

Financial Inclusion Taskforce

Minutes 30 April 2009

Financial Inclusion Taskforce

Brian Pomeroy (Chair)
Mark Lyonette
Bala Mahendran
Bernie Morgan
Teresa Perchard
Susan Rice
Danielle Walker Palmour
David Neave
David Anderson
Deanna Oppenheimer
Nick Pearson
Faith Reynolds
Richard Spence

Apologies

Benny Higgins
Claire Whyley
Elaine Kempson

HM Treasury secretariat

Matt Harris
Joel Lewis
Catriona Cardiff
Kim Williams

Chairman's welcome; Minutes

1. Brian welcomed Taskforce members to the meeting. Brian particularly welcomed David Neave, who had joined as a new Taskforce member and was attending in that capacity for the first time. Brian also thanked David Anderson, who was stepping down from the Taskforce.
2. Brian also welcomed Catriona Cardiff, taking over from Phil Maloney and Kim Williams who was joining the Secretariat as a social researcher.
3. Brian explained that he would be absent for a part of the meeting.
4. The minutes of the Taskforce meeting of 5 February were agreed as an accurate reflection of the meeting. **AP: HMT to arrange for the November minutes to be added to the Taskforce website.**

Previous Actions

5. Brian noted that some Taskforce member had met with Alan Cook, Chief Executive of the Post Office since the last meeting. Alan had told Taskforce members that the Post Office was very interested in increasing financial inclusion within the framework of its commercial priorities. Since that meeting Alan had shared further details of the Post Office's plans to

- expand its financial services in an appearance at the Business and Enterprise Select Committee.
6. At the meeting with the Taskforce, the Post Office had raised the idea of a specialised transactional account aimed at the financially excluded, which could include a regular charge. Taskforce could be asked to advise on the acceptability of this idea at a later date.
 7. DA observed that moves by the Post Office to increase their financial services threatened to undermine their existing commercial relationships with the banks. Banks would have less interest in sending their customers into the Post Office.
 8. Matt explained that research on social costs of financial exclusion was under consideration, but has not yet progressed far.

Financial Capability

9. Anna Deibel-Jung introduced herself as head of Financial Capability at HMT. She asked the Taskforce for views on its future engagement with the Money Guidance initiative. Anna was also interested in taking views on the broader impact of delivering Money Guidance on the free-to-client advice sector and on how Money Guidance should fit with financial inclusion projects.
10. Anna explained that Money Guidance has been designed to fit into the space between free-to-client crisis advice and commercial, financial advice, targeted at people in the low to middle income bracket. Money Guidance would include advice on benefit take up, choosing and opening a bank account, short term saving and budgeting.
11. The Money Guidance Pathfinder was launched in the North West and North East regions of England on 14 April. Money Guidance offered a multi channel service, including face-to-face, the Financial Services Authority's (FSA) moneymadeclear phone line and the internet. Face to face advice would be delivered through a wide variety of partners including advice providers, mutuals and credit unions and potentially larger financial services providers.
12. The Pathfinder was supported by direct marketing including TV spots in the North West, radio in the North East and maildrops and inserts in magazines. Marketing was targeted at C1s C2s and Ds, but not Es. The FSA was working with other intermediaries to find effective ways to reach the more financially vulnerable.
13. Teresa observed that it was important to reach the right people. Deanna also encouraged HMT to ensure that the service could be quickly grasped by clients and effectively delivered. Claire said that celebrity participation, particularly newscasters, had been found to be an effective way of improving response rates in similar campaigns. Nick also questioned whether offering advice on APRs would really encourage people to use the service. **AP: The Secretariat would look over the Money Guidance publicity material and guidance protocols to identify links and with and omissions from key financial inclusion policy areas.**
14. David Neave said that the ABI had been looking at a web based tool to encourage consumers into Home Contents Insurance. It was

- encouraging that a similar approach was being taken by Money Guidance and the ABI shared similar concerns on reaching the right audience.
15. Danielle declared that she was a member of the FSA's steering group for Financial Capability. Danielle observed that relatively little was known about the impact of preventative interventions for vulnerable people. It would be interesting to see what the evaluation had to say about reaching and helping this group.
 16. David Anderson asked about measuring success. Anna explained that the evaluation would cover how people were brought into the service and their response to the service within different timeframes. Brian said that the Taskforce would be very interested to see what the evaluation had to say about reaching excluded people. Deanna observed that getting this information at the grassroots level would be very tough.
 17. Richard asked whether the Thoresen research was still relevant given changing economic circumstances and whether existing marketing strategies could be modified to take account of this. Anna explained that they would take a phased approach to the research, and the marketing to allow for modification based on what was working and what was not. They would need to caveat the findings with an explanation of current, extraordinary economic conditions.
 18. Anna explained that Financial inclusion Champions were also closely involved in delivery and would contribute in a variety of ways. For example they were closely involved in Money Guidance events for intermediaries organised by Transact Hall and the FSA.
 19. Faith felt that a key issue for procuring a national rollout would be identifying, in advance of tendering, the best network of organisations to deliver in a specific area. This could be one potential role for the Champions teams.
 20. Claire asked whether there was a clearly defined Money Guidance offering for the financially excluded and how great a priority reaching this group was for the service. The Taskforce were concerned that this might be seen as a helpful side effect of capability work, rather than a main purpose. The Taskforce felt that an objective to reach the financially excluded should be stated very explicitly.
 21. Brian invited the Money Advice Subgroup to consider the relationship between preventative and crisis services.
 22. Teresa recalled that significant benefits to the public from Money Guidance had been claimed in the Thoresen review e.g. impact on pensions coverage. She asked HMT to consider whether these outcomes could be examined in the evaluation, before the national roll out took place.

Local Government update

23. Steve Skelton of the Local Government Association (LGA) joined the discussion.
24. Joel explained that Bala, Brian, Joel and Steve Skelton had been working with the LGA to use its network and its convening power to raise the profile of financial inclusion among English and Welsh local authorities.

25. Lord Best's address at the LGA conference in June/July 2009 would focus on economic issues, and could include financial inclusion issues and goals. This would be supported by Taskforce hosted breakfast event earlier in the day, which would also serve as the launch for a joint LGA CAB publication on local authorities working in partnership with key intermediary organisations to deliver financial capability and inclusion initiatives. Key messages from the breakfast event could be communicated at the plenary session. Teresa said that it would be important to bring in a decent-sized audience to the breakfast event. Faith said that the event should be branded to attract the widest audience. References to the recession, money and employment could have a greater impact than 'financial inclusion'.
26. The LGA had also proposed to host a Chairman's summit. Margaret Eaton, LGA Chair, would speak on financial inclusion to an invited audience.
27. The LGA was also running 'roadshows' for local authority officials and councillors to discuss the impact of the recession. They were working to include a joint address from a local authority official and a Financial inclusion Champion.
28. Claire said it was important that this work should make the best use of Beacons material and that the Beacon criteria could be used to illustrate where there had been success. Steve said that Leeds City Council, a financial inclusion Beacon authority, would be present at the breakfast and able to share their success. **AP: LGA and HMT to consider how to address differences between councils.**
29. Faith said that a recent paper had cross referenced LA indicators with financial inclusion objectives. This showed councils how they were already delivering financial inclusion work and also encouraged them to do more. **AP: Faith to make the paper available for circulation**
30. Brian asked if what would be a realistic outcome for this work. Steve said that LGA events were supposed to support local political leadership. The LGA saw its role as joining up services and avoiding actions that could intensify financial exclusion. It would be beyond the LGA's remit to explicitly push local authorities to develop their own financial inclusion strategies. Claire suggested that it was important to recognise which areas of financial exclusion were not being addressed at the moment.
31. Claire encouraged HMT and LGA to focus on three things at the summit.
1. Show that for local authorities financial inclusion was not necessarily doing anything new, just seeing existing work differently
 2. Sharing the credit 'red alert' research
 3. Showcase the work of the Champions.
- AP: HMT and LGA to take this work forward taking Taskforce concerns and suggestions into account.**
32. Brian left the meeting at this point.

Basic Bank Account regulation

33. Matt explained recent proposals from the FSA to change retail banking regulation and invited Taskforce members to comment on the possible implications for terms on basic bank accounts.
34. David Anderson observed that moving away from specific provisions was not necessarily helpful for the banks. Deanna agreed that the proposals were similar to FSA monitoring of 'treating customers fairly'. Banks were more likely to stick closely to industry guidance and would attract attention where they deviated from it. It was unlikely that the new system would lead to a loosening of good practice standards.
35. Faith observed that changing from the banking code to industry guidance could make it harder for organisations supporting people to open bank accounts by making it harder to specify the customer service commitments on basic bank accounts that banks had made. Deanna said that clarity should come from banks publishing their own guidelines on what they were doing to comply. The FSA would also take a monitoring role to ensure that banks complied with their stated guidelines.
36. Susan said that it would be important to keep new regulations simple and to integrate financial inclusion concerns alongside other customer groups wherever possible. Also new entrants to retail banking should be expected to meet the same requirements to ensure a wider choice for customers.
37. Faith said that Toynbee Hall's developing inclusive banking project, which had input from the major banks could provide some useful points for industry guidance.
38. Claire suggested that the Taskforce should ask the FSA to explain how access to banking would be guaranteed through the new regime. Danielle said that it was important to know how commitments on access would be monitored. **AP: Brian would engage with the FSA to seek their commitment to ensure that access to banking was preserved in the new regulatory regime.**

ABI Update

39. Danielle introduced Kate Carr from the Association of British Insurers (ABI). Kate gave an update on the progress of the ABI's Access to Insurance Working Group. The Group had focused its initial work on social tenants.
40. The ABI has delivered a series of regional workshops to highlight the benefits of home contents packages to housing associations. These workshops were more consultative, seeking to identify barriers to action and ways to overcome them. All housing associations within the targeted regions will be invited to the workshops.
41. The ABI is due to launch a new section of its website dedicated to improving access to insurance. The website would be in three distinct parts, aimed at consumers, landlords and other stakeholders and would cover a range of issues, including what home contents insurance is, how it is beneficial to consumers and landlords alike, what housing officers can and can't say about insurance when talking to new tenants and what social housing products are available. Teresa was impressed by the information currently available on the ABI's website. David said the group

- would seek an effective brand for the web function to help with publicity. Faith said that this could usefully be linked with Transact.
42. David Neave added that the key to this work was to build demand and ensure supply. The ABI and the insurance industry didn't have the best reputation with excluded consumers so working to enable landlords to promote take up was more important.
 43. The Financial inclusion Champions tenant engagement groups would seek feedback from customers. The ABI hoped that this would help them to overcome challenges raised by the recession, especially pressure on consumer incomes.
 44. The Taskforce agreed that it would be desirable to set a benchmark on numbers of customers to reach. This could be the number of social landlords who adopt a recommended contents insurance policy. The ABI was surveying this at the moment. **AP: The ABI agreed to look at how to set a benchmark.**
 45. The ABI were looking at ways to reach private tenants. The Taskforce agreed that this group often included many vulnerable people. **AP: Secretariat to report back on DWP and Champions engagement with trade associations for private landlords.** The Taskforce suggested that it would be helpful to look at existing insurance offerings to private tenants and houseshares across the industry. **AP: ABI to report back on insurance products available to private tenants**
 46. Brian returned to the meeting at this point.

Governance- Conflicts of interest

47. Brian introduced a paper drafted by the secretariat to put arrangements for handling conflicts of interest in the Taskforce on a more formal footing. He noted that no problems had arisen so far with conflicts of interest. It had always been understood that people directly involved in financial inclusion should participate on the Taskforce and in many ways this was a strength of the Taskforce as an advisory body.
48. Susan said that proposals were in line with private sector good practice.
49. Once a register of interests was in place then individual members would have to decide what further conflicts ought to be declared.
50. BP proposed amending the wording to refer to a 'sufficiently direct' interest, rather than 'any' interest. **AP: Secretariat to amend the wording, complete the statement for handling conflicts and start to build a register of Taskforce members interests.**

Sub-group updates

Credit

51. Claire reported that John Cray had introduced Ann Westland, who would become the DWP representative to the group.
52. BERR reported to the group on the national roll out of the illegal lending project and the launch of the hotline. Claire expressed concern about the financial inclusion outcomes of the project, and stated that it would be

preferable to have a hard objective regarding transitioning people from illegal lending to more appropriate financial services.

53. Claire also noted disappointment with the monitoring for the teams, and asked if there could be an agreement with the Governance board on a statement about the role of the subgroup in monitoring and evaluation.
54. The subgroup agreed to update the credit mapping data, but wished to look at all the alternatives including the possibility of incorporating Growth Fund statistics and from other sources rather than relying solely on Experian's data.
55. The subgroup also discussed the replies from the banks and whether greater clarity was needed over what was being asked of the banks. The group agreed to consider writing to John McFall MP regarding the banks' commitment if insufficient support was forthcoming.
56. It was agreed to a regular report on delinquency for the Growth Fund.
57. Bernie presented a draft of the CDFA's action plan to the group, noting that it made laid out some ambitious aims, but that they felt now is the time to ask.
58. Mark reported to the group on ABCUL's training and development programme for Growth Fund credit unions, including an online delivery platform that could be continued and added to with a relatively low level of funding – building capacity of the sector for the future.

Money Advice

59. Danielle said the subgroup had commented on an invitation to tender on research for different monitoring schemes for money advice and asking what a core set of data would look like.
60. The subgroup also focussed its discussion on a high level stakeholder group to consider some of the key issues facing the advice sector. This meeting would also look at the implications of the financial inclusion fund coming to an end.
61. Experian had presented on work for the Welsh Assembly Government to map the supply and demand for money advice. **AP: Claire and Danielle agreed to co-ordinate a meeting with Experian to consider future requirements for mapping and other work.**
62. BERR had presented a paper on interactions between the face to face advice agencies and the illegal money lending teams, and would return to the group with further information.

Champions

63. Brian gave an update on the last meeting. There had been an extensive discussion on insurance, where stakeholders, including David Orr of the National Housing Federation, suggested that insurance with rent was not necessarily the most attractive collection method for social landlords. **AP: The secretariat would circulate working group documents across the Taskforce.**

Direct Debits

64. Matt said that Ofgem had offered to host a roundtable discussion with the utility companies to follow up the recommendations made in December 2008. This could work in a similar way to BBA-convened bank meetings, with suppliers discussing the needs of excluded clients in a non-competitive forum. **AP: Secretariat to review the recent Ofgem consultation document for questions that the Taskforce should respond to.**

AOB

65. Faith said that Toynbee Hall was convening a debt summit for London on 22 June. Claire mentioned that she is now a member of the Finance and Leasing Association's lending code board.