

FINANCIAL INCLUSION COMMISSION CALL FOR EVIDENCE

SUBMISSION FROM YOUNG SCOT

INTRODUCTION TO YOUNG SCOT

Young Scot is Scotland's youth information and citizenship charity for those aged 11-26. Our service is delivered via two main channels – Young Scot (for those young people in school) and Young Scot Extra (those aged 16+) – supporting them through key transitions with information and opportunities relevant to their needs and life stage. Our vision is that young people take responsibility for changing our world now and tackling social issues – so they grow up in a Scotland that promotes aspiration, enterprise, opportunity, inclusion and wellbeing. Our mission is to provide the best blend of information and engagement to support young people to make informed decisions and choices and engage in their communities. Young Scot provides young people with information using a range of online and offline channels, including websites, social media, magazines and via a freephone telephone and email information enquiry service.

A key focus of Young Scot is financial capability. Young Scot Extra was created as a reaction to the situation that many young people who left school found themselves in as a result of the recent poor economic climate. Fewer opportunities mean that many young people need increased support to make informed decisions about the future. We are committed to increasing young people's confidence to be more financially capable and to provide reliable and up-to-date information and services to help young people develop the knowledge, behaviours and attitudes they need to cope in difficult financial times. The service provides high-quality information, shares experiences, highlights opportunities and provides links to available help and advice: supporting young people on the pathway to sustained, positive destinations.

Our financial capability information service covers topics such as banking, budgeting, credit, debt, saving, insurance, mobile phone contracts and ethical shopping. However money is not a standalone topic in young people's lives, it is often interrelated to other aspects such as health, employment, enterprise, housing and rights and responsibilities. Young Scot Extra has been designed to emphasise the links between information areas and offer a holistic information service that works with young people's lives.

GENERAL

Young Scot recognises that it is important for young people to understand how to manage their money effectively and be financially capable. Increasing young people's ability to open a basic bank account is crucial, but many young people still face barriers as a result of not having proof of ID or income status. Young Scot is working to improve young people's access to banking services by gaining acceptance

of the Young Scot National Entitlement Card (Young Scot NEC) as proof of identity among all Scottish banks but more needs to be done, and financial services and institutions need to consider other forms of ID for young people to open a bank account.

In 2007, Young Scot and Lloyds TSB Scotland embarked on a six-month consultation, looking at what young people want from banking products and services. This consultation process incorporated a National Survey, Local Investigation Teams of young people across Scotland carrying out peer-led investigations and a National Discussion Day, which brought together young people, Scottish Government and financial services representatives, including Lady Susan Rice, Chair of Lloyds TSB in Scotland. We worked with local authorities; Lloyds TSB Scotland staff and young people aged 12-26 with nearly 2,865 young people from across Scotland taking part, both on and offline. A ten-point action plan was developed from the consultation findings, a key recommendation being that the Young Scot NEC be accepted as proof of identity when opening a bank account. For more information on the Young Scot NEC please refer to <http://www.youngscot.net/what-we-do/what-we-provide/young-scot-nec-card.aspx>. Banks that currently accept the Young Scot NEC Card are:

- Natwest – Accept Young Scot Cards for under 20 only
- Lloyds Scotland – Accept Young Scot Cards for under 18 only
- TSB Scotland – Accept Young Scot Cards for under 18 only
- Santander – Accept Young Scot Cards for under 18 only

Whilst this work was carried out seven years ago, the approach and opportunities to involving young people in having their say on issues of importance and of relevance to them is even stronger today. The 2011 Christie Commission on the future delivery of public services in Scotland recommended that services should be built around people and communities. If we are to make any kind of impact on improving the financial capability of young people, then young people need to be involved in the design of financial products and services aimed at them. Research evidence demonstrates that, by taking an assets-based approach, services can become more efficient and effective in working collaboratively to achieve outcomes. To do this, they must focus clearly on: the **actual** needs of people; energising and empowering communities and service providers to find **innovative** solutions; and building personal and community capacity, resilience and autonomy. In response, Young Scot has developed and evolved its consultation approach towards implementing a co-design model, where young people are involved as equal partners in the design of services. Please refer to <http://www.youngscot.net/media/48544/jh-ys-codes-poster-a3-print.pdf> for more information.

A practical example of co-designing and co-creating financial products with young people is given below.

#Projectplutus design jam was an innovative co-creation exercise targeted at 16-18 year olds to develop ideas, build and socialise a money management app for their peers, focused on saving money. Young Scot recruited twenty-five young people aged 16-20 and over a weekend workshop, a group of young people developed ideas for an app that would resonate with the target market - 16-19 year olds who may be still in a form of education, whether school, college, university, working full time, unemployed, or actively looking for work. The project was funded by the Money Advice Service and the **young people** worked with Young Scot and award winning digital agency StormID.

The finished product is a savvy savings app used to give young people a visual incentive to save for what they want. The objective is to encourage users to save, to ingrain good savings habits and cultivate a mentality of 'Save, spend, then save again'. They can upload an image of whatever they are saving for, which is a motivating visual reminder of the reason to save. They can choose from a selection of different common savings goals or input their own, which can be anything they like, from a pair of the latest trainers to a holiday with friends to Ibiza or Ayia Napa! The app can give an indication of how long it will take to save towards the goal, based on how much and how often they save towards it. There is also information that highlights the risks of borrowing, and things to consider. The Wishfund app is free to download from iTunes on Android and iOS.

DIGITISATION

When carrying out research with young people on their use of digital technology to access information, Young Scot gained the following insights, which can apply to accessing information on any topic, including money and finance:

- Young people start their digital journey at a young age, engaging with 'just for fun' content and games
- Young people have access (limited or otherwise) to a wide range of digital devices at home and at school, regardless of socio-economic circumstances
- Friends and social factors are a huge influence on a young person's digital journey and drives engagement online
- Trust is imperative when providing information and services for young people
- Respect and understanding is also very important to young people when engaging with information and services
- Building positive relationships with young people is important to ensuring engagement with information
- Digital/Information literacy is a key area for development with the provision of information, ensuring that young people have the skills to find quality assured information as young people tend to trust rankings in search engines such as Google

Young people do not perceive their online lives to be separate from their offline life – they are one and the same and their use of social media is pervasive throughout.

Whilst it is important not to reinforce digital inequality, it cannot be ignored therefore that young people are amongst the biggest users and consumers of online content and services. In addition to mobile phones and tablets, the internet can now be accessed through devices such as TV and games consoles, so the methods by which young people can access content and services has increased significantly. They may not own these devices themselves, but they will have access to them.

With financial services being increasingly delivered digitally, including Universal Credit and other welfare benefits, we need to ensure that young people have not just the necessary skills and knowledge to make informed, confident decisions and choices in relation to their money, but we also need to make sure they have the digital literacy skills to research and navigate their way through the myriad of products and services available to them online, including how they can use online cashback sites, voucher schemes etc to save money. They also need to understand how they can evaluate online financial services effectively to make an informed decision.

Increasing the digital delivery of financial services therefore is a positive action for financial services to take; what needs to improve, however, is young people's access to affordable mobile data packages to be able to access services online, and their digital information literacy skills.

'Scotland's Digital Future: A Strategy for Scotland' which was published in 2011, states that 14% of library users are using the library for computer/internet access; and this number is growing. This figure is highest amongst 16-24 year olds where 40% use the library to access a computer/internet, demonstrating a changing expectation from library services. Scottish libraries provide 8 million hours of free internet access a year; and this has risen by approximately 25% year on year. Scotland's libraries therefore have a crucial role to play in delivering free access to IT.

There are therefore real opportunities for financial service organisations, third-sector organisations, others who are delivering financial inclusion/capability initiatives for young people and library services to harness their programmes and provision and come together to deliver both digital and financial literacy skills for young people.

SAVINGS PRODUCTS

Everyone should be encouraged to save and incentives provided to support saving, particularly for people on low incomes. Evidence suggests more and more young people, particularly young vulnerable people are increasingly turning to pay-day and door-step lenders to make ends meet because they don't have a significant safety net of savings in place.

Young Scot has established a Young Scot: Extra savings account for Young Scot cardholders in Scotland aged 16+. The account is offered in partnership with Scotwest Credit Union in Glasgow. Young people are encouraged to save regularly –

it's the regularity of savings that is important rather than the amount, in order to encourage a savings habit. The account is linked to Young Scot's Rewards initiative. Developed through extensive consultation with public, private and voluntary sector organisations in Scotland, and co-designed by young people, the Rewards programme aims to encourage young people to participate in positive activities, in this case saving money. Practically, the initiative builds on social marketing principles and lessons learned from private sector loyalty schemes to use the concept of points and rewards, managed through an online portal, to encourage young people to try new activities and experiences, with the ultimate aim of stimulating behaviour change.

The development of Rewards has been informed by the lessons learned from research into successful social gaming platforms. Sharing activities and achievements with friends is built into the system and it is clear from the initial evaluation of the programme that simply the process of collecting points acts as a strong incentive to participate in activities.

The initiative also has a focus on providing experiential rewards which have the potential to further support the personal development of young people, as opposed to commercial / material rewards, for example opportunities which increase education, training and job prospects, such as volunteering or job placements, training on CV writing, applications and job interviews.

RECOMMENDATIONS FOR ACTION

- Consideration of alternative forms of ID for opening a basic bank account
- Co-design and co-creation of financial products and services
- Better and cheaper data packages and mobile phone deals to increase access to online digital tools and services
- Opportunities identified for digital and financial literacies training to be developed and delivered in partnership