Financial capability:

the Public's Perspective in the Current Economic Climate

JULY 2008

CII Group | PFS | CII

Contents

Executive summary of findings

The deterioration in the financial climate over the past 12 months has eroded consumers' confidence in their own financial security, with 58% of consumers either disagreeing (33%) or disagreeing strongly (25%) that they feel more financially secure.

This can be attributed, to some extent, to consumers feeling less secure in their jobs since the credit crunch and attendant economic downturn. More than a third (35%) of consumers either agree (20%) or agree strongly (15%) that, thinking about the financial climate over the last 12 months, they have less job security.

This sentiment of low confidence in job security and financial security is most acute among lower income households.

More than 6 out of 10 consumers lack confidence in the Government's oversight of the banking system. It may be this lack of confidence in the banking system, and indeed the collapse and subsequent nationalisation of Northern Rock, which contribute to the fact that over half of all consumers (53%) agree to some extent that they are less confident that their savings are safe than 12 months ago.

Despite the deterioration in the financial climate over the past 12 months only one in ten consumers agree to some extent that they are worried that their home might be repossessed while 84% are not worried at all. Concern about home repossession is more marked among lower income households, 17% of whom are anxious about their home being taken away from them.

Consumers would also face financial strife if there were a modest rise in interest rates, with 30% stating they would just about manage but it would be difficult while a similar proportion, 31%, would have to make modest cut backs.

Some of these anxieties could well be self-made, resulting from reckless, uninformed borrowing without sufficient regard to the risk of an increase in interest rates. Three quarters of consumers agree (48%) or agree strongly (27%) that people in the UK are very naive when it comes to financial matters. It is therefore unsurprising that nearly all consumers (96%) agree to some extent that basic financial literacy should be taught in schools.

Another worrying finding, and one which gives insight into why so many are facing possible financial hardship as a result of the credit crunch and economic downturn, is that nearly half (46%) of consumers say they do not understand financial products much and so have to put their faith in the person selling them the product.

However, should consumers get into financial difficulty, currently a very real prospect for many consumers, the most popular sources of advice are the local Citizens Advice Bureau and friends and family. The next most popular sources of advice are banks and building societies and independent financial advisers. Dedicated free and impartial sources of advice such as the Money Advice Trust or National Debtline, and the Financial Services Authority helpline do not feature prominently as a source of advice in times of financial trouble.

There does however appear to be value in and space for a "Money Guidance" service, the generic financial advice model put forward by Otto Thoresen in his recent review. When consumers are asked directly whether they would use such as service based on what they knew, the response was surprisingly positive: 45% of consumers saw themselves or their friends or family as fairly likely (33%) or very likely (12%) to do so.

However when Money Guidance is examined using their responses to other questions, in terms of the tangible benefits that a service could bring to consumers, results suggest a strikingly more positive picture. They show that consumers would benefit greatly from impartial advice which helped them. It could contribute to reducing their financial burden, particularly those facing financial strain as a result of interest rate shocks. It would also seem to help to assuage fears of home repossession. Clearly then, with correct marketing and suitable levels of resource, a Money Guidance service could bring real benefits to consumers and complement other Government programmes to increase financial literacy.

Methodolgy

ComRes interviewed 1003 GB adults by telephone between 21 and 22 May 2008. Data were weighted to be representative demographically of all GB adults. Results were cross-analysed by gender, age, social class and region.

The aims of the research are to determine consumer attitudes to financial capability building on the findings of "Financial Capability: a consumer perspective" (Cicero Consulting, Brahm Research 2004) and update it to take account of uncertainty and anxieties around the current economic environment. Where relevant the results of this wave of research are compared with findings from the 2004 report.

Guidelines for the public use of survey results

ComRes is a member of the British Polling Council and abides by its rules (www.britishpollingcouncil.org). This commits us to the highest standards of transparency. The BPC's rules state that all data and research findings made on the basis of surveys conducted by member organisations that enter the public domain must include reference to the following:

- The company conducting the research (ComRes)
- The client commissioning the survey
- Dates of interviewing
- Method of obtaining the interviews (e.g. in-person, post, telephone, internet)
- The universe effectively represented (all adults, voters etc)
- The percentages upon which conclusions are based
- Size of the sample and geographic coverage.

Published references (such as a press release) should also show a web address where full data tables may be viewed, and they should also show the complete wording of questions upon which any data that has entered the public domain are based.

ComRes can provide a BPC-compliant methodology statement upon request.

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The Chartered Insurance Institute

The Chartered Insurance Institute (CII) is the world's leading professional organisation for insurance and financial services. It maintains the professional, ethical and technical standards of the industry. It is dedicated to promoting higher standards of competence and integrity through the provision of relevant qualifications for employees at all levels and across all sectors of the industry.

Success in CII qualifications is universally recognised as a sign of commitment and professionalism.

Individually, the CII's members commit to continuous professional development, through learning and examination, to maintain their professional standing. Its 92,000 members in 150 countries make up the largest professional body in the financial world. We all rely on professionals to maintain accurate and relevant knowledge and to give appropriate and unprejudiced advice. The CII ensures that we can trust in the competence and conduct of insurance and financial services professionals the world over. **http://www.cii.co.uk**

The Personal Finance Society

The Personal Finance Society (PFS) is part of the CII Group and is the leading professional body for financial advisers and those in related roles. With well over 23,700 members, it promotes the highest standards of professionalism in the financial services profession, and sets the standards for technical knowledge, customer service and ethical practice across the entire financial advice community.

To achieve its aims, the Society provides its members with access to technical qualifications, learning materials, support services and practical benefits.
PFS is uniquely placed, as a lobbying and campaigning organisation, to support consumer demands for reliable, professional advice. **http://www.thepfs.org**

Financial Capability – The Policy Implications

Right now...It's the economy, stupid

While the economy has represented the core strength of New Labour since 1997, a period which witnessed unprecedented period of economic growth and employment, the Prime Minister is no longer able to enjoy the political stability which comes from economic prosperity. Government has largely attached the current turmoil to global financial markets, claiming that, in the international landscape, the UK is well-placed to ride out current difficulties. Unfortunately for the Government, this sentiment has not resonated with the general public with over 60% having lost confidence in its ability to control the banking system which, for over half of respondents (53%) has been a contributing factor to their feeling that their savings are less safe than they were a year ago.

While overall results show that the majority (58%) of consumers do not feel that they are any less secure in their jobs than they were last summer, the figures reveal a worrying trend that those social class groups C1, D and E are feeling most anxious. Findings showed that these groups were least likely to feel secure in their job with the security of their finances (page 9.). This prevalence of apprehension among lower social classes strikes a critical blow to the Government's core support group. The recent electoral defeats for Labour, particularly those in London Mayoral contest and the Crewe and Nantwich by-election are to some extent a confirmation that the Government's pledge to fight for and represent 'hard working families' is no longer resonating with key demographics.

Helping those who need it most

With this in mind, the shape and provision of financial advice on offer to all consumers, and particularly those in lower social classes, will be crucial not only to improving attitudes towards saving and financial capability, but also for the Government, to recapture the trust of the electorate in its ability to run the economy. If consumers are increasingly worried about their financial security at present, the long-term solution for Government could not be clearer – a better grasp of finance through education. Respondents gave an overwhelming backing (96%), in agreeing to some extent that basic financial literacy should be taught in schools. The issue of financial education has been well documented in the past year and this has not been lost on the FSA which currently has a team of over 100 people devising public policy in financial literacy, or indeed Government with the announcement from Ed Balls Secretary of State for schools last year to invest £11.5m over three years into financial education in school curriculum. This significant acceptance is in stark contrast with only 54% who deemed financial education necessary in 2004 – highlighting the effect that economic difficulty can have on consumers' appreciation for financial understanding.

While this demand for financial education is welcome its effect will be not be felt for a generation, making the need for a timely, and most importantly, impartial financial advice service critical. The fact that almost half of respondents believed that a financial advice service would be beneficial should they need to reduce levels of problem debt or better understand money (page 21) is encouraging.

The current political and regulatory backdrop surrounding the Retail Distribution Review (RDR) and the issue of financial advice is one which does not appear to bode well for lower income households. With the possibility of dropping commission-based advice, IFAs may reduce in number and increasingly service only the high net worth client market as other demographics would become commercially unattractive. Added to this the current sentiment from the FSA on insisting on financial advice being based on 'whole of market' recommendations and the gap in financial advice market for the mass affluent appears huge. While the RDR has largely focussed on its likely impact on providers, with issues around the price and structure of advice taking precedent, we can see from the results that the debate must become more consumer-orientated given the severity of the problem at present and consumers' seemingly apathetic view towards current advice services (page 20).

The findings of the research do however give an indication of how beneficial a free and impartial Money Guidance service could be. When questioned on how likely they were to take professional financial advice over half (53%) of respondents responded positively, particularly given the financial climate over the past 12 months. When examining this figure by social class, those in lower income households are undecided over the worth of advice. In other areas, these groups of respondents are most likely to put faith in the person selling them a financial product due a lack of understanding. Given these findings, while an advice service may not be necessary for higher income households, for the rest it certainly would be.

Financial Capability – The Policy Implications cont

Furthermore, an effective drop-in national Money Guidance service could yield considerable improvements in consumers' ability to deal with economic shock.

This is not to say that reaching this section of consumers will be easy as findings show that reliance on family and friends over professional services is more prevalent in lower social class groups. Indeed, current efforts from Government and the Regulator to date to provide advice to consumers are being widely ignored. Less than 10% of respondents place high value on Money Advice Trust, National DebtLine or the FSA's helpline as a useful source of advice. More encouraging is the trust that consumers place in their local Citizens Advice Bureau, as this was the most relied upon source advice. In this regard, the continuing role that the third sector and particularly Citizens Advice play with policymakers will be key. Results from the Citizens Advice MoneyPlan pilot scheme (to which independent financial adviser members of the Personal Finance Society are giving pro bono assistance) also provides an indication that the roll out of Money Guidance could be through an already trusted brand.

Money Guidance cannot come quickly enough

Exactly what shape this service should take and the key aims that it should strive to achieve remains however a bone of contention. Just as industry and regulators are currently grappling with this dilemma, results from consumers do not give a clear definition as to what the service should offer. While heartening to note (page 21) that consumers are most likely to see the benefits of a Money Guidance service as increasing understanding of money and finances and assistance in better understanding the value of financial advice, the wide spread of responses suggests a more focussed approach from Government is necessary. Added to this, further results show that the groups least likely to use a Money Guidance service are exactly the groups that the service is looking to cater for (page 22), whose financial capability is lowest and who rely most heavily on those selling them financial products for advice (page 19).

The key message coming from the report is that, much like industry and policymakers, consumers are not fully appreciative of the concept of Money Guidance. The lack of clarity around what the service will be is leading consumers to class it alongside the under-exploited remedial advice services already available such as the National Debtline. Given this sense of urgency, it is of great concern that the RDR process has already run for over a year, following that now infamous speech in October 2006 by the outgoing FSA chairman, Callum McCarthy, when he first posed the question: is the retail distribution model bust?

There is also considerable debate as to whether the opposition parties – the Conservatives in particular – will want to continue the financial capability remit of the FSA, instead preferring to focus on prudential supervision. Establishing a commitment towards Money Guidance from all major parties this side of a General Election is crucial.

Optimistically, however, with a better clarified concept from policymakers and industry consensus around how the service can assist consumers in individual cases, there is evidence that financial advice can bring real benefits to consumers across the financial capability spectrum – from financial security and resistance to interest rates change to better understanding and managing debt.

1. The financial climate over the past 12 months

Respondents were initially asked the extent to which they agree with a number of statements within the context of the financial climate over the last 12 months.

a. Perception of financial security

The first statement tested was **'I feel more financially secure'**.

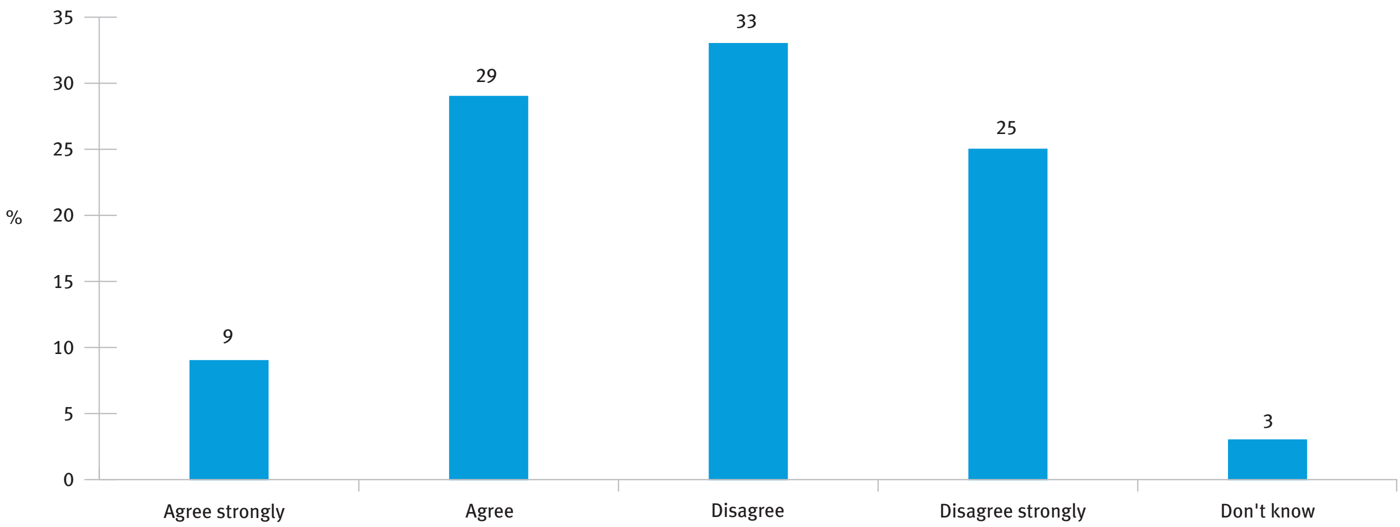

Figure 1: Thinking about the financial climate over the past 12 months, to what extent do you agree or disagree with the following statements? I feel more financially secure.
Base: all

Figure 1 above shows that 58% of consumers disagree to some extent with the statement that they feel more financially secure with a third (33%) saying they disagree while a quarter (25%) disagree strongly. Just less than three in ten consumers (29%) 'agree' they feel more financially secure while less than one in ten (9%) agree strongly. In 2004, in response to a slightly different question, 84% of respondents stated that they felt financially secure while 13% felt financially insecure.

b. Perception of job security

Following on from this, consumers were asked the extent to which they agreed with the statement 'I have less job security' given the financial climate over the past 12 months. Figure 2 below shows that over a third of consumers (35%) either agree with the statement (20%) or agree strongly (15%). Just under half (49%) either disagree with the statement (31%) or disagree strongly (18%). This year's result contrasts with those from 2004 when 88% of respondents felt secure in their job while 8% felt insecure.

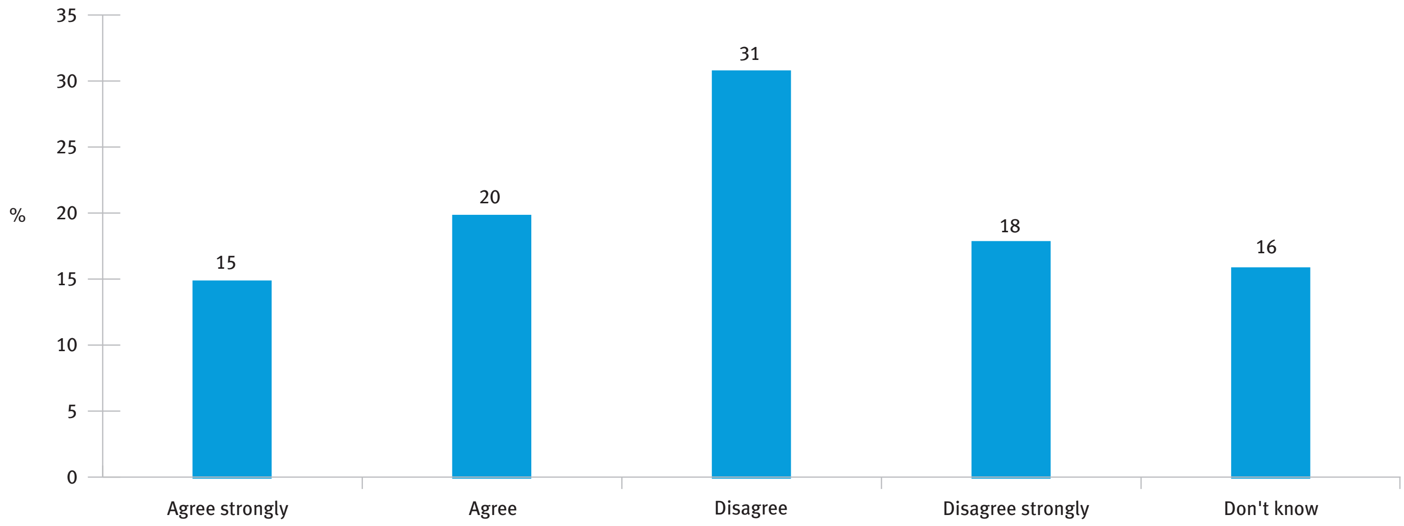

Figure 2: Thinking about the financial climate over the past 12 months, to what extent do you agree or disagree with the following statements? I have less job security.
Base: all

There are also some interesting results when broken down by age and social class grouping[1]. Looking at mean scores (calculated by assigning scores of 2 to agree strongly, 1 to agree, -1 to disagree and -2 to disagree strongly) it is apparent that consumers aged 25-34 are most likely to disagree with the statement 'I feel more financially secure' (-0.61) followed by those aged 55-64 (-0.57).

Those in social class groupings C1 and DE are most likely to disagree with the statement with mean scores of -0.45 and -0.48 respectively. This indicates that consumers in these social grades are less likely to feel financially secure than their AB (professional) and C2 (skilled manual) counterparts who give mean scores of -0.31 and -0.23 respectively.

The results broken down by social class grouping also uphold the link between financial security and job security. Consumers from social class grouping DE are least likely to feel financially secure and least likely to feel secure in their jobs. Indeed, this group is the only one which gives a positive mean score (0.18) in response to being asked the extent to which they agree with the statement that they have less job security. ABs give a mean score of -0.41, C1s -0.34 and C2s -0.11.

It is interesting to note that 16% of consumers don't know whether they agree that they have less job security. This could point to a 'wait and see' attitude among some consumers given the economic downturn hasn't fully played out, the full extent of its impact on employment being unknown at this point or that there has been no change.

Footnote:
1) An explanation of social grouping can be found in the Annex

c. Perceptions of the Government's handling of the banking system

One issue which does not elicit ambivalence from consumers is the Government's oversight of the banking system. Respondents were asked the extent to which they agree with the statement 'I am confident in the Government's oversight of the banking system'.

Figure 3 below shows that more than 6 out of 10 (61%) respondents disagree (31%) or disagree strongly (30%) with the statement while 6% don't know. Only a third (33%) of consumers are confident in the Government's oversight of the banking system with 26% agreeing and 7% agreeing strongly.

So two thirds of consumers are not fully confident in the Government's oversight of the banking system against one third who are – certainly an indictment on the Government which has likely been caused by the credit crunch and association with Northern Rock.

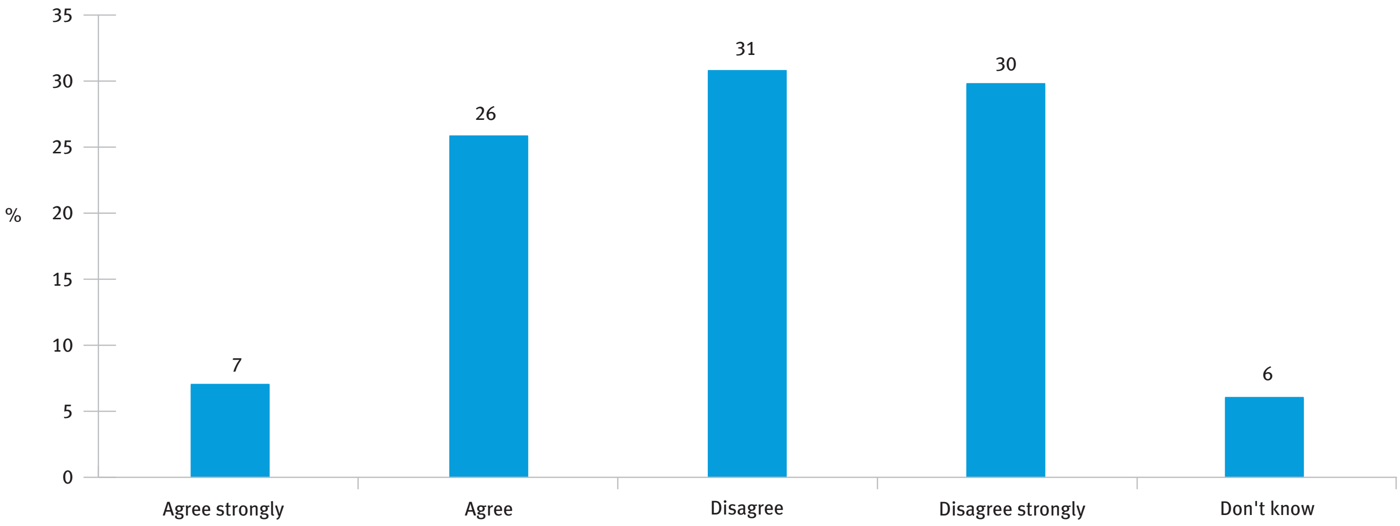

Figure 3: Thinking about the financial climate over the past 12 months, to what extent do you agree or disagree with the following statements? I am confident in the Government's oversight of the banking system.
Base: all

d. Confidence in savings security

Similarly, it may be this erosion of confidence in the banking system since the credit crunch, and indeed the collapse and subsequent nationalisation of Northern Rock, which accounts for the fact that more than half of consumers (53%) agree (32%) or agree strongly (21%) that they are less confident that their savings are safe than they were 12 months ago.

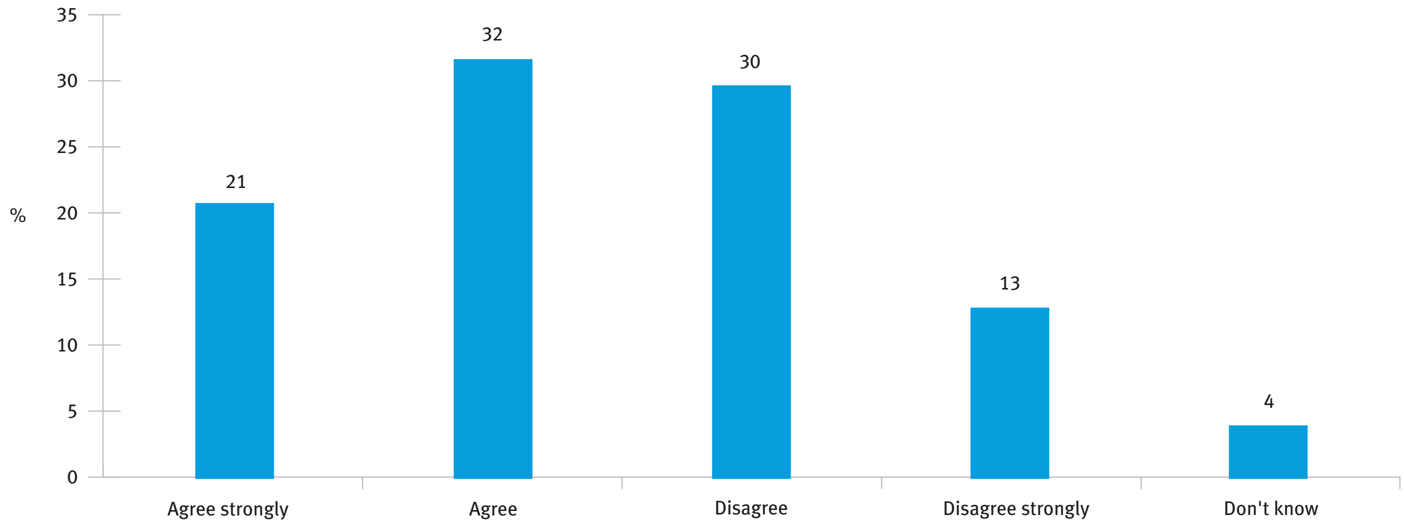

Figure 4: Thinking about the financial climate over the past 12 months, to what extent do you agree or disagree with the following statements? I am less confident that my savings are safe than I was 12 months ago.
Base: all

However, while the majority agree that they are less confident, opinion is split as 43% either disagree (30%) or disagree strongly (13%). This result nonetheless goes some way to explaining why consumers feel less financially secure.

There is a definite age dimension to confidence that savings are safe with consumers aged over 55 far more likely to agree they are less confident than their younger counterparts. The mean score for those aged 55-64 is 0.36 while for those aged 65+ it is 0.33. This contrasts with those aged 18-24 (0.15), 25-34 (0.04), 35-44 (0.13) and 45-64 (0.16).

e. Propensity to take financial advice

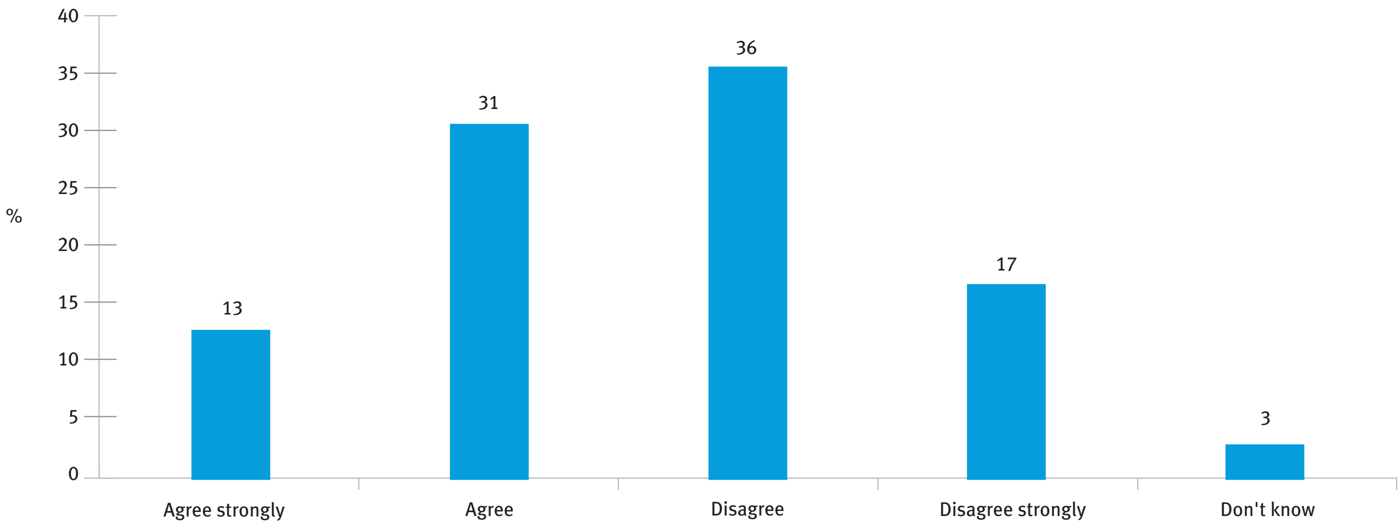

Figure 5: Thinking about the financial climate over the past 12 months, to what extent do you agree or disagree with the following statements? I am less likely to take professional financial advice.
Base: all

Respondents were asked, given the financial climate over the past 12 months, to what extent they agree that they are less likely to take professional financial advice.

Over half (53%) either stated they disagree (36%) or disagree strongly (17%), indicating that, for the majority, the change in the financial climate over the past 12 months has not eroded confidence in professional financial advice. However, opinion is polarised with 44% stating they agree (31%) or agree strongly (13%).

There is a trend that those in lower income social groupings are more likely to agree with the statement. 41% of respondents from the AB grouping agree with the statement, 43% of those in C1 and C2, while 49% of those in the DE groupings agree. It is possible that the lower social groupings are more likely to have been lent to recklessly during the period of very loose credit prior to the credit crunch. It is important to distinguish between impartial financial advice of the type offered by a Money Guidance service and the type of advice attached to the sale of a product. It could be inferred that those in the DE grouping are less likely to take the latter type of advice and would actually benefit from the type of impartial advice offered by the Money Guidance service.

f. Perception of home ownership security

For some consumers, negative attitudes towards financial and job security are steeped in genuine anxiety about losing their homes.

Figure 6 below shows that more than one in ten (11%) consumers agree (7%) or agree strongly (4%) with the statement 'I am worried that my home might be repossessed'. Although the majority, 84%, either disagree (38%) or disagree strongly (46%), the fact that more than 10% of consumers are worried their homes might be repossessed points to a surprisingly high level of concern on this measure.

Only consumers from social class grouping DE are markedly different from the average with 17% either agreeing strongly (7%) or agreeing (10%) that they are worried that their home might be repossessed.

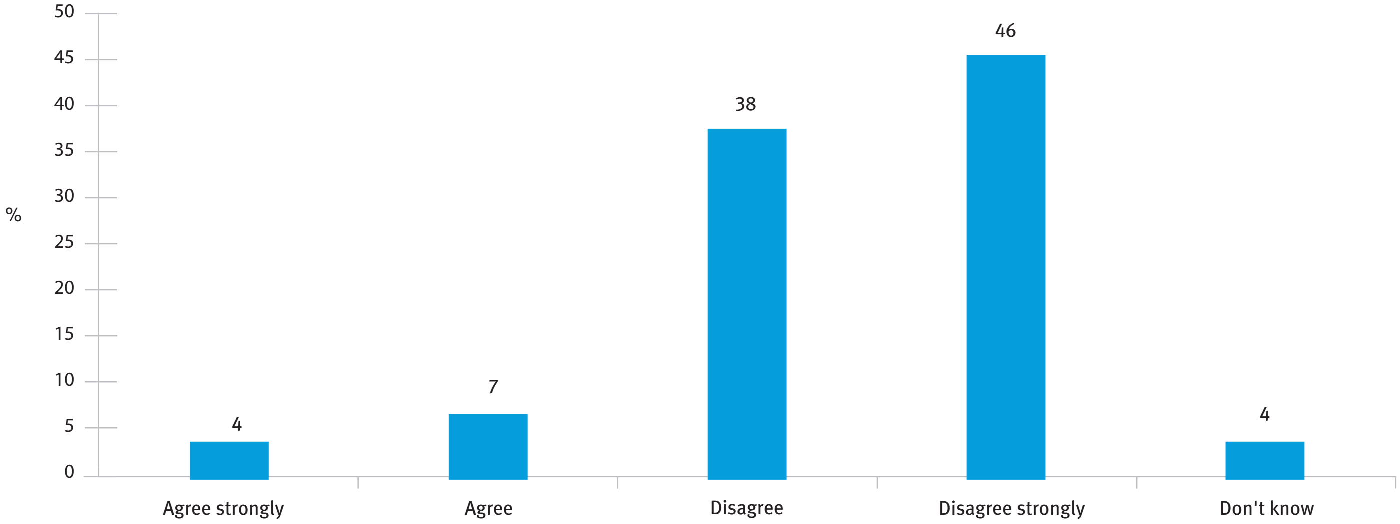

Figure 6: Thinking about the financial climate over the past 12 months, to what extent do you agree or disagree with the following statements? I am worried that my home might be repossessed.
Base: all

While only one in ten consumers agree to some extent that they are concerned about possible home repossession, the sentiment is most prevalent among those social groups D and E, 17% of whom are anxious about their home being taken away from them.

As with other responses in this section of the research, while fears around the security of personal finances and assets are on the rise, there is reason to believe that an impartial financial guidance service, such as the Money Guidance scheme which is currently being piloted following Otto Thoresen's review on Generic Financial Advice, could be of real value to consumers. Such a service could convert those who agree that they are worried their home might be repossessed to people who disagree. It could also appease those who disagree with the statement who nonetheless have a lingering worry to disagree strongly with the statement.

2. Effect of a modest rise in interest rates

This anxiety about the amount owed, particularly among social groupings C2 and DE, is reflected in responses about how lifestyle would be affected by a modest rise in interest rates.

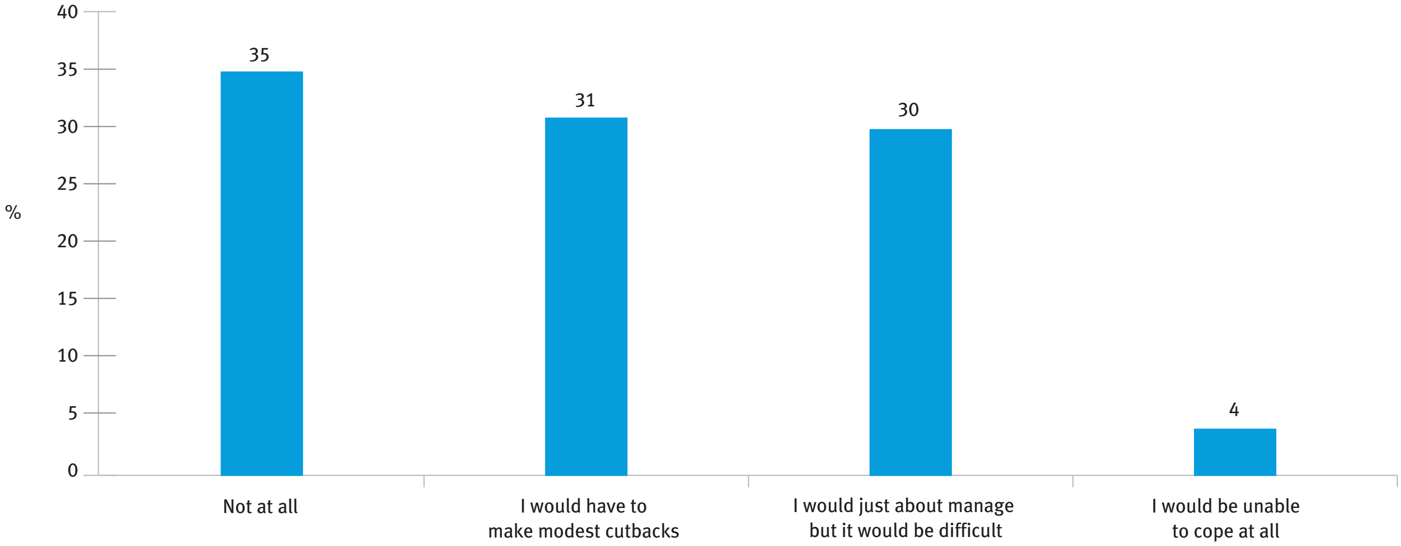

Figure 7: To what extent would your lifestyle be affected by a modest rise in interest rates?
Base: all

Only around a third of consumers (35%) would not be affected at all by a modest rise in interest rates, although similar proportions would have to make either modest cut backs (31%) or would just about manage but it would be difficult (30%). 4% would be unable to cope at all.

The split between those having to make modest cutbacks and those that would 'just about manage' shows that consumers in social groups C2 and DE would feel the pinch more acutely than their AB and C1 counterparts. The split for AB is 34% making modest cutbacks versus 25% just about managing. For C1 the split is similar with figures of 35% and 26%. However, for C2 the split is reversed with only 26% making modest cutbacks while 37% would be just about managing. For DE the split is similar with figures of 26% and 33%.

In 2004 consumers were much less susceptible to a modest rise in interest rates with nearly half (49%) stating that their lifestyle would not be affected at all, while 36% envisaged modest cut backs. Only 7% thought a modest rise in interest rates would result in some financial hardship.

These results indicate that significant consumer benefits could be realised through a widely used Money Guidance service. For example, those on the margins of each category of financial hardship could potentially be shifted to the next category of lesser financial hardship through free, impartial advice. Such a service might for example suggest sustainable ways of reducing household expenditure (switching utility providers, etc).

3. Financial literacy

Respondents were in turn asked about financial literacy and education. Nearly three quarters of consumers (75%) either agree (48%) or agree strongly (27%) that people in the UK are very naive when it comes to financial matters.

a. Perception of overall financial literacy

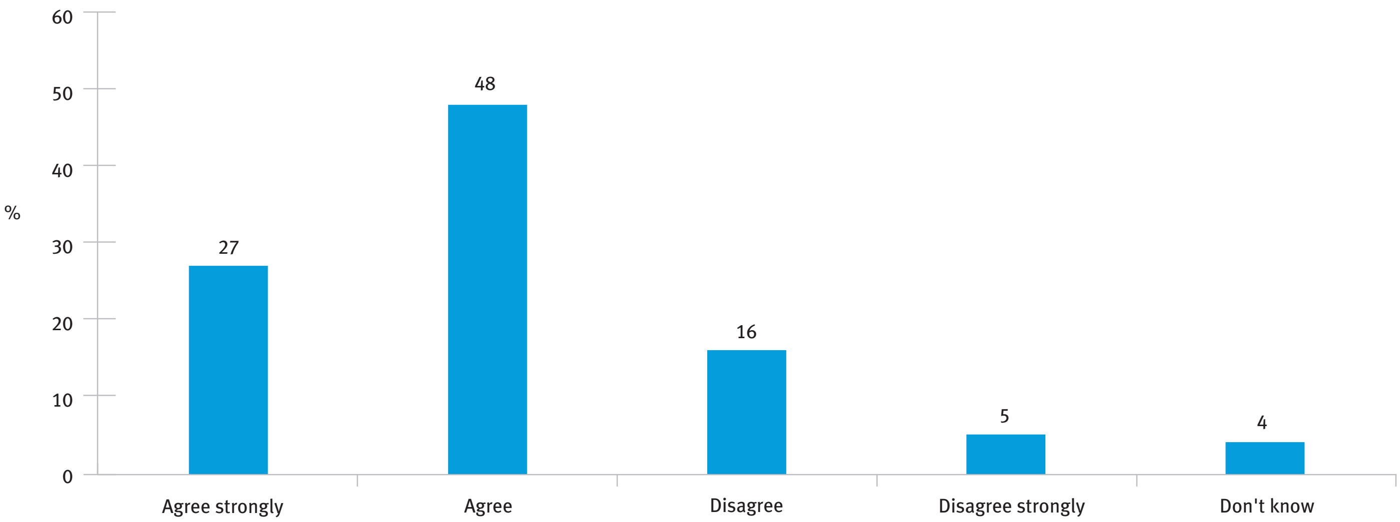

Figure 8: Thinking about financial literacy and education to what extent do you agree or disagree with the following statements? People in the UK are very naive when it comes to financial matters.
Base: all

This result contrasts with the result from 2004 when only 57% agreed that people in the UK are very naive when it comes to financial matters and 79% felt that the quality of financial education in the UK is poor.

Interestingly the least likely age group to believe people are naive about financial matters are 18-24 year olds with a mean score of 0.64 (calculated by assigning values of 2 to agree strongly, 1 to agree, -1 to disagree and -2 to disagree strongly). This is against mean scores of 0.76, 0.78, 0.83, 0.88 and 0.77 for the age groups 25-34, 35-44, 45-54, 55-64 and 65+ respectively. This could reflect a situation where those who are naive (most likley to be the young) are not aware of their naivety.

b. Views towards financial education in schools

Perhaps unsurprisingly given this perception of naivety, nearly all consumers (96%) agree (36%) or agree strongly (60%) that basic financial literacy should be taught in schools. This figure is unquestionably higher than in 2004 when only three quarters (75%) felt that such action was necessary.

It is Government policy to provide financial education in schools through Personal, Social, Health, Citizenship and Education lessons. However, the benefits of the scheme may well take a generation or more to filter into the general population. In the interim a Money Guidance service could potentially help consumers with their day-to-day finances and beyond this aid a more financially literate population to keep abreast of an ever-evolving financial market.

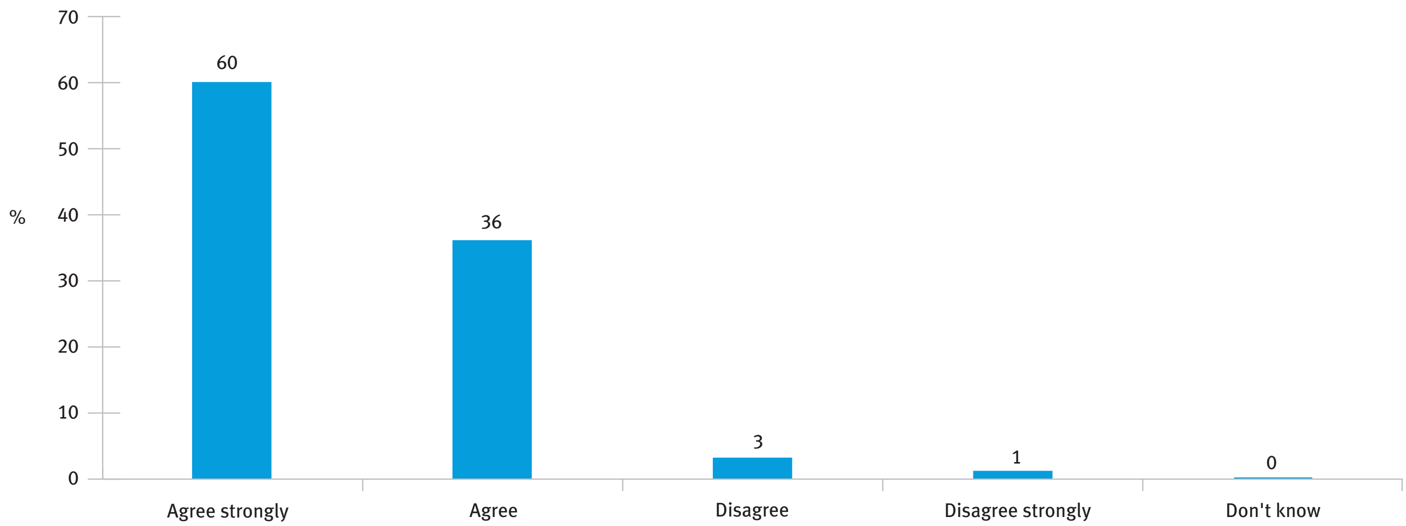

Figure 9: Thinking about financial literacy and education to what extent do you agree or disagree with the following statements? Basic financial literacy should be taught in schools.
Base: all

c. Views towards financial education in the workplace

Consumers also think that schools should not be the only point of financial education. Figure 10 below shows that 84% either agree (49%) or agree strongly (35%) that people would think more seriously about financial issues such as savings if access to advice and info in the work place was better. This is an enormous jump from 2004 when just over half of all consumers (54%) agreed with this.

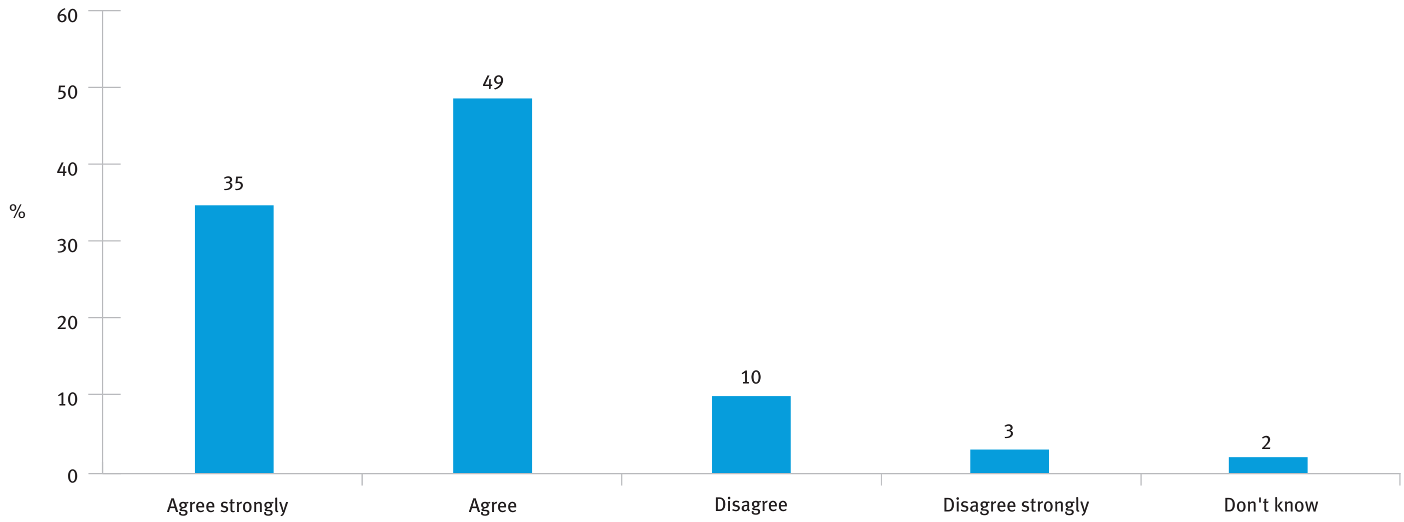

Figure 10: Thinking about financial literacy and education to what extent do you agree or disagree with the following statements? People would think more seriously about financial issues such as savings if access to advice and info in the workplace was better.
Base: all

While consumers perceive that people in the UK are naive about financial matters, and also believe that financial education should be more prevalent, neither of these opinions are used as an excuse to shirk responsibility for personal finances. Almost all consumers (96%) agree (39%) or agree strongly (57%) that people should take more responsibility for their own financial planning. A similar question, whether it is the individual who is ultimately responsible for decisions when borrowing money or investing, was asked in 2004, with 85% agreeing with this.

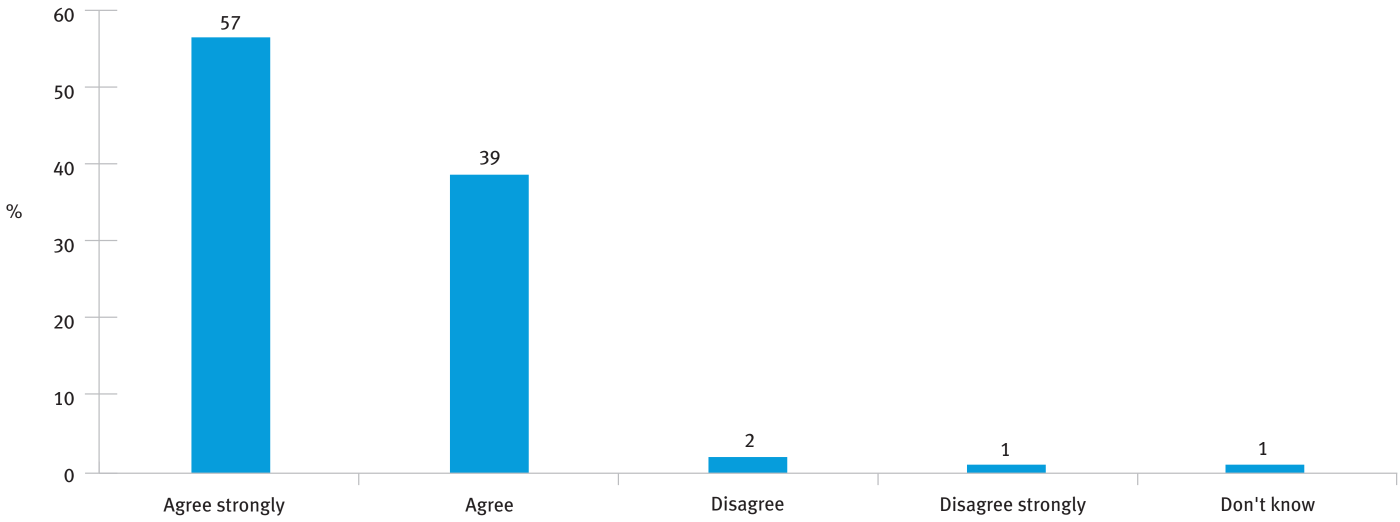

Figure 11: Thinking about financial literacy and education to what extent do you agree or disagree with the following statements? People should take more responsibility for their own financial planning.
Base: all

Respondents were in turn asked about their own level of financial understanding. Nearly half of all consumers (46%) either agree (30%) or agree strongly (16%) with the idea that they do not understand many financial products and so must put their faith in the person selling them the product.

There is a clear gender split with regard to reliance on those selling financial products. The mean score for men on this question is -0.30 versus 0.02 for women. Therefore women are more likely to perceive themselves as having to put their faith in the person selling them a product than men.

There is also a clear age trend with the young and the old more likely to state they must put their faith in someone selling them a product than the middle aged. Mean scores for each of the consecutive age groups 18-24, 25-34, 35-44, 45-54, 55-64, and 65+ are -0.12, -0.12, -0.18, -0.28, -0.09, and -0.02 respectively.

There is an even stronger trend according to social class groupings. Consumers from the AB social grouping are most likely to disagree with this statement awarding a mean score of -0.53, followed by C1 (-0.15), C2 (-0.09) and DE (0.27). Therefore those social groupings who are most likely to feel the pinch as a result of a modest rise in interest rates are also most reliant on the advice of the person selling them the product.

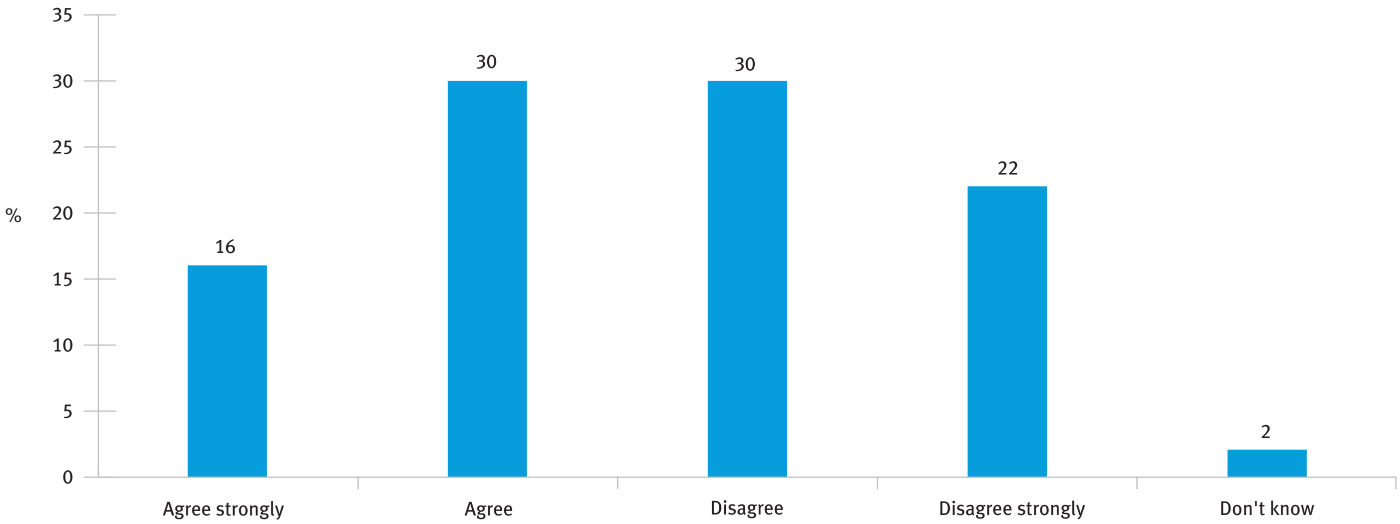

Figure 12: Thinking about financial literacy and education to what extent do you agree or disagree with the following statements? I do not understand many financial products much so I have to put my faith in the person selling me the product.
Base: all

4. Advice

Respondents were asked to what extent they would rely on various sources of advice should they get into financial difficulty, something some 30% of consumers could face if there was a modest rise in interest rates.

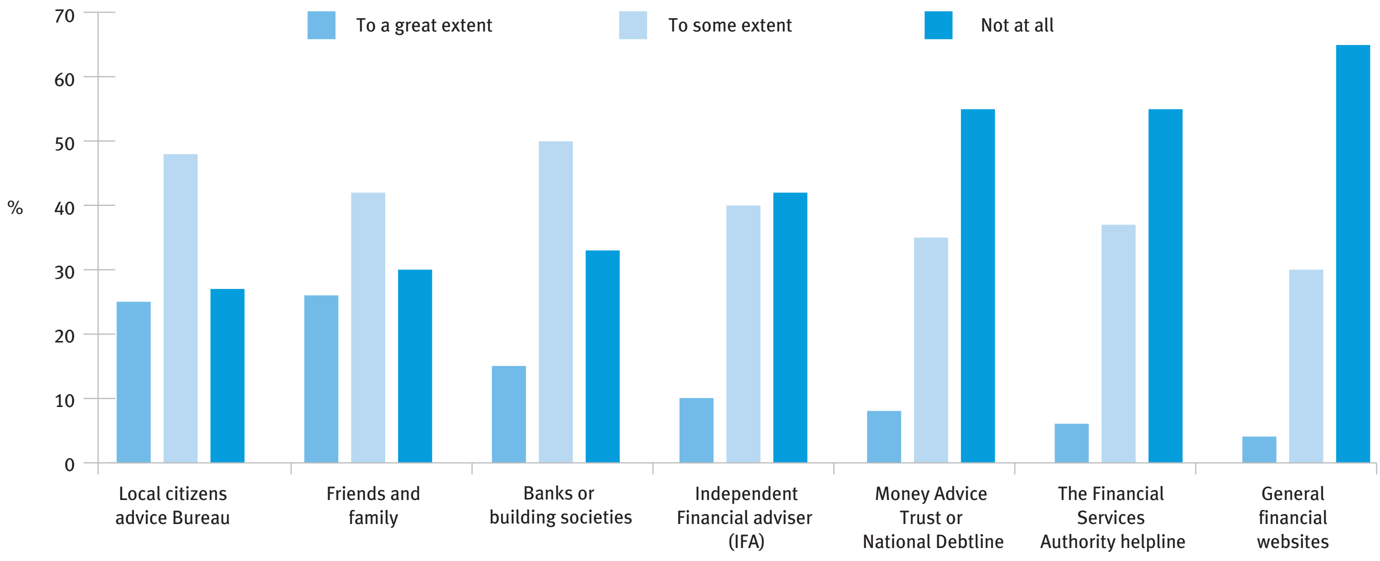

Figure 13: If you were in financial difficulty, to what extent would you rely on each of the following for advice or suggestions on how to proceed?
Base: all

Sources of advice are ranked on the basis of mean scores (calculated by assigning values of 0 to 'not at all', 1 to 'some extent' and 2 to 'great extent').

Figure 13 shows that the most relied upon source of advice is the Local Citizens Advice Bureau with a mean score of 0.99 closely followed by friends and family. Banks and building societies and independent financial advisers are the next most relied upon source with means scores of 0.82 and 0.62 respectively.

Those sources that one would expect to be utilised because of financial expertise and objectivity, like debt organisations such as Money Advice Trust or National DebtLine, and the Financial Services Authority helpline receive mean scores of 0.53 and 0.51 respectively. General financial websites are least relied upon with a mean score of 0.41.

5. Benefits of a Money Guidance service

Following on from the sources of advice consumers would use if in financial difficulty, they were then given a description of the generic financial advice service, 'Money Guidance', which the Government is due to trial shortly. Respondents were told that the service would provide information and guidance without being linked to a product sale.

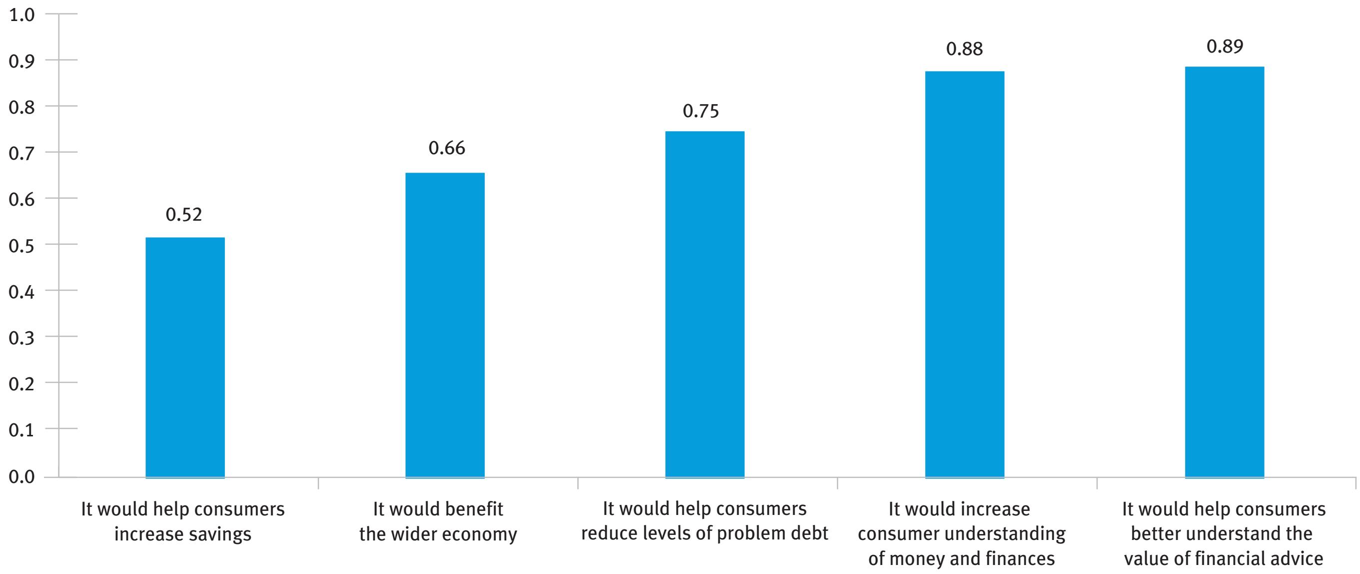

Figure 14: Do you agree or disagree that each of the following would be benefits of the money guidance service?
Base: all

Respondents were asked the extent to which they agree that a number of possible outcomes would be benefits of the Money Guidance service. Each of the possible outcomes are ranked in figure 14 above by their mean scores (calculated by assigning a mean score of 2 to agree strongly, 1 to agree, -1 to disagree and -2 to disagree strongly). Consumers are least likely to agree that the Money Guidance service would help increase savings, receiving a mean score 0.52, although those in age groups 18-24 and 35-44 are more likely than other age groups to see a benefit than consumers from other age groups. Consumers are slightly more likely to think that a Money Guidance service would benefit the wider economy giving this outcome a mean score of 0.66. Those consumers aged 35-44 are more likely than consumers in other age groups to think this will be a benefit giving a mean score of 0.8.

Consumers are next most likely to see reducing problem levels of debt as a benefit of the Money Guidance services giving this a mean score of 0.75. Those from the 35-44 age group give a markedly higher mean score than the average for all consumers at 0.92 while those from the 18-24 group give a markedly lower score of 0.58.

The two possible outcomes that consumers are most likely to see as benefits are increasing consumer understanding of money and finances (0.88) and helping consumers better understand the value of financial advice (0.89).

6. Would you or your family use a Money Guidance service?

Lastly, respondents were asked 'if such a Money Guidance service were introduced, what is the likelihood you or a family member would use it?'

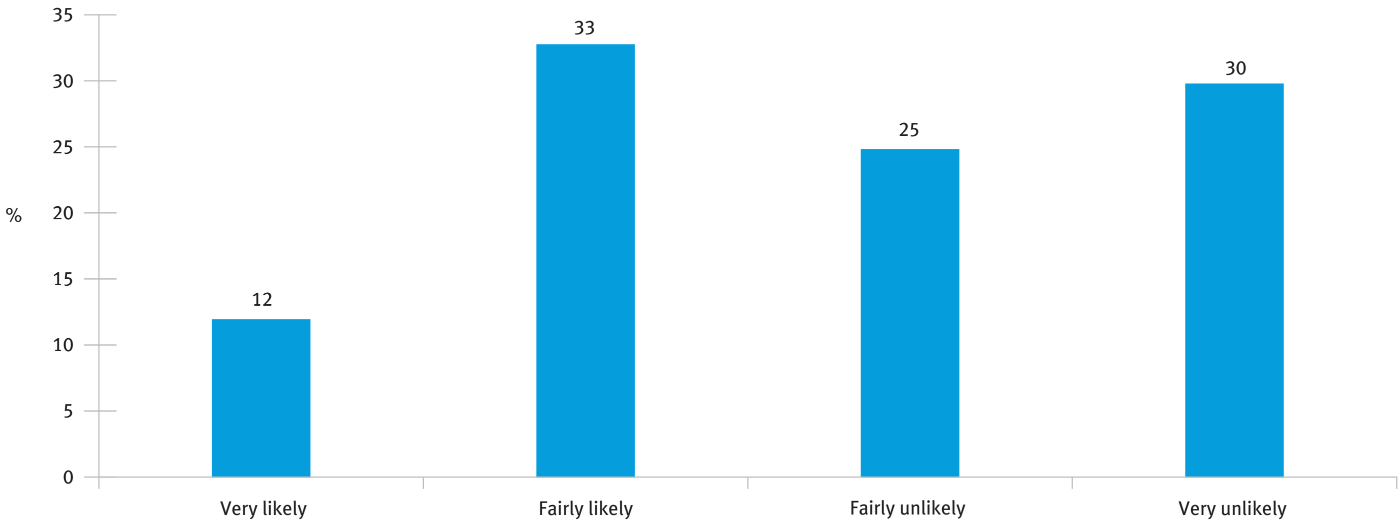

Figure 15: If such a money guidance service were introduced, what is the likelihood that you or someone in your family would use it?
Base: all

Just under half (45%) state they or a family member are very likely (12%) or fairly likely (33%) fairly likely to use such a service. Just over half (55%) state they or a family member are either fairly unlikely (25%) or very unlikely (30%) to use the Money Guidance service.

There is a very definite trend that younger consumers are more likely to state that they or a member of their family are likely to use the service than those in older age categories. Mean scores for each of the age groups 18-24, 25-34, 35-44, 45-54, 55-64, 65+ are 0.11, -0.09, -0.02, -0.26, -0.69, -0.69 respectively.

Those in social class DE are more likely to state that they or their family are unlikely to use the service than consumers from social groups AB, C1 and C2. The mean scores for each of the social groupings AB, C1, C2, and DE are; -0.27, -0.11, -0.21, and -0.62 respectively.

This is a disconcerting result as those individuals from social group DE, shown earlier to be least likely to understand financial products and be reliant on those selling them the product, are least likely to use an impartial service not linked to the sale of a product.

Annex

All of the results for this survey of the public are cross-breaked by social class grouping. These various groupings are referred to throughout the report. An explanation of each group can be found below.

Non-Manual Occupation Groups

A (Approx 3% of the total population)
These are professional people, very senior managers in business or commerce or top-level civil servants.
Retired people, previously grade A, and their widows.

B (Approx 20% of the total population)
Middle management executives in large organisations, with appropriate qualifications.
Principle officers in local government and civil service.
Top management or owners of small business concerns, educational and service establishments.
Retired people, previously grade B, and their widows.

C1 (Approx 28% of the total population)
Junior management, owners of small establishments, and all others in non-manual positions.
Jobs in this group have very varied responsibilities and educational requirements.
Retired people, previously grade C1, and their widows.

Manual Occupation Groups

C2 (Approx 21% of the total population)
All skilled manual workers, and those manual workers with responsibility for other people.
Retired people, previously grade C2, with pensions from their job.
Widows, if receiving pensions from their late husband's job.

D (Approx 18% of the total population)
All semi-skilled and un-skilled manual workers, and apprentices and trainees to skilled workers.
Retired people, previously grade D, with pensions from their job.
Widows, if receiving a pension from their late husband's job.

E (Approx 10% of the total population)
All those entirely dependant on the state long-term, through sickness, unemployment, old age or other reasons.
Those unemployed for a period exceeding six months (otherwise classify on previous occupation).
Casual workers and those without a regular income.
Only households without a Chief Income Earner will be coded in this group.