



19 December 2007

CONSUMER SUPPORT FOR GENERIC FINANCIAL ADVICE

Around 5000 people have taken advantage of a free, impartial and independent generic financial advice service as part of a 12-week trial testing out the concepts of delivering information and guidance on money matters, from jargon busting to saving for retirement.

The prototypes operated by A4e as 'Money Fitness', and Consumer Direct in partnership with Citizens Advice Bureau, form part of Otto Thoresen's ongoing review of generic financial advice (GFA). The Economic Secretary to the Treasury asked Otto Thoresen to research and design a national approach to GFA as part of the Government's long-term approach to financial capability.

Early findings show that:

Results confirm the need for GFA

Initial findings show that many of users feel they lack the confidence to buy savings and investment products without advice, and do not have a clear idea of which products would suit them. GFA can prompt people to take action - within a week of using the GFA service 80% of people surveyed had taken at least one follow up action, with one in five talking to a new supplier of financial products.

GFA is needed by all

GFA is relevant to all, not just low-income groups - people with household incomes over £40,000 were just as likely to call Consumer Direct as people

with household incomes below £20,000, supporting the Review's principle of a service available to all.

People want to be able to plan ahead

A4e's Money Fitness service took more calls on savings, including saving for retirement, than any other subject, with savings and investment queries accounting for two thirds of web-based enquiries.

GFA engages tomorrow's customers

The majority of people calling A4e's Money Fitness line were aged between 26 and 35, with 50% attracted to the service through newspaper articles or advertisements.

Lessons learned from the prototypes will help set the road map for testing an end-to-end service and form the evidence base for Otto Thoresen's final recommendations to Government due in early 2008.

NOTES TO EDITORS

1. The Thoresen Review was announced in January 2007 by the then Economic Secretary to the Treasury as part of the Government's long-term approach to financial capability.
Financial Capability: the Government's long-term approach is available at: www.hm-treasury.gov.uk/documents/financial_services/financial_capability/fin_cap_longtermapproach.cfm
2. The prototypes, operated by Consumer Direct and Citizens Advice Bureau at www.consumerdirect.gov.uk and A4e at www.a4e.co.uk, tested out some of the key concepts for delivering a national system of GFA, such as the different channels for providing information and guidance and ways of engaging people and were announced on 10 September 2007 – see: www.hm-treasury.gov.uk/independent_reviews/thoresen_review/thoresen_press_100907.cfm

A description of the prototypes is in chapter three of the October 2007 Interim Report, see: www.hm-treasury.gov.uk/independent_reviews/thoresen_review/thoresenreview_index.cfm

3. The Review's terms of reference are:
To determine a range of models for achieving greater access to generic financial advice on a national scale, taking account of future developments in financial services markets and, in particular, personal accounts. To include recommendations on:
 - the most effective way of serving different groups of consumers, ensuring effective targeting of those most vulnerable to the consequences of poor financial decision-making, including a telephone-based point of contact and the potential for additional face-to-face services;
 - protocols for advice, acceptable to industry, the regulator and the third sector;
 - accreditation, quality control and the boundary with regulated advice;
 - branding, marketing and supporting demand through the development of an appropriate advertising campaign;
 - overall costs and assessing long-term benefits;
 - options for funding that reflect the benefits to all stakeholders of increasing financial capability over the long-term; and
 - institutional arrangements and governance.
4. The methods used in the prototypes will be subject to independent evaluation, and a full report of the research methodology and findings will be published with the Final Report in early 2008.
5. The Interim Report poses a number of questions and stakeholders' contributions are welcomed. Responses can be sent to:

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7. Non-media enquiries should be addressed to the Treasury Correspondence and Enquiry Unit on 020 7270 4558, or by email to public.enquiries@hmtreasury.gov.uk
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