

FSA Money Guidance Pathfinder



Financial capability in the UK

The background: The National Strategy for Financial Capability

The FSA is working with HM Treasury to run a money guidance pathfinder as part of our National Strategy for Financial Capability. We lead this strategy in partnership with Government, financial services industry, voluntary sector and consumer groups.

Financial capability means being able to manage your money, keep track of your finances, plan ahead, make informed decisions about financial products and stay up to date about financial matters.

What is the money guidance pathfinder?

The money guidance pathfinder is a one-year pilot to test delivery of a money guidance service in the North West and North East of England. It has been established in response to the recommendations of the Thoresen Review into generic financial advice, commissioned by HM Treasury in 2007.

The Government and the FSA are jointly funding the pathfinder, each contributing up to £6m and it is being run by the FSA in partnership with HM Treasury. The FSA is drawing on its experience and the achievements of the National Strategy for Financial Capability, which it launched in 2003 and has now reached almost six million people.

Pathfinder objectives

- The pathfinder objective is to design, deliver and evaluate a money guidance service aiming to reach 500,000 - 750,000 people.
- It aims to deliver a high quality, tailored money guidance service to give people the confidence and capability to make the most of their money – now and in the future.
- The service will be delivered face to face, by telephone, and online.
- The money guidance service is due to be launched in spring 2009.

Principles of money guidance

1. **“On my side”:** impartial guidance from the Government and the financial services industry.
2. **Supportive:** support and guide individuals to help them to make better decisions, take action and change their behaviour so as to make positive steps towards improving their finances.
3. **Preventative:** the service should help people budget and plan for both today and the future, to be able to withstand financial shocks, to avoid crisis and to fulfil their aspirations. People who are in crisis may contact the service and they should be referred to the organisations best able to assist them.
4. **Universal:** available to all. Certainly in the medium term, the service should be free to the user.
5. **Sales free:** the service is not a product sales channel. It cannot recommend a product from a specific provider or that the user varies or disposes of an existing product – this is what regulated advice does. But buying a product or taking commercial advice will be the right solution for many individuals, and so the service needs to refer users effectively, in line with the other principles.



Delivering the pathfinder

- **Development phase** – we are currently building the key components needed to implement and evaluate the delivery phase. These include:
 - a strategy and implementation plan for telephone, face-to-face and online channels;
 - selecting partners to deliver money guidance on the telephone, online and face to face;
 - setting principles and mechanisms to manage referrals between channels and into and out of the service;
 - a training and support plan for those giving money guidance; and
 - designing a strategy to engage users with the service through branding, marketing, PR, advertising and sign-posting through trusted intermediaries, building on the work of the FSA-led National Strategy for Financial Capability.

In January 2009 we announced that we would be working with the following partners to deliver face-to-face guidance:

- **Citizens Advice Service** – a network of independent charities that helps people resolve their money, legal and other problems by providing information and advice;
- **A4E** – a private sector provider/contractor of front line public services;
- **Liverpool Money Talk Consortium (RAISE)** – a partnership of Liverpool advice centres with several years experience in delivering financial skills training, as well as money advice and guidance to financially excluded people; and
- **Knowsley Advice Forum (led by Knowsley Citizens Advice)** – a partnership formed by the advice sector in Knowsley working together to ensure that residents receive the right advice, guidance and support.

We also announced our telephone partners:

- Teleperformance - a leading provider of outsourced contact centre solutions that has worked with FSA since 2002; and
- The Consumer Credit Counselling Service - an experienced debt management charity, which has offered to provide telephone-based money guidance to its own clients.
- **NEXT... delivery phase** – delivering a multi-channel money guidance service to up to 750,000 people in the North-East and North-West regions of England from spring 2009.
- Evaluation of the pathfinder will take place during and after the delivery phase.