

Mr Warren Davis
Thoresen Review
Savings and Investments team
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

4th December 2007
Reference no. PD55/07

Dear Warren,

**Review of Generic Financial Advice: Interim
report response**

NCC welcomes the opportunity to comment on the encouraging work of the review team in the interim report of the review of generic financial advice (GFA). In response we have set out below our further thoughts and recommendations for the review team to consider ahead of its final report in 2008.

We hope that you find these comments a useful contribution to the final stages of the review.

Yours sincerely



Nicola O'Reilly
Senior Policy Advocate

NCC's comments on the Thoresen review interim report

Overall approach:

A successful generic financial advice service must be consumer focused in all aspects of design, delivery and engagement. To achieve this we recommend that the review team adopt a social marketing approach to the development of both the programmes and campaigns. Applying social marketing is principally about applying a customer driven approach to the development of goods and services based on deep contextual understanding about what will help people and what will not. It has both a strategic planning function and as well as the application of a marketing approach to the development and execution of specific campaigns. This will be vital to the promotion and take up of any service developed and the development of generic financial capability in the general population. We recommend that the review team works formally with NCC on the social marketing element of the final proposals.

Stated aims and objectives:

The interim report makes it clear that the generic financial advice service will be available to all. There are clear resource implications for this. In order to be clear about what the service will deliver and to who a specific set of measurable targets should be developed that relate to both service uptake and subsequent positive behavioural change in the groups targeted by the proposed GFA service. This is necessary for both ongoing value for money analysis of the scheme and so that it's ongoing impact can be tracked and any necessary adjustments can be made on the basis of tracking and evaluation. These would ideally be related to both observable changes in behaviour and assessment of financial capability based on the measures set out on page 33 of the interim report. Therefore we recommend that the review team devise clear service performance targets, consumer satisfaction targets and a set of measurable knowledge, attitude and behavioural goals for each segment of the population that will be offered the GFA service.

Pilots and ongoing learning:

The pilots of generic advice are encouraging and we look forward to seeing the lessons that can be drawn from them. However, the twelve week period that the pilots run for may limit findings about take-up and stimulating demand. We are particularly concerned that the effect of word of mouth on take-up and awareness should be captured effectively and firm conclusions should not be drawn solely on the 12 week period. Therefore we recommend that the pilots and the initial roll out of a generic financial advice service become a source of on-going learning and indicators for improvement in service design, delivery and engagement.

Consumer needs and engagement:

We expect that much of the consumer research that the review team has undertaken will provide a good indication of the target groups' GFA needs and how they want to be engaged with. It is important to ensure that this research has covered issues around trust and preferred providers. In particular it is essential to assess different attitudes to a range of face-to-face providers. This is also an effective way of exploring the range and significance of demand and supply-side barriers and enabling factors to GFA. Being fully briefed on these issues at the outset allows barriers to be tackled in design, delivery and promotion of the services. This can help to prevent negative associations with the service, particularly among vulnerable groups who may be easily deterred.

Branding:

Further evidence that should be gathered from consumers includes what brand values the consumer would expect from a GFA service. A new brand for the service is likely to be more appropriate and generally less confusing for consumers than attempting to re-orientate an existing brand. However, we recommend consumer testing should be carried out on any potential branding of the service, including new and existing brands.

Targeting:

The review should give consideration to making the identified 7.5 million people most vulnerable to the consequences of bad financial decision-making the primary target

for the marketing and the face-to-face delivery of this service. In order to do this effectively we recommend a segmented approach to developing interventions that will successfully target this group who have been less likely to either seek or act on financial advice in the past.

Delivery channels and resources:

The use of three delivery channels is welcomed. It is essential that a successful service provides appropriate access channels for its customers. However, we are concerned that the need for face-to-face advice for this group may have been underestimated. Low levels of financial capability and confidence, a lack of familiarity in making a formal assessment of their financial circumstances combined with the effects of the digital divide and a general preference for face-to-face services will create high demand for the face-to-face delivery channel among vulnerable consumers. It is likely that telephone and web-based advice and guidance for this group would be used as a support around the face-to-face provision, rather than the primary source of information and guidance.

Increased financial capability and confidence over time may mean that web and phone-based advice can be relied upon more by some members of this vulnerable group in the longer term. However, as new and unfamiliar challenges present themselves as these consumers move through different life stages, this cannot be taken for granted. Therefore we recommend that the location of the most vulnerable consumers should be a key influence on the geographical concentration of the face-to-face service.

The three marketing approaches outlined in the interim report are welcome. It is essential to get the right mix of these approaches and to ensure good co-ordination between them. Marketing of the service should also be targeted at the most vulnerable to manage demand. This will avoid creating barriers to take-up for the most vulnerable consumers, including the service being predominately used, or perceived as being for people who are better off and more financially capable. Lessons should be drawn from the experience of the Sure Start programme where some people most in need of service (the target group)

were deterred from using it because many felt that they did not fit in with other users. In addition to using the intermediaries in the public and third sector, the review should also consider the effectiveness using trusted commercial providers, such as the post office, to target consumers when they are making financial transactions such as paying bills and accessing cash.

Demand triggers:

Given the identified characteristics of the target group (unmarried, living in rented accommodation) the review should broaden its life stage targeting in ways that will reach them. In addition to the stages set out in the interim report other life changes that that could be considered include: relationship break-up, to target people who have not been in a married relationship, and those taking out tenancy agreements, to capture those in privately rented accommodation, should be.

Governance

Stakeholders, including the NCC, should be involved in a monitoring and advisory capacity in the proposed hybrid model for GFA. The National Social Marketing Centre should be engaged in a strategic capacity to advice on the development and commissioning of marketing GFA.

Cost and budgeting:

We feel that the proposed costing scale is along the right lines. It is expected that £10-30 million a year would be required to develop a strong and tested brand for GFA. A long term strategy for marketing the service will also need to be devised and implemented with appropriate funding over the long-term. The optimum marketing and service delivery mix will need to be agreed in line with the measurable outcomes that the service aims to achieve.