

Public Financial Guidance Consultation
HM Treasury
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Dear Sir/Madam,

FCA SMALLER BUSINESS PRACTITIONER PANEL RESPONSE TO CONSULTATION ON PUBLIC FINANCIAL GUIDANCE

The FCA Smaller Business Panel is pleased to respond to the consultation on Public Financial Guidance and the model for a single financial guidance body (SFGB). As the body which represents the interests of smaller regulated firms we have been extensively involved in discussions with HM Treasury, the FCA and the various bodies providing public financial guidance and believe the consultation is indicative of a move in the right direction in this area.

Q2. Do you agree that [the five listed] areas capture what the broad role of the SFGB should cover?

and

Q3. Do you agree that the SFGB's financial capability initiatives should focus on priority groups such as those who are most in need of support to build resilience?

We broadly agree with the five areas of the SFGB's remit, but believe that in the interests of a long-term financial guidance strategy some areas should take priority over others. The long-term priority should be the co-ordination of financial education programmes for children and young people, in combination with the work on wider financial capability. Focusing on these aspects should, in time, reduce the need for support in planning for retirement, dealing with problem debt and financial fraud.

Subject to the prioritisation discussed above, we believe these areas broadly capture the role of the SFGB. We agree on the importance of prioritising the impact of financial education for children and young people and encourage the development of a sector-wide body to coordinate this, building on the skills and resources of a broad range of organisations working with young people, such as Scouts and Guides, as well as using the school syllabus and curriculum route. As a general principle, we encourage the new body to 'think smart' to maximise its effectiveness. We have already seen evidence of such thinking after the Money Advice Service refocused its work after the reduction in its marketing budget, and encourage the new body to maintain this approach.

There is one area in particular which we consider is missing from the remit. We believe that the SFGB should also provide signposting for guidance to consumers with an insurance need, but who are unable to obtain market cover themselves. Examples of such consumers would be the 3m people living with disabilities, or those who lack the knowledge to seek specific cover themselves (for example, non-standard or unusual risks). This may be particularly true for the elderly or those with medical conditions who may not be able to locate suitable cover at an affordable price.

Q4. Do you agree that the SFGB should have a strategic role, working with the financial services and pensions industry and third sector organisations to improve financial capability?

We agree that the SFGB should have a strategic role, and that the roles that MAS currently plays in supporting the Financial Capability Board and the 'What Works' programme should continue. We anticipate that the future role of the SFGB could be compared with NICE in the medical sector, in that it provides a high-level opinion on the effectiveness of interventions in the financial services sector.

Q6. In what ways could the SFGB co-ordinate and add value to the provision of financial education?

We strongly agree that the SFGB should be required to evaluate the impact of any money, debt, pensions and retirement planning projects that it funds. The role of the SFGB should also be to ensure that any such projects are co-ordinated with the rest of the regulatory family, to ensure there are no gaps or overlaps.

Q7. Are there other delivery channels that the SFGB should consider that would be effective for delivering to consumers?

In considering the appropriate delivery mechanisms to consumers, we urge caution that the SFGB should ensure that it does not duplicate information provided by other bodies. In considering different channels, it should also look at best practice from other industries, especially those which are using innovative technology solutions, such as the software industry, whilst bearing in mind the need for consumer testing to ensure that delivery mechanisms are meeting customers' needs.

We are also keen that information already available on the MAS and other websites is not lost to consumers. We have noted that traffic to the MAS website has been maintained despite a lack of direct promotion, which we gather is due to effective search engine optimisation and work with partner organisations, and we encourage the new body to continue with this approach.

One delivery channel the SFGB should consider is the gap currently filled by the BIBA "find-a-broker" service. We would like to propose BIBA (the not-for-profit trade association) as the relevant third party provider of this service. This is underpinned by an existing formal agreement with Government that aims to help improve consumer outcomes for older people and has the "find-a-broker" service at its heart. This service relates to gaps in financial guidance where consumers either do not have access to the internet (of which there are 3.8m households) or their access is inhibited by failing to answer questions positively that would provide solutions to their insurance needs. The latter point was raised in the FCA Occasional Paper 17 in May 2016 as a barrier that can exist for consumers trying to access financial services in the UK.

Q9. Do you agree that the SFGB should be able to exercise some flexibility in the way funding is directed?

We believe that in the long term support for financial capability will reduce the need for work with problem debt and fraud, therefore agree that introducing the potential for flexibility in funding, rather than ring-fencing debt advice, money guidance and pensions guidance, is welcome.

Q11. Do you have any other comments about the proposed delivery model and consumer offer?

We strongly agree that the new body should have a robust governance structure, and that this should include non-executive representation across the financial services and pensions industries. This should include representatives with direct commercial experience in order to provide practical input.

We agree that the government and the FCA should keep under review the option of widening the base of the funding levy. There is a strong argument that sectors such as utilities, which will also benefit (for example from a reduction in arrears) from improved financial capability, should contribute to the running of the SFGB.

We agree that the SFGB should have a quality assurance role.

We would be happy to discuss any of these points in more detail.

Yours faithfully,

CLINTON ASKEW
Chair, FCA Smaller Business Practitioner Panel