

**Communities and Culture
Committee**

**Y Pwyllgor Y Pwyllgor
Cymunedau a Diwylliant**



Cynulliad National
Cenedlaethol Assembly for
Cymru Wales

To consultees on the attached list

Cardiff Bay
Cardiff
CF99 1NA

23 March 2010

Dear Colleague,

Communities and Culture Committee: ‘Financial Inclusion and the impact of Financial Education’

The National Assembly for Wales’ Communities and Culture Committee is calling for evidence for its inquiry into ‘Financial Inclusion and the impact of Financial Education.’

Background- Financial Inclusion

Financial inclusion is a broad policy agenda. It encompasses not only access to mainstream financial services such as bank accounts, affordable credit and insurance, but also financial capability and literacy. The provision of suitable advice services to help with debt problems and income maximisation (particularly in relation to unclaimed benefits) are also part of the wider policy agenda that aims to develop a financially inclusive society and combat poverty.

In July 2009, the Welsh Government published its *Financial Inclusion Strategy for Wales: Taking Everyone into Account*.¹ The strategy noted that to comprehensively address financial exclusion a partnership approach between the public, private and voluntary sectors was required.

¹ Welsh Government, [Taking Everyone into Account – Financial Inclusion Strategy for Wales](#), July 2009

The Communities and Culture Committee is responsible for examining the expenditure, administration and policy of the Welsh Government, and associated public bodies, in relation to Housing, Community Safety, Community Inclusion, the Welsh Language, Sport and Culture. We consider an inquiry into the Welsh Government's Financial Inclusion strategy to be therefore both timely, and within the remit of our cross-party Committee.

Background- Financial Capability

We have chosen to focus our inquiry on the importance of financial capability, and how people of **all ages** are given the skills, knowledge and confidence to manage their own financial affairs effectively throughout their lives.

In launching this inquiry, we are aware that the Financial Services Authority (FSA) plays a major role in increasing financial capability in Wales, as it implements the July 2008 action plan, *Helping you make the most of your Money*.² The action plan includes a range of measures that offer education and support to people at key stages of their life, including advice to expectant parents³, those leaving full-time education and those approaching retirement.

We also recognise that the Welsh Government has worked with stakeholders across the country to embed financial education into the curriculum for primary and secondary schools. To make the most of this new opportunity the Welsh Government has established, in partnership with the FSA, the Welsh Financial Education Unit. The Financial Inclusion Strategy notes that this Unit is:

“developing recommendations on a programme of support for schools and local authorities, by reviewing and disseminating best practice. In due course it is hoped that the Unit's remit will be extended to include support for young people and adults in further and continuing learning.”⁴

With its *Words Talk-Numbers Count* strategy, the Welsh Government has aimed to improve literacy and numeracy across all age groups in Wales. One aspect of this strategy is based on the knowledge that poor financial literacy can be a direct result of having poor basic skills.

The role of the voluntary sector in providing financial education has also been recognised by both government and the FSA.

The *Financial Services Bill*, which is currently progressing through Parliament, will make it a statutory requirement for the FSA to establish a body to promote public understanding of the financial system. This will include helping members of the public to have a better understand financial matters and improving the ability of people to manage their own financial affairs.

² HM Treasury website: [Helping you make the most of your money: a joint action plan for financial capability](http://www.fsa.gov.uk/financial_capability/pgtm/) (accessed 5 February 2010)

³ Online version: http://www.fsa.gov.uk/financial_capability/pgtm/

⁴ Welsh Government, [Taking Everyone into Account – Financial Inclusion Strategy for Wales](#), July 2009, p64

Terms of Reference

- To consider whether people of all ages in communities across Wales are given the opportunities they need to gain and develop the skills, knowledge and confidence necessary to make informed decisions on budgeting, borrowing, insurance saving and other financial products;
- To identify any gaps in the provision of financial education and examples of good practice that could be replicated across Wales;
- To examine the role of the statutory, private and third sectors acting individually and collectively in providing and promoting financial education within communities;
- To inquire whether the financial education that is being provided is appropriate to individual needs and circumstances;
- To assess whether effective links are made between the provision of financial education and the provision of access to financial services;
- To examine how effective financial education can contribute to income maximisation and debt minimisation;
- To assess the effectiveness and appropriateness of the Welsh Government's policy on financial capability and income maximisation as outlined in its Financial Inclusion Strategy;

Invitation to contribute to the inquiry

Interested parties are invited to submit written evidence to the Clerk of the Committee at the above address, to arrive no later than Friday 7 May 2010.

If possible, please supply an electronic version in MS Word or Rich Text format, by e mail to culture.committee@wales.gsi.gov.uk

Please indicate in your paper whether you would be interested in presenting your views to the Committee in person.

Please begin your submission by providing some information about yourself, or your organisation, before setting out your views and experiences in relation to some or all of the following areas.

What we'd like from you - consultation questions

1. What opportunities do people in Wales currently have to gain and develop the skills, knowledge and confidence necessary to make informed decisions on budgeting, borrowing and financial products? Are there any examples of good practice in the provision of financial education that could be replicated across Wales?
2. To what extent is the provision of financial education currently appropriate to individuals' needs and circumstances?
3. What gaps and challenges currently exist in the provision of financial education, and how can these be addressed?
4. How could the provision of financial education in schools be strengthened by partnerships with third sector organisations and financial education provided in the wider community?
5. What do you consider to be the appropriate roles of the statutory, private and third sectors in providing and promoting financial education within communities? How can organisations within these different sectors most effectively work collectively? Is there a need for the Welsh Government, or Local Government to strategically co-ordinate such efforts?
6. What, if any, role should credit unions and Community Development Finance Institutions (CDFIs) have in increasing financial capability and the provision of financial education? Are they effective at this?
7. In what ways can effective financial education help maximise income, minimise outgoings and therefore ultimately minimise debt?
8. Can financial education reduce the reliance within some communities on doorstep money lenders (including both legal and illegal lenders) charging high interest rates?
9. What would you like to see change to make it easier to monitor the effectiveness of financial education and levels of financial capability throughout Wales?
10. Are there any further comments you'd like to make about financial capability or the provision of financial education to people of all ages throughout Wales?

The Committee has invited submissions from those on the attached distribution list (Annex 1). However, **we would be grateful if you could forward a copy of the letter to any individuals or organisations that are not included but might like to contribute to the review.** A copy of this letter has been placed on the National Assembly's website with an open invitation to submit views.

Disclosure of Information

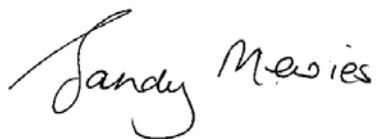
Witnesses should be aware that once written evidence has been submitted to the Committee it is treated as the property of the Committee. It is the Committee's intention to place written papers on its website, and may subsequently be printed with the report. The National Assembly will not publish information which it considers to be personal data.

However, in the event of a request for information submitted under the Freedom of Information Act 2000, it may be necessary to disclose the information that you provide. This may include information which has previously been removed by the National Assembly for publication purposes.

If you are providing any information, other than personal data, which you feel is not suitable for public disclosure, or if you do not wish your identity, as author of the evidence, to be disclosed, this must be clearly identified and it is up to you to stipulate which parts should not be published, and to provide a reasoned argument to support this. The National Assembly will take this into account when publishing information or responding to requests for information.

Further information about the Committee and its inquiry can be found at:
www.assemblywales.org

Yours sincerely

A handwritten signature in black ink that reads "Sandy Mewies". The signature is written in a cursive style with a large initial 'S'.

Sandy Mewies
Chair, Communities and Culture Committee

Annex 1

Age Concern Cymru and Help the Aged in Wales
Age Concern NE Wales
All Flintshire Credit Union
All Wales Ethnic Minority Association
All Wales Saheli Association
Anglesey Trading Standards
Anti Poverty Network Cymru
Asian Women's Group
Association of British Credit Unions
Association of chartered certified accountants
Association of Directors of Education in Wales
Association of Muslim Professionals
Association of Teachers and Lecturers
Association of Voluntary Organisations in Wrexham
Autism Cymru
Bangladeshi Welfare Association
Bangladeshi Women's Group
Bank of Scotland
Barclays Bank
Bargoed Abergoed and Gilfach Credit Union Ltd
Barnados Young Carers
Barnados Cymru
Basic Skills Agency Wales
Basic Skills Agency Wales
BBC Wales
Bevan Foundation
Big Lottery Fund
Black Association of Women Stepping Out
Black Environment Network (North Wales)
Black Voluntary Sector Network Wales
Brecon and District Credit Union Ltd
Bridgend Association of Voluntary Organisations
Bridgend Lifesavers Credit Union Ltd
Caledfryn Credit Union Ltd
Cardiff & the vale Credit Union
Careers Wales
Carmarthenshire Association of Voluntary Services
Cartrefi Conwy
CBI cymru wales
CCBC Genesis
Ceredigion Association of Voluntary Services
Chartered Institute of Housing Cymru
Children in Wales
Chinese Community Service Committee
Chwarae Teg
Citizens' Advice Bureau
Clwyd Alyn Housing Association
Clwyd Coast Credit Union

Clwyd Coast Credit Union Ltd
Clybiau Plant Cymru Kids' Clubs
Commission for Equality and Human Rights
Communities First Co-ordinators
Communities First Co-ordinators Overarching co-ordinators
Community Film maker
Community Housing Cymru
Continyou Cymru
Conwy & Denbighshire Mental Health Advocacy Service
Conwy CAB
Conwy Council
Conwy District CAB
Conwy Sure Start
Conwy Trading Standards
Conwy Voluntary Services Council
Conwy Volunteer Bureau
Co-operatives and mutuals wales
Credcer Credit Union Ltd
Crossroads Wales
Cw Taf Health Board
Cymdeithas Tai Eryri
Cymdeithas Tai Hafan
Cymru Yfory
Deaf Association Wales
Denbigh CAB
Denbigh Volunteer Bureau
Denbighshire CAB
Denbighshire Home Start
Denbighshire Trading Standards
Denbighshire Voluntary Services Council
Disability Wales
Dragonsavers Credit Union Ltd
DVSC
DWP Financial Inclusion Champion (Katija Dew)
Economic and Social Research Council
Energy Advice Centre N Wales
ESTYN
FCC
Federation of Small Businesses
Finance Wales
Financial Services Authority (Lee Phillips)
Flint High School
Flintshire CAB
Flintshire County Council
Flintshire LEA/14-19 Network
Flintshire Local Education Authority
Flintshire Mental Health Advocacy Services
Flintshire Parenting Strategy Coordinator
Flintshire Trading Standards
Flintshire Youth & Community Services
Forestry Commission Wales

FSA
Funky Dragon
Gateway Credit Union Ltd
Glyndwr University
Grant Thornton
Gwent Association of Voluntary Organisations
Gwynedd Trading Standards
Gwynedd Volunteer Bureau
Hafan Cymru
Halifax
Haven Credit Union Ltd
HSBC Bank UK
Illegal Money Lending Unit
Institute of Chartered Accountants in England and Wales
Institute of Welsh Affairs
Interlink
Islwyn Community Credit Union Ltd
Jobcentre Plus
Joint Committee for Ethnic Minorities in Wales
Joint Council for the Welfare of Immigrants
Joseph Rowntree Foundation
Kimberly-Clark
Landsker Community Credit Union Ltd
Llandudno Credit Union
Lindsey Kearton – Senior Policy Advocate
Llandudno and District Credit Union Ltd
Lloyds TSB
Llynfi Valley Credit Union Ltd
Mantell Gwynedd
Marches Credit Union Ltd
Martin Lewis' Money Saving Expert.com
MBNA
Medrwn Mon
Merthyr Tydfil Borough Credit Union Ltd
MEWN Cymru
Mother's Union in Wales
Muslim Council of Wales
NACRO/DAWN Services
National Association of Schoolmasters and Union of Women Teachers
National Debtline
National Energy Action (Cymru)
National Union of Teachers
Neath Port Talbot Council for Voluntary Service
Neath Port Talbot Credit Union
NEWCIS
Newport Credit Union Ltd
NIACE
North Wales (Les Cooper) / Mid South and West Wales (Jane Wynn)
Financial Capability Forums
North Wales Financial Inclusion Champion
North Wales Housing Association

North Wales Race Equality Network
Now let's talk money/DWP
NSPCC Cymru
Office of Fair Trading
Pakistan Association of Newport & Gwent Welsh Asian Council
Pembrokeshire Association of Voluntary Services
Pennysmart
Plant yng Nghymru
Play Wales
Polish Welsh Mutual Association
Powys Association of Voluntary Organisations
Powys CAB
Prime cymru
PSE Co-ord Denbighshire
Race Equality First
Red Kite Credit Union
Refugee Voice Wales
Robert Owen Montgomeryshire Credit Union Ltd
Rocket Science Limited
Royal Bank of Scotland
Samaritans
Santander
Save the Children Cymru
Save-Easy Llanelli and District Credit Union Ltd
SCOPE Cymru
Shelter Cymru
Shout
Skills for Life Materials
Smart Money Credit Union Ltd
SNAP Cymru
Somali Advice Centre
South East Wales Racial Equality Council
Spotlands Credit Union Ltd
St Helens District CAB,
St Therese's (Port Talbot) Credit Union Ltd
Standard Chartered Bank
Stonewall Cymru
Sudanese Community Association
Swansea Bay Race Equality Council
Swansea Council for Voluntary Service
Tai Hafan Housing Association
Tenovus
Tenovus
The National Deaf Children's Society
The Prince's Trust - Cymru
The Transport Credit Union Ltd
Tiana Pathmanathan - Policy Officer - Legal Services Commission
Torfaen Voluntary Alliance
Trading Standards FCC
Undeb Credyd Plaid Cymru Credit Union Ltd
UNICEF UK

UNISON Cymru
Vale Centre for Voluntary Services
Valleys Race Equality Council
Victim Support Wales
Voluntary Action Cardiff
Voluntary Action Merthyr Tydfil
Wales and West Housing Association
Wales Audit Office
Wales co-operative centre limited
Wales Council for Voluntary Action
Wales Illegal Money Lending Unit
Warm Wales
Welsh Asian Council
Welsh Consumer Council
Welsh Local Authorities Consortium for Refugees and Asylum Seekers
Welsh Local Government Association
Welsh Refugee Council
Wrexham County Borough Council
Wrexham County Borough Credit Union Ltd
Wrexham Trading Standards
Y Llechen Credit Union
Youth Cymru
Youthlink Wales
YWCA