Quaker Social Action

Response to the Financial Inclusion Commission

Introduction

Quaker Social Action (QSA) is an anti-poverty charity that exists to equip and enable individuals and families living on low incomes, primarily in east London, to find routes out of poverty. It provides creative, practical, grassroots schemes that tackle a whole range of different aspects of life on a low income, including homelessness, material poverty, severe debt and low community spirit.

Made of Money (see question 3 below) is our original financial education project. It is managed by Kristina Leonnet, who co-developed the project 9 years ago and has overseen it in growing from a local pilot to an award winning project with national reach, that has been extensively evaluated and is recognised as an innovative model of good practice within the field. As part of sharing this model, we continue to develop our financial education work, including projects focused on the London Borough of Haringey, a programme for Bournemouth residents, work focused on young people, and our newest partnership adapting the Made of Money model for people with learning difficulties.

3. Do you have any practical examples of financial inclusion initiatives that have been successful?

Made of Money is an award winning financial education project run by east London charity Quaker Social Action. Over the lat 9 years we have worked with over 1600 families in east London, and trained over 600 people across the UK in delivering the Made of Money model within their communities. We recognise that financial decisions do not take place in a void, but rather that it is only by working through the emotions, guilt, fear, peer pressure, brand loyalty, and family relationships that affect our attitudes to money, that we can create sustainable financial resilience.

Made of Money, and it's sister projects (Futureproof, which has brought the Made of Money model to Haringey through the One Borough, One Future Fund, and Moneytalk Bournemouth for Bournemouth residents) offer a holistic approach to financial education. Within east London we deliver workshops to parents and families, exploring a wider approach to finances. The workshops for parents cover basics of budgeting, saving, credit, and debt, coupled with looking at values and attitudes towards money, advertising & branding, consumer culture, communication within the family and with businesses and financial institutions, and teaching children about money. The workshops for families introduce money, savings, needs and want, and priorities to children through fun games, open up communication around money within the home in a positive way, and explore advertising, branding and consumerism through hands on family learning activities.

Extensive evaluation has shown the strong impact of Made of Money.

A survey of beneficiaries over 2012-14 found after attending Made of Money parent courses:

- 96% felt more in control of their finances
- 93% were better off, with 44% better off by £10 or more each week
- 94% reported feeling less stressed / anxious about money
- 91% felt more confident to deal with banks and other authorities
- 94% said their children better understand the decisions they have to make around money

Outside of east London, the Made of Money model is shared across the UK through our facilitator training programme. We run 1 and 2 day trainings to support other professionals in delivering Made of Money within their communities, with a wide range of clients including single homeless people, housing association tenants, young people, people with learning difficulties, young parents, and families.

Again this has been extensively evaluated, including an in depth external evaluation in 2013. The evaluation found that nearly 12,000 people had benefited from a Made of Money course at the time, which we estimate has now grown to over 16,000. The same evaluation revealed that for every £1 spent in the first 4 years of the national training programme, a financial impact of £14.21 has been achieved. Therefore, in those 4 years, almost £3m has been saved by beneficiaries of the facilitators trained

The Made of Money model has been further adapted for a number of different clients groups, such as our programme for women accessing domestic violence services & training for refuge staff, and Quids In, adapting Made of Money for people with learning difficulties (run in partnership with the Camden Society and Lemos & Crane). Made of Money are a partner on *Skint!,* a project using a graphic novel financial education resource to support young people around money. Through *Skint!,* we trained 400 people in England to use the book and accompanying resources (designed by Quaker Social Action) with the young people they work with. (*Skint!* is a partnership between the Quaker Social Action, the Scottish Book Trust, and Groundwork UK).

The Made of Money approach has won a number of awards including a Centre for Social Justice award, and has been endorsed by an All Party Parliamentary Group on Financial Education for Young People.

4. What impact, positive or negative, does the increasingly digital delivery of financial services (e.g. prepaid cards, online banking) have on financial inclusion?

Many of the parents we work with are not digitally literate, or confident in how digital services work. English as a second language creates additional barriers, as may numeracy and literacy issues. Thus having to access an increasing number of services and support over the internet means they are excluded from these be it online banking, comparing prices, or applying for support. In addition, financial products that further remove thetransactions from cash, such as using cards for payment and contactless payment, makes people less aware of their own spending. We hear from both the parents we work with and professionals we train how difficult it is to keep track of their spending, and how easy it is to spend without noticing what is going out, especially through the growth in cards. This needs to be thought about as we shift towards increasingly “remote” payment methods, that take us further from a cash based system which was more transparent to manage, and thereby increases the need for money management support. Tools that help to keep us more aware of our spending, coupled with increased financial education, could support the challenges faced around these services.

6. How has the financial downturn changed the nature of financial exclusion?

With the onset of the recession, within Made of Money we began to see an increasing number of families finding themselves in financial hardship who were previously coping. Often a loss of work brought on a drop in income which meant they were unable to afford basics which they’d before covered without problem, mortgages, or found themselves unable to cope with debt they had been managing.

Over recent years, Made of Money and other services such as Homestore (QSA’s furniture recycling project) have seen a sharp increase in working households facing hardship. Whilst they one or more people within the household working, they cannot afford basics (such as furniture, or food), due to low wages and rising costs. The increase in low wage jobs and zero hour contracts has created the challenges of families that are increasingly busy, which can lead to added expenditure (less time to shop around for lower cost food, additional travel costs) and income that is not reliable as they do not know what work will come in. This means that budgeting is difficult, as is managing bills and especially unforeseen expenses.

7. What is the impact of welfare reform on financial inclusion and what support should be available to people as a result?

From those clients who have been affected, ie through caps, they face great difficulty in making ends meet. The reality is that for many affected by caps, no amount of budgeting will make up for the shortfalls they face. However support in the form of money courses can help to ease some of the stress by supporting small savings, and looking at how to get others (such as children) on board with this through positive communication and learning.

Additional emergency support is crucial, to enable those affected to access help when there is no other option. Whilst services such as food banks are invaluable in the current climate, they are not a lasting solution nor do they offer a wide range of food for families to live on—especially with children. In addition they do not help if families cannot afford to cook the dry goods they are givne. Thus support needs to be all encompassing, looking at the needs at hand and what will best help that family through the crisis. In working in refuges we hear the anxiety women face about if the support grants will be available when they move. They know that furniture will be expensive, but do not have the means to save due to their very low incomes. They worry that grants will no longer be available to them, and that they will be unable to move, furnish their home, or sustain a tenancy as a result.

The advent of monthly benefit payments will be a challenge to many who are used to regular payments spread across the month, which helps to cushion their low income, and as they have become expert at budgeting in this way. As a result, financial education to focus on making this transition, and again help build in small savings to make money go further where possible, will smooth this process. Emergency grants during this transition would be especially welcomed.

19. Should policymakers enable and encourage people on low incomes to save, particularly in the economic downturn?

Encouraging savings, when not dictated, can help to support individuals and families in having a buffer for emergencies, or to save for life goals and aspirations. Schemes such as Savings Gateway were very well received by those we spoke to about it, and whilst a great deal of support was needed around take up, it encouraged people into the habit of savings. In addition it reinforced the idea that saving is valuable, regardless of the amount. Families still talk about the Child Trust Funds, and how important this was. For families on a low income it felt like a real opportunity, and many made it a priority to add to the savings where they could. Thus schemes to not only encourage saving, but offer a financial incentive, adds real value to savings and is an important element to making saving a habit where possible.

20. To what extent can savings act as a preventative measure, helping people to avoid debt?

Whilst savings will not be the answer to eliminate all debt, we know that having a buffer can help households to avoid problem debt. In our survey of parents who attended Made of Money courses from 2012 to 2014, 93% were better off financially. This enabled them to put money aside (45%), go less into debt each month (12%), and spend money on other things they need (35%). (Participants could answer more than one) All these help to avoid problem debt in the future. Parents talk about being able to save to birthdays and celebrations, or start a fund for emergencies such as broken appliances. All of this means they are less likely to have to go into debt in the future.

However, saving is not realistic for all households. Where income does not stretch across necessary expenses, saving is not an option. In addition, it may be difficult to save for larger purchases such as new furniture or appliances may take longer than is possible, if at all. Thus low cost solutions, such as QSA’s furniture recycling project Homestore, are crucial. In addition, access to emergency grants and low cost credit enables people to avoid high cost credit that may make debt unmanageable in the future.

22. What practical steps could be taken to foster a savings culture in the UK?

From our experience within Made of Money, people are often made to feel that savings need to be substantial to be worth making. Financial institutions do not encourage very small deposits. However by encouraging people that even saving a pound is of benefit, we see the desire to save grow. Looking at goals, rather than saving just to save, also gives a purpose which people are invested in and thus from our experience more likely to continue with.

In addition, schemes to start children saving from a young age (such as credit unions in schools) are a logical place to start to encourage the next generation of savers. Encouraging whole families to come together to save, even for something as small as a bus ride to a museum, brings everyone on board and develops the habits that make it possible for some families to save even on a low income (such as buying store brand food, saving on utility bills).
However many families need support around this, both practically such as comparing energy suppliers, or in exploring their own attitudes, values, and habits and fix us into our spending habits. The scope for saving on a low income is small, however as our impact assessments show, many families can see a difference in their finances each week, and for some this will enable them t o set money aside. Thus valuing saving, whatever the amount, fosters this as a habit. Matching of savings further encourages this, as discussed above.