditure** on State welfare, income, health support
- Reduced costs for **creditors / lenders** from chasing & writing off non-repayment of credit



# Modelling impacts of financial capability on the UK economy & financial services

## *Estimates - Many assumptions!*

- Increased use of some financial products – e.g. savings, investments, pensions
- More product searching & switching, considered decisions
- Less borrowing, less use of high cost credit, more consumer product switching – may result in lower industry revenues
- More capable consumers mean lower risks and costs from complaints, redress, regulatory action
- Increased industry competition, innovation, efficiency
- Benefits to consumers over 30 years:
  - £80 billion increased wealth
  - £29 billion increased consumption



# Financial Services and Financial Capability

- ✓ Customers
- ✓ Employees
- ✓ Community / Corporate Social Responsibility



# Supporting EMPLOYEE financial capability through the WORKPLACE

Positive impacts on staff:

- Stress, mental & physical health
- Attendance at work
- Focus & productivity at work
- Engagement, job satisfaction, retention



# Supporting the community through Corporate Social Responsibility investment



**What  
impacts?**

**Targeting of £  
to needs  
& evaluation of  
impact**



**Greater &  
measurable  
impacts**



# Corporate Social Responsibility: UK Examples



Leading the fight  
against dementia

Alzheimer's  
Society

**Making money  
management easier for  
people with Alzheimer's  
Disease**

LLOYDS  
BANKING  
GROUP



**‘Money for Life’ programme will equip 16-25  
year olds across the UK with the knowledge, life  
skills and confidence to make the most of their  
money through life**

J.P.Morgan

**‘Money Mentors’ community-based program,  
tackling financial exclusion and over-  
indebtedness among low-income communities**





# Maximising collective impact and return on investment

