



Transact National Conference 2010

# Financial Inclusion

## Change, challenges and opportunities

Royal Bank of Scotland  
250 Bishopsgate, London  
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Conference sponsors



## ▶ Delegate List

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Yasin Ahmed	DWP/Toynbee Hall
Wendy Alcock	MoneySavingExpert.com
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Leigh Andrews	Peabody
Farah Ashraf	Capitalise
Will Aston	Commission for Rural Communities
Helen Aynsley	Toynbee Hall
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Chris Bath	UNLOCK
Ros Bentley	DWP
Gail Biggerstaff	money advice plus
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Alison Bradley	A4e Ltd
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Adam Clark	Transact
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Martin Coppack	Big Lottery Fund
Joan Coughlin	CBHA
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Alison Davies	netCUDA Ltd
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Marsha De Cordova	Action for Blind People (part of the RNIB group)
Maggie Delauney	Camden Citizens Advice Bureaux Service
Archie Dempster	Inverclyde Council
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Anthony Dockray	Rotherham Metropolitan Borough Council
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Graham Fisher	Toynbee Hall
Siobhan Flynn	West Sussex County Council
Mike Gault	RBS
Kriss Graham	Wandle Housing Association
Eoin Hamill	Credit Action
Peter Hannon	Hammersmith & Fulham Homes
Matt Harris	HM Treasury
David Hawkes	AdviceUK
Andrew Henderson	RBS
Diane Herrington	Workshop & District Credit Union Ltd

## ▶ Delegate List

Faisal Hersi	London Academy For Finance & Humanities
Chris Hobbs	Cripplegate Foundation
Chris Hobson	Transact
Beverley Hogg	RBS
Tom Howard	Consumer Credit Counselling Service (CCCS)
Ross Hume	RBS Invitee
Ross Hume	DWP
Malcolm Hurlston	CCCS
Imran Jamal	BRAC UK
Sue Jones	Family Mosaic
Anna Jones	The Nationwide Foundation
Vincent Kamara	Hounslow Homes Ltd
Suvinder Kaur	The University of Third Age
Marie Kemplay	Transact
Omar Khan	Runnymede Trust
Carole King	Provident Financial
Colin Kinloch	Financial Service Authority
Marjory Knowles	Darlington Credit Union Ltd
Anne Kuhne	RBS
Martha Lawton	Lawton Training and Consultancy
Nick Lee	
Kristina Leonnet	Made of Money Quaker Social Action
Tamara Lewis	Office of Fair Trading
Matthew Little	HM Treasury
Victoria MacKay	Gentoo Group
Phil Malwhinney	Runnymede Trust
Jacqui Manning	Mary Ward Legal Centre
Lucy Marples	Better Banking Campaign
Chris Martin	Turn2Us
Stefan Marx	BBA
Mick Mc Ateer	The Financial Inclusion Centre
John Mcfall	Treasury Select Committee
Sian Mclean	Toynbee Hall
Denise Meek	North East Illegal Money Lending Team
Nazzma Miah	
Helen Micklewright	FSA
Aline Milev	Toynbee Hall
Jeff Mitchell	Clean Slate Training & Employment
Bernie Morgan	CDFA
Reena Mukherji	Octavia Foundation
David Murphy	Office of Fair Trading
Sargon Nissan	NEF
Paul O'Connor	Chartered Institute of Housing
Tola Ogudipe	BBA
Karen O'Neill	Toynbee Hall
Erel Onojobi	Toynbee Hall
Donal O'Sullivan	Southern Housing Group
Wai-Fong Pang	DWP

## ▶ Delegate List

Sophia Parker	Resolution Foundation
Raj Patel	Nacro
John Pollock	Glasgow City Council Land & Environmental Services Exchange House
Chris Pratt	CEL Transform
Holly Reid	Department for Work and Pensions
Faith Reynolds	Toynbee Hall
John Rhodes	Citizens Advice
Derek Richards	CPAG
Kirsty Robinson	Watford Community Housing Trust
Melanie Robinson	MyBnk
Margaret Roffe	Toynbee Hall
Hayley Rose	Aflatoun
Beverley Russell	Toynbee Hall
Gerry Ryan	GEMAP
David Screen	Reading Credit Union Ltd
Nicola Seacole	Fair Finance
Maggie Sharp	Trafford Housing Trust
Jennifer Shyngle	Mary Ward Legal Centre
Colette Sinclair	Money Matters Inverclyde Inverclyde Council
David Soward	Hammersmith & Fulham Citizens Advice Bureau
Tobias Stapf	Toynbee Hall
Colin Stapleton	Cambridge Housing Society
Hayley Statter	Transact
Helen Stoddart	Toynbee Hall
Paul Street	East London Financial Inclusion
Hong Sung	Toynbee Hall
Gareth Taylor	Hounslow Homes Ltd St Catherines House
Doug Taylor	Which?
Alison Taylor	Turn2Us
Andrew Thompson	Friends Provident
Carl Thomson	Plus Dane Group
Michelle Thurston	Peabody
Laura Tidbury	Age Concern and Help the Aged
Liegh Tivol	CFED
Brian Togher	Greater Easterhouse Money Advice Project
Alison Tsang	Quaker Social Action
Luke Tyrell	FSA
Zoltan Valcsicsak	Levi Strauss Foundation
Geeta Varma	Credit Action
Andy Waldman	Cambridge Housing Society
Duncan Watkinson	Turn2Us
Clare Williams	Community Housing Cymru
David Williams	Norfolk Credit Union
Cath Wohlers	Illegal Money Lending Team
Catherine Worswick	Office of Fair Trading
Julie Wright	UNLOCK, National Association of Reformed Offenders
Muna Yassin	Fair Finance
Annette Zera	Getting on Brilliantly

### About Transact

Transact is the national forum for financial inclusion, a movement of over 1800 organisations and individuals dedicated to practising and promoting financial inclusion for the benefit of individual people experiencing hardship and poverty as a result of financial exclusion. Transact was developed to promote best practice, support cohesion across the financial inclusion sector, as well as to raise awareness of the need for the expansion of financial inclusion work within other sectors.



### About the conference

The Transact conference 2010 was an opportunity to consider the needs of the financial inclusion sector as identified by Transact members, such as evaluation and fundraising, as well as looking at how policy and practice should develop. This encompassed a range of financial inclusion issues, from access to banking after 'the shared goal' to ways of supporting savings and asset-building. As can be seen from the range of delegates, the audience comprised of a blend of those involved in delivering frontline services in communities, and those who are helping develop policy and the research base around financial inclusion. By bringing these two perspectives together, the Transact conference contributes to an effective ongoing knowledge exchange, for the benefit of both practice and policy and, ultimately, to improve the lot of those facing financial exclusion.





## Sian Mclean

### Head of Financial Inclusion, Toynbee Hall

I joined Toynbee Hall as Head of Financial Inclusion in October 2009. I came from a career in the Foreign Office, including postings in China, where I first experienced the negative impact that financial exclusion can have on individuals, families, and communities. Returning to the UK in 2003 I discovered that financial exclusion was just as much of an issue here in the UK, hence my journey from the Foreign Office to Toynbee Hall. It is therefore an honour for me to opening a conference for the financial inclusion sector here in the UK.

It has been an extraordinary last year in the world of financial inclusion and financial services, with what was sometimes a niche consideration a couple of years ago now being headline news, and a raft of policies, research and new services all concerned with improving the relationship between financial services and society. Transact has continued to seek to improve the way in which UK financial inclusion policy and practice develops through its activities, and this conference is a crucial element in that.

The theme of the conference is “Change, Challenges and Opportunities”, which reflects the message that we got back very strongly from the Transact survey last year ie that needs are changing, times are challenging for individuals and organisations, but there are opportunities to improve what we do and make a real difference.

We are really excited about today's programme. We have attempted to reflect the issues that Transact members have identified as being of importance to their organisations at the moment, so the programme includes workshops on fundraising and improving the evaluation of financial inclusion work. Obviously we have also sought to cover the breadth of financial inclusion topics, from credit to savings and banking. We are particularly excited about the opportunities for Transact members to share their experience and views in this afternoon's 'open space' session which we hope will harness Transact's strengths of diversity and multiple perspective.

This is a new approach for us, but we hope that it will be both empowering for Transact members and effective in giving insight into the issue.

We wouldn't be able to exist without our funders so thanks to Levi Strauss Foundation and OFT for their support, RBS for hosting us in their excellent venue and for their ongoing support of Transact, along with Friends Provident Foundation.

Thanks also to all of our speakers who are giving their time and expertise for the conference. And the first of these is not only a busy Scottish constituency MP, but is also Chair of the Treasury Committee, whose remit is to examine the expenditure, administration and policy of HM Treasury, HM Revenue & Customs, and associated public bodies, including the Bank of England and the Financial Services Authority. With this hat on he has played a significant role in setting strategic direction for Financial Inclusion policy, and was instrumental in getting 600 free ATMs into under-served communities. On top of this he is also part of the Commission on the future of banking, to which I gave evidence last week. So you can see why he may have been busy recently, and why I am particularly pleased to be able to introduce the Rt. Hon. John McFall MP.



## John McFall MP

John McFall MP opened the conference by addressing the need to ensure that financial institutions and services support all people in our society rather than to undermine them, as well as the need to improve the architecture of financial services. He drew on his own experience and that of being a constituency MP to show how financial services had changed and were not necessarily always serving society effectively.

### **He outlined his views and some of the work of the Treasury Committee in three main areas:**

- Financial stability; the banking crisis has challenged our view of banks being “too big to fail”, and is an area of crucial importance to the well-being of our society. The crisis identified issues of corporate governance and an excessive attitude to risk specific to this era. It also indicated a contradiction within our system between excessively complex procedures alongside simplistic approaches to risk.
- Financial architecture; this needs to be appropriate for our society and meet people’s real needs, not just serve profit maximisation. He cited the example of free ATM provision and that banks must recognise they benefit from having reduced counter staff requirements and therefore should honour the original commitment to have free ATM services. Basic bank accounts must also be genuinely available to the people who need them.
- Public understanding; it is important for people to understand financial services and issues, and the banking crisis means that there is a public desire to understand and seek solutions. It is also important to put such issues on the record so that they can be scrutinised now and in the future. He explained that there is an information asymmetry in financial systems which needs to be redressed.



He concluded by saying that financial inclusion is squarely on the political agenda, in large part due to the persistence of the third sector in raising and pursuing the issues, and although progress has been made, there are still issues to address. He summarised that we are on the right track but that the financial inclusion sector needs to continue to engage with industry; these goals can only be achieved through cooperation with an understanding that we need a social contract between the financial services industry and society, with political oversight to ensure effective solutions.

## ► Plenary Debate on the future of financial services

This was chaired by **Doug Taylor**, Personal Finance Campaigns Manager at 'Which?'

**Sargon Nissan** from New Economics Foundation talking about 'An ecology of finance for a new financial architecture' outlined the ways that the financial services system could be reformed to ensure that events like the recent banking crisis could be avoided in future, and how communities' needs could be better met through establishing:

- A UK Responsible Finance Act
- A Social Investment Wholesale Bank
- A Post Bank
- A Green Investment Bank

Based on principles of:

- Transparency
- Appropriate scale & proximity
- Stability
- Fairness; or Competition & Real Value

**Stefan Marx** from the BBA then outlined what the banking industry is doing in response to the crisis. He outlined in particular:

- The importance to the economy of maintaining a strong financial services sector
- That Banks are already strongly rooted in local communities and work in partnership with community sector
- That some popular ideas for banking reform such as a Community Reinvestment Act have unintended consequences

He outlined specific industry activities around:

- Reforming the financial markets including the impact of new regulation and capital requirements
- How banks are regaining consumers' trust
- Improving financial capability and financial inclusion

The debate then included comments from the floor on the potential clash between profit and social responsibility for banks and financial institutions, their relationship with the Credit Union movement, and the problems of ensuring that frontline bank staff are equipped to meet the needs of those facing social exclusion.





## ► Summary of Workshops

### Funding: challenging times, changing responses

**Chair:** Beverley Russell, Toynbee Hall

**Speakers:** Andrew Thompson, Friends Provident.  
Martin Coppack, Big Lottery Fund

60% of respondents to the 2009 Transact membership survey identified securing funding as a key issue. This workshop will feature practical tips on how to improve fundraising in the current climate, explore sustainability and alternative revenue streams.



### What makes affordable credit work for people facing exclusion?

**Chair:** Bernie Morgan, CDFA

**Speakers:** Anne Byrne, Lancashire Community Finance. Diane Herrington, Worksop & District Credit Union

Credit provision in excluded markets often necessitates a range of supporting interventions, such as financial capability, to ensure that they are effective. This workshop will look at a series of case studies and evidence for what works.



### Knowing we make a difference

**Chair:** Helen Aynsley, Toynbee Hall

**Speakers:** Tobias Stapf, Toynbee Hall.  
Kristina Leonnett, Quaker Social Action

Evaluation and monitoring are increasingly seen as the key to ensuring that interventions (and the essential funding that supports them) are effective. This will look at existing tools and approaches that can support agencies to conduct their own evaluation.



### Online platforms to support financial inclusion

**Chair:** Yasin Ahmed, London Strategic Financial Inclusion Champion

**Speakers:** Alison Taylor, Turn2Us.  
Malcolm Hurlston, CCCS.

There are an increasing range of online tools to facilitate intermediaries and frontline workers in supporting their clients, whether to check benefits entitlements, choosing and using potential products or financial decision-making. This session will showcase some of these tools, and suggest ways in which intermediaries can make use of these 'in the field'.



### What makes for effective Money advice?

**Chair:** Graham Fisher, Toynbee Hall

**Speakers:** Helen Micklewright, FSA. Farah Ashraf and Frances Butt-Philip, Capitalise

Getting the right information about money to the right audience in the right format is a real challenge. This seminar looks at what lessons can be learnt from the experience of the FSA's money guidance pilot in the North-East and North-West. In addition to this it also explores the opportunities that exist for delivering wider financial capability work through debt advice.



### From Access to Inclusion – Banking beyond the shared goal

**Chair:** Chris Bath, UNLOCK

**Speakers:** Matt Harris, HM Treasury. Andy Burrows, Consumer Focus. Tola Ogudipe, BBA

There has been considerable focus on getting the unbanked into banking. However, there are clearly horizons beyond simple account ownership? This seminar will ask whether people are making best use of accounts and ask the question 'what are the features of a money-management product that make it inclusive?'





## ► Summary of Workshops

### Recession proofing – building greater financial resilience through assets

**Chair:** Sophia Parker, Resolution Foundation

**Speakers:** Matthew Little, HMT. Leigh Tivol, CFED

Zoltan Valcsicsak, Levi Strauss Foundation

David Murphy, OFT Save Xmas Campaign

Those on low-incomes have been among the hardest struck by the recession –many who were previously able to ‘just get by’ have been pushed over the edge by increasing bills and cost of living. This seminar considers the opportunities and challenges that exist in encouraging people to save and what that means for wider financial inclusion.



### Rural Financial Exclusion

**Speakers:** Will Aston, Commission for Rural Communities. Alan Squirrell, Norfolk Credit Union.

Financial exclusion isn't exclusive to inner-cities. While the issues faced may look slightly different, the impact of financial exclusion in rural areas is just as real with vast areas of the countryside lacking all manner of services. The rural financial inclusion Champion will lead a discussion on the issues that exist in rural areas and the actions that can be taken to encourage inclusion.



### Financial Exclusion and Equality

**Speakers:** Omar Khan and Phil Mawhinney, Runnymede Trust.

This seminar will look at the overlap between financial exclusion and other areas of social exclusion and marginalization within the UK. It will draw both on research and practical experience to show how inequalities arise and can be addressed.



## “What should the next Government do about Financial Exclusion?”

The conference used the ‘Open Space’ process to create an agenda of topics for discussion based on this question. The conclusions and recommendations reached in the different discussion groups were then typed by participants and are included below. At the end of the meeting participants reviewed the recommendations and the numbers in brackets refer to the priorities attached to each. Any letters are abbreviations of organisations that intend to work on these issues.



## The role of the Post Office in tackling Financial Exclusion

### Votes

- Convert the Post Office Card Account (POCA) to a transactional account (essentially a Basic Bank Account) (17)
- Co-location of Credit Unions with Post Offices to maximise the branch network. This should be free. Additionally the Credit Unions could offer Money Guidance. (8)
- Make it mandatory for all current accounts to be accessible through the Post Office (6)

## Should the Post Office be made into a people's bank?

### Votes

- Yes if designed to meet the need of the 8 to 10m un-banked and SME's, not as "me too" commercial bank (1)
- Yes if the governance structure is built around a social purpose, not just profit (7)
- Yes, if the bank can be self funded, e.g. by receiving income from billers who pay out of reductions in their cost to serve SFP





## What does it take to make the government bite the bullet and turn the Post Office into a People's Bank?

Votes

- Agreement that there is a need for a 'People's Bank' owned and controlled by the Government on behalf of the people that should at the very least provide universal access to money transmission services but ideally also offer access to affordable credit through the provision of current accounts with overdraft facilities and other forms of responsible credit.
- There is a need for more research: a cost/benefit analysis of covering both direct and indirect costs including social costs of financial exclusion.
- There is also a need for concerted lobbying, campaigning and responding to consultation papers from the third sector and other stakeholders

(2)

## How do we join up FI work/activities?

Votes

- Create blueprint/clear way forward for joining up work at a local authority scale. Work towards a National Indicator.
- Have clear streams of funding for FI work with a national strategy (3-5yrs?) and clearly stated objectives for the end of the funding period (mainstreaming?)
- Have a clear vision of the customer journey from financial exclusion to financial inclusion. Create a measurement tool to aid doing this.

(16)

(7)

(3)



## How do we ensure that the welfare benefits system supports and encourages financial inclusion rather than undermining it?

**Votes**

- Government should introduce a phased benefits system for return to work to remove the black/white approach to unemployment benefits, including considering allowing newly employed to build up a pot of savings before losing all benefits, or considering a financial incentive after e.g. 12 months of employment. (11)
- Government should ensure welfare recipients have access to clear and comprehensive information about benefits and financial capability education so that they have full knowledge of how to manage money and access relevant benefits, and can develop skills around budgeting, saving and other financial skills before they return to work. (7)
- Government should make the govt departments and agents who distribute benefits formally responsible for ensuring that people take up their full benefit entitlement – and in support of this there needs to be a move away from “policing” benefits claimants as a matter of course towards understanding that many benefits claimants feel discriminated against and thus lose confidence. (8)

## Government should take the lead with Financial Inclusion **Votes**

- Appoint a successor body to the Financial Inclusion Task Force and a Financial Inclusion Csar (3)
- Carry out consultation about the way forward which is inclusive (11)
- Measures of success need to be more sophisticated and include qualitative measures, e.g. examine a sample of inactive bank accounts across all banks and examine the users’ experience not just crude measures of how many accounts have been opened (4)



## Have we really solved the issue of access to basic bank account?

**Votes**

- ID – All banks to publish online a specific list of ID their branches will definitely accept + provide a commitment as to what customers without ID on this list can expect in terms of guidance from the branch staff. This is to prevent misuse of Money Laundering Guidance. (10)
- Review of exclusions to basic bank accounts e.g. undischarged bankrupt. Groups of people should not face blanket exclusion. Those with 'issues' such as bankruptcy should be offered a face to face meeting to discuss their circumstances and assess their eligibility. (2)
- Re-open the debate on a legal Universal Banking Obligation (as in France) (6)
- Pass back specific data where people are unable to open basic accounts to Financial Inclusion Champions (or to Stefan Marx at the BBA!) (2)

## How do we make sure that the 'hard to reach' unbanked are able to become financially included?

**Votes**

- Research who is still unbanked and who is under-banked (ie. has an account but doesn't use it) and why? (3)
- Make a bank account a legal right (possibly provided through the post office network). (1)
- Provide more 'trusted partners' on the RBS model; that is give community organisations the ability to open accounts on behalf of service users to overcome the fear of entering financial institutions. (2)
- Mystery shop banks checking for ease of opening of basic bank accounts and accounts for people from overseas. The outcome of the mystery shopping should affect the bonuses of the executives of the banks. (2)
- Financial inclusion needs to stay on the political agenda and a more holistic approach needs to be taken to ensure that people are not falling through the gaps

## Should the government introduce basic insurance service for people to obtain home buildings insurance cover where the insurance industry refuses to make such cover available to them?

Votes

- Problem: Where a member of the household has an unspent criminal conviction (almost all mainstream insurers refuse to offer policies) where a house is situated on say, a flood plain.
- Buildings insurance is essential, and obligatory where the home is mortgaged, so if there is a market failure (the insurance industry does not meet the need) there should be either a government backed basic insurance scheme underwritten by the govt. or, there should be a system where major insurers should be obliged to take a market share i.e. universal obligation. The need is for people to be able to pay a low and affordable premium to cover against situations such as hurricanes, flooding, fire and so on.
- The insurance industry must produce evidence to support claims that certain 'types' of individuals pose a higher risk and therefore charged higher premiums.
- Policies should be written in simple language so that people can understand what they are and are not insured against.

(7)

## Cut Doorstep Lending

Votes

- Government rewards those who invest in ethical businesses
- Promote Credit unions in England and Wales
- Invest in Credit Unions and CDFIs

(7)



## How can different government departments work together better? How can the voluntary sector help?

**Votes**

- Appoint a Financial Inclusion Tsar to provide overall leadership and to help bring together all departments/projects/services/organisations. (6)
- Transact to run workshops which bring government departments together, and with key voluntary/public sector organisations. (3)
- The voluntary sector need to provide excellent examples of how they can work together really well as a sector, before trying to convince government.
- Think about financial inclusion much more broadly across all areas of social inclusion (health, housing, employment, etc) so that financial inclusion becomes more mainstreamed and becomes the responsibility of a WHOLE organisation or a WHOLE government department rather than just individual people or projects. (6)

## Income Maximisation

**Votes**

- Income maximisation must be on the financial inclusion agenda – take up of benefits, earning, tax credits (as in Wales) (5)
- Transition to work: Increase opportunities to access programmes when it suits them not JCP (6)
- Link up good practice on the ground for helping people maximise income

## Improving transparency

**Votes**

- Disclosure from banks to see who's excluded (5)
- CRA/incentives
- Push to ensure people borrow from institutions offering sensible rates

## What more can be done to support the victims of loan sharks

**Votes**

- Victims promoting the cause after a successful case, anonymously – to be used with other potential victims. Emphasise that victim has not broken the law.
- Promote realistic alternatives, ideally with backing/guarantees for credit/loans (4)
- Sustainable funding both for prosecution of lender and the support of victims from the financial inclusion teams. (5)
- Offence of “aggravated” illegal money lending – violence and threats etc. (1)



## How to create a culture of saving rather than indebtedness

Votes

### A combination of incentives and education:

- Make access to credit contingent upon undergoing some form of financial education. E.g. before issuing student loans the government should educate students about the difference between overdrafts, interest-free loans, other loans, etc. (4)
- Public information ('public health') campaign around building up 3 to 6 months' worth of expenditure as a cushion for unemployment, illness, etc. (Make the numbers widely known plus explain the difference between schemes Social Fund for things you absolutely have to have now such as washing machines and saving for other emergencies that may come along.) (4)
- Increase the level of welfare benefits but tie this in to a compulsory savings scheme to incentivise people to help themselves. (1)

## How can we ensure that FI stays at the top of the agenda post March 2011?

Votes

- Mandatory (funded) financial capability/money awareness training in schools for all ages. This should include an awareness of money and the importance of saving (2)
- The collecting of good business cases, good monitoring and case studies to show the importance of FI. This should also be fed into compulsory FI strategies for each Local Authorities. (3)
- A bottom up event that centres around people who are financially excluded to ask them what services they would like to see and what the Government should focus on. This should include a taking stock of what has been achieved in FI including what has worked. Consultation is important. (1)



## Why would someone who is financially excluded choose to become included?

Votes

- There is a banking service available that is designed to meet their needs, i.e. they can understand and appreciate the benefits to them. Avoids the risks that concern them e.g. penalties.
- Excluded / low income people have been involved in the design. There is support and reassurance available. They trust the provider e.g. the Post Office
- They have access to education and advice. BDAC, MyB

(3)

## How can we persuade banks to provide appropriate products to promote FI?

Votes

- Government intervention or FSA regulations?
- Don't make banks do it at all – leave it to the credit unions
- Use CSR for actual BANKING responsibility rather than charity giving to unrelated causes
- Prove the benefits of financial inclusion to show long-term gains
- Sell it through ethical banking – big marketing opportunity!

(3)



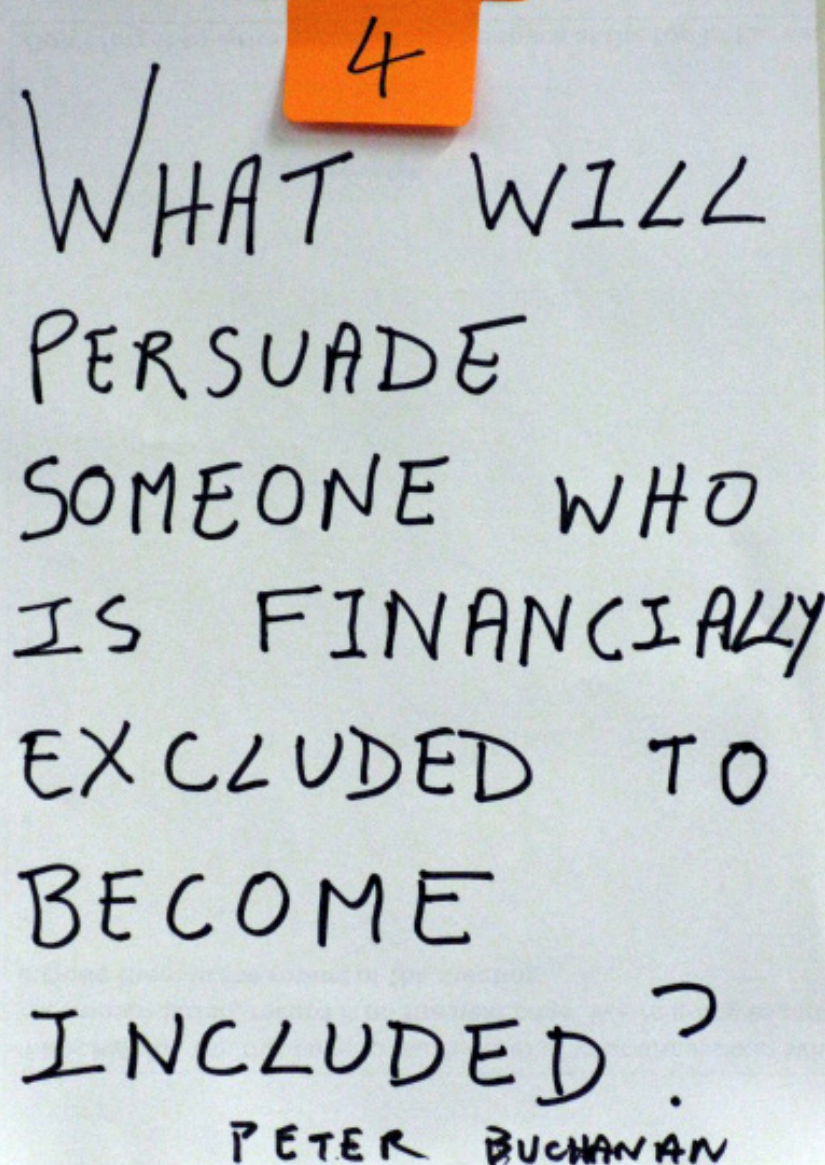
## How do you persuade someone financially excluded to become included?

Votes

- Education as to what the choices are – this should be provided by independent local non-profit making organisations
- More financial backing for credit unions and CDFI's to be paid for by a tax on banking transactions.

(2)  
CCCS, BDAC

(9)



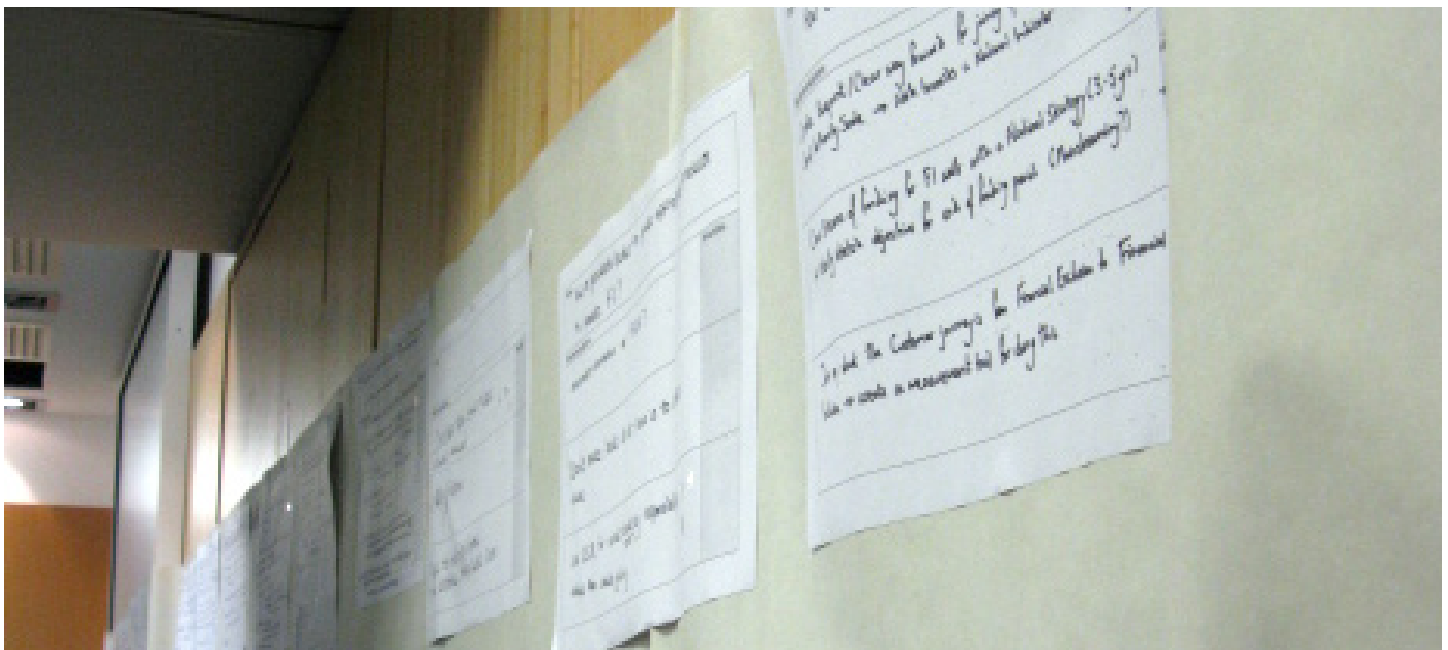
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WHAT WILL  
PERSUADE  
SOMEONE WHO  
IS FINANCIALLY  
EXCLUDED TO  
BECOME  
INCLUDED?  
PETER BUCHANAN



### How best to communicate with consumers / financially excluded - i.e. online, telephone, face to face? Votes

- The key is to give people the option!
- Online is priority, but not at expense of telephone, face to face – all options are useful to different people in different situations - CCCS counsels over half its people online, some 6000 a week. “Online is good for the included, not the excluded” – 30% of people don’t have access to internet (?) Debt and finance has a big stigma – people prefer to be anonymous – online gives that option. (1)
- Face to face is resource heavy – costs much less to do online, can reach more people online is quantity not quality? Face to face has better impact, as can engage consumers better – but takes longer / needs more people.
- Incapability of online self service? – disability, language, disengagement, apathy
- DWP have a target to meet 60% of people’s needs online
- Use trusted intermediaries to promote services – ie. Employers, housing federations, etc
- Print useful on pay slips / rent statements, etc – to reinforce messages. Word of mouth / recommendations most powerful way of promoting good services? Advertising good models / services – combating fee chargers, etc – government funded possibility? Central government drive for good coverage?
- To beat resource issues – recruit staff / volunteers from people who have been helped who were previously financially excluded – vital first hand experience (3)
- Create a national telephone advice service for financial inclusion issues? – co-ordinated effort / service, where previously disjointed? – use models of best practice e.g. CCCS model.



## Who should pay for financial exclusion?

Votes

- The total costs of financial exclusion and provision of current financial inclusion services to be calculated - this to include the costs to: Individuals, The state, Private sector, Third Sector (1)
- These costs to be calculated holistically to include costs such as mental health, unemployment and crime.
- The strategic conversation about who to pick up the tab should be facilitated by central government (2)

## When will financial inclusion stop being a Lone Ranger?

Votes

- There needs to be cohesion at government level, financial inclusion is present in various government departments but not under one overall strategy. The key messages would be that financial inclusion gets people into work and makes them economically active. This would need to be highlighted to a new administration by pulling together figures on economic benefits. It should also seize opportunities that present themselves such as the whole 'Personalisation' agenda, even if we may not agree we can work with them creatively. (1)
- As a sector financial inclusion needs to make better links with other orgs, eg homelessness and other key issues like the poverty agenda, social exclusion etc. The sector needs to go out and present itself to other sectors as well as inviting them in. Co-delivery is also the way forward. (1)  
BDAC
- Financial Inclusion as a term may need to change, the term could be seen as exclusive, in order to make it more accessible and more mainstream it may be called financial health/resilience. However it must be careful not to change its agenda and focus from trying to assist the most excluded people. (1)  
BDAC

## Getting insurance is a major part of financial inclusion rather than excluding 8 million ex-offenders and numerous people with poor credit history

Votes

- Enforce Law Commission Bill on nondisclosure so that insurance companies/ comparison site help clients who have disclosure facts to understand
- Change guidance laws so insurers cannot take premiums using antiquated methods to exploit vulnerable clients i.e. failing to tell them that they must disclose convictions and bankrupts (2)



### How to persuade the unbanked - especially those who have been 'burned' before - to open bank accounts. Votes

- Transparency about products (what interest rates , what charges?)
- More appropriate products – direct debits should have a shelf life (client chooses 1,3,5, years or permanent ) again more transparency. (2)
- Separate investment and high street banking in order to make high street banks less intimidating – more shop-like
- Get rid of the selling culture of front line staff. Appoint a Basic Bank Account champions in each branch.
- Banks to learn from the history of inactive accounts

### People who are financially excluded have the solutions

- Ask people what would help – get back to the floor, direct approach.
- Use agencies already in touch with service users.
- Financial inclusion organisations should have users on the board.
- Committees, representatives etc may not be perfect but they are a start.



## Financial Inclusion Needs to Include Anti-Poverty and Employment Policy

- These policy agendas need to be more joined up, e.g. Child Poverty strategies and Sure Start should include financial assessment and training.
- Employment and Skills training needs to include financial capability.
- Benefit reform: ensure everyone gets their full entitlements, and also phase benefits out gradually (rather than cutting completely) as people get work ('escalator' rather than 'ladder')
- More and more secure Apprenticeships: people have too few choices and jobs are too insecure.
- Affordable Credit: should be based on the potential worth of individuals, rather than on their existing asset-holding, so that low-income people can get credit.

## How do we alleviate Door-Step Lending?

**Votes**

- Government regulation and interest rate cap.

In conjunction with:

Co-ordinated benefit take up and awareness raising of alternative lending (and training sessions) (e.g. credit unions / CDFI)

In conjunction with:

Linked to the above – Long Term Government funding and commitment – including sustained partnership working and sharing of best practice

- Credit Unions – universal services, alternative services for everyone (2)
- Yes! core funding is needed to run initially, including central staff – Government should fund this.
- Also need Government to promote credit unions nationally to give them their place in financial services: BANK, BUILDING SOCIETIES, CREDIT UNIONS. Local promotion through local partners – also possible funders for delivery to their clients. Reach sustainability – local social enterprise offering local trusted ethical services and responsible lending.

### What would fair charging for current accounts look like?

Models:

- As present, free for most, high penalty fees for some, often low income, customers
- Or transparent charging for work done, a small weekly/monthly charge
- Or could government enforce a mainly free service?
- Noted preference for competition/variety in product charging – some monthly charge, some free but high penalties. Credit unions are starting to offer this competition, charging weekly/monthly but with much lower penalty charges; however coverage limited.
- Argued government is pushing for lower penalty charges, but will anything happen? Can banks be forced to reduce charges? –Financial incentive from government or obligation in return for concession, or obligation if offer current accounts?



### How best to educate/communicate with consumers/ the financially excluded?

- ie: online, face to face, telephone
- Seek more dedicated government funding for advice/ advisors.
- Internet a priority going forward (A growth area), but must be balanced by F2F + telephone- advice to meet a need- consumer choice/option.
- Specialist services- Language provision, disability provision.
- Centralised/ national advice service? i.e. Philip Hammond MP's recommendations on debt advice; gives a coordinated approach- more efficient
- Resources/Manpower- recruit volunteers from people who were helped- first hand experience

### Benefits

- Investment in financial work to ensure all benefits taken up; incentives so work is attractive; support with the transition/ managing expectations; fuel poverty; address the benefits trap- support for enterprise, etc...Don't allow "happily claiming" become the norm.
- Income maximisation: is included on Welsh financial strategy- should be UK wide; addresses long term objectives for government (e.g. savings).
- Programmes for accessing work: engaging, recognised job benefit of volunteering (comm. Skills bank), skills- life and work, language, forms of social exclusion; "talents scouts"- seek out potential entrepreneurs; opportunities to access programmes when it suits them not JC+
- Financial strategies (should) overlap social exclusion strategies, self-esteem, independence, confidence. Link up good practice/ tools/ ideas; benchmark/ quality standards



### How can we ensure that projects aimed at getting people out of poverty get funded rather than projects that help people manage what money they have better?

- Projects need to collect evidence base to show more powerful outcomes, not be funder led as funders can and do fund less ambitious projects
- Make the most of funders consultations to change funding criteria to recognise projects that truly tackle poverty and close opportunity gap
- Be clear on purpose of financial inclusion work – to create confident, knowledgeable consumers or to raise people out of poverty
- Be honest about the financial capability work that enables people to manage better on their existing income, with same barriers in terms of opportunity.
- Need for more aspirational savings incentive than Savings Gateway (good models in USA wit IDAs linked to mandatory financial education). Savings not for consumption but for asset building. Savings Gateway seems to offer safety net in short term at best, or a lump sum of money that can be spent on consumer goods.
- FinCap work needs to focus more on encouraging self regulation, on behavioural economics and resistance to change that would be for our benefit. Need to support people to move from intention to change to acting on these good intentions. Encourage action when our welfare state has unfortunately created passivity





## What will be done about engaging with 'hard-to-reach' groups in regards to financial capability and financial inclusion?

Votes

- Working with 'hard-to-reach' groups is resource intensive. It involves support workers and outreach and does cost. It involves helping people to improve their skills: numeracy, language, financial capability but also support around confidence building and raising self-esteem from professionals.
- However, prevention is cheaper than cure – and helping to prevent someone from getting into financial difficulty is much cheaper than the potential costs to society – debt getting out of control, crime, prison, care costs for children with parents in prison etc.
- Need Financial Capability education: early in lives – in schools GENERALIST and SPECIALISED Financial Capability education specifically targeted at those with multiple and complex needs (addiction, mental health, homelessness refugees, disabled etc). (3)
- Mentoring works well with 'hard-to-reach' communities – so that people from those communities are trained in basic debt advice / financial capability / tenancy support etc. Makes for more sustainable service provision.
- Recognise why some people sink and some people swim – when they encounter life-changing experiences like job loss, illness, bereavement. Necessitates research into relationship between overall wellbeing and financial inclusion.





## Concluding remarks

### The following comments were made at the end of the conference:

It's been good to see everyone today. As a funder I enjoyed meeting people on the ground

Thanks to Transact – I now understand more about financial exclusion

Thanks for the Open Space session – I wasn't sure but really enjoyed it

Really valuable to come out of our bubbles

A real education, good to part of creative thinking. Keen that the recommendations find some legs

Same again next year!

A useful day

Nice to get out of service provision and get some perspective

Great session to compare notes with others, will take a lot away

Excellent conference and good to get updates and input and know what others are doing and have ideas to take forward and to look forward and how we keep pushing our agendas on

We (Toynbee) will take recommendations forward

Let's try and do things that enable financial inclusion

Thank you to everyone for their energy and thanks to the Transact team and RBS

Thanks for workshop time and welcome networking opportunity

This is my first Transact conference –and I've thoroughly enjoyed today

I enjoyed the Open Space session

Please leave me your card if you are from West London – this was less boring than most conferences

Thanks!

It has been useful to talk to practitioners

## Concluding remarks

A privilege to host this conference and you are welcome to come again (RBS)

It has been really good to meet people

Refreshing to hear about different practice. Open Space session was constructive and good

The afternoon was interesting

It has been great making linkages

MSE – please email [wendy@moneysavingexpert.com](mailto:wendy@moneysavingexpert.com)

Thanks liked the networking and open session

Please ask and talk to them and they can spread information. Marketing gets lost so do get in touch. Send a message to Matt Harris at HMT and the Taskforce. Growing disconnect between policy and grassroots. Be vocal! Start lobbying and talking. Encourage us to capture what we are doing and gather evidence and case studies and send that through also.

A great conference, looking forward to our fundraising away day

A fun conference and good to see what's going on outside London. Stefan Marx says he doesn't have evidence of unbanked people who can't get accounts. Get his email and email him every time you meet an unbanked person.

Thanks Transact

I'm very new to FI and found the conference useful and better than other conferences

Sian McLean – thanks to Transact team. This has been one of best conferences I've ever been to. Transact would like to thank all the delegates for their time and energy, conference speakers for their expertise, their funders RBS Group, the Levi Strauss Foundation and the Office of Fair Trading. We are also immensely grateful for the tireless energies of the conference organisers Hayley Statter, Anne Buchanan of Elite Event Solutions and Annette Zera.

The next step is to take the recommendations and see what people from across the country think of these ideas and then share the recommendations with policymakers and others. I think it's been exhilarating, everyone has been amazing. Thank you very much.





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